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**Subject: Transcript of Earnings call held on 20<sup>th</sup> October, 2023 - Disclosure under Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”)**

Dear Sirs,

In terms of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earning Call for Q2 & H1FY24. The same is also being uploaded on the website of the Company at the following web-link:

<https://www.jindalstainless.com/financials/earnings-presentation>

You are requested to take the above information on record.

Thanking you,

Yours Faithfully,  
For **Jindal Stainless Limited**

**Navneet Raghuvanshi**  
Head Legal & Company Secretary



Encl. as above

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## “Jindal Stainless Limited Q2 FY24 Earnings Conference Call”

**October 20, 2023**



**MANAGEMENT:** **MR. ABHYUDAY JINDAL – MANAGING DIRECTOR,  
JINDAL STAINLESS LIMITED**  
**MR. ANURAG MANTRI – EXECUTIVE DIRECTOR &  
GROUP CFO, JINDAL STAINLESS LIMITED**  
**MS. SHREYA SHARMA - HEAD, INVESTOR RELATIONS,  
JINDAL STAINLESS LIMITED**

**MODERATOR:** **MR. AMIT DIXIT – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Jindal Stainless Q2 FY24 Earnings Conference Call hosted by ICICI Securities.

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 call, please signal the operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Dixit from ICICI Securities. Thank you and over to you, sir.

**Amit Dixit:** Good afternoon, everyone. On behalf of ICICI Securities, I welcome all the participants for Jindal Stainless Limited Q2 FY24 Conference Call.

At the outset, I would like to thank the management for giving us an opportunity to host this call. From the management, we have with us today, Mr. Abhyuday Jindal - Managing Director; Mr. Anurag Mantri - Executive Director and Group CFO and Ms. Shreya Sharma - Head of Investor Relations.

Without much ado, I would like to hand over the call to Ms. Shreya to take this forward. Over to you, Shreya.

**Shreya Sharma:** Thank you, Amit. Good afternoon, everyone and a warm welcome on the call. We have shared our Q2 FY24 Earnings Presentation with the stock exchanges, which is also available on the company's website and today's call discussion will be on the same line.

Please note some of the information on this call may be forward-looking in nature and is covered by the disclaimer on Slide #2 of the Earnings Presentation.

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

**Abhyuday Jindal:** Thank you and good afternoon to everyone and I would like to welcome you all to the Q2 FY24 Earnings Call

I would like to first discuss the key business highlights of the quarter, following which Anurag will take you through our operational and financial performance:

Looking at the operational performance:

We delivered satisfactory volumes in Q2 FY24 amid muted global demand. On the other hand, domestic volume increased owing to robust domestic demand due to the government's push for stainless-steel and strategic sectors. There is also a strong pre-festive demand in the auto segment besides other consumer facing segments.

On the operation front:

I would also like to share we have successfully commissioned the incremental capacity of our Hot Strip Mill in JUSL. With this, we have reached 3.2 million ton capacity of our Hot Strip Mill in Orissa. As active contributor to the Make in India Mission of the government, it is a constant endeavor to substitute imports in critical areas. To support this mission, our R&D department created an environmentally friendly product technology for rolled flat plates. These plates are used in industries like petrochemical, thermal power and oil and gas.

On the export front:

We are facing challenging macroeconomic conditions, weakened global demand and pricing pressure. This has affected export volumes on quarter-on-quarter basis. However, we have maintained sales in certain global geographies, which are continuous innovation and efforts to explore new markets and segments.

On the import side:

The unchecked inflows of subsidized and substandard foreign imports continue to distort the level playing field against Indian manufacturers. Chinese imports have increased by nearly 55% year-on-year. We hope the government will take notice of the continuous and rampant imports by China, which is hurting the sector, especially the MSMEs as well as the government's vision of an Atmanirbhar Bharat. I am happy to share that all our efforts and hard work are being recognized and our strengthening stakeholder confidence. CARE has upgraded our credit ratings to AA from AA- in view of our consistent improvement in sales volume, our higher than envisaged EBITDA per ton, along with steady improvement in debt coverage metrics.

Our endeavor is to focus on more innovation and paradigm shifts in the stainless-steel ecosystem. To further this vision, Jindal Stainless and IIT Bombay have signed an agreement to establish a chair professorship at the Institute. This chair will support and enhance research in industrial processes and product technologies in the stainless-steel sector. It will drive more innovation and research in the field of steel metallurgy and support our goal to create new benchmarks in durable and sustainable infrastructure. Moreover, as part of our Stainless Academy initiative aimed at skill building and creating awareness about the benefits of stainless-steel, Jindal Stainless conducted 25 fabricated training programs in various Indian states during Q2 FY24. Recently, the Bureau of Indian Standards has also introduced 3 grades, namely N5, N6, N7 meant exclusively for stainless-steel used in utensils and kitchenware applications. It is an important decision for the welfare of the consumers as critical issues of health and hygiene are involved in food contact materials. In line with this, Jindal Stainless is among the first to apply for and secure certification for these grades under the enhanced standard.

On the ESG front – our efforts towards sustainability and responsibility were facilitated at several industry forums as we received several prestigious awards for energy efficiency and carbon reduction initiatives. As we remain committed to a greener, more sustainable future fueled by environmental responsibility, I am happy to share that Jindal Stainless has also become

a member of responsible steel, a global nonprofit multi stakeholder standard and certification initiative.

Now with this, I would like to hand over to Anurag to discuss the operational and financial performance. Thank you.

**Anurag Mantri:**

Thank you, Abhyuday. Good afternoon, everyone and a warm welcome to the call today.

As highlighted by Abhyuday, we delivered consistent performance amid challenging global scenario. Let me discuss in detail the operational and financial performance during quarter 2 of FY24. During Q2 FY24, the volume increased by 26% on a Y-o-Y basis and remained steady on Q-o-Q basis. The standalone revenue rose 14% Y-o-Y to Rs. 9,720 crores EBITDA and PAT increased by 54% and 74% to Rs. 1,070 crores and Rs. 609 crores respectively on a Y-o-Y basis.

The H1 standalone revenue increased 19% Y-o-Y to Rs. 19,748 crores EBITDA and PAT increased by 44% and 59% to Rs. 2,188 crores and Rs. 1,275 crores respectively on a Y-o-Y basis. On the subsidiary front, I would first like to give you an update to our Indonesia subsidiary PT JSI. The Board has approved the proposal to explore their option for selling liquidating, divesting equity stake in PT JSI. The decision was taken due to unfavorable market conditions in Indonesia, which is flooded by Chinese imports. On the other side, Indonesian market is dominated by Chinese players and therefore major markets such as US and European Union have levied severe trade protection measures on exports of stainless-steel products from Indonesia resulting in lack of level playing field for us. Consequently, in this challenging environment, PT JSI operations become unviable. This step will help mitigating the potential operational losses and have positive impact on console results in future. I am happy to share that the board has also approved an interim dividend of 50% of Rs. 1 per equity share for FY24. The aggregate payout will be nearly Rs. 82.34 crores. This will be the third dividend in last 6 months after the merger of JSHL, leveraging the strength of combined balance sheet.

On the balance sheet side, as you noticed, there is a considerable improvement in our debt position with a 27% reduction in the standalone net debt to Rs. 2,149 crores as compared to Rs. 2,956 crores outstanding as on June 30, 2023. This is also being reflected in our leverage ratio. The net debt to EBITDA improved to 0.5 with net debt to equity maintained at 0.2 level.

Now on CAPEX side, as guided in the previous quarter, the CAPEX including JUSL during FY24 expected to be around Rs. 3,200 to Rs. 3,300 Cr. As of H1 FY24, out of this total CAPEX, we have already spent close to Rs. 2,000 crores. If you recall in our last call, we guided Rs. 800 increases in debt level over March 23 level, which is now expected to increase only by Rs. 200 crores to meet the FY24 CAPEX of Rs. 3,200 crores. So, earlier we were expecting to close FY24 with the debt level of Rs. 5,400 crores including JUSL, now we are improving the closing debt guidance for March 24 to around Rs. 4,700 crores.

With our focus on digitization, I would also like to share that Jindal Stainless has become the first Indian corporate to execute a path breaking live shipment transactions through EBLs powered by public block chains involving different platforms of vendors, shippers and banks to make it completely paperless across geographies. This was kicked off in G20 trade ministers meeting between India and Singapore.

On the demand outlook, we are confident that domestic stainless-steel demand will continue to rise with robust economic activities in infrastructure supported demand. Enhanced project activities and ethanol petrochemical, water treatment and nuclear segments will further strengthen the stainless-steel ecosystem.

With this, I would like to end my discussion and would request the moderator to open the floor for Q&A session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

**Kirtan Mehta:** I wanted to understand in terms of your sales mix which we are currently running at around 2.2-million-ton level, how much it is supported by the old existing plant and how much the new plant is now contributing to the volumes?

**Abhyuday Jindal:** So, I mean it is an integrated unit. So, we are on the ramp up phase with the expansion that we have just completed in March and we expect in the next 2 years to be completed. So, in terms of, I can tell you volume guidance this year, we will at least have 20% volume growth as compared to last year. So, because it is a ramp up, I mean it is a mix of both coming out.

**Kirtan Mehta:** But is it possible to indicate how much volume is supported by the new capacity during the latest quarter?

**Anurag Mantri:** See Kirtan, actually we, as you know, the ramping up as Abhyuday mentioned is happening in a right direction. The only thing is that because we also do slab imports and trading, so we don't want to have a very specific thing. The overall idea is to improve the sales and margins in that. That new capacity is expected to be fully utilized by next year. So, what we guided that we will gradually ramp this up and it is on track for that.

**Kirtan Mehta:** And one more question, in terms of the sort of the margin outlook looking forward, so we have seen some bit of easing of the nickel as well as the raw material prices and at the point stainless is also easing, so how do you see the margin environment doing over near next 3 to 6 months?

**Anurag Mantri:** So, raw material prices eventually get passed, but here one thing I would like to highlight, last six months there is a big anomaly which has happened between chrome ore and ferrochrome. So, ferrochrome prices have not increased to the extent that chrome ore prices have increased. Chrome ore prices have jumped up by more than 30% while the ferrochrome prices have jumped

up 2%-3%. So, there was obviously a delay in the pass back to the consumer because that is based on the ferrochrome prices. So, margins from raw material perspective, I think to that extent that pressure remains, but I think the large pressure remains what Abhyuday covered in his opening remarks is the Chinese imports which actually keep distorting the pricing ecosystem, so we are considering that all.

**Abhyuday Jindal:** By that we are not changing our guidance, so it will be even to the end of this year around you can say Rs. 20,000 per ton.

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

**Ritesh Shah:** I have 4 questions if allowed, sir, first is Tsingshan JV, what is the progress and the timelines? Second is Rathi Steels, the investment has already been done, are we looking to up the capacity over here? What is the incremental CAPEX and timeline, right, so first is Tsingshan, second is Rathi? Third is JUSL, this is specifically for Mr. Mantri, there is pretty strong cash flow at EBITDA level over here, but we do not see the decline in debt, it is only Rs. 20 crores, so just wanted to understand the cash flow bridge? And again, specific to JUSL, how are we looking at the volume tonnages for 3.2 million tons, so that is something that we have commissioned? And lastly for Mr. Jindal, if he can detail out on the capital allocation framework, the three buckets and congratulations for putting this framework out.

**Abhyuday Jindal:** So, first two, in terms of our investment in Indonesia with Tsingshan is on track, we expect the operations to start by Q1 of FY25. So, those are on track, and it is closely being tracked. Our senior team is right now in Indonesia. So, I will have a real report by next week, but everything whatever I have spoken to them, and they were there, everything seems to be on track. Secondly, for our Rathi, we expect operations to start by December. After our investment of around Rs. 206 crores, we are investing another Rs. 100 crores more to stabilize, ramp up, improve the plant efficiency equipment. So, that would all be completed by December, but if your question was are we further enhancing our capacity in Rathi, not as of now. After this we would like to see how the unit performs, it is our first entry into long products, so are we meeting our numbers or target market and how the market performs, only after that we can enhance. There is capacity space available to enhance there, but that will only be taken once we really get into it.

**Anurag Mantri:** So, on your question of JUSL strong cash flow, you are right, so basically JUSL are over close to Rs. 400 crores EBITDA in H1 and there was a strong cash generation after paying the interest of around Rs. 100 crores and the CAPEX spent etc. So, as you know, it is primarily a job work model. As on 30th September there were receivables which got build up from JSL because JSL receivables of JUSL were not paid and therefore there was a debtor outstanding in JUSL books. With that cash, idea is that, since the JUSL debt is actually a long-term debt of ~17 years and recently, their rating has been upgraded to AA minus, so consequently you will see in the coming quarters, we have got a considerable rate reduction in JUSL now. So, it is a long-term low interest rate debt. Therefore, we wanted to upstream the cash and I would be happy to say that on 7th

October post the quarter, these receivables from JSL were then paid off and there was a dividend of Rs. 200 crores paid by JUSL to JSL. So, that cash has come to JSL. So, basically that cash was anyway lying as a payable in JSL book, but then formally when JUSL announced the Rs. 200 crores dividend, which is received by JSL and their debtors have also come down. So, the cash has been upstreamed to JSL and this will also not be taxable in JSL hand, because JSL is also consecutively paying the dividends. So, it is an efficient upstreaming of the cash from the cash generating subsidiary.

**Ritesh Shah:** Sir, just to understand the numbers that you gave for debt reduction 800 to 600, is that gap because of this or something else upstreaming Rs. 200 crores?

**Anurag Mantri:** No, it is not only Rs. 200 cores. There was also a working capital optimization partly due to some of the raw material prices also coming down. So, we actually have managed to release almost Rs. 500 to Rs. 600 crores cash in the system and that has helped us to reduce the debt. If you recall, last time we actually guided that the debt would increase and will end up the year by almost Rs. 5,400 crores. Now, with this type of working capital efficiency and we are revising our guidance to the improvement side and with all larger CAPEX have already been met and it is on track, so may be around Rs. 4,700 crores is what the closing number looks like at this stage.

**Ritesh Shah:** Just last question for Mr. Jindal, sir, if you could just detail on the capital allocation framework, I think it is a pretty strong move by the company and secondly, we are evaluating the Indonesian assets, the mill which we are there, we have a loss making entity called Iber, I presume it is the European asset, how strategic is this and would we look to evaluate it or it continues to run as is?

**Abhyuday Jindal:** I will take the Iber question first, so Iber has just been the temporary phenomenon, since the European market has gone down after the war and everything that started that has been the negative situation actually that has created in Iber. Otherwise, we are very bullish and it has done very well. If you look at the history of Iber, it has always performed well and been in profit. It is only the last one and a half years where we have got some issues there and the market has just not taken off. Even though it has, now we see already our inventory levels are down there, we are again starting to send some more material to our Iber facility. The minute Europe picks up, definitely Iber will do very well. So, Iber is just a very temporary phenomenon. It is not the similar situation like Indonesia. Indonesia, even in future, we feel that the performance would not be very strong. That is why we have taken this call for Indonesia, but Iber, we are still very confident as the market turns around, Iber will turn around accordingly. And this capital allocation, basically in terms of our future expansion plans, I would still like wait till next quarter before I announce that because a lot of new investments, we have made that are Rathi, our Indonesia expansion. So, we are working on a plan. We are seeing how the export market will again take off. Then, by next quarter, we can announce further capital allocation.

**Moderator:** Thank you. The next question is from the line of Pratik Singhania from SageOne Investment. Please go ahead.



**Pratik Singhania:** With respect to this slab procurement importing from outside and then doing the entire process, what is the strategy, do we want to first build the market and then do the utilization level of our capacity is that we have built up or any like detailed light on the book?

**Abhyuday Jindal:** Pratik, slab you should see as a raw material for us. We are looking at it, we can either move to a slab, we can bring the slab in, or we can bring scrap and other raw materials in. So, depending on what is the price or what is the kind of efficiency or improvement we are getting, that is the only time we are going to bring in the slabs. So, it is not something that it is required, or it is a must. It is a raw material; we see good benefit coming out of it. That is why we are continuing it. I hope that is your question that you are asking or what is your specific question on this?

**Pratik Singhania:** So, my question was whether we are first trying to develop the market before we do the entire capacity expansion which we are trying to do in FY25, the ramp up?

**Abhyuday Jindal:** No, there is nothing like that. The market is already there. We are market wise growing at 7%-8%. So, it is nothing to do with the market, it is more from a margin and raw material kind of benefit. That is why we are doing it, nothing to do with the market.

**Pratik Singhania:** And with JUSL, since the new line has been operationalized, now most of the production is happening in the new line or we are still doing partial mix of?

**Abhyuday Jindal:** It is the same, so JUSL, it was capacity enhancement. We were at 1.6 and by adding a reheating furnace and a down coiler, the capacity has gone to 3.2, so it is the same line. There is no new line that has been added.

**Pratik Singhania:** And with respect to this Chinese import like obviously we know **(Inaudible) 24.30** which company has because of which you are maintaining the EBITDA margins, but couple of points or 2-3 points which you can highlight specifically giving you this confidence of maintaining the EBITDA margins despite this Chinese import increasing Y-o-Y?

**Abhyuday Jindal:** See, so one thing that is very important to understand is that where China is hitting us is in the lowest, I mean it is from volume wise also it is very low for us and from margin wise it is also very low for us. So, it actually impacts more on sentiments than anything else and because they are not able to compete with us in the high-end sectors, in your auto, in your white goods, railway, lift elevator, all these areas is not where China is dumping and impacting us. It is more in the lower hollowware, utensils, pipe and tube, these are the kind of areas where they are impacting. So, that is why our margin, which is not going above 20K is more to the factor of exports I can say. China definitely if imports are regulated that will also help growing the market and our market share, but margins, I say it is more because exports are subdued right now. That is why margins are around 20,000.

**Pratik Singhania:** So, that was my second question that are you seeing any green shoots in the European side with respect to exports?

- Abhyuday Jindal:** Not immediately, but we expect from January onwards from our market research and our customer discussions from January onwards to pick up. Already this talking has started, which was very slow earlier, which is why in my previous answer, I was saying that even through our Iber subsidiary unit that gives a very clear direction how the market is performing, so already because sales have picked up there and we are sending more material to our subsidiary there, market has already started improving. January onwards, it is expected do better.
- Moderator:** Thank you. The next question is from the line of Mudit Bhandari from IL Securities. Please go ahead.
- Mudit Bhandari:** So, regarding JUSL, can you tell how much is the volume in terms of captive for JSL and for third party and in terms of EBITDA also how much is bifurcated for JSL and for third party? And also going forward, will the percentage remain the same?
- Abhyuday Jindal:** Mudit, the internal job work done by the JUSL in this quarter four JSL is about 4,28,850 tons and outside sale is basically near about 1900 tons.
- Anurag Mantri:** It is mainly for internal consumption rather than external job working.
- Mudit Bhandari:** And we will continue on this model only even after the 3.2 expansion?
- Abhyuday Jindal:** Yes, absolutely.
- Mudit Bhandari:** And regarding standalone CAPEX, can you tell what is the remaining CAPEX apart from NPI, Indonesia and other acquisition, what is the remaining standalone CAPEX that we are to do?
- Anurag Mantri:** See the total CAPEX including the JUSL for this year is around Rs. 3,200 to Rs. 3,300, of which 2,000 have already been spent, so the remaining is around close to Rs. 1,200 to Rs. 1,300 Cr.
- Mudit Bhandari:** So, I am just asking, can you just bifurcate it, how much, for which line item it is pending?
- Anurag Mantri:** So, it is pending for, say, some of the NPI facility investment that will go, then there are some normal CAPEX is also pending which are there. Rathi CAPEX also part is pending, the Renew Power Equity that is also pending. So, it is across, but broadly that strategically, the CAPEX number, which is outstanding and so across all these acts to around Rs. 1,200 to Rs. 1,300 crores.
- Moderator:** Thank you. The next question is from the line of Ritwik Sheth from One Up Financial. Please go ahead.
- Ritwik Sheth:** Sir, a clarification in the starting on the call, you mentioned about capital allocation and talking about some CAPEX plans after the next quarter, so is this regarding to some specific CAPEX or general plan for FY25-26?

- Anurag Mantri:** No, this is basically for our further expansion in increasing our stainless-steel capacity that we are working on, which next quarter is when we will be ready to announce.
- Ritwik Sheth:** And sir, couple of questions, firstly on the Indonesian unit, what is the current capital employed in this subsidiary?
- Anurag Mantri:** It is around Rs. 331 crores actually.
- Ritwik Sheth:** So, this could be released and upstream to us, would that be a fair assumption or there would be some loss on this?
- Anurag Mantri:** It is early to say, so we are exploring all the options how to that. Some of the equipment are in very good condition. We have an option to bring it back into India. The land over there is, also because it is strategically located in the export zone and the prior Indonesia because of they are becoming a key manufacturing, the prices have increased. So, with all this, but it is early to say that is why we have taken enabling resolution. We are now working on exploring what can maximize the value for us and accordingly we will work out the final plan.
- Ritwik Sheth:** And what was the loss in the current quarter or the first half from this subsidy?
- Anurag Mantri:** The flat loss in this quarter was Rs. 28 Cr.
- Ritwik Sheth:** And one more question on the subsidiaries only, is it possible to give the split between the subsidiaries including JUSL, the domestic subsidiaries and the international subsidies for Q2 and H1?
- Anurag Mantri:** Yes, we can give it to you. Maybe there are too many numbers because Q2 and H1, I will ask Shreya to send you the number.
- Moderator:** Thank you. The next question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.
- Kunal Kothari:** Sir, I would like to know about the CAPEX plan for FY25 and 26, so as we will be completing most of our CAPEX spend in FY24, what would be the first of all sustainable CAPEX for the entire consolidated capacity and what has been planned for rest of the CAPEX in FY25 and 26?
- Anurag Mantri:** FY26, Kunal, now that we are working on the strategy, and I think we will see that how we ramp it up. Maybe by next quarter, we will be able to tell you better that how we will take our next phase of CAPEX. Now FY25 will be based on the currently announced CAPEX, there would be some CAPEX remaining of this like some of the NPI payment depending on when they complete the project, also some of the spillover CAPEX. So, it may not be very high CAPEX based on the currently announced plan. Normal maintenance, sustenance CAPEX at a group level, maybe including JUSL, Rathi a bit early, but I think our sense is that because what we were running at current levels, maintenance sustenance CAPEX will be close to around Rs. 500 to Rs. 600 Cr on

an average going forward because Rathi capacity could also take initially, so like not too much it will be required into JUSL as such, but I think between Rathi and for some upgradation those are actually always ongoing projects.

**Moderator:** Thank you. The next question is from Pratim Roy from B&K Securities. Please go ahead.

**Pratim Roy:** Sir, I have one question that Indonesian investment on **(Inaudible)** 33.45, so what kind of return we can expect in the near term if you can give some light on that part?

**Anurag Mantri:** NPI payback once it starts is expected to be around 3-4 years because depending on obviously the nickel prices in this set, so I think once it starts, we are expecting the payback in 3-4 years' time.

**Pratim Roy:** So, any IRR you are expecting, any particular number?

**Anurag Mantri:** And our capital location policy, all projects will take at least 15% of IRR, so surely 4 years will be higher than this.

**Pratim Roy:** The 25% you can say, right?

**Abhyuday Jindal:** Yes and around 25% IRR.

**Moderator:** Thank you. Next question is from Ritesh Shah from Investec. Please go ahead.

**Ritesh Shah:** Sir, what sort of cash flows do we expect from Rathi? You indicated that we will have the operations running in December. I presume that is after 2 months and the capacity over there was around 162 KT, so what sort of EBITDA profile are we looking at over here, how do we approach the market that is one? And just a second question on Tsingshan, you also indicated that it is pretty much on stream given even if you factor a payback of say 4 years, 5 years, then are we looking at around Rs. 250-Rs. 300 crores of incremental contribution from this particular asset as well?

**Abhyuday Jindal:** So, in terms of Rathi, it is still a little early and the way that we are planning is that right now when we start, it will be little low margin because it is a new entry, long products for us, long product, Rebar, Wire rod is totally new for our company. So, we want to really enter with the low margin, low quality kind of area, so it will be around, I would say between 8,000 to 12,000 per ton and then gradually, as we stabilize, as our confidence in the market, in the technology, in the product picks up, then our strategy is to move to those higher variants, higher margin rates. So, it is a journey, it is a transition, it is still a little too early to give exact numbers, but this is the larger plan and your second question?

**Anurag Mantri:** On the NPI, so Ritesh, you are right, if you take say \$157 million investment and say 4 years, so close to \$39 to \$40 million could accrue on every year, so Rs. 250-Rs. 300 crores.

- Ritesh Shah:** And lastly, are we looking at any inorganic opportunities? That is one? And earlier we had indicated that we were open to scouting for nickel mines, but based on the capital allocation framework, what we have indicated is 15% IRR, will we still be open to looking at particular mine or our focus will be on more downstream assets?
- Abhyuday Jindal:** We are open to all options, Ritesh. I would not like to say that it is only downstream or upstream depending on following a capital allocation framework, if either downstream or upstream fits into it, we will go for that. Raw material security is always something that is good thing to have for companies of our size, so there is nothing immediately on the cards in terms of any mine or any inorganic opportunity, but now we are keeping our eyes, ears, everything open and anything that fits into our capital allocation framework, which we have also posted in our website and in our investor presentation, we will like to follow through.
- Anurag Mantri:** Whatever NCLT we are keeping an eye open at on some of these downstream facilities which keep coming in the NCLT framework, we continue to evaluate actively on those.
- Moderator:** Thank you. The next question is from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.
- Ashish Kejriwal:** Sir, two questions from my side. One, if I look at the cash, we see that there was some Rs. 1,300 crores which was payment against noncurrent investment, I understand that this could be because of Indonesia project as well as what we paid to JUSL, but it is possible to break it down because JUSL, I think we need to pay around Rs. 960 crores and Rs. 600 crores we have paid for Indonesia project. So, it should be something Rs. 1,550 crores versus cash flows are just Rs. 1,300 crores so is there any other line item where we have put this Rs. 250 crores or where it is?
- Anurag Mantri:** So, all this is in this line item because it goes into the tranches, so both of the investments are in this line item only Ashish, Rs. 1,300 crores include both tranches for JUSL as well as the tranche for NPIs.
- Ashish Kejriwal:** So, is it safe to assume that Rs. 250 crores is yet to be paid in one of that cash flow needs to be delivered later on?
- Anurag Mantri:** Yes, I told you that out of Rs. 3,200 crores, only Rs. 2,000 crores have been consummated, the balance Rs. 1,200 crores will come into the tranche for NPI.
- Ashish Kejriwal:** No, my question was because I think Rs. 960 crores we have paid for JUSL acquisition or still needs to pay?
- Anurag Mantri:** Yes, so Rs. 958 crores have been fully paid for JUSL.
- Ashish Kejriwal:** My question was that in our notes to account we have mentioned that we have paid something like Rs. 600 crores on Indonesia projects also, that is what I was looking at, that is not matching?

- Anurag Mantri:** Rs. 600 crores well, no, I think.
- Ashish Kejriwal:** Rs. 527 crores we have paid and then Rs. 80 crores for the investment is there?
- Anurag Mantri:** Yes, around close to 500 crores.
- Ashish Kejriwal:** Well, I will check with Shreya then. The second question was in terms of further expansion, obviously we will get a more sense on the next quarter, but whatever expansion we are going to do, is it safe to say that, that will take at least 1.5 to 2 years from the start date which means that by FY25 we will commission or expand our existing capacity and maybe FY26 could be a year where we can take a pause and then 27 again growth will happen?
- Anurag Mantri:** Absolutely. I think Ashish at a broader level, what you are saying is correct.
- Moderator:** Thank you. The next question is from Vikash Singh from Phillip Capital. Please go ahead.
- Vikash Singh:** Sir. I just wanted to understand when we give EBITDA per ton guidance of 19,000 to 21,000, is where now we are giving it including JUSL or it is still excluding JUSL?
- Abhyuday Jindal:** It is excluding the JUSL, only for standalone JSL.
- Vikash Singh:** So, with JUSL, it could be 3000 to 4000 higher per ton basis, is that the correct assumption?
- Abhyuday Jindal:** Yes, that is correct.
- Anurag Mantri:** With JUSL, the EBITDA per ton at console basis will be 22,000 to 24,000 per ton.
- Vikash Singh:** And sir, my second question pertains to, I wanted your thought process on the national stainless-steel policy, if you could give us some insight into that, how it is going to help us, it would be really nice?
- Abhyuday Jindal:** The basic idea is that steel and stainless-steel always kind of ends up getting clubbed together. So, no matter even though certain specific policies are meant for steel stainless-steel invariably gets added and then we get the impact. So, like one example to share for that is the export duty, when export duty last year was levied on steel stainless-steel and after multiple rounds of discussion with the ministry, with everybody they under the table if I can say, they admitted that stainless-steel export duty should have not been levied, but because of the kind of understanding because there is no separate policy separate focus on stainless-steel, it ends up letting clubbed, so like another example I can give you is that lot of questions I started getting last year, the iron ore prices had gone very high that is why all everything went off sync and off track. So, then I had to explain to everybody that as a stainless-steel producer, we don't consume a single kg of iron ore. So, that impact is more on steel players rather than stainless-steel players, so having a policy on its own because the kind of applications, the kind of raw material, the kind of quality standards that stainless-steel has is totally different from steel and the kind of sectors that are

coming up, like your desalinization plant, ethanol plant, LNG terminals, pharma sector is picking up a lot, all of this requires stainless-steel to be consumed more and more. So, with the policy coming up, it will only help in enhancing the market, enhancing the awareness of stainless-steel and giving us our own kind of footing rather than getting clubbed with steel industry.

**Vikash Singh:** So, basically, we could get some delinking from the steel industry policies in terms of export employment?

**Abhyuday Jindal:** That is the basic idea, delink from steel industry is the broader idea.

**Vikash Singh:** Sir, just last question if I may understand, if I just detect the JUSL EBITDA from our consolidated then our EBITDA per ton seems to be somewhere around 19,000. It is a kind of a 3800 per ton dip on a sequential basis, so is this because of the inventory losses or the product mix which has played into?

**Abhyuday Jindal:** This is mainly because of export market. Export is the important market for us and we supply mainly to European and US market which has very good margins that being subdued in this quarter has led to little dip in our EBITDA per ton. Otherwise, I think so we would have done better only.

**Vikash Singh:** Any sign of update which you have seen, or we have to wait couple of quarters for that?

**Abhyuday Jindal:** We have started a little bit, but we expect major update to happen from January onwards. They will all go on their winter vacation also. So, once they are back then we should see some updates starting.

**Moderator:** Thank you. The next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

**Amit Dixit:** I have a couple of questions. One is on the product mix, so what was the product mix between 200, 300 and 400 in this quarter? And did the reduced level of exports actually alter this product mix in any way?

**Shreya Sharma:** So, Amit, I will take your question on product mix. I'll say in an order of 200, 300, and 400 series, it was 36%, 44% and 20% for the Q2 FY24.

**Amit Dixit:** And since our export level was reduced, so had we maintained a similar level of export, so would this product mix have been any different or is it being normalized product mix that you are looking at?

**Abhyuday Jindal:** 400 series would have been a little bit higher and 200 would have been a little bit lower, I would say, 300 you can say remains around 45% to 50%.

**Amit Dixit:** The second bit is on actually the capacity side, so now we have 3.2 HSM commissioned at JUSL, hence is the domestic market look so buoyant, particularly with the railway orders and all coming in, so is there any thought process to utilize this capacity to maximum by maybe rolling stainless-steel slabs or maybe using it for custom rolling of carbon steel because at the end of the day we would like to split this asset, is it the right assumption?

**Abhyuday Jindal:** That is definitely the target. Both areas are what we are exploring. First preference would be stainless steel and otherwise carbon steel, but absolutely we have to utilize all our assets to 100% capacity utilization. So, these are like you said on the cards.

**Amit Dixit:** And the number that you gave for volume 20% that includes or excludes that option?

**Abhyuday Jindal:** That excludes that option.

**Amit Dixit:** So, that is over and above?

**Abhyuday Jindal:** Yes, that is over and above.

**Amit Dixit:** The final question from my side, we have seen that regulatory involvement becoming more conducive for the stainless-steel, particularly because of some of the investigations that have been instituted recently, now Chinese imports have gone up 55%, though it doesn't impact us directly in many of the segment, but as industry leader, have we approached the government regarding this influx and can you give a give some color on what actions are being contemplated or what investigations they are working on?

**Abhyuday Jindal:** Constant dialogue is on with at all ministry levels, from Steel Ministry, which is definitely a parent ministry, Commerce Ministry and Finance Ministry, so continuous dialogues are on and we are really trying to showcase with the government that more than Jindal Stainless as an organization, it is the MSME sector that is suffering. It is that their capacity utilization is less than 50%, how can a country like India not be dependent on manufacturing? How can we only be dependent on trade? So, all these kinds of dialogues are on, we have taken the support and help of media also to showcase that how much is the trade deficit between India and China and not only to these levels, we have also approached through our association into the PMO, so lot of dialogues are on, but I cannot say with a lot of confidence whether I see something happening in our favor. So, it is a tough situation that government is not supporting and listening to the industry despite severe dumping happening from the last 3-4 years, so dialogue is on. We are not going to leave this at all. It is something that we are taking up at all levels like I mentioned already, the fight will be on. We are not going to leave it, but nothing, no change and no new information has come out. I think also being an election year, they might take it up after only. But I can also add that when we are planning, we are taking this as a status quo. We are not taking duty coming in for any reason to reduce or anything or numbers at all, so we take this as given that no duty is there and we perform without it.



**Moderator:** Thank you very much. That was the last question in the queue. I would now like to hand the conference back to Mr. Amit Dixit for closing comments.

**Amit Dixit:** So, I would like to thank everyone for attending the call and fruitful discussion that we had this afternoon. I would also like to thank the management for sharing their time and elaborate explanation. I would like to hand over the call to Mr. Jindal now for any closing comment.

**Abhyuday Jindal:** Thank you, Amit and let me thank everyone else also for attending this call. I would like to reiterate that it is the strong economic activities that are pulling up core sector demand across segments. I would also like to highlight as the national stainless policy shapes up, we are confident that the per capita consumption of stainless in India will increase from the current 2.8 kg in the coming years. I hope we have been able to answer all your questions in a satisfactory manner. Should you need any further clarifications, or you would like to know more about the company, please feel free to contact our Investor Relations team. Thank you all for attending.

**Moderator:** Thank you very much. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.