



“JSW Steel Limited Q3 FY-26 Earnings Conference Call”

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Mr. Arun Maheshwari – Director (Commercial & Marketing)
Mr. Swayam Saurabh – CFO
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Moderator: Ladies and gentlemen, good day and welcome to the JSW Steel Q3 FY26 Earnings Conference Call.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Ashwin Bajaj: Thank you very much operator. Good evening, ladies and gentlemen. Welcome to JSW Steel's Earnings Call for Q3 of FY2026.

We have with us today the management team represented by Mr. Jayant Acharya – Joint MD and CEO, Mr. G. S. Rathore – Chief Operating Officer, Mr. Arun Maheshwari – Director of Commercial and Marketing and Mr. Swayam Saurabh – the CFO.

We will start with opening remarks by Mr. Acharya and then open the floor to questions. With that, over to you Mr. Acharya.

Jayant Acharya: Good evening, everyone.

Let me begin by talking a little bit on our strategy. JSW Steel has adopted a prudent strategy over the past years and has created significant value for our shareholders, actually for all our stakeholders. On 3rd December, the company announced a strategic joint venture with JFE Steel Japan, for its BPSL Steel business. With this transaction, JFE will take a stake of 50% in BPSL Steel business at an equity value of Rs.31,500 crores and an enterprise value of Rs.53,000 crores. This transaction will enable a cash flow of Rs.32,000 crores and a substantial deleveraging of about Rs.37,000 crores for JSW Steel. This partnership allows us to grow the BPSL business with our project expertise and operational excellence and bring in the JFE technological expertise to be able to produce a variety of value-added products. It will also allow JSW Steel to accelerate the growth across its portfolio assets in a financially prudent manner to meet the demand growth in India.

Today, the board has approved a 5 million tonnes steel plant at our new site in Jagatsinghpur, Odisha. The project will be housed in our subsidiary, JSW Utkal Limited, and will entail a capex of Rs.31,600 crores, with commissioning by FY30. This project is the first phase with expansion potential to go to 13.2 million tonnes. We already had commenced setting up two 8 million tonnes pellet plants you will recall, at this site and a 30 million tonnes slurry pipeline is under construction by JSW Infra which will transfer the iron ore from the mines to the plant. This is a port-based facility with our own captive jetty and coupled with the iron ore through the slurry pipeline, this is an extremely efficient location in terms of our overall logistics cost. Together,

these milestones significantly accelerate our capacity growth plans. We are well on track to reach 50 million tonnes in India by FY31 other than the BPSL business. With India steel demand rising rapidly, these strategic steps put JSW in a very strong position to grow responsibly and sustainably in the years ahead.

On the macroeconomic front, you would have seen the IMF has given an outlook of about 3.3% growth in 2026 and kept its outlook the same for 2027. The resilience in the global economy in spite of the ongoing uncertainties is a mention which IMF has given in their commentary. The momentum is being supported by strong tailwinds from AI and technology investments. Growth is also getting a further lift from supportive policies and easing financial conditions. With advanced GDP estimates in India pegging the growth at about 7.4%, we remain the world's fastest growing major economy. While global headwinds persist, the Indian government has provided various policy support measures and policy reforms. Alongside the recent trade agreements, this bodes well for our medium-term prospects. We are seeing a strong post-GST momentum in consumption, further aided by income tax cuts and benign inflation.

Rural indicators remain positive, driving strong tractors and two-wheeler sales. Central government capex was low in October-November but is up 28% April to November due to a strong H1. The annual capex target looks to be on track. While residential sales have remained somewhat soft, the commercial real estate shows a robust movement. Conditions for private capex is increasingly becoming conducive, supported by a healthy balance sheet and RBI's recent rate cuts and lower inflation.

India's steel consumption continued to grow with a nine-month growth of about 7%, though Q3 was lower at 4.6%. However, the December demand on absolute number was about 14.5 million tonnes and the demand in the Quarter 4 on a seasonally strong demand and restocking looks good for volumes in the quarter ahead. Looking ahead for the year FY27, the demand is projected to grow in the range of 7% to 9%. On the policy front, the government has taken steps to arrest unfair trade by imposing anti-dumping duties on hot-rod coils from Vietnam in November and CRNO from China in December, and a safeguard duty has been finalised in December 2025. This will enable the local domestic industry to get a level-playing field in India.

In China, the steel production was down 4.4% YoY in CY25, a decline of about close to 44 million tonnes. However, their exports, including semi-finished steel, surged 14% to 133.5 million tonnes, primarily due to a weak domestic consumption. The elevated exports kept Asian prices subdued in 2025. Looking ahead, the anti-involution measures which have been taken up by the Chinese government, export licensing and some production moderation which we see should help support the regional prices in Asia.

Moving to sustainability. JSW Steel, I am happy to mention, was ranked number one in the global steel sector in the S&P Global Corporate Sustainability Assessment and continues to remain a part of the Dow Jones Sustainability Index. Our focus on energy efficiency was also recognised at the 35th National Energy Conservation Awards 2025, where our Dolvi unit was

awarded India's best performing unit by the President of India, and BPSL received a certificate of merit. We continue to progress on energy transition with 1 GW of renewable capacity commissioned. We have already got the approval for 2.5 GW generation and a 320 MWh of battery storage, which is in various stages of construction.

On the technology front, we commissioned India's first diesel-to-battery converted locomotive at Vijayanagar. These initiatives underscore our commitment to sustainability across our operations. On the digital front, JSW has deployed AI-based vision systems that monitor conveyors, sinter flames, flare stacks and equipment in real time to improve yield, efficiency and reliability. These digital solutions are delivering substantial impact through cost savings, reduced emissions and preventions of over a thousand safety incidents. This system is deployable across multiple locations and with additional use cases, we see the potential to save Rs.100 crores per annum.

On the projects front, apart from the board approval for our new plant in Odisha, let me briefly update you on the other projects. At JVML Vijayanagar, we reached a key operational milestone as the 5 million tonnes plant is now fully ramped up. The 1.5 million tonnes BF-3 upgradation at Vijayanagar remains on track for commissioning by the end of Q4 FY26. At Dolvi, the Phase-3 expansion from 10 to 15 million tonnes is progressing as planned, with completion expected by September 2027. Technical and commercial discussions for equipment is underway for the 1 million tonne electric arc furnace and structural mill announced for Kadapa last quarter. Our value-added product capacity across Vijayanagar, Khopoli and Raigarh are progressing steadily. The board has today approved 0.2 million tonnes tinplate capacity and 0.36 million tonnes capacity for GI and GL lines at our downstream units in Rajpura. Together, these value-added expansions will add about 4 million tonnes of flats and longs, complementing our steelmaking operations. This reinforces our long-term growth strategy and strengthens our competitive position as it adds to our value-added product portfolio.

Strengthening our raw material security has been one of our key strategic priorities. We have 23 iron ore mines, which we have mentioned earlier, out of which 12 have been operating. During the Quarter 3, we have commenced the production from the 0.5 million tonnes Cudnem mine in Goa, taking the total number of operational mines to 13. Once our mines are operationalised, coupled with some enhancements of existing capacities, we expect to produce about 50 million tonnes per annum, which will cover around 50% of our total iron ore requirement by FY31. On the coking coal front, we have secured 3 mines and coal linkages in India and taken a stake of 30% in the Illawara Coking Coal PLV mine in Australia, which together will provide us about 5 million tonnes of coking coal. This will meet around 25% of our total coking coal requirement in FY31. Additionally, we are in the process of acquiring the Mozambique MDR high-grade coking coal deposit. This transaction is expected to be closed in Quarter 4 of this calendar year, by March. So, therefore, the raw material side we are strengthening both from iron ore and coking coal perspective.

Moving to our operational performance. We reported a strong operational performance amid the ongoing uncertainties. Our consolidated crude steel production stood at 7.48 million tonnes, up 6% YoY. For the quarter, our Indian operations delivered a production volume of 7.28 million tonnes, up 7% YoY. Production was down sequentially due to the Blast Furnace 3 at Vijayanagar being under shutdown for the capacity enhancement. Utilisation of our Indian operations stood approximately at 93% excluding the BF-3. What it underlines is the consistency in the capacity utilisation at JSW Steel across locations, we have been more or less at 90% or above across quarters.

During Quarter 3, we achieved our best ever sales, both from a consolidated as well as an Indian operation point of view, increasing by 14% YoY. This was mainly driven by the volumes from JVML plant ramp up to its full capacity. Our domestic sales rose by 10% YoY in Quarter 3 and 12% in the first 9 months, well ahead of India's consumption growth. This has enabled us to increase our market share. We have also liquidated 0.3 million tonnes of inventory during the quarter. The other positive is that the value-added product sales were the highest ever at 4.54 million tonnes, growing 16% YoY and forming about 61% of our total volumes, including JVML. The deliveries to the auto and renewable sectors were also at all-time highs.

If you look at our financial results, the consolidated revenue stood at Rs.45,991 crores with adjusted EBITDA of Rs.6,620 crores. The EBITDA per tonne was close to Rs.8,700 and a margin of 14.4%. The reported EBITDA for the quarter stands at Rs.6,496 crores. During the quarter, steel prices were at a multi-year low and adversely impacted realisations. Coking coal costs were higher by \$5 in line with our guidance, while iron ore provided a slight cost benefit due to better blends. While margins were negatively impacted during the quarter, we were able to mitigate the drop in prices through a better value-added product mix and cost efficiencies.

Our Indian operations delivered a total adjusted EBITDA of Rs.6,522 crores and EBITDA per tonne of close to Rs.8,800 per tonne with a margin of 15%. This was enabled by a strong growth in domestic sales and better value-added product mix. The U.S. operations delivered an operating EBITDA of USD3.1 million, which was lower primarily driven by lower volumes due to the planned shutdown at Ohio for the caster upgradation project and lower NSR for the plates. For the nine-month of FY26, U.S. operations have reported an EBITDA of USD36 million, a substantial improvement versus an EBITDA loss of USD32 million last year. Italian operations delivered an EBITDA of EUR5.3 million during the quarter. During the quarter, the total EBITDA for our overseas operations was at Rs.122 crores. Unrealised forex losses stood at Rs.124 crores, which impacted the overall profitability during the quarter.

With the enactment of the new labor code, the required changes in employee benefits have had a one-time impact of Rs.529 crores, which has been shown as an exceptional item in the profit and loss account. The consolidated PAT stood at Rs.2,410 crores compared to Rs.719 crores in Quarter 3 of last year. This profit in Quarter 3 is after recognising net deferred tax assets of Rs.1,439 crores related to the slump sale of BPSL Steel business undertaking. Net debt was at Rs.80,347 crores and our debt ratios improved versus the last quarter. Net debt to EBITDA stood

at 2.91x and net debt to equity at 0.92x. Our weighted average interest cost improved to 6.51% in the quarter, an improvement of approximately 60 bps if you were to compare with last year. Our revenue acceptances stood at USD2.36 billion. Our capex spent during the quarter was roughly about Rs.3,500 crores and total for nine months stood at Rs.10,000 crores. For the FY26, we expect the total capex to be in the range of Rs.15,000 to 16,000 crores.

The JSW One platform has been doing well, has seen a significant uptick in volumes, especially in steel which grew by 43% YoY. Quarter 3 was strong with a GMV of Rs.4,544 crores representing a solid 36% jump YoY. Over Rs.1,300 crores of that GMV was driven by JSW One credit offerings.

With these results, we have achieved over 74% of our total consolidated volume guidance for both production and sales for the FY26 and we expect to broadly achieve our full year guidance of 30.5 million tonnes for production and 29.2 million tonnes for sales. To conclude, we continue to monitor Chinese steel exports and are cautiously optimistic that measures such as export licensing and anti-involution policy should provide some support to the regional prices.

India's growth prospects remain strong with the Government's recent reform measures providing further impetus to consumption and private capex on the back of rising capacity utilisation of companies. The upcoming union budget is expected to continue to see the Government focus on reforms as well as public capex. All this bodes well for the steel demand growth and the trade measures announced by the Government of India is most welcome and will help keep unfair imports in check.

Looking ahead, steel prices have begun to recover in end December and have continued an uptrend in January. Quarter 4 margin should be better on the back of higher steel prices supported by seasonally strong demand which is expected to offset the impact of higher raw material prices, especially coking coal. We expect the coking coal cost to increase between USD15 to USD20 while iron ore prices are expected to be range bound. We expect a strong Quarter 4 volumes from JSW Steel due to a healthy demand in this quarter and for the next year we see a steel demand growth of 7% to 9% for the FY27.

We will be happy to take questions which you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Thanks for the chance. Good evening, everyone and congratulations on the new expansion announcement. So, first question is the bookkeeping one. If you could just highlight what is the steel price increase we are seeing in the last three or four weeks and as far as timeline is concerned, what is the update on the slurry pipeline and the JFE-Bhushan deal closure timeline?

Jayant Acharya: The prices of steel have started recovering from the multi-year lows in the last quarter. In the end of December, we saw prices moving for flat steel by about roughly Rs.1,500 per tonne. In the beginning of January, it has moved by about Rs.2,000 per tonne. We see some recovery possibility during this quarter as we move ahead. The second question on the slurry pipeline which you have asked is expected to be somewhere in Q4FY27. On the BPSL, I will request Swayam to give an update on the BPSL asset.

Swayam Saurabh: So, on the BPSL asset, we are pretty much on track versus the timeline we had indicated. Earlier this week, we received the Competition Commission's approval for the joint venture. We are right now in the process of obtaining shareholders' approval which we expect to get by first week of February. As indicated, we should see slump sale getting concluded before end of this year which is before end of the March and that should translate into about Rs.24,400 crores of effective cash coming in JSW Steel and net leverage reduction of about Rs.29,000 crores. The second leg also remains on track but that is expected end of Quarter 1 of FY27.

Jayant Acharya: Which will be an additional Rs.7,875 crores.

Sumangal Nevatia: Yes, got it. I have one more question and that's slightly on a medium to long-term strategy. So, if you look at our expansion FY30, we would reach somewhere around 47 million tonnes in India and we will be adding capacity only at the rate of 7% to 8% CAGR. Now, given the Bhushan divestment, our balance sheet would be quite deleveraged, potentially around 1.5x net debt to EBITDA. So, does it make sense to evaluate the other brownfield expansion opportunities parallelly, or should we now just expect this expansion till '30 and then maybe evaluate sometime closer to FY28-29 as the next expansion plan?

Jayant Acharya: If you see the presentation which we have given for this quarter, we have given you an indication of the expansions likely by FY31, which takes it to about 56 million tonnes by FY31, which includes 1.5 million tonnes of Ohio and 4.5 million tonnes of the BPSL asset. So, we have moved up with respect to our earlier goal of 50 million tonnes in India by the end of this decade. So, I think that I would say the combination of the value unlock in BPSL certainly enables us, as you rightly said, to expand faster, which we are doing. We have taken the Odisha project, we are doing a project in North of India for Tinplate and substrate for GI and GL. And we will be able to fast track our other brownfield expansions as we go along into this decade. So, we are on track. I think we would be adding capacities in line to meet the India demand.

Sumangal Nevatia: And so, can I get your thoughts on...

Moderator: We request you to please rejoin the queue if you have any further questions. Thank you. Our next question comes from the line of Jashandeep Chadha from Nomura. Please go ahead.

Jashandeep Chadha: Hello. Thank you for the opportunity. So, my first question is on the lines of you are expecting 7% to 9% YoY volume growth or apparent steel consumption growth. Just wanted to understand if we go one step deeper, from which segments are you expecting majority or which segments

will lead this demand? We understand that the GDP is growing and overall steel consumption will go up. But specific to JSW internally also, which segment do you believe will lead that growth? Is it the auto, industrial, retail or even any other segment that you see? Just wanted to get your view on how the demand will be going ahead.

Jayant Acharya: So, we are seeing the growth across sectors. If you were to really look at the India story now, I think you see the growth across your construction and infrastructure. You see good growth in the commercial real estate. We are seeing good growth in industrial. And now, post the GST announcement, especially in the consumption side, automotive, appliances. The other area is the renewable energy. And I think by and large, I think we are seeing it across sectors.

Jashandeep Chadha: Understood. So, my related question to this will be, have the intensity of flat product in construction, retail or the real estate sector, has it gone up in the last couple of years? And along with that, I just wanted to understand also the new capacity that you have announced. What will be the capex intensity of that and the product mix, if you can?

Jayant Acharya: The new capacity which we have announced will be flat steel. It will be a 5 million tonnes facility with a hot strip mill and steel melting capability and blast furnace. The steel melting capability will be for roughly about 6.5 to 7 million tonnes. It has potential to grow. So, the hot strip mill can ultimately be expanded once the second blast furnace is taken up to 6 million tonnes itself.

Your second question about the intensity of flat steel in construction; the intensity of flat steel in construction has been increasing gradually. Globally, flat steel is used in construction through steel-based plated constructions, and we are seeing that slowly catch up in India. Now, steel buildings or steel and glass buildings are coming up in India. They are safer. They are faster to construct and unlocks value in terms of time. So, it is catching up, although at a slower pace than internationally, but we are looking at this space, improving the flat steel consumption in the construction and the infrastructure. Infrastructure also, the bridges which are coming up are also adding to the flat steel consumption. People are now looking at steel columns, steel supporting infrastructure for the bridges, because it is able to finish the bridge faster. So, yes, it is going up in terms of intensity.

Jashandeep Chadha: Thank you for that. Also, if you can tell me the capex for the new capacity. Sorry, if I missed.

Jayant Acharya: Rs.31,600 crores. This is also building in some of the infrastructure for the expansion of the second phase.

Jashandeep Chadha: Understood. So, the next phase of expansion will be at a lower intensity per tonne.

Jayant Acharya: Correct.

Jashandeep Chadha: Understood. I will join back the queue for further questions. Thank you.

Moderator: Thank you. Our next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Hi. Thank you for taking my questions. So, my first question is, given strong volumes during the quarter as well, now your domestic volume guidance of 28.2 million tonnes would imply flat volumes on year-on-year basis for 4Q. Now, how should we look at your 4Q volumes with respect to that? Would you revise your sales guidance? That is my number one question.

Jayant Acharya: So, I think from a sales guidance point of view, we are maintaining our guidance of 29.2 million tonnes. Production guidance also at 30.5 million tonnes is more or less on track. Going forward in the next year as the BF-3 capacity unlock happens, we will be able to add to our available capacities and that would further increase the sales from all our assets.

Rahul Gupta: Am I reading it right that your India volumes would be flat assuming you do not change your guidance?

Jayant Acharya: Why do you say flat?

Rahul Gupta: On year-on-year basis.

Jayant Acharya: So, the inventory liquidation probably you are not counting. So, the potential, so we did an unlock of inventory of 300,000 tonnes in the last quarter. In the current quarter also, we have...

Rahul Gupta: No, I meant for 4th Quarter. So, if I look at the 4th Quarter.

Jayant Acharya: I am looking at the 4th Quarter. I am saying we liquidated inventory in Quarter 3. We are looking at some inventory liquidation in Quarter 4 as well. So, from a guidance perspective, we had sales of 7.64 million tonnes last quarter. Our guidance is that we will be able to meet 29.2 million tonnes. So, maybe similar with respect to Quarter 3, Quarter 4 if that is what you are asking. From an Indian operational point of view, it will be slightly higher. But from an overall basis, it will not be very different.

Rahul Gupta: Got it. Thank you. Now, if I look at the detailed capex table that you have shared on slide 39, can you help us break down the mining capex and also value-added capex a bit further? Thanks for highlighting Mozambique and the downstream capex separately. But can you help us with more details what all come into this?

Jayant Acharya: I think the details the investor team can explain. But you are talking about the consolidated capacity update. That is what we have given you in that slide.

Rahul Gupta: It is the capex guidance for the next 5 years, the amount of capex. But yes, I will take that offline.

Jayant Acharya: What we are trying to say is that we will be spending the Rs.100,000 crores over the next 4 to 5 years. We will give you a breakup year-wise in our annual board results in May. But roughly 4

to 5 years, you can spread it equally. It will be a little higher in the next year, next 2 years and then slowly go down.

Rahul Gupta: I was actually looking for a breakdown of mining and value-added, but I can take that offline. One final question. If you look at realisations, on a reported basis, QoQ, it has been much better. Now, adjusted for JVML, did the share of value-added products improve QoQ or am I missing anything over here?

Jayant Acharya: So, we have been reporting in the last few quarters, we have been giving you the value-added numbers without the JVML. This time, including JVML, the value-added product mix is 61%. Excluding JVML, it is 67%.

Rahul Gupta: Got it. That's helpful. Thank you.

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

Amit Murarka: Hi, good evening and thanks for the opportunity. So, first of all, a bookkeeping question. In the quarter, what was the iron ore sales that you made?

Jayant Acharya: Just one second.

Swayam Saurabh: What's your other question? Maybe we answer that first.

Jayant Acharya: It is about 0.13 million tonnes.

Amit Murarka: And what was in the last quarter? Why I am asking that is because the revenues don't seem to have gone down in terms of the realisation decline that was expected.

Swayam Saurabh: Indeed. So, you are seeing the standalone numbers, right?

Amit Murarka: Yes, I am looking at the standalone numbers.

Swayam Saurabh: Yes. So, we will give you this input offline. It's primarily iron ore sales.

Amit Murarka: In Q3, you mean?

Swayam Saurabh: Yes.

Amit Murarka: Sure. And also, when I look at JVML numbers, again over there, the realisation seems to have been down. So, is it like some sale of some semis that have happened over there? Like, what is really the reason?

Jayant Acharya: No, basically, see, we look at JVML and Vijayanagar from an operations point of view as a combined decision-making process. We have certain advantages in JVML on the cost side. We have some advantages in JVML on the state tax side. So, we have a state tax advantage, even if you sell outside the state. So therefore, outside state movement like to North, we prefer to do from there, which is a higher freight incidence. And therefore, you see a lower realisation, but that enables us to overall optimize our total Vijayanagar blend, because the other units is able to supply to Karnataka, which has got a tax advantage in Karnataka. JVML is able to leverage the sales to other locations where we get the tax advantage.

Amit Murarka: Understood.

Moderator: Thank you. Our next question comes from the line of Vikash Singh from ICICI Securities. Please go ahead.

Vikash Singh: Hi, sir. Good evening and thank you for the opportunity. I just wanted to understand our stance on the CBAM. What is our exposure currently on the European side and any strategies which we are going to tackle in terms of the whatever exports which we are doing to the Europe?

Arun Maheshwari: Hi, I am Arun Maheshwari. I would say that the CBAM impact is not in particular for India or JSW. It has been impacting all the exporters who have been doing to Europe. The overall real-time impact assessment is still yet to come out because it is still very new. People are still understanding the impact. However, I would say our export has been quite sizeable component has been into Europe. Because if the impact is to overall European exporters, then it will find its own way how to export it out over there. So, I don't think that it will be having a bigger impact on us as a company.

Vikash Singh: Are there any figures which you would like to put in terms of exposure in terms of tonnage annual basis?

Arun Maheshwari: Not really. So, I see basically, we have been doing somewhere around 1.2 or 1.3 million tonnes kind of export into Europe. But the way the markets are shaping up in other geographies also, probably we can consume our tonnages over there. At the same time, India market is also growing much faster. So, if you see YoY, our export component in the overall sales has been dropping. So, I do not see that this will have a major impact on our sales following to exports.

Jayant Acharya: So, from a percentage point of view, just to answer your questions, Europe as a percentage of our total exports is going down. Asia, Middle East, other countries are picking up. So, therefore, some part is already getting mitigated. We will understand the guidelines fully as and when they come and we will be able to give you maybe some more color as we go along. But some re-adjustment in the prices in Europe also is something which will take place. So, let us understand the market once the full guidelines play out.

Vikash Singh: My second question pertains to our capex plan in Odisha. The Rs.6,300 crores per million tonnes for a greenfield plant seems to be pretty low. So, actually, this is as some of the brownfield plant probably is expanding more than that. So, what differential things we are doing are in this or there is a scope or a risk of further enhancing this capex as we progress?

Jayant Acharya: So, first of all, I would just like to say that from a capex point of view, if you see our Dolvi plant expansion, which we have just undertaken, which is on, is actually specific investment is even lower than this. This is slightly higher because of being a green plant. The other reason is that we are doing this plant in a modular fashion. So, we already had announced the pellet plant and some enabling infrastructure before that. That is something which is happening parallelly. But even then, if you look at the plant once this Rs.31,600 crores also include some enabling infrastructure for Phase 2 expansion. So, when you look at a 10 million tonnes expansion, including the next phase, I think our capex cost will be further competitive if you were to compare with others. How we are able to do it, I think, over time that's the project expertise with JSW has developed and we are able to do specific investments costs lower over time.

Vikash Singh: So, there is no risk of overrunning in this CAPEX as of now?

Jayant Acharya: We don't see so.

Vikash Singh: Thank you, sir.

Moderator: Thank you. Our next question comes from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Hi. Thank you for the opportunity. My first question is pertaining to the capex. You have marked almost Rs.1 lakh crore in the next 4 to 5 years coupled with this Rs.80,000 net debt. As mentioned earlier on the call, you expect the capex to be high in the first couple of years. Do you think that this will load your balance sheets despite receiving the money from BPSL?

Jayant Acharya: No, we do not think it will load our balance sheet. I think from a ratio point of view, we will remain financially prudent while we invest. And from our perspective, I think we are quite well placed to be able to manage these expansions while we keep our ratios in control. You will see the additional volume from BF-3, the full ramp up of JVML, the new capacities from Dolvi which will come in in Phase-3. All these will generate additional cash flows which will contribute to the internal accruals which we will be able to spend for the capex. So, from that perspective, we are fine. We don't see any challenge.

Parthiv Jhonsa: No, we definitely do agree that.

Swayam Saurabh Just to add to this, BPSL transaction once it is concluded would also add significant new cash which you have to take into account while plotting the numbers.

Parthiv Jhonsa: We do agree that receiving BPSL would definitely help in the next couple of quarters. But then Dolvi is still down the line. And plus, we have taken up additional 5 million tonnes capex. And plus, you have just mentioned a couple of minutes back that in the first 2 years, the capex will be much higher. So, assuming it is about Rs.25,000-30,000 odd crores, which is basically net off against what you receive from BPSL in the immediate term. Do you think that this Rs.80,000 crores net debt can go to say Rs.1 lakh or is there any threshold on leverage what you expect?

Swayam Saurabh: No. So, we are right now below 3x net debt to EBITDA, we reported 2.91x. If you look at Rs.100,000 crores on its totality over 5 years, 4 to 5 years, we are talking about Rs.20,000-25,000 crores in certain year it can go up, certain years it will come down, which is not very different from the capex we have been historically doing. You add BPSL cash in the mix and you will realise that perhaps it is not as big a problem as it looks like.

Parthiv Jhonsa: All right. All right. Thanks for the clarity, sir. Just my next question is again on Europe front. Considering you export 11% volumes and like mentioned about 1.2-1.3 million tonnes goes to Europe, considering CBAM, I know there are a lot of noise around CBAM, but have you given a thought by internal calculation based on your emission norms, what is the impact on a per tonne basis? Is there a number which you have finalised?

Jayant Acharya: No. So, we basically from a standpoint of exports, I would basically request you not to take right now any numbers because one is that the domestic demand is going up. If I were to look at incrementally this year, we are expected to add about 11 million tonnes in India. Roughly, we will close at about 163 million tonnes of demand. Next year, even if you were to look at growth at about roughly 8%, we will be 176 million tonnes. This incremental demand, which is being created in India, we feel that this will provide ample opportunity for us to be using our capacities within the country. The need for exports will gradually also reduce. Therefore, the export moderation will happen in general and that we will basically take a call which area to reduce. With respect to your question on CBAM calculation, I think those are in process. I would not like to give you any number right now because we have not really finalised anything at this stage.

Parthiv Jhonsa: But as for the latest circular, it is just purely based on scope 1, if I am not mistaken because they are based on direct emissions, if I am not mistaken, right? Is the understanding correct?

Jayant Acharya: Yes. So, there are different technologies, different numbers, asset to asset, there is a difference. So, my emission level in Vijayanagar will be different from Dolvi level. So, that is why I am saying that there are different moving parts. So, let us wait for some more clarity once we do it.

Parthiv Jhonsa: Sounds good. Thank you so much for the opportunity and best of luck.

Jayant Acharya: 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 know too many questions on CBAM. Just one more question on this. There has been a 2-year transition period. I just wanted to confirm because one other company mentioned this that none of the Indian companies have got their emissions verified as of now. Just clarifying, there has been no verifier identified. Have you or have you not got emissions verified so far and is there still ambiguity whether the verified emissions will be for a company group level or will they allow plant specific emissions? Just a clarity on this.

Jayant Acharya: We are in the process of getting the verifications done. The CBAM will be asset wise. So, basically, it will be location plant wise, not for the company as one.

Satyadeep Jain: And how long will this verification process, when do you expect this to get done?

Jayant Acharya: I think gradually, any exports which happen today in the year '26 will basically be, you would have to give them a certificate after the end of the year. The importer will have to look at it and take a certificate from a verified source, which we will be able to provide to them. And based on that, the importers on record will have to pay the CBAM differential whatever at that point of time. So, that will happen sometime at the beginning of '27 for the year '26.

Satyadeep Jain: Fair enough. And secondly, on the capex, just on the Dolvi, first of all, can you remind us how much you spent so far? I think initial expectation for this was about Rs.19,000-20,000. Just wanted to see what have you spent so far, how much is left? And when you look at Odisha in the configuration, how much CPP, when you look at power sourcing, how much captive are you looking at? Because you are also looking at increasing renewable penetration, WHRS and captive configuration for the new 5 million tonnes.

Jayant Acharya: So, on Dolvi, we are on track. I would not be able to give you figures exactly how much we have spent right now, but we are on track for our expenditure. The total cost of the project, including some additional capex, which we had declared during the last board meetings, I think is close to Rs.20,800-20,900 crores. We are on track for that expansion. Odisha, you are asking with respect to the power? So, we would be putting up capacity for power, which we would require. In addition to that, we would be buying something from the grid. So, it's a combination, which we would be doing. But let us say that major part will be from our own captive and some will be drawn from the grid and other sources.

Satyadeep Jain: Can you identify how much MW of capacity you will be setting up for this 5 million tonnes on your own? Rs.31,600 includes how much captive power plant?

Jayant Acharya: Yes, we have that detail. We can give it to you offline. It is about 340-350 MW, but we will give it to you offline.

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

Ritesh Shah: Hi, sir. Thanks for the opportunity. Sir, three questions. First is, overall, on capital allocation, where does the 51% stake in JSW Reality? And I think with respect to Saffron Resources, it does

indicate there's a land bank. Where do these variables fit in the overall scheme of things? That's one. A second question is on safeguards. How do you see the risk of circumventions and potentially higher volumes from Japan and Korea limiting our ability to raise prices? If you could highlight some numbers on parity map, that would be great. And a third question is, we have two blocks. Correct me if I am wrong over here. Ajgaon and Surjagarh in Maharashtra, what are our plans over here? And is there any probability of MSNC granting any leases to any company on linkage basis or something which can potentially reduce the cost curve for any company? Those are three questions. Thank you.

Swayam Saurabh: So, Ritesh, Swayam here. I will take the first question. And thanks for asking. Our capital allocation principles remain intact. Capital goes to what is core to us, which is steel making. Saffron land acquisition is earmarked for a potential steel facility in future, and there will be no other use for that. On the JSW Realty deal, we have not spelled out the details, but what we require is essentially office space as we are expanding as a company. And what we will get out of this is a very lucrative return in terms of cost invested in an office space. This is our whole intention of being in that deal and there is nothing more to that.

Jayant Acharya: The second question was on safeguards, Ritesh?

Ritesh Shah: Yes. Effectiveness of safeguards rests on circumvention imports, probably from Japan and Korea, restricting our ability to increase prices.

Jayant Acharya: Yes, the safeguard is certainly, even if you look at Japan and Korea, 12% safeguard is certainly very helpful. We expect that to limit unfair trade to a large extent. It still allows a scope to increase the price and along with depreciation of the currency, I think it leaves room for some price improvement during February and March. So, that's something which we will see. Also, keep in mind that the prices in India fell actually more. It came to a discount versus imports. So, that's something which anyway has to come back to a sensible level. From the Iron ore point of view, I think I will request Arun to respond on Maharashtra and Surjagarh.

Arun Maheshwari: So, anyway, we have a concession available with us, which we are exploring all the ways to how do we make it operationalised in the coming years. So, the work is on for that point.

Ritesh Shah: And the last question, any probability of state government granting out leases on linkage basis, anything of that sort?

Jayant Acharya: Where?

Ritesh Shah: In Maharashtra.

Arun Maheshwari: No, nothing to our knowledge as of now.

Jayant Acharya: Nothing so far.

Ritesh Shah: Sure, this is helpful. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: Thank you. You already addressed some of the pricing question, but effectively in this quarter, what was the realisation change that you witnessed without the mix impact?

Jayant Acharya: There was a drop in realisation in this quarter. I think the market, if you were to look at the market price for example, if I were to take an example of a hot roll coil, the market dropped QoQ by about Rs.2,200 per tonne. We as a blend were able to reduce the impact of this through value added mix, our value-added mix was the ever highest, as I mentioned. So, our drop was close to Rs.1,400 odd per tonne on, on the overall mix of JSW Steel.

Rashi Chopra: Understood. And as of now, the increase that you mentioned in December and January is about Rs.3,500 with further scope for upside.

Jayant Acharya: Yes. Rs.1,500 odd, I think in December and about Rs.2,000 odd in January.

Rashi Chopra: Got it. And on the cost side, like you already paid the iron ore as well as the coking coal cost, but on a blended basis, how did the cost move sequentially?

Jayant Acharya: Sequentially from Quarter 2 to Quarter 3?

Rashi Chopra: Yes.

Jayant Acharya: Quarter 2 to Quarter 3, as we said, USD5 on account of the price, there was an impact of coking coal. There was some cost related to the shutdown of BF-3, which came in and there were some shutdowns in Salem, which came in. So, from a cost perspective, we had an impact of close to Rs.500 to 600 per tonne.

Rashi Chopra: And what were the captive iron ore proportions?

Jayant Acharya: Last quarter, I think 33%.

Rashi Chopra: Thank you.

Moderator: Thank you. Our next question is from the line of Ashish Jain from Macquarie India. Please go ahead.

Ashish Jain: Hi, sir. Good evening. So, first question is on the Odisha expansion, given the location, are we planning to do from a technology wise or otherwise to be export compliant and low carbon, or is it like the standard mill we set up with our focus on India market?

Jayant Acharya: So, the location is very conducive for exports, primarily because we are on the port. And we would be looking at, the product mix would be tailored to look at some of the export requirements as well. From a renewable energy or from gas utilisation point of view to reduce the carbon emissions, I think those discussions are ongoing. We are trying to see if we are able to get in some gas and reduce the...whatever the best available technologies which are available will be used, including the blast furnace. So, today the technologies and blast furnaces have also got very advanced in terms of oxygen injection or other coke oven gas usage or the other one which we have used just now in Dolvi, dehumidification. These are essentially reducing your carbon footprint. We are going to be using all available technologies even in the blast furnace to reduce the normal level which a blast furnace has.

Ashish Jain: Also, given Dolvi location-wise is more conducive to export to the West, the latest line we are setting up, will it have materially lower carbon emission again from a technology point of view? And does it make it easier for us once Dolvi ramps up to access some of these some of the export markets?

Arun Maheshwari: Talking about Dolvi, you see, any new addition is coming up with the latest of the technologies in those blast furnaces. So, definitely, the carbon emission in the new production line will be slightly better than the existing ones. There is absolutely no doubt.

G.S. Rathore: The Phase-3 which is being there at Dolvi will also have a blast furnace with all the best available technology what was being explained for Paradip. So, overall blast furnace will have a less emission in terms of gases. So, and then this is CSP. So, overall energy spent for production will be quite low.

Jayant Acharya: So, our asset at Dolvi emissions are lower than normally other locations, that is one. Second thing, I think, when you are looking at supplies to Europe or you are looking at low emission supplies, we have already communicated to you that we are looking at an asset for green steel or low emission steel through the electric arc furnace, natural gas, renewable energy route at Salav, which will take care of the requirement for anybody who has low emission carbon requirement.

Ashish Jain: Thank you so much.

Moderator: Thank you. Our next question comes from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund. Please go ahead.

Kirtan Mehta: Thank you so much for the opportunity. One more follow up on the CBAM. Basically, the way you said is our emission will get certified till end of FY27 or so. So, in the meanwhile, would we be willing to sort of do the exports assuming the emissions at our end or sort of give a guarantee to buyer to compensate for the impact? So, how would it transpire during the period when the emissions are not certified, basically?

Arun Maheshwari: No, one thing we almost know about it that CBAM impact is overall for everyone, similar impact. So, prices in Europe will go up to that extent of the CBAM impact. So, while we are still assessing what would be the real impact of the CBAM, while the policies are still being understood by everyone, by the importers as well as exporters. So, eventually, Europe will remain a market for the people despite having CBAM because overall cost in Europe will go up. So, this is where we will look at it. We are waiting for this entire policy coming out in understanding and thereafter we will take a call on that.

Kirtan Mehta: Second question was regarding the Odisha plant; have we also finalised the downstream plant for the product, or would we be announcing that separately beyond this capex of Rs.31,600 crores?

Jayant Acharya: As of now, this is up to the hot strip mill. We have not yet announced any downstream plant at Odisha. Currently, what we have announced is the downstream plant in the North of India, which we have mentioned about Tinplate and galvanised and galvalume capabilities for our color-coated lines. We will look at the Odisha downstream at a later stage.

Kirtan Mehta: Sure, sir. Just one last question if I can include. We also had a plan for a couple of EAFs. So, is that getting shifted with the announcement of this plant?

Jayant Acharya: The Kadapa project, which basically is an electric arc furnace project is, we just announced last quarter, that has capacity to expand as well if we require. But keep in mind that electric arc furnaces in India does not have really scrap. So, electric arc furnaces depend on scrap or on high-grade DRI, which basically relies on imported iron ore. So, you effectively have to do some mix, which is viable from an India standpoint. But what we are doing at Salav is again going to be electric arc furnace-based DRI-based production. Kadapa also, it is electric arc furnace-based. We already have electric arc furnaces currently operating at various locations.

Kirtan Mehta: Right, sir. Understood. Thank you.

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

Sumangal Nevatia: Thanks for the follow-up. I wanted your outlook on iron ore. So, this year, if you see imports have increased and we have also imported, wanted to know is it strategic or is it some quality issue? And also, when we look at 50% being met through captive, for the remaining 50% over the next 5-6 years, are we seeing domestic availability or there might be some shortages which will have to be then imported?

Arun Maheshwari: So, iron ore import is largely because of grade availability in India is very poor. It is going down every year. So, that's why we had gone for a higher grade of imports of iron ore. So, it is a more of a combination requirement in the production usage. At the same time, availability of iron ore in different geographies are different. So, we have to consider that while we take our buying

decision. So, it may not remain uniform every year, but whenever we see this opportunity coming up, we would like to shift our security base accordingly.

Jayant Acharya: It's basically for blending, for especially larger blast furnaces which require some improved grades. And we will continue to look at it and take the call.

Sumangal Nevatia: Mr. Acharya, what is our medium-term view? Is there for the remaining 50%, which is market for us over the next 5 years, will we have enough domestic iron ore or you see a domestic shortage increasing over years?

Jayant Acharya: No, I don't think so.

Arun Maheshwari: I think the government is also having a lot of policy intervention coming in and they are ensuring that the iron ore availability is not compromised in line with the national steel policy, what they are targeting. So, iron ore availability will be maintained with all the initiatives what even government is taking and the way the private miners are also trying to increase their capacity or production.

Jayant Acharya: So, new mines will also come up for auction apart from unlocking mines, which have been held up due to various reasons. So, we do not envisage a shortage in India as we go along, but we may have to put facilities for beneficiation or value addition into pellets as the case may be. But yes, we have ample resources in India. So, from an availability point of view, we don't see a concern.

Sumangal Nevatia: Got it. Thank you and all the best.

Jayant Acharya: Thank you.

Moderator: Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

Jayant Acharya: So, thank you very much for the time. Just to reiterate that we look forward to a good Quarter 4, stronger volumes based on a seasonally strong demand in Quarter 4. Margins are likely to be better with prices recovering and offsetting some of the raw material price. I think from the next year's perspective, the BF-3 will be up and running from April onwards, and we will be well positioned to meet the requirements in India from next year onwards. Our capacity in India will be close to 36 million tonnes after the BF-3 expansion is finished. Thank you and all the best.

Ashwin Bajaj: Thank you, everyone. Please reach out to us if you have any further questions. Bye-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.