February 04, 2025

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P J Towers,
Dalal Street, Fort, Mumbai – 400 001
Email: corp.relations@bseindia.com
Security Code No.: 532508

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
Email: cmlist@nse.co.in
Security Code No.: JSL

Subject: Transcript of Earnings call held on 30th January, 2025 - 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 Q3FY25. 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
Digitally signed by NAVNEET RAGHUVANSHI
Date: 2025.02.04 18:28:03 +05'30'

Navneet Raghuvanshi
Head-Legal, Company Secretary & Compliance Officer

Encl. as above

Jindal Stainless Limited
CIN: L26922HR1980PLC010901
Gurugram Office: Stainless Centre, Plot No.- 50, Sector - 32, Gurugram - 122001
T: +91 124 449 4100 E: info@jindalstainless.com Website: www.jindalstainless.com, www.jslstainless.com
Registered Office: O.P. Jindal Marg, Hisar - 125005 (Haryana) India
Corporate Office: Jindal Centre, 12 Bhikaji Cama Place, New Delhi - 110066, India
T: +91 011-26188345, 41462000, 61462000 F: +91 11 41659169

"Jindal Stainless Limited

Q3 FY '25 Earnings Conference Call"

January 30, 2025

MANAGEMENT: **MR. ABHYUDAY JINDAL – MANAGING DIRECTOR – JINDAL STAINLESS LIMITED**
MR. ANURAG MANTRI – EXECUTIVE DIRECTOR & GROUP CHIEF FINANCIAL OFFICER – JINDAL STAINLESS LIMITED
MR. TARUN KHULBE – CHIEF EXECUTIVE OFFICER AND WHOLETIME DIRECTOR – JINDAL STAINLESS LIMITED
MR. RAJEEV GARG – HEAD OF SALES – JINDAL STAINLESS LIMITED
MS. SHREYA SHARMA – INVESTOR RELATIONS – JINDAL STAINLESS LIMITED

MODERATOR: **MR. ANUPAM GUPTA – IIFL CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Jindal Stainless Limited Q3 FY '25 Earnings Conference Call, hosted by IIFL Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anupam Gupta from IIFL Capital. Thank you, and over to you, Mr. Gupta.

Anupam Gupta: Yes. Thanks, Sanju, and welcome, everyone, to the results conference call for Jindal Stainless Steel. From the management, we have Mr. Abhyuday Jindal, the Managing Director; Mr. Tarun Khulbe, CEO and Whole-Time Director; Mr. Anurag Mantri, ED and Group CFO; Mr. Rajeev Garg, Head of Sales and Ms. Shreya Sharma, Head of Investor Relations.

To start off with, I'll hand it over to Shreya, and post that -- post the introduction by Mr. Jindal, we can take for the Q&A. Over to you, Shreya.

Shreya Sharma: Thank you, Anupam. Good afternoon, everyone, and a very warm welcome on the call. We have shared our Q3 FY '25 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.

Now I would like to hand it over to our Managing Director, Mr. Abhyuday Jindal. Over to you, sir.

Abhyuday Jindal: Thank you, Shreya, and good afternoon to everyone, and welcome to the Q3 FY '25 earnings call. On behalf of the management team, let me wish you all a very happy and prosperous year ahead. I would like to first discuss the key business highlights of the quarter ending December 2024, followed by Anurag's review of our operational and financial performance.

The consumption of stainless steel in the country has been consistently rising, with an annual increase of around 11%, reaching 4.46 million tons in FY '24, indicating a strong growth trajectory. This positive trend is further reflected in India's rising per capita consumption, which reached to 3.1 kg in FY '24 from 2.25 kg in the last 5 years driven by demand from sectors such as infra, processing industries and railways.

Despite a weaker export market and ongoing pressure from low-priced imports, we achieved highest-ever sales in Q3 FY '25, reflecting a 15% year-on-year growth, driven by -- mainly by strong domestic demand, which rose by 20% during the period; robust economic growth supported by ambitious infrastructure projects; increased adoption of stainless steel in the process industry; and rising importance of life cycle costs in public sector procurement. All these factors point to continued demand for stainless steel in the country.

On the export front, our volumes have remained subdued due to the ongoing geopolitical disruption and decline in demand from Western countries, particularly EU, where prices have hit their lowest point in the past 15 months and shipping costs have significantly increased. These factors have impacted our export margins in Q3 FY '25. To offset this, we are trying to strengthen our presence through niche offerings to global customers, especially in lift and elevator, auto, white goods and metro segments and considering alternate modes of freight, including freight bulk shipping.

On the projects front, I'm pleased to share that Chromeni operations have begun, boosting our cold rolling capacity and supporting overall sales. In Indonesia, our SMS plant is making good progress and is expected to begin operations in FY '27. NPI project is in its ramp-up phase and is currently operating at approximately 65% capacity utilization.

With respect to our ESG initiatives, we remain dedicated to sustainability and environmentally responsible practices. I'm pleased to report that our plant -- at our plant, the share of grid-sourced renewable energy has risen to approximately 17% in Q3 FY '25, up from about 1% in FY '24, resulting in a significant reduction in Scope 2 emissions. This progress is further supported by the successful installation of a 3.7-megawatt solar rooftop capacity at Hisar plant.

Given our continued commitment to sustainability, we have received adequate to strong ESG ratings in Q3 from different rating agencies such as MSCI, CRISIL, ESG Risk, among others. I'm also glad to share that JSL has been awarded the distinguished Sword of Honour from the British Safety Council. This global accolade highlights the company's unwavering commitment to upholding the highest occupational health and safety standards.

With this, I would like to hand over to Anurag to discuss our operational and financial performance. Thank you.

Anurag Mantri: Thank you, Abhyuday. Good afternoon, everyone. Welcome to the call. I hope you all had a wonderful start to the new year. Let me discuss in detail the operational and financial performance during quarter 3 of FY '25. We delivered incremental sales volume of 5,87,658 metric tons in quarter 3, increased by around 15% on year-on-year and 4% on Q-o-Q basis. The stand-alone Q3 revenue increased by around 3% on a Q-o-Q basis to INR10,066 crores on the back of robust domestic demand.

Q3 EBITDA remained stable at INR1,003 crores, and PAT increased by 5% to INR619 crores on Q-o-Q basis. The 9-month sales volume increased by 8% on Y-o-Y basis. And in spite of our export volume falling by 26% on Y-o-Y basis due to the adverse global macro factors as highlighted by Abhyuday. We have increased our domestic sales volume by 14% on Y-o-Y basis on the back of the healthy domestic demand, resulting in domestic sales reaching to 90% of our overall sales.

Further, with continuous focus on maintaining a strong balance sheet, as on 31st December 2024, our external net debt on a stand-alone basis stood at INR3,344 cr. Also, we are able to maintain healthy leverage ratio, with the stand-alone net debt to equity is maintained at 0.2x. And the net debt to EBITDA stood at 0.9x despite capex and acquisition of around INR3,800 crores during the 9 months of FY '25.

I would also like to inform that the Board of Director has approved an interim dividend payment of INR1 for FY '25, with a face value of INR2 each, with an aggregate payout of nearly INR82.37 crores. The record date for the purpose of the payment has been set at February 8, 2025.

On the subsidiary front, in quarter 3 FY '25, all our subsidiaries performed steadily, reaching an overall EBITDA of INR205 crores and PAT of INR35 crores. With this, I would like to end my discussion and would request the moderator to open the floor for the Q&A session.

Moderator: The first question comes from the line of Amit Dixit with ICICI Securities.

Amit Dixit: First of all, congratulations for a good set of numbers in a very difficult quarter. I have 2 questions. The first one is pertaining to the ongoing safeguard duty investigation. Now in the document, stainless steel products are kept out of the investigation despite stainless steel industry suffering maximum on account of unfairly priced imports. So just wanted to understand the general outlook of regulatory authorities regarding...?

Abhyuday Jindal: Yes. So Amit, steel and stainless steel has been filed separately. What you might be aware of is that the steel industry, you might be looking at. So steel is maybe, I would say, 2 weeks ahead of stainless steel. They filed at the beginning of January, and we filed our safeguard application around mid towards end of January. So that's why maybe all the data are not available for stainless steel side, but we are absolutely on track, and we are keeping a close watch and discussing with all the concerned authorities in the ministry.

Yes, it's 2 different applications, and we are quite positive that both sides should see some positive results.

Amit Dixit: Okay. So is it safe to assume that a similar notification can be issued for stainless steel considering the injury that we have suffered as an industry?

Abhyuday Jindal: Yes, absolutely. So like I said, steel is moving a bit faster than us. We are maybe 2 or 3 weeks behind them, but similar thing is on.

Amit Dixit: Okay. Sure. Now a little bit different question. I have been observing in the press release that we have actually initiated product development and very niche applications. For instance, in defense, particularly, we have supplied to HAL, the low-alloy products. Now in India, we have, of course, a long -- I would say, a good runway for nuclear power plants and that they are expected to use stainless steel in a good measure.

So can you please highlight some of the product developments in these niche areas that we are doing apart from the regular ones that we are aware of like in infra, processing, railways, etcetera?

Abhyuday Jindal: So absolutely, rightly correctly you said, this has always been a key focus for the company to further add more value-added products. And in every sector that we see good growth coming in domestically, we are going to be part of it. So nuclear, absolutely. We anyway have been supplying globally to a lot of prestigious nuclear projects.

So this has been a regular phenomenon, and further development is on. Defense aerospace is another interesting area, where every time, more and more product ranges are getting added. So we've been supplying to BrahMos. As you know, we've been supplying to a lot of missile applications and all satellite programs we are part of. So every launch that goes out from ISRO and also private companies now, some material parts will be there.

And apart from that, hydrogen economy is another focus area of ours. Ethanol blending plant, desalination plants, a lot of efforts are being made to further develop products for this and also working on substituting other metals into stainless steel. So whenever corrosion is a problem, a lot of sales development, business development activities are on to convert them into stainless steel.

Moderator: Next question comes from the line of Ritesh Shah with Investec.

Ritesh Shah: A couple of questions. First is, would you like to revisit the guidance that you have given for volume growth for this fiscal and EBITDA per ton, specifically on stand-alone basis? And when we say stand-alone, just wanted a clarification, does it include any of Chromeni, Rathi or RUVL? Or are those volumes over and above the stated volume guidance?

Abhyuday Jindal: Stand-alone, when we talk stand-alone, Ritesh, and we're continuing with our guidance for this year. In terms of EBITDA per ton, we should do around INR17,000 crores for this fiscal year, and our volume guidance is around 10%.

Ritesh Shah: This would exclude Chromeni?

Abhyuday Jindal: We're not changing that guidance, which we revised during the middle of this year.

Ritesh Shah: Okay. And when we say volume guidance, this excludes Chromeni, right?

Abhyuday Jindal: This excludes Chromeni for this fiscal year, absolutely.

Ritesh Shah: Okay. And for the next fiscal, any volume guidance that you are looking at?

Anurag Mantri: Ritesh, it's inclusive of all the Chromeni volumes.

Ritesh Shah: Is it for this year? Or when we say -- like my next question was...

Anurag Mantri: The Chromeni volumes are very low this year. We just started stabilizing. This year, I think we are targeting -- how much?

Abhyuday Jindal: Max 30,000 tons this year. So it will be hardly much distant from that perspective. So that's why we're not really changing our guidance.

Ritesh Shah: Perfect. And sir, I think on the call -- on the TV, I think you indicated double-digit volume growth for next year. So I would presume this number would include Chromeni. Would that assumption be right?

Abhyuday Jindal: Correct. That is correct, absolutely.

Ritesh Shah: And sir double-digit is a very large band. Is it possible if you could narrow it further into low double digit or high double digit? It will help us in modelling stuff.

Abhyuday Jindal: I think, Ritesh, it's a little early for us to give that figure because now there are a few things that we are waiting and watching as compared to what Mr. Trump does, Our budget is also coming up next couple of days. So I think that will give us a much better picture to give you our volume guidance for next fiscal.

Ritesh Shah: Sure. That's helpful. My second question was again on volumes. Now when we give stand-alone volume numbers, is it possible for us to dissect between HR and CR? The reason to ask this question is, there is 0.6 million tons Chromeni, which comes in, which gives us additional flexibility on CR and, hence, CR as a percentage of total spend will actually increase. So I wanted to understand, what is the sort of impact or bearing it has on profitability and our ability to put that volume in the marketplace?

Is the demand for CR locally more than HR? So how does it stack up versus what the offering that we have in the marketplace right now post Chromeni?

Abhyuday Jindal: So I can first answer at an overall level and in terms of definitely, the demand of CR in stainless steel is more than HR. And as a company, we were always around 45% of our melt was CR, and our target was to take it to 75%. So Chromeni was an acquisition in line with that. And anything, Rajeev, you can add?

Rajeev Garg: Yes. So this is Rajeev Garg. I head the sales at Jindal Stainless. So globally, if you see, the CR-to-HR ratio is typically 80-20. 80% for consumption in the market is cold rolled whereas 20% is hot rolled, so that's sheets, coil and plates. But in the developing economy, this ratio is slightly more skewed towards hot rolled, which is like 70-30 because the process industry requires a lot of hot-rolled material.

So again, in terms of your second question that is there a market for cold rolled and all? Yes, actually, as Abhyuday Ji also mentioned that we as a company, are always short of cold rolled, and we are very confident that with Chromeni volume, we'll be able to kind of serve many segments in which we were strategically keeping low market share because of production issues.

Ritesh Shah: Sure. I'll just stretch this a little bit. Sorry, sir, I think it's important. Sir, basically, when we are saying that we do more of CR, it essentially means there will be HR-to-CR conversion. Would it essentially mean that it poses upside risk to the EBITDA guidance that we are looking at? And again, I think Mantri Ji indicated that we will factor Chromeni numbers in next fiscal numbers. So wouldn't that be double counting?

Anurag Mantri: No. So overall volume guidance, Ritesh, we will not be giving separate guidance for the Chromeni assets because as Rajeev was mentioning, that CR is the one which is more saleable in terms of so our volume guidance and EBITDA per ton guidance will always be combined including of Chromeni.

Ritesh Shah: Okay. And what is the trajectory that it can move by -- given we have more CR versus HR right now, given we have 0.6 million tons commissioned for those incremental volumes?

Anurag Mantri: So as Abhyuday mentioned that let's wait for some time to give us the specific numbers on the guidance range because it lot depends on how the export market pans out and how the Indian markets, actually the growth pans out, especially all these Chinese dumping and certain things. That's why we are saying that we are targeting double-digit growth, but I think let's wait for some time to be very specific on the range.

Moderator: Next question comes from the line of Parthiv Jhonsa with Anand Rathi.

Parthiv Jhonsa: Sir, my first question is very straightforward. What would be the volume breakup between 200, 300 and 400 series if you can guide us?

Shreya Sharma: Sorry, Parthiv, you're asking for a volume breakup?

Parthiv Jhonsa: Yes. Volume or the share, whatever is possible.

Shreya Sharma: So 200 series, share was around 38%. And 300, 46%. 400 was 16%. This, I'm talking about quarter 3 FY '25. And for 9 months, it was 200, 36%. 300 was 46%. And 400 was 17%.

Parthiv Jhonsa: Okay. Sir, just to take a couple of analysts who have already hopped on this question pertaining to the volume. Just to take it a bit forward, I believe, somewhere in the print media today and even on the TV today, I think, sir had mentioned that you are actually reducing your guidance to 9%, if I'm not mistaken. And right now, I think you just reiterated that it is about 10%, which is unchanged.

Am I reading that wrong? Or is there any ambiguity out there? If you can just throw some light on it?

Abhyuday Jindal: No. It will be in the range between 9% to 10%. So we revised it during the mid of this year, which was around 9% to 10%. And we are keeping that intact.

Parthiv Jhonsa: Okay. So there is no further reduction from there, right?

Abhyuday Jindal: There was no further revision or guidance revision.

Parthiv Jhonsa: And sir, if I may just squeeze a very quick third one. So what will be the status on Rabirun and Rathi right now? And currently, what is the realization, what you're getting from Chromeni?

Abhyuday Jindal: Mr. Khulbe?

Tarun Khulbe: So on Rabirun, we are running in Rabirun our polishing line because that is what we have started and we are finding there the market to be better. We are producing approximately at a rate of around 4,000 tons per month over there. And Chromeni, now as Abhyuday said that we have started and we have started ramping it up.

So now almost hitting a volume of around 15,000, 20,000 tons per month already, we are seeing it, touching over there.

Parthiv Jhonsa: And sir, is it possible to give some guidance on the realization or the margins at these verticals?

Tarun Khulbe: Please, come again? I could not hear it very clearly.

Parthiv Jhonsa: So possible to give some margin guidance for Rabirun and Chromeni going forward? Because in the past, you had already indicated for Rabirun and Rathi, but is it possible to give it once again, considering the current scenario?

Abhyuday Jindal: We don't give separate guidance. We give a blended guidance because both Rabirun and Chromeni will get added to our overall sales. It's a midterm process, you can say. So that's why we give overall guidance, generally encompasses both these units.

Moderator: Next question comes from the line of Anupam Gupta with IIFL Capital.

Anupam Gupta: So first question is basically, if you see your EBITDA per ton is relatively on the lower side given that exports have been very subdued for the last couple of quarters. And incrementally, we have some possible pressures coming from the Trump administration coming on -- coming in and possible duty actions. So how do you look at that section? And between that -- in that 10% exports, which you are doing at this point of time, what is it that is going to US and can see an impact if there's an adverse duty which comes in, in the US?

Rajeev Garg: Okay. So first point, in the proportion today, US is roughly around 15-20% of our export mix. So that's one part. Sorry, I couldn't catch your first question.

Anurag Mantri: That how the Trump administration...

Anupam Gupta: Yes, how do you look at that in terms of possible duties there?

Rajeev Garg: Yes. So see, India as a country, I mean, we all...

Abhyuday Jindal: So Anupam, I'll take this. So basically, our focus for the last few quarters, a few years has been domestic. We are seeing most of the green shoots coming in the domestic market, and that is where we've been very bullish. Export has always been a second priority for us. And export, we would always use as a factor that our long-term customers, we still want to service, which we will continue and to protect our margin.

Since export market has drastically dipped, we still feel we will deliver good export volumes even next year despite all these challenges that we are facing. But the real growth and the real story is all based on India again. So that is our real focus, and like Rajeev was mentioning, US is around 20% of our export. I would say despite any further major change in Trump tariff, I think this will still continue.

I don't see much dip happening, and the other positive side with US is that they will also come with a lot of capex expenditure, from infra spending to other areas where we, as a company, can cater to them quite efficiently. So definitely, it's kind of a wait-and-watch situation with what's going to happen in the US But despite that, we're still extremely bullish on the India story, and we still continue to export to our long-term customers.

Anurag Mantri: Anupam, just to add the data point. The US tariff on Indian is currently 25%, which is the Trump tariff which was put in earlier. So that's still continuing. And whatever we are doing in the US market is with the range of that tariff. So it's unlikely it could increase. We'll have to wait and watch, but it's unlikely to be increasing further, especially that. And just to give you the perspective on US stainless steel industry, even at the current level without even infra push, they are short of the capacities in terms of their demand.

So as Abhyuday mentioned, if the demand push comes, then they will further be short of the capacities. And at least the Mexico and Canada, they are very clear. They will be putting a duty. So that will be clear. That should be able to give us some of the better opportunity in US to participate in US market.

Anupam Gupta: Sure. Okay. That is helpful. And sir, second question is basically on the greenfield capex, which we were talking about earlier. Anything that you have finalized so far or any thoughts you can share?

Abhyuday Jindal: No. Right now, there are no clear-cut plans for that at the moment. When we are ready, we'll definitely come back and announce.

Moderator: Next question comes from the line of Tushar Chaudhari with Prabhudas Lilladher.

Tushar Chaudhari: Congratulations for the good set of numbers. I just wanted to get one data point. The imports, which you have mentioned in press release, it's around 2,62,000 in this quarter. Can we get last year number or maybe full year number of this particular imports of SS?

Shreya Sharma: Yes. Tushar, I will share this number for import off-line, that's sure.

Tushar Chaudhari: Okay. And as we were saying in earlier question...

Abhyuday Jindal: Import intensity is around 30%, but we'll get you the exact figure.

Rajeev Garg: It's around 1 million ton. I mean both the details, Shreya will share, but it's around 1 million ton last year, FY '23-'24.

Tushar Chaudhari: Okay. And US, you said out of our export, let's say, already small, US is 20%. How much will be the other proportion like Europe and MENA countries? Europe will be higher, right?

Rajeev Garg: Yes, Europe is higher because in Europe, we are subject to quotas. So Europe will be around 60%, somewhere between 60% to 65%.

Tushar Chaudhari: Okay. And how is the demand situation...

Abhyuday Jindal: Between South Korea, South America, it's all a mix.

Tushar Chaudhari: Okay. And how is the demand situation now over there in Europe?

Abhyuday Jindal: So Europe is in a very bad state. I think that everyone would be tracking and knowing that the economy have not recovered. One of our biggest exporting countries was Germany, which is suffering tremendously right now. So Europe as a whole definitely is under severe pressure.

From Europe economy, I'm talking. Not our sales, but more European economy, which is impacting our sales.

Tushar Chaudhari: Sir, we were trying for some other nations like Japan and all South Korea. Is that...

Abhyuday Jindal: So that is continuing. Like I said, South Korea, Middle East, South America, Japan was more a first entry for us, and we're going to keep trying to keep increasing. But again, overall, if you understand the world, China is also pushing material as much in all those markets. So we are competing always with a lot of Chinese and other Asian players. So despite that, we're still maintaining our export volume guidance. But yes, no major increase in any of the other geographies.

Moderator: Next question comes from the line of Vikash Singh with PhillipCapital.

Vikash Singh: Sir, I just wanted to understand, though we have managed to gain the volumes despite lower exports, our EBITDA per ton has also been sequentially getting lower. So are we chasing volumes over the margins? And is that the same because we have promised 20% kind of the volume growth? So how should we look at our product mix? And would deterioration or improvement for hereon?

Abhyuday Jindal: So see, so we are always going with a blended approach. Our biggest factor and why we are here is to give better return to our shareholders. And that is the target that we always take. Any running plant or any steel company has to target complete utilization or complete utilization of all our resources. That's how you bring down your fixed cost, that's how you bring down all your other overheads.

So that's why we have to target every time going for a volume increase. We could have shown a further volume increase. We could have pushed more material in the domestic market, but to protect our margin also, we did not go as aggressive. So that opportunity and that kind of flexibility, we keep in sight.

So we have to grow, show a good volume growth also every time while protecting our margins. It's because export market, for the last 2 to 3 years, is completely been subdued and market has been going down, which is why that pressure on domestic front, you can see.

Vikash Singh: Sir, if -- for my understanding purpose only, if I may ask the export margin versus the lower end of the product which you're selling, the margin differential at this point of time? Just wanted to see if you need to pull back the lower end and, when the export market opens up, how the things would improve for you. So what is the gap between the export which you -- on an average term?

Abhyuday Jindal: We cannot be mentioning on the call. I'm sorry, I cannot mention on the call. These things are something sensitive.

Vikash Singh: Understood. Sir, one more question regarding -- basically, we have said that the yearly guidance on a consolidated basis could be around INR20,000 crores. But 9 months, they are already at close to INR21,000 crores. So am I mistaking it that the 4Q would be a weaker -- continue to be weaker in terms of EBITDA per ton or...

Anurag Mantri: No, if you see, the consol number is around INR20,837, you are right. So what we have said is that we will try to maintain in this range itself because JUSL will continue to be the same level of EBITDA per ton. Volumes will increase. So that's why we are saying INR20,000-plus of EBITDA per ton, we'll be able to deliver on FY '25 on a consol basis.

Vikash Singh: Understood. And sir, our debt takeout targets and if you could like to share?

Anurag Mantri: So if you recall, last quarter, we gave a guidance of closing FY '25 debt of around INR5,500 crores, which on the back of the 5,500 crore similar sort of number of the capex what we announced. Though some of the EBITDA per ton has come down a bit, but more or less, we should be able to maintain the same guidance.

And probably, we should be able to do a bit better, depending on the inventory levels. But otherwise, capex-wise, we are on track within those range. So we maintain our closing debt guidance of around close to INR5,500 crores. We'll try to improve further on that.

Vikash Singh: Understood. And sir, just one last thing. JUSL EBITDA per ton seems to be on a slightly lower side than what it used to be last year. So since it's a conversion business, are we getting the outside order less? Or what has changed or we are charging less to the JSL. So what has changed exactly?

Anurag Mantri: So because it's a job work model and as per their formula because it largely does the JSL volume, when the volume increases, the per ton job charges comes down. So basically, that's why, as you rightly pointed out, it should be looked at JSL and JUSL combined and which is in the 9 months was around INR20,837 crores because since the volumes of the job works are increasing, so therefore, the conversion charges for them have been moved into a different range.

It also helps the upstreaming the cash -- JUSL cash tax efficiently. So you can see that JUSL has been churning almost close to INR300 crores plus of cash.

Moderator: Next question comes from the line of Pallav Agarwal with Antique Stock Broking.

Pallav Agarwal: I just wanted to check what is the impact of this CBAM in Europe. So does it apply to stainless steel as well? And if it does?

Abhyuday Jindal: Absolutely, it applies to stainless steel as well, but there is a lot of new information coming out where all CBAM is under question. But despite that, we, as a company, are keeping our plans intact. We started the journey to invest into renewable capacity, which we are carrying on and we are continuing with that. So if CBAM comes or doesn't come, we're going to be ready with all our sustainability targets and carbon emission reduction so that in case there is some positivity from that side, we are not going to get impacted.

Pallav Agarwal: Okay. And the renewable energy costs would be lower than our current power cost. Is that also a benefit that can happen?

Abhyuday Jindal: You're saying is renewable energy cost lower than our current power rate? No, Thermal is definitely the cheapest still globally also, in India also. But renewables, we have some good -- I mean, we've got some good tariff rates actually. So it won't be cheaper, but not a very high amount.

Pallav Agarwal: Sure, sir. And also, if you could just -- I mean, in carbon steel, we've had China exporting one of the highest levels in the past many years. So if you could just give some information in stainless steel, what's the level? Or are we seeing any production cutdowns in China? Or -- and what is the level of exports that are coming out of this?

Abhyuday Jindal: So see, India import into India is -- clearly, there's a 30% import intensity into stainless steel products and maximum of that is coming from China. So that continues, and that has been continuing for almost, I would say, more than 3 to 4 years -- so that continues. We don't see any dip happening from China export front at the moment.

Pallav Agarwal: Okay. So we're not seeing any reduction in the domestic production in China happening in the case of stainless steel, so...

Abhyuday Jindal: At least not till now. Maybe some of the small ones have closed, but not in -- at least the imports coming into India, we've not seen any despite there.

Pallav Agarwal: Sure, sir. And lastly, sir, we've seen that some of the other nonferrous commodities have bounced back pretty well. But nickel is still pretty subdued. So any view on what's keeping the prices...

Abhyuday Jindal: No, it is basically the demand. It is basically demand from both the stainless steel and from the EV market side that is keeping the pressure down, and China is a big factor because of that.

Pallav Agarwal: And we're not seeing any major disruption in supply happening like maybe -- because even in the case of some other commodities, demand is subdued, but probably because of supply balancing that out, we're still seeing pretty healthy pricing. So in this case, we're not really seeing any supply disruptions as well?

Abhyuday Jindal: No. In nickel, as of now, we're not seeing because Indonesian economy is solely based on nickel. So they are really pursuing it.

Tarun Khulbe: So what I would like to add here is that Indonesian is definitely pushing it. But outside Indonesia, the impact is coming and some of the nickel plants have either closed down or running at a lesser capacity utilization.

Pallav Agarwal: Okay. But we won't have any information on the cost curve for nickel, right? What percentage of probably manufacturers would be underwater at this price level?

Abhyuday Jindal: So what we can say is that Indonesia is the lowest cost producer.

Moderator: Next question comes from the line of Pratim Roy from B&K Securities.

Pratim Roy: I have a couple of questions. Firstly, sir, this quarter, you maintained the volume number and we get to the lots of niche product segment. So if you can quantify how much value-added product is contributing on the overall volume for this quarter? Or what is the target contribution we are expecting in the near term from value-added product side? That is my first question, sir.

Abhyuday Jindal: So around 35% to 40% is what our value-added segment delivers.

Pratim Roy: And so right now, nickel price, again the nickel price is subdued as earlier participant mentioned. So in the Indonesian project IRR and how much cost benefit that we can expect from that project in the near term that it will come into the picture and it will come into the full pace. So what kind of benefit we can expect from that?

Abhyuday Jindal: Mr. Khulbe, you would like to take this up?

Tarun Khulbe: Yes. So Indonesia project, the entire project, we have started. It is now under the ramp-up stage. So I will say it is gradually ramping up and stabilizing. The point is that the advantage with that project is that it is based out of Indonesia, which are the least cost producer globally that is established. And we see that in the future, we believe that the nickel demand will definitely change up and then this supply-demand ratios will definitely improve.

At the same time, we being a stainless steel producer, for us, having a raw material security, that is nickel security is very, very essential. And for us, from that angle, this project is very, very important. And that's how we see it that we are getting a raw material security.

Moderator: Next question comes from the line of Ritesh Shah with Investec.

Ritesh Shah: Sir, just a broader industry-level question. What is the import intensity right now on an annualized basis? Is it like 25%, 30%?

Abhyuday Jindal: 30%.

Ritesh Shah: And sir, if we had to break this number of 30%, say, hypothetically, I don't know, 30% of the 3.5 million tons into HR and CR, would it be possible? We try to do it, but it's not possible given separate HSN codes are not available at least we are not aware of it. Again, I'm just trying to understand that with Chromeni coming in.

Abhyuday Jindal: I can give you a ballpark figure between HRC imports.

Anurag Mantri: Yes. So 85% of imports is CR.

Abhyuday Jindal: 85% is CR.

Anurag Mantri: 80%, 85% is CR. Balance is HR.

Ritesh Shah: Okay. So does it necessarily mean that even after Chromeni coming through, there will be some pressure on pricing, given bulk of the imports as CR?

Abhyuday Jindal: Definitely, if export is not available to us, there would be a little pressure under-pricing, but we will again target other areas where our margins are better and not where China is really dumping.

Ritesh Shah: Okay. That's fine. My second question was on corporate restructuring. Are there any updates on JCL and Indonesia CR mill? I think we had indicated on JCL some vendor approval was pending and Indonesia CR mill, the timeline was given by March. Any updates over here and kind of proceeds that you expect from both these events?

Anurag Mantri: Okay. So JCL, the transaction will be completed now within the probably next 4 weeks to 6 weeks. We have got all the approvals, and now we are just completing the more formalities and process steps. So that will be there. On Indonesia CR mill, the sale of assets has been -- is in the progress. And approximate, we are likely to fetch around $20 million from that asset.

and then after that, we'll look for the land sale separately. We'll see that how to monetize the land or what are the next steps. Right now, plant has been actually in a dismantling stage.

Ritesh Shah: And on JCL, how should we look at the valuations? Any color?

Anurag Mantri: JCL, if you recall, it is the one transaction was anyway done. So more or less, it will be in the line of the same valuations, what we did earlier transaction.

Ritesh Shah: Okay. Would it be possible for you to help the net debt and 9-month EBITDA number for JCL?

Anurag Mantri: That we can do separately because JCL is not part of this one. So maybe I'll ask Shreya to get you that number.

Ritesh Shah: No worries. Perfect. And lastly, Mantri ji, anything on the tax rates given Chromeni has started, I would presume that Rathi, RUVL, Chromeni, they had some sort of history cumulative losses might be there. So is there any benefit that we expect at JSL level, say, FY '26, FY '27? How should we look at it?

Anurag Mantri: Yes. So Chromeni you're right, all the three had accumulated losses. Chromeni, we will but that can only be claimed actually as a thing once we merge the entity with that. So that we are in the process of evaluate. Rathi, we may not merge the entity. Chromeni, we are just evaluating. We will look for the merging of that entity because that's more part of the core operations. But depending on that how we actually envisage the plan for the future.

So probably once we do that, I think then there would be a tax shelter available. And then I would say not immediately next year, but '27, we should see some of the tax shelter appearing into that because maybe '26 and we can see some of the things coming up.

Moderator: The next question comes from the line of Ritwik Sheth with One-Up Financial Consultants Private Limited.

Ritwik Sheth: Sir, just one question from my end. Sir, on the NPI nickel, Indonesia JV, have you already started generating EBITDA?

Abhyuday Jindal: So we have just started it. As we said that the plant has started and we are stabilizing it. So we are evaluating it. So the numbers and all will come, we'll provide you in future once we stabilize it fully.

Ritwik Sheth: Okay. But safe to say that it will be completely ramped up in FY '26?

Abhyuday Jindal: Yes, that's correct.

Ritwik Sheth: Okay, right. And sir, just an update on the capex that we announced last year in May. If you could just give an update on the brownfield downstream capex at Jajpur, the infra upgradation and the Indonesia SMS?

Anurag Mantri: So Ritwik if you see, out of INR5,500 crores capex, if you recall that the capex number for the year was INR5,500 crores. Out of that almost INR2,700 crores was we have spent on the various acquisitions though which has already gone, which include the Chromeni, which includes the last tranche of NPI and some of the working capital. And also the SMS facility.

So that's there. And then besides the other capex, around INR1,100 crores has been spent on the other capex so far. So it's progressing well. Some of the brownfield capex may get deferred to next year, but depending on the progress because with that. But more or less, a large part of the announced capex was actually the acquisition-related capex, acquisition or our investment in the JV-related capex.

Ritwik Sheth: Correct. And the Indonesia SMS was scheduled to get commissioned in 24 months that is on track?

Abhyuday Jindal: Yes, that is on track.

Moderator: Next question comes from the line of Rohan Vora with Envision Capital.

Rohan Vora: So the first question was, I was just reading about the -- in Indonesia, basically, they have put quota on nickel and what would be the impact of this overall, what is your view on this? So that was the first question.

Abhyuday Jindal: So that is the reason why we went and made investments into Indonesia because we already got those fillers that government would be going further more restrictive on ore export and then NPI export, so which is why we have further gone with these investments in Indonesia. So we should not be impacted really by any kind of quota system. And further, it will help increase the price of nickel also.

Rohan Vora: Right, right. So basically, we will be able to get out the amount of bars that we were expecting earlier. So that should not impact our plans?

Abhyuday Jindal: Correct. Correct.

Rohan Vora: Got it. Got it. And the second question was on the JV, the Indonesia JV. So you had earlier said that because of the lower nickel prices, our ROCE on that will be lower. So what is the view on that? Earlier, we had planned to get 25% ROCE out of it, but what would be the revised number?

Abhyuday Jindal: Tarun, you want to answer, reply or response to this?

Tarun Khulbe: So I mean, like I said it before that on this, the return and this, I think we should wait for some more time and then we come back with these numbers.

Rohan Vora: Okay. Okay. Got it. And anything that will flow to the line item in the P&L where we show the profits from JV. So anything that will flow this year?

Anurag Mantri: Sorry, I haven't got it rightly. So you're saying JUSL.

Rohan Vora: No, the JV in Indonesia that we have.

Anurag Mantri: That will come as associate consolidation item.

Rohan Vora: Right, right. So any guidance on what amount of PAT that would flow from?

Anurag Mantri: As Tarun just mentioned, I think just wait for some time because to get that exactly the profitability numbers on the current scenario for that JV.

Moderator: Next question comes from the line of Prasanth Gopal with Spark Asia Impact Managers.

Prasanth Gopal: Sir, where is the current stainless steel price versus third quarter average? And can you give your outlook on that?

Abhyuday Jindal: Sorry, Prasanth, your question is stainless steel size outlook?

Prasanth Gopal: Yes, if you have any views on that near term?

Anurag Mantri: See, stainless steel, if you see, it's -- the prices of average realization, if you see in our thing is depending on the two things. One is that our product mix and also the underlying raw material prices because it's quite a lot of raw material prices are on a pass-through basis. When the raw material prices goes up, the average realization goes down.

So it's not exactly like a carbon steel where the prices goes up, the profitability increases because ultimately, there is a pass-through impact on that. And second is also on the product mix because the prices between the 200 series and 400 -- sorry, 300 series, there is a vast difference between the two. I mean 400 is in between.

Moderator: Mr. Gopal, are you done with the questions?

Prasanth Gopal: Yes, sir. So what sort of -- if you take stainless steel 304 grade, where are we current now, the prices versus the third quarter average, if you can give that data?

Anurag Mantri: Individual grade-wise prices, we don't give average realization of the -- for us, we can give you that average realization what comes to the blended. So this quarter, average realization was INR1,71,283 per ton.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Abhyuday Jindal: Thank you and let me also thank everyone for attending this call. In closing, I would like to reaffirm our confidence in the growth of the domestic market. Despite ongoing pressures of low-priced imports, we continue to demonstrate our leadership given the wide distribution network, technological progress and product supremacy.

I hope that we have been able to answer all your questions satisfactorily. Should you need any further clarification or would you like to know more about the company, please feel free to contact our Investor Relations team. Thank you once again and speak to all of you soon.

Moderator: Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.