



“JSW Steel Limited Q3 FY-25 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY25 Earnings Conference Call of JSW Steel 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 "*" then "0" 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.

Ashwin Bajaj: Thank you very much, operator, and good evening, ladies and gentlemen. This is Ashwin Bajaj, and welcome to JSW Steel's Earnings Call for Q3 FY'25.

We have with us today the management team represented by Mr. Jayant Acharya – Joint MD and CEO, Mr. G. S. Rathore – Chief Operating Officer, Mr. Arun Maheshwari – Director of Commercial and Marketing, and Mr. Swayam Saurabh – the 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: So good evening everyone. The global economic growth is steady with IMF projecting 3.3% in 2025 compared to 3.2% in 2024. Inflation across major economies continued to cool off, with advanced economies reaching their targets earlier than emerging markets.

The U.S. economy continues to surprise on the positive with robust outlook under the new administration. Stronger growth in U.S. is likely to be offset by weakness in other regions including Europe. That said, potential tariff escalations and policy changes could heighten trade tensions, disrupt supply chains and weigh on global growth.

In India, we have seen some growth moderation over the last few months and the advanced estimates are projecting GDP growth of 6.4% for FY'25. We expect a pickup in growth momentum in Q4 supported by recovery in the government CAPEX.

Prospects for rural consumption also remain strong, driven by a robust Kharif harvest and positive Rabi outlook. Urban consumption faced some headwinds this year. Bank credit growth has slowed down and food inflation has been elevated. Inflation is anticipated to ease in the coming months with improved food supplies, creating room for RBI to begin monetary policy easing. However, volatility in global markets needs to be watched.

On the steel side, in Q3, India's crude steel production rose by 3.5% to 37.38 million tonnes. Steel consumption grew by 6.8% to 38.46 million tonnes seeing some slowdown compared to 13.6% in H1. A recovery in the government CAPEX is expected to aid growth in Q4, culminating the year with about 10% YoY growth in FY'25.

Despite some moderation in steel imports, and rise in exports during Q3'25, India remained a net steel importer in Q3 and net imports have doubled to 3.6 million tonnes in nine months of this financial year. Trade investigations are already ongoing to ensure a level playing field and put a check on dumping. We are awaiting feedback from the DGTR in the coming weeks.

At JSW Steel, sustainability has been one of our strategic priorities and our efforts are gaining recognition. JSW Steel was recognized by DJSI again and ranks among the top two global steelmakers. As part of our journey towards eco-friendly transportation, 50% of employee commute in buses at Vijayanagar, Dolvi and Salem has been converted to electric vehicles. To accelerate the green transportation, we have deployed 100 LNG-powered trucks at Dolvi for outbound goods transportation.

In our projects and mining areas, we would just like to give an update. If you look at the overall performance at BPSL, the BPSL expansion of 1 million tonne has been fully ramped up and incremental volumes have kicked in. They have reached close to rated capacity in Q3. This incremental capacity is for value-added and alloy steel products to cater to various industries, including automotive, bearings, railways i.e for Vande Bharat, etc.

At JVML Vijayanagar, we commissioned the blast furnace in September and subsequently one SMS unit, that is one converter and caster, have started and been commissioned. The second caster has also started in the month of January. The overall 5-million-tonne project is ramping up well.

Our recent acquisition of Thyssen Electrical Steel India, Nashik, through the joint venture with JFE Steel has received the CCI approval and we expect to close the acquisition in the next few weeks.

Enhancing raw material security has been a major pillar of our corporate strategy. In Karnataka, we have the EC of our existing mines, some of which are being enhanced. We expect to reach an EC capacity of 11 million tonnes for our existing nine mines. We are also on track to commission three new mines, one in Q4 and two in Q1 of the next financial year, and we are targeting about 15 million tonnes of production from our Karnataka mines in FY'26.

In Goa, we plan to start mining operations at Cudnem in Q1 of the next financial year and the Surla mine by Q4 of FY'26. The recently won Codli mine is likely to commence operations later by Q4 of FY'27. The three Goa mines will cumulatively produce 3.5 million tonnes.

In Odisha, the Netrabandha mine of BPSL is expected to commence operations in Q1 of FY'26. We are also in the process of enhancing the EC limits of our Nuagaon and Narayanposhi mines, which cumulatively have about 900 million tonnes of good quality iron ore. We have ceased mining operations at Jajang on 30th November and the commencement of the Final Mine Closure Plan has been intimated to the state and the Indian Bureau of Mines.

In coking coal, we have signed the mining lease for Moitra mine this month. The Parbatpura and Moitra mines are expected to commence production from Q4 of FY'26. Off-take for the Illawarra mines in Australia, in which we have taken a look through interest of 20%, will commence from April'25.

For the quarter gone by, the operational performance has been quite strong. We delivered the highest ever consolidated crude steel production in Q3 at 7.03 million tonnes, up 2% YoY and 4% QoQ. This was aided by BPSL expansion operating close to rated capacity and the ramp up at JVML.

The capacity utilization during the quarter at our current Indian operations was 91% despite a temporary maintenance shutdown of one of the blast furnaces in Dolvi. Our steel sales in the quarter at 6.71 million tonnes are up 12% YoY and 10% QoQ. The company achieved its highest ever quarterly domestic sales, with value-added and special product sales at 3.9 million tonnes, rising 12% YoY, and comprising 60% of our total sales. Our institutional sales also reached record highs, growing by 8% YoY.

Other milestones include the highest ever sales to the auto and the renewable segment. Long product sales surged by 26% YoY while sales to the appliance segment grew 37% YoY. Tinplate sales also saw a strong 51% YoY growth. So, this quarter was underplayed not only by a volume growth, but a focus on value-added special products and key segments, and we managed to reduce our inventories during the quarter by 92,000 tonnes.

Our consolidated revenues from operations were at Rs. 41,378 crores with operating EBITDA of Rs. 5,579 crores with an EBITDA margin of 13.5% in the quarter. Our EBITDA per tonne was Rs 8,316 per tonne and the profit after tax was Rs. 719 crores. We started Q3 with price hikes in October, but unfortunately the steel prices corrected during the course of the quarter, while our India NSR fell by close to Rs. 1,800 QoQ which is lower than the benchmark price reduction, we could offset the impact by a better cost and product mix.

On the cost side, just to give a flavor, we benefited from lower coking coal prices, which fell by about \$34, better than our guidance. However, iron ore costs were higher during the quarter offset by lower costs from Odisha mines post the shutdown of operations at Jajang mine. We could also optimize our blend of iron ore. Our captive use of iron ore stood at 39% during the quarter.

The U.S. operations, Ohio and Texas combined, had an EBITDA loss of about \$17.9 million primarily because of lower realizations in the market. Ohio facility resumed normal operations in October following a maintenance shutdown in September and utilization increased to 64% in Q3 from 43% in Q2. The Italian operations generated a positive EBITDA of €1.9 million approximately, down QoQ as some volumes spilled over to the current quarter.

Our revised net debt fell by Rs. 1,884 crores on QoQ basis, largely on better cash generation. We spent Rs. 3,087 crores of CAPEX during the quarter and around Rs. 11,000 crores during 9MFY'25. Our revenue acceptances as on 31st December were at about \$1.95 billion, while capital acceptances were at US\$46 million.

JSW One platform, our one-stop digital marketplace for MSMEs in manufacturing and construction ecosystem continues to scale up well. The GMV annual run rate has crossed Rs. 14,000 crores up 2.7x from FY'24 and 10x from FY'23 GMV. JSW Steel holds 62% in JSW One platform on a fully diluted basis.

Our outlook for the next quarter, the 1 million tonne expansion in BPSL has ramped up and we expect to see stabilization in volumes during the Q4. Ramp up at the 5 million tonne JVML facility in Vijayanagar is underway. We had guided for production of 28.4 million tonnes and sales of 27 million tonnes in FY'24. We will be very close to it. We expect to achieve around 98% of our volume guidance since there was a delay in startup of the JVML facility.

We are still seeing stable steel prices in January. We have seen a reduction in imports, though it's still elevated during the quarter. And in Q4, we expect lower imports on anticipated trade measures, which would be supportive of prices.

On the cost side, we will continue to see improvements in Q4 aided by lower coking coal and Iron Ore prices. Further reduction in Odisha mining cost, improved product mix, improved performance of overseas business, as well as ramp-up in JVML will aid the overall outcome of Q4. We expect coking coal cost to be lowered by about \$10 to \$15 during the quarter.

As a conclusion, I would like to say that we continue to monitor the Chinese steel imports. Though China has announced various stimulus measures since end-September, their steel exports reached an all-time high in 2024. We are hopeful of positive government action to provide a level playing field for the domestic steel industry which remains a critical part for the scalability of the industry.

India's growth prospects remain strong, with the economy expected to improve in Q4 and beyond. Government CAPEX recovery in Q4 is likely to boost steel demand. Strong rural demand aided by improved agricultural output will drive consumption. Potential RBI rate cuts following softer inflation would further stimulate consumption.

We look forward to your questions and we will be happy to answer them. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit:

I have a couple of questions. The first one is on consumption growth. Now if I look at December data, the consumption growth is possibly the lowest in the last several months. And as per our channel checks, the price hikes that various companies took in January have not been fully

absorbed. So, don't you see headwinds of consumption, and already more than half a month has gone by? So, don't you see challenges to volume growth going ahead, particularly in this quarter and maybe the next when some of your peers are also coming up with capacity?

Jayant Acharya:

Hi, Amit. No, I think just to reflect back, you are saying in the December month monthly growth was low. I think the way I am looking at it is that the month of December had a consumption of 13 million tonnes. And if you really go by that run rate, you are looking at 156 million tonne plus, right? So, it's still a very strong consumption number.

Having said that, how is January going? We are still into the month. I am saying that the consumption part is actually improved, especially we see that some traction on the long side where activity has increased. We saw a reflection of that in November and December as well, when the flat prices were under pressure, but longs held up reasonably well because of the project orders which started coming in.

The price increase which we had taken for the month of January has been partly absorbed, but what I would look at is the latest last few days' retail price numbers and if you really look at that, you will see that the prices which we looked at in beginning of January is by and large reached as we speak today. So, from an improvement point of view, I see that the import volumes are down. The bookings are going down. The stocks lying with the importers are very low and that will aid our consumption. It will support the volumes from the domestic producers going into the market.

Also, the government CAPEX in Quarter 4, we have said that it's going to be back-ended because the first eight months, it was on the lower side. We are expecting January-March to be better on CAPEX, government CAPEX, and that should aid consumption as well.

Amit Dixit:

The second one, is it possible to highlight the progress on the coking coal mine at Mozambique?

Jayant Acharya:

In Mozambique, the discussions with the government from our seller side, MDR is on. The new president has just taken charge, and the formation of the ministries are underway. I understand the seller is also quite confident based on whatever discussion has emanated and I think we should see a positive outcome as the Ministry comes into place and is able to look at this particular asset and take a decision. So, we are positive on that. We will await further clarity from that end.

Moderator:

We will take our next question from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora:

Just had a couple of questions, firstly on the prices. So, we had taken some price increase, and you mentioned partially it has gone through. So, how do we see the pricing moving now in February and March assuming there is no change in the safeguard duty, or nothing comes up? So, how do we see the pricing moving in the next couple of months?

Jayant Acharya: So, price is something which is again market driven. But that's what I would like to say that Q4 is a seasonally strong quarter. We at JSW Steel are ramping up our volumes from JVML and that would increase our overall volume output in this quarter. Our costs are going down, some of them through internal efficiencies and some through also coking coal reduction. We expect \$10 to \$15 reduction as I mentioned.

Iron ore prices, one reduction has taken place in January, and that should play into the cost in February and March. Based on the Odisha mine auction, we expect that in the month of February there should be another reduction on the iron ore side. So, the cost side will be better.

Our renewable energy facilities are mostly coming on stream in this quarter. That would also be positive on the cost side. We are looking at JVML ramping up. So, therefore, the cost of that facility will also improve. That again will be positive.

Lower imports, as I said, would support the overall pricing, but it is very difficult to give an indication as to where the pricing will be, but I think the prices have already reached a bottom. So, I would depend on the volume and the cost structure, which I outlined, to support margins.

Alok Deora: So, you already highlighted on the demand side and what you are looking in the next two months. Just any update on the investigations, when could we hear something on that? Because earlier it was expected to be somewhere close to 20th, some outcome was going to come, but nothing has really come by. So, any latest update if you could share?

Jayant Acharya: So, there is a process. So, the process was that by 22nd, they had sought responses up to 22nd January from the stakeholders and those responses have come in. So, there is a process after that which is followed for looking at the data, looking at the responses which have come in, taking the responses from the applicants and then taking a view. So, we do expect to hear from them in the weeks after the budget. We are probably hoping that it will be coming in the first half of February or in the month of February at least.

Moderator: Thank you. Next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Sir, first question is on the regulatory side. Any update with respect to the IBM notified pricing for iron ore? That's one.

Secondly, how would you reflect upon the Karnataka state government taxation? And is there any scope of centre stepping in and reversing the same or potentially capping it to some level? That's the first question.

Second question is, why is the classification on debt right now? which is a good thing that we have done. And how are we looking at the debt profile going forward given we are pretty much at the kissing distance to 3.75x net debt to EBITDA?

Jayant Acharya: So, on the Karnataka mining taxation law which they are proposing to tax mineral rights and to tax land, as we had discussed last time, there is no tax proposed on auction mines. There is only a small amount which is proposed, about Rs. 100 per tonne, which is proposed on land, as a land tax on auctioned mines. So, that is one. Second is from a center side, I think a curative petition has already been filed and there are other stakeholders also who are filing curative petitions to the Supreme Court to relook at this entire law which is, or rather various laws which are going to be enacted by various states.

Capping or some kind of a central intervention is one possibility which certainly is an option. I am sure they would look at that. But we would also like to say here that while the matter is sub judice, not much can be discussed. But we would expect that the states will also be cognizant of the fact that the mining and the steel industry provide large employment, direct and indirect both.

Any kind of, I would say, unsustainable taxation which they want to do on the mining will have an impact or may have an impact on the volume and therefore the absolute amount of tax collected both from mine and consequently from steel may go down and that would actually negatively impact the state apart from jobs which are there in both these sectors quite strongly.

So, I think I expect more rational views to be taken. I understand the governor has sent it back for some comments. We will watch for more feedback on this.

Ritesh Shah: Sir, IBM notified price.

Jayant Acharya: On the royalty on royalty, that's what you are asking?

Ritesh Shah: Yes, sir.

Jayant Acharya: Yes, so that is something which is, you are aware that the Supreme Court has given two months' time for the response and the government has sought some more time to respond to this particular case.

There are positives which we have from the petition filed by Kirloskar Ferrous Industries before the Supreme Court for removal of this anomaly on computation of the average sales price under the MMDR Act and rules, and it is likely to be listed in the Supreme Court on 3rd of February as per the Supreme Court website today, for hearing on the compliance. So, we are hopeful of a good outcome. Let us see how it goes. But the government earlier has accepted that there is a duplication in the IBM on account of this royalty. So, I think we would expect a rational outcome.

Ritesh Shah: And sir, on the debt side.

Jayant Acharya: On the debt side, Swayam.

- Swayam Saurabh:** So, the reason for reclassification of debt is simple. We wanted reported debt to match our balance sheet and that translates into a small adjustment. Coming to your question on where debt is headed, I would focus on ratios because if you look at our last four quarter results, we have gone through an EBITDA base correction, which is completed in Q3. Going forward, given there are going to be additional volumes from JVML, we expect the ratio to start inching downwards.
- Moderator:** Thank you. Next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** First, a few clarifications. So, in the Coated business, margins have significantly increased. So, the Rs73 crore PLI incentive, is it related to prior period or production over the last quarter?
- Jayant Acharya:** The PLI impact is of Rs72-73 crores, of which 48 crores relates to the prior period to the year before and the balance is for the nine months of this financial year. This is on the PLI side. On the margin improvement, I think what we have seen from Coated is also a better product mix. The volumes have gone up. So, from a margin improvement side, I think these enablers are helping. Tinplate is doing very well. As I mentioned, Tinplate sales have also been very good. Sales to renewable have been very good. So, margin accretive products have also gone up.
- Sumangal Nevatia:** Sir, in your opening remarks, you mentioned that there is some cost benefit expected out of mining in Odisha. I am not very clear what exactly is that. Could you please elaborate?
- Jayant Acharya:** So, the Jajang mine had a drag with respect to the costs as we had given in our surrender notice that the mine had become uneconomical. So, at the grades at which we were extracting and the price at which the IBM was for that grade, it was becoming uneconomical to really use that particular product. So, that was resulting into certain negative costs, and that is something which from December has stopped and that would aid going forward into this quarter as well. So, we had part of that impact in the last quarter. I think the full impact of that will happen in this quarter. The Jajang Final Mine Closure Plan has already been given, and we would maybe look forward to closing it in the coming months.
- Sumangal Nevatia:** And one just last thing on Ohio and Italy, is it possible to share the outlook? How are we expecting EBITDA to trend forward? And also, how have the cash flows been here? I mean, EBITDA it's either a minor negative positive each quarter. But overall, are these entities at a marginal drag on the cash flows as well?
- Swayam Saurabh:** Yes, so in terms of outlook, the CRU prices in U.S. have started to inch up. So, we expect better performance going into Q4 for U.S. In Italy, lower performance is primarily due to a missed opportunity to supply to one of the largest rail customer, RFI. So, we also expect Q4 for Italy to be better in terms of EBITDA. The question on cash, yes, because it's EBITDA negative and of course there is an interest outflow as well. So, it is a small drag, but we expect going into Q4, the situation to improve.

- Jayant Acharya:** So, on the volume side, the capacity utilization side, I think U.S. will improve. Price point, as Swayam pointed out, I think should see some improvement, but that is basically also from a robust outlook of the new government. So, let us see how it goes.
- Moderator:** Thank you. Next question is from the line of Prateek Singh from DAM Capital. Please go ahead.
- Prateek Singh:** So, the first question was largely on the Jajang mine itself. So, is there any law in the act that once a mine is given, and let's say, hypothetically, if a re-auction is happening, the prior winner cannot bid for it again or they can bid for it again?
- Jayant Acharya:** You are basically asking whether we would bid for it again if it comes up for auction.
- Prateek Singh:** Yes, assuming that you know if it's economical, let's say, 120, 130% and it's like 40% to 50%.
- Jayant Acharya:** We can check the law, but from our point of view, I can say that we are certainly not inclined to bid for this asset.
- Arun Maheshwari:** Primarily because the grades are very low, uneconomical operations, and the reserves are extremely low. Now the rest of the reserves which if we have to mine at the same rate, is not existing more than two to three years. So, definitely this won't be looking as a good suitable mine for us to bid for again. But we can check the laws again whether we can bid or not and we can update you.
- Jayant Acharya:** But that's more theoretical, but from our side we have already experienced it. So, we would not be inclined to bid for this asset.
- Prateek Singh:** And most of these mines, are we mining it ourselves or we have an MDO operator doing it for us?
- Jayant Acharya:** It's a combination. We have put in a lot of our own equipment in some of the mines and some operations are still with MDO. So, it's a combination.
- Prateek Singh:** And my last question is on coking coal. Given prices are quite low right now and so here would we go for security or if our view is that coking coal prices would remain lower for longer, we would not be interested to bid for lower assets globally? Or is it like a security question and even if the view is that coking coal prices would remain lower, we would still bid for it?
- Arun Maheshwari:** I understand with security you mean to say whether the availability of coal will remain at these numbers or not. This is an additional phenomenon, the demand-supply, and the way we are looking at the supplies that are coming in, I think the prices will remain subdued for foreseeable future. And the supply side is very robust on the coking coal and demand is remaining where it was earlier. So, it looks like the coking coal prices will remain around these numbers in the range bound. And the annual contracts and everything always are in place. So, supply side, we don't have any challenges coming in.

- Jayant Acharya:** From a security angle to have a backward integration of coking coal while the prices have reached a certain level which we believe is close to where it can be, but for a security this thing, we may still look at certain assets which may make sense because any kind of disruptions which we have seen in the past can increase the coking coal prices suddenly. So, a certain level of security may still be good to have. So, that is something if it makes strategic sense, we will look at.
- Moderator:** Thank you. Next question is from the line of Vikash Singh from Phillip Capital. Please go ahead.
- Vikash Singh:** Sir, I just wanted to understand our CAPEX targets. Given the current depressed cash flows, what percentage of our announced CAPEX is mandatory? I mean, we are in a stage where we can't stop the CAPEX. And what percent can we actually scale back if our cash flows are not supportive?
- Jayant Acharya:** See, we are very cognizant of how much we are spending on CAPEX and where we are spending it. So, whatever CAPEX we are now outlining is basically projects which we would like to complete. But in case there is any kind of need to scale back a bit, a small amount can be done without impacting any critical projects.
- But we have already guided that we would be in the vicinity of Rs16,000 crores for the year. We are at around Rs11,000 crores for the nine months. We will see how the situation pans out. But we will not let any volume accretive project to be delayed or any other critical linked projects or cost saving projects to go out of line.
- Vikash Singh:** Sir, my second question pertains to our own captive iron ore availability. Given our availability is much higher but our total captive consumption is still less, how should we look at it in the next two years our total captive iron ore consumption basis?
- Jayant Acharya:** Total from captive iron ore consumption, you mean to say?
- Vikash Singh:** Yes, total from captive sources as a percentage of overall requirement. How should we look at in the next two years, since a lot of iron ore mines are coming through?
- Jayant Acharya:** I gave you an idea that in Karnataka, we will have about 15 million tonnes of iron ore after we ramp up all these mines. 3.5 million will come from Goa. So, based on that, about 18.5 million tonnes will be available from these two sectors.
- In addition to that, we will have Odisha, where we have two very good mines, which is Nuagaon and Narayanposhi, where we have about 900 million tonnes of resources. We are going in for enhancing our ECs for that and that should further play into our assets, which is growing in the east. Odisha can go up to about 30 million tonnes. So, if you were to add all these put together, then you will be close to possible 50 million tonnes of iron ore from our captive operations.
- Vikash Singh:** By FY'26 end, right?

- Jayant Acharya:** No, it could be FY'26 and partly FY'27. As I said, some mine like the Codli mine will come in FY'27. So, a little here and there, but most of the mines in Karnataka will be operational. In Goa, two mines likely to start operational in FY'26, but back-ended. And Odisha, as I said, we will have three operating mines. That we can ramp up once we receive environmental clearance for increasing the capacities as well.
- Vikash Singh:** Sir, just one last question. What is the cost differential of landed cost of iron ore in Karnataka versus Odisha?
- Jayant Acharya:** We will not be able to give you these exact numbers, but what we can share is that our effort is to see that Karnataka mines should supply to our southern plants, which is basically Vijayanagar and Salem. Our Odisha assets should supply to our Eastern plants, which is basically Jharsuguda BPSL and Raigarh. And our western mines, Goa, should supply to the Dolvi site. This is logistically much more efficient, and that is what we would look at. So, this is what the input we can share.
- Moderator:** Thank you. We will take our next question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.
- Rahul Gupta:** Jayant sir, one question for you, and this is a broader question from the industry perspective. See, with the rising iron ore demand for the industry, I understand all major players would want to improve their backward integration, but what would be the risk of deteriorating ferrous content of ore over the next few years and what could be likely implication for that?
- Jayant Acharya:** That's a good question, Rahul. I think, first of all, from a volume perspective, as I explained, and the resources which we have explained, I think we have in excess of 1.6 billion tonnes of resources. We are adding new mines in the auctions which are coming up in Karnataka, in addition to the three mines which we spoke about. There are some new mines, 10 mines which are coming up for auction, and we would be bidding for those as well. Similarly, if more auctions come up in Goa, we would be looking at that as well, because these strategically blend into our operations in both the sectors as we talked.
- As far as the grade is concerned, certain mines, the grade is deteriorating, like what we did see in Jajang. And there are technologies now of beneficiation, different technologies which have come in, which can upgrade the ore, both from a Fe perspective and from a silica perspective, which makes sense to put. So, we would be looking at such facilities to put up. As a matter of fact, one of such beneficiation facilities we are in the process of looking at in Vijayanagar.
- Rahul Gupta:** So, just one follow-up on this. So, given where we are as the company and as the industry, with the expanded capacity of, let's say, around 300 million tonnes crude capacity, if not by 2030, by let's say sometime later than that, availability of iron ore in the domestic market is not a concern despite a depleting ferrous content, right?

Jayant Acharya: No, so in addition to this, Rahul, no, it's not a concern. Second is that in addition to these, these are magnetite and hematite which we are talking about, but BHQ, which is another grade which is available in the country in ample, there our pilot plants are already operating at Vijayanagar for a few years, and we have got very good yield. We have got very good grades out of that BHQ testing. Those BHQ facilities are available in Karnataka, in Odisha, and there are beneficiation technologies which are possible to upgrade those as well. So, yes, your thought is right. To go to 300 million tonnes, we would require a lot of iron ore, but I think India has ample as we see today.

Moderator: We will take our next question from the line of Somaiah V from Avendus Spark. Please go ahead.

Somaiah V: So, first question is on the iron ore part. Iron ore domestic pricing versus international pricing, we are currently at a slightly elevated linkage compared to what we have been historically. What is driving the tightness in the domestic market? And next one year, how do you see the supply demand, especially with new capacity coming in the domestic market for iron ore? So, will this linkage kind of normalize or it will still continue to hold over here?

Jayant Acharya: No, we certainly feel that the relativity has deteriorated and there is a case for the iron ore prices to be corrected downwards. You are seeing that reflected probably in pellet exports also from India which have gone down. So, the viability of small producers of steel as well as larger producers of steel are impacted.

Iron ore is a strategic resource for the country, and I think this should be priced appropriately. And I am sure you can see there are certain miners who are steel makers as well, and you can see the results reflecting that. So, we would like to have a look at a possible correction in the iron ore prices as we go along.

What has kept it tight, I think I would say, is basically supply dynamics. That is something which I think the mines are trying to improve. Both NMDC and OMC are in the process of increasing their output and all the private miners, basically including us, are also trying to increase our capacities. As we said, we are trying to increase our EC. We are bringing more mines from auction and getting them operational. So, that will improve supply.

The only challenge which we need to address is logistics. And that at JSW, as you are aware, we are trying to address through multiple levers. Slurry pipeline is one of them. Own your rakes is the other. We have multiple rakes now which we own, which travel for iron ore. So, we are in the process of basically enhancing our own capacities, both from mining perspective and from logistics perspective.

Somaiah V: Sir, second question is on the CAPEX. You spoke about Rs16,500 crores for this year. So, what is the CAPEX run-rate that you are expecting for the next couple of years? Will there be a bit of a slowdown as we complete the 5 million tonnes expansion this year?

Jayant Acharya: No, if you had seen our CAPEX which we had given for three years beginning of this year, and we have basically announced our Phase-3 already. So, the Phase-3 in Dolvi is already in progress. After the JVML CAPEX is completed, the Phase-3 Dolvi project will take center stage from a CAPEX spend point of view.

Completion of the slurry pipeline, the pellet plant, the filtration and the grinding unit in our operations at Odisha, which will be linked to the Dolvi project, will also be completed. And the augmentation of our blast furnace at Vijayanagar, which will give us 2 million tonnes additional, will also be taken up.

So, these are very low-hanging fruits, very low specific cost of investment. We would continue to do these as we go into the next years.

Somaiah V: So, one last question. So just on the pricing, you did mention the Jan price hikes. So, where would we be in terms of pricing compared to Q3? That is one. And second, also, you said iron ore, there is a bit of a benefit starting Jan. So, if you could just quantify what is the impact compared to Q3.

Jayant Acharya: So, on the pricing side, it will be difficult to give you a number as to what pricing will materialize, but I think I have given enough input on how I see the quarter. On the iron ore side, about Rs350 per tonne I think has gone down on NMDC's pricing in January, and that will reflect in our consumption in February and March.

In addition to that, if we see a further drop or correction in prices, which we could see from the Odisha mining auction which happened recently, then further additional benefit would flow in. So, that would be again supportive for cost structure and margins.

Moderator: We will take our next question from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Sir, my question is on iron ore only. Is it possible to share how much iron ore we produced this quarter and what is our expectation for the full FY'25? And as well as related to that one question is that how much minimum we have to produce from our EC limit because obviously our prices, our cost is somewhat higher than the market price. So, how much minimum we have to produce? That's my first question.

Jayant Acharya: Give us a second.

Ashish Kejriwal: Second is a few new capacities are coming online in Maharashtra in terms of iron ore. So, for us logistically and by looking at the quality of iron ore, is it better to buy it from Maharashtra itself for Dolvi plant or still NMDC or Odisha is a better option for us?

Arun Maheshwari: So, the production of iron ore for the quarter is 6.2 million tonnes from our own mines.

Ashish Kejriwal: 6.2.

Arun Maheshwari: For Q3, yes. And though our requirements are more than that, but then we have long-term tie-ups and we have long-term allocations from OMC as well as NMDC. We are one of the largest customers. So that supply remains intact for us. Production limit is at 6.2 million tonnes for the quarter of Q3 from our own mines.

So far as your question about sourcing of iron ore within Maharashtra for Dolvi, yes, definitely that's a good option which we have been exploring. We have been buying it. But there are certain logistical challenges. There are certain EC clearances pending over there. So, as and when the opportunity arises, definitely we always weigh the options which is the best thing for us and we definitely source accordingly.

Ashish Kejriwal: And sir, that question about FY'24 volume estimates for iron ore as well as how much minimum we have to produce for our EC limits.

Jayant Acharya: No, as we gave that idea basically that in Karnataka we expect to be producing around 15 million tonnes. In Goa, I think in the next year, probably towards the year end, we will land up producing close to 1.4 million tonnes, 1.3 - 1.4 million tonnes. And the second phase of another 2.4 million tonnes in Goa will come in the following year. In Odisha operations, we would see a production of about 12 million tonnes. So, 12 plus 15 plus about 1, so it's 28 plus million tonnes, which would come from our own mines.

Ashish Kejriwal: This we are talking about FY'26, sir.

Jayant Acharya: FY '26. You will get another addition once the Goa third mine starts up. So, by that time we can be close to 30 million tonnes. Once we expand the ECs as I was mentioning in Odisha, then the potential of Orissa is to go up to 30 million tonnes.

Ashish Kejriwal: Sir, lastly on this, on an average, how much is the iron ore cost on a usable basis also? Captive ore is somewhat expensive than the purchased ore. Any rough sense you can give on that?

Jayant Acharya: I think we will request our Investor Relations team to clarify to you. But basically, it's not only the market dynamic. It was basically the cost or the market. We certainly look at those aspects before we source. Wherever we get an advantage, we take the blend. But where we have a logistics advantage, even if the cost at mine is slightly higher, my landed cost is much lower. So, it makes much better sense for us to see that we prioritize Karnataka for Vijayanagar for example, and we try to maximize Odisha for BPSL for example.

So, those things we will do and then we continue to buy from the mines outside selectively, which adds on to our overall blend. And then we have a continuous, we have a strong relationship with NMDC, continuous supplies both in Karnataka and Bailadila which we keep buying. The slurry pipeline and the logistics part, which I explained the rail part, that you must have already heard.

- Moderator:** Thank you. We will move on to our next question from the line of Siddharth Gadekar from Equirus. Please go ahead.
- Siddharth Gadekar:** Just can you give us the split between the grade of iron ore that we have in each region on an average like Karnataka, Goa and Odisha?
- Jayant Acharya:** It will be difficult to give that because as we mine different grades, different mines, different grades, so it's difficult to give a kind of an average.
- Moderator:** Thank you. Next question is from the line of Indrajit Agarwal from CLSA. Please go ahead.
- Indrajit Agarwal:** Most of my questions are answered. I have two housekeeping questions. First, how much was the working capital absorption or release in the first nine months?
- Swayam Saurabh:** First nine month total working capital release, we will have to come back to you, but it should be about. Rs2,000 crores plus.
- Indrajit Agarwal:** Release?
- Swayam Saurabh:** Yes.
- Indrajit Agarwal:** And also can you repeat the acceptances number, please?
- Swayam Saurabh:** The revenue acceptances are 1.954 billion. Capital acceptances are 46 million. Total is \$2 billion.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to management for closing comments. Over to you.
- Jayant Acharya:** So, thank you very much for being with us today. As I mentioned, just to conclude, we had a very strong operational quarter in Q3, both production and sales. Some of the sales numbers were the highest ever. We continue to focus on our value-added and special mix as we increase our capacities. In the Q4, we will see the JVML facility ramping up. We will see costs going down on account of raw material prices and other efficiencies as we mentioned. We also see lower imports which would again be supportive of the overall margins.
- Economically, as we see that the government CAPEX will pick up in Q4 and we expect the CAPEX intensity to continue into the next year as well. Steel demand for the year was at about 10% growth and while we will give the guidance for FY'26 in our coming meeting, but we expect the medium-term momentum to continue. Thank you.
- Ashwin Bajaj:** Thank you, ladies and gentlemen. Please reach out if you have any more questions. Thank you.
- Moderator:** Thank you, sir. On behalf of JSW Steel Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.