October 23, 2024

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Subject: Transcript of Earnings call held on 18th October, 2024 - Disclosure under Regulation 30 read with Schedule Ill of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations")

Dear Sirs,

In terms of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earning Call for Q2FY25. The same is also being uploaded on the website of the Company at the following web-link:

https://www.jindalstainless.com/financials/earnings-presentation

You are requested to take the above information on record.

Thanking you,

Yours Faithfully,
For **Jindal Stainless Limited**

NAVNEET RAGHUVANSHI
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Navneet Raghuvanshi
Head Legal & Company Secretary

Encl. as above

“Jindal Stainless Limited Q2 FY25 Earnings Conference Call”

October 18, 2024

MANAGEMENT:	**MR. ABHYUDAY JINDAL – MANAGING DIRECTOR, JINDAL STAINLESS LIMITED** **MR. TARUN KHULBE – CEO & WHOLE TIME DIRECTOR** **MR. ANURAG MANTRI – EXECUTIVE DIRECTOR & GROUP CFO, JINDAL STAINLESS LIMITED** **MS. SHREYA SHARMA – GROUP HEAD, INVESTOR RELATIONS, JINDAL STAINLESS LIMITED**
MODERATOR:	**MR. RITESH SHAH – HEAD (MID-MARKET RESEARCH COVERAGE) AND ESG ANALYST MATERIALS, INVESTEC CAPITAL SERVICES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Jindal Stainless Limited Q2 FY25 Earnings Conference Call hosted by Investec Capital Services.

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 sing the line 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. Ritesh Shah – head of Mid-Market Research Coverage and ESG Analyst Materials from Investec Capital Services India Private Limited. Thank you and over to you Sir.

Ritesh Shah: Thank you, Riddhi. Welcome all for Jindal Stainless Quarterly Conference Call.

We have with us Senior Management, we have with us Mr. Abhyuday Jindal – our Managing Director, Mr. Tarun Khulbe – CEO and Whole Time Director, Mr. Anurag Mantri – Executive Director and Group CFO and Ms. Shreya Sharma – Group Head (Investor Relations).

I will hand over the call to Mr. Abhyuday for "Opening Remarks" and post that we will have a Q&A session. Mr. Abhyuday is available only for 30-40 minutes, so, we would request participants to drive with the strategic questions in the first-half of the call.

Thank you so much and over to you sir.

Shreya Sharma: Good afternoon, everyone and a warm welcome on the call. We have shared our Q2 FY25 "Earnings Presentation" with the Stock Exchanges, which is also available on the Company's website and today's call discussion will be on the same line.

Please note some of the information on this call may be forward-looking in nature and is covered by the disclaimer on Slide #2 of the Earnings Presentation.

And as Ritesh mentioned, due to some exigency, Mr. Jindal has a hard stop at 4:00 pm, so request you all to please limit your strategic question to one each and after that we will take the bookkeeping questions.

Thank you. Over to you Sir.

Abhuday Jindal: Thank you, Shreya, and good afternoon to everyone. And welcome to the Q2 FY25 Earnings Call.

Let me first discuss key "Business Highlights" of the Quarter-Ending September 2024, following which Anurag will take you through our "Operational and Financial Performance".

Despite global challenges and disruption in ocean freights, we maintained our export volumes on a quarter-on-quarter basis. The export market continued to face headwinds due to weaker economic activity in the EU and the slowing of key sectors such as manufacturing and construction in the US. Though we are continuously targeting to increase sales in other geographies like South Korea, South America, Middle East, however, currently it is not compensating for the loss of sales volume in the major global economies.

On the domestic front, we witnessed stable growth throughout the quarter. Demand remained steady from railway coaches, lift elevator segment, pipe and tubes and other segments as well.

The performance of the white goods sector exhibited improvement ahead of the festive season and we also expect moderate growth in the 2-wheeler segment till the tail-end of the season.

There have been good developments on the railway front as the Rail Ministry increases its focus on building a world class rail network alongside enhancing industrial capabilities. The contract for the design, manufacturing and commissioning of the 1st two high speed bullet trains is awarded to manufacture domestically. This was earlier expected to be imported. The contract specified the car body to be manufactured using austenitic-grade stainless-steel and we are well equipped to manufacture and deliver this grade as per requirements.

Additionally, new train sets such as the Vande Bharat Sleeper Trains and the Namo Bharat Rapid Rails are further expected to boost the demand for stainless-steel in the country.

We also expect a healthy demand for stainless-steel from the Process Industries for ethanol, hydroelectric, thermal, and nuclear power plants. Moreover, the Government's renewed focus on the use of stainless-steel in bridges and infrastructure applications in coastal areas will further elevate the demand for this alloy.

I would also like to add that our announced projects are progressing very well. I am happy to share that we have commissioned our Nickel Pig Iron Smelter facility in Indonesia in the month of August 2024, which is around 8 months ahead of the scheduled timeline.

I would also like to highlight that aligning with the Atmanirbhar Bharat Mission of Government of India, we have been accredited by Brahmos Aerospace as a qualified vendor for the manufacturing and supply of steel sheets and plates for their Cruise Missile Application. We have also supplied low alloy steel sheets for ISRO and HAL Satellite Launch Vehicles.

Now coming to the ESG Front, as a company dedicated to ESG objectives towards our effort and sustainability and physiologically conscious business practices, we have received recognition at multiple industry events. Both our Jajpur and Hisar units have been honored with the Prestigious "Energy Efficient Unit Award" at the 25th CII National Awards for Excellence in Energy Management and Jindal Stainless has been awarded the prestigious "Platinum Global Environment Award 2024" for its outstanding achievements in "Environment Excellence".

With this, I would like to hand over to Anurag to discuss the "Operational and Financial Performance". Thank you.

Anurag Mantri: Thank you, Abhyuday. Good afternoon, everyone and a warm welcome to the call today.

As highlighted by Abhyuday, we delivered consistent volume amidst a challenging global scenario.

Let me discuss in detail the "Operational and Financial Performance" during Quarter 2 of FY25.

We delivered stable sales volume of 564,627 metric ton in Q2 which is increased by around 4% YoY with the slight dip of around 2% on quarter-on-quarter basis.

The standalone Q2 revenue increased by around 2% on quarter-on-quarter basis to Rs. 9,746 crores with improved product mix and limited sales in a lower end segment dominated by Chinese imports.

Quarter 2 EBITDA remained steady at Rs. 1,007 crores and PAT increased by 2% at Rs. 589 crore on quarter-on-quarter basis.

The H1 sales volume increased by 5% on a year-on-year basis in spite of our export volumes falling 28% due to global economic challenge. The support of this volume is increased backed by the increased domestic sales, which is almost 10% higher than the previous year. So, we saw a good domestic demand across value-added segment.

Further, the continuous focus on maintaining a strong balance sheet as on 30th September 2024, our JSL and JUSL net debt has reduced to Rs. 4,312 crores which is down by 11% from June '24. This is despite the CAPEX and investment outflow of Rs. 2,900 crores mainly on account of the Chromeni acquisitions, Indonesia facilities investment. We have achieved this through working capital optimization and achieved this debt reduction as part of balance sheet strengthening.

Our standalone debt-to-equity is maintained at 0.2x and the net debt-to-EBITDA stood at 0.7x. Our debt service coverage ratio has also significantly increased on the back of strong cash flows.

To close, we continue to anticipate upbeat domestic stainless-steel demand, and this will continue to rise with the robust economic activities.

With this, I would like to end my discussion and would request the Moderator to open the floor for the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI. Please go ahead Sir.

Amit Dixit: Congratulations for a good performance in a very testing time. I have a couple of questions. The first one is that recently we saw DGTR initiating investigations into the import of Chinese stainless-steel tubes. Do we see any possibility of investigation/protection for our range of products as well because import influx is something that has been troubling the industry and us also for quite a while so just wanted your thoughts on this.

Abhuday Jindal: Absolutely, Amit that is definitely on the cards and as you know the stainless-steel industry being a little bit unorganized, data collection from various MSME and other competitors is taking a little time to organize. But we are working on it, and we expect that soon we will be also applying for some kind of anti-dumping duty.

Amit Dixit: That's nice to know. The second question is essentially on the ongoing project. I just wanted to understand the ramp up of Rathi and Rabirun where we are now and also the NPI project, of course you commissioned ahead of schedule, is there is a chance that these stainless-steel project that we are contemplating could also be commenced in what we have actually in the past.

Abhuday Jindal: I will take the last part first. So, definitely it's a two-year time period that they have taken for the construction of the new stainless-steel melt shop and exactly like you are saying, looking at the speed that they have completed their initial project, our expectation is also it should come up before a 2-year period but it's still too early to give any kind of clarity. Maybe a few coming quarters later, we can give you a better picture on that.

Tarun Khulbe: For Rathi H1 we have produced around 50,000 tons, which is almost aligned to our projection. We believe that this year our Rathi utilization should be around 65% to 70% capacity utilization. On Rabirun, we are still figuring out. This ramp up and we are still figuring out how do we take our business plan over there. But the rebar is gradually picking up because as you could have seen, very recently, Mr. Nitin Gadkari has also made two statements in public where he has recommended the use of a stainless-steel rebar, at least in the coastal area, that also we believe will help the industry and because a lot of circular within the NHAI and their related entities, they are reinforcing this policy of use of the stainless-steel rebars into the coastal area.

Abhuday Jindal: So, that is why good tailwinds are coming up for long products and we feel that volume should pick up there.

Amit Dixit: One related question here. Have we broken even on EBITDA in Rathi?

Anurag Mantri: Not right now Amit, because initially as we mentioned it is that it's not a rebar we are more focusing on the wire rod. So, gradually it will move to a rebar and it's more a stabilization phase. So, initial fixed expenses are higher but as we go forward, we are on track on our plan.

Abhuday Jindal: Fixed expenses are higher and because it's a stabilization kind of phase, we started producing vanilla grades. There always margins will be a little under pressure and now that confidence has come and we are also moving now to higher grades, better variant so from volume side and from margin side, there should be improvement in the coming quarters.

Anurag Mantri: But at the end of this year, we will surely be breakeven because we are on track for the breakeven and better earnings over there.

Moderator: Thank you, Sir. The next question is from the line of Ritesh Shah from Investec Capital Services. Please go ahead Sir.

Ritesh Shah: A couple of quick questions. We had given volume guidance number of 20%. Do we still stay put to it or would we look to downward revise the number? That's one. Secondly, on the spread guidance, we have indicated Rs. 18,000 to Rs. 20,000 at standalone, do we still stick with it or is there any change and third is basically on the capital raise. We have taken an enabling resolve, any thought process or any variables that we are looking for before we tick that box? I think these are three quick questions. Thank you.

Abhuday Jindal: I think we would definitely like to bring down our volume growth guidance. We had initially said 20% looking with the expectation that export would pick up and basically we were bullish on the export side and that has not happened and it's further actually Europe and the US have not recovered. In fact, Germany, which is the strongest market from a volume standpoint and an economic prowess standpoint, is actually in a very bad situation. So, that is why at this point we would like to refresh our guidance from down from 20% to 10% to 15%. We are still quite positive on the domestic growth story. It's just that export is a bit of a dampener still for us. And in terms of your EBITDA per ton guidance, we are trying to maintain it around Rs. 18,000 at the moment because we still want to push our volumes, we still want to basically grow our volumes not to the factor that we are able to hurt our margins to a large extent. So, looking at the factors of both of them, volume 10% to 15% and EBITDA margin of around Rs. 18,000 per ton.

Anurag Mantri: And third question was on the capital raise. As you mentioned this was only enabling a resolution which includes all sort of instrument on equity, quasi equity as well as on the foreign currency bonds and everything. You would have seen in the last quarter consolidate debt has been reduced by more than Rs. 500 crores so we have done quite a few working capital optimizations and that has helped us to release permanent cash in the system and therefore, the debt has not been reduced despite the outflow of Rs. 2900 crore in the last H1 itself. Our focus will always be a very prudent capital management and stronger balance sheet depending on that and depending on our growth plan, whenever opportunity comes, we will see that but there is nothing on the card immediately at this stage.

Ritesh Shah: Just a follow up, one last question for Mr. Jindal. Sir, what is your priority in order of ramping up with the different variables that we have including RKEF (rotary kiln-electric furnace), SMS, Rathi, RVPL, Chromeni, I was just perplexed when I heard the comment we are trying to figure out on RVPL so is it something on track or how should we read into that? Thank you.

Abhuday Jindal: Priority is definitely Chromeni, Mundra asset because that is where our overall CR output was also less in the company and the demand and requirement coming from our customers is maximum for our cold roll high quality product. So, capacity wise also it is the largest and investment wise also it is one of the largest. So, priority is definitely Chromeni, and others I would all put at an even footing. I don't want to say one is a higher priority than the other but Chromeni definitely because immediately it can add to our bottom line, top line, volume growth that is our main focus.

Moderator: Thank you, Sir. The next question is from the line of. Rajesh Majumdar from B&K securities. Please go ahead Sir.

Rajesh Majumdar: Congratulations again on maintaining your profitability despite the difficult quarter. Some of my questions are answered, but I would like to ask one question for sir on NPI venture though you commissioned date ahead of schedule, is it currently viable at the $17,000 nickel price or what average price of nickel have you considered in terms for longer term viability for this project?

Anurag Mantri: Rajesh, in our business we don't take a call on nickel let me tell you I think frankly because we have moved away from that business model and we started doing mostly how we should maintain a consistent inventory it's not that when nickel looks down, we take a higher inventory. So, even this project has the two larger objectives I recall, one is that backward integration to raw material security, which remains as it is. In fact, that strategic objective completely remains intact as it is. Second was on that process was also to help expand the margins through going back into the value chain which obviously as I mentioned, because once you maintain more as the static nickel inventories, it may go up and down, but payback may delay for slightly in that case, but typically we have seen it does not remain in those levels so on an average basis, we expect it to be on track. So, I think strategic objective that was the first objective that is completely intact. Profitability wise at this current level, it may sometimes not look as good as what we would have invested at that point of time. But in our business, as you were saying, it's more we are working on a stable inventory management level. So, from that perspective we will continue to hold the stable margin range into this project also.

Rajesh Majumdar: And just a related question on the investments you make say over the longer term, what is the kind of return you envisaged on these investments over a longer timeframe in terms of the ROI on these projects?

Anurag Mantri: So, our defined capital allocation policy, which we have published is that at least 15% ROI for all the growth investment in the project.

Rajesh Majumdar: Including NPI.

Abhuday Jindal: Yes.

Rajesh Majumdar: Because you mentioned earlier that I think despite the project being commissioned on time, the actual volumes from this smelter will come a little later. So, I was just wondering why that is happening.

Tarun Khulbe: No, that is way these projects work. Once they get commissioned, then one or two quarters they take to ramp up. It is not that quick ramping up. That's a very normal thing with these projects.

Abhuday Jindal: That's with any company, any facility, any factory, any country ramp up is always a long-drawn process.

Tarun Khulbe: And that the ramp up part is irrespective of when you commission, even if you commission that after two years the same period it will take to ramp up.

Rajesh Majumdar: And my last question is that now that we have reduced the volume guidance somewhat, I think the new expansion of in Jajpur will take now three years to come to full utilization instead of the two years you are looking at earlier. So, in that case, we will be undertaking any large CAPEX before that, or we will look at first this facility getting utilized before we look at a larger CAPEX.

Abhuday Jindal: We are not changing that. We still feel utilization should come up quite fast and for next year we are quite bullish again. We are not revising our guidance for next year volume growth because there is really no reason for volume dip other than shipping time has increased, your container availability is less, your cost has gone up which you are not able to pass on to your customers at this moment because in their own markets, all your stainless-steel companies' volumes are down. So, which is why they are also quite competitive, and they are quite aggressive there. So, absolutely the minute any respite comes in one of these wars or something again our volume will pick up because we are in constant dialogue with our customers. They want our material; they are requiring our material but obviously we also don't want to dip our margins and still maintain a steady volume growth. This is the situation at the moment.

Anurag Mantri: So, all this if you see Rajesh is temporary one I would say like West Asia war crisis, ocean freight higher time, lower pick up in the Germany and some of these geographies. And then domestic demand remains very strong so if you see even the domestic side, we have still achieved, despite all these challenges 10% volume growth in this and we will have a higher volume growth in H2 to in the domestic market. As the premium domestic segment continues to grow faster than the normal stainless-steel growth rate, we will continue to tap those opportunities. It looks more temporary at this stage, and we wanted to be prudent at this time. In Quarter 4 also if the export volumes really pick up and good thing is that our inventory levels in the Europe, the channel is very low so that you can see from our Iberjindal, which was earlier having a stocks of the inventory that have been completely exhausted now. In fact, the channel level inventory is completely exhausted in that system. So, whenever the demand comes up, eventually we will get the opportunity to tap that.

Moderator: Thank you, Sir. The next question is from the line of Vikash Singh from PhillipCapital. Please go ahead, Sir.

Vikash Singh: Good afternoon, Sir, and thank you for the opportunity. I just wanted to understand one thing from the NPI project by which quarter do you think that the entire fund will be ramped up and would give us economic hedge in terms of the nickel prices and once this plant is ramped up, what are the plans with the cash flow which would be earning from that project?

Anurag Mantri: So, FY26 onwards, as Mr. Khulbe mentioned that it takes 2 to 3 quarter to ramp it up. So, FY26, we should see good utilization under this project. Cash flow wise that obviously idea is to bring that cash flow, it should strengthen the current company cash flow, it is a 100% subsidiary route and there is a mechanism to have a regular dividend from that entity to coming to India level or our Singapore subsidiary level and we will continue to have as per our overall capital allocation pool. So, it will be part of the overall cash pool, which we have.

Vikash Singh: So, the 1-million-ton furnace which we are putting up there for that the cash flow firstly would go for India and this cash flow probably arriving later on so would come back later on. Is that a right understanding that Rs. 750 crores we were supposed to invest in the Indonesia further.

Anurag Mantri: The downstream subsidiary route is different, it's not that the Indonesia to Indonesia, we will transfer the money. Both projects are completely separate and as in separate entities. Overall cash pool you can say yes, but it is not that one RKM money will immediately be diverted without bringing to India, the answer is no.

Moderator: Thank you. The next question is from the line of Anupam Gupta from IIFL Securities. Please go ahead, sir.

Anupam Gupta: Just a couple of questions. Firstly, you said the economy is the priority. So, when do we see sort of ramp up starting from at Chromeni and what sort of volumes we should build in for this year?

Abhyuday Jindal: So, Chromeni, by the end of this quarter, we are expecting it to start and then immediately after that we believe it should start getting ramped up and we are very confident looking at the equipment and the conditions over there that we should be able to ramp it up very fast.

Anupam Gupta: And secondly on the debt side, now that you have seen a reduction in this quarter, what is the expectation of debt for the end of this year?

Anurag Mantri: So, our end of year guidance, because since some of the volumes guidance we have been reduced, what we are saying that we will not have increased debt and because of all this reduction working capital optimization which we are doing and that will help us to make up that case. So, we are maintaining that around Rs. 5,500 crores of year end debt guidance.

Moderator: Thank you, sir. The next question is from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead, sir.

Ashish Kejriwal: Sir, two quick questions, one, though export market we have witnessed weakness in demand and all, but if you look at even in the domestic market, we have delivered around 11% Y-o-Y growth in the first half which is very much lower than 20% what we had expected earlier. So, is it mainly because the overall demand is relatively weaker than what we expected or there are certain segments which we don't want to go because that will hurt our margins again, that is my first question?

Abhyuday Jindal: Yes, that is the second part is the main reason Ashish, because domestic market being fairly decent volume and decent size, so we could have definitely increased our volumes, pushed more volume domestic market, but that would have severely hit our margins. So, we took a call that we should definitely increase volumes, push volumes, but in those areas where we have good margins and earnings. So, that is why it was more a strategic call from this angle. Otherwise, definitely we can show you a very high growth in India very easily.

Ashish Kejriwal: But was this the expectation in the beginning of the year also?

Abhyuday Jindal: Yes, Q2 had a plant shutdown of 10 to 15 days, hovering between two months. So, that is why also volumes in domestic are little less in Q2.

Ashish Kejriwal: So, overall, you are saying that in second-half, in domestic market at least we can have (+20%) growth, so demand is not is issue?

Abhyuday Jindal: See again, we can show you, but it is a factor of margin versus that. So, totally depends on the factor of both of them, but definitely 10%-15% definitely we can.

Ashish Kejriwal: So, why I was asking is that because at the beginning of the year also, when we are giving the margin guidance as well as volume growth guidance, the only thing which is lacking mainly because of the export market. Now, even if I exclude the export market then even in the domestic market, we are not seeing that.

Anurag Mantri: Ashish, I understood your question, but basically what we are saying is that overall volume guidance of 10%-15% and if we assume export of around 10% mix, then domestic market what we are saying is that our target is that 15%-20% of domestic market growth.

Ashish Kejriwal: Second question is related to that old blast furnace which they put in a different promoters group companies, but earlier we were thinking that if we can use part of their pig iron that will be economical to us, so any color on that which we can give?

Anurag Mantri: See Ashish, that project is completely separate out of JSL and JSL has no obligation to take that material, and it will be completely looked at on our arm’s length basis on commercial basis. So, that will surely obviously the idea was that for especially the Ferritic 400 series, it could help if we get the material from this room. So, it could help us in bringing the cost down further for the 400 series, but all this will be once the project start that time we have a choice, but there is no commitment or obligation for us to take that material.

Ashish Kejriwal: Yes, I agree. That is what I was asking when the projects are going to be started so that we can have some cost benefit, if it is possible.

Anurag Mantri: Project is expected to start probably somewhere end of this financial year or early next financial year.

Moderator: Thank you, sir. The next question is from the line of Tushar Chaudhari from Prabhudas Lilladher Private Limited. Please go ahead, sir.

Tushar Chaudhari: Sir, just a question on Chromeni, you said it is not our priority and it will start by end of the quarter, while earlier conversation I guess we were trying to start it in November, so is there any delays over there? Are we seeing any problems and is there any going to be meaningful volumes in FY25? How much volumes do we expect FY25-26?

Abhyuday Jindal: Definitely, see we were first like you said looking at early of this quarter to start, but now we are saying that towards middle of December to end of December. So, it is hardly 1.5-2 months delay, but that is only because when you enter a new plant there are certain things that we need to rectify and improve upon. And also, in October there were severe rains. So, for 15 days almost we could practically not do any kind of work on the equipment, on the software or anything. So, that was another kind of issue that we face which now everything has been rectified and if the planned which were all on track to commission it by end of this quarter, then we should see some decent volumes in FY25.

Tushar Chaudhari: So, out of 600, let us say, can we expect around 10,000 odd FY25 and 26, I would be more looking out for volumes?

Abhyuday Jindal: Much more than 10,000. 10,000 is maybe a monthly target almost, so definitely higher than 10,000.

Moderator: Thank you, sir. The next question is from the line of Kirtan Mehta from BoB Capital Markets. Please go ahead, sir.

Kirtan Mehta: Could you share the series mix for this quarter?

Shreya Sharma: So, I will say it in the order of 200, 300 and 400 series, it was 35%, 47% and 17% and this is for the quarter.

Kirtan Mehta: And in terms of we said that we are not changing our FY26 guidance, so that remains basically the 20% volume growth with 18K-20K margin. That is what we are sort of reiterating and remain optimistic about, is it subject to sort of the export mix going back to 15%?

Anurag Mantri: No, '26 guidance, we have not given 26 guidance as such per se. What we are saying is that we are on track in terms of the way facilities will be utilized because all these things what we have explained is that are temporary, like Red Sea issue is not expected to be continuous. Hopefully, we will take or if we assume that everything is a permanent nature, then it is a different scenario altogether. But all these things, all these are temporary measures. We believe that the kind of domestic demand we are seeing in the market, in the premium segment, is giving us a robust boost to our volume. So, we will continue to hold on that.

Kirtan Mehta: And one last question was on, we had earlier said that we will guide on the tax shelter later. Is there any update where you can suggest the available tax shelter from the acquisitions?

Anurag Mantri: Tax shelter, every subsidiary has a different sort of tax shelter. In fact, say for Rathi and Rabirun were in the range of Rs. 100 crores and Rs. 200 crores of acquisition cost only. So, they have a different, they have some tax shelter, then Chromeni, some of the losses are there, but I think let us wait this plan to ramp it up and we will have to see and then touch those waters actually. So, I would say don't build it up right now too much on the tax shelter. But yes, definitely I would say it will always be a good positive tax shelters which we will get.

Moderator: Thank you, sir. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead, sir.

Pallav Agarwal: Sir, just had a question on the outcome of the China Stimulus efforts. So, we have seen a lot of news flow from there, so what would be the view on where this will actually help domestic demand over there and probably reduce some of the dumping into India?

Tarun Khulbe: Well, this is what even we expect and we are also happy with the China Stimulus because we also believe that this should help the domestic demand in China and should reduce the pressure, the compulsion of those Chinese Stainless steel producers to dump outside, but we will remain watchful because this is also true that China has much what you are saying, much larger capacity than what they need for their domestic consumption. So, while on one hand we also feel good about it, but then we would remain a bit watchful before we conclude on this.

Pallav Agarwal: And like the carbon steel manufacturers probably are asking for more, stricter implementation of quality standards. So, is something like that on the annual for stainless-steel as well?

Tarun Khulbe: Yes, Stainless Steel industry is also asking for stricter implementation of quality standards because two things on this. What is happening is one wherever the government has declared the QCO they need to strengthen the implementation process on the ground, like even checking at the customs and all. But definitely, wherever I mean on these aspects the industry is we are in discussions with the government, and we are suggesting them also the ways and means to strengthen the implementation of whatever decision they are making and whatever area it is remaining. We are suggesting them and helping them to come out with more such kind of QCO orders.

Pallav Agarwal: Sir, lastly, nickel prices really haven't recovered unlike probably some of the other non-ferrous prices. So, what is holding back, like why are the nickel prices so subdued for so long?

Anurag Mantri: No, I think this is not the rightly place to answer this question because as a risk management policy what we have done is that we have stopped taking call on the nickel or any of the FOREX and that is how you are seeing more consistency in our earnings. We just do a completely natural hedge sort of balancing in our process, so that it remains more with a certain time like 30 to 45 days, it gets passed on to the consumer. So, it is difficult for us, I think I can see you in the call. You will have much larger, better people and intelligent people who can actually predict the nickel prices, but frankly it is difficult for us to say and comment on this.

Moderator: Thank you, sir. The next question is from the line of Prasanth Gopal from Spark Asia Impact Manager. Please go ahead, sir.

Prasanth Gopal: What will be your exposure to government infrastructure projects? Any rough estimate if you have?

Anurag Mantri: Directly, it is like this. We have like project of railways if you see end user is all government even whether it is a coach factory, whether it is infra, but it is not direct projects with the railway ministry as such. But we would develop with them, but we don't supply directly on that because we supply to like coach factories, we then provide to fabricators, the contractor who was doing the railway interpretation. Similar thing happens in the highways and rail over bridges.

Tarun Khulbe: So, on the infra side it is picking up. I will say gradually, Stainless Steel is getting acceptance and as we already stated that the MoRTH, Ministry of Highways, they are also now issuing orders for compulsory usage of stainless steel in the coastal area. So, with this, we believe that in infrastructure the stainless-steel demand should come up in the coming time in a far more stronger way.

Moderator: Thank you, sir. The next question is on the line of Kirtan Mehta from BoB Capital Markets. Please go ahead, sir.

Kirtan Mehta: We are developing the other exports market like South Korea, Middle East, South America, Japan, what would be proportion of them in our export mix out of the 10%?

Anurag Mantri: It is actually very less right now because when you start into any new market initially it is only a very starter, and you do the more testing of the waters and especially the segment and the product mix. So, starting, we are seeing a positive result. So, like country like Japan, we never exported earlier in the past and when we have proven the quality, then we can actually get into those markets also. So, I think the volume wise it is very less, I would say, still largely dominated by China and Vietnam in imports side. Sorry, your question is on the export side. Export side is still dominated by the US and European markets.

Kirtan Mehta: And in terms of, the second question was about, we have seen another round of nickel weakness during the quarter. So, is there possibility that it could lead to any inventory valuation loss in the next half?

Anurag Mantri: See, as we mentioned is that we try to work on a more, we don't do the inventories build up on in anticipation to that. We generally try to do create a balancing of the nickel in and nickel out strategy and sort of almost a natural hedge with the 30 to 45 days timeline. So, last time also you were saying even in an immediate day, if it is a very consistent dip, then only, we try to keep mitigating with the pass on as well as the product mix. But if it is continuous say 9 months or 10 months then sometime it could hit, but then it recovers also faster. So, it is both ways right. So, technically, we don't have too much of, we try to keep aesthetic range of the nickel exposure in our system.

Moderator: Thank you, sir. The next question is from the line of Ritesh Shah from Investec Capital Services. Please go ahead, sir.

Ritesh Shah: Sir, is it possible to provide more color on Chromeni, likewise, on Rathi on the monthly run rate, if it is possible say 3 months out just to get a better sense from a modeling standpoint?

Tarun Khulbe: Chromeni, if you talk of the capacity, the installed capacity of the equipment, then the design capacity is around 50,000 tons a month. Of course, these capacities are designed with a certain product specification and these can go up and down depending upon what product you are actually processing there. So, we believe that we should be ramping up towards these nameplate capacities and in couple of quarters we should be closer to good utilization of these capacities.

Ritesh Shah: And sir Rathi and RVPL, what is the stated capacity?

Shreya Sharma: So, for Rathi, Ritesh, it is 1,60,000 tons and for RVPL it is around 50,000 for the P & T..

Ritesh Shah: And specifically for Rathi, possible to quantify the monthly run rate given we have indicated like 70% utilization for FY25?

Tarun Khulbe: Actually, when this capacity, when Shreya says it is only for wire rod, but when you produce, again as I said that all these capacities start varying depending upon the product you made. So, when you make rebars, then the capacity start coming down. So, with the certain product mix or the kind of product mix what we are expecting, the capacity should be around 120,000 tons a year. And that should be the capacity with the product mix.

Anurag Mantri: And right now, we are at close to 60,000 tons in Rathi, so right now we have not moved to a rebar site, but as we move to a rebar, the capacity comes down, but the margin also improves then.

Ritesh Shah: Sir, just two more questions. I think in one of the earlier questions you made a remark that had it not been for the focus on profitability, we could have done better volumes locally. So, the simple question is, as we look to ramp up all those downstream capacities, is it something where the profitability will be maintained, and we are confident on the volume uptake?

Anurag Mantri: Because these are finishing lines. So, surely, I think right now we are constrained with our cold roll capacities, so a certain range of the product then we don't have a choice but to get into a different segment at all, so which will obviously so this should improve the margin. Overall, the volumes which we can sell in the market at our targeted margin levels.

Ritesh Shah: One last question, sir, would you like to just rehash on our CAPEX numbers what we have given for 3 years and what we intend to achieve for FY25, is everything on track over there or if at all any changes would be good to know?

Anurag Mantri: No, everything is on track. In fact, of this year Rs. 5,500, which we targeted to spent, almost half has been spent, Rs. 2,700-Rs. 2,800 crores have been spent in April. We are on target to that and as I mentioned that though some of the volume guidance is coming down from 20 to 10-15, but we don't expect that debt to increase because we have managed to with this reduction in volume and some working capital optimization to release the cash in the system through that group.

Moderator: Thank you, sir. That was the last question. Ladies and gentlemen, I would now like to hand the conference over to Mr. Ritesh Shah for closing comments. Thank you and over to you, sir.

Ritesh Shah: Thank you. Over to you, Anurag sir, if you have any closing comments, please. Thank you so much.

Anurag Mantri: Let me thank everyone for attending this call. We are positive that strong economic activities will be driving the demand for stainless steel across the sectors in the domestic market and we are set to take advantage of these prospects owing to our competitive pricing and efficient delivery cycle. I hope that we have been able to answer all your questions in a satisfactory manner. Should you need any further clarifications or if you would like to know more about the company, please feel free to contact our Investor Relations team and a lot of information is available on our website as well. Thank you so much.

Moderator: Thank you, sir. On behalf of Investec Capital Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.