JSW Steel Ltd. Conference Call Transcript - October 17th 2025

Operator: Good evening ladies and gentlemen. You are connected to the conference call for JSW Steel. Please stay connected, this conference will begin shortly. Ladies and gentlemen good evening, you are connected to JSW Steel. Thank you for your patience. This conference will begin shortly. Thank you.

Operator: Ladies and gentlemen, good day and welcome to the JSW Steel Limited Q2 FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashwin Bajaj, Group Head of Investor Relations. Thank you and over to you, sir.

Management: Yeah, thank you, operator, and a very good evening, ladies and gentlemen. Welcome to JSW Steel earnings call for Q2 of the financial year 2026. We have with us today the management team represented by Mr. Jayant Acharya, Joint Managing Director and CEO, Mr. G. S. Sachdev, Chief Operating Officer, Mr. Arun Maheshwari, Director of Commercial and Marketing, and Mr. Seshagiri Rao, Joint Managing Director and Group CFO.

We'll start off with opening remarks by Mr. Acharya and then open the floor to questions. So with that, over to you Mr. Acharya.

Management: A very good evening everyone. Global growth, as we have all seen, continues to be fairly resilient even in the light of ongoing challenges which we are observing on the geopolitical side as well as on the trade side. The IMF has made a marginal upgrade to its global forecast for 2025 to 3.2% compared to its previous estimate from July while keeping its 2026 forecast unchanged at 3.1%. Although the tariff hikes were less severe for many countries than initially anticipated, the broader slowdown is still being driven by ongoing uncertainties which continue to dampen business sentiment and investment decisions across markets.

On the positive side, we have seen some improvement in the Middle East towards a peaceful resolution.

Meanwhile, India continues to stand out as the fastest growing major economy and the RBI has raised its FY26 forecast to 6.8%. While the ongoing global tariff scenario and geopolitical challenges are headwinds, the recent fiscal and monetary measures such as GST rate rationalization and easing of lending norms will bolster domestic growth. Rural prospects remain encouraging supported by above-normal monsoons, higher tariff sowing, robust tractor and FMCG sales. Although rainfall has been uneven in some of the regions, inflation has also been benign, and that has opened up room for further easing by RBI.

India steel demand stays strong in the second quarter, rising 8.9% year-on-year on the back of continual government capital spending and steady consumption across key sectors. Crude steel production in quarter two rose by 13.8%. While domestic demand continues to be healthy, a quarter-on-quarter spike in imports has kept India a net importer. Additionally, the DGTR has recommended extending the safeguard duty for three more years and gradually reducing rates of 12%, 11.5%, and 11% respectively. The DGTR has also proposed imposing anti-dumping duty on hot roll coils from Vietnam and CRNO from China.

Steel production in China during January to August fell by 2.8% year-on-year, or approximately 20 million tons. However, exports have continued to remain elevated, growing 18% in January to August calendar year 2025. Manufacturing continues to remain strong in China supported by the auto sector, but real estate has been weak leading to lower steel consumption. The anti-involution measures and the steel industry work plan of 2025-26 issued at the end of August is a positive for the industry at large, suggesting further thrust on production and capacity control.

Let's talk a bit about our sustainability and digitalization initiatives. I am happy to share with you that we have commissioned India's first green hydrogen electrolyzer at 25-megawatt facility capable of producing 3,800 tons of green hydrogen per year. It is a major milestone in our sustainability journey and a proud moment for all of us. The green hydrogen will feed into our DRI plant at Vijayanagar and will help reduce GHG emissions. We continue to progress on increasing our renewable energy capacity. We have commissioned 885 megawatts of renewable energy and a total of 2.5 gigawatt generation and 320 megawatt-hour battery storage has been approved which is on its way during the next coming years.

As we continue to innovate, we are also integrating advanced AI capabilities to enhance productivity, sustainability, and deliver long-term value. From smart sales and marketing tools and quality monitoring in manufacturing to safety systems and AI-driven HR processes, we are embedding AI into our core operations. This is helping us to improve our efficiency, reduce our downtime, enhance our safety, and deliver a better experience for both our customers and employees.

On the growth strategy, we remain quite focused on discipline as we expand our capacities. At JVML Vijayanagar, our 5 million ton expansion is fully commissioned now with the second converter starting in August and is ramping up well. The 3 million ton BF3 at Vijayanagar has been shut down at the end of September for relining and capacity enhancement to 4.5 million tons. This upgrade will take about 150 days and should return to operations in February 2026. The phase three expansion at Dolvi from 10 to 15 million is progressing well as planned with the timeline of September 2027 completion. The ongoing expansions will take our India capacity from the current 34.2 million to 41.9 million by September 2027.

The board has now approved setting up a project of 1 million ton based on Electric Arc Furnace (EAF) in Kadappa, Andhra Pradesh by end of FY29. The plant will incorporate a section mill to produce structural steel widely used in construction and infrastructure as construction transitions to becoming more steel intensive. The site has the potential for further expansion and with possible iron ore availability in Andhra Pradesh, this site has potential for further growth. This project will take our India capacity to 42.9 million by FY29.

Along with steel making, we continue to strengthen our VSP portfolio and capacities aiming to keep our value-added and special products share in our total sales by over 50%. In August, we announced that we will expand our CRGO electrical steel capacity at the Nasik plant from 50,000 to 250,000 tons per annum and the Vijayanagar facility to have a capacity of 100,000 tons per annum from 62,000 tons envisioned earlier. The board has also approved a 1 million ton section mill at Raigarh plant for making structural steel. We are also upgrading our facilities at Salem to produce higher volume for steel bearings and high-end niche grade steel. With the new section mills at Raigarh and then at Kadappa, the company is strategically entering the structural steel segment to support the growing demand for modern construction solutions with a focus on delivering high quality, durable, and sustainable products.

Our total planned capex for the period from H2 FY26 and extending over the next three and a half years is approximately 69,000 crores. We will spend approximately 20,000 crores per year as we had initially outlined, which will be funded primarily through internal accruals. We will keep updating you on our progress on the capex as we go into this financial year ending.

In the case of BPSL, I'm happy to share that on September 26, 2025, the Supreme Court dismissed the appeals filed by the former promoters and certain operational creditors. The court upheld the NCLAT 2021 order which had approved JSW Steel's resolution plan for BPSL. The court has also acknowledged the substantial efforts made by JSW Steel in resolving and turning around BPSL into a profit making company.

If we look at our raw material security, we continue to strengthen that piece through a well diversified portfolio of iron ore and coking coal assets. Currently we are operating 12 iron ore mines, nine in Karnataka and three in Orissa, providing long-term iron ore supply and enabling us to reduce our logistics cost. Three new mines in Karnataka are expected to start in quarter one of FY27, which will together produce approximately 4 million tons. In Goa, where we had won three mines, mining activities are scheduled to begin at Kudnem site in quarter three FY26 while operations at Soona and Codly mines are expected to start in H2 of FY27. These three mines together are expected to contribute approximately 3.7 million tons of iron ore. We have further two exploration blocks each in Maharashtra and Andhra Pradesh which will come online in subsequent years.

On the coking coal front, as you are aware, we have secured three mines in Jharkhand and linkages from Coal India. This will become operational progressively over the next two to three years as we have outlined earlier with usable coking coal between 3.2 to 3.5 million tons. Additionally, we have acquired a 20% stake in the Ewara coking coal asset in Australia in September and have been receiving offtake of 20% of its production since then. Recently an opportunity came up to increase our stake by another 10%, which will now take our holding to 30%. We are also in the process of acquiring Minas de Revuboe project in Mozambique ensuring access to high quality coking coal and reinforcing our raw material self-sufficiency especially on the PLV high grade coking coal category. We expect this acquisition to close in the current financial year.

Let me now walk you through the operational performance for the quarter. We have reported strong operational performance amid ongoing uncertainties which we have faced globally. Our consolidated crude steel production in quarter two was the highest ever at 7.9 million tons and grew by 17% year-on-year and 9% quarter-on-quarter. We also reported the highest quarter two consolidated steel sales at 7.34 million, up 20% year-on-year and 10% quarter-on-quarter, despite a prolonged monsoon supported by healthy domestic demand.

Our Indian operations delivered the highest ever production at 7.66 million, up 16% year-on-year, and second highest ever sales of 7.07 million, up 19% year-on-year. This was driven by ramp up of JVML and BPSL post expansion and the Dolvi facility operating at optimum capacity post shutdown. Domestic sales at 6.33 million were up 14% year-on-year and were the second highest ever in a seasonally weak quarter, outpacing the Indian demand growth of 8.9%. Our VSP sales were the highest at 4.31 million tons, up 20% year-on-year and 10% quarter-on-quarter, constituting 64% of our total sales. In quarter two, we had registered the highest ever sales to automotive, sales to renewable energy segment grew by 35%, and we also registered highest ever sales in the cold rolled and long product segments. Our overseas operations operated at higher capacity utilization delivering improved volumes. Our inventory levels have increased in quarter two due to monsoon season and also because of the inventory built up ahead of the shutdown of blast furnace 3 in Vijaynagar for expansion. We are well positioned to meet expected demand in a seasonally stronger second half of the financial year.

Let us now shift a little bit of a focus to financials. The consolidated revenue from operations stood at 45,152 crores with an adjusting operating EBITDA of 7,849 crores, reflected in an EBITDA per ton of 10,701 rupees, a margin of 17.4%. The adjusted EBITDA excluded unrealized forex gains and losses on long-term borrowings. The adjusted operating EBITDA better reflects our operating performance. The reported operating EBITDA stands at 7,115 crores.

During the quarter, steel prices declined which impacted realizations. This was offset by a better product mix, lower operating costs driven by better efficiencies and operating leverage. Coking coal costs were down by about $6 in line with our guidance. Our coking coal and iron ore specific consumption improved also on better volumes. The energy costs were lower both in terms of specific consumption and price due to higher renewable energy getting commissioned in the last quarter.

Our Indian operations delivered a total EBITDA of 7,614 crores with an EBITDA margin per ton of 10,768 and an operating margin of 18.1%. Our subsidiary, especially coated business, performed well. The US operations delivered 12.2 million of operating EBITDA. This was lower primarily due to a spillover of shipments of certain pipe orders at the plate and pipe mill into quarter three. Italian operations delivered an EBITDA of 5.6 million euros on higher sales of rails. Consolidated EBITDA for overseas operations stood at 241 crores. Unrealized forex losses to the extent of 734 crores impacted overall profitability during the quarter. Our consolidated PAT stood at 1,646 crores compared to 404 crores in quarter two of FY25.

Net debt at 79,153 crores was lower sequentially despite a 2,100 crores impact due to forex movement. Our revenue acceptance stood at 2.35 billion dollars. We spent capex of 3,135 crores in quarter two and a total of 6,535 crores in H1 of this year.

Moving on to JSW One, our digital marketplace. JSW One is changing the game for MSMEs in manufacturing and construction by making it easier to access materials, credit and services through our digital marketplace. We had a strong quarter with 3,950 crores of GMV in quarter two, which is a solid 43% jump compared to last year. What's even more exciting is that about 1,100 crores of that came from our credit offerings. We also raised 575 crores in our second round of external funding, which will help us scale our B2B e-commerce journey faster.

As we conclude, I would like to mention that India's steel consumption outlook remains strong, underpinned by supportive fiscal and monetary policies despite ongoing global challenges. The recent GST cuts are very positive and are expected to lift consumer sentiment and give a boost to demand across key sectors and also ultimately drive private capex as companies achieve higher utilization. Steel demand is projected to grow by 8 to 9% in this financial year. As we move into the second half of FY26, we expect domestic demand to be seasonally strong with the tailwind of government and private capex both likely to improve in the second half. Historically, the second half has been stronger for steel consumption and the potential rate cut by RBI could further boost investment and spending. On the global front, export trends will need close monitoring as they continue to pose challenges for the steel market. For JSW Steel, we remain optimistic about a strong second half backed by improving steel prices and higher production volumes from our assets. We would be happy to take questions which you have. Thank you.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to please use handsets while asking a question. We also request that you please restrict yourselves to two questions only. You may rejoin the queue for follow up questions. Ladies and gentlemen, we will now wait for a moment while the question queue assembles. Our first question comes from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia - Kotak Securities: Good evening everyone. Thank you for the chance. Sir, my first question is on the prices. Over the last few months, we've seen domestic prices being at a discount to import parity after a long time. So I want to understand what are the key reasons behind this because the demand data continues to be decent. And post that, if you could share what is our expectation of prices and when do we see normalization of some parity as far as imported price are concerned returning to the market. Thanks.

Management: Yeah, Sudip, prices have been softer in a seasonally weak quarter. I think post the monsoons in September, we have seen price stability. Going forward, I would expect the prices to improve in November, December of this quarter. You are right that the prices are currently at a discount to imported numbers. The capacities which have come in have been lumpy and external headwinds have impacted sentiments to some extent apart from a weak seasonal quarter. So I would say that while exports need to be watched because of tariff measures being undertaken by various countries, we also need to watch out for imports which can come in because of that into India. That actually impacts sentiments to some extent. However, we are optimistic that in a seasonally stronger second half, we will see improvement in prices.

Sumangal Nevatia - Kotak Securities: Understood sir. Sir, can you share what is the expectation with respect to the raw material prices, both iron ore and coking coal, in the coming quarter? And also with respect to the slurry pipeline, which quarter are we expecting the commissioning and what sort of volume and cost benefits do we expect with the commissioning of it?

Management: Hi, I'm Arun. Regarding iron ore prices, it has been quite on the downward trend now if you see within India as well. We have seen two corrections in the last one month happening in the eastern part of India and we see that this correction may continue because there has been a decent supply happening, at the same time the raw material stocks are reasonably okay with all the user industry. So this is one reason why we think that iron ore prices should be slightly on the lower side.

On the coking coal front, there has been slight uptick we have seen in the international market, but then it doesn't look like to be having a very long range. Small corrections are likely to be here and there. It most likely it should be remaining range bound within what it is happening, maybe a couple of dollars here and there. So we don't see a very large swing in these coking coal prices as well. In this quarter, because of a slight change in the PLV, we may see up to three to five dollars increase in our coking coal cost in October-December. That's the only other information. And your question about slurry starting, as per the schedule what we look at today, it is most likely it will start in Q4 of FY27.

Sumangal Nevatia - Kotak Securities: Understood. Thank you and all the best.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Alok Devra from Motilal Oswal. Please go ahead.

Alok Devra - Motilal Oswal: Yeah, good evening. Just had a couple of questions. So first is actually I missed that part, what's the coking coal guidance for Q3?

Management: Three to five dollars increase.

Alok Devra - Motilal Oswal: Increase. Increase of three to five dollar, sure. And also if you could highlight on the pricing part because prices typically which rise after monsoon have not been rising. So if you can just indicate how the demand scenario you're looking at and any, you know, how much NSR we could be expecting in Q3. Any as an incremental change in the NSR for Q3 if you could just provide some sense on that and the demand side. Thanks.

Management: Yeah, so you know the demand traction is positive. You know it goes to prove that in a seasonally weak quarter in monsoons, we have been able to grow our domestic volume by 14% and the country itself has grown by 8.9% which is a strong positive. Seasonally, H2 will be even better. So therefore from a volume standpoint, I think we'll continue to remain strong. As far as prices is concerned, I think we are reasonably optimistic that the prices should move up in this quarter, maybe November, December. By and large we see prices having stabilized post the monsoon drops. So that should play out into the second half of this financial year.

Alok Devra - Motilal Oswal: Sure. Just one last question. So imports have, you also mentioned imports have been pretty strong. So any color on that because the imports were ideally expected to come down post the safeguard duty which has not really happened for a sustained period of time. So just some color on that.

Management: Yes, so if you were to see on an absolute basis, your imports have come down. The only thing is that in the last two months, imports have again shown an increase. Primarily these are because of the tariff headwinds which we are seeing in the world. Various countries are announcing different tariffs and that is resulting into some spillover for steel looking for a market and India becomes a natural choice. While our safeguard duties of 12% have been helpful in the first quarter, but I think part of that is already eroded. So I think as we watch the tariff actions by others, and I think we will probably have to monitor how that goes and accordingly look for measures, trade measures which may be required to support any kind of dumping which may come in. Other than that, from an India perspective, I think we remain quite optimistic and quite strong in terms of our demand and our ability to meet that demand.

Alok Devra - Motilal Oswal: Sure. Thank you so much. That's all from my side, all the best.

Management: Thank you.

Operator: Our next question comes from the line of Pratik Singh from Dam Capital. Please go ahead.

Analyst1: Hi, thanks for the opportunity. The first question is a bit of an understanding side. So last quarter, I think we talked about the beneficiation plant in Andhra. Now we have announced a 1 million ton EAF plant. So are we going to do more investment in blast furnace in Andhra Pradesh as well?

Management: Blast furnace you're asking? No, this particular facility as of now which we have envisaged is through an Electric Arc Furnace. It's a 1 million ton structural steel facility. We are not envisaging a blast furnace at this point of time. We have scope for expansion, but that expansion may be upstream or it may be also addition of further capacities. We will see how that evolves. There is place for expansion.

Analyst1: Thanks. The second question is on captive ore. What was your volume in terms of production of captive ore in this quarter and what was the share of captive ore in our mix?

Management: The share of captive we have approximately had close to 30% odd in the mix of iron ore from our captive mines.

Analyst1: Okay, just a quick one here. Any update on the royalty on royalty status? When is the next hearing or when is the decision to be taken by the courts here?

Management: No, this is to rise, so we are still awaiting the final outcome by the court and hopefully by the end of this month, we should be getting something on it.

Analyst1: Okay, thanks and all the best.

Management: Thank you.

Operator: Thank you. Our next question is from the line of Indrajeet Agarwal from CLSA. Please go ahead.

Indrajeet Agarwal - CLSA: Hi, thank you for the opportunity. Just to understand the cash flow situation here on. You still have about 13,500 crore of capex to be done in the second half. While we will see liquidation of working capital, do you think our debt has peaked in Q2 or we could see by end of FY26 debt to rise further from here?

Management: Hi, this is Swapan here. Absolute debt would not be a right metric to look at. You would have noticed our net debt to EBITDA has come down to 2.97 and we have been guiding also in the past that a number below three is something we will aim to maintain even in future.

So while talking about the sale for this year, absolute debt could go up or down, but what we are more positively looking forward to is holding the net debt to EBITDA, the leverage ratios below three.

Analyst1: Sure. And last question on NSRs again. How was the NSR move from Q1 to Q2, and how does spot compare to Q2 average?

Management: NSR has gone down in the second quarter as is reflected in our results by close to 5% or so. Going into Q3, as I said, we expect the prices to improve in probably November and December, as we go into a seasonally stronger second half.

Analyst1: All right. Thank you.

Operator: Thank you. We have the next question from the line of Parthiv Josna from Anand Rathi. Please go ahead.

Parthiv Josna - Anand Rathi: Hi, sir. Thank you for the opportunity. Sir, my first question is pertaining to this, one of the CAPEx which I had actually given out in annual report for the 4 million green steel at Salav. That has no mention apparently in the presentation. Is this a part of the pending CAPEX which will be going forward, from that 7.1 million ton? Is it a part of it?

Management: Yeah, so the Salav capacity expansion is a part of our journey of 50 million tons which we have declared. I think part of that 2 million ton was to come in in this decade. We are, you know, we are keeping an eye on the CBAM ecosystem which the European Union is likely to announce in the next one or two months, what systems have to be followed, etc. Once we have a little better clarity on that, we'll take a call. But from our preparedness perspective, Salav can be expanded very quickly, being a brownfield facility. We can do that quite quickly with, as we said, with low carbon emission products. But however, we'll watch how the CBAM rules which they outline, how that unfolds, and then take a view.

Parthiv Josna - Anand Rathi: Thank you, sir. And sir, my second question is pertaining to iron ore. I believe you said that this quarter your captive was about 30 odd percent. What do you expect for the second half?

Management: So, our mining operations, why it was lower was because the mining operations in Orissa volume had come down. We found, let's say, better priced products in the market which we have used. Going forward, I think we have been in this range of 30 to 40% over the last quarters if you observe. I think we will continue to be in this range as we see in the second half as well.

Parthiv Josna - Anand Rathi: So if I may just squeeze in, I believe my request skipped it. What do you expect the iron ore prices to be in quarter three?

Management: We expect the iron ore prices to decline in quarter three. Okay. Which should be positive for our cost. By how much is difficult to assess. But I think some of the numbers are evident from the Orissa Mining Corporation tenders which have just come out. I think they have also declared lower pricing. So therefore we are hopeful that lower pricing will be taken also by other producers in the market.

Parthiv Josna - Anand Rathi: Thank you so much, sir.

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

Amit Murarka - Axis Capital: Hi, thanks for the opportunity. So I missed the comments in the part of the call, but just wanted to know if any guidance you're providing for Q3 realizations.

Management: So on Q3, we have said that, you know, our pricing environment we expect to improve over the November, December months. The prices have currently stabilized post a weak monsoon quarter from a price point of view, but from a demand point of view, it was still good. So therefore now we expect because the inventories in the channel is also low, the pricing should improve. On the coking coal side, we said that we may have an increase of 3 to 5 dollars. We would try to build in some efficiencies to mitigate that. On the iron ore, we said that we are expecting the prices to decline. So therefore that should be positive for the cost.

Amit Murarka - Axis Capital: All right. Yeah. Thank you. And generally also like we have been seeing local steel prices have been going at discount to import parity even though there is a safeguard duty in place. So that's a bit puzzling to see as to why is that so? Because usually anyways we trade at a 3 to 5% premium.

Management: No, you're right. We are currently also we are operating at a discount to the international prices. Part of that is because the you know, a seasonally weaker quarter usually reflects a lower price. Especially in long products and when the long product prices go down, what happens is that your billet prices, your ingot which starts producing also something from Patra, you know, all those prices come under pressure and therefore there's a sentimental impact on the overall pricing. Second is the capacities which came in during the past two or three quarters have been lumpy. So from a production standpoint, therefore you are seeing the production growth also reflecting that in India. But from an external side, I think the exports while they have grown, there are challenges on the international front. I think we are seeing by and large our capacity is getting absorbed. Channel inventories now coming down. So from a pricing environment point of view, I think we are reasonably optimistic that the price should improve in November, December going forward.

Amit Murarka - Axis Capital: Right. And just the last question. So what's your understanding on this pending Finance Minister approval for the three years safeguard duty? By when do you think it can come through?

Management: The timeline is till November. I think by that time we expect that to come in.

Amit Murarka - Axis Capital: Okay. Thank you very much. Have a very happy day. Thank you all of you.

Management: Happy Diwali to you all.

Amit Murarka - Axis Capital: Thank you.

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

Vikas Singh - ICICI Securities: Thank you for the opportunity. Sir, I have just one question. The CBAM is going to be implemented very soon and we are the largest exporter. So what is our strategy in order to maintain our market share in the export market and probably gain from somebody else?

Management: As I said, we are watching the CBAM policies which in terms of the guidelines are fully still awaited. The only thing I would like to comment is that if you've seen that 90% plus of our volumes have been in the domestic market. So our focus on exports over the last few years has moderated due to a strong growth in the domestic market. Second is that our exposure, if you look at a 30 to 32 million ton kind of levels which we are able to do, for Europe is only about 2%, two to maybe 3%. So therefore, to that extent, I think we will be able to find alternate markets which should be able to take these quantities. But we'll have to keep a watch on how the CBAM and the duty structure which Europe is proposing develops.

Vikas Singh - ICICI Securities: Thank you, sir. That's all for my side.

Operator: Thank you. Our next question is from the line of Vibhav Joshi from JP Morgan. Please go ahead.

Vibhav Joshi - JP Morgan: Yes, hi, thanks for the opportunity. Just wanted to get some more color on the iron ore sourcing and captive mix because you know, it's been coming down now from, you know, that 37, 40% to 30% levels. And looks like, you know, the imports have also increased in the last few months. So just to think, you know, as you expand your capacity at Dolvi, how to think about, you know, your captive mix versus domestic procurement and imports? Would be great to get some color over the next few years.

Management: Well, iron ore sourcing has been always been very dynamic for us because we have multi location plants and multi location sourcing. So while our captive mines continue to produce to the full levels, and we source maximum whatever we can source from our own captive mines, that is the first priority. Filling that bucket, then we are going to the markets. Now, within the market, we have different grade requirements, different locations requirements and basis that we define whether we have to go for domestic sourcing, and at that point of time whether imports make sense because of the grade differentiations. So it's a bit of a dynamic, giving a color that what is going to be the strategy for future, it's very difficult to say as of now. But one thing is for sure, whatever our domestic mines are there, we continue to produce full from those mines and we continue to consume whatever we produce from that. And balance everything we get in from Orissa or Chhattisgarh or domestic Karnataka, or any shortfall then we cover it from imports otherwise. So we continue to evaluate opportunities with respect to economics, both domestically and internationally and then take a call. Yeah.

Vibhav Joshi - JP Morgan: Sure, sure, thanks. And just a follow up. So I mean, is it fair to say that, you know, for your Dolvi plant which is on the West Coast, maybe imports makes a bit more sense economically versus getting in from Orissa?

Management: Not really simple maths. It depends on what is the international market prices, what is the dollar exchange rate and at what point of time you, you know, take a call on those imports. It's a quite a little bit of complicated exercise as a simple math. So value in use, the grade quality, the domestic grades. So it's quite a mixed bag. But we keep evaluating it. It's a dynamic process.

Vibhav Joshi - JP Morgan: Got it. And if you can just help, you know, quantify how much captive iron ore production is going to come, you know, in FY25, 27 and FY28. I mean, you talked about, you know, Karnataka and Goa, but, you know, how much increase would happen if you could quantify that would be really helpful. Thank you.

Management: So our captive total availability would be around 22 to 23 million tons for the full year, which constitutes about 36% of the total requirement on an annualized basis if I take correct.

Vibhav Joshi - JP Morgan: Okay, this is for FY26.

Management: Yeah. Yes.

Vibhav Joshi - JP Morgan: Okay. And next year and say 28.

Operator: Requesting you to please rejoin the queue for further questions.

Vibhav Joshi - JP Morgan: Sure. Thank you.

Operator: Our next question comes from the line of Ashish Jain from Macquarie. Please go ahead.

Ashish Jain - Macquarie: Hi sir, good evening. Sir my first question, you know, is on CBAM. Like, you know, given the kind of growth we are seeing in India and the number you mentioned in terms of how big Europe is as a market for us and even for India as a country, is it something really which will drive our strategic decision? Like even for the expansion in future, you touched upon CBAM as one of the things to watch out for. So how critical is the CBAM policy and its impact for broader India as a market in your view?

Management: So, I, you're right. From a strategic point of view, for us domestic market is the focus and I think we are one of the fastest growing, you know, from a demand perspective in the world. So therefore, for us our focus will be domestic. Europe, I think over a period of time, you know, in terms of consumption has also gone down. CBAM is probably a way they are looking at to see how to balance the domestic market with respect to supply and demand and to some extent give some support to the domestic producers. It is something which we are watching because some of our customers historically have been there and we have been consistently supplying to them. We will continue to monitor that and see the guidelines how it works. If it makes economic sense for us to look at exports to Europe, we would do accordingly because we have a set of products which can go there. But from a strategy point of view, your question whether it is necessary, it may not be as critical because the percentage overall in the equation is small and as the capacity goes up, the percentage actually is going to shrink.

Ashish Jain - Macquarie: Right, right, right. Sir, secondly, you know, I think this question was asked earlier on the call, but one more small thing is when in case, you know, CBAM and all these duties which Europe is proposing to levy, if that were to come actually, you would see also the pricing in the European market go up. That's also something which you keep in mind. Sorry, yeah, you were asking a question.

Ashish Jain - Macquarie: No, sir, just an extension of the first question itself. Like, do you, I know we don't know the answer to this, but do you envisage a big risk to Indian imports going up if CBAM comes, CBAM plus the import restrictions in Europe come in the form it is currently proposed?

Management: So it is still to be approved by the European Council and European Parliament. So we'll see how it goes. But see, tariffs have probably become the way this year. It certainly does impact trade flows and it may result in some of the steel knocking at our doors. So as a country, we have to be vigilant on this and I'm sure the government would take necessary measures as is required. I think we have seen proof of that. We have seen safeguards, right? Although at a reduced level, we would have preferred a higher number as we had outlined earlier. But if there is a need, I think the government will step up. We are seeing anti-dumping investigations also now being tabled by them in response to our application. So from that perspective, we are reasonably confident that the government will continue to support the steel industry to see to it that the trade is fair and no dumping takes place.

Analyst1: Right, right. So second is, you know, with the kind of EBITDA, you know, we are doing, let's say six and a half 7,000 crores quarterly, and I would believe with volume uptick, there is upside risk to this. Should we think that our net debt in absolute terms has peaked out? I know in response to an earlier question you said that net debt to EBITDA is a way to think about it, which I agree, but just if you can comment on net debt as well, or you know, it could go up meaningfully from here.

Management: So see there is, you know, we have outlined our capacity expansion plan for you. We have said that we would like to be 50 million tons by the end of this decade and we are moving towards that goal. We, you know, we are taking, you would have seen capacity expansion in our press release also. We have given some flavor I gave in my initial opening remarks as well. So we are deploying growth capital into the market, which we feel is the right thing to do in a growing market like India. While we do that, we maintain our focus that we remain financially prudent. Ratios is one, I would say metric for us to monitor that. So net debt to EBITDA and net debt to equity is something which we closely monitor and that is more important for us. From an absolute number, it may vary a little bit here and there depending on the quarters, but we would continue to monitor the ratios more keenly.

Management: I want to add something to that. So this is Swapan here. Other than CAPEX, which we try and distribute as evenly as we can, there could be other reasons why net debt in absolute terms could move. For example, we have chosen to build inventories, knowing that VSF is going to go in a shutdown and we are going into sort of a quarter three, which is typically a good quarter from volume perspective. Now, in this quarter, that has taken part of my debt because, you know, that's sitting in the working capital. Going back to what Jayant said, the leverage ratio is key reference for us internally as well because if EBITDA comes under pressure, we will take other actions so that, you know, we come within the acceptable range, internally targeted range of that leverage. Absolute debt temporarily can go up or come down, but it's the ratio which we are tracking very closely. Also, as we said because of the, you know, depreciation, actually our debt went up by 2,000 odd crores, which can actually reverse once the appreciation happens. So this is the translation impact on the FX part of the debt in balance sheet, which will correct itself. But if dollar appreciates, the INR equivalent debt would look high. So that's also optics.

Analyst1: Right, right. Got it, sir. Thank you so much. Thanks a lot.

Operator: Thank you. Our next question comes from the line of Satyadev Jain from Ambit Capital. Please go ahead.

Satyadev Jain - Ambit Capital: Hi, thank you. I'm not sure if I missed some earlier commentary. Just wanted to ask about the EAF in Kadappa. Maybe the timeline seems slightly longer. Is it the gestation period for this kind of project would be this long? And what led to this decision to look at Kadappa? Was it maybe scrap availability? You're talking about structural steel replacing concrete. So are you seeing certain demand trends which are more favorable in that region? So just around this Kadappa, just wanted to understand the thought process.

Management: So Kadappa, we have opted for an electric arc furnace technology to produce this 1 million ton. We have access to, let's say, scrap, which could be sourced from the domestic market. We will be setting up scrap processing centers in Chennai in addition to our scrap processing center in the West. So that will align some part to this asset. We also would be using some part of the iron ore from available from Andhra Pradesh as we develop the mining asset that's there. We had given you a kind of an indication earlier that we had formed a mining joint venture and there we expect high grade iron ore to also come out. So we are, you know, we are basically looking at this asset from the point of view of a structural steel facility with iron ore possibly in the vicinity. This can be developed and expanded. Beam from this facility will have a lower carbon emission, because we would be using scrap as well, higher grades as well. So we could use this for the domestic and international markets.

Satyadev Jain - Ambit Capital: And this location is just tied to source of raw materials, and in demand, you don't see anything maybe pointing to more demand for structural steel in those markets right this.

Management: Structural steel demand, see, structural steel basically goes into the construction industry. Today, as you see in India, it's more aligned to cement based construction. Slowly you are going into the more steel intensive construction. So your beams, beam based construction or plated beam construction is a natural way to go. So if you look at Andhra Pradesh, the entire state of Andhra Pradesh is looking at a lot of development. And therefore, I feel that it will be very appropriate for us to have an asset which can actually provide these construction products which are required for that infrastructure development. Also, the Southern India overall as a market or the Western India overall as a market is quite large for these products.

Satyadev Jain - Ambit Capital: Secondly, on this capex, want to understand, you have this new project, you have some other CRNO, some value added products. But the main capex as the presentation is in FY29 compared to the earlier expectations you had of about 20, 22,000 crore annual capex for 26, 27, 28. There is no major change. The entire delta is in 29. What explains that?

Management: I didn't understand your question.

Satyadev Jain - Ambit Capital: If you look at the earlier presentations you had, you are looking at 66,000 crore of capex, there is an increase, about 10,000 crore of capex. If you look at the annual buckets for capex for the next, FY26, 27, 28, 29, compared to the earlier expectations, there is not much change in 26, 27, 28. The entire delta is in 29. Just trying to understand is there, you know, I think what you are looking at now from the presentation, I understand what you're asking now, it's basically an update of whatever capex has been announced so far. So as we announce new projects, this will get updated. So you will see FY29, the numbers going up. As a matter of fact, FY28, FY29, FY30, you will see the CAPEX spend going up. FY27 even to some extent. So as we announce new capacities in our, so as we said earlier, we are going to be expanding post our Dolvi phase three. We have brownfield facilities in Vijayanagar which we will take up. We have Salav, we have BPSL as a brownfield option in addition to Paradeep, which is the greenfield site which we are trying to do in a modular fashion. All these will basically lead to our target of 50 million tons which we have guided this market with. As we announce these projects, these capacity spends for every year will keep on getting updated. This is only what you're seeing is announced up to now.

Satyadev Jain - Ambit Capital: Trying to understand the annual capex you're looking at, let's say 21,000 odd. Is there an upside because it doesn't seem to factor in some of these Kadappa and other expansions? There is no change in capex for.

Management: It will, it will, there will be an upside as we go into the capex spend will increase as we go into the remaining few years of this decade. We have a plan for that.

Satyadev Jain - Ambit Capital: Thank you so much and wish you a happy Diwali.

Management: It will also be supported, it will also be supported by additional generation of EBITDA from our JVML asset, which will play out fully in the next year, the expansion which is now coming on stream, with the BF3 augmentation, as also the phase three of Dolvi. So the 7 million ton new capacities which will kick in between now and September 27 in addition to JVML will provide us the necessary capital to be able to, you know, kick start the growth stories for the next phase.

Satyadev Jain - Ambit Capital: That's clear. Thank you so much.

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

Pallav Agarwal - Antique Stock Broking: Yeah, sir. So the first question was on iron ore. So if I understood it correctly, we are expecting probably a decline in Q3 iron ore costs. But you know, I thought NMDC had announced an increase in iron ore prices. So is that this decrease will come about because we have an inventory or how would this come about?

Management: No, actually NMDC last prices what we understand there has been flat only. There has been no increase. In fact, considering the overall market scenario and considering the OMC auction results and the NMDC auction participation, we expect the prices to go down.

Management: NMDC had done an increase earlier, post which they did a reduction. And the way the prices are moving now, I think we expect further reduction in the prices of iron ore, including from NMDC.

Pallav Agarwal - Antique Stock Broking: Okay. And this will also be helped by maybe the logistics improving with more captives from Karnataka, would that also versus would that also help in reducing the costs?

Management: Yeah, that's a continuous process we keep evaluating as what we have said in one of the earlier conversation today, that we keep evaluating our total sourcing strategy depending upon location, logistics cost and demand. So yes.

Pallav Agarwal - Antique Stock Broking: Sure, sir. Yeah, secondly, while the INR depreciation may have impacted on the translation front, overall, I'm guessing because of the increased pricing power, you know, probably partly offset by higher coking coal costs, rupee depreciation would overall probably be positive for the PNL. Is that understanding correct?

Management: Yeah, good that you asked. So any transaction which flows through our PNL, whether it is an export revenue or whether it is an import of material is not translation is already part of the results. What has impacted is essentially our capital account exposure, which is debt. Even within debt which are denominated in non-INR, only the debt which are maturing beyond 12 months because anything rolling 12 months as a policy is 100% covered. So for example, a debt which has a maturity of 2029, when I consolidate, I have to report my balance sheet in INR. That's the translation effect which has affected because rupee has moved from 85 and a half to 88.79. So the conversion results in a translation effect. And as we have explained, if, you know, we expect rupee to perhaps get stronger in quarters to come, you know, once the trade uncertainty gets settled, and you would see reversal as well.

Pallav Agarwal - Antique Stock Broking: Yes, sir. So that, that point's understood. My, my point is that we also benefit from higher prices due to import parity, right? So the exchange rate depreciation allows us probably to charge higher steel prices. So net net, so and partly offset by higher coking coal costs which we import. So overall INR depreciation despite the forex translation loss, would be overall, on a net basis positive for the PNL.

Management: In principle, you're right. It should have been positive in terms of a pricing environment even last quarter, but at times it doesn't play out. But in principle, what you're saying is correct.

Pallav Agarwal - Antique Stock Broking: Sure, sir. Yeah, okay. Yeah, thank you, sir.

Operator: Thank you. Our next question is from the line of Tushar Chowry from Prabhudas Leeladhar Private Limited. Please go ahead.

Tushar Chowdry - Prabhudas Leeladhar: Yeah, good evening, sir. Congratulations on good set of numbers. So I wanted to understand GST impact on our user industries. Are we seeing some kind of green shoots from user industries over the last, let's say three weeks? What kind of industry volume growth do we expect in H2 and FY27? Because what we have got enough capacities, we can obviously take away the market share. That was first.

Management: So regarding the GST impact, I think the market reaction is too early to say about it because there was a phantom demand before that, there was some blackout period wherein people were not buying fresh things and they were waiting for 27th September for GST new rates to kick in. Overall, it gives a positive sentiment to the market. We expect the consumption drive on the white good sector and the automobile sector should by virtue of this, how much and to what extent, probably we will have to wait for four to eight weeks more to understand the real impact of GST.

Analyst1: The major consumer being B&C; and infrastructure, do we expect our industry growth can, I mean industry can go at 10-12% similar to last year?

Management: So, I think, you know, the way you should look at it is that the GST reforms which they have announced, has been a milestone event. I think it has changed the sentiment of the buyers. You can see it reflected in Maruti Suzuki's booking, which they have announced in the papers. They are all struggling to meet the demands because they didn't anticipate this kind of demand for small cars which were not there for some time. Secondly, the reduction of GST on cement will also have, I think an impact on housing and infrastructure because that also, I think would improve. So you will see consumer durables, housing, residential, and official office housing both, sorry, office spaces both improving. So I think it should be positive, but as Arun said, I think we'll have to watch for a few months to see how it unfolds, but I'm quite positive about this move. It has been a, it's been a big support, I think the way we have seen in the last few weeks. Let's, let's see how it develops.

Analyst1: Okay and on value added product side, is our JVML's portfolio relatively lower percentage terms, basically the EBITDA per ton is lower than standalone? That's the reason I'm asking.

Management: So two reasons. One is that JVML's special products. So how so the difference between value added and specials is value added is your all the downstream products which we are making out from hot roll coils. So JVML separately doesn't yet have a downstream capacity. Number two is that the special product piece requires certain facilities and equipments to be put in JVML which are still, you know, getting commissioned. So I think it will get commissioned by the end of this month. So with that the special product portfolio of JVML will grow. One more reason why you saw a slightly lower EBITDA last quarter, because the geographical mix which, the orders of JVML in the last quarter, the geographical mix was a little different than what our other facility in Vijayanagar had. And that is why you saw a slightly lower EBITDA per ton because the freight was higher for the JVML orders which they had to execute. But this, you know, as time goes, this will balance out.

Analyst1: And any reason of power loss, quarter on quarter?

Management: It's mostly FX. So part, part of the reason was this geographical mix only, part FX and also parts of the fact that prices indeed come down during the quarter. Our guidance on JVML that the costs of JVML will be lowered is playing out and we have seen reduction of cost of JVML in quarter two. So it's going in the right direction. So we remain very positive about JVML operations.

Analyst1: Okay, thanks sir. Happy Diwali to you all.

Management: Happy Diwali.

Operator: Thank you. Ladies and gentlemen, we will take that as a last question for today. I would now like to hand the conference over to the management for any closing comments. Over to you, gentlemen.

Management: So thank you very much for the call. As we reiterate, we have delivered a good set of numbers in a seasonally weak quarter. We have ramped up our capacities in our expansion projects. We have announced new CAPEX in various assets. We remain optimistic about the H2 demand in this financial year. JSW Steel is very well placed to take advantage of this demand. We expect to meet our guidance which we have given for production and sales both for this financial year. With that I would like to close. If there is anything else you can reach out to our investor relations team to clarify and wish everybody and families all of you a very happy Diwali.

Management: Thank you ladies and gentlemen and wish you a happy Diwali.

Operator: Thank you. On behalf of JSW Steel Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.