



“JSW Steel Limited

Q1 FY '25 Results Conference Call”

July 19, 2024



**MANAGEMENT:**    **MR. JAYANT ACHARYA – JOINT MD & CEO**  
                          **MR. G. S. RATHORE – COO**  
                          **MR. SWAYAM SAURABH – CFO**  
                          **MR. ASHWIN BAJAJ-GROUP HEAD (INVESTOR RELATIONS)**

**Disclaimer:** This transcript is provided without express or implied warranties of any kind, and should be read in conjunction with the accompanying materials published by the company. The information contained in the transcript is a textual representation of the company's event and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the event. The transcript has been edited wherever required for clarity, correctness of data or transcription error. This document may contain “forward-looking statements” - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

**Moderator:** Ladies and gentlemen, good day and welcome to the JSW Steel Q1 FY25 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashwin Bajaj, Group Head of Investor Relations. Thank you, and over to you, sir.

**Ashwin Bajaj:** Yes, thank you, operator and a very good evening, ladies and gentlemen. It's a pleasure to welcome you to JSW Steel's Earnings Call for the First Quarter of FY 2025. We have with us today the management team represented by Mr. Jayant Acharya, Joint Managing Director and CEO, Mr. G.S. Rathore, Chief Operating Officer, and Mr. Swayam Saurabh, Chief Financial Officer. We will start with opening remarks by Mr. Acharya and then open the floor to Q&A. So, with that, over to you, Mr. Acharya.

**Jayant Acharya:** Yes, so good evening, everyone. Just on the macro position, the global economic growth is expected to remain stable. We saw the IMF forecast and the good thing is that they have also given a slight upside for 2025. Inflation is gradually cooling and the first few rate cuts in euro zone in Canada have already taken place. It gives us a likely possibility towards monetary easing starting earlier in US as well. Global manufacturing PMI shows ongoing improvement, which is basically leading to a more softer landing. However, the geopolitical risks remain a concern.

In China, while the property sector continues to remain a challenge, manufacturing, exports and fixed asset investment other than real estate have done well. The government has announced some support for the real estate sector. We need to watch how that plays out. The private consumption remains healthy.

India's strong economic momentum continues, driven by various sectoral push like the infrastructure capex by the government, private capex now kicking in, manufacturing, energy transition and a positive consumer sentiment building up. We anticipate a rebound in the government expenditure post their coming back, and we expect a favourable monsoon to support rural demand and consumption in general.

Strong foreign capital inflows aided by global bond index inclusion are set to further bolster the robust macroeconomic outlook. On the steel side, the global steel production during January to May was flat at about 793 million tonnes. Within this, China de-grew by about 1.4%, and the rest of the world saw a growth of 1.6%, primarily about 6 million tonnes each, and that was the balance for the period.

During Q1 in India, the crude steel production, YoY, grew by about 4.6% to 36.6 million tonnes and the consumption grew very well at 14.9% to 35.4 million tonnes. We expect a strong steel demand growth to continue. The budget is likely to be proactive in terms of the spend, which the government had done in the past, with respect to infrastructure, capex, manufacturing, energy transition, etc.

We expect the steel demand to continue to be in the range of 10% plus for FY25. Our expectation and estimates are that the steel demand may be in the range of 148 to 150 million tonnes for this year. This will be driven again by a strong outlook, what we see in the key consuming sectors across the industry in India.

The Indian steel imports in Q1 were up by 27% YoY, while it were lower QoQ. But elevated exports from China continue to be a concern. The Chinese production continues to remain higher. Domestic demand is still softer and therefore the excess is flowing out to the world. Many countries have put barriers to such surplus steel coming into their countries. India is a soft target, and we do not have any kind of trade measures in place and that is a concern for the Indian steel industry. The imports from other FTA countries have also gone up by 43%, raising our concerns for trade diversions into India.

At JSW Steel, we are mainstreaming sustainability across the businesses and generating sustainable value has been one of our core priorities. We have committed to achieving net zero emissions by 2050. We have recently published our first climate action report in May 2024, where we have detailed our decarbonization roadmap, its levers, and alignment to TCFD. We continue to focus on reducing our fossil fuels and increasing the renewable energy. Last quarter, we mentioned to you that we have added 600 megawatts of renewable energy in Vijayanagar, in addition to the 1,000 megawatt which was in process across plants. We have now decided to add another 600 megawatts in Dolvi, between wind and solar, which will take our total capacity of renewable once it is fully commissioned to 2,200 megawatts.

This will not only be positive from a carbon emission point of view, but from a cost point of view as well. JSW has delivered industry-leading and value accretive growth over the past two decades, looking ahead, given India's economic growth outlook and continued increase in steel consumption, We continue to focus on our capacity of 50 million tonnes by the end of this decade, i.e FY31. We have already commenced work towards 42 million tonnes capacity in India in Dolvi, which we expect to complete by September 2027. These are all brownfield capacities in India at low specific investment cost.

We are complementing this growth in steel capacity by a number of strategic initiatives to improve our margins and profitability. This includes the slurry pipeline in Odisha of about 30 million tonnes, which will sharply reduce our logistics costs for iron ore. It will optimize the iron ore supply chain, commission new captive iron ore and coking coal mines, which we have got through auctions in the last year or so. And we are driving end-to-end digitization, driving efficiencies across operations and improving customer services across all our facilities. We also continue to grow our downstream capabilities and product lines in line with market opportunities. Our focus on VASP will remain as we go forward to add capacity.

During Q1 FY25, we reported a crude steel production of 6.35 million tonnes, which was down 1% YoY, mainly due to planned shutdowns at Dolvi and BPSL. We reported sales of 6.1 million tonnes, which was a 7% growth YoY, driven by strong domestic demand in India. The India operations delivered the highest Q1 sales ever.

On Indian operation level, we saw a 5.9 million tonnes overall sales, driven by a 5.3 million tonnes domestic sales, which grew at 14% YoY. The share of exports fell due to a weaker environment in the international markets and stood at 10% versus 15% in the previous year. We also reported the highest ever share of value-added and special products during the quarter at 64%, growing 14% YoY. A number of segments were basically focused on, and we achieved the highest ever sales in the renewable segment, the packaging segment through tin plates and the coated segments, which delivered very good domestic growth. In addition to this, the electrical steel business is ramping up very well. This also is a sustainable product for energy savings, and that also has seen the highest sale in this last quarter. Sales to the bearing segments was also the highest ever during the quarter. So therefore, our focus on value-added and special products across sectors and segments continued to bear fruit.

Our consolidated revenues from operations were INR42,943 crores, down 7% QoQ, while EBITDA stood at INR5,510 crores, lower QoQ by 10%. And EBITDA margin was similar at 13% as last quarter. Our EBITDA on per tonne basis was INR9,007 in consolidated and the profit after tax was INR867 crores. The performance was impacted by lower volumes due to planned maintenance shutdowns, at Dolvi and BPSL as I mentioned, inventory losses due to inventory revaluation and other one-offs, which we have seen in the last quarter.

The overseas operations were impacted by a weaker market in the United States, especially on the prices, while the volumes remained more or less stable. Italy operations remained by and large stable in the quarter gone by versus the previous quarter. We could offset this by a better product mix and lower raw material cost, both from iron ore and coking coal perspective.

Domestic flat steel prices on the market side, we saw a rise in April and May, but declined in June because of the international environment, especially lower priced imports coming in from China and FTA countries. In case of longs, there was a sharp increase in prices during the quarter due to supply side challenges. However, it tapered off in June. In Exports, the price remained soft. However, our realizations, we were able to improve quarter-on-quarter due to a better product mix, which we were able to optimize. Our NSR realization saw an increase of about INR550 per tonne.

In spite of price headwinds, I think we have been able to deliver overall good sales in the quarter. On the cost side, our cooking coal cost was lower by about \$23, in line with what we guided. We also benefited from lower iron ore and other operational cost. However, due to the fall in steel prices during June, there was an inventory revaluation loss, which together with our one-offs in Indian operations, offset the fall in our production costs during the quarter.

The US operations, especially from Ohio and Texas combined, had an EBITDA loss of about \$2.6 million, primarily because of drop in prices, both in HRC and plates. The Italy operations, as I mentioned, continued to be stable. It was actually marginally higher on a QoQ basis. We expect improved performance at the Italian operations in quarter two, while performance at the US operations will largely be linked to movement of steel prices in the US.

Our net debt stands at INR80,199 crores, which has primarily gone up, driven by an acceptance payout of about \$300 million, which has reduced our acceptances to \$1.75 billion.

Increase in capex to complete projects, our capex spends were close to INR4,500 crores in the quarter. We have spent an additional INR228 crores as an upfront fee towards our coking coal mine startup, which we would like to fast track, and some other working capital which we had to put in place because of the new facilities coming up. Our revenue acceptances as of 30th June, just to summarize, was US\$1.75 billion, down 300 million in the quarter, while capital acceptances were at US\$124 million.

JSW One platform, a trusted one-stop digital marketplace for manufacturing and construction ecosystem, continues to scale up and has more than 58,000 registered customers now. The gross GMV during quarter one increased almost more than 4x to INR2,500 crores plus, and continues to grow rapidly. JSW Steel holds 69% in JSW One platform.

The Board has approved the transfer of assets pertaining to an under-construction, 30 million tonnes slurry pipeline project in Odisha to JSW Infrastructure Limited as a slump sale, and to enter into a long-term take-or-pay agreement for transportation of iron ore slurry for a period of 20 years with JSW Infrastructure Limited.

The slurry pipeline project would be transferred on an arm's length basis for a consideration of about INR1,700 crores, which would be the aggregate of the fair value of cost incurred till 31st May 2024, as determined by an independent valuer, and cost incurred post 31st May 2024, till the actual date of transfer. The transaction is subject to receipt of shareholders' approval and other regulatory approvals. The transaction is a reflection of our capital allocation strategy at JSW Steel, where we would continue to prioritize the capital allocation for steel capacity growth and raw material security as our core capex focus.

We have commissioned the hot strip mill of the 5 million tonnes brownfield expansion at Vijayanagar, and commercial production and sales have commenced in March 2024. We expect commissioning of the blast furnace by end of July, and the SMS by end of August 2024. We expect ramp up of the expansion project during Q3, FY25.

At BPSL, the Phase 2 expansions have seen most equipment and facilities getting commissioned. The oxygen plant is scheduled for commissioning in July, with a gradual ramp-up of the overall operations expected by Q3 FY25. The balance capacity of 0.5 million tonne will be achieved through debottlenecking by FY27 where we are looking at new technologies, and we will take a shutdown in line with the shutdowns of the blast furnaces so that there is no outage.

The company's capex during the Q1, was INR4,466 crores and INR228 crores on upfront payment for mining. We expect a consolidated capex for FY25 to be about INR20,000 crores.

As a guidance, I would like to sum up that the new facilities at Vijayanagar and BPSL will be ramped up during FY25. The shutdown of our blast furnace 3 in Vijayanagar for capacity enhancement, we would like to schedule towards the end of FY25 once the JVML operation stabilizes. The shutdown at BF3 is expected to be between 140 to 150 days.

We expect improved volumes going forward in Q2 from our existing operations and new facilities coming on-stream. Our consolidated production guidance and sales guidance at 28.4

million and 27 million tonnes, respectively, remains on track. Going into Q2, we expect benefits from savings in raw material costs, including lower coking coal price to the extent of \$23 to \$28 per tonne. Iron ore prices have also come down, particularly towards last month, and the full benefit of the same will accrue to us during Q2 FY25. While steel prices have remained soft, we expect drop in raw material costs to help us improve steel spreads from current levels, given the benefits of raw material costs over Q1.

To conclude, India continues to remain a bright spot among major global economies and is a multi-decadal growth opportunity. We believe that robust steel demand growth will continue due to ongoing public infrastructure investments, increased private capital expenditure, and sustained momentum across various sectors. There has been a noticeable recovery in the rural demand with an anticipated normal monsoon, and this would further aid to the consumption growth momentum in India.

Thank you, and we look forward to questions from your side.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

**Amit Dixit:** Good evening, everyone, and thanks for the opportunity. Congratulations for a good performance in very testing times. I have a couple of questions. The first one is a more macro question. As we have been seeing that Chinese imports, or imports by other countries as well, have been increasing in the country, Q2 imports also seem to be pretty high.

And as you rightly mentioned in your opening remarks that there are no barriers. Now, how do we factor in the growth in domestic consumption that advantage would accrue to the domestic steel companies? What kind of talks are in with the government to ensure that there is some kind of protectionism? Because circumvention is happening on a large scale. So how do we tackle that?

**Jayant Acharya:** Yes, Amit, you are absolutely right. A good question. Imports, especially from China and the FTA countries at zero duty is a concern for us because it's gone up YoY, while it has been slightly lower on QoQ basis, but it is still a very high number. We are taking up the matter with government for various kinds of trade remedial measures which need to be put in, in a quick response time. There are cases visible where trade measures as per World Trade Regulations can be taken, and those can be expedited. In addition to that, we are looking for and discussing other trade measures which could be possible. As you are aware, I think many other countries have already put in barriers, and that makes us more vulnerable to this flow.

We are in discussions, and we would expect the government to take some steps towards this. Having said that, we continue to work on our cost side. We continue to look at various avenues of reducing our costs to various strategic initiatives, apart from the raw material, coal and iron ore flow which is coming into these quarters, Q1 and Q2 both.

We expect, again, the sale price to be now range-bound. Since it has softened, and I understand from China sources that the Chinese exports are below variable cost, it may not sustain for too long. So, we do not expect a dip or much of a dip in the prices emanating out from there. So,

prices should remain range-bound. The demand will continue to be strong in India, and our focus, as you have seen in quarter one, has been the domestic market. Our share of exports was 10% and we will continue to be in the range of 10% to 15% of exports, and balance we will focus on the domestic market.

**Amit Dixit:**

Okay, sir. The second question is essentially on raw materials. So, if you could let us know your iron ore sourcing mix in this quarter, if you could break it into your own mines, maybe from OMC, NMDC and imports, and also the development that is happening on the coking coal mine in Mozambique. We indicated that we would be able to do the box cut, maybe in FY25. So, what is happening over there? That's all from my side, sir.

**Jayant Acharya:**

Yes, Amit. So, if you look at these two parts, on the iron ore sourcing strategy, as I mentioned last time, our Karnataka ECs for the existing mines have more or less been received. Some are in the process, so we are seeing increased volumes from our Karnataka mines flowing into Vijayanagar. The three new mines which were auctioned, we have received recommendations already for two. The other one is in the process, so we expect to operationalize these during the course of this year. So, our iron ore mix for Vijayanagar will improve, and that will call for lesser iron ore from outside the state.

As far as NMDC is concerned, I think our NMDC flow was impacted by some strikes, which NMDC had in the recent past. That now seems to be behind us, but we have been able to source material from alternate sources to be able to make up for that. Our overall captive iron ore is in the range of just a little shade below 40%, so about 38 to 40%. However, we keep in mind that we are structurally avoiding taking material from Odisha to Vijayanagar. As I mentioned that our Karnataka ramp-up is happening from our own mines.

Similarly, at Dolvi, we are doing a mix of sourcing from some part of Karnataka, some part from Maharashtra, and balance from Odisha. So that mix is keeping our captive at about this level. However, we continue to evaluate the mix based on the most optimum cost structure, which we are able to secure for the location.

As far as the coal in Mozambique is concerned, the documentation was signed and approvals from the government are in process. However, there are some land clearances which are still required, based on which the government has some concerns, which we are taking up with them because the previous party has not completed some of the land requirements. They were completed in the month of June, though with some delay. That discussion with the government is on. We are expecting that that condition will be relaxed, and we would be able to get the approvals during the course of this year.

**Amit Dixit:**

Okay. That's very helpful. Thank you and all the best.

**Moderator:**

Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

**Sumangal Nevatia:**

Good evening, sir. Thank you for the chance. Just continuing on Amit's questions on coking coal. Is it possible to share eventually what could be the capacity at Mozambique and cost of production? We read in the Annual Report that it is very high-grade mine with huge reserves.

So, some sort of quantification of volumes, capacity, and the year in which we could start producing? And then on the domestic coal as well, we are thinking that the mines would total around 3 million tonnes. So, some sort of guidance in terms of what would be the cost versus market cost?

**Jayant Acharya:**

So, Mozambique is in the early stages of approvals. So, we will have to go into mining operations to be able to determine what kind of evacuation and what kind of costs we'll be able to achieve. Once the approvals are received, then we will be able to get into the mining operations and be able to give you some light.

But as I mentioned last time, this is, as you rightly said, a prime, low-volatile, hard-coking coal asset. And that is why we were interested. It has got about 800 million tonnes plus of reserves. It should be able to give us clean coal to the extent of about 280 million tonnes odd. And if we are able to retrieve all the assets, evacuation is possible through Beira Port as of now. We will look at the evacuation strategy as our volumes increase going forward. There is a possibility to expand port operations there as well. So, as we get more light, as we get approvals in place we'll be able to give you back some more colour on this.

**Sumangal Nevatia:**

Understood. And in terms of timeline is it I mean a few years away, three, four years away at least?

**Jayant Acharya:**

Yes.

**Sumangal Nevatia:**

Okay. My second question is with respect to iron ore cost. Is it possible to share what is the difference between our captive iron ore cost delivered price versus the market price? I mean are we paying a significant premium versus the market price today?

**Jayant Acharya:**

So, I may not be able to give you that figure breakup, but the way you see it is the mine premiums which we have at various locations. Somewhere the premiums are lower, somewhere the premiums are higher, but going forward I think we have a good mix. We have 24 mines which we have won in auctions. Thirteen of them are operating. The balance are to be operationalized.

They have resources of about 1.6 billion tonnes which is a very big positive as we grow our capacities. The premium which we have, the way the iron ore premium has gone up in the last few auctions our guess is that the premiums which we have are now looking more moderate as we see the new premiums coming in. We will be able to balance this in a better way I think from a logistics perspective and that's why we are looking at the 30 million tonnes slurry pipeline because from a dedicated mine it will be able to take the material through slurry pipeline to the port which not only is environmentally much better, but reduces the cost sharply.

It will also enable us to develop the pellet plant capacity at our new facility at Jagatsinghpur and this agglomerated fuel basically agglomerated pellet also reduces the fuel cost. So those will be positives for us. We continue to look at improving or operationalizing the mines in Goa and Maharashtra for Dolvi operations. And that will give us further downside of the iron ore cost as we go along into our expansion modes.

**Sumangal Nevatia:** Understood. If I may just ask one last question on Ohio, we have again seen the losses have started increasing, so some guidance on that and I mean just from a strategy point of view is there a strong case of being in these geographies? I mean we've seen very volatile profitability in the past us and our peers, no one has created any value in these geographies. So, I mean, what's our long term thought process with respect to these developed country exposures?

**Jayant Acharya:** So, the way we should see it is that the operations in Ohio have stabilized from a volume perspective. We are doing close to 80,000 - 90,000 tons going to 100,000 tons in some months every month. So therefore volume levels are good, in Baytown also volume and capacity utilizations are reasonably good and stable. Where we have got hit is the domestic prices in the United States.

If you were to look at the price points then a US\$900 per ton of hot coil per metric ton on 1st of April fell down to about US\$720 odd as we speak a few days back. So that has impacted the overall viability of Ohio operations. I would say that from the new products which we are seeing and the new interest from the expansions of Ohio operations which is also on track.

We should be able to improve our product mix and reduce our commodity exposure and supply to Baytown for wind and supply for monopiles, supply for oil and gas which we are building both the assets for. That is the way we are working, and I think we should not look at it on a quarter-on-quarter basis, but the good thing is that the volumes are more or less stable.

**Sumangal Nevatia:** Thank you and all the best.

**Moderator:** Thank you. We will move on to the next question that is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

**Satyadeep Jain:** Hi, thank you. Just want to understand the rationale and timing for transfer of slurry pipeline to JSW Infra. You have already done the work, were there any execution challenges you were facing within JSW Steel? What is the rationale because if you look at focusing on core steel business, JSW is also an investor in JSW Paints, JSW Neo. Would any acquisition of rakes also come up in future? Would that also be in JSW Infra? I just want to understand the rationale of why the transfer of asset to JSW Infra now, that is the first question?

**Jayant Acharya:** We are expanding our capacities in steel at a very rapid pace. As you have seen our aim is to be 50 million tonnes in India by the end of this decade. We would like to see that the capital allocation is prudently done for expansions in our steel assets because these are Brownfield capacity expansions. And as I explained last time the Dolvi project which we have just started is at below US\$500 specific investment cost which is very value accretive. So, we would like to focus on prudent capital allocation. Second is that this infrastructure pipeline is something which is a physical asset. JSW Infrastructure is already operating a port in that location in Paradip. They are in the logistic solution and the infrastructure business. They will be able to manage this in a better manner and it will not basically call for too much of bandwidth from JSW Steel side. We can focus our bandwidth on our expansions.

We will continue to keep an oversight on the execution of this project. Our idea of handing this to JSW Infrastructure subject to approvals of shareholders and other customary approvals is

basically for a better capital allocation which we will do in steel and leave it to a solution provider who has better experience on the infrastructure side.

**Satyadeep Jain:**

Just want to understand I mean that logic would have been there before you incurred capex on the pipeline. So why now rather than why not at the outset and then when you look at the take-or-pay contract, is it possible to quantify at what price, what would they charge for this on an annual basis?

**Jayant Acharya:**

So, let me answer your first question. One is that why we didn't do it earlier. I think the project has started some time back and we have gone through various challenges in terms of diverting lines, natural highways and water bodies, etc. JSW Infrastructure as you know has recently got listed. Their capacities in the overall business in the last two to three years have gone up quite well. They are now in a position to take on additional investments towards such infrastructure and logistic solution which they now have the capability to do. So that is one reason why now, why not earlier. The second question which you asked was on account of pricing, on account of take-or-pay. Our take-or-pay, while this is a 30 million tonne pipeline, our take-or-pay is limited to 60% of that at 18 million odd tonnes.

Our calculations are basically that we will be able to do better because we require if you look at our 15 million tonnes Dolvi expansion which gets some part of the iron ore from Odisha. Our total requirement of Dolvi alone will be about 25 million tonnes of iron ore. We would take a blend and a mix, but that is why we have taken a safe target at 60% level. And we would focus on, this is basically what is getting handed over to them is a from a slurry tank to the slurry tank. The focus on our side once the material is received will be our JSW Steel again and they will put up the filtration units and the grinding on the other side and the pellet plant. So, we will be focusing on those assets so that we are able to faster complete the overall asset both slurry pipeline, the pellet plant and the development of the Paradip site.

**Satyadeep Jain:**

Any price in addition to the minimum quantity price, has that also been locked in?

**Swayam Saurabh:**

Yes this is Swayam here. So, on price as well as what kind of IRR. While we will not be able to share that specific information, but what I can tell you is the capital which we release out of this project would go into building Dolvi Phase 3 which went out last quarter. And the IRR in Dolvi Phase 3 is significantly higher than the IRR which has been negotiated with Infra in this project which basically goes back to the point which Jayant made around prudent capital allocation.

**Satyadeep Jain:**

Okay. Thank you sir.

**Jayant Acharya:**

But let me assure you that the cost post the take-or-pay in terms of the cost of operation will give significant benefits to JSW Steel.

**Satyadeep Jain:**

Okay. Thank you.

**Moderator:**

Thank you. The next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.

**Ashish Kejriwal:**

Hi. Thank you for the opportunity. Sir taking forward the same question actually we have developed this project and you also mentioned that we have done lots of work in diverting lines, natural bodies, and etc. And when we are half of it, we have already invested INR1700 crores and payback period could be two or three years. So it is difficult to understand that if JSW Infra gets listed and they are not in a position to take additional capex, why we are doing so because this project could be much beneficial for us three to four years maybe payback period or if you can justify that how much additional saving we could have done because of this and now what could be the probable saving after doing that?

**Swayam Saurabh:**

So Swayam here again. Let me answer this differently. While this might come across as a sudden decision, but we'll assure you that going forward as well you will see that the capital we have gets allocated primarily number one on building steel capacity because we have already spoken about getting to 50 million tonnes and we want to get there as soon as we can. You have seen the demand growth in Q1 in domestic. We think this momentum will continue. That means we will need capital to build steel plant.

Two, it will go on building raw material security both on coking coal side as well as iron ore side. Now, if we are sort of going to commit this kind of capital on what we think is our core priority then anything which is a lower priority has to go. And while this decision might come as one-off, you will see this directionally in terms of our capital allocation also in future.

**Ashish Kejriwal:**

Some, but again, this does not answer my question, actually, what I'm trying to look at, or put it differently. You know, when we are putting up this project, we thought that we could have saved so much of freight cost on a per tonne basis. And obviously, that could be two or three years of your payback period. Now, if you do the same thing, and after the total, it's INR60,000, INR65,000 crores, I don't think INR1,700 crores extra will be a burden for the company or that will change the course of the business. So, again, the question remains the same. You know, if this project was so beneficial in the beginning, when we could have payback period of three to four years, why we are sharing this to another? And definitely, part of the profit will be gone to the other entity which we could have earned.

**Jayant Acharya:**

So, it's a question of the capex for the slurry pipeline, which we had earmarked was about INR3,400 crores. Out of INR3,400 crores, some money we have spent, which will get evaluated at fair value and get transferred. As far as the operational cost is concerned, you know, as we said, the operational costs are being worked out in such a manner that it will be operational cost at arm's length with respect to the actual variable cost which they are getting and returns on the equity they are investing.

We will be able to get more value when we are taking this 3,400 crores out and putting it into our expansion in Dolvi because the returns on those projects are higher. So, from a capital allocation point of view, because we are trying to spend 20,000 crores almost every year, it is more prudent for us to do this change at this point of time. That is the thought process. From a saving point of view, I think we will be very similar to what we targeted our savings to be at when we started the project.

- Ashish Kejriwal:** Okay. So sir, do we have any plans to shift some of our existing assets which are operational in Karnataka also to shift to JSW Infra or it will be only for the new projects going forward?
- Jayant Acharya:** No, there is no other such plan. This particular asset, as I said, we are doing because it is a part of the asset where we have spent some money and still need to continue to spend two-thirds more. So, this is one area where we saw an opportunity to redirect the capital and that is why we have done that. In Karnataka, there are no plans to transfer anything to JSW Infrastructure.
- Ashish Kejriwal:** Sure. Thank you. So, second question is, in your opening remarks, you mentioned that in quarter two, we could expect spread to improve QoQ because of lower iron ore and coking coal cost which will offset the steel prices. So, in that, have we assumed the stable prices in next two months or any further fall you are expecting from here on?
- Jayant Acharya:** Price is something which is very difficult to comment on, you know, given the international steel environment. But I expect the prices to be range-bound. As I mentioned, the Chinese cost of export is already on a negative variable, the way we see it now. So, we don't think that there is much chance for a drop in price. So, therefore, the margins will get protected through raw material even if the prices don't materially go up. But we are trying to do a better mix in terms of value-added. Our volumes will come in and these two will increase our absolute EBITDA. So, from an existing operations point of view, we did 6.35 million primarily because of our Dolvi and BPSL shutdowns. We expect to considerably add to the volume from existing operations in quarter two.
- And in addition to that, the new capacities will start in quarter two end. So, these volumes will give you an absolute increase in EBITDA on an absolute number basis. On a per-ton basis, as I said, the raw material prices and some other initiatives which we have taken will support the margins.
- Ashish Kejriwal:** Sure. Thank you, sir, and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.
- Indrajit Agarwal:** Sir, hi. First question on costs again. So, on coking coal, after the \$23 to \$28 reduction in 2Q, would it fully reflect the spot prices or could we expect, just on the basis of spot prices, some more reduction in 3Q?
- Jayant Acharya:** See basically, we have a visibility based on the PLV numbers which are there for the last month. So as the coking coal as we speak today, you would have seen the prices are probably below \$240. So, \$240 FOB PLV Australia. So therefore, we expect that these prices could go down a little bit more given the pressure which we are seeing in terms of steel environment in the steel industry at large globally. There is a case for the price to go down a little bit more. But it is difficult to give any kind of a guess at this point of time.
- So, what I can say is that \$23 to \$28 is what we are expecting in Q2 on top of a \$23 kind of an impact which we have seen in Q1. So overall, combined between two quarters, you will see close to probably \$48 odd going down. PLV is about 232 today FOB Australia.

- Indrajit Agarwal:** Sure. Thank you. My second question is actually going back to the slurry pipeline. So, did I hear correctly that INR1,700 crores is the consideration that you will receive, right? Versus a capex turn-off somewhere around INR850-INR900 crores. Is that correct?
- Jayant Acharya:** Yes, at fair value based on cost up to 31st of May. No, the cost which we have incurred, you are asking. The cost which we have incurred up to 31st of May was about INR1,200 crores.
- Indrajit Agarwal:** And the consideration is INR1,700 crores?
- Jayant Acharya:** Yes. It will be basically determined finally on the date of transfer. So we are continuing to spend on the asset. And on the date of transfer, based on a fair value assessment, we will be taking the call.
- Indrajit Agarwal:** Sure. And actually, following up on that, given that both are listed entities, have we evaluated other potential buyers or just was it a group company we have decided on JSW?
- Jayant Acharya:** No, we did look for alternate possibilities in this sector. And if you also see one of the public sector entities also tried to put a slurry pipeline from their iron ore facilities to the port. They have floated a tender, but it's been four years. They have not been able to get anyone. We tried to check with one or two larger contractors, but this was not their area of focus. The other two existing pipelines in the country are primarily made by the entities themselves or by their group companies.
- So, that is why we approached JSW Infrastructure, whether they would be interested. And that is why we looked at a model which is basically this model with JSW Infrastructure.
- Indrajit Agarwal:** Sure. Thank you. And any such plans for JSW One or we would keep it in our entity, at least in the foreseeable future?
- Jayant Acharya:** You see, JSW One is a digital platform. And basically, the idea is to be able to offer a transparent kind of a product across our companies, including steel, including cement, including paint, to MSMEs and to home builders and then enlarge that basket as we go along. We've already started building homes through JSW One. Some have already been executed.
- We have decent order books now. That to the home builders is a good kind of an achievement they've done. On the MSME side, we are penetrating more and more. So, the volumes are increasing. We are able to address the smaller MSMEs, which we are not able to directly access because some of them require five times, some of them require two times, three times. So, that the JSW One platform, along with their franchises and service centres, are able to access. And that is the idea going along. Divestment is difficult to say because the valuation of this kind of entity will keep changing. Last time we had Mitsui as a kind of an investor who was interested in this asset. We will see how the business progresses and then take a view.
- Indrajit Agarwal:** Sure. That's all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

**Ritesh Shah:** Hi. Thanks for the opportunity. I have a couple of questions. The first is on quality control order. There have been two orders. The second order, the net was widened beautifully. But we haven't seen any impact as yet. Is the industry proposing something or is the government looking to do something to make this work? That's the first question.

**Jayant Acharya:** Yes. So, we are looking at the quality standards and the quality control orders, which have been issued. And that is being constantly evaluated. And we are taking up with them whichever is not covered. But having said that, I think there are still substandard, you know, products or products in deviation to the BIS, which are still coming in under the garb of some, you know, different BIS. That's something which we are bringing out and then looking at ways to address that. So, that is what we are taking up with the BIS and the Consumer Affairs Ministry.

**Ritesh Shah:** So, no immediate hope on this?

**Jayant Acharya:** No. They will basically be, there are for example, there are certain coated products where the substrate of zinc, which should be at a particular level, is maybe at a lower level. And that is not visible on the substrate once the colour is put. You have cases of circumvention, which happens from one country to the other. And then if that has BIS, then gets circumvented and comes to India. So, those are challenges which we are facing today, which has been taken up. And I think we are in discussion. I can't say definitely what are the steps going ahead, but we are in discussion with the government to tighten the quality control norms.

**Ritesh Shah:** Sure, sir. Sir second question. Any thoughts on two assets, RINL and NMDC Steel? We had indicated we will be open to everything. Is this something which is a work in progress? How should we look at it?

**Jayant Acharya:** We are not open to everything. I think we said last time also that assets which make strategic sense for us, we look at. NMDC, we had expressed an expression of interest. But as you know, it got stalled due to Code of Conduct and other establishment in terms of getting the factory running, etc. So, once NMDC comes up again, we will look at it. RINL is in a different state. We will have to see and watch how that goes and if the asset comes on divestment route or not. If it does come at that time, we will see based on the document and see if it makes strategic sense for us.

**Ritesh Shah:** Last two quick ones. Sir, I see JSW One has got an NBFC. Does it mean anything to the distribution sales network for JSW Steel? Does it help in any manner? How should we read into that? And lastly, BPSL profitability has improved sharply on a sequential basis. How should one read into that? Thank you.

**Jayant Acharya:** Yes. Last time you had said the profitability in BPSL was lower, so we tried to improve it. But having said that, I think a lot of initiatives have been taken at BPSL to improve on various operational parameters. And that is something which is now showing up. I think from a specific consumption point of view from a fuel cost point of view from rationalization of logistics cost of raw material movement, I think work has been done. And that's how you see the profitability improvement.

The other thing we have been able to do in BPSL is that we've been able to use our downstream assets quite well. Downstream assets are getting now almost fully run. Capacities are getting loaded. We have also started doing the pipe manufacturing through our pipe asset in BPSL, which is the erstwhile Kalinga brand, which was there, which has a good name. So, the downstream facilities in cold rolling, galvanizing, color-coated, galvalume have been ramped up. That also is adding to your value, as you see.

The other question which you asked before BPSL was JSW One NBFC. JSW One is trying to offer a full solution to the customer. So, they are not only looking at a financing solution, whoever needs it also at a logistic solution for delivering the material looking at service centre solutions, so they are able to deliver in cut form. So, they are trying to create an ecosystem of supply like what you would have from Amazons of the world. So, the idea is to create a commercial marketplace or e-commerce place where they will be able to offer the product to the customer on the door. If he needs financing that will be available.

**Ritesh Shah:** Sure, sir. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

**Amit Murarka:** Hi. Good evening. Thanks for the opportunity. My question frankly, is again on the slurry pipeline.

**Moderator:** Sorry to interrupt, Mr. Murarka. Sir, your audio is not clear. Can you use the handset mode while speaking?

**Amit Murarka:** Yes, so my first question was again on the slurry pipeline. So, I believe if I'm not wrong, when the auctions were done, you had bid with a high premium and all that. So, the idea was at that point in time that it will lead to logistics cost savings through the slurry pipeline and all that.

So, while on the one hand, we have kind of bid aggressively for iron ore and taken in the cost from our P&L but it seems like the benefits from the slurry pipeline will not come through now given that you will be paying whatever the transport charges and all out to JSW Infra now. So, could you just help us understand again while you've said that it's take or pay but could you also put some numbers around it as to still does it offset the negative impact of the iron ore premiums in your P&L?

**Jayant Acharya:** No, I think the way we look at it is the operational benefit will still accrue to JSW Steel. It is like basically giving the asset on a build and operate kind of a mode similar to your leasing, where the financing basically is done by an entity and our capital allocation gets freed up for use for our steel expansions.

The benefit of the savings in terms of iron ore transportation will continue to accrue to us. We will pay to them some charges on account of the operational costs, which will be determined mutually, which as I said in the last question also, I think we are at a better Swayam clarified at a much better IRR, which we have been able to get from JSW infrastructure versus what IRR

we see in our brownfield project at Dolvi. So therefore, from a capital allocation from a return perspective it is actually positive.

**Amit Murarka:** I'm trying to, I mean, if you could share some numbers that would help like let's say versus your current transportation costs that you're using like by paying on the slurry pipeline, what would be the savings or something like that?

**Jayant Acharya:** So we expect to save, we expect to save in the range of INR900 to INR1,000 a tonne on iron ore. You can multiply that by almost 2x when you were to look at steel.

**Amit Murarka:** Okay, so this is net of the payment for the usage of the pipeline, you mean?

**Jayant Acharya:** Everything.

**Amit Murarka:** Okay, sure. And also like secondly, you mentioned that generally the imports are rising and let's see how this year goes for consumption but let's assume that it's a more subdued year for steel consumption in India though and so much of capacity additions. So could you kind of, I mean delay the ramp up of your capacity in that situation simply because of that exports seem to be unviable at this point in time?

**Jayant Acharya:** No, Amit actually the way the capacities are coming because of this migrant labour like our capacity also got delayed by a month, month and a half because some of the labour which went back migrant labour didn't come back during elections and because of the heat wave both. We are seeing delays of capacities in general in India. So as a matter of fact, the way I see it is, if you see the last quarter, we were surprised on the positive with a 14.9% growth in terms of YoY demand in India.

Going forward, as I say I'm expecting about 12 million to 14 million tonnes kind of a demand increase in this year. If you were to look at the capacities coming in, including ours, which are back-ended most of the other capacities are back-ended for the year the capacities will play out over maybe two years or a little more. In two years' time the way you should look at it is that the country's demand will increase by 25 million tonnes.

**Amit Murarka:** But that's not HRC. Sorry to interrupt but that's not HRC. All the capacities are HRC.

**Jayant Acharya:** I'm fully with you on that. We have calculated based on HRC as well. From a capacity perspective to the growth in demand from flats, we are not worried about the consumption within two years. Including the capacities which are coming up and the ramp-up expected, we are of the opinion that this will get absorbed in the domestic market mostly. And as we said, the exports will continue to be maybe 10% to 15% range for us.

**Amit Murarka:** Okay, thanks a lot.

**Moderator:** Thank you. The next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

**Bhavin Chheda:** Good evening, sir. If you can guide what the peak debt or net debt would be.

- Moderator:** Sorry to interrupt, Mr. Chheda. Sir, can you use the handset mode while speaking? Your audio is not clear.
- Bhavin Chheda:** Can you guide us what the peak net debt would be in the current fiscal and if you can guide on some ratios at what net debt to EBITDA or gearing whatever you look at, what peak scenarios you would be comfortable with?
- Swayam Saurabh:** Swayam here. We have guided again and again that we would like to be below three net debt to EBITDA. However, within quarter or 1, 2 quarters it can go up slightly, but our goal eventually is to get closer to 2.5. So, as a general guidance, we don't expect to go much higher than the 3.0 which we have reported. We expect to actually come back closer to 2.5 by the time this year ends.
- Bhavin Chheda:** And if you can guide us on absolute net debt numbers or that would be difficult?
- Jayant Acharya:** That would be difficult to give you in terms of an absolute number but as we explained, we have paid back acceptances of US\$300 million. We have tried to put in some working capital into the business. We have spent a little upfront on capex because we are finishing the ramp up of JVML, BPSL and also starting the phase three of Dolvi. So, as this working capital gets unlocked, you will see some of that flowing back to reduce the debt, but it will be difficult to give a number.
- Swayam Saurabh:** Yes. We are still in the capex cycle. It's easier to gauge an absolute value and guide once you are at the end of that cycle. But it's the ratios which are more important.
- Bhavin Chheda:** Sure. The second one on the captive iron ore mines, which we have won an auction, as you said, won 24 iron ore mines and 13 are currently operational. So, what's the mining run rate of those 13 mines? And if you can break it up into Karnataka and Odisha and what's the status of balance and when they will start and what kind of volumes you expect from them?
- Jayant Acharya:** Yes. So, in Karnataka, our existing mines the nine mines are about 11 million tonnes of capacity. The new three mines in Karnataka will add another 4.5 million tonnes, which I said will get into operations during the course of the year. So, Karnataka captive will come to about 15.5 million tonnes. As far as Odisha is concerned, we currently have four operating mines. And there we are close to 20 million tonnes of output.
- And that is because Karnataka, anyway we are maximizing except for the four million, which is yet to come in. Our 11 million capacity, we are trying to maximize full. In Odisha, we are operating currently at 20 million. We can do higher, but we will do that as per requirement of our ramp-up, which is coming up.
- Bhavin Chheda:** So, you said Karnataka will reach 15.5 this year. Orissa would remain at 20. So, this will cover all your 24 mines or there will be a few more pending to get commissioned later?
- Jayant Acharya:** Yes, there will be a few more mines. So, we have two mines in Goa, which we had won. We had got two in Maharashtra, which we have won, which need to be operationalized. Maharashtra mines are more developmental mines. So, that will take a little bit more time. But

Goa, we should be able to get into operation sooner. In addition to that, we have got one more mine near BPSL, which is about less than 100 kilometres from the BPSL site, Netrabandha. That mine, which should give us about 2 million tonnes per annum should get operationalized in the next year. As we see today. So, these mines..

**Bhavin Chheda:** And Goa would add how much, sir?

**Jayant Acharya:** Sorry?

**Bhavin Chheda:** Goa mines would add how much, sir? Two mines in Goa?

**Jayant Acharya:** Two mines in Goa, currently about 1.5 to 2 million tonnes is what we are expecting from those two mines.

**Bhavin Chheda:** Sure. And, sir, my last question on Mozambique...

**Moderator:** Sorry to interrupt, Mr. Chheda, may we request?

**Bhavin Chheda:** Sure. Just one more on Mozambique, how much do you expect to spend over 3 years? Just on the Mozambique capex, I wasn't?

**Jayant Acharya:** No, it's difficult to, as I said, difficult to give a capex till we have the approvals and go to the site and start doing the mining operations. We'll be able to give you some more feedback once we get the approvals and go into the mode of mining.

**Bhavin Chheda:** Thanks.

**Moderator:** Thank you. The next question is from the line of Rashi Chopra from Citigroup. Please go ahead.

**Rashi Chopra:** Just one question on realizations. You indicated that prices had corrected in June. So how much lower are spot prices versus the average of the last quarter, both for flats and longs?

**Jayant Acharya:** So, I think I would like to say that flat prices in April and May went up somewhat. Internationally, the prices went up by about \$15 to \$20. We saw a reflection of that in India, part of that in India. I think about \$15 to \$17. We saw an increase in this range. But however, in June, because of the pressures of import from China and Vietnam and the other FTA countries at lower prices, that price started getting down.

I'm not able to give you an exact number of how much it will be on a spot basis QoQ. But what I can give you is that in Q1, in spite of a softer price environment, we were able to increase our realizations by about INR540-550 per tonne to a better product mix allocation and more focus on the domestic sales.

So price, difficult to say how it will move in the market. But my feeling is that during June and whatever has happened for the price announcement in July, we feel the prices are now more or less bottomed out. And that should therefore remain around these levels unless there is some more pressure from the imports.

- Rashi Chopra:** So is it safe to say that the 1500-2000 increase that you saw in April May that largely reversed or was the correction more than that?
- Jayant Acharya:** So, we saw some increase between April and May. Between June and July, I think most of that has gone in the flat sector, primarily because of the higher imports. You rightly said that that's right. So about that impact of April, May positive has been more or less reversed. In Longs, we had a much larger price increase during the quarter because of the supply disruption in many areas, especially the secondary, RINL, etc. But now I think supplies have also resumed plus the monsoon seasons have kicked in. So therefore, there is a slightly softer scenario on the long side. So there also prices have corrected, especially in the secondary market. So there, I think, while it continues to be range-bound, monsoons, usually you do see seasonal impacts. So that's not something which is uncommon.
- Rashi Chopra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Prateek Singh from DAM Capital. Please go ahead.
- Prateek Singh:** Hi, sir. So, my first question was largely on the slurry pipeline transaction value. So, as I can read, I think the annual transaction value which we're talking about is around INR1,300 crores. So that would be on 18 million tonnes or 30 million tonnes.
- Swayam Saurabh:** That's on 30 million tonnes.
- Prateek Singh:** On 30 million tonnes. Okay. So that would kind of imply a INR400 per tonne transaction cost for around 300 kilometres. So that's the way to look at it, right? There will be nothing on top of it that we need to pay. This is an all in cost that we need to pay.
- Jayant Acharya:** Your calculations are on the right track.
- Prateek Singh:** Sure. And we are saying that we'll be saving around INR900-1000 on top of it. So that kind of implies that even if we're doing it ourselves, we would be, if the slurry pipeline was not there, the cost for us would be around INR1,500-INR1,600 per ton for this kind of a distance. So that kind of tells me that, sorry?
- Jayant Acharya:** No, that depends on the mix of rail and road because, the biggest challenge in Orissa sector is that the availability of Railway wagons, rakes is very limited. So, you tend to, we do our own rakes, we do Indian Railways, but very little of Indian Railways is available. So, if you have to switch to more road, then the cost goes up. So, this varies depending on the percentage of road which you're forced to take. Apart from being more inefficient. So, that cost varies a bit. Yes.
- Prateek Singh:** Yes, that's what I was coming to, that it kind of implies that it's largely a bit more focused towards road. And so, my second question here would be, so how does this number change? So, as you said, minimum we were thinking from there would be around 18 million tonnes. So, would it change in a pro-data basis if we are taking 18 million tonnes or there are different kind of mechanics here which would come in play?

- Jayant Acharya:** No, we have a table based on which from 18 million to 30 million tonnes, there will be a price which gradually goes down.
- Prateek Singh:** Okay.
- Jayant Acharya:** If we do 18 million tonnes, then naturally there is a certain higher number, but then otherwise it comes down. Our effort will be to use the pipeline to the full. So therefore, our intention is to ultimately, as we have given our intention that we would be putting up a steel manufacturing site in Jagatsinghpur in Odisha. In this budget, the slurry pipeline and the pellet plant is already included. The pellet plant development, we will start. After that, we will look at the next phase of capex. Maybe we will look at another pellet plant which is not included right now in this capex.
- And with that, we will be able to use the full slurry pipeline. That is the direction of our plan. So what 60% is, is basically a Mtop kind of a calculation, but the facility once it is used at 30 million or 27 million or 25 million, there is a chart of reducing cost.
- Prateek Singh:** And so, my second question would be on autos. So, we have been hearing news that they are sitting on a decent inventory right now. Could you please remind us as to when did the last half yearly settlement happen and what kind of price increase on a semi-annual basis we saw back then and what could it be now?
- Jayant Acharya:** No, I think I don't recall off-hand the price numbers and movements, but the prices move with respect to the market and there are basically guidelines laid down based on which the pricing of automotive is done. That is negotiated with them based on a certain guideline criterion, how the price moves in the previous quarters. What I can tell you is that from a demand perspective, I really don't see much of a slowdown. We are running at a current rate of about, we did close to, we did about 692,000 - 693,000 tonnes of automotive sale in Q1. So, our run rate is now currently almost close to 2.8 million tonnes in the year. This will probably improve as we go along.
- We see the demand from the automotive side, I think reasonably stable. The inventory, which you are saying, yes, at the dealer level, but if you see the FADA data, which is the registration data, that data has shown much healthier growth. That means there is an inventory dilution which is happening, and which is likely to happen.
- I think we should be good. The base is higher, naturally that is understood because last 2 years they grew very well. So, therefore the base is higher. The percentage growth may be slightly lower, but they will still have a very positive growth the way we see it.
- Prateek Singh:** Understood, sir. Thanks for answering my question. All the best.
- Moderator:** Thank you. Ladies and gentlemen, we take that as the last question. I now hand the conference over to the management for their closing comments.
- Jayant Acharya:** Yes, so thank you very much. I would just like to sum up to say that as we mentioned, the Indian economic momentum continues to be strong, which is reflected in the steel demand in

the country. The government has enough fiscal flexibility to be able to spend more, whether it is for initiatives on infrastructure, manufacturing, or any other consumption-related expenditure.

We see in JSW Steel, the volumes in quarter one were slightly lower because of shutdowns. That now is behind us. So, we will see improvement in volumes from our existing operations coming into Q2. Our new facilities in Vijayanagar and BPSL both are under various stages of commissioning, and that should start giving us volume towards the end of Q2 and will ramp up in Q3.

As we have seen, we have been able to do a much better product mix, which has given us a value-accretive growth and realization. The costs in quarter two are likely to be softer, as we said, for coking coal, as well as iron ore, which have softened. So therefore, that will flow into Q2. These will support the margins going forward.

India remains a bright spot and is a multi-decadal opportunity, and we expect that the overall growth momentum will keep the consumer demand as well as the overall demand in the country going. And therefore, we see this as a great opportunity for us in the steel industry to be investing and to be fortunate to be in this cycle of investment in the country. Thank you, and all the best.

**Moderator:**

Thank you, members of the management team. Ladies and gentlemen, on behalf of JSW Steel, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.