



**“Jindal Steel & Power
3Q FY'24 Earnings Conference Call”**

January 31, 2024



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**MODERATOR: MR. SUMANGAL NEVATIA – KOTAK SECURITIES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY'24 Earnings Conference Call of Jindal Steel & Power, hosted by Kotak Securities Limited. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone.

I now hand the conference over to Mr. Sumangal Nevatia from Kotak Securities. Thank you, and over to you, sir.

Sumangal Nevatia: Yes. Thanks, Manav, and welcome, everyone, to the call. I will first thank JSPL for giving Kotak Securities the opportunity to host today's call. Without further ado, I will hand over to Mr. Vishal Chandak, Head, Investor Relations and Strategic Finance to introduce the management. Over to you, Vishal.

Vishal Chandak: Thanks, Sumangal. Thank you, everyone. Good evening, ladies and gentlemen, and thank you for joining in the Q3 FY'24 earnings call for Jindal Steel & Power. We have with us Mr. Bimlendra Jha, Managing Director, Mr. Sunil Agrawal, our Interim CFO, and Mr. Sabyasachi Bandyopadhyay, Wholetime Director.

So without much ado, I will hand over the call to Mr. Sunil Agrawal for his opening remarks. Over to you, sir.

Sunil Agrawal: Yes. Good evening to all. So let me share an overview of the operation and financial performance of the company during the quarter 3 of financial year '24.

Our sales volume during the quarter was 1.81 million tons, which is 10% lower on a quarter-on-quarter basis, primarily driven by lower export during the quarter. The domestic demand continued to remain strong, and domestic volumes sequentially remained stable. Our total export was only 3% of overall volume.

The production for the quarter was 1.94 million tons, which is 2% higher ON quarter-on-quarter basis. We had unplanned shutdown in our Raigarh unit during the quarter due to a breakdown in SMS, barring which we could have done higher production during the quarter.

The steel realization improved by 4% during the quarter, with price coming up in October and November. However, as we exited the quarter, we see 2% to 3% softening in realization. We have to wait and see the impact on the rest of the quarter.

Our SMS costs increased by 2% during the quarter, primarily given the higher coking coal price and IBRM price. Coking coal cost increased by \$32 per ton on consumption basis during the quarter. Based on recent trends and our blended management capability, we expect our coking coal cost to be higher by \$10 to \$20 per metric ton during the Q4.

Our adjusted EBITDA for the quarter is INR2,802 crores, which is 27% increase on sequential basis. This was primarily driven by higher NSR, partially offset by a lower volume. Given the higher coking coal price, our overseas subsidiary had a positive EBITDA of INR60 crores during the quarter. Our PAT for the quarter was INR1,928 crores, which is 39% higher on quarter-on-quarter basis, primarily driven by higher EBITDA.

Now I would like to give an overall view on cash and debt position. We had an opening cash balance of INR5,556 crores. Our operational cash flow during the quarter was INR1,045 crores. EBITDA of INR2,800 crores, offset by an increase in working capital of INR1,656 crores.

Now our investing cash flow is INR2,379 crores, primarily driven by growth capex of INR2,259 crores. Our financing cash flow was INR783 crores, primarily driven by prepayment and scheduled repayment. Our closing cash balance is INR3,439 crores. Our consolidated gross debt is INR12,554 crores, and net debt is INR9,115 crores. And a healthy net debt-to-EBITDA to 0.92x.

With this, I would like to conclude and hand over for Q&A, please. Thank you.

Moderator: Thank you very much. We have our first question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Yes. Congratulations for a robust performance in this quarter. I have two questions. The first one is on the sales volume that we can expect in FY'24. And given we have this tie-up with RINL for blast furnace 3, and our HSM is also now operational, what kind of sales volume should we expect in FY'25? That is first question.

Bimlendra Jha: Normally, we don't give forward-looking guidance in these calls. So once again, I would remind everybody to not look for forward-looking guidance, please. We refrain from making any forward-looking guidance. Thank you very much.

Amit Dixit: But sir, on the RINL things at least the kind of ramp up that we can expect I mean that at least can be provided.

Bimlendra Jha: So RINL, those numbers will be dependent on their ability to ramp up their volumes, and we will have to wait and watch how that comes up. So that's why I'm refraining from giving any forward guidance.

Amit Dixit: Okay. Fine. And the second question is that what would be the external pellet sales in this quarter?

Bimlendra Jha: We didn't sell any pellets in this quarter. No meaningful sales. There might be small quantities that we might have sold here and there.

- Amit Dixit:** No, because of a 6 MTPA pellet plant was commissioned, and I hope it would have been ramped up. So I was hoping that there could have been some pellet sales.
- Bimlendra Jha:** No, that pellet plant has been under stabilization, and there have been you know when you keep taking on and off for various activities, and as you are aware, our slurry pipeline is not yet built. So the stability of the pellet plant would come with the pipeline. Otherwise, we are managing with the manual operations over there.
- So there is that kind of consistency of operations that you may be looking for, which will release huge quantities, that has not yet come up, and we are consuming all that in-house mostly. If there are any surplus, we might send it for the requirement of RINL also.
- Amit Dixit:** Okay, fine. I have other questions. I will get back in the queue. Thank you.
- Moderator:** Thank you, sir. We have our next question from the line of Pallav from Antique Stockbroking Limited. Please go ahead.
- Pallav:** Yes, this is Pallav from Antique. Sir, the question was on captive coal mining. So what quantity of coal did you mine? And any idea of what benefits we can look going ahead?
- Bimlendra Jha:** Saby, would you like to answer that?
- Sabyasachi:** Sure. Hi. Good evening. This is Sabyasachi here. So from our Gare Palma IV/6, we have just crossed 1 million tons. And in Utkal-C, it is ramping up. So we expect it to get to those levels in Q4 as well.
- Pallav:** And any broad guidance of on what type of savings we can look at from these lines?
- Bimlendra Jha:** No forward-looking guidance, please.
- Pallav:** Sure, sir. Okay. And on the exports front, are we looking at a recovery in export prices? And can this lead to an increase in export proportion in the coming quarters?
- Bimlendra Jha:** Domestic demand continues to be robust. If we can fulfil the domestic, India is importing more and exporting less, and Indian prices are more robust than international prices. But we would sell opportunistically in order to maintain continuous presence with our key customers abroad.
- Beyond that, we do not give any further guidance on exports. I have always maintained that we want to maintain continuous but flexible presence in exports based on the needs and using it more as a pressure-release valve.
- Pallav:** Sure, sir. And with the elections coming up shortly and probably the Model Code of Conduct and in some activities slowing down, can that have an impact on general volume outlook maybe next year?

- Bimlendra Jha:** Maybe you have a better crystal ball than we have.
- Pallav:** Okay, sir. Yes, that's it from my side. Thank you.
- Moderator:** Thank you, sir. We have our next question from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.
- Kirtan Mehta:** Thank you, sir, for the opportunity. I believe we have started the HSM operations during this quarter. How do you see it ramp up from here on? And how would we plan to sort of take it to the full capacity?
- Bimlendra Jha:** If you are aware of the ramp-up of HSMs across the world, there is a ramp-up that is scheduled to take care of different grades, different thicknesses, fine-tuning of the automation systems, etcetera, and it does take a bit of a time. But we are only happy to report that our very first coil that came out was perfect as per quality.
- So this is just to let you know that it is well on stream and as per our expectations. But there is a ramp-up curve that is planned, and any forward guidance there beyond that would be difficult to give you.
- Kirtan Mehta:** Right, sir. And what are the project milestones that we will be looking to deliver during the Q4?
- Bimlendra Jha:** So we are commissioning half of the capacity to begin with. The 6-million-ton pellet plant, there are 2 furnaces that are supposed to be there. One furnace is commissioned. So this is all that we can say right now. So therefore, you can expect that it will be operating at that rate. Then it will go up to further next step jump will come with that CTO as and when it arrives.
- Kirtan Mehta:** Right. On Gare Palma IV/6, we had previously said that we want to exit the year with a 3.5 million ton run rate. Similarly, what are we looking at on the Utkal-C at this point?
- Vishal Chandak:** Can you please repeat the question?
- Kirtan Mehta:** I was saying that in terms of the coal blocks that we are ramping up, I believe for the Gare Palma IV/6, we had said previously that we want to ramp up at a 3.5 million ton run rate. Similarly, what are we looking for Utkal-C ramp-up?
- Sabyasachi:** So this is Sabyasachi. I will just take the call. The way it is shaping up, we are in the process of believing that we will achieve the rated capacity during FY'25. But again, that's a forward-looking statement. We would like to refrain from such, but if you insist, we are in the process of ramping up to the full capacity.
- Kirtan Mehta:** Thank you, sir. I will get back in the queue. Thanks for the clarification.
- Moderator:** Thank you, sir. We have our next question from the line of Ritesh Shah from Investec. Please go ahead.

- Ritesh Shah:** Thanks for the opportunity. First, pardon me for ignorance, but can you detail something on the RINL tie-up?
- Bimlendra Jha:** I think we would not be in a position to give you anything more than what is there in the media, and let's see how it shapes up because our aim is to create a win-win proposition, and this is a national asset, and we want that national asset to be fully productive. That is our joint aim of RINL and JSPL.
- Ritesh Shah:** Right. If I have to, sir, put it the other way around, what is the motivation for the tie-up?
- Bimlendra Jha:** The interim availability of steel, till the time that our own steelmaking facilities in the blast furnace come up, this bridges the gap apart from additional metallica that we may be able to secure. So this is part of that plan. That is the interim. In the meantime, as our finishing capacities also go up, this will further help us in that area.
- Ritesh Shah:** Sure. So sir, just that was my second question. On the mass balance when it comes to metallica, given we already have successfully put on HSM, what is the shortage of metallica that we are looking at right now? And obviously, we have room for ramping up DRI. So is it possible to highlight what is the throughput that we are getting from DRI right now? And the timelines basically on BF, BOF basically, that is something, I think, that's going to be critical going forward?
- Bimlendra Jha:** So IR team will get back to you with greater details on that subject to give you the numbers. Please get in touch with Vishal.
- Ritesh Shah:** Sure. Thank you so much.
- Moderator:** Thank you, sir. We have our next question from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Thanks for the opportunity. So on the Gare Palma IV/6, could you like help understand that whatever was produced in Q3, was it completely consumed in the steel business? Or is there some inventory? How are you going about the consumption of that coal?
- Sabyasachi:** So this is Sabyasachi once again. We have a multipronged approach. We are using it for our steel production. Part of it is going for our power generation in captive power plants. And also, we are trading a small part of it to some of the other entities.
- Amit Murarka:** Okay. Good. And like how much would be traded, like out of the total?
- Sabyasachi:** Vishal will get back to you on the exact details. Thank you.
- Amit Murarka:** And just request actually, like with last couple of times, actually, the results are coming too close to the conference call. And since we are not talking on forward-looking statements, actually at

least it would help if you have some time on hand to kind of go through the results better before the call starts. So just a request on that.

Bimlendra Jha: Yes. We agree. And apologies, even we were surprised that it was not getting uploaded, and that is why we delayed the call by 5 minutes because we saw that it was still not uploaded. So our apologies.

Amit Murarka: Yes. I will come back in the queue. Thanks

Moderator: Thank you, sir. We have our next question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Thanks for the opportunity for follow-up. I have a couple of questions. The first one is on your finance costs. So if I look at consol and stand-alone, so the difference is quite high this time compared to last few quarters or last many quarters. So how do you explain that? And what is the reason that our interest cost is down Q-o-Q while net debt has gone?

Bimlendra Jha: So let me answer the interest portion. There are a couple of reasons. Number one reason is, of course, our working capital management for the whole year has been far tighter than previously. And it has been range bound in a much lower level compared to the previous years. So this is one of the reasons.

The second is, of course, we have discharged some of our more expensive debts, and that is with the better terms. We have got lower interest costs. So both the capital requirement itself has been lesser in business, and therefore, the interest on that has been lesser.

Sunil Agrawal: One of the major reason is that we have charged interest, actually, we stated the rates to JSPML as per benchmark rate. That has contributed to around INR40 crores lower interest during the quarter, which is effectively for the 3 quarters. That is the reason for lower interest during the quarter on a stand-alone basis.

Amit Dixit: Yes. Okay. Got it. The second point is that your EBITDA per ton, if I look at it, it's around INR15,000 per ton, unadjusted for foreign exchange, even if you adjust it , INR14,790 or something. If we can have an EBITDA bridge between last quarter and this quarter, of course, you have explained that 4% increase in realization and 2% increase in SMS cost.

If you can take the cost benefit that you got possibly from captive coal mining, etcetera, if you can break it little bit more in a granular way, I mean that would help us understand and pencil the profitability going forward.

Bimlendra Jha: Yes, fair question. I will give you the quarter-on-quarter and year-on-year big picture, and then details can be shared by Vishal. The big picture in quarter-on-quarter is that NSR increase has been higher than the cost decrease. And year-on-year, it is cost decrease has been higher than the NSR drop.

So this is one of the major ones. And thereafter, on the volume front, there has been a bit of a drop on quarter-on-quarter basis as well as year-on-year basis. And then there have been some you know on account of coal mines and inventory valuation, shutdown expenses, etcetera, both are positive, both year-on-year and quarter-on-quarter. So this is a summary of the bridge, but the details of the bridge will be shared by Mr. Vishal Chandak.

Amit Dixit: Okay. My last question if I may, sir. Have we ordered BOF 2 and 3 so far, which you are expecting to commission by end of the year?

Bimlendra Jha: Sorry, you're talking about BOF 2, BOF 3?

Amit Dixit: No BOF 2, BOF 3 both, If you can give the status of both, that would be great?

Bimlendra Jha: So the BOF shop is under construction. And progressively, first, BOF 2 will come, and then BOF 3 will come in the same premises.

Amit Dixit: So that means have we ordered the long-lead equipment? That was the question, sir.

Bimlendra Jha: Yes, all long-lead items are already ordered. The plant is already under construction.

Amit Dixit: Okay. Okay. So at this point in time, actually we don't have the presentation. So unfortunately, I'm asking the question in the right time but I know the details will be there. Thank you.

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

Satyadeep Jain: Thank you. The first question on cash, a sizable increase in working capital in the quarter. Maybe can you talk about what led to that working capital increase?

Bimlendra Jha: Yes. You're looking at end date to end date. On an average, the numbers are much better. But yes, Sunil, why don't you give the details, please?

Sunil Agrawal: Yes. So I will just summarize it. So mainly, this is increase in our coal inventory, basically coking coal inventory, which has grown by around INR800 crores. And some receivables were in pipeline. So although we recovered it in consequent month, it has gone up by around INR500 crores. So majorly, these are the 2 items, which has resulted in increase in our working capital.

Satyadeep Jain: Okay. Secondly, on power sales, I do believe you from captive power plant, also, you've been selling some power in the merchant market. Would that be correct? And any sense you can give us on the EBITDA from that in the quarter?

Sunil Agrawal: No, no. We are not selling much power in the grids right now.

Satyadeep Jain: Nothing through bilateral also? No sales through bilateral or something?

- Vishal Chandak:** Satyadeep, that's not a material value. So we don't disclose all these small details. Maybe we can discuss it off-line if you need a little more clarity on that.
- Satyadeep Jain:** Okay. Thank you so much.
- Moderator:** Thank you, sir. We have our next question from the line of Siddharth Gadekar from Equirus. Please go ahead.
- Siddharth Gadekar:** Sir, just wanted to understand what would be your capex for this year and next year given that we have spent roughly around INR6,000 crores in the 9 months FY'24?
- Vishal Chandak:** We have already guided that we would be doing a capex of about INR7,500 crores to INR10,000 crores per annum over the next 3 years. So for the current 9 months, we have done a capex of probably close to about INR6,000 crores. We are on track to be in the range of guidance that we have given. For the next year also, we are looking at a similar number.
- Siddharth Gadekar:** Okay, sir. Got it. Thank you so much.
- Moderator:** Thank you. We have our next question from the line of Satendra Kumar from SBI. Please go ahead.
- Satendra Kumar:** Can you please throw some light on the group's plan to reduce the carbon footprint? And is there any corpus or funds the group is actually setting aside to meet the requirement as per the Government of India guidelines to reduce the carbon footprint?
- Bimlendra Jha:** See, there is no specific corpus that is there for this, but we have plans in a structurally compliant manner that we are exploring options where we can treat it as captive power for the renewables, etcetera. And decarbonization drive is also about efficiency. It is about things that we do within the company, plus the way we use power and the quality of power we use.
- So in a combination, this will be either part of our own capex, or it will be part of another company that would be providing us that power on a captive basis. So there is a whole variety of options that we are looking at. And as and when the plans are absolutely firm and the Board gives clearances, we will inform you on a material basis.
- Satendra Kumar:** Okay. Thanks for the clarification.
- Moderator:** Thank you. We have a follow-up question from Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Sir, a couple of basic questions. So one is I presume our iron ore requirement will be around 15 million, 16 million tons on an annualized basis. Is that number right?
- Bimlendra Jha:** Iron ore requirement, 15 million, 16 million, sorry, I'm lost a bit.

- Ritesh Shah:** Sir, how much will be your iron ore requirement? I'm trying to understand what is the throughput from Tensa and Kasia, which is, I think, 10 - 11 million tons. And the balance, we had indicated potentially a long-term tie-up with OMC. So I just wanted to understand the total mass balance, total iron ore requirement and where we procure it from?
- Bimlendra Jha:** Okay. So the first number is multiply whatever is the production volume by 1.6 approximately. At saleable steel level, you have to add a little bit more simply because there are yield losses over there. So that's approximately the number that you can always budget into your calculations. So quarter-on-quarter, as we keep on giving you the volumes, you can do the math yourself.
- Vishal Chandak:** So just to add on Ritesh, we had about 8 million tons of what we did last year. We needed about 14 million tons of iron ore. Our captive Tensa mine does about 3 million tons. And Kasia will do close to about 6 million tons. So balance comes from our long-term contracts with OMC, NMDC, and we always have the optionality to buy from the merchant miners as well.
- But our idea is to ensure that the value and use for iron ore remains at the topmost priority. So all put in put, the objective is to maximize the EBITDA. And obviously, iron ore sourcing plays a part on it. Hope that clarifies.
- Ritesh Shah:** That helps. Sir, secondly, I just wanted to ask on the other 2 coal mines which were there. Any specific update over here?
- Bimlendra Jha:** Again, we are very close to getting the permissions there as well. We are talking about Utkal B1 and B2.
- Vishal Chandak:** So Ritesh, as we have highlighted in the past also, when we were talking about Gare Palma IV/6 and Utkal-C, we are so close and yet so far. But the day we get all the clearances, we'll be happy to make an announcement on the same.
- Ritesh Shah:** Is it possible for you to give color what clearances are we waiting for?
- Vishal Chandak:** I think there are multiple clearances, major, minor, most of the major ones are in place. We are looking at very short-term clearances, but this will take some time. So that's about it. But I will not be able to guide you on the list of clearances because there are more than 35 to 40 clearances that you need for any coal mine opening.
- Bimlendra Jha:** But let me give you a guidance on what has been achieved so far. Gare Palma IV/6, from the date of vesting order in October '22, it took us only 10 months to commence our production. Similarly, Utkal-C from vesting order date of October '22, in October '23, we commenced our mining, which was 12 months. And these are the top couple of numbers in the entire industry.
- So at this moment, this serves our purpose. And as B1 and B2 also open up, we will, of course, because the vesting order date remains the same, they will obviously fall behind these schedules.

But we have focused and prioritized on opening what was most important and valuable, which was Utkal-C, out of Utkal-C, B1 and B2.

I hope that helps you to understand the situation.

Ritesh Shah: Definitely, sir. Very, very useful. Sir, just last question. Where are we on the Monnet, I think you were looking to take down a couple of assets, and we were looking at the Monnet assets. Where are you on the timelines over there?

Vishal Chandak: I think, Ritesh, we have acquired a 1,050 megawatt under construction power plant under IBC that previously pertained to Monnet Power. And we have bought this asset, and this is where we are. We are under the process of revitalizing this asset. And we have already highlighted Q2 FY'25, when we would want to get this asset operationalized in a phased manner.

Ritesh Shah: Okay. And the older plants? I think 135x10, I think there was a cost arbitrage, right, as well as station heat rate. So does it still continue to operate? So again, I'm trying to link it to the prior question whether we have surplus power sales. Probably, you did indicate it's not marginal. So just trying to get the energy balance, so I wanted to understand that?

Vishal Chandak: Sure, Ritesh, you can do the mass balance and energy balance with the production numbers that you assume, I'm pretty confident.

Ritesh Shah: So the question is, is 135x10 operational? If yes, at what PLF?

Bimlendra Jha: Yes. So Vishal, please give him the details off-line, please.

Ritesh Shah: Sure. Thank you so much, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Ritwik Seth from One up Financial. Please go ahead.

Ritwik Seth: Yes. Sir, just one question on the capex that we are undergoing. Can you give the timelines as to when the large projects will be commissioned? And our capacity will increase from 9 million tons to 15 million tons, can you give timelines for that, please?

Bimlendra Jha: Q2 FY'25.

Ritwik Sheh: Okay. Q2 FY'25, both the phases will be completed, right?

Vishal Chandak: The blast furnace will be operational by Q2 of FY'25 along with the first BOF.

Ritwik Sheh: Okay. Thank you, sir and all the best.

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

Rajesh Majumdar: Yes, sir. Thanks for the opportunity. So I had a couple of questions. What is the value addition we are deriving from RINL plant in our hot strip mill? And a related question is that what is the kind of realization increase we'll see from the hot strip mill products, which sectors we are catering to? And what are the exact economics of the HSM?

Bimlendra Jha: So I already said earlier that as far as RINL deal is concerned, the first thing that we would like to see is that the plant becomes fully operational. And then we can see what benefits which party can derive as a result of that. So that is our first objective is to get it to full capacity so that we can both be a winner in this. So will be difficult to give you financial guidance on that basis. The second question was on... sorry, what was it?

Rajesh Majumdar: Is it right to assume that this HSM volume will be additional to our current 8 million tons because the basic materials will come from RINL?

Bimlendra Jha: Yes. Some gap will be there, but total volume-wise, there is also some amount of semis, which will get diverted. So there will be value addition from the semis to finished goods perspective. And that is the first port of call. We also constantly keep on taking a decision on the product mix basis that what is the most value-adding product mix.

So that's a dynamic decision. There have been times where this company has gained a lot by selling granshots. So it's sometimes better to look at the market and take those decisions. And of course, the first port of call is that technically, everything should look into the direction of HSM if it gives more money.

But many a times, structurals will give you more money or plates will give you more money. And there is also a possibility of getting additional metallics from the market, for example, scrap or DRI, if that makes sense. So this is a very dynamic decision, and we take those decisions on that basis.

Now I'm reminded of the question that you asked earlier, that which sectors are we going to supply the HSM to. Our first category of sectors will be hot rolled for cold rolled, hot rolled for tube making and construction. These are the primary areas because auto, white goods, etcetera, have a longer cycle time in terms of approval.

So this is the journey that everybody goes through when you get into the hot rolled products. And thereafter, our own cold rolling is coming up. So cold rolling will consume a lot of steel out of this. I hope that gives you the answer.

Rajesh Majumdar: Right, sir, right. And sir, my other question was if you could give us some color on the impact of costs on coking coal for this quarter in terms of dollars per ton. How can we look at that aspect in Q4 for us?

Bimlendra Jha: You have the numbers there, right? Just talk about that. Q3 is \$281 per ton as against Q2 of \$249. So this has been the increase. Future guidance, as we always maintain, is something that

we can avert taking. But if you look at it, current prices are prevailing at around \$10 to \$20 higher, right.

Rajesh Majumdar: Yes. Yes, sir. And sir, my last question was, we have been hearing some talks about coking coal indexation and government intervention in the same. Now is this something which is workable in terms of going into some long-term contracts to counter the impact of lowly and trendy traders spot prices, which is something being talked about? Is that a possibility?

Bimlendra Jha: You want me to seriously comment on hearsay and the media reports?

Rajesh Majumdar: Your thoughts on the same.

Bimlendra Jha: We can have a chat. Not on the investor's call.

Rajesh Majumdar: Okay, yes. And sir, if I could sneak in one more question. So basically, the Australian subsidiaries are still recording losses. And we know that, I mean, the future prospects for this particular area is not great for us. So are we going to take a serious decision on the same? And will that reflect in our balance sheet at some stage?

Bimlendra Jha: See, we know that the Australian subsidiary has been a challenge and we have been reporting the challenges with respect to that. And we continue to be in that same state. We are definitely taking some decisions regarding that, as and when the decisions rectify, we will let you know. We'll notify you.

But at this moment, we are trying our best. We have even put up some continuous miners, etcetera, over there. Let us see if we can get some improvement. Otherwise, we'll have to take hard decisions.

Sunil Agrawal: And that too, as you remember, during the quarter 1, we have already provided for most of the investment of our Australia mine in our book.

Rajesh Majumdar: Right. Thank you so much.

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

Somaiah V: Thanks for the opportunity, sir. My first question is on the exports. So we did mention this quarter, it has come down to 3%. So in general, which have been our key markets and the nature of products? And how is the market dynamics shaping there in those markets? And in case, what is your expectation of exports revival? Your thoughts, sir.

Bimlendra Jha: So I stated it earlier that exports, we want to maintain continuous but flexible presence. Let me explain this phrase once again so that you understand our thought process on this. There are

certain key customers and key relationships, which are difficult to get into if you get out of them, which is what happened when there were imposition of export duty and things like that.

Therefore, we want to maintain those continuous presence because if we were to ramp up volumes, suddenly, there was pressure in the domestic market, international prices become better, then existing relationships help you there. That is where continuous presence is required.

But why flexible? Because most of the time, there is enough domestic demand and the domestic price attractiveness is higher, then it is only better to feed these relationships by maintaining a little bit of a lower level of volumes abroad.

But when the domestic market really starts showing sign of weaknesses for whatever reasons, then international markets, you must be able to liquidate stocks because steelmaking is a continuous process. This is our thought process behind this continuous but flexible presence.

Now there are, of course, external players that create conditions which become different. For example, China has been having lower growth. In fact, it is expected that in the current calendar year, growth will be flattish. That means there is 0% growth that is expected in China.

If steelmaking is available, the way it is going up, the exports have been going up, that can sometimes cause pressure in the international markets. But suddenly, there are pockets of demand also that come up.

There are some major countries where there is a complete revamp of railway lines happening. There are countries where war is going on and rebuild will happen and there is not enough capacity. There are also situations that get created where there is not enough energy available, and therefore, those markets start pulling material at a higher price.

Now those are the kind of opportunities that can be always leveraged with this kind of presence in the international market. I hope I have given you a comprehensive understanding of our strategy on this.

Somaiah V:

Got it, sir. Sir, my second question is on the cost curves. Obviously, thermal coal has kind of come off sharply. So how are you seeing the cost curves in terms of primary producers vs the secondary producers out there? So has the cost curve narrowed a lot and secondary competitions kind of increase? Or how have things shaped up in the last quarters?

Bimlendra Jha:

See, if you look at thermal coal versus coking coal, there is a bit of a diversion that you would see. So the local cost of players dependent on thermal coal, there their cost structure will behave differently compared to BF, BOF players, where 90% of the coking coal is imported into the country.

So if you just watch the trends of these 2 numbers, you should be able to predict quite clearly, depending upon what proportion of a major players output is in dependent on thermal coal versus

coking coal, then you can understand their relative competitiveness. I can give you this much of guidance. I think the rest of it, you guys have enough data on your excel sheets.

Somaiah V: Got it, sir. Sir, one question. At least the earlier PPT, the timeline for slurry pipeline was given as Q1 '25, so that still holds good?

Bimlendra Jha: See, on this, we have given you a guidance of Q1 '25. We still expect it because post elections, we expect everything to be streamlined in the difficult-to-work areas.

Somaiah V: Got it, sir. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Vishal for closing comments.

Vishal Chandak: So I would request Saby Sir to give his closing remarks, please.

Sabyasachi: Thanks, Vishal, and thanks everyone, for your participation and all the questions. As we discussed too, in fact, we achieved several important milestones during the last quarter, including that of the commissioning of our coal mines, state-of-the art HSM. Along with that, we also got the EPD certification for our HR plates and coils and structural steel. And as well, it is a historic moment for us to have the MOU with RINL in place.

As I stated earlier that the GP IV/6 mine has already delivered almost 1 million tons of coal since commissioning, and it will be on track to hit the rated capacity in FY'25. Similarly, the Utkal-C is also on its perfect ramp-up to hit the rated capacity in the coming financial year. And we believe that the MOU with RINL will help release the gap of the metallics as well as the total steel need, almost 1 million tons, and provide that necessary volume in FY'25 in addition to the existing volumes that we have already in place.

Our carbon footprint for this EPD certification, we actually achieved 458 kg of CO₂ for hot rolled plates and 503 kg CO₂ for structurals per ton of each of them. And this goes on to demonstrate that how we are committed, and we are equally capable to produce steel with very low carbon emission footprint.

And it is also opening up new avenues and opportunities for us to sell green steel for potential customers who are looking for low carbon footprint green material for their projects or end products. We have our backward integration projects, which are there to ensure reduction in volatility of our earnings to a significant extent and also deliver a sustainable EBITDA going forward.

Our projects, as we said, they are on track, and we expect commissioning of various mills as per the timelines already provided. Our debt levels are also in a very comfortable zone and within our stated thresholds. So we believe that the government infrastructure program will continue to

boost the steel demand in India, and JSP, as a company, will continue to contribute to the India growth story.

Once again, I thank everyone for participating, and I look forward to speaking with you all soon. Thank you very much.

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

Bimlendra Jha: Thanks, everybody.

Sabyasachi: Thanks, everybody. Have a great evening.

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