



“JSW Steel Limited
Q4 FY-25 Earnings Conference Call”
May 23, 2025



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Moderator: Ladies and gentlemen, good day, and welcome to the Q4 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 star then zero on your touchtone phone. Please note that this call 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: Thanks operator, and a very good evening, everyone. Welcome to JSW Steel's Earnings Call for Q4 and Financial Year 2025. 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, CFO. We'll start with opening remarks by Mr. Acharya, and then open the floor to questions.

So with that, over to you, Mr. Acharya.

Jayant Acharya: Yes. So good evening, everyone. The global economy as you know is navigating a period of volatility, shaped by tariff escalations and ongoing geopolitical tensions. The IMF has lowered its 2025 global forecast by 50 basis points to 2.8% compared to its January projections. However recent developments indicate a move towards tariff de-escalation and offer some upside potential to global growth.

For India, the RBI forecasts GDP growth at 6.5% in FY26, in line with its estimate for FY25. Despite challenges from global trade dynamics, India continues to stand out, underpinned by strong macroeconomic fundamentals. The Central Bank has adopted an accommodative policy stance, lowering the rates by 50 basis points in 2025 so far.

With lower inflation and further policy easing, it will bode well for private capex and consumption, both. India's crude steel production rose to 152 million tonnes, growing by about 5.3% in FY25. Steel consumption also remained strong and increased by 11.5% to 152 million tonnes, marking the fourth straight year of double-digit growth in demand. We expect the growth in FY26 also to be strong and in the range of 8% to 10%.

On the trade front, steel imports rose 9.2% to 10.5 million tonnes, while exports declined sharply by 27% to 6.3 million tonnes, resulting in India remaining a net importer for the second year in a row. In response, the government introduced a 12% provisional safeguard duty on flat products from April 21, 2025, to help ensure a level playing field for the domestic producers.

JSW Steel has recently launched GreenEdge, a low-emission steel brand. This is backed by more than 1 million tonnes of CO2 savings, duly certified by Bureau Veritas and is available in a carbon bank for allocation. Customers can purchase GreenEdge steel with a lower carbon

footprint and the product of their choice. The mechanism and certification process follows the book and claim methodology as per the World Steel Association guideline.

We are happy to report that JSW Steel has received Responsible Steel certification for 4 plants: Vijayanagar, Dolvi, Salem and Tarapur. We have also been recognized as a 2025 Sustainability Champion by World Steel Association for the seventh consecutive year.

Our new JVML project is ramping up well with the new blast furnace operating at over 90% capacity utilization in March'25. One of the 2 converters of SMS and both the casters are operational and the second converter is expected to be commissioned by Q2 FY26.

We have also planned a BF-3 shutdown at Vijayanagar in July 2025, which will upgrade our capacity of the furnace by 1.5 million tonnes. At BPSL, we have completed our expansions to 4.5 million tonnes and have produced around 1 million tonne in the Q4 gone by.

Enhancing our raw material security has been a major pillar of our corporate strategy. In Karnataka, we'll be commissioning 3 new mines in Q2 FY26 and are targeting around 15 million tonnes of production from Karnataka in FY26. In Goa, we plan to start mining operations at our Cudnem mine in Q3 of FY26 and the other 2 mines would commence operations in the second half of FY27. The 3 Goa mines will cumulatively produce 3.7 million tonnes per annum.

In coking coal, we expect to start production at the Moitra mine in June 2026. We have recently won the bid for operating the Dugda washery with a capacity of 2 million tonnes in Jharkhand for a period of 25 years. We will have backward linkages for this washery and expect to commission it by December 2026.

We delivered the highest consolidated quarterly crude steel production last quarter at 7.63 million tonnes, up 12% YoY and 9% QoQ. The capacity utilization during the quarter at Indian operations was 93%, including the progressive commissioning of JVML operations at Vijayanagar.

Steel sales for the quarter were the highest ever at 7.49 million tonnes, up 11% YoY and 12% QoQ. We achieved our highest ever quarterly domestic sales at 6.72 million tonnes, which grew by 30% YoY and 12% QoQ with the value-added and special products comprising 60% of our total sales. Our institutional sales reached record highs. Other milestones include our highest ever sales to the automotive, renewables and appliances segment as well. We managed to reduce our inventories in the quarter by 220,000 tonnes and by 150,000 tonnes for the year overall. For the full year of FY25, we achieved 98% of our production and sales volume guidance in line with what we shared with you at the Q3 FY25 results.

We reported the highest-ever crude steel production at 27.8 million tonnes and the highest-ever steel sales at 26.5 million tonnes during FY25. We also reported the highest ever domestic sales, sectoral sales and VASP, the value-added sales during the year. Our share of value-added and special products for the full year was at 62%.

If you look at the financial performance, our consolidated revenues from operations were at Rs44,819 crores, with an operating EBITDA of Rs6,378 crores. The EBITDA margin stood at 14.2% during the quarter, and the profit after tax was Rs1,501 crores, which doubled over the previous quarter. We started Q4 with a low exit price in December, which started improving gradually from February rising further in March. Consequently, the benefit on realizations will be seen in Q1 of FY26.

On the cost side, we benefited from lower coking coal prices, which fell by about \$15, in line with our guidance. Additionally, we also benefited from the lower cost in iron ore post the shutdown of operations at our Jajang mine. Our captive use of iron ore was lower at 32% in Q4 due to the surrender of the Jajang mine and also commissioning of our new steel capacities.

At our overseas operations, the EBITDA performance of our Baytown mill in Texas improved QoQ to USD 4.4 million on higher volumes. The Ohio operations reduced its EBITDA losses by half to \$7.5 million with a better price environment during the quarter. The Italian operations were impacted by a delayed order and evacuation constraint due to the congestion in the rail system, which were seen during the quarter, which resulted in an EBITDA loss of EUR0.7 million.

Our net debt fell by around Rs4,350 crores on better cash generation and working capital release. We have spent around Rs3,700 crores of capex during the quarter and close to Rs15,000 crores during FY25.

Our revenue acceptances as of 31st March were \$2.19 billion. JSW One platform, our one-stop digital marketplace for MSMEs in the manufacturing and construction ecosystem continues to scale up well. The GMV for FY25 was at Rs12,500 crores, up 2.4x from the previous year.

In BPSL, we would like to highlight a couple of points. We have implemented the resolution plan for BPSL in compliance with law and taken all steps to successfully revive the company to its present status today. The judgment by the Honourable Supreme Court on 2nd May 2025 rejected JSW Steel's resolution plan for BPSL and directed refunds of amounts paid to creditors of BPSL, and equity contribution made in BPSL as recorded in the Honourable Supreme Court order dated 6th March 2020. We, along with our legal advisers, have analyzed the matter, and we believe that we have strong grounds for availing all legal remedies.

The outlook for FY26 continues to remain positive. As we mentioned, the growth in the market in India, we continue to see a strong growth, and we expect an 8% to 10% growth in demand. The volume ramp-up at JSW Steel will be able to service this increased demand in India. The ramp-up of 5 million tonnes JVML Vijayanagar expansion, as we explained, is well underway. The new 5 million tonnes operation post stabilization will have significantly lower conversion cost compared to our existing operations by around Rs2,500 per ton of hot-rolled coil. The blast furnace number 3 expansion at Vijayanagar will add 1.5 million tonnes capacity.

For FY26, we expect our consolidated production to be at about 30.5 million tonnes and sales at 29.2 million tonnes. This translates to a growth of 10% in volume during the year, in line with the demand in India. With these expansions, a significant proportion of our capacity will comprise large and more efficient blast furnaces, which will further enhance our cost competitiveness.

Our focus on renewable energy has started paying us dividend. We would be seeing the completion of our 1,000-megawatt renewable energy during this quarter, and that would be more cost effective in terms of our overall power cost. Steel prices in the domestic market have risen since March'25 after a period of depressed levels due to near record Chinese steel exports in 2024.

We expect coking coal costs to be lower by around USD10 - 15 per tonne in Q1 FY26 as well. Iron ore prices have seen some increase recently, but it will be partly offset through better efficiencies and improved sourcing. Performance at our U.S. operations is expected to be better on improved pricing and will contribute to the overall EBITDA of FY26. We expect improvement in volumes and EBITDA at our Italian operations as well on better rail order visibility from the Italian rail.

As a conclusion, I would like to say that the Indian economy continues to remain resilient, supported by strong macro indicators and benign inflation. The RBI is expected to continue easing rates, which should support private capex and consumption. The government is expected to continue its capex investments aided by a healthy fiscal position, and we expect this capex to be spread through the year.

Consumption is likely to benefit from lower inflation, reduction in taxes, a favourable monsoon and monetary easing. On the back of these factors, we expect another year of healthy steel demand and JSW Steel is well positioned to support India's growth.

Thank you, and we'll be happy to answer any questions you may have.

Moderator: We'll take our first question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Congratulations for a good set of numbers in a very testing quarter. I have 2 questions. The first one is on BPSL. Now as late as February, I think, the assets of BPSL were kind of seized by ED and Supreme Court allowed the release of those assets. And now they have suddenly said that in this BPSL operations, the guidelines were not followed, that is mentioned in the judgment. I just wanted to understand that how these cases are different? And what exactly is the contention of the honourable Supreme Court? And whether we can provide some remedy in this? And what happens to the production/ sales at BPSL in the interim? That is my first question.

Jayant Acharya: So thank you, Amit, for the question. I think I would just like to reiterate that the matter is subjudice. I would just like to reiterate that we have implemented the resolution plan in full compliance with the laws, and that is reflected in the status of the assets as you see it today. We

have reviewed the matter with our legal advisers, and we see a strong ground for availing all the legal remedies available. I think it will be difficult for us to make any further analysis at this stage of the process.

Amit Dixit: But the production and sales will continue unabated from BPSL?

Jayant Acharya: Yes. From a control perspective, based on the control indicators given, we still have control of the assets. So volume, production and sales continue as on date.

Amit Dixit: Sir, the second question is more of a bookkeeping one. I just wanted to understand the incremental volume this year that we will get from JVML. Now BF-3 is going to be shut down for a better part of the year. So just wanted to understand the contribution of JVML specifically to our standalone sales.

Jayant Acharya: So JVML expansion, first of all, as I mentioned, we have achieved over 90% capacity utilization in March in the blast furnace. And with the start-up of the second converter very shortly, we expect incremental production of about 3.5 million tonnes from this asset in the year. So, in spite as you rightly asked, in spite of the fact that we are taking a BF-3 shutdown for a longer period of time to upgrade the capacities, we will still incrementally be better with respect to our production during the course of the year. JVML is one aspect. There are some interruptions which we had in Dolvi, which are now behind us. We have taken a 1 month shutdown in Dolvi for one of our furnaces and that will start operations by May end, and that will be also fully on track. The capacity utilization in BPSL has improved, and I think that is near capacity utilization, almost at 1 million tonne level per quarter. So, you will see improved volume performance from BPSL as well. So, all in all, I think we still see an incremental growth in our volumes.

Amit Dixit: Great sir. Thanks for the elaborate answer. Thank you and all the best.

Jayant Acharya: Thank you.

Moderator: We'll take our next question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Yes, hi. Thanks for the opportunity. So just sorry to kind of bother you again on this. But on BPSL, actually, like while I understand the transaction is subjudice, but what's your understanding of the cash flows that the asset has generated since you've taken over as well as the capex that you would have done in this asset during this period? So, like how would that be settled if in case, is there a clarity on that as well?

Jayant Acharya: So Amit, I think it will be difficult for us, again, as I explained, to respond beyond what we have said. As you are aware, the downside is protected by the judgment of the court itself. So therefore, that is not a challenge. But beyond that, for us to comment on anything else will be difficult.

- Amit Murarka:** Sure. And in terms of the initial investment that you've made in the asset, is there any, again, understanding or clarity that in case it has to be reversed, then will we get that amount with interest? Or will it only be the initial investment, which will come back?
- Jayant Acharya:** So I think those are matters of detail, on which we will not be able to give you any clarity at this point of time. We will have to go through the process and see how it evolves.
- Amit Murarka:** Got it. And any sense of the timeline by when we'll have more clarity on this, like 3 months or 6 months? Any timeline that you can share?
- Jayant Acharya:** I think in a court process, it is very difficult to put a timeline in place. We will approach the process in consultation with the legal advisers. And we will hope for an early resolution.
- Amit Murarka:** Sure, sure. And lastly, any guidance you would like to share on the near-term outlook on realization and cost?
- Jayant Acharya:** Yes. So on the cost side, as I mentioned, in this quarter also, we see a \$10 to \$15 drop in coking coal cost, which would be positive for our overall cost. Secondly, I mentioned the JVML operations are stabilizing and will be significantly lower cost, and that will contribute to our overall cost improvement. Third lever is your renewable energy, which is getting into operation, and that would be again positive for our power cost.
- On the price side, as I said, March and April have seen primary price increases, and that would reflect in the Q1 of FY26. We expect in the range of Rs3,200 to Rs3,250 per tonne price improvement between Q4 FY25 and Q1 of FY26.
- Amit Murarka:** Got it. Thanks a lot. Best wishes.
- Jayant Acharya:** Thank you.
- Moderator:** We'll take our next question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Yes, good evening, sir. Thank you for the chance. Sir, just one factual question on BPSL. Post our acquisition, has there been any further equity infusion or any loans extended within the company, I mean, from the stand-alone to BPSL?
- Jayant Acharya:** No. There has been no further equity infusion and no loan extended.
- Sumangal Nevatia:** So all the capex, et cetera, basically the money was raised by BPSL and the cash flows were used of BPSL post our initial acquisition? Is that the right understanding?
- Jayant Acharya:** Correct. From the internal accruals as per the approved plan, yes.

- Sumangal Nevatia:** Understood. And even I mean, it's logical, but just to get your confirmation, even the accumulated tax losses, et cetera, I think nothing JSW would have benefited at the stand-alone level?
- Jayant Acharya:** No. BPSL continues to be an independent entity. JSW Steel has not availed any tax exemption or benefit on the basis of this transaction. Therefore, there's no tax impact on JSW Steel.
- Sumangal Nevatia:** Got it. Sir, that's very reassuring. Sir, just one last thing. I mean given we have an agreement with CoC that we get the initial amount back in case of liquidation. As per the agreement, do we get the principle or there is are we able to get some interest also on the amount paid?
- Jayant Acharya:** So we'll not be able to give you any details at this point of time. I think whatever we have is what you have in terms of the refund outlined in the judgment. These are a matter of details, which I think during the process of the legal remedies will be explored.
- Sumangal Nevatia:** Understood. Sir, just one last question on iron ore. Can you share for FY25, what was the mix for captive and non-captive? And given that we've given up a few mines in FY25, do you see that we've given up some expensive mines? So do you see any cost benefit coming from FY26 onwards, and also the guidance for mix in FY26?
- Jayant Acharya:** So as I mentioned, I think in the Karnataka mines, we expect a production in the range of 15 million tons in FY26, which is higher than our last production in Karnataka. Goa, additionally, we will restart one mine. So therefore, the mine, which is surrendered, to that extent, I think we have I would say, we have enough offsetting which is there. As far as the FY '25 captive utilization is concerned, it's been in the range of 37% or so during the course of the last year from captive sources.
- Sumangal Nevatia:** Okay. And sir there would be some...
- Moderator:** Sumangal, I request you to join back the queue, please, as we have other participants waiting for their turn.
- Sumangal Nevatia:** Sure. Thank you sir and all the best to the team.
- Moderator:** Thank you. We'll take our next question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.
- Rahul Gupta:** Hi, thank you for taking my questions. Two questions; one on bookkeeping, extension of previous question. What was the overall iron ore production during the year?
- Jayant Acharya:** Our captive production, right?
- Rahul Gupta:** Yes.
- Jayant Acharya:** We will just check that number. Meanwhile, you can go to the next question.

- Rahul Gupta:** Yes. So meanwhile, a bit strategic question. I see you have earmarked around INR27 billion for value-added product expansion. And you also mentioned that medium to longer term, you want to keep share of value-added products higher than 50%. Now in FY25 share of value-added products was 62%. How should we bridge this gap of 50% and 62%? Any color on this will be very helpful.
- Jayant Acharya:** So the basic intention to give you 50% plus is that as we grow capacities at a time, the denominator goes up. So you will always see times where till the downstream capacities are set up, there will be some gap in the overall percentage. However, in terms of absolute volume, I think our VASP is going up in this year as well. I think out of our total sales, which we have guided, we expect to be again 60% plus in this year as well.
- Rahul Gupta:** No, that's great. I was just trying to triangulate this with the Rs27 billion capex that was earmarked for expansion towards value-added products. So, I understand medium to long term, it would come off. But how about over the next 2-3 years, would this 62% come off materially or it would be range bound?
- Jayant Acharya:** No, we are actually entering the capex built up on downstream. We are starting our investments with downstream facilities in our assets in JSW Coated. We are also taking steps to add a line for automotive, galvanized and galvanized at Vijayanagar. We would also be looking at enhancing our capacities in our CRGO facilities in Nasik. And in addition to the Jsquare ES facility, which we had announced in Vijayanagar, we had initially announced a facility of 60,000 tonnes in Vijayanagar for CRGO. That also, we are enhancing to 100,000 tonnes in the current project itself. So CRGO, we are moving up our volume. In downstream coated, we are moving up our volume. On zinc, magnesium products, on zero spangle products, we are moving in on the automotive, high tensile strength steel in coated which is required. So, we are taking various steps to see that our downstream expansion is strengthened. So, you will see downstream volumes now coming in within the next 2 - 2.5 years, as we take up the projects. The last year captive production which you asked was 24 million tonnes in FY '25.
- Rahul Gupta:** Okay, that's great. Thank you so much and all the very best. Thank you.
- Jayant Acharya:** Thank you.
- Moderator:** Thank you. Next question is from the line of Ashish Jain from Macquarie India. Please go ahead.
- Ashish Jain:** Hi sir, good evening. Sir, my first question is again on BPSL. Now if I go back to the structure, we had raised roughly Rs10,000 crores of debt in Makler, which later got merged with BPSL. So now if, let's say, this goes into liquidation and we get the money back, will we get back Rs19,500 crores? Because my understanding was that Rs10,000 crores is now effectively been serviced by Bhushan. Can you give any thoughts on that?
- Swayam Saurabh:** This is Swayam. As Jayant explained, this matter is subjudice, including we working closely with our legal team to evaluate different ways where we are going to approach. So, allow me

not to respond to this question. This question relates more to what happens and how the fund comes out. We are right now in the process of evaluating our next steps, and we will update you subsequently when we have more to share with you.

Ashish Jain: Okay. Okay. Got it. And secondly on the 5 million tonnes Vijayanagar expansion, I think you spoke about costs being lower to the tune of Rs2,500 per tonne. Can you kind of share what are the key drivers of this?

Jayant Acharya: Basically, these larger blast furnaces, which are 5,300 meter cube odd are more efficient in terms of fuel consumption. The fixed costs are lower. The other related conversion costs are also lower. Your overheads are also lower. So therefore, that helps us. Power costs are lower as well. So overall, you see efficiencies like that in the blast furnaces, and we have built in some more, our Dolvi furnace have given us the experience because that's also a larger blast furnace. It's producing more than 14,000 tonnes a day, and we have built in some more improvements in this blast furnace. So we see a good cost positioning here.

Ashish Jain: Thank you so much

Moderator: We'll take our next question from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Hi. Thank you for the opportunity. Sir, my first question is pertaining to debt. If I look on Slide 37, you're almost on the net debt-to-EBITDA, you're almost on your threshold level at about 3.34x, which is like almost at about 5-year high. And considering a case where things work out in our favour, I just wanted to understand how this will play out in FY26 and FY27? Or if things go south, how this will unfold, especially at the net debt level, basically?

Swayam Saurabh: Yes. So if you look at how it has, the net debt to EBITDA has moved from quarter 3, you would see a very significant positive shift from 3.57x to 3.34x. What you should remember that FY24 had a significantly larger EBITDA base. At console level, it was INR28,236 crores. That base eroded gradually because in the last 1 year, we were under a stress pricing environment. But the positive, which we see is after last quarter, the base has been fully adjusted. So as we go into Q1, the EBITDA will start to normalize. And essentially, the deterioration, which you saw has a very large denominator effect. And actual debt, if you look at it, has only gone up by about Rs3,500 crores. So once the denominator starts to correct, you will also see a rapid improvement in these ratios and we are confident you will see that as we go into coming quarters.

Parthiv Jhonsa: Because sir, I was looking at your consol. balance sheet, your total borrowings have actually gone up substantially from almost about Rs85,000 to Rs96,000 crores on a gross level. So that was also my underlying reason to ask this.

Ashwin Bajaj: No, no. So you should look at net debt, while gross borrowings have gone up by INR11,000 crores, our cash balance is from Rs12,500 crores has also gone up to Rs19,200 crores. So at a net debt level, the increase is just close to Rs4,000 crores. But our ratios look far more deteriorated because of this base effect of lowered EBITDA, which I explained just now. And

we have crossed that 4-quarter cycle now. So now going forward, you will actually see they're improving, just like they improved from Q3 to Q4.

Parthiv Jhonsa: All right. Sir, my second question is pertaining to Dolvi. I think in one of the opening remarks, sir mentioned that there was some shutdown for about a month. So what is the impact on the volumes because of that from this one particular shutdown?

Jayant Acharya: So we had taken a shutdown of one of our furnaces. There was an interruption, if you remember last year, we had mentioned that during our past calls, and we had to take a shutdown for certain repairs. Now we have taken a capital shutdown to put all those things in proper condition. So we would take the shutdown for about 30 days or so, and that would have an impact of about 270,000 odd tonnes during the course of the shutdown.

Parthiv Jhonsa: Thank you so much.

Moderator: Thank you. We'll take our next question from the line of Vibhav Zutshi from JPMorgan. Please go ahead.

Jayant Acharya: One point only, I just need to clarify, whatever guidance we are giving and production we are giving is after considering these shutdowns.

Moderator: Vibhav, please go ahead with your question.

Vibhav Zutshi: Yes, thanks for the opportunity. Just wanted to get some more sense on the coking coal sourcing strategy. Now clearly, the industry is sourcing more PCI coal and share is moving away from Australia to Russia. And probably this is going to increase as the newer blast furnace ramp-up, which have stamp charged coke ovens. Also, we have been seeing more trials coming in from Mongolia.

So I mean, the first question, is it fair to assume that our coking coal cost savings can be much higher than the benchmark movement in Australian HCC? And some colour if you can provide on Mongolia and how the other sourcing strategy is going on for the industry?

Arun Maheshwari: Yes. Hi, I am Arun Maheshwari. I'll answer this question. Our journey of diversification from multiple sources started long back. It is not the recent one. So, our sourcing from Australia, Russia and U.S., Mozambique, Indonesia has been for long. So, it will continue. It's a continuous effort. And wherever we get an opportunity to diversify in whichever area, we keep a balance from all geographies, so that any disruption in one geography can offset the other part. So, we have that strategy for long, and we continue to maintain that. It is not that we are dependent on one particular geography for more than certain percentage in our overall blend.

Coming to Mongolia, Mongolia has been on our radar for exploring as a supply partner, but we see there are logistical challenges because it is a landlocked country. And coming via Russia, it is already very congested, and taking route from China is also a logistical constraint as of today.

We'll continue to explore that as a source. But as of now, we have not been able to take any quantity out of Mongolia.

Vibhav Zutshi: Okay. Thank you.

Moderator: Thank you. We'll take our next question from the line of Somaiah V from Avendus Spark. Please go ahead.

Somaiah V.: Thanks for the opportunity, sir. Sir, first question is on the domestic market. I mean what production that we are bringing in and also some more capacity is coming up in the domestic market. How do we see in terms of this getting absorbed in the market? And also in context of today's pricing, given that domestic pricing is slightly getting premium, very modest premium to China. So how do we see the domestic pricing trend in context of the supply coming in, in the domestic market? That's my first question.

Jayant Acharya: The domestic market, as we see today, remains strong. We will see incrementally probably 13 to 14 million tonnes or a little more of incremental demand this year. From whatever capacities we see coming on stream, I think we are very much in line to meet this demand. There will not be much extra capacity in the system. As a matter of fact, if you look at a 2-year or a 3-year scenario, then you will see that we need to build capacities faster to be able to meet the demand.

So incrementally, you will continue to see a demand of about 15 million tonnes every year for which if you really look at capacity utilization over 2 years, you need to build at least 20 million tonnes of capacity each year as an industry overall. So, I think we are on that trajectory. Every steel company is looking to gear up and put our capacities together in line with the National Steel Vision, which has been laid out.

Somaiah V.: Got it, sir. Sir, also on the export market. Are we seeing some bit of improved traction in recent months or export still continues to be a bit weak, more in terms of the realizations that we can take out of the export market?

Jayant Acharya: Yes. So, the additional point, I think, which you'll also have to see that imports also, we do expect to moderate in this financial year. So, while exports will probably also face headwinds as we have seen in the past few months, one thing good which we have structurally done over the past 2 years is we have gradually reduced our export percentage of our overall sales. You now see that at about 8%. And therefore, our dependence on the international market is lesser.

Imports will also go down. So therefore, to the extent of the net imports, which you see today, I think that gap will probably be far lower or we may not be a net importer, hopefully, if the imports stabilize.

Somaiah V.: Got it, sir. Sir, also from a sourcing standpoint, the raw materials for all the expansions that we are doing, what is our broad thoughts on iron ore? So, what kind of mix should we expect in terms of captive, which is what we'll be buying from third party as we expand the capacity in the next couple of years?

- Arun Maheshwari:** I think on the iron ore front, we continue to increase our sourcing from the captive sources and that effort and that strategy will continue to be in place. Our overall expectation for this current year, FY26, is 40% from captive sources of iron ore and balance would be from different market sources, which we continue to do. So, this will continue to remain on this front. And we are looking at more and more iron ore coming from captive sources as and when the ore mines comes for auction.
- Somaiah V.:** Sorry, sir. One last question, if I may.
- Moderator:** Thank you. I request you to join back the queue, please, as we have other participants waiting for their turn. Thank you. We'll take our next question from the line of Pallav Agarwal from Antique Stock Broking.
- Pallav Agarwal:** Yes, good evening, sir. You know the first question was on coking coal. So, we've been seeing the reduction in cost for a couple of quarters now. But off late, we've seen international coking coal pricing going up. So, do we think that after 1Q or maybe in 2Q onwards, is there any further scope for cost reduction on coking coal or most of it will be done in the first quarter of this year?
- Arun Maheshwari:** Well, see, coking coal is always dynamic and it's definitely related to the market movement of the pricing. However, our sourcing strategies are also equally relevant and we keep moderating it so that the impact of the pricing movement is not very adversely as what it is seen in general. So, we keep dynamically sourcing our material quarter-on-quarter so that the impact is lesser.
- Jayant Acharya:** Also from the supply side, if you see, I think we see a balance. There were certain interruptions in the mines, in some particular mines, which are now back on track, and that would improve the supply position. So whatever prices you may have seen an uptick in the recent past, I feel was also partly because of that. I think they will also stabilize as we go along.
- Pallav Agarwal:** Sure, sir. And are we purchasing external coke or most of it is captive at this point of time?
- Arun Maheshwari:** We do buy for some of the other units within the group.
- Jayant Acharya:** But our quantity purchases expected for this year for coke is small.
- Arun Maheshwari:** It's very miniscule.
- Jayant Acharya:** Yes, it's very small.
- Pallav Agarwal:** Because JVML, I guess, also would start its captive coke oven. So...
- Jayant Acharya:** Yes, our coke oven 5 which is partly already 2 batteries are up and the...
- Arun Maheshwari:** The final battery is starting in December.
- Jayant Acharya:** Yes, I think yes, one battery will start in this year. So, we will be balanced thereafter.

- Pallav Agarwal:** Sure, sir. Sir, lastly, on iron ore, we see some sort of divergence between the domestic and the international prices. Domestic prices seem to have been going up whereas international prices have been range bound. So, is there some supply squeeze in the domestic market? So what is leading what is driving this?
- Jayant Acharya:** You're saying domestic price is going up versus international?
- Pallav Agarwal:** Yes, sir. Yes, versus international. Maybe the discount of domestic versus international?
- Jayant Acharya:** Actually, I think if you compare with a bigger basket other than China as well, you will see that the prices in the U.S. have gone up between, let's say, \$200 per tonne to \$300 per tonne. And in Europe, we have seen prices improving. Basically, you're talking about iron ore or steel?
- Pallav Agarwal:** Yes, yes. I'm talking about iron ore. Not steel. Talking about iron ore.
- Jayant Acharya:** Okay. Sorry, I misunderstood that it's steel. On the iron ore side, I think prices have been range bound for a reasonable period of time. Maybe Arun can also clarify this.
- Arun Maheshwari:** Yes. It has been pretty much a range bound. Of course, we have seen in some months, the increase has been contradicting to the international pricing. However, by and large, if you see in a longer curve, it has been more or less in line with the international market pricing.
- Pallav Agarwal:** Right. Thank you so much.
- Moderator:** Thank you. We'll take our next question from the line of Ritwik Sheth from One Up Financial.
- Ritwik Sheth:** Sir, just an extension from the previous question. Sir, what is the iron ore pricing expected to be in Q1 versus Q4?
- Jayant Acharya:** I think it is difficult to give a flavour in terms of exact numbers, but I think it will by and large be flattish.
- Ritwik Sheth:** Okay.
- Jayant Acharya:** Although there is a recent increase. But for the Q1, we expect the things to be flattish versus Q4.
- Ritwik Sheth:** Sure. Got it. And sir, my second question is related to Bhushan. We have seen that EBITDA per tonne in Bhushan over the last couple of quarters is lower than the standalone margins. So, sir, anything to point out here? Is this a one-off or because earlier we are more or less similar to the standalone margins. So would you like to comment on this?
- Jayant Acharya:** So, I think from an operational standpoint in BPSL, we have put in certain facilities for reduction of costs which have partly come on stream and which are partly coming in. Second thing which happened is that there were some disruptions in one of our blast furnaces in between with respect to the operational efficiencies, which now, hopefully, we'll get on to stream, that will reduce the cost.

So from a cost perspective, I think we will see operational improvements happening at BPSL. Also on the price side, we are basically seeing now improved numbers even in the eastern side and northern side to where BPSL supplies more. And number three is that we are focusing to actively improve our downstream mix and alloy steel mix which is happening, it's on way. So those will again get the margins up where it used to be.

Ritwik Sheth: Okay. Right. So, over a period of a few quarters, it would be fair to assume that the BPSL EBITDA per tonne should converge towards standalone margins?

Jayant Acharya: Yes, it should be close to that.

Ritwik Sheth: Okay. Thank you and all the best, sir.

Moderator: We'll take our next question from the line of Siddharth Gadekar from Equirus. Please go ahead.

Siddharth Gadekar: Hi sir, any comments on the international subsidiaries profitability for FY26?

Jayant Acharya: Yes. See, the overseas operations, as I mentioned in the opening remarks also have done better. So we have seen from a profitability standpoint, Baytown has come back to black versus quarter 3. Ohio has reduced its losses. So going forward, we see the next year contributing positively from U.S. operations, both from Baytown and Ohio.

So, they will add to the overall EBITDA of JSW Steel. Italian operations also, we are in the process of entering into a contract for a bilateral order with Italian Rail. That should get inked soon. And with that, we will see improved volumes and Italian operations will also contribute positively to the EBITDA in this year.

Siddharth Gadekar: Sir, secondly, on iron ore and coking coal production. Any volume guidance for FY26?

Jayant Acharya: Iron ore production, I think we gave a guidance that the 40% of our iron ore requirement will be met from captive sources in FY26. Last year, we produced about 24 million tonnes. And this year also, I think we will be in a similar vicinity.

Siddharth Gadekar: And coking coal?

Jayant Acharya: Coking coal, as of now, we do not have any asset of our own. As I mentioned, Moitra mines will start in June26, so that I'm talking about the Indian operations. As far as our Illawarra mine, where we have a look through economic interest, which is supplies from Australia, that supplies will continue, and we expect about 1.2 to 1.3 million tonnes from Illawarra in this year. So that is an investment which we have done, so you can take that as a captive linkage.

Siddharth Gadekar: Lastly, on the slurry pipeline, we are on track to commission it by first quarter FY27?

Arun Maheshwari: Well, the slurry pipeline is going as per the schedule, and we expect it to be up in operation by -- yes, by January-March '27.

Siddharth Gadekar: Okay. Thank you.

Moderator: Thank you. We'll take our next question from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Good evening, sir and thanks for the opportunity. Sir, I had a couple of questions. One is that you have given us a volume guidance of 10% for this year and probably we see some projects till FY27. Now do you have any colour on the growth beyond FY '26, till FY '30? And where are these sites going to be?

And what is the kind of growth that one should assume that the company can have and keeping BPSL aside for the time being, keeping it as a constant, let's say. If you could give some colour on that? And also a related question is whether we have an expansion planned on the electric arc route as compared to the conventional BF route that we have now?

Jayant Acharya: Yes. So, we had given a colour on this earlier, and maybe I can just try and reiterate that. In our journey for 50 million tonnes, we had mentioned that these will be through specific brownfield investments at low specific cost. The facilities, which would see the brownfield investments are Dolvi where the expansion from 10 million tonnes to 15 million tonnes is already on way, and we see that completing by September '27.

The second expansion, which we are going to see in this year, which we'll complete is from our BF-3 capacity augmentation, which will add incrementally another 1.5 million tonnes. We also see some debottlenecking, which will add another 0.5 million tonnes. So let's say, about 2 million tonnes additional from Vijayanagar, 5 million tonnes from Dolvi. So this would be 7 million tonnes.

In addition to this, we have brownfield opportunity expansion in Vijayanagar for another 5 million tonnes, which we can take up as an extension of JVML. We can take up once we see the Dolvi project progressing. In addition to this, the opportunities which we have for growth, are the Paradip Odisha plant, as we have mentioned to you that we have already started the slurry pipeline project, and that will get connected soon.

The pellet plant 1 and pellet plant 2, there are 2 pellet plants which we are now building there of 8 million tonnes each. So therefore, it will be in a modular fashion, we will be able to link it to a steel production facility. We'll evaluate the opportunities and as and when it is right, we'll be able to do that.

Rajesh Majumdar: And for the second part on the electric arc, is there any plans on that?

Jayant Acharya: Yes. So that part, yes, electric arc furnace in Salav where we are looking at a green steel or low carbon emission steel to be produced, we will be doing that through a DRI electric arc furnace, natural gas-based route initially, which later we will supplement with hydrogen as and when hydrogen technology matures and becomes commercially more viable.

But even with natural gas, we plan to go up to 4 million tonnes in Salav through the electric arc furnace route, and that will give us a CO₂ emission of 0.7 or 0.8 tonnes per tonne of crude steel. It will be powered through renewable energy. Yes.

Rajesh Majumdar: And the expected date for this project, sir, Salav?

Jayant Acharya: Salav, we have given you a guidance already that this 4 million tonnes of Salav will be taken up in two parts by now to 2030-31. I think we will try and maintain the schedule as we go along.

Rajesh Majumdar: And my second question is that we've been hearing a lot of talk on defense spending in EU. First of all, do we have any exports of that kind, which is currently there and there's an opportunity there? And how much time will it take actually to kind of commercialize an opportunity, if at all? Thank you.

Jayant Acharya: The defense spending in Europe, we are seeing increasing. But however, that would take some time. But yes, defense and infrastructure spending in Europe will go up. That will call for more consumption of steel, and that would benefit the overall ecosystem, whether the steel producers in the world by and large. We will also be able to maybe partly participate in that.

And that's -- once the product comes up, we will understand what they require and then we'll be able to see what supply linkage we can establish.

Rajesh Majumdar: But any approvals, etcetera.

Moderator: Rajesh, I request you to join back the queue.

Rajesh Majumdar: Yes. It was just an add-on, actually.

Jayant Acharya: Also, the plate mill modifications, which we are taking for our Anjar Plate mill are also building in defense capabilities. So that also will be able to cater to the defense projects in India and abroad.

Moderator: Thank you. We'll take our next question from the line of Tushar Chaudhari from Prabhudas Lilladher. Please go ahead.

Tushar Chaudhari: Yes. Good evening, sir. Thanks for the opportunity. Sir, could you just highlight the current import situation in India? Are we seeing any imports happening at this level of HRC? Basically, last few days, we have seen HRC prices have gone down by almost INR1,000 per tonne. So that is the reason I'm asking?

Jayant Acharya: So, imports if you see Q3 to Q4 have reduced primarily. That is factual and I think the data is available. As of now, we do not see any surge in import booking, but we will have to keep our watch on because the Chinese exports continue to be at an elevated level and countries like Vietnam and in general, Japan and Korea, which have an FTA agreement with us, continue to a pose risk. So we'll keep our eyes open and have a watch.

Keep in mind also that the safeguard duties are applicable and are under final review. So if the imports are found to be surging, then the authorities have the possibility to take appropriate action to safeguard the domestic industry.

Tushar Chaudhari: Right. Secondly, sir, as U.S. prices, we have seen inched up post tariff announcements, will Ohio see substantial improvement in EBITDA in the next 6 to 9 months?

Jayant Acharya: Yes. The Ohio improvement through our vacuum degassing and custom modification, basically, it will give us access to a lot of special steels, which will give us a better product mix and cost. So that will certainly improve the overall offerings to the market. In addition to that, I think we are already seeing Ohio producing at a stabilized level. And with improved pricing environment in the United States, this will build into operational profitabilities for this year. So we expect better performance from our Ohio unit as well.

Tushar Chaudhari: And this impairment provision which you have taken, this is related to INR3,762 crores?

Swayam Saurabh: Yes. So -- Swayam here. Impairment assessment is something, as a company, we do every year. We review our investment. And if you look at financials for FY '25, you will see a loss and that has translated into we reviewing that investment. It's more of how we see it from an accounting perspective, but as Jayant mentioned, we see far more positivity in U.S. now. Volumes have picked up, the prices have improved, and we do expect that going into this year, we should see positive contribution from overseas, especially U.S.

Tushar Chaudhari: Thanks a lot sir.

Moderator: Thank you. We'll take the last question from the line of Prateek Singh from DAM Capital. Please go ahead.

Prateek Singh: Hi, thanks for the opportunity. So just following up on an earlier question about demand. While you said that incrementally, 15 - 20 million tonnes a year incremental demand is coming up and continues to grow at 11%, but only half of it would be towards the flat side, and flat is where we are seeing a significant capacity addition across players. So what is the plan on the long side? By when can we see our long share in the mix improve significantly from where we are right now?

Jayant Acharya: So on the flat and long, as you know, we are about 75%, 25%. But also in the recent past, we have added long facility, especially on the alloy steel side in BPSL, which is incrementally special products, which will be going into the Indian market for various special uses. In addition to that, we are looking at the possibilities of setting up long facilities in our existing brownfield operations.

And we would be -- we are evaluating those opportunities, and we would come back to you. But I would just like to clarify that flat steel, there is a lot of construction-related flat steel, which now goes into your infrastructure and construction, whether it is tankages or whether it is plates or whether it is any kind of structural high rises or it is your large water pipelines or oil and gas,

there is a lot of structural steel in flat, which is increasingly being used in construction and infrastructure, replacing conventional methods.

So you find these qualities more consistent and better. People are able to customize. So if you're making a beam, for example, from a normal long product mill, you are able to make the beam from plates, and we have these plated beam lines, which basically are able to make customized beams for our customers, and that is able to provide them the design capability to do much better in terms of your engineering and design.

Prateek Singh: Understood. The second one is around safeguard duty. So in the last round, around 10 years back, post the duty, there were added measures like the minimum import price and there has been duty. So can the industry in parallelly push for these measures as in this 200-day period or do you need to wait for it or would these measures can be likely a part of the DGTR final findings of this safeguard duty? So how do we look at these incremental measures? Is there a possibility of these coming in as well?

Jayant Acharya: When you're talking about, incremental measures, I missed that part. Are you talking about other tariff mechanisms?

Prateek Singh: Yes. Like the minimum import price or the anti-dumping duty of last time, which happened back then?

Jayant Acharya: Yes. So, there are already investigations ongoing with respect to certain imports where there are injuries found. So that is there in terms of antidumping investigation being proposed for certain products in some countries. Those will be parallelly ongoing in addition to the safeguard mechanism which is in place.

Prateek Singh: Understood. And just one last question from my side. I think another participant also asked. So, what is the reason for the recent decline in BPSL versus standalone? Is it product mix or higher share of exports? I mean why did the ASP fall this quarter, which led to a flat EBITDA in BPSL while an increase in standalone?

Jayant Acharya: BPSL, as I said, one was there were some disruptions due to which the product mix and the cost, there was an impact. As we go along, I think our operations are stabilizing and the cost positioning will improve. Our downstream utilization will improve and our alloy steel utilization will improve. So a better product mix, stabilized operations, we'll be able to improve the margins at BPSL as well.

Prateek Singh: Great. Thanks a lot. All the best.

Jayant Acharya: Thank you.

Moderator: Thank you. I now hand the conference over to management for closing comments. Over to you, sir.

Jayant Acharya: Yes. So thank you very much for all your questions. I think I would just like to reiterate that JSW Steel posted very good operational results in the quarter. We see a very good volume growth in FY26 also. So we have given a guidance that we'll be producing 30.5 million tonnes and 29.2 million tonnes with a volume growth of 10%.

We are looking at various cost efficiencies being built up structurally within our ecosystem, and that will contribute to the margin. As we look at the medium to longer term, we continue on our growth trajectory and expansions as we have outlined in the past. And we are very confident and positive about the India growth story, which will provide the necessary market to be able to absorb this growth. Thank you very much and have a happy weekend.

Moderator: Thank you.

Ashwin Bajaj: Thanks, everyone, and feel free to reach out if you have more questions.

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.