February 5, 2025

BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 corp.relations@bseindia.com **Scrip Code: 532286**	**National Stock Exchange of India Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai-400051 cmlist@nse.co.in **Symbol: JINDALSTEL**

Dear Sir / Madam,

SUBJECT: TRANSCRIPT OF EARNINGS CONFERENCE CALL HELD ON JANUARY 30, 2025

This is in furtherance to our letter dated January 27, 2025, w.r.t the Earnings Conference Call intimation for the financial results with the Institutional investors/ analysts.

In terms of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the earning conference call is enclosed herewith and has also been uploaded on the website of the Company at www.jindalsteel.com.

You are requested to take the above information on record.

Thanking you.

Yours faithfully,
For **Jindal Steel & Power Limited**

ANOOP SINGH JUNEJA
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Anoop Singh Juneja
Company Secretary

Encl.: as above

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"Jindal Steel & Power
Q3 FY'25 Earnings Conference Call"
January 30, 2025

MANAGEMENT: **MR. SABYASACHI BANDYOPADHYAY – WHOLE TIME DIRECTOR – JINDAL STEEL AND POWER**
MR. PANKAJ MALHAN – CHIEF EXECUTIVE OFFICER – ANGUL FACILITIES – JINDAL STEEL AND POWER
MR. SUNIL KUMAR AGRAWAL – EXECUTIVE VICE PRESIDENT –FINANCE AND ACCOUNTS – JINDAL STEEL AND POWER
MR. MAYANK GUPTA – CHIEF FINANCIAL OFFICER – JINDAL STEEL AND POWER
MR. VISHAL CHANDAK – IR HEAD – JINDAL STEEL AND POWER

MODERATOR: **MR. AMIT DIXIT – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Jindal Steel & Power Q3 and FY25 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you, and over to you, Mr. Amit.

Amit Dixit: Yes. Thank you, Manav. Good evening, everyone. At the outset, I would like to thank the management for giving us an opportunity to host the call and congratulate them for a good set of numbers in a very challenging quarter. Without much ado, I would hand the call over to Vishal to introduce the management and begin the proceedings. Over to you, Vishal.

Vishal Chandak: Thank you very much, Amit. Good evening, ladies and gentlemen and thank you very much for joining us for the FY25Q3FY25 investor briefing of JSP. I have with us senior members from the management, Mr. Sabyasachi Bandyopadhyay, our Whole Time Director; Mr. Pankaj Malhan, our CEO of Angul facilities; Mr. Sunil Kumar Agrawal, EVP – Finance and Accounts. And I would also like to introduce Mr. Mayank Gupta, our CFO. He has been appointed as CFO today. So ladies and gentlemen, please join me in congratulating Mayank sir.

Just to give you a quick background, Mayank sir has an extensive experience at GE. And over the last several years, he has been working with technology start-ups under the entrepreneurial environment. So we are really very excited to have him on board, and we look forward to his leadership.

And at the same time, I would also like to extend my heartfelt gratitude and thanks to Sunil sir for his continuous guidance and support. He will continue to be working with us in a different capacity but we will surely have his guidance continue going forward. So with this, I will hand over to Mayank sir for his opening remarks.

Mayank Gupta: Hi, good evening, everyone. I'm super excited to join JSP. And I'm still learning. I will do my best today to represent the company. In case I'm not able to answer any questions, we'll take a follow up. And Vishal, our IR Head, will follow it up for queries. So I welcome you all to the FY25Q3FY25 performance briefing of JSP. Global steel prices in the third quarter of FY25 continued to be subdued in the key regions including China, where steel prices dropped below $500 per tonne.

Imports in India continue to put pressure on domestic prices, which is reflected in declining HRC prices. However, TMT prices on the contrary showed resilience as construction season was under full swing. Turning to the domestic steel demand supply scenario. India steel production for the quarter was 38.4 million tonnes which is up 6% quarter-over-quarter. Consumption grew at slower pace at 4% sequentially to 38.7 million tonnes.

Exports rebound with a strong growth of 44% quarter-over-quarter to 1.8 million tonnes, while imports saw a drop of 13% quarter-over-quarter to 2.8 million tonnes as import order bookings slowed after government initiated the investigation into steel imports originating out of Vietnam. The government has also started investigations on the merit of imposing safeguard duty on steel imports.

As mentioned in the opening remarks, despite the headwinds that the industry continues to witness, I'm happy to say that your company reported a strong performance, reflecting adaptability in production, in catering to the customers' need for diversified products, while also maintaining cost leadership in the industry.

We continue to focus on value-add sales which increased 6% sequentially. JSP continues to focus on improving share of value-added products. In terms of our operating highlights, production for the quarter grew by 3% year-on-year to 1.99 million tonnes. Sales in the quarter also improved 5% Y-o-Y basis to 1.90 million tonnes, led by surge in export.

Net revenue for the quarter stood at INR 11,771 crores, up 5% on a Q-o-Q basis, largely due to uptick in the sales volume. On the cost front, coking coal prices were down $39 per tonne during the last quarter in line with our guidance given in our last quarter briefing, which is partly offset by higher iron ore prices during the quarter.

As we look ahead for Q4, we expect a reduction of around $10 per tonne in coking coal prices. Our adjusted EBITDA on a consolidated basis for the third quarter remained flattish at INR 2,133 crores. Adjusted EBITDA per tonne stood at INR 11,209 per tonne which was down by 2% on a sequential basis on higher iron ore costs. Profit after tax increased 6% on a quarter-over-quarter basis to INR 909 crores on the back of forex gain.

Our consolidated net debt at the end of the quarter is INR 13,551 crores. The higher net debt is reflective of our projects, closing to the commissioning stage and related payouts related to the expansion at our Angul facility. Importantly, our net debt to EBITDA is at 1.4x. Our capex in the quarter stood at INR 2,857 crores.

With this, the cumulative capex spent under current expansion program is now INR 23,612 crores. As we enter the final phase of current round of expansion, we are really excited to announce that we're also embarking on the next round of capex, where we will focus on cost efficiency, sustainability, increasing share of value-added products and improving supply chain, which will finally result in unlocking higher shareholders value.

With this, I will conclude and hand over for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. We have our first question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just on volumes, I think first question I wanted to ask is when do we actually see volumes kind of scaling up to cross 2 million tonnes quarterly run rate and go higher, particularly given the commissioning that we are planning on the capacities.

Mayank Gupta: So let me just take it, this is Mayank Gupta. So look, there are two ways to increasing volumes. One, we are increasing our capacity, second, we are enhancing our productivity in our current facilities. And as you know, a large Angul project, as we shared in the opening remarks, we are moving towards commissioning.

And we expect in FY26, quarter-over-quarter, slowly and slowly volumes will start to increase. And hopefully, we will realize our full potential towards end of FY26.

Amit Murarka: Towards end of FY26?

Mayank Gupta: Yes, end of financial year 2026, yes, and partly early FY27.

Amit Murarka: So you mean to say the new blast furnace that comes up will get fully ramped up by end of FY26, right?

Mayank Gupta: Yes. So look there are multiple facets of our steel plant. We expect the blast furnace to have commissioning done within this quarter. And normally, once commissioning is done, it just takes a few weeks to have hot metal coming out. So then there are integrated parts. And we expect within this financial year and on an overall basis, we expect to move towards a very good utilization of that capacity.

Vishal Chandak: I would also request Pankaj sir who is the CEO of the Angul facilities, to add to this.

Pankaj Malhan: If I've understood your question, your question is when we're going to go past 2 million tonnes per quarter run rate. Look, I'm very happy to share with everybody that we are in the last legs of starting the commissioning of our blast furnace in Angul. And we are very hopeful this quarter that commissioning will come up.

And given your question that 2 million tonne run rate, we are very hopeful that in Q1 FY26, we should be going past 2 million tonne run rate.

Amit Murarka: Okay, sure. And also, I just wanted to check, like why was there a drop in realization Q-o-Q in the third quarter? I believe the rebar was up roughly INR 2,000 per tonne on an average basis. So could you just explain that also?

Pankaj Malhan: So that's a wonderful question. If you really look, Angul plant has also started moving into the flat side, we completed our hot strip mill and also our cold-rolling complex. So if you look into the price movement in the previous quarter, flats had seen some kind of dip coming up. While we did recover product portfolio, but flat seeing lot of corrections to the level of 9% to 10%. That was one of the reasons why there is a slight kink in terms of the blended NSRs, which we're looking at.

Amit Murarka: What is the split between flat and long now in third quarter?

Pankaj Malhan: So I will just explain. In the third quarter, long is around 59% and flat is 41%. And last quarter, it was 52% and flat was 48%. And NSR if you see on the ASP basis, so it is basically up by 1%. That is from INR 60,150, now it is INR 60,931 per tonne.

Amit Murarka: And what are the semis, are you clubbing semis into long? There are some semis as well, right?

Pankaj Malhan: So there is some small portion of semis also, but not to a large extent, but the small portion is of the semis as well.

Vishal Chandak: Amit, if you remember, there is always system-generated semis which we cannot avoid and it has always clubbed as part of our long product portfolio.

Amit Murarka: Okay, got it. Sure I will come back in the queue.

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

Sumangal Nevatia: My first question is on the capex on Slide 27. Now we are seeing a lot of additions to the tune of almost INR 15,000 crores. That's almost 50% addition to our stated capex of around INR 30,000 crores without any addition of capacity. So I just want to know what are the heads where there is a cost overrun and all these sustaining contingency, we were of the understanding that it's already included in our earlier announcement. So it's slightly coming as a surprise. So if you can just elaborate on this point, please?

Mayank Gupta: Yes. So this is Mayank Gupta. So look, I think –the first answer is, this is a outlook for the next 3 years. The number we have given was for the current ongoing project, which was given a few years ago, on that, around INR 7,388 crores is remaining. And as we are looking for the next 3 years, we want to invest in enhancing the overall capability of the company.

So there are enhancement of projects, as you see. We are planning to invest more in value-added engineering products. And the purpose is even it may not show a direct impact on enhancing capacity, but it will help us drive better EBITDA per tonne. Similarly, integrated supply chain projects help us control logistics, make it smooth and have efficiency in our cost. So those are the two big helps. Rest is sustaining and contingency. There is no surprise. And largely, we are on track of what we have said.

Sumangal Nevatia: Okay. But if you look at Slide #6, there is no addition of any downstream units. So any tangible unit which you can share as to any different product or different downstream rolling units which we are putting, which will kind of help us understand this better?

Mayank Gupta: So as an example, we have our CRM project. So now we are adding a color coated line as well as a galvanizing line. Additionally, another example of a project is a Q&T facility. All of them adds to building up value-added engineering products, which enhances our NSR.

Sumangal Nevatia: Okay. And can you give us some capacity what color coating line and galvanizing line we're having?

Pankaj Malhan: This is Pankaj. If I'll add to what Mayank just said. So we are starting with our mill 2 in coal loading complex, which is around 400,000 tonnes. We are in the vicinity of starting in a very, very short term, which could be in couple of hour basis now. Second, what Mayank added is the galvanizing and the color coating line. We are about to start 200,000 tonnes of galvanizing line as of now. And the color coating line would be superseding this, the downstream of it would be close to 200,000 tonnes.

Mayank Gupta: So look, if there are more questions, I would suggest, please, our IR team can help you connect offline.

Sumangal Nevatia: Yes. Just one follow-up. On overall, we do share a quarter-wise timeline. This time, the presentation doesn't include that. So just want to know where are we with respect to slurry pipeline and BOF 2 and blast furnace 2? Are we on track for the fourth quarter commissioning as we had kind of shared earlier?

Vishal Chandak: Pankaj sir, I request you to take this.

Pankaj Malhan: I am sorry, I lost your voice, please.

Sumangal Nevatia: Yes. Can I repeat? Can you hear me?

Pankaj Malhan: Yes, very well.

Sumangal Nevatia: I just wanted to know we've not shared the regular quarter-wise update in the presentation for different projects. So I just wanted to know where are we with respect to slurry pipeline, BOF 2 and blast furnace 2, which was earlier kind of expected to come in fourth quarter, which is this quarter FY25?

Pankaj Malhan: I just now mention that we are very happy to share the timelines that we are about to commence the commissioning of our blast furnace. Most of the project continues to be on the timeline, which has been guided before. And that's the reason potentially we thought of holding to the dates that's been promised before.

Sumangal Nevatia: Okay, got it. Thank you and all the best.

Moderator: Thank you. We have our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: My question again is on the capex. So earlier, you had guided for a mid-teen IRR of the INR 31,000 crores capex. Now that we have another INR 15,000 crores capex here, so would we stick to that mid-teen IRR on a INR 46,000 crores capex total or does that number change?

Mayank Gupta: Yes. So look, I would like to reiterate. This is over next 3 years. And so the balance carried forward from the Angul INR 31,000 crores is on the existing list of capex is INR 7,388 crores. Rest, as we have gone through in the details, this is going into efficiency and focusing more on value-added engineering products.

Indrajit Agarwal: No, sir, I understand that. So at INR 31,000 crores and at 15.9 million tonne capacity, we could have arrived at, say, a profitability, the implied profitability or the increase in profitability or EBITDA through this capex. Now that the capacity, overall upstream capacity is not rising, would that INR 15,000 crores additional means that, that EBITDA per tonne will be that much more higher to generate mid-teen IRR?

Mayank Gupta: Yes. So each project, we have shared the capital allocation strategy a year ago to all the stakeholders, and we maintain high teens ROCE for every project evaluation. So all of these projects have gone through that evaluation or will go through an evaluation because this is a futuristic outlook.

And we will make sure there is already a very, very strong capital allocation monitoring within the company. So each of them will generate enough ROCE as we have committed already to the stakeholders.

Indrajit Agarwal: So when you calculate that ROCE? Is there any kind of spread improvement that you build in, in your assumptions? Or you are taking current spot spreads?

Mayank Gupta: Yes. So as I said, it is in high teens. I would suggest if you need any specific details, please connect off-line with Vishal.

Indrajit Agarwal: Okay. My second question is on realizations. Can you just explain it again, how much was NSR increase Q-o-Q and how do we end up having a decline? I understand the mix part. But on flats and longs each, how much was your NSR movement quarter-over-quarter?

Mayank Gupta: So as I have explained earlier also, our ASR for this quarter is INR 60,931, which is up by 1% over the last sequential quarter basis. Last quarter, it was INR 60,150 per tonne.

Indrajit Agarwal: All right. Thank you. I will take that offline as well.

Moderator: Thank you. We have our next question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: I'm very sorry to harping on this capex question again. Just to understand this better. So this INR 15,000 crores of additional capex that would happen over the next 3 years, how do we look at the IRR of this INR 15,000 crores? I understand it would be for sustenance and cost savings, etc. But what is the internal maths you would have done in terms of benefits, both in revenue side and opex side?

Mayank Gupta: Thank you so much. I thought we have answered this question. I will refer still back to what we just answered. There's no incremental information we want to give. We are targeting high teens

ROCE for each of these projects. And for a scale of our company, a INR 15,000 crores capex in 3 years is not like a significantly material number. We think at the scale we are operating, all our focus is to drive profitability and ROCE up.

Rahul Gupta: Okay. Thank you so much.

Moderator: Thank you. We have our next question from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Congratulations, sir, for the new role. Sir, my question pertains to the debt. I believe this quarter, the debt has actually gone up significantly compared to last quarter. What will be your expected exit run rate for the current year as far as the debt is concerned?

Mayank Gupta: Yes. So look, we have maintained we will be under 1.5x net debt to EBITDA across the cycles. This quarter, as we have shared, we are very, very excited as the commissioning is getting closer. So we have touched 1.40, but we are very confident to maintain, we will maintain 1.5x net debt to EBITDA across the cycle. So that will be the peak we will go.

And on an absolute number, the net debt actually has gone up from INR 12,464 crores to INR 13,551 crores, which is roughly almost INR 1,100 crores. From a context of capex we are investing is still we think is in the reasonable number, what we have already given out.

Parthiv Jhonsa: Okay. So my second question pertains to the coal mine. So what is the quantum of coal what you have done this quarter? And are we still on track for the Utkal B1, which was in, I think, expected in quarter 4 to come on stream, right? So are we still on track?

Pankaj Malhan: Let me take this question. Utkal B1 continues to be on track. We have secured the approvals to start the mines. And we are in the process of starting the mines, I am very hopeful of delivering the mines by end of this quarter.

Parthiv Jhonsa: And so what would be the quantum of material excavated during the quarter?

Pankaj Malhan: So difficult to say right now, but this mine is roughly around 5.5 million tonnes per annum.

Parthiv Jhonsa: No, I'm asking from Utkal C sir.

Pankaj Malhan: So it would be just a startup. We are expecting close to 100,000 tonnes, not more than this.

Parthiv Jhonsa: Okay. Because I believe somewhere you had mentioned in Q2 that you done about 1.3 million tonnes, if I'm not mistaken.

Vishal Chandak: Parthiv, I'll just quickly will clarify on the coal produced out of our captive coal mines in this quarter. Just give us a second. Yes. So basically, we have the EC of 3.37 million tonnes from this mine and we'll achieve that target in the Q4.

Parthiv Jhonsa: Okay, perfect. Thank you so much, sir.

Moderator: Thank you. We have our next question from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: In your opening remarks, you mentioned that the iron ore cost had gone up this quarter. So is it possible to quantify what was the increase? And what is the expectation for 4Q given that NMDC has taken some price cuts, so do we expect some benefits from the fourth quarter?

Sunil Agrawal: So last quarter, there was a total increase of around INR 96 per tonne. And coming for the next quarter, we are expecting that INR 100 to INR 200 per tonne reduction in the iron ore price over the quarter.

Pallav Agarwal: So last quarter, there was an increase of INR 96 per tonne and next quarter or 4Q, we're expecting INR 100 to INR 200 reduction in the cost?

Sunil Agrawal: Yes, you are right.

Pallav Agarwal: Okay. And have steel prices stabilized at broadly third quarter average levels, do we expect some uptick happening or broadly flat realization in the next quarter?

Pankaj Malhan: I think the way the infrastructure spending and government thrust has come back on the track, we are very hopeful of the prices going better than what we have seen, but yes the Chinese import is something that we are very mindful. And you've seen the impact of the Chinese imports coming to the country and the impact that had on the prices. But the way our government has been sounding very positive about the Indian steel market. We are hopeful of prices seeing some upward takeover from here.

Pallav Agarwal: Sure, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Sir, quickly two questions. One on the results. We mentioned that we have seen 1% increase in realization as well as we have a benefit of lower coking coal cost also, whereas iron ore price has increased just by INR 96 or INR 100 per tonne. Then why our EBITDA per tonne is still lower quarter-on-quarter?

Sunil Agrawal: So other than add on price, unfortunately, in our Tensa mines, as our per mining plan our production from the Tensa mines was lesser during the quarter, which has resulted in increase of our costs also.

Ashish Kejriwal: But sir, will that be meaningful? or if you can say what the overall iron ore consumption cost increase that will include your Tensa mines also in that?

Sunil Agrawal: So basically this will recoup in our Q4. We're starting our production from the Tensa mines, and we will stabilize the cost.

Ashish Kejriwal: Sir, that's okay. I was looking at what happened in third quarter?

Vishal Chandak: Ashish, just to add to it, this is as per the mining plan, the production has been lower in this quarter. So in the next quarter, the production will ramp up again and there will not be such issues.

Ashish Kejriwal: Okay. I'll take offline then. Second question is, we have been underutilizing our pellet plant for more than 1.5 years and because of which maybe we are unable to fully utilize our steel plant also at Angul. So I was just trying to get a sense of where we are in that pilot plant utilization stage, as well as what gives us comfort that our blast furnace as well as basic oxygen furnace will be commissioned by by March '25?

Because before that, we have to do the gas to our blast furnace light up. Because these are the things which one should look at. Otherwise, every time we see a delay in the project, which is not taken appropriate by the investors also. So if you can help us giving that confidence, then it will be the great sir.

Pankaj Malhan: I think it's a very long question. But happy to share with you the utilization rates of the Angul pellet plant is roughly around 90% as of now. So we are operating our pellet plant at 90%. And Angul pellet plant is good enough to feed both existing DRI as well as the blast furnace.

Ashish Kejriwal: Okay. So that means we are operating at maximum capacity? Because what we understood was in the second quarter or maybe November, December, you were operating at 40% utilization. Is that right?

Pankaj Malhan: So this has started going afterwards. There were some technology issues where we have fixed them up. And right now, we are able to self-sustain Angul on that.

Ashish Kejriwal: Okay. And sir, what about blast furnace and basic oxygen furnace?

Pankaj Malhan: So this is what we just mentioned, happy to share that BF 2 commissioning will commence in this quarter itself.

Ashish Kejriwal: Okay. And sir, lastly on second one, when we are saying integrated supply chain project of INR 4,500 crores enhancements of projects, all these things. So in last increase in the capex also from 24 to 31, we have included a part of the supply chain project, which means that railway rakes and other things.

So what exactly we are having in this integrated supply chain? Because we are increasing our capex by INR 16,000 crores, and I'm not sure how much incremental earnings or EBITDA we can generate on the same. So more elaborate answer on this will be really helpful for us.

Mayank Gupta: So look, steel industry is always evolving, and we're always looking for future enhancement, as we said, towards profitability. So with that context, this specific supply chain is for driving even better port logistics, enhancing our capacity in rail logistics as well, so it is increasing of rakes. It is building core capabilities for a better connectivity.

Ashish Kejriwal: But sir, these things were already there in INR 31,000 crores? So what extra we are doing here that we are unable to get a sense on?

Mayank Gupta: Yes. So there is also a transmission line. That will help us drive towards better.

Vishal Chandak: Sir, if I may, so Ashish, let me add over here. If you remember, in our INR 31,000 crores capex, we did not include the port capex. Only very recently we have started investing in our port project, which is a 51:49 JV with the group company. So that part of the capex is also there. In addition to that, we have increased the number of rakes looking at our long-term vision of 25 million to 27 million tonnes of steel.

In addition, there are several other logistics-related projects like coal pipe conveyor, which was not part of our earlier capex and transmission lines as well. So overall, if you look with the kind of new capex that we are doing, the ROCE would really move up and we would be among the best steel producers globally. That's the vision with which we are working.

Ashish Kejriwal: So just to conclude that, which means that even if we increase our capacity from 12 million to 24 million, 25 million in Angul later on, we don't have to spend much incremental on the supply chain projects?

Vishal Chandak: So Ashish, as Mayank sir mentioned, steel is an industry which is continuously evolving. We don't know what kind of other logistics facilities could be made available to further optimize our supply chain capabilities and reduce our cost. As we foresee, yes, we are trying to work on what is the best available solutions in the market. But if things change rapidly in future, we might look at other options. So we would want to keep our options open, and that's what we are working on.

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

Moderator: Thank you. We have our next question from the line of Rajesh Majumdar from B&K Securities.

Rajesh Majumdar: Sir, my first question was, is there any delay in the slurry pipeline commissioning? And when can we expect the cost savings in the slurry pipeline to start flowing in for us, a realistic date for that?

Pankaj Malhan: Well, slurry pipeline continues to go strong in terms of the erection activities, and we are very hopeful of delivering the timelines stated earlier.

Rajesh Majumdar: Which is what, mid FY26 or somewhere around there?

Pankaj Malhan: No, we already promised that quarter 1 of FY26, we should be able to deliver that.

Rajesh Majumdar: Yes. So my second question was on the market opportunity for steel structures for transmission towers. I mean, what kind of a capacity do we have in place for this? Because as I understand that there is a huge shortage of supply in this particular category, the number of approved suppliers to fulfil this requirement of expansion for Power Grid or any other player is very, very less. So are we doing any capex on this front and are we trying to increase the capacity of this particular area?

Sabyasachi B: Thanks for the question. I think from the perspective of transmission line towers, we have quite enough capacity to cater to the market. In our profile mill, the medium light structure, we have a capacity of 0.8 million tonnes per annum. And based on what we see in the market, we have enough to cater to the market at this point of time. Obviously, there are other players in the market, but we are equally poised and if not better.

Mayank Gupta: So just to add, I think this is a very exciting segment, where there's a strong tailwind. We are collaborating with the large customers and some of our key mills including our SPM and our RUBMs. We are trying to allocate a good percentage of its capacity to address this strong segment. Thank you.

Rajesh Majumdar: Thank you.

Moderator: Thank you. We have our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: I just wanted to understand the process for the blast furnace commissioning. So once we have it commissioned, I understand technically, it will take some more time to get stabilized, get the ramp-up. But on the customer or sales side what are the steps do you need to first tie up the sales, the customers need to approve the facility, get it certified, etc. So the reason I'm asking is when can we see it actually contributing to sales volume?

Pankaj Malhan: Wonderful question. The day we start getting hot metal, it's getting added to the customer delivery straight away.

Indrajit Agarwal: So it does not need any kind of certification. All right. Thank you.

Moderator: Thank you. We have our next questions from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: I know many questions have been asked on this capex. I just wanted to drill down further on this. First, on the enhancement of projects. I believe I heard color coated line, galvanizing. Can you quantify how much is the expansion for color coated and galvanizing? And Q&T was anyway a part of when the thin slab cast rolling TSCR was changed Q&T was anyway put in place. I'm not able to understand why is Q&T a new project in this? And what is the color coated and galvanizing expansion you're looking at?

Pankaj Malhan: Okay. Let me mention about Q&T first. When we talk about Q&T, we're adding 250,000 tonnes of value addition in the existing assets. So there are 2 new furnaces, which are getting added, which are at a very high level of commissioning as of now. So that will enhance the value addition in the plate portfolio itself, so which means our value addition in the existing plate portfolio will go up by around, I would say, another 10% level.

Second, if I was to mention in terms of color coating and the galvanizing lines, which you asked for, our installed capacities of galvanizing would be 600,000 tonnes and color coating capacity would be around 500,000 tonnes in Angul.

Satyadeep Jain: But in Q&T this was already a part of INR 31,000 crores capex?

Sabyasachi B: Sorry, Pankaj, if I may just add a little bit on to the Q&T side of things. In addition to what is being put in Angul of 250,000 tonnes, we are putting in equal capacity in Raigarh as well. And that will initially be furnace normalized and quenched material and subsequently fully furnace normalized and quenched and tempered facility. So equal amount is going into. And in the end of the whole process, JSP as an organization will have 0.75 million tonnes of total furnace normalizing and Q&T capacity established.

Satyadeep Jain: Okay. So you're saying basically, initially, it was only Angul, now you're adding in Raigarh?

Sabyasachi B: Yes. Initially, we have conceptualized for Angul. There was a plan in place for Raigarh, but keeping at the view of the strong market demand and growth in that segment, both domestic and exports, we have decided to put in Raigarh as well.

Satyadeep Jain: Okay. On the supply chain, one, is it possible to quantify how many rakes are you looking at when you mentioned this figure, how many rakes, what is that you're looking to do at both. In transformation line, I didn't understand this is transmission line from the one at Ispat project to the plant? Where is this transmission line?

Pankaj Malhan: You got it to very right. We are talking about 2 transmissions. One definitely is for iron ore, the slurry pipeline project that we discussed. Second definitely is the pipe conveyor project that we are connecting our mines, coal mines to our works, be it power plant as well as steel works.

Second you mentioned about the rakes. The company is looking for a good self-sufficiency in terms of the rake movements within their own control. Our plan is to add close to 67 rakes into our kitty going forward, and keep adding as and when the need comes up, that's what our plan is.

Satyadeep Jain: Okay. So you mentioned, sir, I just wanted to clarify. Is there another slurry pipeline in this enhancement project pipeline?

Pankaj Malhan: That's a coal pipeline I mentioned.

Mayank Gupta: Yes. So look, guys, sorry. Look, we have changed the format of capex this time. And look, we had the lowest capex per tonne in the industry, and we have built it the fastest, we started it in 2022, and we are in 2025, and we are saying we are getting ready for commissioning. So this is the level of capex we are expecting.

Overall, we are within the ranges of what we said. And all this outlook we have given is to ensure that you have a visibility of how the company is thinking, this is an outlook over the next 3 years, each project with a high-teen ROE's And to just reemphasize, all this is being done while maintaining the lowest leverage in the industry and ensuring it is below 1.5 net debt to EBITDA, which is almost the best balance sheet, at least in the entire peer group.

The last thing I would add in this, this includes an element of having opportunistic capex as well that we see even any other opportunity to optimize our cost or driving value engineering products, we want to avail that opportunity and immediately move towards higher ROC and higher value engineering products. So of course, overall answer, but we want to share with you how the thinking is.

Sabyasachi B: And I would like to add one more point to that, the transmission line when we're talking about is also the transmission line for connecting to the renewable energy portion for the central grid connectivity in the Raigarh belt.

Moderator: Thank you. We have our next question from the line of Somaiya V from Avendus Spark Please go ahead.

Somaiya V: So my first question is on the blast furnace utilization. So where do we see by end of FY26, the utilization level on this expanded blast furnace capacity?

Vishal Chandak: Pankaj sir, if you could kindly take this question.

Pankaj Malhan: Sorry, your question is where do we see our blast furnace number 2 capacity utilization in FY26 correct?

Somaiya V: Yes, yes, by end of FY26, if you can just give us the ramp-up timeline?

Pankaj Malhan: What I mentioned about the start of the commissioning, we are very hopeful of reaching to the capacity utilization of 70% to 75%.

Somaiya V: By March26, is that right understanding?

Pankaj Malhan: The exit of the FY26 would be at a full ramp-up. The utilization what I mentioned is for the entire year and the exit should be at the full rate.

Somaiya V: Okay. Got it, sir. Second, on the CRM complex, the time line remains the same? Is it Q1 FY26?

Pankaj Malhan: Yes, we are holding on to the time lines as of now. The project is going on a good swing. So like I mentioned, mill 2, which is 400,000 tonnes, we're expecting to start any time.

Somaiya V: Got it, sir. Sir, the HSM utilization, if you could just give that number for Q3? And how do you see that for FY26?

Pankaj Malhan: First of all, we just mentioned about the market dynamics, how the market dynamics played in quarter 3. The mix between flats to longs, what was shared to you. We did see the markets correcting for NSR of HRC. So we also tweaked our product portfolio between longs and flats. So the utilization was impacted because of the market dynamics. Of course, it was limited because of the steel availability in the plant, too. So going forward, as and when the market looks favorable, HRC utilization would continue to go upwards.

Somaiya V: Okay. Sir, one last question on this capex number that you said this INR 23,000 crores. So is this the accrued number or is it a cash basis that you're referring to when it comes to INR 23,000 crores?

Mayank Gupta: Look, this is a 3 year outlook. So as we get closer to the year, we will again firm it up, but this is kind of a 3-year outlook.

Somaiya V: Sorry, sir. Sir, my question is on, so far what we have spent, you have mentioned a number. So I just want to understand, is this accrued or is this a cash flow number that you have actually spent this or something is still remaining to be spent as payables or something that still remains?

Mayank Gupta: No, this is on a cash flow basis. The only thing it doesn't include is, let's say, any import GST credit. And that comes separately, but that is we get credit. So this is on a cash flow basis is what we are projecting for next 3 years.

Moderator: We have our next question from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

Rahul Gupta: Thanks so much for providing additional color on the new capex plans. Just one question. So this new plan will run through until fiscal '28. So when can we expect the next leg of crude capacity expansion? So what's the road map of moving from 16 to, say, 25 or beyond fiscal '27?

Mayank Gupta : Look, that's a great question. We are all very excited, and that's our vision. We are still forming our plans, at the right time we'll come back to you.

Pankaj Malhan: I would say we are all excited about the next level. And I would say the next blast furnace, we are almost finalizing the details and we should be coming back to the market very soon on that.

Vishal Chandak: Operator, can we please take the last question?

Moderator: The last question will be from the line of Ritesh Shah from Investec. Please go head.

Ritesh Shah: Two quick questions. One is anything that you would like to highlight specifically on raw material integration, both for iron ore and coking coal now and going forward?

Mayank Gupta: Sorry, can you please repeat your question?

Ritesh Shah: Yes. My question is pertaining to iron ore and coking coal, raw material security. Are there any specific variables or strategic road map that you have for both of those to increase raw material sufficiency?

Vishal Chandak: Saby sir may I request you to take this one.

Sabyasachi B: So currently, in terms of the iron ore segment, we have our own captive mines in Kasia and Tensa. And rest of the requirements we are filling from the mines in Orissa and Chhattisgarh.

That's primarily our sourcing for the iron ores. And we have linkages, and then we participate in the auctions, open auctions as it happens.

In terms of the coking coal, we have a good reserve in our own mines in Mozambique and other than that, based on the needs of different varieties, we will get it from the reliable sources that we have been already been able to establish our connections with.

Ritesh Shah: Sir, my question was, are we looking to increase the percentage of captive sufficiency for iron ore and coking coal going forward versus what we have right now?

Sabyasachi B: At this point of time, we are under discussion on those things. It's not that it is off the desk. It's just a matter of time and opportunity that we are looking.

Ritesh Shah: Okay. So this is not part of the INR 15,000 crores capex when we say value addition, strategic initiatives. This is something which should be over and above that?

Sabyasachi B: As Mayank clearly suggested, it's an evolving situation. And the way we look at it, basis the need of the country and overall direction of the steel business growth and depending on how we position ourselves, we will take those calls as time comes, and we will keep on updating you.

Ritesh Shah: Sure. That's helpful. And last data question, if it's possible, if you can quantify how much was the metallics purchase on 9-month basis? And given blast furnaces will fire up, what is the incremental cost savings that we are looking at because we will look to substitute this? Any indicative numbers that we can work with?

Sabyasachi B: Sunil, can you take that call please?

Sunil Agrawal: Sir, just if you can repeat the question?

Ritesh Shah: Sunilji the question is over 9 months, how much was the external metallics purchase we had? And given as we are looking for blast furnace commissioning, which is quite soon, what is the incremental cost savings, which will come as you substitute the feed with captive furnaces?

Sunil Agrawal: So let me answer the first question itself is practically zero, like very negligible and all.

Ritesh Shah: We didn't have any metallic purchases in 9 months. Is that what we are saying?

Sunil Agrawal: Yes. .

Ritesh Shah: Okay. Sure. Thank you so much for the answers. All the very best.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today and I now hand the conference over to the management for closing comments.

Mayank Gupta: Thank you, everyone for joining today. Look, I'm very excited. Pardon me, as I'm learning in, in case any still follow-up questions, do connect with us and our IR team and with Vishal, we'll be happy to answer. We are very, very excited as we enter the commissioning phase and we're trying to be having a long-term strategic view to build a higher ROCE and focus on value-added engineering products and saving and optimizing our costs.

Very happy to have the best balance sheet in the industry. And on that note, thank you very much and we'll close the call.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining in and you may now disconnect your lines.

Mayank Gupta: Thank you very much. Have a great evening everybody.