November 13, 2024

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 NOVEMBER 6, 2024

This is in furtherance to our letter dated October 30, 2024, 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.jindalsteelpower.com.

You are requested to take the above information on record.

Thanking you.

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

ANOOP SINGH JUNEJA
Digitally signed by ANOOP SINGH JUNEJA
Date: 2024.11.13 19:09:53 +05'30'

Anoop Singh Juneja
Company Secretary

Encl.: as above

"Jindal Steel & Power Q2 FY25 Earnings Conference Call"

November 06, 2024

MANAGEMENT: **MR. PANKAJ MALHAN –** CHIEF EXECUTIVE OFFICER STEEL BUSINESS, ANGUL – JINDAL STEEL & POWER
MR. SUNIL AGRAWAL – CHIEF FINANCIAL OFFICER – JINDAL STEEL & POWER
MR. VISHAL CHANDAK – HEAD OF INVESTOR RELATIONS, STRATEGIC FINANCE – JINDAL STEEL & POWER

MODERATOR: **MR. JASHANDEEP CHADHA –** NOMURA

Moderator: Ladies and gentlemen, good day, and welcome to JINDAL STEEL & POWER Q2FY25 Earnings Conference Call.

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

I now hand the conference over to Mr. Jashandeep Chadha from Nomura. Thank you, and over to you.

Jashandeep Chadha: Thank you, Yashashri. Good evening, everyone, and thank you for joining in the call.

Without much further ado, I will hand over to Mr. Vishal Chandak – the Head IR for JSPL. Vishal, over to you.

Vishal Chandak: Thank you very much, Jashandeep. Good evening, everyone. On behalf of Jindal Steel and Power, I welcome you all to the Q2 Investors Briefing.

We have with us Mr. Pankaj Malhan – CEO for the Angul plant, Mr. Sunil Agrawal – CFO. Unfortunately, Mr. Sabyasachi Bandyopadhyay – Whole-Time Director, had to go for an urgent work, so he could not join the call.

So, I will hand over the call to Sunil Agrawal for his opening remarks, thereafter which we will take up the Q&A. Over to you, sir.

Sunil Agrawal: Thanks, Vishal. So, good evening, everyone. I wish you a very Happy Diwali, and hope you have all enjoyed the Festival Season. I welcome you all to the Q2FY25 performance briefing of JSP.

India steel production for the quarter was 36.2 million ton, down 1% quarter-on-quarter basis. However, apparent steel consumption grew 4% sequentially. Steel price remained under pressure due to the continuing surge in imports and declining exports. Export continued to trend down by 15% on quarter-on-quarter to 1.3%. million tons, while imports saw a sharp increase of 44% sequentially to 3.2 million tons.

India remained net importer of steel for the second quarter in a row, reflecting ballooning import from both FTA countries and China. Net imports for the quarter saw a massive 169% sequential jump. Despite the strong inflow of both FTA countries and China, your company reported a healthy performance reflecting the agility in operations and diversified product basket while maintaining a strong balance sheet.

Our production grew by 4% Y-on-Y to 1.97 million tons. However, sales for the quarter witnessed a drop of 8% on a Y-on-Y basis to 1.85 million tons. The decrease is mainly due to the plant down in Raigarh facility, while Angul plant witnessed an uptick of 4% in production on a quarter-on-quarter basis.

Net revenue for the quarter stood at INR 11,248 crores, down by 18% on quarter-on-quarter largely due to reduction in sales volume and softening of steel prices.

On the cost front, coking coal prices were down by $35 per ton and iron ore prices down by INR 500 tons, in line with our guidance given in our Q1 briefing. Our SMS costs remained flattish on account of the seasonal impact on techno-economics.

Our adjusted EBITDA on a consolidated basis for the quarter was Rs. 2,124 crore and EBITDA per ton stood at Rs. 11,467 per ton, down by 15% on a sequential basis. Accordingly, PAT declined by 36% on quarter-on-quarter basis to 860 crore. We expect a reduction of around $20 to $25 per ton in coking coal prices in Q3FY25.

We have taken a price hike of 1,000 to 2,000 across products in Q3 so far. Demand post season, festive season is good, and prices are holding up. We expect H2 to be better than H1 driven by strong seasonal demand and lower input cost.

Our consolidated net debt is Rs. 12,464 crore at the end of Q2 which has increased from Rs. 10,462 crore reported in last quarter. Increase is driven by payout related to expansion at our Angul project. Net debt to EBITDA is at 1.21x, which is still below our red line of 1.5x and continues to be the best among large steel players in India.

Our CAPEX in quarter stood at Rs. 2,642 crore. With this cumulative CAPEX spent under the current expansion program is around Rs. 20,562 crore. Regarding the expansion project at Angul, the same is progressing well as per the schedule communicated earlier. We are hoping that we will deliver the project in a record time.

With this, I will conclude and handover for Q&A session. Thanks. So, now I will hand over to Vishal.

Vishal Chandak: Thank you, sir. Yashashri, can you please open the lines for the Q&A?

Moderator: Certainly, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: I have two questions. The first one is related to the DRI second plant, which appears to have been delayed to Q4FY27 from Q3FY26 if I look at your presentation. So, I just wanted to know the reason for the same and wouldn't it impact your metal capacity and finally the steel capacity?

Pankaj Malhan: Thanks, Amit, for this question. We are working on our strategies to make sure we deliver the volumes as early as possible. So, our entire focus is right now in terms of adding volumes that we think the first scale would come from BF-BOF route. So, that's one area where we are actively pursuing our project strategies, and we are very hopeful of delivering the timelines that we have stated. And definitely we are working on the DRI stream, which would be the next in line.

Amit Dixit: No, sir, my question is, I think if the DRI is delayed, your availability of metallic would get delayed. So, won't it impact our crude steel capacity reaching 15.75 million tons by end of FY '26 because it is delayed to Q4 FY '27, which is a very significant delay from the earlier Q3 FY '26?

Pankaj Malhan: Q4 FY '27.

Vishal Chandak: This is 3Q. Amit, this is actually 3Q FY '26 only. It seems there have been some typo over here, and the numbers have a little moved haywire over here on the DRI. So, DRI is on track for the third quarter of FY '26. I apologize for the goof up over there, but it is 3Q FY '26 only and not 4Q FY '27.

Amit Dixit: So, essentially the timelines are unchanged. That is a good reason.

Vishal Chandak: So, let me reiterate over here. There is absolutely no change in any timeline, and we are on track to deliver what we have promised on the revised timelines. In fact, the blast furnace is scheduled to get commissioned in Q4 itself and we are at the advanced stages of commissioning.

Amit Dixit: The second question pertains to the captive coal mine. If you can highlight the quantity of coal that was supplied in this quarter and what is the ramp up/commissioning schedule of mine?

Pankaj Malhan: Thanks, Amit, again for this question. Our mine's ramp up is as per the plan. We mined close to 1.3 million tons in Q2 from our Utkal C mines, and going forward we are also in the very, very advanced stage of opening up our Utkal B1 mines.

Amit Dixit: So, when can we expect all these mines to be opened and is there anything permit that remains at this point in time?

Pankaj Malhan: We are very hopeful of starting our Utkal B1 in quarter 4 of this financial year.

Moderator: Thank you. We will take our next question from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka: Just following up on the question on coal mines, I think it was also kind of expected that the EC will be increased for Gare Palma and Utkal C. Any update on that?

Pankaj Malhan: This is work in progress, but the main focus right now for us is Utkal B1 startup, where we have received all the approvals, and we are in the process of opening up of this mine now.

Vishal Chandak: So, Amit, just to add on to what Pankaj sir has mentioned, we will not be short on coal, so we will not need to buy any coal from the markets. Even if the EC doesn't come as per our scheduled timeline, which we believe will be there, we will not be short on coal. So, we will only be having more surplus coal over there.

Amit Murarka: That's very reassuring. And also on the slurry pipeline, I believe it's due in Q4 FY '25. So, that's also on track, right?

Pankaj Malhan: Yes, Amit, I think this is one of the most exciting projects and with the change of the guard right now in Odisha, there is a lot of excitement about this project, and we are getting full support in terms of expediting the completion of this project. The good part is we have almost completed 80% of the project as of now when we are talking.

Amit Murarka: So, also to understand it right in terms of the cost reduction or margin expansion projects now, I mean, that will be the key project going ahead, right, incrementally speaking?

Pankaj Malhan: Yes, this is one of those projects.

Amit Murarka: And could you just maybe refresh the understanding once, like, how much is the anticipated cost savings from once the slurry pipeline is in place?

Vishal Chandak: So, Amit, if you remember in our previous calls also, we have mentioned that we would not be in a position to give you an item-wise breakdown on what is the cost savings on the slurry pipeline, on HSM and ACPP-II. But again, as we mentioned, our entire CAPEX program is based on the fact that we would generate a very high teen of ROCE. So, I am sure you would be able to back calculate the kind of total project savings out of there.

Moderator: We will take our next question from the line of Indrajit Agarwal from CLSA. Please go ahead.

Indrajit Agarwal: A couple of questions. First, a bookkeeping question. How are the NSRs for this quarter versus last quarter? And how is the spot NSR versus say 2Q average?

Vishal Chandak: Yes, I will just explain. So, our steel NSR for the quarter was 54,603, as against last quarter of 55,840.

Indrajit Agarwal: And what is your spot?

Vishal Chandak: So, we have raised, increased prices in the range of Rs. 1,000 or Rs. 3,000 across the product basket.

Sunil Agrawal: That we are already in the opening remarks, I have already mentioned that.

Indrajit Agarwal: That's clear. And what kind of iron ore inflation can we see in this quarter, in third quarter, broadly as things stand today?

Vishal Chandak: So, Indrajit, let me put it this way. When I look at the iron ore prices vis-à-vis steel prices today, iron ore prices are back to August levels, Feb levels, whereas steel prices are still down by almost Rs. 2,000 from those levels. So, if you look at iron ore prices, they need to go down substantially. If you have to pick up, they have to be in tandem with the steel prices. Otherwise, we see a spot spreads compressing compared to simply putting on the iron ore prices.

Indrajit Agarwal: Lastly, can you just help us understand what is the current HSM run rate at which it is running currently?

Pankaj Malhan: We are running at almost 40% utilization of HSM.

Indrajit Agarwal: And can you help us understand the progress rate by end of fourth quarter? Can we get to like 80% kind of utilization?

Pankaj Malhan: We are just waiting for the metallics to come and once they are there, the ramp up would be very easy. The good part is we have already seeded the market with our products.

Vishal Chandak: Indrajit, it is very easy for us to ramp up the HSM because now it's stabilized completely, but since we are staffed for the metallics, further ramp up would only be possible after our blast furnace is commissioned.

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

Parthiv Jhonsa: My first question is pertaining to debt. Debt has been consistently increasing over the last couple of quarters. So, any guidance on the reduction in that side? Because it is continuously increasing over last few quarters.

Sunil Agrawal: No, I will just, Pankaj. So actually, we are expecting the H2 will be better than H1, and we are expecting higher EBITDA from our operations. So, certainly, we are looking at our CAPEX plan as well. So, we are restricting ourselves that the net debt will not go up too much. So, we are targeting as we have stipulated 1.5x, we will be much below than that.

Parthiv Jhonsa: Any number on the reduction, sir?

Vishal Chandak: Parthiv, just let me add over here. We are right now very close to our peak debt numbers. Given the fact that the commissioning-related payouts have started happening while the production has yet to come in, so obviously the profitability is not there while the cost has got all embedded over here. So, the leverage looks higher compared to our own timeline as well as the gross level and net level debts are also higher. But from here, I think we are only going to see a reduction in both the leverage, absolute terms as well as all the ratios.

Parthiv Jhonsa: And sir, my second question is on coal. Any guidance for the Q3? What kind of numbers can we perceive for coal?

Pankaj Malhan: Normally we don't give any guidance of operating parameters, but we are comfortable in terms of driving home through our own mines.

Parthiv Jhonsa: If I may, can I just do even one more small question? It's pertaining to your Australian subsidiary. It's still consistently facing losses. So, any color on that side of the business?

Sunil Agrawal: So, right now Australian business is taken under care and maintenance. So, we are not burning much cash there.

Vishal Chandak: So, Parthiv, if you look at the overall pool, the difference between the standalone and consol is largely driven out of normally the overseas subsidiaries but also from the JSOL or the Odisha expansion. As the Odisha expansion continues to ramp up, you see a wider gap between standalone and consol.

So, the burnout is not at all at the overseas operations because as we highlighted in the past also, the overseas projects or subsidies are all based on driving their own cash flows and reducing expenditure. There is no movement of cash from the parent to the overseas subsidiaries.

Orissa project is in a ramp up phase. So, obviously, you will see some bit of challenge over there, but that's pretty normal with any project which is on an expansion phase. So, I think from next quarter onwards, you would see that declining.

Moderator: Thank you. We will take our next question from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

Kirtan Mehta: We mentioned that we are comfortable about the coal availability for the year, and we don't need to purchase the external coal. I believe we are operating our existing syn gas plant at around 50% capacity. Would we be able to ramp that up to 100% with the now domestic coal availability and will that improve the availability of metallics?

Pankaj Malhan: So, that's a very good question and we are right now working comfortably with 50% utilization of our coal gasification plant. This gas ramp-up is expected to happen with our coal rolling complex coming online now. So, we are looking at the capacity utilization of coal gasification to go up to around 70% by the end of this financial year, and we are comfortable ramping it up through our own coal itself.

Kirtan Mehta: That will not help us support the ramp-up at the HSM. HSM ramp-up will be more linked to the start-up of blast furnace, is that the right way to think?

Pankaj Malhan: Correct. So, HSM ramp-up would be more linked to the metallics availability. As of now, the level of metallics that we have in the organization, we have ramped it up. It's not dependent upon coal gasification of the synth gas, it would be more on the availability of the metallics, HSM ramp-up.

Kirtan Mehta: And second question was on the slurry pipeline. I believe you were facing certain ROE related issues, which has resulted in the sort of delay in commissioning of the slurry pipeline. Could you highlight how much ROE is available at this point of time and are those issues behind us now?

Pankaj Malhan: Yes, those issues are all behind us as of now, and there is a good harmony along with the new government, and we are fully confident of delivering this project now.

Kirtan Mehta: In terms of the pipeline status, welding status, would you be able to indicate some sort of the physical progress on the slurry pipeline as well?

Pankaj Malhan: I just indicated that number. Close to 80% of the project has been completed.

Moderator: We will take our next question from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal: So just I had a question on our remaining CAPEX. So, I think our total growth CAPEX was about Rs. 31,000 crores, and we have already spent close to Rs. 20,500 crores. So, normally we do have some performance guarantee related payouts that are deferred. So, is it right to understand that the balance, at least 10-15% of the balance amount, would probably happen over the next couple of years and not immediately?

Sunil Agrawal: Yes, that's right. So, certain retention amount, that will be paid over the next 2 to 3 years' timeline after commissioning of the full project.

Pallav Agarwal: And what will be the maintenance CAPEX, sir? This is a part of the growth CAPEX.

Vishal Chandak: So, Pallav, our maintenance CAPEX is close to about 600 crores on a quarterly basis.

Pallav Agarwal: So, about 2,500 crores is on an annual basis.

Sunil Agrawal: Yes, correct.

Pallav Agarwal: Also on the question related to metallics, so we had an arrangement with RINL. So, could that be a source for metallics or we are not really getting too much metallics from there right now?

Pankaj Malhan: Oh, that's again a wonderful question. We started on a good note with RINL before they had their own set of challenges. What we understand from the current condition is their two blast furnaces are down. So, they are running short of metallics themselves. There are good developments over there on that front. Some infusion of money is expected from Government of India. So, we are just waiting for their blast furnaces to be up and running before we start securing some metallics from RINL.

Pallav Agarwal: Lastly, if you would just give your thoughts on a few reports of save guard or anti-dumping duties being imposed. So, is there actually any truth to this or is there more speculation that's happening in the media?

Vishal Chandak: Pallav, anti-dumping, we have been through the industry informing the Ministry about the kind of imports that have come in the Indian space both from FTA as well as non-FTA countries through direct and indirect routes. So, the Ministry has taken cognizance of these imports and in fact, in one of the conclaves, the Steel Minister himself has mentioned that he would look at this matter and respond appropriately. So, we are quite hopeful that anti-dumping duty or increase in the basic customs duty of any sort should be in the pipeline. But when it will come, how will it come, it's absolutely impossible to make, give any predictions for that.

Moderator: Thank you. We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: So, just correct me if I am wrong. You indicated that the HSM utilization is at 40% right now. We expect it to go to 80% hopefully by the end of the year. You also indicated currently DRI is at 50% utilization. Are those variables correct, sir, to what I heard?

Pankaj Malhan: Sorry, I will just correct the variables. HSM is currently at a utilization rate of close to 40%. As and when the metallics from the new expansion comes in, it would be further ramped up. Right? Second, you spoke about DRI. We never touched upon DRI ramp up. It was coal gasification plant ramp up, which is at 50% utilization, because this is the amount of gas which is needed right now to keep running our DRI at full capacity. So, as and when there are more consumers within the plant, the coal gasification ramp up will happen on our own coal.

Ritesh Shah: So, you are indicating CGP is at 50% utilization, the coal gasifier?

Pankaj Malhan: That's what I have said, because this is the amount of requirement of the gas in the plant as of now.

Moderator: We will take our next question from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: My first question is on the two captive coal blocks. Utkal B1, we are expecting 4Q commercialization. Is it possible to share? Have we received all the approvals, the mining ledger signed, and it fits on the execution on the ground, which is happening now? And also if you could guide us with respect to Utkal B2 mine?

Pankaj Malhan: For Utkal B1, like I mentioned, we have secured all the approvals and the work on the ground has already started. And we are very confident of starting this mine in quarter 4 of FY '25. And Utkal B2, we are on the ground in terms of securing the approvals. We are also hopeful it will follow its own natural costs. And we should start this mine in the next financial year.

Vishal Chandak: Just to clarify, when Pankaj sir mentioned on the ground doesn't mean we are in the mine. It means the activities are at full speed.

Sumangal Nevatia: Sorry, I missed the last word, Vishal. What did you say, activities are at….

Vishal Chandak: The activities are going at full speed, as in we are very close to getting opening the mines, but when he said on the ground doesn't mean that we have opened the mine or we are in the mine.

Sumangal Nevatia: Got it. I have one clarification on the subsidiary EBITDA, which is around 180-odd crores. Is it possible to share what is coming from international business as a whole, all the few geographies and Odisha subsidiary?

Sunil Agrawal: One-to-one and I will request IR team. He will get back to you for further details.

Sumangal Nevatia: And just one last clarification. In the first half, is it possible to share what is a mix for thermal coal, how much is capital, how much is linkage and how much is e-auction?

Vishal Chandak: E-Auction, we have completely stopped buying and majority of the coal is now from our own mines. We have a very limited amount of FSA coal which we have to take up, that is on account of our tapering linkage. Other than that, everything is in-house. If you want the numbers, we can discuss it offline.

Moderator: Thank you. We will take our next question from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: First question, I wanted to ask on the power strategy. I just wanted to ask on the power strategy. The group signed an agreement with Jindal Renewables for 3 Gigawatt of RE. You also have 1,600 Megawatt of CPP yourself, another 1,000 Megawatt coming up. So, how are you looking at the sourcing of power in all the capacities you have?

Vishal Chandak: So, Satyadeep, as the demand for the green steel continues, we have signed an MoU with the Group company as you mentioned to set up for green power in the long term, part of which will come in very soon and part would be thereafter.

Now, how do we look at the rest of the power strategy? I think one of the key points here is that thermal power is here to stay, but steel would be produced more and more from the green power that would be procuring. So, we will have a mix of both renewable as well as non-renewable power. In the intervening period when we have surplus, we would look at opportunities to sell in market.

Satyadeep Jain: Secondly, just on the capital allocation, as you look beyond Angul-II, do we assume that till Angul-II commissions, you would not look at further expansion, or how do we look at growth beyond Angul-II, organic, inorganic, when do we see that, where? Some thoughts on long and flat, is it too early to think about that?

Vishal Chandak: So, Satyadeep, we will definitely not be stopping at Angul-II. We have one of the best balance sheets in the industry. Angul-II is going to throw a lot of cash, once it stabilizes. This would be reutilized and reinvested in further expansion, but what would be the nature of expansion and the product profile, that is something we have not yet finalized.

We will get back to you at an appropriate time when we feel we are ready for the next phase of expansion, but at this point in time, it would suffice that we will not stop here, the cash flows would be strong enough to fuel the next level of growth. So, we will continue to grow.

And Angul, as you mentioned in the past also, has a capacity to house about 27 million tons. So, our vision is to make Angul the largest single site steel plant in the world. And we will work towards that.

Moderator: Thank you. We will take our next question from the line of Raashi Chopra from Citigroup. Please go ahead.

Raashi Chopra: Just clarifying on some bookkeeping questions. You had mentioned the realization this quarter was 54,600 and 55,800 was in the last year or the last quarter?

Sunil Agrawal: Yes, this is, I have mentioned this is steel and a flat product.

Vishal Chandak: So, this is basically the benchmark numbers, but obviously our numbers would be different from these numbers. So, these were basically the benchmark HR realization numbers.

Raashi Chopra: For 2Q and 1Q?

Vishal Chandak: Right.

Raashi Chopra: So, for yourselves, what has been the change in the realization sequentially? Because if I just divide the revenue by volume, it appears that the realization has moved up sequentially.

Vishal Chandak: You are looking at standalone numbers, right?

Raashi Chopra: Standalone, yes.

Vishal Chandak: On the standalone numbers, if you look at the volumes, you would have divided the consolidated volumes. Yes.

Sunil Agrawal: So, if you divide by standalone, then standalone is coming around 61,695, down by 3% around from the last quarter.

Raashi Chopra: And the cost is, sorry, you were saying?

Sunil Agrawal: So, you have to divide it by last, stand-on sales, volume is 2.03 in the Q1 and in the Q2, the volume is 1.87 million tonnes.

Vishal Chandak: So, I think, Raashi, If you divide these numbers, you will get the numbers.

Vishal Chandak: So, there is a decline in the standalone ASP as well.

Raashi Chopra: So, the decline is 3% on a sequential basis, standalone?

Sunil Agrawal: Yes, you are right.

Raashi Chopra: And on the cost side, it is flattish on a sequential basis?

Sunil Agrawal: Yes.

Raashi Chopra: So, the decline in the coking coal as well as the iron ore has been offset by other expenses and lower volumes?

Vishal Chandak: Yes.

Raashi Chopra: And just on this cost side, coking coal should be down by about $20-$25 more in the third quarter?

Sunil Agrawal: That's right.

Raashi Chopra: And iron ore?

Sunil Agrawal: Iron ore, right now, they slightly increased by NMDC and OMC in the tune of Rs. 500 to Rs. 1,000 per ton. So, that is there.

Vishal Chandak: Raashi, as I mentioned in one of the answers, while steel prices have been coming off, iron ore prices have recently seen a sharp spike. So, as a result of which, the spot spreads are actually trending down compared to the Q3 or Q2 numbers. So, either the steel prices have to move up to realign the spreads or iron ore prices should come down because this is an artificially inflated iron ore price at this point in time.

Moderator: Thank you. We will take our next question from the line of Vikash Singh from PhillipCapital. Please go ahead.

Vikash Singh: Sir, if I just look at the standalone minus the consol EBITDA, there is a 210 crore. Just wanted to understand which subsidiary is contributing that much of money? Because this number is pretty fluctuating on a quarter, every quarter.

Sunil Agrawal: So, basically, this is JSOL. There is 100% subsidy that we have commissioned. EBITDA is coming from that start of the operation.

Vikash Singh: And how should we look at this number going forward?

Sunil Agrawal: So, it will improve once this operation of our JSOL streamlines and as we have said that the utilization will go up, so certainly the volume will go up and the EBITDA will come up from that JSOL project.

Vishal Chandak: Vikash, as soon as we commission our blast furnace, that is where you see a sharp spurt in the profitability of the Angul expansion.

Vikash Singh: My second question pertains to HSM. We basically, you said that it has reached 40% of utilization level and further ramp up is not possible unless the new blast furnace comes in. So, in terms of the benefit from the low-grade semis to the finished steel, that benefit we have received so far. And if you could quantify that once the blast furnace comes, how much more benefit could be arrived from the SSM itself?

Vishal Chandak: So, we are not selling any semis right now. So, whatever the steel that we have, we are finishing that in the HSM and we are selling the value-added product. So, we are not selling any semis right now.

Vikash Singh: And the operating leverage benefit once that... Yes, sorry, please continue.

Vishal Chandak: Because the benefit of conversion of semis to HSM has already been realized. And now incremental benefit of volume will come through once the blast furnace gets commissioned. So, at this juncture, we hardly have any semis to sell in the market.

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

Ashish Kejriwal: Three quick questions. One, in coal mines, last quarter we said that we are on the verge of expanding the existing EC limit of Utkal C and Gare Palma. Where we are on that?

And second question is, have you said that we are running at a peak capacity utilization for our DRI plant at Angul? If that's the case, what is the overall capacity utilization at Angul-In Q2?

And third is, in terms of sales volume, last quarter also mentioned that we will be selling more than 2 million tons each quarter. And this quarter, though volumes have been down on production because of the shutdown, but sales volume was lower than the production volume also. So, are we getting any hit because of the logistic or some slowdown in demand or what could be the thing which can explain that?

Pankaj Malhan: So, there are a number of questions, if I was to take one after another. DRI capacity utilization is almost at the full level in the plant as of now. DRI utilization continues to be at the full level in the company. So, there were some shutdowns which are plant shutdowns. That's the only differentiation that we will have in capacity utilization.

Second, you mentioned about the EC increases about Utkal C and Gare Palma. That's the work in progress. We are working very closely in terms of securing the approvals, and we are very hopeful, very soon we should get those approvals also in place.

The third question, maybe I missed, if you can repeat your third question.

Ashish Kejriwal: My question was at what capacity utilization we are working with in Angul overall 6 million ton and sales volume in second quarter, why it is lower than the production volume also?

Pankaj Malhan: Overall Angul capacity sweating in Quarter 2 being close to 85%.

Ashish Kejriwal: So, is this the maximum which we can do or we can elevate it without any further addition in our plant?

Pankaj Malhan: We have seen 4% increase in terms of Angul utilization sequential basis, and we are looking into further improving the capacity utilization.

Ashish Kejriwal: And sir, about the sales volume?

Pankaj Malhan: And the sales volume what you mentioned, yes, we are mindful of those volumes. Of course, there were some plant shutdowns in Raigarh, which led to some drop in terms of the production as well as the finish volume. While talk about the steel capacity which is typically the crude steel, the finish good would be slightly lower than that. So, that's what is the numbers getting reflected in the numbers.

Ashish Kejriwal: We don't have much inventory or inventory level has not increased.

Pankaj Malhan: It is more or less stable levels. Very marginal change in terms of sequential basis in terms of inventories.

Ashish Kejriwal: So, is it possible for us to give a sales volume guidance for FY '25?

Pankaj Malhan: I am sorry, I don't think we are in a place where we normally give guidances for the forward, but the company remains committed to increase the capacity utilizations and delivery quality products to the customers.

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

Rahul Gupta: I have just one question. Just trying to understand what has driven iron ore price hikes to the level where you say they are unsustainable? Maybe alternatively, what should drive them down assuming global iron ore prices stay where they are? Just trying to understand if there is any structural issue with iron ore prices over here.

Vishal Chandak: So, Rahul, if you look at the iron ore scenario today, the way we perceive it, iron ore is getting more and more classified as an oligopoly, given that between NMDC and OMC, there is a massive supply pool. However, steel continues to remain fairly diversified among several players. So, there is a demand-supply mismatch, which is apparently there.

Secondly, the recent push by China, the stimulus given by China has led to an increase in global steel prices as well as iron ore prices. However, the steel prices have corrected post that, but iron ore has yet to be corrected. So, we believe as steel prices have corrected marginally, iron ore prices should also fall in line.

Rahul Gupta: Just one bookkeeping question. What was the share of exports during the quarter?

Sunil Agrawal: It was 9%.

Rahul Gupta: And this was 7% last quarter, right?

Vishal Chandak: Yes.

Moderator: Thank you. We will take our next question from the line of Ritesh Shah from Investec. Please go ahead. There is no response from this connection. We have a follow-up question from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Just a very quick question. What can be the tentative coking coal cost saving? Did I hear correct, it is about $20 to $25 in Q3?

Sunil Agrawal: That's right. That we have.

Parthiv Jhonsa: And is it possible to give any guidance for FY '25 volumes by any chance?

Sunil Agrawal: No, right now we will not be in position to give our forward-looking statement.

Moderator: We will take our next question from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: Quick one. Sir, would it be possible for you to quantify how much was the external metallic purchase in first half? And is it a strategic decision not to purchase incremental metallics and wait for the furnace to come upstream?

Pankaj Malhan: That's a wonderful question. We keep adjusting our strategies every quarter basis the demand of our products and in the industry. So that's how we devise our strategies on a quarterly basis, and going forward, if there are opportunities existing, we would be open to this also, provided it makes commercial sense.

Ritesh Shah: And just quick two questions. Any update on railways logistics as we look to ramp up the capacities? How are we looking at outbound logistics? And specifically, if there is any update on Paradip Port? That's the first question. And second, any update on ACPP-I and II? And we had plans to dismantle the older 1,350 Megawatt. Where are we on that?

Pankaj Malhan: On railway logistics projects, the project, while we are trying to drive in terms of doubling the rail lines to the Angul station, that's fully on track and by the end of this financial year, we are hopeful of completing that connectivity. We are also working internally in terms of connecting the various new units and facilities to the holding yard. Holding yard expansion is about to get completed now. So, we see that project going as per the schedules that we have guided.

Second, your question in terms of where are we in terms of ACPP-I and ACPP-II, ACPP-II right now technically is all ready. We are waiting for the approvals to come up. We are very hopeful of starting ACPP-II sometime in quarter 4 to start itself. And in terms of ACPP-I, which we just spoke about, once we stabilize ACPP-II Unit 1, then we will start looking into the revamping of our ACPP-I turbines also.

Vishal Chandak: So, Ritesh, just to add to it, there are absolutely no plans to dismantle any of the existing facilities just because a new facility has come up. We even have surplus power and as I mentioned earlier, we will be selling surplus power in the market.

Moderator: Thank you. We will take our next question from the line of Pratim Roy from B&K Securities. Please go ahead.

Pratim Roy: Just want to clarify that you have mentioned in the earlier comment that this quarter we are expecting Rs. 1,000 to Rs. 2,000 price hike. So, if you quantify the number how much extra delta in terms of NSR we can expect in 3Q over 2Q, if you can give some number on that?

Sunil Agrawal: I could not get your question right now. Can you repeat that?

Pratim Roy: So, my question is that how much NSR improvement we can expect company level for 3Q over 2Q?

Pankaj Malhan: Number one, this is a forward-looking question, and company keep devising its strategy on quarter-on-quarter basis in terms of the product portfolio itself. We keep tweaking the product portfolio to make sure that we are able to maximize our blended NSR given the current scenarios that we are into.

We also keep looking into the value addition that we bring in onto the table with respect to each and every product category also. So, that is what we keep tweaking to maximize our blended NSR.

Sunil Agrawal: So, as I have already mentioned, our NSR will go up by 1,000 to 2,000. That I have already spoken in opening remarks till now. That is till now. And we are seeing further rise in coming due to after Diwali is over. So, we are seeing that the rebound in demand in the steel prices. So, we are expecting further prices will go up from here.

Moderator: Next question is from the line of Pavas from Birla Mutual Fund. Please go ahead.

Pavas: I just wanted to understand, I know it's very difficult to guide for FY '25 numbers. From a broader perspective, is FY '27 will be a kind of a full ramp-up or FY '28 will be a full ramp-up?

Pankaj Malhan: So, we are looking at FY '27 to be the full ramp-up.

Pavas: Secondly, we are supposed to kind of balance our finish versus crude steel. There is still scope for 1.5 to 2 million ton of kind of finish steel capacity to come up. Have we finalized that?

Vishal Chandak: So, Pavas, you have rightly mentioned, seemingly, there is a gap and as we have mentioned, there is a plate meal which is yet to come up over there. So, part of that gap could be braced over there. And we will look at adding a few other finishing lines as and when we feel it's appropriate to fill in the gap. The idea is to maximize contribution as well as EBITDA. So, we will make sure the semis are brought down to the minimum going forward as well.

Pavas: So, this full ramp up, what does this translate to in terms of finish steel kind of a production?

Vishal Chandak: That would be looking for guidance, Pavas. FY '27 is a full year of full ramp up.

Moderator: Thank you. We will take our next question from the line of Pawan from NMV Securities. Please go ahead.

Pawan: My short question was that what was the share of value added products on the sales volume of 1.85 million done?

Sunil Agrawal: It's almost 50%.

Pawan: 50%.

Moderator: Thank you. We will take our next question from the line of Prateek Singh from DAM Capital. Please go ahead.

Prateek Singh: Just wanted to clarify, when sir said that there is a price hike of Rs. 1,000 to Rs. 2,000, that is post the quarter end, or are we calling for a higher, this much higher ASP versus the 2Q average?

Sunil Agrawal: We are saying the 2Q average versus Q3, so we are mentioning about the average price from the 2Q to till now, increase in October month.

Prateek Singh: So, if you don't take any further price hikes, the 3Q would largely be Rs. 1,000 to Rs. 2,000 per ton higher than 2Q. That would be the correct understanding.

Sunil Agrawal: Yes.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the Management Team for closing comments. Over to you.

Vishal Chandak: So I would request Pankaj sir to give a closing remark on this.

Pankaj Malhan: This quarter, your company has delivered strong numbers, despite some headwinds. We are very confident as a management team of delivering another wonderful quarter in Quarter 3. And that's what we look forward to this. And we remain thankful to your questions and queries, and we will be in touch offline if needed. We wish I can take your questions. Thank you.

Moderator: Thank you. On behalf of JSPL and Nomura, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.