



May 23, 2023

BSE Limited

Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P J Towers,
Dalal Street, Fort, Mumbai – 400 001
Email: corp.relations@bseindia.com
Security Code No.: 532508

National Stock Exchange of India Ltd.

Exchange Plaza, 5th Floor,
Plot no. C/1, G Block
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
Email: cmlist@nse.co.in
Security Code No.: JSL

Subject: Transcript of Earnings call held on 18th May, 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,

This is further to our letter dated 17th May, 2023 w.r.t the Q4 & FY23 Earning Call intimation for the financial results with the investors and analysts.

In terms of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the above said Earning Call. 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

Jindal Stainless Limited

CIN: L26922HR1980PLC010901

Gurugram Office: Stainless Centre, Plot No.- 50, Sector - 32, Gurugram - 122001, Haryana, India

T: +91 124 449 4100 **E:** info@jindalstainless.com **Website:** www.jindalstainless.com

Registered Office: O.P. Jindal Marg, Hisar - 125005, Haryana, India

Corporate Office: Jindal Centre, 12 Bhikaji Cama Place, New Delhi - 110066, India

T: +91 011-26188345, 41462000, 61462000



“Jindal Stainless Limited
Q4 FY2023 Earnings Conference Call”

May 18, 2023



ANALYST: MR. RITESH SHAH - HEAD MID-MARKET COVERAGE & ESG ANALYST, MATERIALS - INVESTEC CAPITAL

MANAGEMENT: MR. ABHYUDAY JINDAL – MANAGING DIRECTOR - JINDAL STAINLESS LIMITED
MR. ANURAG MANTRI – EXECUTIVE DIRECTOR & GROUP CHIEF FINANCIAL OFFICER - JINDAL STAINLESS LIMITED
MS. SHREYA SHARMA – HEAD INVESTOR RELATIONS - JINDAL STAINLESS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Jindal Stainless Limited's Q4 FY2023 Earnings Conference Call hosted by Investec Capital Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ritesh Shah, Head Mid-Market Coverage & ESG Analyst, Materials from Investec Capital. Thank you and over to you!

Ritesh Shah: Thanks Ryan. We have with us Mr. Abhyuday Jindal, Managing Director, Mr. Anurag Mantri, Executive Director and Group CFO and Ms. Shreya Sharma, Head Investor Relations. I will hand over the call to Shreya to take a call forward and thank you management for giving us the opportunity to host. Over to you Shreya! Thanks.

Shreya Sharma: Thank you Ritesh. Good afternoon, everyone and a warm welcome on the call. Before we start the call, I would like to remind you about the disclaimer in the Q4 and FY2023 earnings presentation as we might be making forward-looking statements in today's call. Now I would like to hand over to my Managing Director, Mr. Abhyuday Jindal.

Abhyuday Jindal: Thank you Shreya. Good afternoon to all and welcome everyone to the Q4 FY2023 earnings call for Jindal Stainless Limited. I would first like to discuss the key business highlights of the quarter and full year ending March 2023 following which Anurag will take you through our operational and financial performance. The financial year 2023 started tough at the backdrop of macro challenges such as Russia, Ukraine war, imposition of export duty making exports less competitive. Looking at our performance for FY2023 and Q4 FY2023 I am very pleased with the results. Our agility and adaptability to the changing market dynamics continued to help us align our sales volume to the domestic market requirements. During these challenging times we managed to deliver a 6% volume growth on a full-year basis. It is the strong economic activities in the infrastructure sector that are pulling up the core sector demand in the domestic market. Even though the market conditions remain challenging globally we have been able to ramp up our export volume to 13% of our total sales volume in Q4 FY2023. With this we achieve the highest ever sales for the quarter in Q4 FY2023 registering a 14% year-on-year increase. On exports the demand in major economies such as EU and US remains weak, but we are continuously looking for new sectors, segments and markets in different geographies.

I am also happy to share during March 2023 we successfully commissioned the one million tonne melting capacity along with supporting downstream operations in Jajpur. The

commissioning of project was well on time and with this we have reached 2.9-million-ton melting capacity and we are now among the top five stainless steel producers ex China.

Now let me give you a brief about the segment wise scenario. On railway front the wagon industry continued to perform well. Metro demand also continued to grow, and this quarter marks the beginning of export to Alstom for their Australia metro project. Lift elevator segment is also showing a great extent. In auto despite the dip in the production of two wheelers we managed to increase our sales by consistently increasing our market share with automotives. On the infrastructure segment the outlook remains positive with strong growth potential in structural applications. On the import front subsidized and substandard foreign imports continued to restore the level playing field against Indian manufacturers. Specifically import from China and Indonesia witnesses a speed increase of 318% and 158% respectively from FY2021 to FY2023. The share of imports in the total stainless-steel consumption in India in FY2023 stood at 32%.

We are committed to ensuring the health, safety and wellbeing of our employees. In recognition of our efforts on this front we are pleased to have been recognized with the prestigious International Safety award from British Council for the fourth consecutive year. We are committed to take concrete steps on the ESG front and increase our usage of renewable energy. We plan to install 21 megawatt and 6 megawatt solar panels in our Jajpur and Hisar units respectively. We also bagged the India Green Award 2022 in the award category of Sustainable Energy Achievement Award.

I am also happy to share that we have signed MoU with CII Corrosion Management Division to help scale up the corrosion movement in India and improve the life expectancy, safety, reliability of public infrastructure. This would help increase the usage of stainless steel for various applications. I would also let you know that after the successful acquisition of Rathi Super Steel Limited Jindal Stainless has bigger production in the facility ahead of the planned timelines. I would also like to share a strategic move that we have made by acquiring 49% stake for a consideration of around \$150 million in Indonesia-based nickel pig iron company which is part of the Eternal Tsingshan Singapore, one of the largest stainless steel and nickel producers in the world. This path breaking collaboration will enhance value for stakeholders, the JSL acquiring a stake in nickel supply to create raw material security for its SS operations. Finally, I am delighted to share that the merger of Jindal Stainless Hisar the Jindal Stainless Limited stands complete effective from March 2, 2023, with appointed date of April 1, 2020. With this I would like to hand over to Anurag to discuss the operational and financial performances. Thank you.

Anurag Mantri:

Thank you Abhyuday. Good afternoon, everybody and a very warm welcome on the call today. We have shared our earning presentation with the stock exchanges and today's call

discussions will be on the same lines. Global macro scenario continued to be challenging during the quarter as highlighted by Abhyuday; however, we continue to remain focused and flexible with our product mix segment and geographies with extensive R&D and development of new grids, we are catering to the demand of various segments to enhance our overall product mix. With this strategy we delivered above our guidance and registered a good 6% volume growth in FY2023 despite the headwinds. On a shareholder return it gives us the great pleasure to share that in line with our commitment to prudent capital allocation the Board has approved the final dividend of Rs.1.5 per equity share taking the total dividend for FY2023 to Rs.2.5 i.e., 125% per equity share with a face value of Rs.2 each. If you recall last one Board approved a special interim dividend of Rs.1 per share on successful completion of merger, the total dividend outlay in FY2023 is Rs.206 Crores, i.e., 10% of our PAT in FY2023.

With this backdrop let me now discuss the operational and financial performance during Q4 and FY2023. The deliveries for the quarter Q4 FY2023 increased by 14% on year-on-year basis, the revenue for the quarter rose by 5% on Q-on-Q basis and maintain the flat on the year-on-year basis to Rs.9444 Crores. EBITDA and PAT increased by 16% and 19% to Rs.1097 Crores and Rs.659 Crores respectively on Q-o-Q basis. For FY2023 the combined revenue was recorded above Rs.35000 Crores higher by 8% on year-on-year basis. EBITDA and PAT for the combined entity for the same period stood at Rs.3567 Crores and Rs.2014 Crores respectively. Global subsidiary's performance continue to remain under pressure due to tough global macro environment, performance of domestic subsidiaries remain satisfactory contributing the EBITDA of Rs.135 Crores during FY2023. On the leverage side we are quite comfortable as on March 31, 2023, the net debt of the standalone JUSL stood at Rs.2591 Crores which is 18% down on year-on-year basis and 8% down against December 2022 level, despite the organic and inorganic growth effects our debt equity improved further to 0.2x and we maintain a net debt EBITDA level of 0.7x. I am also happy to share that the merger of Jindal Stainless Hisar Limited with Jindal Stainless Limited was completed in FY2023 and total shares of a combined entity stood at Rs.82.34 Crores. We received listing approval from the stock exchange on April 11, 2023. I would like to share the credit rating side. The company has earned outlook upgrade from stable to positive by CRISIL and Fitch India rating. On the long-term debt reaffirm rating at AA- and A1+ short-term debt with positive outlook. In case of JSL acquisition we expect the transaction to be completed within Q1 FY2024. Our operating and financial performances are testimony to our agile business strategy and strong focus on balance sheet which will continue in the future also. With this I would like to now end my discussions and would request the moderator to open the floor for the Q&A session.

Moderator:

Thank you. We will now begin the question-and-answer session. Our first question comes from Amit Dixit with ICICI Securities. Please go ahead.

Amit Dixit: Good afternoon, everyone and congratulations for a very good set of numbers. I have two questions the first one is essentially on volume, so if I look at volume this is like the highest volume ever in the history of the company and you are already running at a rate of roughly 2.1 million tons or thereabout at least about 2 million tons, so what would be the volume guidance in FY2024, also did this volume includes some amount of tolling volume as well?

Abhyuday Jindal: In terms of if I give full FY2023 volume guidance it was around 1.7-million-ton total, so it is not 2 million, so it is 1.7 and now for FY2024 we are saying almost 20% increase in volume which is around 2.15 to 2.2 million tons for FY2024 and tolling I think it would be over and above this.

Anurag Mantri: No, tolling what he means is some of the trading, so that includes Amit Q4 that volumes include some of those because our capacities were not ready for the new capacity, so that includes that.

Abhyuday Jindal: So, 20% growth over FY2023 is what we are committing.

Amit Dixit: No, what I meant was and this is a follow-up that your current run rate not that your guidance in FY2023 your current run rate suggest that we are doing in excess of 2 million ton while the guidance that has been given is 2.15, but all the capacities are ready up and running and moreover we have surplus rolling capacity in JUSL, so what I meant was whether this includes some of the 508 KT does it include some volume rolled at JUSL and what was the quantum?

Anurag Mantri: That includes some of these volumes, but on the volume side, so why we are not looking, we will be always cautious between our volumes and the EBITDA per tone the way we maintain because we really do not want to get into the volume gain with just dropping the EBITDA per ton and getting into a very lower end segment and start competing with other non-level playing field players. So, we will be very cautious of ramping up that is why we are giving a guidance at least 20% volume growth looks achievable for us at this stage because practically we can do more volume, but in that case, we will have to really drop or get into the segment which we really do not want to get into too much.

Abhyuday Jindal: It also depends on how the US and the EU economy shapes up in the next coming months because still we are hearing these talking is still going on, there is still fear of recession, so it is still not picked up to the level that was envisaged or accepted, but as and when that itself then we can also increase our volumes.

Amit Dixit: So just for clarification you have mentioned 2.15 to 2.2 million tons and rolling volume if any will be over and above Sir?

- Abhyuday Jindal:** No, rolling volume it included.
- Anurag Mantri:** Rolling is only (inaudible) 14:33 of our raw material sourcing.
- Abhyuday Jindal:** Yes.
- Amit Dixit:** Fair enough. The second question is essentially if I see the Board has also gone for Rs.500 Crores to Rs.5000 Crores of fundraise, now I am not sure why this fundraise it can be an enabling resolution as well, but why enabling this decision at this point in time when debt is low, capex would be some kind of residual here and there, so I was not sure that what prompted this enabling resolution, are you planning to acquire something or just put some light on that that would be great?
- Anurag Mantri:** So just to give you the full perspective. Now we have a one company listed where there is a merger, before merger we had enabling resolution of Rs.3500 Crores in each entity JSL and JSHL. So now we have a new entity which has come into the play, so we wanted to keep the approval at level of 5000 because JSHL approval is no more valid and JSHL debt has also unfolded. This is to capture including the refinancing opportunity or any of the good opportunities which include the refinancing, so it is a more enabling decision at this point if you ask. Why at this point because now this is the first Board meeting of the combined listed entity, so JSHL and JSL approval together were Rs.7000 Crores in fact we are reducing the approval to Rs.5000 Crores the way to look at that.
- Amit Dixit:** That is very helpful. Thanks, and all the best. I had more questions, but I will get back in the queue.
- Moderator:** Thank you. Our next question comes from Rahul Jain with Systematix. Please go ahead.
- Rahul Jain:** Thanks for taking my question. Congrats on a good set of numbers. Now that we have completed this major capex and I think we only have one more integration pending so how should we look at volumes, are we looking at a new project, new market segments, can you also follow-up with that a capex number for this year?
- Anurag Mantri:** Capex number for FY2024 will be around Rs.2500 Crores which basically the two large capex includes the JUSL completing the JUSL acquisition and also the Indonesia one, there is a sum of the spillover capex coming on our project expansion from FY2023 also and the residual capex of that and beside that sustaining this around Rs.2500 Crores capex in this year will still be there.
- Abhyuday Jindal:** In terms of capacity expansion we feel that at a 3 million ton level we are quite sufficient for the next two to three years and depending on how the domestic market and export

market progresses and grows then we will take a call subsequently whether we need to further invest in more stainless steel capacity or not try as of now, so sitting today we are quite sufficient that for the next two to three years this capacity will be sufficient because we are committing a 20% year-on-year volume growth in FY2024 and also 20%, 25% volume growth in FY2025.

Rahul Jain: Thanks. That was helpful, Sir. Also, can you elaborate on the two investments that we have done one is in Indonesia how does it really help us on our overall business in terms of margin profile and also on the NCLT acquisition that we have done are we looking to get big into long products where we are completely absent currently? Thanks.

Anurag Mantri: Let me answer the Indonesia one first. Indonesia one side strategically it gives us two edge one is that it further brings more consistency and robustness into our margin profile because as you know over a period of time you would have seen we have got a margin consistency by doing the risk management of our underlying raw material sourcing and entire supply chain and it will be a completely agile model getting the order book with the corresponding raw materials. Now still obviously nickel remains very volatile so it will help us to give further consistency because whatever raw material fluctuation which happens and take some time lag to pass on to the customer at least we will get benefiting of that from this nickel output from this plant. Second is that it gives us the biggest one is that it is more than that it gives the raw material linkages and raw material security which is very critical for us. So, we will be able to meet our NPI requirement as per the need of this plant so this is clearly to the good edge and will be very well accretive for the business.

Abhyuday Jindal: It is a very high IRR and payback period also.

Anurag Mantri: Yes, payback period for this will be after once it starts would be around two-and-a-half years, so maybe including construction period around four-and-a-half years.

Rahul Jain: On the long products a new strategy that the acquisition we have done?

Abhyuday Jindal: Long products was definitely a new entry for us and the reason that we went into it is because our customers are demanding it more than anything else and along with the customers demanding are getting into long products, having a quality brand name to enter and with the vision of government's push in infrastructure we feel that a lot of stainless steel is going to go into the infrastructure sector now. I am going to be consumed in infrastructure segment, so looking at the future plans of the country, looking at the future plans of the Government of India we went ahead with this long products transaction.

Rahul Jain: I will come back in the queue. Thanks.

Moderator: Thank you. Our next question comes from Vikas Singh with Philip Capital. Please go ahead.

Vikas Singh: Good afternoon, Sir and thank you for the opportunity. Sir I want to understand that if you look at quarter-on-quarter this is our EBITDA per ton jumps roughly about 4000 but the raw material prices were also higher while our realization was slightly lower, so what has contributed to this kind of the jump, are there any one-offs?

Abhyuday Jindal: From Q3 to Q4 one major change that happened was export duty was removed in end of Q3, so Q4 onwards the export market again opened up for us and we were able to book some orders at higher margin at export level which we were not able to do in the previous months, so that was one of the major reasons that led to this EBITDA increase.

Vikas Singh: But that is not reflecting in our realization, so I was wondering that is there any other reason?

Anurag Mantri: Like corresponding to the raw material price you are right there was some pressure on the margin still, so we were not been able to pass on immediately the entire raw material increase that is the reason the corresponding realization you are not showing that much of increase as compared to the raw material cost, to that extent there was some pressure on the margin, but I think as we say there will always be some sort of time lag to this movement so that was because of this reason.

Vikas Singh: Fair enough Sir. Just attaching to this so this kind of margin is sustainable or what kind of average guidance you would like to give us going forward?

Abhyuday Jindal: Around Rs.20000 per ton is achievable.

Vikas Singh: I understood.

Anurag Mantri: Because since we are in the beginning of the year and there are a lot of talk about US debt crisis and all the things, so considering that we are saying that giving a bit range of the margins for the full year which is 19000 to 21000.

Vikas Singh: Understood Sir. My second question concerned to JUSL since we are increasing capacity there, but at the same time some of our customers like JSPL and Tata are getting their own rolling mills, so how do we look at the situation from there, we will get the additional rolling outside the contracts and how does it impact us in the near terms?

Anurag Mantri: So JUSL business model is not dependent or at all on the outside rolling in fact if it comes it always will be add-on EBITDA addition, so the EBITDA which we have delivered this

time also are actually of course without rolling or some part of rolling initially but not much, so it is not really at all dependent, it is not that if the capacity is idle it burnt some cash that is not the case now because the JSL volume it is quite sustainable tolling arrangement.

Vikas Singh: Understood Sir and just one last question looking at our capex and our cash flow right now is it safer to assume that we will continue to pare down debt going forward also?

Anurag Mantri: This year not really, I would say but the way to look at ratio is not likely to deteriorate; however, because we have FX outflow bunching up of around Rs.2500 Crores and we have already reduced if you see as compared to December number also we have further reduced, so in the net debt we have built up some of the cash which will also go for funding these Rs.2500 Crores, so Rs.2500 Crores will largely be internal accrual, but intermittent period the debt would go up by around Rs.500 Crores to Rs.700 Crores.

Vikas Singh: Understood Sir and thank you for answering my question.

Moderator: Thank you. Our next question comes from Ashish Kejriwal with Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Thank you for the opportunity and many congratulations for the set of numbers. Sir three questions for me one is about the volume growth because you mentioned that if Europe revise, is it possible that if export market revised, we can do better than what we are guiding right now in terms of volume in FY2024?

Abhyuday Jindal: Yes definitely. We see export picking up and US economy and EU economy drastically improving then definitely we can give a higher guidance because capacity we have, it is just depending on the market we will ramp up faster, slower.

Ashish Kejriwal: Obviously in terms of balance sheet we have sufficient or we have debt which is very much in control and by looking at the cash flows and the guidance which we are giving for next two years in terms of volume as well as EBITDA per ton definitely there will be more free cash flows which will be generated, so my question is not about the further expansion but are you looking for any inorganic acquisition also, sometimes like Indonesia project or something within the stainless steel anything?

Abhyuday Jindal: Definitely anything that comes on the cards related to our business we are not going to get into any kind of diversification where we are entering into some FMCG or IT or some kind of those type of businesses anything that helps us increasing our stainless steel business or reducing our cost or some raw material security, those are the areas we want to focus, we want to further strengthen our position, improve our quality, bring down cost so anything

that helps us in these two, three areas is what we look at inorganic, there is nothing on the cards right now like we mentioned we have just done this Indonesia investment plus we have also acquired Rathi Super Steel so there is enough for us to work on for the next one, one-and-a-half years at least and if any good inorganic opportunity comes up in the country then we are definitely going to be participating in it related to our business.

Ashish Kejriwal: Sure and lastly because you said that related to our business is some opportunity comes in related to that we know that under promoters company I think we are setting up one blast furnace, it is costing anything Rs.4000 Crores plus which earlier we were trying to get into JUSL but now under promoters company, so my question is one is it possible to share how we are going to fund it I understand that that is not under JSL, but understanding about the promoters that also is important for us, so my question is how we are going to fund it and in future do we think that two years, three years down the line once we commission that and because it is more remunerative for us in terms of lowering our cost we will try to club it with JSL?

Anurag Mantri: JSL funding of that project frankly it is not really a question of discussion here, but I can tell you it is broadly a 2:1 funded project, so promoters are putting their own equity and balance is debt. The second question we already replied that idea is that to make JSL high on a ESG score, so we do not intend to have a blast furnace in JSL that is the reason it was the JSL blast furnace was not put up over here in fact further to strengthen our ESG thing what we have also said is that the new capacity expansion which we have done will be completely powered by renewable power, so there is nothing on the card right now that to bring that asset over here and it does not make any synergies also.

Abhyuday Jindal: No plans right now.

Ashish Kejriwal: Understood. Thank you and thanks for this clarification that is very helpful.

Moderator: Thank you. Our next question comes from Kirtan Mehta with BOB Capital markets. Please go ahead.

Kirtan Mehta: Thank you Sir for giving this opportunity. In terms of the volume guidance for 20% increase in this year or volume guidance of 20% increase is it inclusive of Rathi Super Steel or would there be additional growth once that integrates?

Abhyuday Jindal: No, it is not inclusive of Rathi, this is purely on flat products.

Anurag Mantri: Rathi is too early to in fact we just started a smaller operation I think this year we do not see Rathi or adding much into the profile, though good news is that we started a one smaller melt pattern, but the larger operation will only start at the end of this financial year.

Kirtan Mehta: Right and in terms of the volume guidance what could be potential downside risk to 20% guidance at this stage while I understand that the capacity is fully ready, but do you see any variables which could pull it down below 20% in any circumstances?

Abhyuday Jindal: Not looking likely because anyway stainless steel is growing at a very fast pace with the kind of investments coming in India for infrastructure, railways, other sectors, so it is not looking from a volume perspective, but yes it is now export does not pickup I will still commit to the volume guidance, but yes and maybe margins can come under pressure if export is not available to us, but other than that I do not think so there should be any reason for dip.

Kirtan Mehta: Right. Just one more follow-up in terms of the R&D volume mix at this point of time across different segments like railway, automotive, would you be able to sort of share the FY2023 volume mix across different segments?

Abhyuday Jindal: As a rule we generally do not get more than 15% to 18% to any sector and with the volume also growing and the market also growing I would say the percentage share in each sector is going to remain the same, but if anything specific changes then I will ask the team to get back to you with some specifics, but generally this is what is looking like in the future as well.

Kirtan Mehta: Thank you Abhyuday for the clarification.

Moderator: Thank you. Our next question comes from Sunil Singhania with Abakkus. Please go ahead.

Sunil Singhania: Congratulations. Few clarifications. Our current debt is now around Rs.2600 Crores and this Rs.2500 Crores of capex which we talked about includes the debt also of JUSL, is it correct?

Anurag Mantri: That includes the debt of acquisition of JUSL, not JUSL debt per se Rs.958 Crores consideration.

Sunil Singhania: When you talk about JUSL can you just clarify because that would be like Rs.900 Crores of debt for the acquisition and what else will go in the Rs.2500 Crores?

Anurag Mantri: RKEF we talked about Indonesia Investments, JUSL.

Sunil Singhania: That is over two years that is what we have said.

Anurag Mantri: Around Rs.800 Crores of RKEF investment could come because generally these models get build up, but right now it is 800 Crores which we have taken. Total RKEF investment is

around close to Rs.1300 Crores to Rs.1400 Crores depending on the currency \$157 million, so Rs.1300 Crores.

Sunil Singhania: That is, it right. It is not Rs.2500 Crores, just Rs.1300 Crores.

Anurag Mantri: Indonesia investment will be around Rs.1300 Crores.

Sunil Singhania: Over two years out of which Rs.800 Crores will be this year Rs.500 Crores next year?

Anurag Mantri: Yes, it is a construction-based milestone payment depending on the progress, so right now Rs.800 Crores this year.

Abhyuday Jindal: Plus Rs.900 Crores for JUSL equity so that is Rs.1700 Crores.

Anurag Mantri: Right and then around there is a spillover capex if you recall the earlier capex we said Rs.200 Crores capex was anywhere to be done in FY2024 for the expansion because the last installment and there is also some spillover policy payment which will further accrue in this so around Rs.400 Crores and then there is a maintenance and sustenance capex which include Rs.75 Crores of Rathi investment further investment around Rs.400 Crores to Rs.500 Crores, they are around Rs.500 Crores, so the number comes Rs.2600 Crores we are guiding Rs.2500 Crores.

Sunil Singhania: Basically, this will be made from internal accruals of Jindal Stainless, but there will be also reduction of debt in JUSL out of their own internal accruals, right?

Anurag Mantri: Absolutely.

Abhyuday Jindal: Correct.

Sunil Singhania: Then the overall debt should go down it will not go up, you are guiding that it will go up by Rs.500 Crores, it should go down by Rs.500 Crores, Rs.600 Crores?

Anurag Mantri: Depending on the payment time that is what we said Sunil, intermittent period it could go up because we are not saying that it will go up. End of the year, depending on the payment it may come back to the same level I would say.

Sunil Singhania: Fair enough. I am done. Thank you.

Moderator: Thank you. Our next question comes from Chetan Shah with Jeet Capital. Please go ahead.

Chetan Shah: Thanks Sir. Just one small broader question. Can you give us some sense on what is happening in the international market because you kind of explained that we are little ready to give aggressive guidance both in terms of volume growth in export front and also in terms of the EBITDA per ton looking at how the global situation is as of now, so if we assume a steady state or a normalized situation in next quarter also do you think that we will revise it into a second half of the current financial year and any sense of FY2025 because now we have a reasonable clarity of cash flow and the capex outflow for all the things which is there on the platter, how do we see FY2025 both in terms of the volume and in terms of the size and the look of the balance sheet that will be very helpful?

Abhyuday Jindal: Because the way these economies are progressing it is a month-to-month kind of situation, already from our customers we are getting positive signals about until it does not start reflecting I do not want to overcome it, but definitely we do feel that we can do better if these economies pick up, till now the current situation is still in the destocking mode even though the level has come down that is why the discussion with our customers and interest in already starting booking orders and negotiation has started, but has it gone to let us say pre-export duty levels, no it has not reached that level at all, so that is why I do not want to overcome it right now. FY2025 from a volume guidance we definitely do a 20% to 25% jump over FY2024 that looks quite clear to us and by that time it is a quite clear even these US and Europe should be up and running by then for sure if not in H2 of this year.

Chetan Shah: One small clarification in terms of we do in JUSL last year because our plant at JSL was not ready so we were doing a trading part of the business do you think there is a reasonable demand and ramp up is not happening up to the mark or there is a mismatch, we would not be hesitant to do the same even in the current year?

Abhyuday Jindal: Absolutely because either through our capacity or **(inaudible) 38:17** we will meet our volume guidance, so things are open to us and if market is further doing, we do both.

Chetan Shah: Correct and Sir last question more of a bookkeeping, can you share 200, 300 and 400 series mix for the full financial year, how was the mix look like?

Anurag Mantri: For full financial year 200 series was I am talking about combined entity level, 34% was 200 series, 300 was 43% and 400 was 24%.

Chetan Shah: Thank you so much. Thank you and wish you all the best.

Moderator: Thank you. Our next question comes from the line of Ritesh Shah with Investec Capital Services. Please go ahead.

- Ritesh Shah:** Couple of questions. First monthly the guidance what you give of Rs.19000 to Rs.21000 per ton I would presume it excludes anything from JUSL, would that be fair?
- Abhyuday Jindal:** Yes absolutely.
- Ritesh Shah:** Perfect. Coming to JUSL is it possible if you could give the tonnage number that we had for 2022 and 2023 and how do we look at that number for 2024 and 2025, any broad ballpark numbers?
- Abhyuday Jindal:** JUSL tonnage for this year should be taken exactly what we will be doing at a Jajpur plant, but now we do sometime of the trading volumes also, so I think more than tonnage let me put the EBITDA number to JUSL which will be helpful because that will go on the combined tonnage of JSL as a EBITDA per ton enhancement, so what we are saying based on the JSL tonnage what we are guiding JUSL stood at around Rs.3500 EBITDA per ton additionally. So JUSL may be doing around Rs.800 Crores to Rs.850 Crores of EBITDA this year depending on what kind of volumes we play.
- Ritesh Shah:** Will we have numbers for FY2023, would it be around like 1.4, 1.5, 1.6 million tonnes I am just trying to look at the spreads over there I think in the past we have entered at the number of around Rs.4500, Rs.5000, Rs.6000 so I was just trying to pencil in that number?
- Anurag Mantri:** So around 1.4 million ton was the volume in JUSL for FY2023, but frankly it does not give you any of the insight because it has also some of the direct selling of the cold rolled material which we have because it has a small cold rolled unit so the margins are very different that is why I think blended number of EBITDA will be more insightful but this will give you that is the number.
- Ritesh Shah:** Right, I will absolutely buy into your guidance, but what I wanted to understand is the confidence that we get to actually told that extra volumes given JSPL is also commissioning HSM I think by second quarter of this particular fiscal, I am not sure of how much tonnage we did for JSPL, so the question is where do we get the confidence of the number of Rs.700 Crores, Rs.800 Crores, Rs.900 Crores.
- Anurag Mantri:** That is why I am saying, this year if you see we are not banking on any of the external tolling arrangement. Let me tell you I think this is the number guidance which we are giving is purely based on the JSL business model, anything which comes we really run and you are absolutely right it may not come also because everybody is building their own capacity, but there are certain still pipelines, but irrespective to that we did Rs.700 Crores plus this year and we did at least Rs.712 Crores, next year we have with the volumes

increase of our own we are expecting at least Rs.800 Crores to Rs.850 Crores is the achievable EBITDA in JUSL.

Ritesh Shah:

Sure and my last question was to Mr. Abhyuday, Sir we have spoken a lot about ESG and I absolutely buoy into the economic rationale of the Indonesian investment with a beautiful payback, but when you look at the ESG aspect over here I think the things are very, very murky and if you look at the global OEMs automotive guys they have been actually running away from the Indonesian Nickel sulfate as well as Nickel matte given one is the quality of over and secondly how power and carbon intensive the products are, so I understand it might fall in scope three emission, but honestly I look at scope one, two and three together, so how do we put, how do we balance this particular act of economics would be?

Abhyuday Jindal:

These are the challenges that we are not competing with the Europeans we are competing with the Chinese and Indonesians, so when we are competing with these players then we have to go to that level and that degree of costing to compete with them because there are limited markets available, there is protection everywhere that is coming in despite ESG there or not there so we actually need to continuously keep working on our cost keep working and we are working on both sides so it is not that we are only working on cost reduction and not working on ESG, so everything that we are doing from power, energy is all going to be on renewable basis, so definitely a concern area it is something that we are already taking it up with Government of India also and there have been a lot of discussions happening at EU level, so we have to look at the whole world in totality, we cannot just look at EU and not look at our Chinese counterparts. So, looking at this angle, looking at the way the Chinese companies, Indonesian companies started dominating the market we felt that some level of security was definitely required. So, with that logic and with the payback period, we felt that it makes sense to go for this transaction despite the scope 3 issue and scope 3 also like you are saying even from what EU has announced scope 3 is still quite some time away. They are also even in 2026 when duty does start it will be basically on scope 1, scope 2 then scope 3 will come into play much later on, so that would be sort of my true sense on this.

Ritesh Shah:

I will just to extend the question, so how are we actually looking to play the CBM implementation once it actually gets implemented 2025, I think theoretically it starts from October this year, so where are we on carbon intensity on scope 1 and 2 and what are the benchmarks for Europe right now and will we attract any penalties if we continue to put material into Europe?

Abhyuday Jindal:

As of now till 2026 it will not get any duty, it is now from October onwards when will you start disclosing and then is when all this reporting will start, so we are also waiting for who is the authority, who is the identified agency, who will come and start calculating all these

things, from our side already if you go on our website also we have clearly come up and come out with our own sustainability or sustainability way forward for us we have already come up with a guidance on it. What is available for the public to go and see and we are already reporting, we are already coming out with all our workings, we are already working from scope 3 perspective so other than if I take out this Indonesia thing already working with all our other suppliers that if you need to be in business in 2025 already these are the areas that you guys need to start working on ESG because we do not want any or we want to reduce the border of scope 3 impact. From all areas it is a very, very important topic, it is a big concern area for us, but we are keeping in line, and we are keeping one eye on what is happening in EU so the minute all these things clarify, we have a full team sitting, waiting, geared up working towards this.

Anurag Mantri:

Ritesh also there are discussions that since we already have electric arc furnace and the scrap based productions so the target setting and those should be in commensurate with that, because it should not happen that it becomes a winner's curse that if somebody has already put up the facilities like that and then start competing on the guys whoever blast furnace based facility, so there are multiple discussions which are happening and since European players are also similar production base, I am talking about the stainless steel, so there are multiple discussions happening on the backgrounds also there, so from our perspective since we are electric arc furnace base and scrap-based production I think it looks quite comfortable as compared to the other guys.

Abhyuday Jindal:

Just as a further thing world's biggest steel technology conference that happens once in I think three or four years we have a very, very big team this time going and the major focus is green steel, so at the end of let us say June and July we will have further sort of information because big team is going to be based in Europe, working on green steel, working on all these reporting matrices, so it is a journey, whatever we could do till now we have already completed and we have done and as and when more questions are asked and demanded from EU side we will keep answering.

Ritesh Shah:

Perfect. Just a squeeze one I think Indonesian investment makes a lot of sense if I look at headline numbers I think the capex intensity would be around \$14500, what you understand the EBITDA over here could be around \$4000 to \$5000 but honestly I do not understand how this number of \$4000 to \$5000 actually comes in because the payback is so beautiful for four years I think a lot of players would be actually jumping in over here, so is it something that we are missing on the risk side that is what I wanted to understand over here?

Anurag Mantri:

You are right actually and frankly this model got established over a period of time, so there are like Nickel Industries you already talked which is Australian listed company and they

have been operating more, so there are more than 100 kilns we are only taking two kilns so it is a very well established model, it is like a tolling arrangement sort of model which has been proven like that, so therefore the payback looks attractive but obviously the thing is that they remain 51% so it is not that everybody could go to this type of partnership and we wanted that way because we do not want to get into the operations of that because for us that is a more advantage and we were looking that sort of investment.

Ritesh Shah: But any specific reason to do it now because I understand the technology is like 60 years old payback is too good, so why is it now and are there any specific risk to that we should be aware of either pertaining to technology or regulatory or political?

Anurag Mantri: I think there is no technology in fact there is a tax holiday over there, so even the tax holiday because we have built in this plant the optionality to get into Nickel Matte in fact which goes into the EV's battery chain so some of these ESG will also get nullified from there.

Abhyuday Jindal: Tax holiday for us will continue.

Anurag Mantri: For tax holiday for us will continue even if they have a NPI based tax holiday withdrawn which I think we have already done the withdrawal, so we knew about it and we have built the optionality to get into the Nickel Matte the cost includes that.

Ritesh Shah: Perfect. Thank you so much for the answers. Wish you all the very best.

Moderator: Thank you. Our next question comes from Ritwik Sheth with One-Up Financial. Please go ahead.

Ritwik Sheth: First of all, congrats to the entire team for an extraordinary execution over the last decade since getting into CDR and now in the first dividend after 15 years congratulations on that.

Abhyuday Jindal: Thank you.

Ritwik Sheth: Sir, I have a couple of questions. Firstly, you mentioned in the middle of the call that there are any cost saving measures or increasing some value addition in our portfolio, we could look at that so is there anything on the cards that we are working on?

Abhyuday Jindal: That I said from acquisition perspective, but in terms of cost saving measures it is everyday phenomenon. We are continuously working on reducing, we have to compete like I was saying with the Chinese and Indonesian and our country is totally open to Chinese dumping so if we do not work on cost we will always be at a back foot and one area where we are making huge inroads is from the logistics side because that is one area where also

Government of India is committing that huge deduction in logistic cost will come and so we are also keeping ourselves ready and in line and we are doing a lot of efficiency from that angle.

Ritwik Sheth: Nothing imminent that we are working on if there is any opportunity?

Abhyuday Jindal: There is no acquisition in terms of that will help us in reducing costs, but technology adoption and technology usage it is continuous thing.

Ritwik Sheth: Right.

Abhyuday Jindal: And obviously entering into new sectors, growing the market, so that is a continuous thing this is nothing new or unique.

Anurag Mantri: Like new grades last time we shared and things that lift and elevator we are working on competitive lower cost new grades.

Abhyuday Jindal: New grades for elevator, railway, for your nuclear sector, defence sector, every area.

Anurag Mantri: So new grades are continuous as part of our R&D pipeline.

Ritwik Sheth: My second question is on the exports, we have done 13% in exports in the quarter just after the withdrawal of export that is a good figure, I guess among the steel players we are on the higher end, so which geographies are we exporting to and any specific product profile that we are seeing good demand for?

Abhyuday Jindal: No export, major export is 300 and 400 series for us and with the size and the brand name and the quality that we have we are kind of covering the entire gamut of the world, so main focus has always been US and EU but now Middle East has picked up for us, South America has picked up for us, South Korea picked up for us in a very big way so these are new markets also we are looking at plus as always the major focus is on EU and US.

Ritwik Sheth: What would be the export percentage for FY2024 on this 2.15 to 2.2 million ton?

Abhyuday Jindal: You can say around 15% to 20% depending on how the markets perform and the pickup, but at the end of the year around 15% to 20% you can say.

Ritwik Sheth: My last question is on the expansion from further on there have been a couple of questions in the call and previously also, so just wanted a sense what would be the timelines if we decide say on day one of a calendar year, what would be the timeline to execute another million tonne at Jajpur if you could give us some sense?

- Abhyuday Jindal:** In terms of when we after deciding the construction phase can take up to almost one-and-a-half to two years, but it is the decision point we will only start exploring next year I can say. Right now, we have enough on the cards, so only next year we will start the discussion when or how or where to expand.
- Ritwik Sheth:** Just one more question what would be the maintenance capex on an annual basis including JUSL for FY2024?
- Anurag Mantri:** It will be around Rs.500 Crores.
- Abhyuday Jindal:** Typically, it ranges between.
- Ritwik Sheth:** It is including JUSL?
- Anurag Mantri:** Maintenance and sustenance include both actually, not only maintenance.
- Ritwik Sheth:** Fine. All the best and thank you Sir.
- Moderator:** Thank you. Our next question comes from Amit Dixit with ICICI Securities. Please go ahead.
- Amit Dixit:** Thanks for taking my questions again. I have two questions one is on Rathi Super Power now we are going to invest some Rs.75 Crores this year, so what kind of headline numbers we can expect in terms of volume, in terms of EBITDA per ton if you can mention?
- Abhyuday Jindal:** Amit this year not likely because the larger capacity as we said will be only operational by end of this year having said a good news that some part, we could start earlier than our expectation also, so let us see how it progresses well, but right now we would say let us not take anything on EBITDA in topline this year. The capacity is around 162000 metric ton, obviously there are various approvals, and all this thing will have to work it out on bringing this entire capacity into the production so let us wait for some time and we will give you more guidance and the progresses on this.
- Amit Dixit:** What was the mix in this quarter 200, 300, 400?
- Anurag Mantri:** This quarter 200 was around 35%, 300 was 44% and 400 was 20%.
- Amit Dixit:** This year of course the mix has been little bit towards 200 mainly because export duty possibly work there for bulk of the year. Now going ahead, I would expect that since you are focusing on domestic market more export proportion is likely to be 15% and domestic market gives you that much lever in 300, 400 series, so I guess in FY2024 we would go

back to let us say FY2022 days went 200, went below 220% or something, is it correct assumption?

Shreya Sharma: Amit I just wanted to highlight one point here so this mix which Mr. Mantri just saying it is a merged entity mix so including JSL and JSHL, so if you recall JSHL the share of 200 series always used to be on a higher side, so when you merge the two entities so this is the mix which it looks like and to answer your question I would request Mr. Mantri to take on this.

Anurag Mantri: Because of the combined JSHL 200 bps was higher and obviously some part of the year because as we are increasing the volume also, so 200 series will also be there, so I would say mix is very dynamic, our focus always remains...

Abhyuday Jindal: EBITDA maximization, so it can fluctuate and vary, but absolutely because it is our big 200 series pie with it so that is why it is looking higher now.

Amit Dixit: Because of the specialized products for few quarters it had higher EBITDA per ton even in the JSL, with the point I was trying to make actually that this 19000 to 21000 per ton guidance that you have in FY Q4 we achieved higher numbers in this 21610 so do not you think this is a little bit of conservative guidance at this point in time or you are waiting for certain things to unfold and then maybe you can up this guidance in two quarters down the line.

Abhyuday Jindal: Amit, you know us for very long, we are always conservative company, we like to perform rather than commit, so definitely we feel we can do better, but looking at the situation these are the guidance we would like to convey.

Amit Dixit: Very well appreciated. Thank you so much and all the best.

Moderator: Thank you. Our next question comes from the line of Bhavin Chheda with Enam Holdings. Please go ahead.

Bhavin Chheda: Good afternoon, Sir. Congrats on one of the best turnarounds in the steel industry from restructuring, creating three, four companies and now ultimately merging it in most of your companies have turned around, so now a few questions on the merged entity how it looks like. First is if I understand the payment of JUSL for 74% is pending right, entire payment is pending right, it will happen in first quarter, right?

Anurag Mantri: The transaction will be completed in this quarter I think we will complete in next two, three weeks time.

- Bhavin Chheda:** So, the starting debt which we should work on is Rs.2900 Crores plus Rs.1900 Crores plus Rs.950 Crores that is the right number right?
- Anurag Mantri:** No. Net debt number of JSL was 2591 exactly I am giving the rounded off number.
- Bhavin Chheda:** 380 also I am counting.
- Anurag Mantri:** Subsidiaries if you are counting that is 380, but that is only working capital let me tell you, it is not term debt at all.
- Bhavin Chheda:** Including working capital.
- Anurag Mantri:** If you are saying that then yes 2971 will be the number.
- Bhavin Chheda:** 29 plus 1956 is in JUSL and plus 957 you have to pay right?
- Anurag Mantri:** 1956 in JUSL absolutely right. Now 950 I am not saying, 950 is included in the Rs.2500 Crores number which we said and against that we said that how to fund this Rs.2500 Crores largely it will come from internal accrual, but during that intermittent period depending on the timing we can go there increase the debt by Rs.500 Crores to Rs.700 Crores.
- Bhavin Chheda:** Anurag, I am coming to that, so this is starting 2500 capex guidance what you have given includes 950 payment to be made for JUSL 74%?
- Anurag Mantri:** Yes.
- Bhavin Chheda:** So, net of that your overall capex is Rs.1500 Crores which includes Indonesia Rs.700 Crores?
- Anurag Mantri:** Yes, around Rs.700 Crores to Rs.800 Crores.
- Bhavin Chheda:** So, ex of Indonesia stainless steel capex spending is just Rs.700 Crores, right?
- Anurag Mantri:** It includes around Rs.400 Crores is the pending capex for the previous expansions then we have those two Rs.400 Crores to Rs.500 Crores sustenance and maintenance capex which includes Rathi capex of Rs.75 Crores.
- Bhavin Chheda:** When in the opening remarks you indicated that I think you are expecting 500 Crores plus debt or largely flattish on what debt number are you guiding this for March 2024 because there are too many numbers, what I look at it is I am starting here April balance sheet at Rs.5700 Crores debt I do not know what debt number you will refer to because by the end

of first quarter you will be roughly Rs.5700 Crores, Rs.5800 Crores debt, when you are mentioning that there would be no debt repayment or Rs.500 Crores, is it from that number or which number you are referring from?

Anurag Mantri: JSL and JUSL I am confused with your number also, let me put in my number also in this place.

Bhavin Chheda: I will just clarify 2591 plus 380 is 2971 right now in March 2023, 950 anyway you have to pay by June, so I am adding that 950 which comes to 3921 and another 1950 of JUSL which will go into the company, so this makes it 5573 I am rounding to 59 so I am starting with Rs.5900 Crores debt number which will be a June 30 number by June 30 when the JUSL transaction will be over and from this number how will your March 2024 look like because from this number I am expecting a substantial reduction I do not know from which number you meant that there would be no reduction because on 2 million guidance and 20000, 21000 guidance plus Rs.700 Crores, Rs.800 Crores in JUSL you are heading for Rs.5000 Crores EBITDA and capex of less than Rs.1000 Crores so there has to be Rs.2000 Crores, Rs.2500 Crores repayment.

Anurag Mantri: So, if you are taking from Rs.5900 Crores number it will be a reduction. That is to answer short because let me put you where your calculation Rs.950 Crores you are assuming that we will be funding completely from debt.

Bhavin Chheda: I am counting your cash flow from the EBITDA let us assume that you take the debt or whatever so then your operational cash flow will be used for debt repayment?

Anurag Mantri: From your number Rs.5900 Crores if you are taking yes there would be a reduction from that number.

Bhavin Chheda: There would be substantial reduction, so when you meant Rs.400 Crores, Rs.500 Crores increase or decrease which number you were taking for the debt?

Abhyuday Jindal: I believe 2600.

Anurag Mantri: I said is that it was on a standalone basis of 2600 and 1956.

Bhavin Chheda: 2600 you said that you were looking at Rs.400 Crores, Rs.500 Crores increase so basically you are looking at the merged entity Rs.3000 Crores debt by March 2024 that is fine that is my number also, but you were looking from Rs.2600 Crores odd.

Anurag Mantri: I think or maybe I will put your number because I think though you put too many number Rs.5900 Crores if you are taking the number there would be a debt reduction from that. We are not intending to reach Rs.5900 Crores at all.

Bhavin Chheda: That is because you must have taken first quarter cash flow also which I take separately I am just looking at starting after the merger process is complete.

Anurag Mantri: Right.

Bhavin Chheda: Just one last question on JUSL you are looking to improve this EBITDA number next year when it gets merged, and your 2019 to 2021 guidance does not include JUSL EBITDA so that will be over and above the Rs.21000 or Rs.20000 per ton EBITDA whatever you do?

Anurag Mantri: Yes, so that will add to around what we said is Rs.3500 EBITDA per ton of additional EBITDA on JSL volumes.

Bhavin Chheda: JUSL what volumes you are looking at?

Anurag Mantri: This 3500 is based on JSL volumes.

Bhavin Chheda: Thank you.

Moderator: Thank you. Ladies and gentlemen we have reached to the end of the question and answer session. I would now like to hand the conference over to the management for closing comments.

Abhyuday Jindal: Thank you everyone for attending this call. It is our agility in sales and operation planning, extensive use of digitization for faster and more efficient decision making across the value chain along with dynamic product mix which helps us deliver robust performances. Going forward we will continue to strategize business as per market dynamics. I hope we have been able to answer all your questions satisfactorily and please feel free to contact our investor relations team for further clarification. Thank you so much. Have a good day.

Moderator: Thank you. On behalf of Investec Capital Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.