"Jindal Stainless Limited Q4 FY '2025 Earnings Conference Call"

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MODERATOR: **MR. ASHUTOSH SOMANI – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Jindal Stainless Limited Q4 FY '25 Earnings Conference Call, hosted by JM Financial Institutional Securities Limited.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touch phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashutosh Somani from JM financial Institutional Securities Limited. Thank you and over to you Sir.

Ashutosh Somani: Thanks, operator. And welcome everyone to the call. I will first thank Jindal Stainless for JM Financial the opportunity to host today's call.

Without much ado, I will hand over the call to Shreya Sharma – Head (Investor Relations), Jindal Stainless, to introduce the Management. Over to you, Shreya.

Shreya Sharma: Thank you, Ashutosh. Good evening everyone and a warm welcome on Q4 FY '25 and full year earnings call.

From the management team we have with us Mr. Abhuday Jindal, Managing Director; and Mr. Tarun Kulbe, CEO and Whole Time Director.

We have shared our Q4 FY '25 Earnings Presentation with the Stock Exchanges, which is also available on our company's website. And today's call discussion will be on the same lines. Please note, some of the information on this call may be forward-looking in nature and is covered by the disclaimer on Slide 2 of the earnings presentation.

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

Abhuday Jindal: Thank you. Thank you, Shreya. And good evening everyone, and welcome to the Q4 FY '25 earnings call. I would first like to discuss the key business highlights for the Quarter Ending March 2025. Following which, Mr. Kulbe will take you through our Operational and Financial Performance.

As we reflect on the economic landscape, India continues to demonstrate strong resilience and growth momentum. As we know, IMF has recently projected India's GDP growth at 6.2% for 2025. This positive outlook provides a significant advantage to the stainless-steel sector, which is closely correlated with GDP growth.

And building on this momentum, our sales volume in FY '25 grew by 9% on a year-on-year basis, supported mainly by strong domestic demand driven by the railway sector, automotive industry, infra, and strategic projects in oil and gas, power and other industrial sectors. We are also witnessing robust demand in the pipe and tube segment, with our branding initiative of Jindal Saathi playing a pivotal role in driving growth and improving our market share.

On the global front, though the uncertainties prevail, the outlook remains directionally positive. As of now there is a level playing field to export in the US market with better parity on the duty front, which is expected to support our competitive positioning. Additionally, we are seeing signs of recovery across Europe, while Germany is currently experiencing some challenges, we expect a positive turnaround supported by fiscal stimulus measures. We are also continually exploring new markets and actively expanding our presence in key regions such as Japan, South Korea and the Middle East, to name a few.

I am also happy to share that we have acquired a 9.62% stake in M1xchange. This is India's leading RBI-licensed TReDS platform. This investment is expected to create strong synergies by digitizing the supply chain ecosystem and reducing the working capital cycle, paving the way for cheaper credit access for our entire global value chain, including the deep tier channel.

On the ESG front, I am happy to share that we now host the largest captive solar plant in the state of Orissa with a cumulative capacity of over 30 megawatts. This initiative will reduce our CO2 emissions by 32,000 metric tons per annum, substantially lowering the facilities' reliance on conventional grid electricity. We also signed a 11 megawatts long-term power purchase agreement for our subsidiary JSL Super Steel, with Sunsure Energy to achieve our Net Zero targets.

On a group level, currently 11% of our group's power consumption is met through renewable sources. With the commissioning of all our announced renewable projects, this share is expected to rise significantly to around 30% to 35%, marking a major step forward in our sustainable journey.

With this, I would like to hand over to Mr. Kulbe to discuss our operational and financial performance. Thank you.

Tarun Kulbe: Hey, everyone. Thank you, Abhuday. Good day, everyone. Welcome to the call. I would like to begin by providing a detailed overview of our operational and financial performance, starting with the quarterly results, followed by the full year highlights.

We delivered record sales on a sequential basis to 642,641 metric tons in Q4, an increase of 13% year-on-year and 9% on quarter-on-quarter on the back of robust domestic demand. Our Q4 EBITDA stood at Rs. 1,061 crores, affected by unfavorable global economic condition leading to stainless steel pricing pressure and negative inventory valuation.

In FY '25, we delivered our highest ever sales volume, an increase of 9% on a year-on-year basis, despite our exports falling 24% during the period, showcasing robustness in domestic demand for stainless steel. Our EBITDA stood at Rs. 4,667 crores.

On the balance sheet side, despite FY '25 being the year of significant investment with around Rs. 4,570 crores spent on the acquisition and CAPEX; we successfully maintained our net debt at Rs. 4,005 crores, in line with March '24. This reflects our continued focus on working capital optimization and preserving a strong balance sheet. We believe this positions us well in navigating the current global macroeconomic challenges. On the leverage side, we are comfortably placed with net debt to EBITDA below 1 at 0.86.

I would like to inform you that as part of JCL's recent buyback offer of 21.13% for Rs. 158.40 crores, along with the earlier stake sale of 4.87% in 2024, JSL has now fully exited its 26% holding in JCL. This complete divestment has yielded total consideration of Rs. 194.89 crores.

I would like to inform you that the Board of Directors has approved a final dividend payment of Rs. 2 for Q4 FY '25, taking total dividend payment for FY '25 to Rs. 3, which is 150% per equity share with a face value of Rs. 2 each. Furthermore, to optimize cash flows at the group level during Q4 FY '25, JUSL declared a dividend of Rs. 245 crores to JSL.

This brings my remarks to a close. I would now like to hand it over to the moderator to begin the question-and-answer session.

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

Amit Dixit: Yes. Hi. Good evening, everyone. And thanks for the opportunity. Congratulations for a good performance under very challenging circumstances. So, a couple of questions, the first one is on EBITDA per ton. Now, in Q4 we saw EBITDA per ton dropping below Rs. 14,000 after quite a few quarters, actually quite many quarters. So, I just wanted to understand the profitability trajectory from here, because export sales do not seem to be going up as a percentage of overall, and other conditions possibly remain similar. So how do we see EBITDA per ton trajectory going from here and what would be the guidance for FY '26? That is my first question.

Abhuday Jindal: Thank you, Amit. I will take the first question. So, we are already seeing some improvement in our EBITDA per ton margin in Q1 of FY '26. And overall, now we are giving the consolidated guidance for the entire year between Rs. 19,000 to Rs. 21,000 EBITDA per ton. And definitely, like you are saying, we are seeing some improvement signs in export. So even though we are announcing a 10% export volume, this is at a higher base. So, compared to last financial year actually we are hopeful that we should get at least a 25% to 30% growth in our export.

Amit Dixit: Okay, that's great. The second one is, essentially recently we signed MOU with the Government of Maharashtra for a considerable investment over here. Now we do have spare land at Chromeni as well, so just wanted to understand, are we still evaluating both the options or do we plan to expand at both these locations, I mean, how is it going to be in future?

Abhuday Jindal: Mr. Kulbe, would you like to take this up and I will add on?

Tarun Kulbe: Sure. So, actually we are constantly looking at our future growth because our land availability at both the plants gradually is coming to complete utilization. We are looking for a long-term growth and definitely we have evaluated all this. But eventually we have found that Maharashtra is one of our major market and also looking at the kind of support and the conditions which we believe are quite favorable to the industry, we feel that for our next larger growth plant, Maharashtra is something what we work on. The chromeni land we will keep on evaluating for the other possibilities as and when they arrive and then we will make our decision accordingly.

Abhuday Jindal: Yes, absolutely. So like Mr. Kulbe said, we definitely are evaluating both states in absolute detail. But as of now Maharashtra is a state that is giving us more support, more incentives, our customer base is the biggest so we will be very close to the customers. So from all sets and purposes, Maharashtra is looking like the one that we are going to take forward. But like we mentioned, this is a little long-term project for us and we will be taking it in that manner only.

Amit Dixit: So the ultimate capacity of this plant that would be set up in Maharashtra, would it be similar to Jajpur, is it fair to assume that?

Abhuday Jindal: It will be bigger, we are looking at close to almost 4 million tons, but over a period of 15 years as you say.

Amit Dixit: Okay, so 4 million tons over a period of 15 years?

Abhuday Jindal: Yes.

Amit Dixit: Okay, great. Thank you so much. And all the best.

Abhuday Jindal: Thank you.

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

Rajesh Majumdar: Yes. Good evening, sir. And thanks for the opportunity. So, sir, just on the EBITDA per tonne if I were to ask you a question that this figure of Rs. 19,000 to Rs. 21,000 is a standalone figure, right, not including JUSL?

Abhuday Jindal: No, consolidated, taking JUSL Chromeni everything combined now we would like to give consolidated figure.

Rajesh Majumdar: Okay. So it's a consolidated figure, okay. And sir, how sure are we of this, because earlier we had guided a range of Rs. 18,000 to Rs. 20,000, and more or less we are following that number for the last three quarters, and then suddenly we dropped to Rs. 13,800. So would you say 4Q was a weak quarter? And if so, for what reason specifically, if you could give us some kind of clarity on that?

Abhuday Jindal: So again, Q4 definitely was one of the lowest EBITDA per ton that we have witnessed in the last multiple quarters actually. And there were two, three factors to that. One thing is that we saw this in nickel pig iron. Generally when that happens, there are always some ripple effects and it takes time to pass that on to the customer, which is the inventory hit we need to take. Secondly, that was the same time when this whole trade uncertainty started with Mr. Trump taking over. And so a lot of our bookings exports were put under pressure or on hold, so we had to push more volumes into the domestic market.

And always like we mentioned that if we can definitely cater more and more to the domestic market and we can take a bigger share, but then we will have to drop our margin a little bit. So we did give substantial volume growth in Q4, it is the higher sales that we have done, but that put a little pressure on our margins. And like we said already, in Q1 we are seeing the recovery happening, we are seeing our export bookings also picking up, better margins picking up, which is why we are quite confident of this Rs. 19,000 to Rs. 21,000 for this financial year. Mr. Kulbe, anything to add?

Tarun Kulbe: Yes sir, and just adding to that. Absolutely. While you have totally answered it, so just to add that, as we could have seen that even from Q3 onwards the nickel, in various forms, the prices had started falling. And normally while this nickel volatility we are able to pass on to the customer, but there's some lag that happens. So definitely, the uncertainty of those various policies and then coupled with all these pricing pressures, all that definitely puts pressure on our pricing. At the same time, we did our best ever quarterly sales, 13% on a sequential quarter basis. We made the highest ever sales. So I think these factors together led to this lower EBITDA per ton.

But yes, here onwards, because we believe the way we see things, the dust has settled down, globally also the export market also we can see. In fact now we are finding ourselves in a better position because with the clarity of Trump tariffs, we are finding that as a country we are now in a better position. Earlier, our competing countries like South Korea, Japan, EU, they were not having that 25% of tariff which India was having. But now all of us are having the same tariff, and that also is helping us in increasing our volume and gaining a better share in the American market, as well as even in the Europe we see some better actions. All these things put together; we believe that our margin should be better than the Q4 going forward. And whatever the guidance we are providing, that is the basis of our confidence.

Rajesh Majumdar: Right sir. My second question is on your balance sheet; I think your debt levels are pretty low given the fact that you had substantial CAPEX as well as payments towards investments last year. So my question is, is the investments in the Indonesian subsidiaries still pending? And if so, how much? And what is the CAPEX left in India for this financial year?

Tarun Kulbe: So on this, actually on the higher levels like for the net debt being lower, two major factors or three major factors, I will say. One, yes, we had given the guidance that we will be making a CAPEX of Rs. 5,500 crores, which the actual number is Rs. 4,570 crores because there is some spillover. So that spillover will come in this year, that is one. Another factor is that Rs. 152 crores we also gained by the divestment of JCL share. And then we also released some working capital by some better management. So all these factors put together, we are able to reduce the net debt.

Shreya Sharma: And on your second question, Rajesh, the Indonesian investment, I believe you are talking about the JV for SMS operations. So, over here half of the payment has already been released in this FY '25 , the balance half what we expect to release in this FY '26, . So that is something which is going as per the plan and the project is also progressing as per the plan.

Tarun Kulbe: And just to inform FY '26 is going to be around Rs. 2,700 crores to Rs. 2,800 crores.

Rajesh Majumdar: Including investments, right, including investments?

Tarun Kulbe: Correct.

Rajesh Majumdar: Not the CAPEX?

Shreya Sharma: Yes. That includes our investments,. So basically Rs. 5,500 crores, it includes both, investments on account of acquisitions that we have done, or we have announced in FY '25 plus the CAPEX, which was there, including the maintenance CAPEX.

Rajesh Majumdar: Right. And just a bookkeeping question. There is a loan received back from related parties of Rs. 1, 070-odd crores, is this from JCL or what is it?

Shreya Sharma: No, basically this is something to do with, actually we are unwinding the transaction that we have done with Evergreat. So earlier if you notice, in the beginning when we acquired the Chromeni, it was routed through Evergreat. So it is just unwinding of the transaction that we are doing in that space, just for the better overall tax management.

Rajesh Majumdar: Thank you.

Abhuday Jindal: Thank you.

Moderator: Thank you. We take the next question from the line of Parthiv from Anand Rathi. Please go ahead.

Parthiv Jhonsa: Hi, thank you for the opportunity. So my first question is pertaining to nickel. If you see over last couple of quarters, right, and even if you see the global data, the nickel has been at a bit of oversupply globally, right? And even if you see at the warehouses, the inventory is still holding up at an elevated level compared to the other non-ferrous at the end of the day. So just wanted to know what is your guidance, especially on the nickel pricing for the current FY, if you can write something? Because nickel has been a laggard compared to other non-ferrous actors.

Tarun Kulbe: See, nickel, definitely as you said that supply and demand, yes, there is always, particularly in the NPI form that situation is there. And definitely it puts pressure on the nickel pricing as well. But at the same time, predicting what prices it would go is a bit difficult because ultimately it's a commodity. But what we see is that the kind of pricing the nickel is maintaining, when it goes below this our understanding is that it is bringing a lot of pressure on the NPI producers. And as we have seen, many of the NPI producers have closed their plant because they could not sustain that pressure.

The good thing is that in Indonesia, the efficiency or the cost of production of nickel is one of the lowest. Our partners are also having one of the best efficiencies in the world. So we believe that we still are able to, or rather I will say that our cost will be the least affected. The effect would be there, but eventually to predict the price is a difficult thing. But looks like to be bottomed out kind of a thing and here onwards, okay, there can remain fluctuation or volatility, but let's see.

Abhuday Jindal: And if I can further add that always that is the reason that we went to Indonesia for nickel pig iron was the main reason for raw material security. If you see globally now with all this protectionism happening, with sea ban and ESG taking such a front, and we were always scrap-dependent player. And we saw that certain countries have started banning scrap or protecting their materials. And being a 3-million-ton player, going to 4 million ton versus than our expansion, we definitely needed some nickel security, and Indonesia as a country have also started banning nickel ore export. So that is the main reason that we went to Indonesia.

Parthiv Jhonsa: Okay. Thank you for the elaborate response, sir. Sir my second question is pertaining to your three entities what you have acquired over the last couple of quarters, that is Chromeni, Rathi and RUVL. I believe Chromeni has already started its operations, so just wanted to know what exactly is the capacity utilization and when can you expect a complete ramp up? As far as Rathi is concerned, I believe there were some issues, I think the production was not yet started, right? If I am not wrong, right? So just wanted to get clarity on it. And my last question if I may squeeze is just pertaining to the ratio between 200, 300 and 400 for the current quarter.

Tarun Kulbe: On Chromeni what I can tell you is that when we took over this plant, this plant was closed for almost four years. But within six months of our taking over, we are able to start the plant. And within three-four months of operations, we started it from December onwards, we are already running it or hitting the capacity utilization of say around 55% to 60%. And we believe by the Q3,Q4 of this FY '26, I think we should be around 70%-75% of capacity utilization. So that is on Chromeni.

On RVPL, strategically we are using right now that plant more for value added product. We have some polishing lines there so we are creating or we are producing value added products. Yes, pipe and tubes we are not producing over there, strategically I mean that call we have taken. So we are focusing more on producing the value-added products from there

Rathi, again, we are running and now around 75% of capacity utilization we are able to run that plant also at that level. And in that plant we are focusing on gradually increasing our stainless-steel rebar production from there. Because this stainless-steel rebar,we are finding market particularly in coastal regions and all, this acceptance and demand is there in the infra projects.

Parthiv Jhonsa: Alright sir. And sir, if you can quickly get back on the 200, 300, 400 series breakup for the quarter.

Shreya Sharma: Yes. Parthiv, I will say in the sequence of 200, 300 and 400 series. So for the quarter it was 37%, 47% and 16%, yes.

Parthiv Jhonsa: Perfect. Thank you so much.

Shreya Sharma: Thank you.

Abhuday Jindal: Thank you.

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

Ritesh Shah: Yes. Hi, sir. Thanks for the opportunity. Sir, I think you indicated Rs. 19,000 to Rs. 21,000 of consol level EBITDA per ton guidance, is my reading right?

Abhuday Jindal: Yes.

Ritesh Shah: Right. Sir, what will be the proportionate volume growth that we are looking at for FY '26 and if any color on '27 as well?

Abhuday Jindal: So, we are quite comfortable of 9% to 10% volume growth for FY '26.

Ritesh Shah: Okay. This is lower than what historically we have indicated on the guidance. Is it more to do with the macro or are there any other variables that we are looking that it plays out or any specific large orders that you would like to highlight?

Abhuday Jindal: No, it's more on the macros, and as more clarity comes in the global trade scenario, I think we can definitely come with higher guidance. But I think 9% to 10%, we are quite comfortable. Mr. Kulbe, would you like to add something?

Tarun Kulbe: No, sir. I think at this stage this is what guidance we are providing.

Ritesh Shah: Sure. And can you highlight CAPEX guidance for '26 and '27, and if you could provide a broad split over there?

Abhuday Jindal: Yes, Shreya.

Tarun Kulbe: For FY '26, the CAPEX guidance we are providing around Rs. 2,700 crores.

Shreya Sharma: So Ritesh, there is no new CAPEX which is added in this Rs. 2,700 crores. So what has happened, in last FY '25 there are certain CAPEX which are getting spilled over into FY '26. So those CAPEX plus what was already announced when we came up with a larger Rs. 5,700 crores plan. So put together both the amount, it is somewhere around Rs. 2,700 crores spend that we see for FY '26.

Ritesh Shah: Sure. And would it be possible for you to detail the rationale behind the recent acquisitions, the smaller ones that we have done, specifically on the tech side?

Abhuday Jindal: Okay. Yes, I can take that up. So this is actually a very interesting and very, I would say, good step taken by us. The basic idea is to reduce our working capital burden by providing more credit to our customers, not directly but through this platform. So that was the basic idea to get closer to the larger customers, the larger supplier base also go directly, let's say, to the source of supply and provide credit to them, provide this facility to them so that we get some benefit in terms of pricing, also we are able to expand our reach. So we are quite bullish and quite excited about this acquisition actually, I mean, investment.

Ritesh Shah: Sure. Just last follow-up, on the working capital what you indicated, possible to quantify what sort of advantage that we will get out of it, say, over two years, three years? And secondly on the reported numbers, payable days have also increased substantially, is there any one-off over there or is this structurally a number that we should be looking at?

Abhuday Jindal: Shreya, can you take this one up?

Shreya Sharma: Ritesh, is your question linked to what is the advantage that we are going to get with this Mynd Solution acquisition?

Ritesh Shah: Yes, that is one. And secondly, on the reported numbers payable days have increased, is there a one-off or is there something different which has happened this time around?

Shreya Sharma: Yes, sure. So I will take the first one. So basically with the acquisition of Mynd Solution, this is going to support our working capital reduction in a way, because as we are growing on the volume side we are also targeting our customers, which are OEMs and the more direct sales to the deep tier market. So there it is going to support the overall working capital and whatever is the utilization rate today because they also go into the vendor financing and the customer financing. So it is going to overall improve the working capital situation for the company at the group level. I hope that helps you understand.

Ritesh Shah: Yes. And the increase in payable days from 24 to 25?

Shreya Sharma: So there is also on the working capital side internally we are doing some changes for the better optimization of the working capital. There are certain advanced payments that we used to do it to the vendors, now we have moved it on to LC payments. So that is also one of the reason for the increase in payable days that you see.

Ritesh Shah: Sure. And FY '27 CAPEX number, I will just join back the queue after this?

Shreya Sharma: So CAPEX number for FY '27, also some part of it depends on how much is going to be spent in FY '26. And I think the more clarity when we get by mid of the financial year, so we will provide you the number for '27 as well.

Ritesh Shah: Sure. I will join back the queue. Thank you.

Shreya Sharma: Thank you.

Moderator: Thank you. We take the next question from the line of Ritwik Sheth from One Up Financials. Please go ahead.

Ritwik Sheth: Yes. Hi. Good evening, sir. Sir, just a couple of questions. So, first of all, have we done any representation with the government for the high amount of imports in the stainless steel in the country? And would you like to comment on this?

Abhuday Jindal: Yes, absolutely. This dialogue is continuously on with the government. And even in our last call I mentioned that the government is definitely receptive to the fact that globally there is a lot of protectionism going on, India as a country is relatively open and growing. So there is definitely threat to injury. And one thing that we discussed and with our data and everything, that safeguard was not the right step to take for stainless steel. A, it is short term in nature and the data was not supporting the safeguard implementation. So now what we are working with the government is actually on anti-dumping duty for stainless steel, where according to them they are quite confident that this can sale through. We are just currently, I would say, collating the data and we will be applying for it within this month, hopefully.

Ritwik Sheth: Okay. And what would be a reasonable response time that you would expect? Because last call you had mentioned that we are running behind the steel industry by a month.

Abhuday Jindal: That was for safeguard, and then we went and had a discussion with DGTR which they then recommend after that let's apply for anti-dumping. So that's why I am saying, the data collection is being worked upon right now as we speak. So hopefully by the end of this month we should apply.

Ritwik Sheth: Okay. And say three months would be a reasonable time to get some response from the government?

Abhuday Jindal: That is then on the government, to be honest. But you can take maybe three to six months, definitely we should get some provisional duty.

Tarun Kulbe: Okay, got it.

Abhuday Jindal: We will definitely be pushing and making all efforts from our side.

Ritwik Sheth: Got it. And sir second question is on the CAPEX commissioning update, for the Indonesia JV and the Jajpur downstream capacity, is it on schedule to be completed by end of next year, one year from today?

Abhuday Jindal: Yes, Indonesia JV will definitely come up by mid of next year and our downstream capacity also by, Mr. Kulbe, mid of next year to end of next year?

Tarun Kulbe: Yes, sir, that is what we are targeting.

Abhuday Jindal: Yes. Yes.

Ritwik Sheth: Okay. Sir then just a hypothetical question. We have slightly reduced our EBITDA per ton range given the macro environment. But just in case the anti-dumping duty is levied on stainless steel, would the volume increase for us?

Abhuday Jindal: Both volume and margin would increase for us.

Parthiv Jhonsa: Okay, got it.

Abhuday Jindal: Yes, we are very confident, absolutely.

Ritwik Sheth: Right. Okay. Thank you, sir. And all the best.

Abhuday Jindal: Thank you.

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

Tushar Chaudhari: Yes. Thanks a lot, sir, for the opportunity. Sir, in this quarter if I look at your numbers, is there any one-off in other expenses or any of the expenses? Why I am asking is basically ferrochrome prices have also come off, nickel and stainless steel were largely, nickel has fallen on a quarter-on-quarter basis, but on Y-o-Y basis it is largely flattish. So why the decline in EBITDA per ton? Last year we had given, basically there was the impact of negative inventory valuation also as well as the impact of Red Sea event. So was there anything this quarter?

Abhuday Jindal: So like you mentioned yourself, quarter-on-quarter there has been a dip in nickel prices. So that is why Q4 was a little damper. Mr. Kulbe, you were saying something?

Tarun Kulbe: So I think, in the initial questions also we explained this that there was a pricing pressure for different reasons on stainless steel, and that is what pushed our EBITDA per ton.

Abhuday Jindal: So if I repeat, one was on the nickel, like you mentioned already quarter-on-quarter there was a dip. And secondly, it is that because Mr. Trump had come in at the same time beginning January, Feb and made those announcements. So that put the global trade supply into a bit of a confusion, tailspin, everyone was waiting and watching what's going to happen. So despite that we pushed volumes into the domestic market. And as always, when we push more and more into domestic market, we have to enter into the low margin sectors, because already the high margin, high quality sectors, you already have a majority market share. So those are the two main factors that led to drop in our EBITDA per ton margin, which already in Q1 you have seen that recovery.

Tushar Chaudhari: Okay. And sir, I missed your first this thing also, you were saying regarding exports it should grow by 25% in FY ’26?

Abhuday Jindal: Yes, over last year's export volume.

Tushar Chaudhari: Over FY ’25?

Abhuday Jindal: Yes.

Tushar Chaudhari: But then do you expect domestic to slow down?

Abhuday Jindal: No, no, not at all. Again, the idea is always to maximize EBITDA. So if export is giving us better margins, then I do not need to enter those low margin sectors in the domestic market, you understand? So that's why we will give a little more capacity to export if we are getting better margins there. Domestic market in India is definitely the fastest growing market, growing at 10% to 12%, which is exactly why we are planning our next round of expansion in Maharashtra.

Tarun Kulbe: So just to add, Tushar, as Mr. Jindal said that we are definitely aiming at this export market. But at the same time, we are not ignoring the domestic one. And in the export, while we are aiming it, but at the same time we are very much aware of the fact that globally the situations also change and they are very dynamic in nature. So our objective remains this. But yes, alternately we are always prepared to move in the direction where the best value is available.

Tushar Chaudhari: Understood. Sir last if I can squeeze in, this Maharashtra project which you are talking about, can we expect the first line to come in FY ‘31 or something?

Tarun Kulbe: It's a bit long shot. But yes, normally the greenfield projects in India in general take four to five years gestation period is there. So your guess is probably mine guess as well.

Tushar Chaudhari: And now Chromeni, we are not going to expand anyways, basically on the 400 acre land which we had, that is on the back burner?

Tarun Kulbe: I think we have already stated that Chromeni land we have, and we are constantly evaluating. As for Maharashtra project, we have already explained. And Chromeni project as and when we get any suitable facility plan or objective, we will do over there. But at this stage, no. At this stage, for the larger project, Maharashtra is the place where we are working upon.

Tushar Chaudhari: Okay, sir. Thanks a lot.

Moderator: Thank you. We take the next question from the line of Sumangal Nevatia from Kotak Securities. Please go.

Sumangal Nevatia: Yes. Good evening. Thank you for the chance. I just missed a few details on the Maharashtra greenfield expansion project, please excuse if it's already discussed. I just wanted to understand, by when are we looking to kind of take a final call? Is it near term in next one or two quarter? It's more like towards the end of FY '26? And also I wanted to know what is the size in the 1st Phase and any ballpark thumb rule you can help us with as far as the investment amount is concerned for Phase 1?

Tarun Kulbe: Okay, just to tell you that on the Maharashtra project, normally for these kind of projects always the first step is to get an approval or get into an understanding with the government, which we have already done. We have signed an MOU in a way we have a project approval from the government that they are going to support us for this project. The next step is scouting for land suitable land and all, which the process is on. And then we will start the project, because in India the land and acquisition of land also is a process which one has to go through.

The second thing is that this project is going to come in phases. It is not that that one go we are going to put all the facilities. In fact, all our plans are to put this project into the phases like 1 million ton, 1 million ton at one time. That's how we plan it. And I think so far as investments and those guidance is concerned, give us some more time. Once we start doing a bit detailing about the equipment and total facilities, which of course we have just rough working. But once some detailing once we do, we will provide you that guidance as well.

Sumangal Nevatia: Understood. And just one thing, I mean, whenever we finally decide to announce, will that be once we have the entire land in possession? Or as and when the site is identified and there is some progress on land, we will announce and gradually acquire the remaining part of the land?

Tarun Kulbe: We will comment at the appropriate time. I mean, this is what would be the more appropriate answer at this stage. We will come at the appropriate time and announce it.

Sumangal Nevatia: Got it, got it. Thank you and all. The best thanks.

Abhuday Jindal: Thank you.

Moderator: Thank you. We take the next question from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund. Please go ahead.

Kirtan Mehta: Thank you, sir for the opportunity. Coming back to the margin drop in Q4. You have seen the sharp drop in this Q4 as well as the last Q4. In this connection, I just wanted to understand the sort of raw material valuation policy that we use for valuing in the inventory. And is there any particular policy which impacts the cumulative impact gets recognized in Q4?

Tarun Kulbe: Well, I think rather than saying it as a part of policy, it could be a coincidence probably, which is how we should look at this. I mean, because incidentally in both years the movement of the raw material prices are a bit similar in nature, and that is why you are seeing the results similar in this. This is not something like we are creating any policy for Q4 specifically or anything of that sort.

Abhuday Jindal: On the contrary, as a company we do not do any sort of hedging, so this is all back-to-back.

Kirtan Mehta: Right. The second question was about our guidance of Rs. 19,000 to Rs. 21,000 per ton for '26. Are we assuming any benefit of the anti-dumping duty? Or irrespective of the anti-dumping duty will we be comfortable to deliver?

Abhuday Jindal: No, as things stand right now, we are quite confident of achieving Rs. 19,000, Rs. 21,000. If anti-dumping or any other macroeconomic factor benefits us, we should be able to come with a higher guidance.

Kirtan Mehta: I mean, in terms of nickel or other variable also will be faster, because in a longer term they really do not get impacted. So maybe quarterly impact that it creates, but it's more or less pass through, so even that should not have any impact?

Abhuday Jindal: Correct, correct.

Kirtan Mehta: Getting back onto the Maharashtra, basically, in terms of the process wise the way you highlighted, the first would be the MOU, second is basically the land, third would be basically probably the environmental and other approval. So, would you sort of give us a bit of a timeline when this project where we can look at the zero debt and the specific activity towards the zero debt?

Tarun Kulbe: See, normally, the steps what you have stated, they are absolutely correct, that for any greenfield the first step is approval, then the land, then the environmental clearance which you get normally on the basis of the project whatever you plan, and then you start building up the plant. Normally this, in India in general, for our size of greenfield plant the time is, in general the gestation period is around four to five years, and that is what we are also estimating.

Kirtan Mehta: Sure. And in terms of the project CAPEX wise, we have previously said that the 1st Phase could be a bit larger because we create the infrastructure for the entire facility, and then the second and third where the costs are significantly lower. So in that sense, could you also give us a ballpark figure for the 4 million ton? And how much percentage of that would be in the 1st Phase?

Abhuday Jindal: We will come back with the correct details when the time is right. This is still in the planning phase. And all these details we will share openly with all our stakeholders.

Kirtan Mehta: Sure, sir. Thank you. I will get back in the queue.

Moderator: Thank you. Next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities. Please go ahead.

Ashish Kejriwal: Yes. Thanks everyone. Thanks for the opportunity. Sir, a couple of questions. One, I think FY '25 is one year where we have already started our NPI project. So, is it possible to share what kind of profitability we are generating over there or still it's loss making because it has not reached to the optimum level?

Tarun Kulbe: So on NPI, I think we have earlier also stated that we have started the project, it is ramping up. And in the next couple of quarters we believe that we should be reaching to the capacity utilization of say 75% to 80%. But at the same time, so far as pricing is concerned, Ashish, yes, we all understand that there is a lot of volatility in the nickel. And what kind of profitability and all, this also keeps on fluctuating because of this volatility. In the long run, while we believe that it is going to be a beneficial project, but at the same time when we have invested, we also look at it as a strategic project, by which we get raw material security.

Because of this NPI investments we are into one of the unique strong position where we can use, because as a stainless steel producer we need nickel so we can get nickel in the form of scrap, we can get nickel in the form of NPI, and also we can get nickel in the form of class in case we buy or in case we bring from our JV, which we are putting up in Indonesia. So, for us, this is a part of our long term strategy. And we believe that this strategy will help the organization in the longer run, because globally there is going to be a lot of uncertainty that is expected in the longer run whether it is scrap or NPI or nickel availability. But in India in any case this is for nickel.

Ashish Kejriwal: Understood sir. Sir, raw material security is fine, but when we are looking at profitability, is it possible to even share that at what nickel price we can be breakeven?

Tarun Kulbe: Nickel price to the extent, in a way, you can say that, if is LME, more than 14,500 to 15,000, then breakeven kind of a thing we can expect. But then again, as I told you, Ashish, this keeps on changing. Because on the ore what kind of premium is going on, on the ore what kind of royalties can change, there are a lot of different possibilities which are remaining, and situation is a bit dynamic.

Ashish Kejriwal: Understood, sir. The second question is, at our Jajpur plant, because if I remember correctly, this Jajpur plant initially was planned for 3.6 million ton at the ultimate capacity. So my question is, is there any surplus land available at Jaipur where we can in future, if we wish, we can expand capacity either full or some part of downstream extension? Or that is almost over?

Abhuday Jindal: So downstream, definitely we can expand, Ashish, in Jajpur, which is what we are doing next two years. But after that it will be kind of full because we also need to leave 30% of green belt. So because of that factor land is kind of getting fully utilized in Jajpur. But for downstream and for certain balancing, there is definitely availability, maybe to set up another 1 million ton of stainless steel, that availability is not there.

Ashish Kejriwal: Understood. And sir lastly, when we are guiding for Rs. 19,000 to Rs. 21,000, obviously we will have visibility for 1st Quarter, that now exports are recovering and whatever we have seen in the fourth quarter that could be one-off because of inventory valuation effects and all. So, do we think that the guidance which Rs. 19,000 to Rs. 21,000 we are seeing, it is visible in 1st Quarter itself? Or will it take something else which can extend it further?

Abhuday Jindal: No, already it is visible in Q1.

Ashish Kejriwal: Okay. So Rs. 19,000 is possible in Q1, and then any other thing which can lead us to take it to closer to our upper end of the guidance?

Abhuday Jindal: Yes, definitely. Like if some anti-dumping duty comes in or further clarity in Trump's tariffs and everything comes in, then we will come with a higher guidance, but maybe after a few more months.

Ashish Kejriwal: Understood, sir. Understood. Thank you. And all the best.

Abhuday Jindal: Thank you.

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

Ritesh Shah: Yes. Hi. A quick one. Sir, would you like to lay out standalone EBITDA per ton guidance as well?

Abhuday Jindal: So Ritesh, just to give that comfort in terms of, we would prefer to give consolidated, otherwise there was always some confusion in the market, so consol will be better. But anything, Shreya, Mr. Kulbe, would you like to add to this?

Ritesh Shah: Sir, the reason I ask is, basically we usually end up looking at the volumes that the company gives, but incrementally there will be volumes from Chromeni, basically we understand that the volumes will be rolled into CR. Likewise, it would happen for the downstream assets. So, basically it could just confuse investors and analysts. So that's the specific reason why I asked for standalone, because the base denominator will get larger and hence optically the number will look less on EBITDA per ton, that's why specifically I asked for standalone.

Shreya Sharma: So basically, Ritesh, if you notice, many of our subsidiaries like Chromeni, NPI, and associates like NPI, they have just started the operations. So they are in a very nascent stage as of now. So that's the reason why we have also decided for FY ‘26 to have consolidated guidance.

Tarun Kulbe: Also because they are into the similar business, Ritesh, the material, there is a transfer from one company to the other company because Chromeni is a downstream process only. So in order to avoid that kind of confusion that what profit here, what profit there, it is better that we talk of the complete business process. And that is why all these related businesses we are putting into one basket rather than talking about them separately. And that is why we, in fact, from the last quarter onwards we have decided that we will discuss about all these businesses together. In fact, we believe that otherwise it creates more confusion.

Ritesh Shah: Sure. Just a point over here. Arithmetically the ask on standalone will actually go larger as we ramp up the downstream and Chromeni going forward, so that was the point I was trying to lay across. Any particular update on HRAP 1.1-million-ton expansion, I understand we had indicated that it stood deferred last time, any update over here?

Tarun Kulbe: So the project is on, the work is going on. And in FY ‘27 is when this will come into the operation.

Ritesh Shah: So earlier, the CAPEX indicated was reduced by Rs. 700 crores, indicating HRAP had been deferred. Now we have indicated the CAPEX for ‘26 at Rs. 2,700 crores. Then what is the reason for the underlying CAPEX bump if HRAP is already in progress? Are you undertaking any new projects?

Shreya Sharma: So, Ritesh, what Mr. Kulbe is trying to say is that it is something HRAP and CRAP has been, the order booking was somewhere in the lag of around four to six months. But right now since the order has been placed, the project is in on track, and we are expecting it to be commissioned in FY ’27. But like I mentioned that there is no new CAPEX that we are undertaking. It's whatever CAPEX for FY ‘26 that we have announced or for around Rs. 2,600 crores, Rs. 2,700 crores, that is including this spillover CAPEX for FY ‘25 to the tune of around Rs. 1,100 crores. And plus what was supposed to be spent in FY ‘26, including the maintenance sustenance. But otherwise, there is no new project that we have added in between.

Ritesh Shah: Sure, that helps. Last question, would you like to call out for a net debt number like we did last year, and we did pretty well over there, just from a guidance standpoint where we aspire to be end of the fiscal?

Tarun Kulbe: So Ritesh, net debt we are estimating in the range of around Rs. 3,500 crores to Rs. 3,700 crores at the end of FY ‘26.

Ritesh Shah: Sure. Thank you so much. All the very best. Thank you for the answers. I appreciate it.

Abhuday Jindal: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Abhuday Jindal: Thank you. I would like to thank everyone for attending this call. We are optimistic about FY '26. Globally we are seeing encouraging signs along with recovery in stainless steel prices, and raw material prices showing stability, which points to improvement going forward. The growing adoption of stainless steel in India, along with strong momentum in key factors such as infrastructure, railways further reinforces our confidence in the domestic growth story.

I hope that we have been able to answer all your questions. Should you need any further classification or would like to know more about the company, please feel free to contact our Investor Relations team. And I would be happy to meet all of you physically as well over the next few months. Thank you once again for joining.

Tarun Kulbe: Thank you. Thank you, everyone.

Moderator: On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.