JSW Steel

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Operator: Ladies and gentlemen, good day and welcome to the JSW Steel Limited Q1 FY27 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ashwin Bajaj, Group Head, Investor Relations. Thank you and over to you, sir.

Management: Yes, thank you, operator and a very good evening, ladies and gentlemen. Welcome to JSW Steel's earnings call for Q1 of financial year 2027. We have with us today the management team represented by Mr. Jayant Acharya, Joint MD and CEO; Mr. GS Rathor, Chief Operating Officer; Mr. Arun Maheshwari, Director of Commercial and Marketing; and Mr. Swayam Saurabh, the CFO. We will start with opening remarks by Mr. Acharya and then open the floor to Q&A. So with that, over to you, Mr. Acharya.

Management: Good evening everyone. The global growth outlook remains intact despite ongoing uncertainties, with the IMF lowering its global forecast for 2026 just by 10 bps to 3%, while upgrading the outlook for 2027 to 3.4%.

Global economic activity remained resilient during the quarter with manufacturing supported by inventory restocking amid the Middle East conflict and continued strength in the global tech cycle driven by AI-related investments. However, the disinflation trend that has been in place since 2024 appears to have stalled, prompting major central banks to adopt a more cautious stance. While the adverse impact of the conflict on supply-side disruptions and elevated energy costs started to moderate in end June, the recent escalation and developments remain key monitorables. Looking ahead, reconstruction-related demand could provide an additional growth impetus.

India remains one of the fastest-growing major economies globally with the RBI's growth projection at 6.6% for FY27, reflecting resilience amidst external headwinds. Industrial production and exports have performed well recently despite the impact of geopolitical disruptions. The automotive sector saw sustained double-digit expansion in domestic passenger vehicles and commercial vehicle sales over the past three quarters, following the GST rate cuts implemented in September 2025.

Rural demand remains healthy, underpinned by a strong rabi harvest, which supported growth in four-wheelers, two-wheelers, and tractor sales, although some below-normal monsoon remains a key risk to monitor. The investment cycle also continues to strengthen, aided by a healthy public capex pipeline and sustained momentum across commercial real estate, energy, data centers, defense, and maritime sectors.

India's steel consumption remained strong and grew by 8.3% in Q1. With the imposition of safeguard duty in December 2026, India had become a net steel exporter after 2 years in FY26. However, in Q1, India has become a net importer of steel once again. Imports grew by 22% quarter-on-quarter and exports fell quarter-on-quarter by about 16%.

Looking ahead, domestic steel demand is expected to grow at a healthy rate of 7-9%, providing a strong base for future capacity growth. In China, steel production was down 3.9% during January to May and consumption declined by 4%. Steel exports including semis fell between January to March, though they continued to remain at elevated levels.

On sustainability, I am happy to report that Project Seed, our flagship decarbonization project, has delivered cumulative emissions reduction of approximately 5 million tons of CO_2 since 2022. We have also been systematically ramping up deployment of scrap steel, resulting in scrap utilization growth of 16% YoY in Q1. JSW Steel launched the Green Edge brand, its low-emission steel brand, supported by a carbon bank of 1 million tons of CO_2 credit certified by Bureau Veritas. In Q1, we successfully executed our first Green Edge export order, marking a key milestone in the journey from product launch to active market adoption.

Before we get into the Q1 performance, I would just like to remind you that the BPSL steel business was deconsolidated from JSW Steel financials with effect from March 27, 2026. Hence, in our results materials this quarter, we have presented the previous period volumes and financials on a proforma basis, excluding BPSL, to make them comparable to the current period.

Coming to our operating performance. Utilization of capacities for our Indian operations stood at approximately 94% excluding BF3, which was under shutdown, much higher than the 88% in Q1 last year. This was achieved through efficient operation of our assets across all plants. Our consolidated crude steel production was 6.59 million tons and Indian operations production was about 6.35 million tons, up by 3% YoY.

However, excluding BF3 which was under shutdown, our consolidated production growth grew by a significant 15% YoY, driven by the ramp-up of our JVML operations. Consolidated steel sales for the quarter grew by 4% YoY to 6.25 million tons. We delivered our best Q1 flat sales, which grew by 9% YoY as we focused on flats due to better demand and pricing. Our total hot-roll sales were also the best ever for a Q1, up 18% YoY.

Carbon steel longs demand in the market was impacted by labor availability due to the state elections and diesel availability issues due to the Middle East conflict, resulting in lower long sales. Our sharp focus on the downstream segment enabled VASP sales to grow 8% YoY, accounting for 61% of our total sales. Sales to the institutional sector was the highest ever for Q1, up by 5% YoY. Retail sales, however, experienced some pressure during the quarter due to higher imports and channel de-stocking. We achieved our best ever Q1 sales in the auto and renewable sectors with volumes increasing by 18% and 25% YoY. Sales to the MSME, construction, equipment, bearings, and defense sectors registered substantial growth.

Moving to our financial results, JSW Steel delivered a strong financial performance. Our consolidated revenues during Q1 FY27 were 47,364 crores, adjusted EBITDA stood at 9,373 crores with an EBITDA margin of 20%, while PAT stood at 4,696 crores. Steel prices recovered from early January this year and strengthened further through March. During Q1, flat prices saw some moderate decline while long prices saw a significant correction. As we mentioned in last quarter's call, some part of the price discovery of Q4 was realized in Q1. Thus, overall realizations were higher quarter-on-quarter.

On the cost side, we were slightly higher than our guidance given in the last results due to an increase in various input costs on account of the Middle East conflict. Coking coal prices increased by around $17 per ton, slightly higher than our guidance of $12-15. Iron ore costs were also higher during Q1.

Moving to our overseas operations at the Ohio EAF facility, we commissioned the vacuum degasser in Q1, which will enable us to produce higher steel grades, especially API grades, in the US. Production and sales were significantly higher quarter-on-quarter as we have taken shutdowns for the caster upgrade in Q1. Ohio generated a positive EBITDA for Q1. The plate and pipe mill in Texas also performed better on a quarter-on-quarter basis due to better operational efficiencies and higher sales driven by strong plate and pipe demand. Both US operations generated a combined EBITDA of $16 million.

The Italian rail mill also performed well in Q1, reporting a higher EBITDA of €7 million, though volumes were affected by an annual shutdown in May. We recently signed a program agreement with the Italian government for implementation of the rail mill modernization project. The agreement covers various aspects relating to the project including a grant of €33 million.

The second tranche of JFE's equity investment of 7,875 crores for the JSW JFE joint venture transaction has been received on June 30 as scheduled. With this, the JV transaction has been completed. Last quarter, we revised our stated maximum cap for gearing from 1.75 to 1.25 and leverage from 3.75 to 3. However, we would like to reiterate that our comfort level will be to keep the leverage below 2.5. Leverage and gearing have further dropped versus last quarter to 1.46 and 0.42 respectively. Our net debt stands at 45,750 crores and is substantially down from FY25. Our revenue acceptance stood at $2 billion.

During the quarter, we incurred a capex of 4,900 crores and we expect to spend between 22,000 crores to 24,000 crores in this financial year. Let me update you on the growth projects as well. Progress is good. At Vijayanagar, BF3 expansion from 3 million to 4.5 million tons has been completed and the blast furnace was lit up toward the end of June 2026. The blast furnace is ramping up and is now at about 80% within a few weeks and will add incremental volume from Q2. Our projects at Dolvi, Utkal, and the slurry pipeline continue to be on track.

On July 3, we conducted the groundbreaking ceremony of our previously announced 1 million ton EAF and structural project at Kadapa in the Rayalaseema region of Andhra Pradesh. Key equipment orders have been placed and commissioning is targeted for FY29. Our various downstream projects are progressing well and in this quarter we have announced the scope of a few of them. We are adding about 0.44 million tons of capacity in the earlier announced downstream projects at Vijayanagar, Khopoli, and Rajpura. At Khopoli, we have also enhanced the product capability to include a wider range of high-strength steels and value-added coated steel products in the overall capability.

Lastly, we are now adding a rail capability to the 1 million ton structural mill at Raigarh. Let me now update you on developmental raw material front. We are strategically enhancing our raw material security as we mentioned, both on iron ore and coking coal. We have 25 iron ore mines, out of which 13 are currently operational and we are working on operationalizing the remaining mines as well as expanding some of our operating mines. We continue to bid rationally for new mines and in May 2026, we won the Pissurlem mine in Goa. As we increase iron ore production from our captive mines, we are geographically optimizing our sourcing, thus reducing logistics costs and lead times.

On the coking coal front, we took over the Dugda Washery from BCCL in June. We are modernizing and expanding the capacity of the washery to handle coking coal from our linkages with BCCL and our captive mines. We continue to progress on our other coking coal initiatives including the MDR project in Mozambique and the three captive mines in India. For our MDR deposit, we have finalized and placed one of the major EPC orders and are in the process of finalizing others as well.

The JSW One platform, in which we have a 60.52% equity stake on a fully diluted basis, saw steel volumes grow by 36% YoY. GMV was 5,919 crores in Q1, up 51% YoY. 1,987 crores of this GMV was driven by JSW One's credit offering, which was also up by 49% YoY. JSW One continued to deliver positive EBITDA in Q1 of this financial year.

Looking ahead, our volume should increase in Q2, driven by the ramp-up of BF3 in Vijayanagar and Ohio operations. There will be an impact on cost as coking coal costs are expected to be higher by $12-15 in Q2. Coking coal costs have come down recently and that should be reflected in the subsequent quarter, Q3. Iron ore costs are also trending down and that should be favorable towards the end of Q2 and Q3. India's steel demand is expected to grow at a healthy rate of 7-9% in FY27, and we expect an incremental demand of 12-13 million tons in India. Demand growth will be supported by public capex, as well as improving private capex, growth in manufacturing, and the robust auto sector. We are also seeing a broadening consumption across the rural side as well. With a strong balance sheet and improving operating performance, we are well poised to carry forward our growth journey and contribute to India's growth story. With that, we are happy to take questions.

Operator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Alok Devra with Motilal Oswal. Please go ahead.

Alok Devra – Motilal Oswal: Good evening and congratulations on a good set of numbers. Sir, just had a couple of questions. First is on the steel prices. How do we see the prices moving for us in the second quarter, considering that there has been a sharp correction, especially in the long steel prices? Also, regarding the demand scenario, the offtake has been pretty subdued in Q1. You briefly mentioned that it would be slightly better in Q2, but if you could just provide some sense on the demand side.

Management: Demand in India remains quite good at 8% plus. We had drawn down our inventories quite substantially during the March quarter end, and we needed to rebuild some of those inventories for our downstream operations and for our plate mill at Anjar, which we have done in Q1. This is our usual process. On the long side, we had an impact of lower sales due to lower prices from the secondary market, some labor shortage, and fuel availability issues in some of our project core areas.

We see volumes improving in Q2 with the ramp-up of BF3. You will see higher volumes from JSW Steel for Q2 as BF3 ramps up and JVML continues to operate fully. On pricing, it is difficult to give an indication of where it will be, but long prices have corrected as you mentioned. Flat corrections have been moderate. We feel that flat pricing is quite reasonably priced. Longs represent a seasonal impact which we see every monsoon. We feel prices would normalize as we go into the second half of this year with good demand growth, normalization of projects, capex growth, and in general, a seasonally stronger H2.

Alok Devra – Motilal Oswal: Sure. Also on the iron ore side, how much was the captive iron ore and what iron ore cost impact could we see in Q2?

Management: Our captive iron ore was closer to 30% or so, including the Netra Banda mine which supplies to JSW Steel now. Iron ore costs have gone up during the quarter. Direct iron ore costs have gone up by about 230 rupees per ton of iron ore.

Alok Devra – Motilal Oswal: Got it, sir. That's all from my side. Thank you and all the best.

Operator: Thank you. Our next question comes from the line of Amit Dixit with Goldman Sachs. Please go ahead.

Amit Dixit – Goldman Sachs: Good evening everyone and thanks for the opportunity. Congratulations on a good performance. I have a couple of questions. First, you added a couple of small downstream projects, one at Dolvi of around 2,000 crores in this quarter compared to the last one. Could you elaborate on what this downstream project is about? Also, if you could provide an update on the progress of the CRGO project we discussed earlier.

Management: There is no downstream facility being added in Dolvi. There were some design changes in our raw material handling system (RMHS). The conveyors we planned from the port operations to the plant were meant to go through a certain area of land, but that did not materialize. We had to create a higher structure with a double conveyor basis, which resulted in a much higher cost on the RMHS side. The project cost also saw some enhancement in other areas due to the Middle East conflict. However, we continue to remain very strong on the IRR. If you see the total cost of the project from a specific capex investment point, for a 5 million ton facility, it is still below 5,000 crores per million tons and remains very competitive.

Amit Dixit – Goldman Sachs: That's helpful. My second question is regarding the Middle East crisis. We have seen companies in other sectors reporting one-off costs. Did we face one-off costs due to escalation in energy, propane, or other costs that we don't expect to recur? Could you quantify that impact for this quarter?

Management: We did not see a very significant impact. Some fluxes and gas prices went up, plus there were indirect costs like higher container and shipping costs. Most of it, specifically gas, should reverse fully in this quarter. As the situation stabilizes, all of this should come back.

Amit Dixit – Goldman Sachs: How much would that have been per ton of steel?

Management: It has varied depending on the product. There has been an impact on fluxes, and on the bunkering side, marine fuel prices went up. It is around $20 per ton of steel overall.

Amit Dixit – Goldman Sachs: $20. Great, that's helpful. Thank you so much and all the best.

Operator: Thank you. Our next question comes from the line of Sumangal Nevatia with Kotak Securities. Please go ahead.

Sumangal Nevatia – Kotak Securities: Good evening and thanks for the chance. My first question is on raw materials. Regarding our coking coal initiatives, what percentage of our requirement could be met from captive mines in the next 3-4 years, and what cost advantage do you foresee? On iron ore, what are we looking at for captive sourcing over the next 2-3 years? Also, on the slurry pipeline, what cost advantage or reduction do we expect from 2028 onwards?

Management: On the coking coal front, we have several initiatives in place. We are developing a mine in Sitanala in India, which will start production by mid-2028. We continue to receive material from our equity stake in the Illawarra mine in Australia. Domestically, we have started using some material and are seeing benefits, though we will quantify these once we reach size and scale. In the next 3 years, we probably can scale up to 3 million tons of input from domestic sources, which will be more than 10% of our total feed. Australia is close to 2 million tons a year. Mozambique will start by mid-2028, and our target is to take that to 7 million tons eventually when the project fully starts.

On iron ore, we have 25 mines, with 13 currently operational. We are working on operationalizing the balance in phases as we get approvals. For the slurry pipeline, the capacity is about 30 million tons and we intend to move about 20 million tons through it for now. The cost saving compared to today is about 1,000 rupees per ton of iron ore.

Sumangal Nevatia - Kotak Securities: My second question is about the BPSL deal. We have significantly deleveraged the balance sheet. What rating upgrade and subsequent interest cost savings are we expecting to flow through in the coming quarters?

Management: Our credit standing is being evaluated. Fitch recently upgraded us to BB+ with a positive outlook and we also received a rating upgrade from CareEdge. We expect this trajectory to continue. Since absolute gross debt will be lower, absolute interest costs should trend lower compared to historical numbers. Over time, we should see an advantage in borrowing costs, though it depends on the mix. We should see a gradual reduction in the finance cost rate.

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

Operator: Thank you. Our next question comes from the line of Pallav Agarwal with Antique Stock Broking. Please go ahead.

Pallav Agarwal - Antique Stock Broking: Good evening sir. I had a question on the standalone change in inventory. Sales volumes were higher than production volumes, yet there is a change in inventory. Is this due to work-in-progress or raw material inventories?

Management: Our overall inventory went up as we mentioned, partly to build up stock for downstream operations and finished good servicing after drawing it down in the March quarter. There was also the transfer of slabs to our Anjar plate mill.

Specific to the standalone question, our Vijayanagar facility hosts JBML, which is a subsidiary. Depending on available capacity, there are inter-unit transfers. JSW Steel volume is reported under standalone, but the transfers between JBML and Vijayanagar are why those volumes look higher.

Pallav Agarwal - Antique Stock Broking: Could you give us a breakup of the consolidated volumes? Does that include standalone, JBML, and Ohio?

Management: Consolidated volume includes standalone plus JBML plus Raigarh plus Salem plus Ohio, adjusted for any intercompany volume and profit eliminations. It includes all our units basicly, other than JSW Steel Italy.

Pallav Agarwal – Antique Stock Broking: One last thing, you mentioned a spillover of benefits from Q4 prices, like auto contracts, in Q1. Is it possible to quantify what that benefit was in Q1?

Management: Auto prices for most customers have been finalized and about 90% of the benefit is already factored into the Q1 results. A few remaining closures will conclude and reflect in Q2. I don't have the exact numbers because it varies by product and customer.

Pallav Agarwal – Antique Stock Broking: Thank you so much.

Operator: Our next question comes from the line of Ritesh Shah with Investec India. Please go ahead.

Ritesh Shah – Investec India: Thank you for the opportunity. I have a hypothetical question. If safeguard duties are not reinstated or extended, how are we looking at the regulatory scenario? Anti-dumping duty investigations have been initiated; could you provide color on what the industry has proposed and how safeguards and anti-dumping duties might run in parallel?

Management: Imports into India went up last quarter and we became a net importer. We have seen increased imports from Japan, Russia, and China. The industry applied for and the government initiated anti-dumping investigations against some of these countries. This is a quasi-legal process that will take its course. Anti-dumping duties are distinct from safeguard duties and can run in parallel, as is the case in the US and Europe.

Ritesh Shah – Investec India: My second question concerns capex. In the last call, we indicated total capex of over 2.26 lakh crores. On slide 41, the split shows 1.30 lakh crores. Could you provide a breakup for those numbers?

Management: The 220,000 crores was an indication for expansion to 62 million tons, which has not been board-approved yet. The 130,000 crores in the presentation represents currently approved budgets for growth, mining, downstream operations, and cost-saving projects across all locations. Projects like Odisha phase two, expansion in JSSL or Posco, and further mining investments will be added once approved.

Ritesh Shah – Investec India: Finally, we haven't spoken about the Maharashtra optionality of 25 million tons. Can you provide information on the land and timelines?

Management: There is no further update. Maharashtra's Gadchiroli is under consideration due to iron ore availability. We won one mining lease in an auction that is still in the early stage of evaluation. We will provide updates once we have them.

Ritesh Shah – Investec India: Thank you so much.

Operator: Our next question comes from the line of Amit Murarka with Axis Capital. Please go ahead.

Amit Murarka – Axis Capital: Good evening and thanks for the opportunity. On JSW Coated, EBITDA per ton has consistently been around 6,000 rupees the past few quarters, whereas it used to be 3,000 to 5,000. What is driving this improvement in margins and what is the outlook?

Management: JSW Coated manages our value-added space. We have focused on building capability for high grades and specialty products to meet industrial, automotive, and retail demand. This is bearing fruit. Packaging is doing well and branded products like JSW Silveron and JSW Coloron have gained traction. Premium brands like JSW Endura are doing very well. These initiatives, along with cost efficiency measures, have improved overall value.

Amit Murarka – Axis Capital: So it is fair to say this margin run rate is sustainable?

Management: There are usually lags between hot-rolled coil price increases and the impact on the end-use segment pricing. I would say a range between 5,000 to 6,000 rupees per ton is good. Variable factors like zinc and aluminum prices can also impact overall costs.

Amit Murarka – Axis Capital: Regarding Q2, while realizations are volatile, coking coal is up and spot prices for rebar are down. Could you ballpark what the spread movement might be in Q2? Could it be down 2,000 to 3,000 rupees per ton?

Management: July to September is a quarter where you see price movement. Long product prices more or less played out in July. Flat product prices saw some moderation in the past quarter, but I don't expect much more. We will have better leverage from operating capacities in the next quarter as BF3 ramps up and Ohio improves. Lower iron ore prices should come through toward the end of Q2 and help offset some coking coal cost increases.

Amit Murarka – Axis Capital: Thank you so much.

Operator: Our next question comes from the line of Rashi with Citi. Please go ahead.

Rashi – Citi: Thank you. Regarding pricing, where is the spot price versus last quarter's average?

Management: From a flat steel point of view, hot-rolled was about 1,000 rupees lower from the start to the end of June. In July, we might see a bit more impact. On longs, the impact has been much greater. Spot prices in TMT dropped significantly from the beginning of Q1 to the end of June, and slightly more in July. The spot-to-spot drop from March exit to June exit in TMT was in the range of 7,000 to 8,000 rupees per ton. On hot-rolled, prices went up by 1,000 between Q4 exit and Q1 exit; they may marginally moderate, but I don't see much decline. Wire rod exit prices in June saw an impact of 750 to 1,000 rupees per ton.

Rashi – Citi: On the volume side, domestic growth was only 1%, alongside increasing imports. Is that entirely attributed to weakness in longs or did flat volumes also decrease?

Management: Institutional sales were strong and reached 3.7 million tons, growing by 5% in line with Indian industrial activity. Retail sales were lower due to destocking and uncertainty from the Middle East conflict. TMT longs were also impacted. Alloy steel special products continued to grow quarter-on-quarter. Flat sales went up by 42% overall including exports, and HR sales reached an all-time high. So, we have been good on flat sales and value-added products generally.

Rashi – Citi: You mentioned the impact of the Middle East crisis was $20 for the quarter. What was that for?

Management: It is an indication of various cost increases. As we look at it today, it is close to $20 per ton of steel.

Rashi – Citi: Thank you.

Operator: Our next question comes from the line of Parthiv Jonsa with Anand Rathi. Please go ahead.

Parthiv Jonsa – Anand Rathi: Thank you for the opportunity. In the annual report, you mentioned taking EC to about 31 million tons. Currently, we are at 19.2 million. Which mines will contribute to that? Also, for coking coal, would it be fair to assume that by 2028, captive consumption would be close to 20-25%? How do you plan to reach the 50% target mentioned in the annual report?

Management: For calendar year 2028, when our Mozambique mine starts, domestic coking coal would be around 30% of our total requirement. About 20% would come from Mozambique and 10% from Australia. So about 50-60% would be from our own sources or domestic linkages.

We previously guided that our coking coal mines including Parbatpur, Sitanala, and domestic linkages would provide 3 to 3.5 million tons. This depends on when the mines open and the washeries are ready. We recently took over the Dugda Washery and are modernizing it over the next 2 years. By the second half of 2028, it will consume local linkage coal and provide various grades of coking coal.

Parthiv Jonsa – Anand Rathi: Regarding debt, 64% as of March 31 was foreign debt, with a forex impact of 5,600 crores. Given your capex is in India, wouldn't it be more cost-effective to take debt domestically to avoid forex impacts while the rupee depreciates?

Management: Diversifying capital pools is a conscious choice. We have taken steps for hedging and have utilized new proceeds to repay a large part of foreign debt recently. Historically, we kept 50% to 55% foreign debt to remain diversified. We have also taken steps to on-shore debt to reduce P&L volatility.

Parthiv Jonsa – Anand Rathi: That is helpful. Thank you.

Operator: Our next question is from the line of Pinakin Parekh with HSBC. Please go ahead.

Pinakin Parekh – HSBC: Thank you. My first question is on the sharp year-on-year increase in export volume. With Europe's CBAM in place, how do you see the export market evolving there for Indian steelmakers?

Management: Europe will continue to be a high-priced market because CBAM impacts domestic mills and imports. Currently, while the US market is about $1,250 and Europe is close to $800, India is around $600 and China is $500. Europe will be deficient in steel and will remain a lucrative market for imports. Our European exports are in the range of 35-40% of our total exports, though exports only represent about 10% of our total focus, as we prioritize the growing domestic market.

Pinakin Parekh – HSBC: My second question is on realization. Q1 benefited from the flow-through of delayed contract pricing and product mix. When you move to Q2 and Q3, given the decline in spot pricing, would that impact be felt entirely in Q2?

Management: For the automotive sector, Q2 is likely to be slightly better than Q1 because contract pricing often comes with a lag. Quarterly prices for other contracts will be calibrated based on the agreed formula. Since the market reflects some correction, there will be an adjustment in Q2.

Pinakin Parekh – HSBC: That is very helpful. Thank you.

Operator: Our next question comes from the line of Satyadeep Jain with Ambit Capital. Please go ahead.

Satyadeep Jain – Ambit Capital: Thank you. Few quarters ago, it was mentioned that JVML might have lower EBITDA per ton than standalone because it was less integrated. However, it has reported higher EBITDA the last two quarters. How should we recalibrate expectations for JVML profitability?

Management: We have added RH degassing facilities at JVML, which allows us to produce special steels. JVML is also supplying special grades to JSW Steel's downstream operations because it makes more productive sense on JVML's 1650 mill. Inter-unit slab exchanges have also stopped, allowing for full capacity leverage which reduces per-ton costs. Additionally, there is a 2% state incentive on revenue from the Karnataka incentive policy. The blast furnace at JVML is also more productive and has lower costs than the average of the smaller units at Vijayanagar. Moving forward, the EBITDA per ton should be similar to the rest of the JSW Steel facilities.

Satyadeep Jain – Ambit Capital: Regarding the Supreme Court verdict on royalty, will this cause bidders to re-evaluate bidding premiums for iron ore?

Management: Every mine and location has different bidding dynamics based on proximity, size, and infrastructure like slurry pipelines. The supreme court judgment was long overdue, but many of the bidding conditions were already known. Bidding premiums depend on individual bidders and location-specific benefits.

Satyadeep Jain – Ambit Capital: Thank you so much.

Operator: Our next question comes from the line of Rajesh Majumdar with 361 Capital. Please go ahead.

Rajesh Majumdar – 361 Capital: Thank you for the opportunity. The realization per ton sequentially has gone up by nearly 8,000 rupees in JVML with a massive EBITDA improvement. Even with the 2% incentive, what explains the huge jump in NSR and is it sustainable?

Management: It is primarily because the special grade component has increased and operating costs have decreased. The absolute value of the 2% incentive has also grown with volume. We can provide more specific details offline.

Rajesh Majumdar – 361 Capital: Regarding coking coal and BCCL, what are the terms of the deal for the Dugda washery? Are we looking at monetization or just rentals?

Management: We acquired the washery completely through a bidding process. It is owned and operated by us. We have a total linkage of 7.5 million tons from captive mines and linkage coal. The linkage coal has started flowing and full-scale benefits will hit within 2 years as we upgrade the washery.

Rajesh Majumdar – 361 Capital: Thank you, sir.

Operator: Our next question, and the last for today, is from the line of Rahul Gupta with Morgan Stanley. Please go ahead.

Rahul Gupta – Morgan Stanley: Thank you for taking my question. September is seasonally weak, especially for rebar. How are spreads looking right now compared to previous years?

Management: It is not very different. Long prices for TMT follow a seasonal pattern. TMT pricing in December 2025 was actually lower than it is today. Our exposure to TMT is only about 10% of our overall volume, so the material impact on us is not significant.

Rahul Gupta – Morgan Stanley: Industry demand grew 8% in Q1. What gives you confidence that 7-9% growth will be sustained for the full year, despite the risks of monsoons and inflation?

Management: On a positive note, in 2019-20, India sat at 100 million tons of demand. Despite Covid and multiple global conflicts, that jumped to 164 million tons in 6 years. India is very resilient and structural reforms are improving self-reliance. H2 is usually better than H1. Projects pick up from November onwards, the festive season kicks in, and the January to March quarter is seasonally strong. I remain very optimistic that the pattern will continue.

Rahul Gupta – Morgan Stanley: That's helpful. Thank you.

Operator: I would now like to hand the conference back to the management for closing comments.

Management: Thank you very much for a patient hearing. We expect increasing volumes in Q2. While coking coal prices are up for this quarter, recent weeks have seen them trend down, which will reflect in Q3. Iron ore prices are also trending down, benefiting the later part of Q2 and Q3. We remain very optimistic about the India growth story, and with our capacity increases, we are well-poised to service that growth. Thank you very much.

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