



# “JSW Steel Limited Q1 FY-26 Earnings Conference Call”

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**Mr. Arun Maheshwari – Director (Commercial & Marketing)**  
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**Moderator:** Ladies and gentlemen good day, and welcome to the JSW Steel Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participants' 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, please signal the operator by pressing '\*' and 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 sir.

**Ashwin Bajaj:** Thank you operator. Good evening, ladies and gentlemen, and welcome to JSW Steel's Earnings Call for Q1 FY 2026. We have with us today the Management Team represented by Mr. Jayant Acharya – Joint Managing Director and CEO, Mr. G. S. Rathore – Chief Operating Officer, 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 questions.

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

**Jayant Acharya:** Thank you, Ashwin. Good evening, ladies and gentlemen. Welcome to the JSW Steel results call.

The global economy has been quite resilient, as you have seen, amidst the tariff and geopolitical tensions, which are ongoing. The World Bank has revised its 2025 growth forecast by 35 bps to 2.9% versus its January estimates. Signing of trade deals will hopefully reduce the uncertainty and improve the global growth outlook.

In India, the RBI has maintained its growth projection for FY26 at 6.5%, stable versus FY25. Subdued inflation enabled the RBI to front-load rate cuts, while the announcement of CRR cuts will help in further transmission of lower rates. This, along with comfortable liquidity and tax breaks, should support urban demand, while the rural economy continues to perform well.

Domestic steel demand continues to be good, aided by healthy Capex by the government in Quarter 1. India's finished steel consumption grew by 7.9% YoY, to 38.3 million tonnes, while crude steel production grew by 10.4% to 40.3 million tonnes.

While finished steel imports have moderated, exports have fallen as well and India continues to be a net importer. Low-priced imports remain a concern, accentuated by changes in global trade flows, due to rising tariff uncertainties. While steel production in China has fallen in recent months, the elevated Chinese exports continue to be a challenge for the global industry at large.

Talking a little bit on our sustainability efforts

The transition to renewable energy remains a core pillar of our decarbonization strategy and a 2.5 GW of renewable capacity which has been announced, is on track. Around 800 MW is

already commissioned up to Quarter 1, and further 200 MW will be commissioned in Quarter 2, which will take us to 1 GW of operational renewable capacity.

We will also remain committed to no net loss in biodiversity by 2030. Biodiversity management plans are already in place across all our steelmaking sites. Through afforestation efforts in Vijayanagar, we have created a positive biodiversity impact across 4,000 hectares.

Our sustainability efforts continue to gain recognition. JSW Steel has been retained in the FTSE4Good Index series, and we have improved our score this year. CDP supplier engagement assessment has included JSW Steel in the A-list for 2024 disclosure cycle. We have been certified as a Great Place to Work and recognized as one of India's Best Employers Among Nation Builders 2025.

Moving to our growth strategy

Our JVML project in Vijayanagar is ramping up well and produced about 0.75 million tons in Quarter 1. We plan to commission the second converter in SMS in Quarter 2. Subsequently, we will take the shutdown of our blast furnace-3 at Vijayanagar starting September 2025. This will upgrade the BF-3 capacity by 1.5 million tonnes.

The Dolvi Phase-III expansion from 10 to 15 million tonnes is progressing well, and on track to be completed by September 2027. We continue to enhance our downstream capabilities. In May, the Board had approved 2 projects: one, a 0.6 million tonnes cold-rolling complex at Khopoli, with capabilities to produce galvanized, galvalume and zinc magnesium coated products for appliances, general engineering and renewables. And the other, a 0.4 million tonnes continuous galvanizing line in Vijayanagar is being ordered, capable of producing advanced high-strength steel for automotive industry with tensile strength up to 1,480 MPa.

The Board has now approved setting up of a 0.55 million tonnes of cold-rolled non-grain-oriented electrical steel facility in Vijayanagar. This will cater to the rising demand for electrical steel in the country for generators, motors, etc.

In the BPSL matter, we just wanted to update you, JSW Steel has filed a review petition before the Supreme Court on 25<sup>th</sup> June 2025 in respect of the Supreme Court judgment dated 2<sup>nd</sup> May 2025. The CoC and RP have also filed separate review petitions. The review petitions will be listed in the Supreme Court in due course. The order of Supreme Court dated 26<sup>th</sup> May 2025 in JSW's SLP directed status quo in respect of proceedings before NCLT for implementation of the Supreme Court judgment until the review petition is decided. We, along with our legal advisers, have analyzed the matter, and are of the view that we have strong grounds to pursue the review petition.

On our raw material security, we would like to give an update. For iron ore in Karnataka, we will be commissioning the 3 mines progressively during the current financial year. In Goa, we

plan to start mining operations at our Cudnem mine in Quarter 3 of this financial year, while the Surla and Codli mines are likely to commence production in the H2 of FY27. The 3 Goa mines will cumulatively produce approximately 3.7 million tonnes as we have guided in the last quarter.

We continue to work on our 3 captive coking coal mines in Eastern India, and our washeries at Parbatpur and Dugda. We have also now connected with a 5 million tonnes linkage from Coal India. We expect to secure usable coking coal supply of around 3.2 - 3.5 million tonnes per annum from these domestic sources over the next 2 to 3 years.

Let's now talk about our operational performance for the quarter

Our consolidated crude steel production in Quarter 1 grew by 14% YoY to 7.26 million tonnes, while our consolidated steel sales at 6.69 million tonnes grew by 9% YoY.

Importantly, our domestic sales grew by 12% YoY, which was much higher than the industry growth of around 8% during the quarter. Our share of value-added and special products improved to 64% from 60% in the previous quarter. Our sales to auto sector grew by 20% YoY, which were the highest ever.

We also reported the highest ever sales in the Alloy Long Products business, which grew 19% YoY, and our sales to the Appliance segment grew by 27% YoY. Our inventories have increased during the quarter as we rebuilt inventories from the lows of March 2025 for better servicing of the customers. The fall in export volumes due to global challenges and ongoing geopolitical uncertainties has also led to inventory buildup. Some inventories were additionally planned to support the ramp-up of our new capacities at JVML.

Moving to our financial performance

Our consolidated revenues from operations were at Rs43,147 crores with an operating EBITDA of Rs7,576 crores, with an EBITDA margin of 17.6% during the quarter. The profit after tax stood at Rs2,209 crores. Our Indian operations reported an EBITDA of Rs7,496 crores with an EBITDA margin of 18.5% during the quarter.

During the quarter, we benefited from steel price improvement from the low levels and an improved product mix, which we have seen on our VSP share. On the cost side, we benefited from lower coking coal prices. Our coking coal costs fell by USD14, in line with our guidance in the last quarter. This was partly offset by increased fuel consumption due to planned maintenance shutdowns at our operations for 2 blast furnaces.

Our captive iron ore consumption during the quarter was 39%. EBITDA was also affected by a forex loss of Rs.343 crores on foreign currency loans due to abnormally sharp appreciation in Euro against the INR, March versus June.

At our overseas operations, the business has done quite well. The EBITDA performance at the plate and pipe mill in Texas improved QoQ to USD19 million on higher volume and prices. Ohio operations also reported a positive of USD1.3 million from a loss of USD7.5 million in the previous quarter. The pricing environment in the United States has improved, and that has supported our overall operational performance.

The Italian operations reported an EBITDA of EUR1.33 million from a marginal negative in the previous quarter. Overall, our overseas operations in U.S. and Italy contributed to an EBITDA of Rs187 crores during the quarter compared to a loss of Rs39 crores in the previous quarter.

Our net debt at Rs79,850 crores increased by around Rs3,300 crores QoQ, largely on account of working capital buildup during the quarter. Our revenue acceptances as of 30<sup>th</sup> June stood at Rs2.11 billion, and our Capex spend for the quarter has been Rs.3,400 crores.

JSW One platform, our one-stop digital marketplace for MSMEs in the manufacturing and construction ecosystem continues to scale up well. JSW One is now a unicorn crossing USD1 billion in the recent funding round. The GMV for Q1 FY26 was Rs3,919 crores, up 1.5x YoY.

If we have a look at the outlook for Quarter 2, we feel the demand in India is likely to remain strong for the year as a whole. CRISIL has already forecasted demand growth in the range of 8.5% to 9.5% for this financial year. Steel prices after increasing over March to May have moderated in June and July. We expect coking coal costs to be marginally lower QoQ up to about USD5 per ton of coking coal, while iron ore costs may see some decline.

Overall reduction in costs due to lower raw material prices and better efficiencies will partly offset the reduction in steel realizations in Quarter 2. We also expect better volumes in the coming quarter. The Quarter 1 also had negative impacts of the shutdowns, which had an additional cost and the forex loss, which has been built into our operational performance of Quarter 1.

At our international operations, we expect healthy performance at the U.S. operations to continue in the Quarter 2, and our Italian operations should also see an improvement on better order mix.

Overall, the outlook for the Indian economy remains strong, supported by strong PMI readings and benign inflation. Sustained government capital expenditure, a favorable monsoon outlook, personal income tax cuts and the Reserve Bank of India's pivot towards monetary easing will drive consumption and private investments. On the back of these factors, we expect another year of healthy steel demand growth, and JSW Steel is well positioned to support India's growth.

Thank you very much, and we are happy to take questions.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

- Amit Dixit:** Yes, good evening everyone. Congratulations for your good performance. I have a couple of questions. The first one is on JVML Vijayanagar. So, if I look at the EBITDA movement of this particular subsidiary, it has been quite sharp, of course due to the increasing capacity utilization. Now, since the second converter is also going to be commissioned, what kind of EBITDA differential we can expect compared to Vijayanagar operations, considering that this might be a little bit lower on processing cost and all. So, on a sustainable basis, what kind of EBITDA differential can we expect?
- Jayant Acharya:** So, JVML operations, if you recall, in the last quarter also, we had mentioned the overall operations will be more efficient because of the larger blast furnaces, the larger converters. So, therefore, we do expect benefits on that, and that is partly what you have seen in the last quarter. Part of the benefit will flow into the next quarters. So, ultimately, we expect JVML operations at Vijayanagar to be better from a standpoint of profitability versus the current Vijayanagar operations. Maybe we would see up to Rs1,500 further improvement on the JVML operations per tonne.
- Amit Dixit:** Okay, sir. That's helpful. The second one is on iron ore. While we are going to start Goa mines and ramp up a few other mines, the quality of iron ore is a key suspect here. So, just wanted to understand whether we have imported any iron ore and since we are going to increase capacity in near future, how we are building the iron ore security, particularly of high-quality iron ore?
- Arun Maheshwari:** So, iron ore, definitely yes, there are quality differentials, which are available within India. And Goan iron ore is of inferior quality in terms of usage, but we have developed the processes wherein we can use such kind of iron ore in its full strength. Also, this material will be going for our Dolvi usage. So far as the imports are concerned, for the bigger blast furnaces, we need a higher grade of iron ore. And to sustain these kinds of furnaces and processes, we do need high-grade iron ore for which we go for imports. If it is available domestically, that is the first preference. Otherwise, we have to go for imports.
- Jayant Acharya:** Also, just to add, the Goa iron ore, which is of lower grade, as you asked, will go into the sinter plant operations mostly at Dolvi, where these are easily absorbed.
- Moderator:** Our next question comes from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Yes. Good evening sir. Thank you for the chance. First is on prices, is it possible to quantify, are we at the early March levels, which was the pre-safeguard duty? So, are we looking at Rs1,500-2,000 kind of a pressure on a sequential basis?
- Jayant Acharya:** So, the prices, as you recall, moved up in March, April and partly in May. From the month of June, we have seen prices moderating. I think at hot-rolled coil levels, they have moderated by

about Rs1,500 in June per ton. We see some softness in July as well. Primarily, these are because of the ongoing uncertainties globally, some of the cheaper imports finding its way again into India, and the seasonal impact, basically the monsoons, which disrupt your infra and construction.

Having said that, I think it will be difficult to give you a number as to what the final Quarter 2 outlook will be. But what we can say is basically that while the prices are a little softer, I think some of the costs, the shutdown costs and our operational efficiencies, which were impacted, will partly offset these softer prices. Lower coking coal costs, by about USD5 per tonne, will also see costs reducing. And iron ore also, we do expect some declines to come in. So, they will partly offset the fall in realization.

**Sumangal Nevatia:** Understood. Just a follow-up, sir. Do we have any contract resets mainly from auto, which will provide some sort of support on the price?

**Jayant Acharya:** Automotive, the prices for Quarter 1 are more or less finalized, and that has already been closed. So, that was positive. Automotive contracts work on a formula basis, and basically, it will get reset again based on the pricing, which is fully crystallized for the quarter. So, I think we will see that for Quarter 2, how it goes.

**Sumangal Nevatia:** Okay. Sir, my second question is on the slurry pipeline, if you can give us some update as to when is the pipeline expected to be complete? And what sort of cost saving are we expecting. This is the one which is being executed by JSW Infra now?

**Arun Maheshwari:** So, the progress is very well as of now. Out of total 300-odd kilometers, almost 190 kilometers is already under the ground, and balance 110 kilometers is under progress. And it's all as per the time schedule, and we expect it to start by March or April 2027. So, it's well in time. So, we don't see any unexpected delays over there or anything of that sort.

**Sumangal Nevatia:** And the cost saving...

**Jayant Acharya:** The cost saving will be up to Rs1,000 per tonne as we had guided earlier.

**Jayant Acharya:** On per tonne of iron ore.

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

**Amit Murarka:** Thanks for the opportunity. Just wanted to delve a bit more on the auto pricing for the quarter. So, since you said that it works on a formula. So, is it like a one quarter lag? Or like, if you can just explain that a bit more, how does the formula work?

- Jayant Acharya:** You were asking about the formula for automotive? How does it work, right?
- Amit Murarka:** Yes, yes, if you can help understand a little bit more on that.
- Jayant Acharya:** Yes. So, basically, it works on the last quarter-based formula. So, I think we will see a positive in terms of improvement, marginal positive over Quarter 1 and Quarter 2, based on the last quarter lag.
- Amit Murarka:** Okay. So, is it a full quarter lag? Or is it like, let's say, by the time the discussion is concluded and now that the pricing is already down, maybe take rolling 3 months or something? Is it like fixed that it will work with a one quarter lag?
- Jayant Acharya:** I think, pricing is never an arithmetic. It works in discussion with customers. So, formula is a guideline, and therefore, those are closed accordingly in discussion with customers. So, I can't give a comment as to exactly how it will work, but that's the basic direction.
- Amit Murarka:** Sure, sure. Understood. And like it will be only with auto customers? Or is that contract also with some other customers in other segments? Just wanted to understand how much of the volume is basically protected from the recent price decline?
- Jayant Acharya:** Yes. So, basically, there are quarterly customers where we have businesses again for a quarter. And they also have a reset clause, which may be a little different. But those are there. I think our monthly customers would still typically constitute a major chunk of our business, and that's something which will play into the cost. But roughly, I would say, 2/3<sup>rd</sup> is based on monthly customers.
- Amit Murarka:** Sure, sure. Fine, I will come back in the queue. Thank you.
- Moderator:** Thank you. Our next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.
- Satyadeep Jain:** Hi. Thank you. First question is on Capex or capital allocation. I wanted to understand Dolvi, the orders were placed about 1 year ago, if I am not mistaken. Where are we in the process? When do you expect packages to arrive? And what is the expected capital cost for this project now? Especially given safeguard duty and if safeguard duty doesn't come in the form of what we are seeing in the preliminary from provisional duty, what kind of flexibility is there? Because we keep hearing from industry that we need duty for Capex, but the company is already ahead in the process. So, what kind of flexibility is there to adjust that Capex in case you see something different compared to provisional?
- And tied to that will be India and U.S. Capex, if you are seeing demand in all this protection in U.S., when do you pull the trigger on, because historically, there were plans to have USD1 billion Capex in U.S. Is that something that's still on the drawing board depending on how situation is? So, just 2-part question on one, how do you see Capex in India and then on U.S.?



**Gajraj Rathore:** See, as far as Dolvi is concerned, it will be close to Rs20,000 crore investment which is planned for Phase-III there. And this whole project is on schedule. We have placed orders, and we are getting ready for the engineering to be done. And there may be some more facilities added because earlier, we did not plan for sinter plant to be added. So, probably we will add sinter plant that will add to this cost of Rs20,000 crores.

Now as far as U.S. investment is concerned for Capex, that is also more or less on schedule. If at all there is a delay, maybe 2 to 3 months, but it is on schedule.

**Jayant Acharya:** So, just to add on the Dolvi thing, the cost of Rs20,000-odd crores will be including the sinter plant, which was earlier about Rs19,350 crores. On our Ohio operations, there is a marginal delay. Our Baytown operations in terms of expansions are on track. So, Ohio, there could be 2 months or 3 months, as Rathore was saying. But I think otherwise, we are good to go.

**Swayam Saurabh:** And there was one more question. USD1 billion in U.S., that's not part of the plan. So, what we are doing in U.S. is essentially quality upgrade of our plants, which allows us to produce better grades and helps with margin. But no further capital is planned to be allocated in U.S.

**Jayant Acharya:** We have already given our project costs earlier. I think you can refer to it.

**Satyadeep Jain:** But no expansion on plates, because I think few years ago, there was some possibility of expansion. But as of now, that's not on the drawing board?

**Swayam Saurabh:** No, that's not part of our capital allocation today.

**Jayant Acharya:** Only the existing ones which we are doing at Baytown and Ohio, those will be completed. We have not planned any additional Capex there.

**Satyadeep Jain:** Secondly, on this new iron ore project beneficiation, what is the thought process there? Where is the iron ore coming from? Because we see Rs1,000 crore Capex outlay, but maybe just if you can provide some details on what kind of cost savings, where is the iron ore coming from for this? And this is going to be Vijayanagar. So, just some more insights there, please.

**Arun Maheshwari:** So, there was a tender process under which Andhra Pradesh government has come up with the bidding criteria wherein people can come and set up the beneficiation plant. It's a magnetite resource. There's a 5 million tonnes of Run of Mine per year, which will produce about 1.5 million tonnes. And it can be upgraded up to 64% Fe with a very low alumina and silica, which is very complementary.

Like in the earlier question, we had said why we are importing material, for the high grade. So, this is a substitute to high-grade material that we are likely to import, and it comes at a very attractive commercial. So, this set up is for that. And Rs1,000 crores is required for the beneficiation unit. It's a JV with the Andhra Pradesh government over there.

- Jayant Acharya:** This will basically feed into our Vijayanagar plant, which is about 500-600 kilometers from there. And this high-grade will supplement the Karnataka lower-grade. That's the basic reason why we are into this JV.
- Moderator:** Thank you. Our next question is from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.
- Ashish Kejriwal:** Hi. Good evening. Thanks for the opportunity. Sir, this quarter, is it possible to share how much blended steel price increase, which we have done in this quarter? I am talking about Q1 versus Q4?
- And secondly, you discussed about HRC prices coming down in June on some softness in July. Can you please give the similar color for rebar prices?
- And lastly, in terms of volume, I think you mentioned that in second quarter also, we can see marginal increase in volume QoQ basis because maybe in first quarter, we have some shutdown?
- Jayant Acharya:** So, on the price side, I think on a blended basis, we were able to get close to Rs3,300 on realizations improvement, similar to what we had guided. On the cost side, we have already explained to you that we had a benefit on coking coal, and we had some outages on account of shutdowns that had played into our costs.
- Going forward, the volumes, I didn't say marginal increase, but I said the volumes would increase because the shutdowns are behind us and the JVML second converter will start. So, the volumes will go up from the Quarter 1 to Quarter 2.
- The third question you asked was? You asked 3. You asked on rebar?
- Ashish Kejriwal:** Yes.
- Jayant Acharya:** Basically, there are no safeguards on rebars or long products. But right now, what you see is the seasonal impact of the market because during this time, the construction activity goes down. So, you can see that playing out in the secondary market and therefore, on the primary bars as well. So, the prices during this period of time do go down. It's a seasonal situation which happens every monsoon quarter.
- And then again, after the construction activity picks up, it starts coming back.
- Ashish Kejriwal:** So, whatever price erosion, which we are seeing right now, it's only seasonal. We are not witnessing anything which could be beyond seasonal also as of now at least?
- Jayant Acharya:** So, let me just put it this way for everybody. So, Quarter 1 to Quarter 2, number one positive is you will see volumes going up.

Number 2 is that your shutdown costs of in the range of about Rs200 crores, which we had an impact in Quarter 1, will no longer be there in Quarter 2.

Number 3 is that Rs343 crores of impact on forex loss, which is a mark-to-market on our euro loans, that's a one-time abnormality. We don't expect this kind of thing to repeat again. It may vary a little bit here and there.

So, these 2 factors, if you were to add is almost Rs800 per tonne, Rs200 crores of shutdown costs and about Rs343 crores of forex loss. So, that's a positive play, plus the efficiencies will go up and JVML costs will go down. A little bit of cost on account of raw material will also play. So, therefore, we will have these as tailwinds. The headwind is, as I said, in terms of price. So, the prices are something which have softened. But we have these cushions to be able to mitigate some part of drop in realization.

**Ashish Kejriwal:** Understood sir. Thank you and all the best.

**Moderator:** Thank you. Our next question comes from the line of Ritesh Shah with Investec. Please go ahead.

**Ritesh Shah:** Hi, sir. Thanks for the opportunity. Sir, my first question is on the regulatory side. How are we looking at safeguard duties being reinstated or bumped up? So, how should we understand that?

Secondly, there were several variables, specifically from a mining standpoint, cascading effect of royalties, and I think the other one was retrospective taxation, specifically with respect to Karnataka? I think that's the first question with 3 parts to it, if you could please help. Thank you.

**Jayant Acharya:** So, on the tariff safeguard side, I think the government is going to be reviewing and announcing the final safeguard duties within the period given, which is 200 days from the date of initiation. So, I think the investigations are on, so we would see the result by that time.

Given the situation that the tariff uncertainty overall in the world has increased and many countries have started putting increased barriers to trade, there is more propensity for diversion of trade into India.

We are seeing some of that happening. So, lower-priced imports are coming into India from other countries, which were not there for the recent past, at lower prices, which is impacting the sentiment in India. So therefore, there is a case for the government to consider the safeguard duty favorably, in terms of extension as well as in terms of the overall duty percentage, which they have levied, but there is not nothing much beyond this, I can say. We will have to wait and see the final investigation.

The second question which you had asked was about the mining bill. I think in Karnataka, that is not yet approved, but we have auction mines. So, for us, therefore, the impact is not going to be much as we had indicated last time.

**Ritesh Shah:** Sir, the B part, cascading effect on royalties?

**Jayant Acharya:** Royalty on royalty, is that what you are asking?

**Ritesh Shah:** Yes.

**Jayant Acharya:** So, that is still subjudice in the courts. Basically, there is different views of opinion naturally from different stakeholders. So, that is something which is still subjudice. So, we would, as of now, leave it at that.

**Ritesh Shah:** Sure. And my quick second question for Swayam. We have seen cash tax rate actually bump up very sharply. For FY25, it was 34% versus the average of prior 4 quarters, which was 17%. How should one comprehend this? And does it have anything with BPSL?

**Swayam Saurabh:** So, your question is on cash tax? What was your question?

**Ritesh Shah:** Yes. Cash tax rate, what we show in the cash flow statement for FY25, that number is 34%; versus the prior 4 years, that number is 17%. So, is there anything which has changed?

**Swayam Saurabh:** No, we will come back to you on this. We think there is a misunderstanding.

**Ritesh Shah:** This is cash tax paid from the cash flow statement divided by the PBT.

**Swayam Saurabh:** Yes. So, it might not just be income tax. So, we will come back to you on this cash tax paid includes what all taxes.

**Jayant Acharya:** Directionally, our taxes have gone down.

**Swayam Saurabh:** Yes, yes. So, in this quarter, our ETR is 28.4%, but our actual cash outgo is a bit lower. So, 25.2%, which is the ETR at a standalone basis.

**Ritesh Shah:** Sure. Can I just squeeze in one more, if possible?

**Swayam Saurabh:** Sure.

**Ritesh Shah:** Yes. Sir, basically, if I look at the last 6, 7 years, the reported EBITDA, what we see, we see around 10% to 11% of it coming from government grants. It was nearly Rs950. So, my question is the ongoing expansion that we have, do we have sustained incentives from the respective state governments, which would ensure this Rs950 or Rs1,000 to actually continue going forward?

**Jayant Acharya:** So, you know, today, the good thing is that every state wants to encourage investments and have rolled out policies for projects incentives. So, I think we see that continuing in the states in which we are investing. So, yes, that would continue. The schemes may be different, but yes, that will continue in some form.

- Ritesh Shah:** Thank you so much. All the very best.
- Jayant Acharya:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Vikash Singh from ICICI Securities. Please go ahead.
- Vikash Singh:** Good evening sir, and thank you for the opportunity. Sir, my first question is regarding this news talks about the zero for zero tariff on the steel products in India, U.S. Though it is not finalized yet, but just wanted to understand that have you heard anything? And if it is 10% to 15%, would it make feasible for us to export to U.S.?
- Jayant Acharya:** So, it's too early to really comment on that. We also understand from the media what you are understanding. But we will wait for the final deal to happen. But historically, our exports from India to U.S. in steel has not been much. And because in addition to these tariffs, you have safeguard duties, antidumping duties, and some CVD as well on product-to-product basis. So, there are very few products actually left where the advantage will be there.
- But yes, what you are asking is a relative disadvantage versus a relative advantage. So, I think once the duties are crystallized, we will see. But I also understand that steel and aluminum is going to be treated a little differently in U.S. So, we will have to watch out how that comes.
- Vikash Singh:** Understood sir. Sir, my second question pertains to our volumes basically. We met 21% of the overall guidance, and we are going to have a shutdown in September in Vijayanagar. So, how should we look at volumes? Is there any risk to our current guidance?
- Jayant Acharya:** No, there is no risk to the volume guidance. Our shutdowns are already over. As far as the shutdowns of Dolvi and BPSL are concerned, which we took in the last quarter, they are over, and those operations are stable. As far as the BF-3 shutdown is concerned, which is in Vijayanagar, that is already built into our plan of whatever guidance we have given. So, we do not see any impact.
- Vikash Singh:** Noted sir. Thank you.
- Moderator:** Thank you. We have our next question from the line of Pallav Agarwal from Antique Stockbroking. Please go ahead.
- Pallav Agarwal:** Yes, good evening, sir. So, just want to understand on a consumption basis, what was the coking coal cost this quarter? Because is it closer to the spot prices now? Or we still have some scope for further cost reduction next quarter?
- Jayant Acharya:** Yes, the number would be closer to USD160 CFR basis. But I think what you need to see is that prices have become more or less stable in the last month or so. So, maybe the benefit which will accrue in Quarter 2 will be between USD0 to USD 5. So, USD 5 benefit we could expect in the

Quarter 2 versus Quarter 1. What we told you is the blended one. On a PLV basis, the prices have stabilized. The number which we told you at USD160 CFR is on a blended basis.

**Pallav Agarwal:** And sir, on our captive coking coal mines, especially the ones in India, what kind of timelines and potential cost savings can accrue from these?

**Arun Maheshwari:** So, we expect that both the washeries at Dugda and Parbatpur should start operating in H2 of FY27. Somewhere around end of third quarter or beginning of fourth quarter is what we expect it to start. The total production, we expect on a full-scale basis about 2.5 to 3 million tonnes to start with as a coking coal. And definitely, domestic sourcing always would be slightly cheaper as compared to today's price regime as well. So, in any which case, it would be beneficial.

**Jayant Acharya:** Including our 3 captive coal mines and the washeries put together, maybe we will be slightly higher, is what we are targeting. We will have to see how the yields play in after we start the washeries.

**Pallav Agarwal:** Sure, sir. So, these 2.5 million tonnes is clean coal?

**Jayant Acharya:** Yes. 2.5, it could be 3 million tonnes usable coking coal.

**Pallav Agarwal:** Sure sir. Thank you so much.

**Moderator:** Thank you. Our next question comes from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

**Rajesh Majumdar:** Good evening sir, and thanks for the opportunity. So, I had a question. You announced the acquisition of a company which owns land in Odisha. So, can we get some color on the greenfield project in Odisha now in terms of timelines and what is the exact kind of investment that we are planning? Because we know it's 13 million tonnes in phases. So, some color on that?

**Jayant Acharya:** You are talking about the land which we have just announced...

**Rajesh Majumdar:** Yes, yes.

**Jayant Acharya:** So, this is just a land which we are purchasing, close to 900 acres of land in Odisha, which we are acquiring for any future expansions which we may have.

**Rajesh Majumdar:** Yes. Your greenfield growth in Odisha plant. So, is there some relation to this in terms of the land acquisition? And when can we see some Capex announcement on this?

**Jayant Acharya:** No. Greenfield is already going on. Our Paradip project at Jagatsinghpur, you know the slurry pipeline is on track, the pellet plants, which are being put up there is on track. We will take up the next Phase in terms of steel production. As we decide, we will announce those. But those will come at the Paradip site. This particular site is different, and we were getting 900 acres of

clean piece of land. So, that is why we have acquired this for any future expansion, which we may have, but nothing decided as of now.

**Rajesh Majumdar:** Okay. And sir, my next question is on BPSL. Again, we know that these kind of judiciary decisions can take time in India. So, will it hamper our Capex in terms of a brownfield expansion in BPSL? Do you foresee any kind of delay in that going forward?

**Jayant Acharya:** In our 50 million tonnes outlook, which we have given of capacity up to 2030,-31, BPSL was not part of the brownfield expansion, which we have taken into account. So, therefore, it will not impact our targets which we have given.

**Rajesh Majumdar:** And the 0.5 million tonnes will be on track?

**Jayant Acharya:** That 0.5 million tonnes, we will take a view. That is the only one which is basically to be decided after the Supreme Court decisions are behind us.

**Rajesh Majumdar:** So, if at all, there could be a slight risk of delay in the 0.5 million tonnes capacity, nothing more than that?

**Jayant Acharya:** That's all. Correct. You are right.

**Rajesh Majumdar:** Thank you, sir.

**Moderator:** Thank you. Our next question is from the line of Vedant Sarda from Nirmal Bang Securities Private Limited. Please go ahead.

**Vedant Sarda:** Sir, I want to understand that in Q1 FY25, we have mining premium and royalties of Rs3,200 crores, and it is Rs1,860 crores in the current quarter. So, the deviation of this, why it is like that?

**Jayant Acharya:** So, there are 2 things in this. One is that our Odisha volumes have moderated. And the second one is the surrender of the Jajang mines. If you recall, we have surrendered the Jajang mines, and therefore, that MDPA was completed and production from there is stopped.

**Swayam Saurabh:** So, that production would have been in last year base. Consequently, bid premium also in last year base.

**Vedant Sarda:** This mining premium have been decreased due to reduction in volumes?

**Jayant Acharya:** Yes. Reduction in volumes. Basically, one is Jajang. Therefore, the volume and the premium both have gone down mainly because of Jajang. And secondly, some moderation may have happened in the other mines. We are using to the extent we require.

**Vedant Sarda:** Okay. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

**Satyadeep Jain:** Hi, thank you. I just wanted to ask on the product mix. There is expansion in galvanized. We have seen expansion in volume and product mix improvement towards galvanized. So, just where is galvanized going compared to stainless steel? I just wanted to understand. And also how much, let's say, in FY25, would you have sold for solar mounting structure?

**Jayant Acharya:** So, the coated product basket is quite large. It includes galvanized. It has galvalume. It has got galvaneal in our basket. These are different. So, galvanized and galvalume go for your various construction and solar activities. Zinc magnesium is the other one, which we have developed over the past few years, that also goes into corrosion-resistant areas. Galvaneal goes for automotive sector.

So, therefore, these are multiple uses. I am just trying to simplify this for you. We are expanding our lines on coated as we have just indicated in our initial address on the call. So, one is the infrastructure, construction, general engineering sector in Khopoli. The other one will be for appliances in Khopoli. And the Vijayanagar line will primarily be for automotive up to a very high tensile strength - advanced high-strength steel for up to 1,480 MPa. These are the different usages in these different plants which we are envisaging in our projects.

**Satyadeep Jain:** Some of these products are also competing with stainless steel. So, is it some kind of lifecycle cost analysis? Why are these products finding application in certain applications versus stainless? Just wanted to understand because they would be substitute in certain applications. And also, maybe if you can quantify of the total volumes, how much did go towards solar mounting structure in FY25? Is it any material or not, just trying to understand?

**Jayant Acharya:** We won't have the data off-hand on how much went into solar mounting structures, but we are the largest suppliers to the solar renewable energy side on the solar energy basket.

On the stainless-steel side, it will be difficult to comment, but I think what you would see is that stainless is also corrosion resistant. Galvanized is a different structure. Zinc aluminum or zinc magnesium coating also has a corrosion resistance property naturally.

The cost and the pricing points for these are different. The applications could be different. So, they go into probably different zones. If you want, we can have somebody from our product teams to have a call with you separately. You can reach out to the Investor Relations, they can connect you.

**Satyadeep Jain:** Okay. Thank you so much.

**Moderator:** Thank you. Our next question is from the line of Prateek Singh from DAM Capital. Please go ahead.



- Prateek Singh:** Hi. Good evening. Thanks for the opportunity. Just a bit more clarification on the beneficiation plant in Andhra. So, what kind of capacity are we talking about? Or are we still at the drawing board stage? Given that, as you mentioned earlier, we would be mining around 3 tonnes of ore per ton of high-grade ore. How are we looking at costs there? And any technology partners that we have signed up for this?
- Arun Maheshwari:** So, the total production of Run of Mine, would be 5 million tonnes per year, and the output would be close to about 1.5 million tonnes out of this. Overall cost and everything is being worked out, but then the initial process says that it's a pretty good project.
- Prateek Singh:** So, what kind of timeline are we looking at?
- Arun Maheshwari:** The total timeline as per the agreement goes up to 900 days, but the initial timeline is 720 days.
- Jayant Acharya:** So, just to put it simply, we have to develop the mine along with APMDC, and we have to set up a beneficiation plant. It's a magnetite ore, which will be enriched to 64% Fe. As Arun said, this would give us an output of about 1.5 million tonnes.
- As we understand today, it is linked to the IBM prices of that particular grade. So, it will be cost effective. Our idea is to take it to Vijayanagar plant, which will be the closest from a logistics point of view, between 500-600 kilometers. So, it should be beneficial is our estimate. The balance is being worked out, and we can update you once we are ready.
- Prateek Singh:** Sure. Thanks. The last question is on any sense on how HRC prices domestically are now versus, let's say, import parity from China? Because it seems that China export prices have strengthened a bit over the past week, and we appear to be at discount. So, any comments on that?
- Jayant Acharya:** So, the domestic HRC prices, as I said, have moderated in June and partly in July as well. So, I would say that the prices are now very competitive from an import point of view. So, therefore, the chances of more imports coming in from China would, therefore, to that extent, be lesser. Some low-priced imports have been seen from Russia, which we need to monitor how that develops.
- Prateek Singh:** Thanks. And all the best.
- Moderator:** Thank you. Our next question is from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund. Please go ahead.
- Kirtan Mehta:** Thank you sir for this opportunity. I believe you announced about the non-grain oriented project earlier in this. Would you be able to shed more light around the capacity economics of the project?
- Jayant Acharya:** The Capex for this project, is that what you are asking?

- Kirtan Mehta:** Capex as well as sort of the economics, how does it work out for the CRNO?
- Jayant Acharya:** So first of all, the demand for CRNO in the country is quite good, because the electrical steel going into various end uses like generators, motors, where CRNO goes, that demand is increasing. We, therefore feel the need. Our current line of 200,000 tonnes is already fully loaded. We still see the demand remaining strong. So, we have decided, therefore, to go in with capacity expansion. The project we see has a very good IRR in terms of rate of return. Our Capex in the CRNO project is in the vicinity of Rs4,600 crores for 0.55 million tonnes.
- Swayam Saurabh:** And the payback for this project is lower than 4 years. So, it's a very attractive project.
- Kirtan Mehta:** Thanks for this color. And in terms of sort of to maintain our downstream ratio at around 50% of our capacity for our plan of 50 million tones, what are the additional spaces that you would be looking forward? And would we have further announcement on the downstream side?
- Jayant Acharya:** So, I think it's value-added and special products both. So, value-added is in the downstream space. Special products are emanating from the hot strip mills in itself. So, various advanced high-strength steel, which go for various applications in the hot form itself is also a part of that. Our Dolvi facility, which will be a 2,600mm wide mill, we will be able to penetrate into the plate market with those kinds of special products as well.
- So, you need to consider VASP in totality. But we will keep updating you on our downstream expansion as we do any. As of now, we are about 13.5 million tonnes of downstream capacity, including our plate facilities out of our 34.2 million tonnes capacity in India. But keep in mind that these are based mostly on flat steel, whereas 34.2 million tonnes includes our long steel facility as well, which includes alloy steel, etc.
- Kirtan Mehta:** Right sir. Thank you.
- Moderator:** Thank you. We have Rahil Bohra with SBI Pension Fund with the next question. Please go ahead.
- Rahil Bohra:** Just one small question. Could you please tell out the inventory numbers for the current quarter, the volume number?
- Jayant Acharya:** Inventories have moved up by about 400,000 tonnes on account of the reasons we explained in our call address.
- Rahil Bohra:** This is QoQ, right?
- Jayant Acharya:** Yes. On an overall basis, it will be in the range of 2.3 million tonnes, including our semi-finished goods, work-in-progress and finished goods put together.
- Rahil Bohra:** Okay. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to Mr. Ashwin Bajaj for closing comments. Over to you, sir.

**Jayant Acharya:** Just to reiterate, we continue to remain positive on the outlook for Quarter 2 with respect to volumes as the shutdowns are behind us and the converter-2 at JVML will start operations. Overall, for the year, we see a growth between 8% to 9% in India. So, the demand growth on a higher base continues to be strong. Basically, we see that JSW Steel with its capacity is very well positioned to meet this demand growth in India. And we look forward to any kind of questions which you may have. You can reach out to our investors cell. Thank you.

**Ashwin Bajaj:** Yes. Thank you everyone for joining, and have a good weekend. Bye.

**Moderator:** Thank you. On behalf of JSW Steel Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.