



“Jindal Steel Limited Q1 FY ’26 Earnings Conference Call”

August 13, 2025



MANAGEMENT: **MR. SABYASACHI BANDYOPADHYAY – WHOLE TIME DIRECTOR**
MR. PANKAJ MALHAN – EXECUTIVE DIRECTOR
MR. SUNIL AGRAWAL – HEAD (FINANCE)
MR. VISHAL CHANDAK – HEAD (INVESTOR RELATIONS & STRATEGIC FINANCE)
MR. S. K. PRADHAN – EVP (HEAD OF FLAT PRODUCTS)

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

Moderator: Ladies and gentlemen, good day, and welcome to the Jindal Steel Limited Q1 FY '26 Earnings Conference Call hosted by Nomura.

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 call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Jashandeep Chaddha from Nomura. Please go ahead.

Jashandeep Singh: Hi. Thank you, Muskan. And good afternoon, everyone. And thanks for joining the 1st Quarter Call for Jindal Steel Limited.

I will quickly hand over to Mr. Vishal Chandak, Head Investor Relations & Strategic Finance, and he will take you forward.

Over to you, Vishal.

Vishal Chandak: Thank you very much, Jashandeep. Good afternoon, good day, ladies, and gentlemen. I welcome you all to the Q1 FY '26 Earnings briefing of Jindal Steel.

I have with me from Senior Management team, Mr. Sabyasachi Bandyopadhyay – Whole-Time Director, Mr. Pankaj Malhan – Executive Director, and Mr. Sunil Agrawal – Head (Finance) and Mr. S. K. Pradhan – EVP, Head of Flat Products.

Without much ado, I will hand over the floor to Mr. Sunil Agrawal for the opening comments. Over to you, Sir.

Sunil Agrawal: Thank you, Vishal. So, good afternoon, ladies, and gentlemen. I welcome you to the Q1 Financial Year '26 Earnings briefing of Jindal Steel.

Let me quickly brief you on the global economic scenario:

IMF, in its recent update in July, has revised global growth forecast for Calendar Year '25 to 3% from 2.8% in its April forecast, reflecting improved financial conditions and improving certainty to the tariff regime as compared to previous quarter.

China continues to grow well over the stated target of around 5%, though IMF forecast for the calendar year '25 is 4.8%. This is partly driven by the front ending of exports to U.S. before the tariffs come into force. However, the tariff related to uncertainty continues to linger on. Global inflation is expected to gradually decline from 5.6% in CY '24 to 4.2% in CY '25.

India's crude steel production grew 1% quarter-on-quarter to 40.6 million tonnes in Q1 FY '26, while demand contracted 5% quarter-on-quarter to 38.3 million tonnes due to seasonal weakness and early onset of monsoon. Steel exports declined by 4% quarter-on-quarter to 1.6 million tonnes and imports declined 19% quarter-on-quarter to 1.9 million tonnes.

India remained net importer of steel in Q1 FY '26 for fifth consecutive quarter with 0.3 million tonnes of net imports. Chinese steel production continues to outpace its weak domestic demand, resulting in elevated exports impacting price globally. China is currently running on annualized exports of 116 million tonnes, highest ever, which has resulted in several countries taking measures to stem the low-cost imports from China.

Several countries have either imposed or increased safeguard or anti-dumping duties against Chinese steel import to shield their domestic industries from unreasonably low-priced imports. Government of India introduced a provisional 12% safeguard duty on select steel imports, effective April 21st, '25. The measure helped stem the flow of imports. The provisional duty will be in effect for 200 days.

During the quarter, domestic HRC and TMT prices increased on a sequential basis. HRC prices were partly supported by the 12% safeguard duty on most of the flat steel imports effective April 21st but corrected later due to weak domestic demand. TMT prices opened on a strong note, but drifted down due to the early arrival of monsoon and sufficient inventory in the system.

Now let me start with the key quarterly numbers:

Production during quarter one was marginally down by 1% quarter-on-quarter to 2.09 million tonnes. Sales volume at 1.90 million tonnes was down 10% quarter-on-quarter on account of replenishment of inventory after excessive drawdown in Q4 of FY '25, which is a seasonally strong quarter. Consolidated gross revenue fell 8% quarter-on-quarter to Rs. 14,336 crores on account of lower volumes partially offset by increase in the ASP.

During the Q4 earnings call, we guided for saving of around \$10 to \$15 per tonne in our Q1 coking coal consumption. Our actual coking coal cost has reduced by \$11 per tonne, in line with our guidance. Consolidated adjusted EBITDA for the quarter stood at Rs. 2,984 crores and adjusted EBITDA per tonne stood at Rs. 15,680 per tonne, which is up by 35% on quarter-on-quarter basis.

Consolidated PAT for the quarter stood at Rs. 1,496 crores, which is 36% higher than the adjusted PAT on quarter-on-quarter basis. Strong financial performance was driven by higher ASP and lower input costs including reduction in conversion costs.

Coming to our debt profile, our consolidated net debt as at 30th June was Rs. 14,400 crores, which has increased by Rs. 2,443 crores on a sequential basis primarily on account of working capital build up.

Accordingly, net debt to EBITDA stood at 1.49x at the end of the quarter. We reiterate our commitment to cap the net debt to EBITDA at 1.5x, underscoring our position as one of the strongest balance sheets in the industry. Our total CAPEX in the quarter stood at Rs. 2,226 crores. Out of our total announced CAPEX of Rs. 47,043 crores, we have spent Rs. 28,150 crores till 30th June '25.

On the mining front, we have won Roida - I iron ore and manganese block in Odisha. The block has an EC capacity of 3 million tonnes per annum and estimated reserve of approximately 126 million tonnes. The company has already started extraction of iron ore from this mine. We plan to extract around 1.6 million tonnes in FY '26 from this mine.

I am pleased to share that we have successfully commissioned our first 0.2 million tonnes continuous galvanizing line at Angul. This makes an important milestone in our journey and reinforces our commitment to delivering high-quality, value-added steel products to meet the evolving needs of diverse industries.

As informed previously, the commissioning activity of Blast Furnace-2 has already begun with the lighting of 3 gas stoves in Q4 FY '25. We are on track to deliver the first hot metal from Blast Furnace-2 in this month. Rest of the projects including BOF-2, Slurry Pipeline, SBPP are progressing well as per schedule timelines. We expect the Slurry Pipeline to be commissioned during the current fiscal year.

For Q2 FY '26, we expect the consumption cost for coking coal lower by around \$5 per tonne. The iron ore costs are currently flattish on quarter-on-quarter basis. Domestic steel prices are currently lower by 5% to 7% compared to Q1. While prices are soft currently but the early indicators suggest a possibility of turnaround soon. However, it is a little early to talk about how Q2 shapes up.

With this, I open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rajesh Ravi from HDFC Securities. Please go ahead.

Rajesh Ravi: Yes. Hi sir. Good afternoon. Could you explain the reasons for volume decline on a year-on-year basis? And given the earlier guidance of 8.5 million tonnes to 9 million tonnes, with Q1 volume sharply down, is the guidance still remains, or do you look to cut down on the same?

Vishal Chandak: Saby sir.

- S. Bandyopadhyay:** Yes, Vishal. Good afternoon. Hello, everybody. Thank you for joining. From our standpoint, production was broadly stable quarter-on-quarter basis in the 1st Quarter. Sales volume was certainly impacted by 10%, but that happened because of the early onset of monsoon. Also had an inventory buildup, which certainly will get liquidated over the entire course of the year.
- As far as guidance towards the production and sales, for the balance of the year and for the full financial year, we remain on course, and we remain committed to those numbers. Thank you.
- Rajesh Ravi:** Yes. Thank you, sir. What was the utilization in this quarter?
- S. Bandyopadhyay:** Utilization in terms of?
- Rajesh Ravi:** Production utilization which you share every quarter.
- S. Bandyopadhyay:** In this quarter, capacity utilization you are asking for?
- Rajesh Ravi:** Yes. Correct.
- S. Bandyopadhyay:** Yes. So, we were roughly about, I would say 92%.
- Sunil Agrawal:** So, can I take this question?
- S. Bandyopadhyay:** Yes, Sunil ji.
- Sunil Agrawal:** Yes. Basically, in our Raigarh plant our capacity utilization was 95% and Angul we are roughly around 83% - 84%, on an average we can say that we were blended 90%.
- Rajesh Ravi:** So, in March end you had mentioned capacity utilization of 85% and from there sequentially volumes are down 1%. So, sir how are we saying utilization is close to 90%?
- Vishal Chandak:** Your audio is not clear. Can you please repeat the question?
- Rajesh Ravi:** I am saying, in March quarter press release and presentation utilization was mentioned for company at 85%, with production number say that 2.11 million, so 2.09 it should be lower than 85%, because you mentioned closer to 90%.
- S. Bandyopadhyay:** So, if I look at the capacity at this point of time, basis Angul and Raigarh without the additional capacities that are yet to come in Angul, we are broadly at about 90% of our capacity utilization. As Sunil ji talked about, Raigarh plant is running at about 95% and Angul at about 85%.
- Sunil Agrawal:** So, overall, we can say that last quarter it was 88% and current quarter is 87%. 1% production is down from quarter-on-quarter basis.

- Rajesh Ravi:** Understood, sir.
- Vishal Chandak:** Just to clarify. The capacity utilization is down by just 1%, production remains stable, the decline is on sales volume.
- Rajesh Ravi:** Sure, thank you. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Amit Dixit from Goldman Sachs. Please go ahead.
- Amit Dixit:** Hi. Good afternoon, everyone. And thanks for the opportunity. Congratulations on the good set of numbers. A couple of questions from my side. In the presentation deck, you have mentioned on Slide 32 about the timeline of Blast Furnace-2 Commissioning, which is Q2 FY '26. Is it possible to mention the timeline of BOF-2 as well? When it is expected to be commissioned? It is undergoing pre-commissioning test but a commissioning timeline would be great.
- Pankaj Malhan:** Let me take this question, you rightly said we are at a very advanced stage in terms of our Blast Furnace number 2 start up. Sunil mentioned a while back, we completed our stoves dry out, furnace dry out and we are just trying to inch the last leg of the commissioning activities. And I think sometime very soon we will be able to announce BF-2. And BOF-2, if I was to take that, it would be starting almost sometime very close to Blast Furnace-2 also. So, we are at the advanced stage of commissioning at both these units.
- Amit Dixit:** Yes. So, is it possible to expect that it could also be commissioned by Q2 or max by Q3?
- Pankaj Malhan:** BF-2 we are expecting in quarter two of FY '26.
- Amit Dixit:** Great, sir. That is helpful. The second question is, if I look at the P&L, the raw material cost per tonne has gone down by almost Rs. 3,500 - Rs. 3,600 per tonne. Now while the coking coal is one factor over there, I just wanted to understand what are the other factors that resulted in such a sharp decline in raw material cost per tonne and some of these factors are sustainable going ahead?
- Sunil Agrawal:** So, let me take this question. So, if you remember, last time we had a one-off of around Rs. 231 crores in the previous quarter, that has an impact of around Rs. 1,200 per tonne. After adjusting for captive consumption of Rs 336 per tonne, the net reduction works out to be Rs 2,864 per tonne. In Q4 FY '25, the one-off impact was around Rs 1,200 per tonne. Excluding these, net impact is around Rs. 1,600 per tonne, which has come out of coking coal that we have already announced that we had a saving of around \$11 per tonne during the quarter.

So, that has resulted in around Rs. 500 per tonne. And second is the PCI also, we have saved around Rs. 200 per tonne, and we have the savings in scrap and other items that amount to Rs. 900 to 1,000 per tonne. I hope this clarifies.

Amit Dixit: Yes. Sure. It does. I have other questions; I will come back in the queue. Thanks, and all the best.

Vishal Chandak: Amit, this is Vishal here.

Amit Dixit: Yes, Vishal.

Vishal Chandak: I think the gap which everyone is looking at is we are missing out on the point that in the previous quarter we announced a one-off of Rs. 231 crores, which was primarily reflecting in the raw material cost. Adjusting for that, balance is all decline in the raw material cost broadly.

Amit Dixit: Yeah sure. And the bridge that was explained was quite good. Thank you so much for the elaborate answer.

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

Amit Murarka: Yes. Hi. Good afternoon, and congrats on the great results. So, just on the Angul commissioning, would you be able to also provide some guidance on volume that we can expect from the BF-2 and BOF-2 this year and next year?

Pankaj Malhan: Amit, that is a wonderful question, and our guidance remains the same, in fact, which Saby also mentioned a while back. We are committed to the guidance that we have given at the start of the year, both in terms of production and dispatches. And we are very hopeful of hitting those numbers.

Amit Murarka: Okay. Sure. Also, I was just seeing the presentation like the sectoral split of volumes. So, like auto seems to be only 3%, whereas flats are 44%. So, I believe flats earlier used to be like 20% - 25% range, which is your plates. So, where does this increase come from then, if not from auto?

Sunil Agrawal: Mr. Pradhan, you can take that question.

S. K. Pradhan: Yes. Good afternoon. Most of the flats are coming from the new commissioning of hot strip mill, which we have done. And auto, the ramp up takes some time. So, we have started supplying to

a lot of auto manufacturers and all. But major volumes of auto, we are supplying to a lot of value-added segments. So, as you have seen, our value-added sales have gone up to 72% in this quarter compared to the previous quarter. So, a lot of supplies of very high grades of HR coils. So, that is what has contributed to the increase, other than auto.

Amit Murarka: Sure. And by when do you think the auto volumes could start to be meaningful

S. K. Pradhan: Yes. It will start ramping up as we will move ahead quarter-on-quarter.

Amit Murarka: Okay. Got it. And lastly, on Tensa, did you produce any iron ore from Tensa in the quarter?

Pankaj Malhan: Yes. We produced, a bit of iron coming from Tensa, but yes, Tensa is, towards the end of the mine life, and if I was to just share with you guys, the results what we have seen is minus Tensa almost, for this quarter. The important part is to have our security done, and that's how we have gone ahead with Roida - I mine, that would be compensating for the loss in volumes from Tensa, getting into the future quarters. So Tensa did contribute, but a very minimal impact of that in this quarter.

Amit Murarka: Sure. And if I could just squeeze in one last question. You seem to be having an opening inventory of 0.2 million tonnes, so given that steel price has corrected a lot since the last quarter, could there be any NRV impact that could come in on this opening inventory?

Sunil Agrawal: Yes. So certainly, the effect of price reduction may be, but we are maintaining that inventory from the quarter-on-quarter basis, and it will, sequentially, will have the effect. Now the prices are moving upward, so we do not see much effect of that.

S. Bandyopadhyay: Sunil ji, if I may add, impact on an aggregate basis, we do not anticipate any major impact at all. It is going to normalize itself, and we stand with the position of gaining a little bit from the price depressions that happened, and now gaining back, regaining back its ground.

Amit Murarka: Sure. Thanks a lot. And best wishes.

Moderator: Thank you. The next question is from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Yes. Hi. Thanks for the opportunity. My first question pertains to the net debt position. I believe this is the highest threshold level we have reached post 2021, right? And opening remarks sort of inform all of us that 1.5x is the threshold. So, it is fair to assume that this is the peak, and from here on going forward over next two to four quarters, we should see some debt reduction happening? Once the facility comes up on stream.

Sunil Agrawal: Sure. So, we are seeing it as a peak, because I have spoken that we have built up the inventory in Q1 for around Rs. 2,400 crores, which is getting liquidated in Q2, so that will improve our cash position. And now we are going to start the Blast Furnace, and our BOF-2, that will start contributing, and we do not see this 1.5x breaching anymore. So, we are at the top of our net debt to EBITDA limit that we have set.

Vishal Chandak: Parthiv, this is Vishal here. Let me reiterate over here. We had inventory built up, which led to a working capital pile on. We still have contained the net debt to EBITDA at 1.5x. We have an accelerated payout because the facilities are commissioning, the cash flows are yet to come in.

We have still maintained net debt to EBITDA at 1.5x. 1.5x is sacrosanct to us, it is a red line we will not breach. I reiterate, we will not breach. And in coming quarter Q3, the situation will automatically improve. And let me reiterate, in Q2, we have already crossed almost half of Q2, we are still below 1.5x. So, I think, the stress is behind us now. We are looking for some good times ahead. Thank you.

Parthiv Jhonsa: Thanks, Vishal. Very helpful. My next question is pertaining to the value-added side of the business, right? I believe that 72% is one of the highest in the industry. Usually, the industry is around 60% - 65%. Number one, how confident are you to ramp up from here, say 72% going forward? And just a very technical question, like, what do you perceive as a value-added product? Is it after a certain conversion what is termed as a value-added or how do you perceive certain product to be a value-added? What quantifies or qualifies it as a value added?

S. K. Pradhan: Can I take this one, Vishal?

Sunil Agrawal: Yes. Pradhan ji, please go ahead.

S. K. Pradhan: Good afternoon. So, value-added in our case, category-to-category is much different, but then, whatever, it could take a thumb rule or a benchmark that anything above 350 MPa strength is value added in plates. In HR coil, we are most of the high carbon, medium carbon, and different grades. So, it is the grade which defines whether we treat this as a value-added or not value-added and the jump in realization. These two parameters we consider when we are deciding whether the product will be treated as value-added or not value-added. And it is consistent.

Pankaj Malhan: Can I add to that, Sushil?

S. K. Pradhan: Yes sir.

Pankaj Malhan: So, in plates also, what we do is, typically, we got a heat-treated segment, which is absolutely high-grade plates, which is getting into very specialized sectors like defenses, automobiles, and even high end of construction, one of the examples of which is Chenab Bridge that we did.

Then, of course, the value addition that we give to the customers in terms of the solutions, which is largely coming from the fabricated structures. Then, from high alloy wire rods and even the large size TMTs, we are the only company making 50 mm TMTs. These all fall under value added offering from the company.

S. K. Pradhan: And the second part of the question was whether the 72% is sustainable considering that the industry is operating somewhere around 60% range. So, in this quarter, or what has changed is since we are ramping up HR coil facility and we are not at the full life level of HR coils, so our focus is entirely on getting the best out of the asset and that is how the very high volume concentration of value-added products we are making in our hot strip mill.

Parthiv Jhonsa: Sure. And sir if I may just squeeze in a very quick one. Just wanted to get the percentage of longs and flats in this quarter.

S. K. Pradhan: 44% is flats and 56% is longs.

Parthiv Jhonsa: Sure. Thank you. I will join the queue. Thank you so much.

S. Bandyopadhyay: And Sushil if I may quickly add on the points that you are making. That very re-gear and shifted focus even in Raigarh plate mill to produce plates along with the furnace normalized and the upcoming facility of HTC which is about to commission here will certainly help us, all of us to not only retain the value-added percentage but also add up.

Parthiv Jhonsa: Thank you so much. I will just join the queue.

Moderator: Thank you. The next question is from the line of Rahul Kumar from Vaikarya Capital. Please go ahead.

Rahul Kumar: Yes. Hi. Just a question about the industry in general. What has been the trend in the HRC import from China to India? After the BIS norms of the import materials as we say in the month of July and August. How did it fare?

S. K. Pradhan: Vishal, I am taking this question. The Chinese import has practically stopped now and except for some advanced license imports against advanced license. Two factors, one is the Chinese prices improved by roughly around \$50 in the last 1 month, 1.5 months' time, so that has made the price almost unviable for them. Today, in fact, Chinese imports are at a premium to domestic prices. So, that is one. And the QC order and melt and pour strict enforcement of that, that has impacted the imports from China.

Going forward, we have not seen China as a major threat directly. But indirectly, it may have an impact. What you are looking at, India is becoming a net importer for fifth consecutive quarter. Our exports are very low. So, in the international market we are not able to compete because of

the Chinese factors. And Chinese exports are at an all-time high. They are roughly exporting 9 to 10 million tonnes every month. So, that is having an impact globally.

Rahul Kumar: Okay. So, let us say, theoretically, hypothetically, if China HRC prices go down, I mean because of these BIS norms the imports will still be very low?

S. K. Pradhan: Yes, it will have an impact. It is having an impact. The low quality or inferior quality imports, which used to be a bit threat to Indian players have started coming down. And the government has taken a very positive step in that direction.

Rahul Kumar: Okay. That is all. Thank you.

Moderator: Thank you. The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Hi. Thank you. The first question on the project. As you mentioned, BF, BOF, and Slurry Pipeline. I just want to get an update on some of the other projects like the Q&T line, Color Coated, Galvanized. And, in the railway rakes that we are looking to acquire and prior to that there was a news report earlier, press release by Government, that JSPL has been selected for financial assistance incentive on their 2 million tonne coal gasification plant.

Did not understand, is that a new coal gasification plant? Because it seems like you already have sufficient coal gasification at Angul right now. So, I just wanted an update on the project and this coal gasification before I move to the raw material question.

Pankaj Malhan: Okay. Let me have this question. You started with the cold rolling mill. We have already commissioned 200,000 tonnes of galvanizing line. This is the first from the table of Jindal Steel. We will continuously be adding a lot of lines getting into this financial year. The next in line we are expecting our color coating line, which should be there by end of quarter three, this financial year. And then, of course, two more lines which we will be adding, our galvanizing line and our color coating line number 2. So, both should be with us in quarter four of FY '26.

Talking about some other projects, ranging from, say, Slurry Pipeline, we have already given an update. We continue to run faster at our steady speed over there. The major bottlenecks are behind us now. And our guidance remains the same, what we have given before, in terms of completion of the project.

Vishal Chandak: Yes. I think Satya, you have a very long list of projects for which you are seeking an update. I would like to take this offline in the interest of long queue behind us, we can talk about this offline.

- Satyadeep Jain:** Yes. Sure. So, second question on the raw material cost. Just first on Tensa. It seems like Tensa has some reserves on the boundary. So, I was under the impression initially it can sustain till 2028. What is it now, end of life? And also, the Rs. 1,000 per tonne raw material cost saving that came from others. I think you mentioned scrap or some other apart from coking coal. Is that sustainable, the non-coking coal related cost savings that we saw in the quarter?
- Sunil Agrawal:** Yes. The other cost is sustainable. I have already spoken that this was due to one-off, around Rs. 1,200 per tonne in Q4. And other savings that I have spoken, we think that is sustainable in future.
- Satyadeep Jain:** Okay. And Tensa?
- Sunil Agrawal:** The effect of Tensa is there in Q1. So, we have not taken much from Tensa. Only 0.13 million tonnes that we have extracted in Q1. So, that hardly had any impact in Q1. So, we think that whatever cost saving is there, we will sustain that in future as well.
- Vishal Chandak:** So, Satyadeep if you look at our results and the opening remarks and which Mr. Pankaj Malhan also mentioned the minimal amount of intake from Tensa mine. So, I do not think even if you discard the effect of Tensa mine, the results are broadly purely operational on that front.
- Pankaj Malhan :** Can I add to that, Vishal? I think we spoke about Tensa. Tensa of course had a minimal impact on our quarter one results. Mostly it is backed by some kind of improved value in used items and operational excellence which has actually led us to cut down on our costs. And going forward into quarter two, of course, we all know this is a seasonal quarter. And of course, there are monsoon challenges with many steel companies. But we are very hopeful of getting back to our sustained position of these operating excellences getting into subsequent quarters also.
- Satyadeep Jain:** Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Yes. Good afternoon. So, my first question is on thermal coal. Just want to understand what was the mix in Q1 and how are we benefiting from more and more captive coal and how is it going forward in the coming quarters?
- Pankaj Malhan:** Let me take this question, Utkal C continues to be performing well for us. Quarter one if I was to say, our 90% - 95% of the thermal coal came out of our own mines, we continue to have some FSA. small amount of that with MCL mines. Getting into the subsequent quarters, we have already announced that Utkal B1 is expected to be on track in this quarter itself. So, we should be able to meet our coal requirements from our own mines, getting into this financial year.

- Sumangal Nevatia:** Understand. And sir, what would be the delivered cost or at least comparison with linkage coal and e-auction versus captive?
- Pankaj Malhan:** This is a very specific question, I do not want to take that. But yes, there is a delta of around 3% - 4%, that is what I can say as of now, in terms of using our own coal versus the bought-out coal.
- Sumangal Nevatia:** Okay. And sir, when do we expect Utkal B2, any timelines there?
- Pankaj Malhan:** We are already there. We are seeing the monsoon season and there are some delays, but we are expecting the coal to be with us at the start of quarter three.
- Sumangal Nevatia:** Utkal B2, I guess some approvals are pending.
- Pankaj Malhan:** B1. Sorry, I mentioned about Utkal B1.
- Sumangal Nevatia:** Okay. So, any update about B2, when do we expect, I think that is the last mine in our portfolio right, where we are awaiting approvals.
- Pankaj Malhan:** B1, we have set our own priorities as of now. We are working on it one by one. I think B2 is definitely on our cards, but we will let you know.
- Sumangal Nevatia:** Understood. And just one last question, on commissioning of BOF-3 and DRI-2, where are we on the timelines?
- Pankaj Malhan:** So, on DRI-2 of course, that is one project which we have already announced our revised timelines which is into FY '27. On BF-3, we remain committed to completing in this financial year, quarter four of FY '26.
- Sumangal Nevatia:** Understood. All right. That is it from my side. Thanks.
- Vishal Chandak:** Sumangal, just to add one more point on the coal portfolio. Gare Palma IV/6, Utkal C, Utkal B1, Utkal B2, these are the four mines of which we have spoken about. We have recently won Saradhapur Jalatap coal block as well. So that has a geological reserve of about 3.2 billion tonnes, it is a partially explored block. And over the next couple of years, we are going to fully explore it and then announce what is the extractable reserves from there as well as the annual EC limit. Maybe that is something that you would look forward to in our next round of expansion.
- Sumangal Nevatia:** Got it.
- Moderator:** Thank you. The next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

- Pallav Agarwal:** Yes. Good afternoon, sir. Sir, I just want to understand the strategy on captive coal, because you mentioned that you are already sourcing 90% to 95% captive. So, what are we going to do with the coal from the additional coal blocks? So, is there some element of commercial sales as well or are those for our captive power plants?
- Pankaj Malhan:** These are going to be for our captive power plants. We have almost stated that we are starting Unit-1 of our Shree Bhoomi Power Plant, in this quarter itself. So as and when we are going to keep adding our power units, we continue to ramp up our coal lines.
- Pallav Agarwal:** Sure, sir. And you also provided the breakup of the coal sourcing. So, is it possible to share a similar sourcing detail for iron ore, how much was from captive and external sources?
- Pankaj Malhan:** I think we can take it offline. Vishal can give you the numbers. Vishal, you can take it offline.
- Vishal Chandak:** Sure, sir.
- Pallav Agarwal:** Sure. And sir, just lastly, I mean just to understand the difference between the consol and standalone EBITDA. So, this would mostly be from Jindal Odisha. I mean the overseas coal mines would not have contributed too much to the EBITDA.
- Pankaj Malhan:** Sunil ji.
- Sunil Agrawal:** Yes, I will take it Pankaj ji. So, this is mainly from the Odisha project that we have started, mainly from that.
- Pallav Agarwal:** Sure, sir. I mean it would help us, because this is ramping up, maybe if we get some separate brief summary of the production and profitability, that will help us in our modeling purpose. So, just a request.
- Sunil Agrawal:** Certainly, going forward, when we start the production from this new project, we will give separately, if required.
- Vishal Chandak:** See, Pallav you should look at is you know, Jindal Steel India is an entity that you should model in your models as well. Because if you start modeling between Jindal Steel Odisha and Jindal Steel Limited, there would be a lot of confusion between the transfer of material from one plant to another. So, you should avoid that. Just build in a single model. That would help.
- Pallav Agarwal:** Yes. That would help. But just the financial and the annual report would be for standalone. So, yes, for modeling purposes, I think we would do that. Yes, thank you so much.
- Moderator:** Thank you. The next question is from the line up Prateek Singh from DAM Capital. Please go ahead.

- Prateek Singh:** Hey, hi. Thanks for the opportunity. Just to get a sense on pricing, in the opening remarks I think sir said that prices right now are around 5% to 10% lower, which I assume you would be talking about the trade prices. So, given a very high share of value-added products in our mix, is it a possibility like we have seen this earlier also that while the trade prices fell quite a bit but our realization did not fall that much in one of the quarters, so I think around two years back. So, is there a possibility that the fall that we might see this quarter would be much less than what we are seeing in the trade markets? Is that something which we can assume?
- S. K. Pradhan:** See, the point which you made about our exposure to trade and our exposure to OEMs is absolutely right. And since we have a very high proportion of value-added steel, value added sales, the elasticity of value-added prices on value added is much lesser compared to the non-value added or trade type of steel. So, you are absolutely right. The impact will not be as high as it is on the trade level prices. And that has been a strength of Jindal Steel, and that is what you have referred to kind of few years back, that holds true now actually.
- Prateek Singh:** Understood. And just a bookkeeping question, or rather I take it offline. Can you give us the split of the acceptances, revenue, and CAPEX?
- Vishal Chandak:** I will take it offline.
- Prateek Singh:** Sure. Thanks.
- Moderator:** Thank you. The next question is from the line of Kamlesh from Lotus Asset Managers. Please go ahead.
- Kamlesh:** Yes. Thanks for the opportunity. So, if I see this particular quarter, we had a cash profit of roughly around Rs. 2,100 odd crores. And if I see like this one, we sold shares from the ESOP Trust as well, which I believe would be around Rs. 500 odd crores. So, if we take it together, so Rs. 2,600 crores of money which we had from the operating cash flows plus ESOP.
- And even if we adjust for the CAPEX which we have done in this quarter, the debt increase is roughly around Rs. 3,800 odd crores, which looks very significant compared to last quarter. I know that there is an increase in working capital. Even after factoring that working capital increase, it seems very high. So, what are the amounts raising debt? Because you had provided the bridge but that bridge really does not help, because it is just a change in the debt and the ultimate resultant figure is the change in cash and cash equivalents.
- Vishal Chandak:** Kamlesh, can you please repeat the question?
- Kamlesh:** I mean to say that while they are having such a sharp increase in debt quarter-over-quarter of Rs. 3,800 crores and given the fact that we had such a strong cash profit generation of Rs. 2,100

crores in this particular quarter and Rs. 500 crores of realization from the sale of ESOP trust shares.

Sunil Agrawal: Yes. Kamlesh, basically, if you see our EBITDA earnings basically moved to working capital which I have already explained that our working capital movement is around Rs. 2,900 crores and we have earned that. And whatever the total net debt has increased, that is mainly going to the CAPEX side, which is Rs. 2,226 crores and balance is around Rs. 700 crores, for which we have made some repayments of loan as well during the quarter and we have paid the interest as well of around Rs. 500 crores. I think that gives you the answer.

Kamlesh: No. Even of factoring that, it would be better helpful if we can provide some bridge in the net debt flow that how much was the operating cash flow and how much was the change in working capital, and just putting that change in cash and cash equivalent, so that anyway we can come out, if you provide net debt for the last quarter and this quarter.

Sunil Agrawal: Sure.

Kamlesh: Yes. And lastly like on the Tensa, so can we assume 3 million tonnes run rate for the FY '26 or how should we project it?

Sunil Agrawal: Pankaj ji, you can take the question.

Pankaj Malhan: Sorry, I missed this question. Can you repeat it, please?

Kamlesh: No, I mean to say.

Vishal Chandak: Tensa, we have mentioned that we extracted about 0.13 million in Q1, it is at the end of life. I do not think you should build in that high number in your model while looking at overall profitability for the year. Secondly, on the breakup that you asked I think we can take it offline.

Kamlesh: Thanks a lot.

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

Tushar Chaudhari: Yes. Thanks a lot for the opportunity. Sir, I just wanted to know, you have given good update on projects. So, just wanted to know the update on Pellet Plant-2, 6 million tonnes, when are we planning? And what is the update on the ramping up of the recently commissioned, two-three quarters back, 6 million tonnes. So, the utilization over there?

Pankaj Malhan: So, let me start with the utilization of our existing Pellet Plant, of course, it is going well. If I was to compare year-on-year basis the production has gone over 50% and more. So, here is the

Pellet requirement, as and when, if I was to share some more updates, which is what is available over here in the updates, we could scale up our DRI production strongly because of our own Pellet Plant ramp up in Angul.

So, that continues to be going well. And as and when BF-2 is going to come up, we are very hopeful of spreading these efforts very right. From a Pellet Plant-2 perspective, this pellet plant would be coming up in FY '27. That is where we stand as of now.

Tushar Chaudhari: Okay. Thanks a lot. And sir, CAPEX for next year will be similar to this year, Rs. 10,000 odd crores?

Vishal Chandak: In our capital allocation framework, we have mentioned already that on an annual basis we will do a CAPEX of Rs. 7,500 crores to Rs. 10,000 crores. But for FY '27, it is too early to give any guidance. We will come back to you during the Q4 results for next year's guidance.

Tushar Chaudhari: Sure. Thanks. Thanks a lot. And best of luck.

Moderator: Thank you. Next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Yes. Hi sir. Thanks for the opportunity. So, just a couple of questions from my side. One is that we saw a drop in demand in Q1 due to the early onset of monsoon, so we have seen inventory build up. We are already halfway into Q2, are we seeing any signs of the inventory position easing? And, are we seeing an early monsoon withdrawal, plus festive season being prepone this year, adding to demand factors in Q2, which will lead to a drawdown in inventory and increase in sales volume. That was the first question.

S. K. Pradhan: Yes. So, this time, the monsoon has arrived a little early. So, the demand season started tapering down the monsoon, in fact, it started somewhere in the month of June. But then, we are in the month of August now, and we have already started seeing the signs of revival of demand from the construction side.

More importantly, there are some lead segments, which indicates that how the demand is going to unfold, something like yellow goods, something like construction equipment. We are seeing a very, very strong demand coming from these sectors now in this month, which indicates that in the coming quarters the demand will be extremely good, and this impact will completely take a big drag down and we are looking at good demand quarters ahead.

Rajesh Majumdar: Right. So, we can expect some kind of inventory easing in Q2 itself?

S. K. Pradhan: Correct. 100%. Yes.

Rajesh Majumdar: Okay. Yes. So, my second question was on the new Blast Furnace commissioning, so should we model some kind of losses, let us say, in the first two quarters with the Blast Furnace ramp up before we reach some kind of stabilization level and that somewhere in FY '27. That was my question.

Pankaj Malhan: So, we just spoke about our quarterly numbers, most of you guys said they are wonderful numbers. The company remains committed in terms of operational excellence, and it would be too premature for me or anybody else to speak on this, but we are committed to making sure we sustain our numbers getting into the subsequent quarters also.

Rajesh Majumdar: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, as that was the last question for today, I would now hand the conference over to the management for the closing comments. Over to you, sir.

Sunil Agrawal: Thank you all of you. As we look ahead, financial year '26 is shaping up to be the defining chapter for Jindal Steel. With the commissioning of major facilities, Blast Furnace, BOF, SBPP and other facilities, Angul is on track to establish itself as one of the world's top single-site steel production hubs.

But our journey is not just about expanding capacity, it's about strengthening the entire value chain from mining to logistics to manufacturing to sustainability. This reflects our deeper purpose mainly creating a nation of our dreams. We are grateful for the continued trust and support of our stakeholders, and we remain fully committed to delivering our promises, responsibly, and sustainably. Thank you all for this call.

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