

# JSW Steel

14 May 2026

**Operator:** Good day and welcome to JSW Steel's earnings conference call. As a reminder, all participant lines will remain in 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 star then zero on your touchtone phone. Please note that this conference is being recorded. With this, I now hand the conference over to Mr. Ashwin Bajaj, Group Head of Investor Relations. Thank you and over to you, sir.

**Management:** Thank you operator. A very good evening ladies and gentlemen. Welcome to JSW Steel's earnings call for Q4 and financial year 2026. We have with us today the management team represented by Mr. Jayant Acharya, Joint MD and CEO; Mr. GS Rathore, 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:** Thank you Ashwin. Good evening everyone. So FY26 was a transformational year for JSW Steel, marked by strategic joint ventures with global steel majors, progress on steelmaking and downstream capacity expansion, enhanced raw material security, and significant balance sheet deleveraging.

In December 2025, we took a very important strategic step of advancing our long-standing partnership with JFE Steel of Japan. We announced a 50-50 joint venture with them for our BPSL steel business. The transaction has progressed as scheduled, with the JV entity being formed by end of March and JFE has brought in the first tranche of their equity investment into the joint venture. This transaction entails a deleveraging of approximately 37,000 crores for JSW Steel, out of which about 30,000 crores has been completed at March end. JSW Steel's balance sheet has transformed with operational improvements. Our leverage has fallen to 1.81 as on March 31, and net debt stands at 54,000 crores. Our credit rating outlook has seen an uplift and we expect to see continued progress on this front.

As you are aware, we had also been working on a joint venture with POSCO, South Korea. Last month we signed a joint venture agreement with POSCO at the India-South Korea summit in New Delhi to set up a greenfield integrated steel plant of 6 million tons in Odisha. This transformation has set the foundation for our next phase of growth. India's continued strong growth in steel demand and our strong balance sheet have enabled us to accelerate the growth plans. We have been targeting a capacity of 50 million tons, as we have been communicating in India, by FY31. We are now announcing a target of 62 million tons by FY32, which can be achieved through our existing sites. In addition to this, the joint ventures of JFE and POSCO will have a cumulative capacity of 16 million tons by FY32, taking the total capacity in India along with joint ventures to 78 million tons. Including our Ohio capacity of 1.5 million, the capacity would be close to 80 million tons for JSW Steel and the joint venture entities put together.

Interestingly, if we just look at the ranking of steel productions, the US at number three and Japan at number four as a country produce about 80 million tons. So this capacity would bring us to be one of the largest steel producing companies worldwide. During the year, we have announced an acquisition of BMM Ispat in Karnataka, a 0.9 million ton producer of long products, which should

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complement our product basket of long products. BMM is located at close proximity of about 50 kilometers from our Vijaynagar steel plant. It has land available with expansion potential of 0.9 million ton to be expanded to 1.8 million ton at low specific investment cost. The expansions would focus on engineering specialized steel and this acquisition is expected to be completed by end of this financial year.

Our expansions in 1 million ton in Kadapa and the first phase of 5 million ton at JSW Utkal, which we announced last year, are progressing on track. We are announcing a further 5 million ton expansion at Vijaynagar, which will take the Vijaynagar steel plant capacity to 25 million tons, making it the world's largest single-location steel plant. Our growth strategy also focuses on value-added products and during the year we have announced several downstream projects across our various sites in order to maintain our share of VASP over 50%.

We have also taken big strides to enhance our raw material security. We have completed the acquisition of MDR high-grade coking coal mines in Mozambique. We have increased our effective interest in Illawara coking coal mine from 20% to 30%. On the iron ore side, we have operationalized one new mine in Goa and we have won one additional mine in Goa in the last few days.

We had previously stated our target of achieving a 50% captive iron ore integration and 25% captive coking coal by FY31 at a 50 million steel capacity. With the MDR acquisition, we now expect to be 50% captive for both coking coal and iron ore by FY31. We would also target going forward to enhance our captive to meet the 50% share at 62 million tons capacity as well. So thus, the last year has truly been transformational.

In slide 8 of our presentation, you will see that over the next decade, India will be the key steel market globally. China's steel production and consumption as a share of global demand peaked out around 2020 and is expected to see a gradual decline. Other markets will witness muted growth. India is going through a nation-building phase with steel being a key building block for growth. This creates a long runway for steel demand to outpace the real GDP growth in the country. India as the second steel producer and consumer will continue to increase its share of global steel consumption from about 9% currently to 16% in a decade. We believe production growth is likely to lag consumption growth. JSW's strength and capabilities, including human capital, digitalization, and AI, gives us the confidence to grow steadily to meet this Indian opportunity. At the same time, we will stay prudent and focused on creating shareholder value as we have done historically in the past.

On the macroeconomic front, the global economic growth outlook remains resilient, with IMF forecasting global growth in 2026 at 3.1% and the outlook for 2027 at 3.2%. This is despite the world economy facing elevated uncertainty driven by geopolitical events, particularly in the Middle East, which is causing supply disruptions, inflationary risks, increasing the pressure on interest rates. IMF, however, has flagged that prolonged continuation of this conflict could result in an impact on the GDP. Even as global uncertainties persist, India continues to show strong growth momentum. The forecast by RBI for FY27 is 6.9%, reflects the strength of domestic fundamentals, with Indian growth demand remaining robust.

India has shown resilience in sustaining growth and geopolitical shocks. Such shocks are increasingly becoming the new normal. Economic activity in India has picked up in the second half of the year, supported by GST-led reforms, healthy rural indicators, strong credit growth, improving

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capacity utilization, and traction across key sectors continue to support the outlook. At the same time, risks such as energy price volatility and monsoon-related uncertainties need to be monitored. India's steel consumption also grew at a healthy rate of 7.9% in FY26. Due to a large flow of imports in the past 2 years, we had been a net importer. With the imposition of safeguard duty last year, steel imports have declined and exports have risen, making India a net exporter after 2 years. Looking ahead, domestic steel demand is expected to grow at a healthy rate of 7 to 9% in FY27, incrementally adding 12 to 14 million tons of demand.

In China, steel production was down 4.6% in quarter one, outpacing the 4.2% decline in consumption. With production easing and export licensing norm coming into play from January beginning, steel exports, including semis, fell by 8.1% year-over-year. Looking ahead, a better demand-supply balance is expected as China's steel demand is projected to contract at a slower pace than what we have seen in the previous year. JSW Steel's growth continues to be firmly India-centric, reflecting our long-term conviction in India's growth trajectory. Steel is the building block for growth across manufacturing, infrastructure, engineering, energy, and mobility. A strong domestic ecosystem directly contributes to self-reliance while also creating an opportunity to build further resilience and self-reliance in the country. Our growth strategy continues to focus on disciplined capital allocation, efficient execution, technology, and digitalization to create sustainable value for all stakeholders.

On sustainability, we were included in the S&P Global Sustainability Yearbook, among the top 1% globally across industries, and were ranked number one in the global steel sector. We have commissioned 1 GW of renewable capacity with a total 2.5 GW approved by our board, along with 320 MW of battery storage. We also deployed India's first electric locomotive for captive logistics at Vijaynagar.

On the update of our projects, just to give you a brief overview: at Vijaynagar, the BPSL expansion from 3 to 4.5 million is currently under testing and commissioning, the ramp-up is expected to add incremental volumes from Q2 onwards. At Dolvi, the phase three expansion from 10 to 15 million ton is moving ahead as planned, with civil work, equipment erection underway and targeted for completion by September 2027. At JSW Utkal in Odisha, the two-pellet plant will be commissioned by FY28, the first phase of 5 million steel capacity will be commissioned by FY30. The 30 million ton slurry pipeline in Odisha is progressing well and is expected to be commissioned by FY27. The 1 million ton structural mill at Kadapa is progressing with equipment ordering underway and commissioning targeting by FY29. We are adding about 3 million tons of value-added capacities while we grow our steel capacities, across galvanized, electrical steel, tinplate, cold rolling, structural product etc., and these projects are progressing well and will be commissioned between FY28 and FY29.

In addition, let me give you a little bit on update on the raw material side. On iron ore, we have 25 iron ore mines out of which 13 are currently operational. We are working on operationalizing the remaining mines as well as increasing the EC capacity at some of the operating ones. In Goa, we expect to operationalize two more mines by quarter one of FY28. As we increase our captive iron ore production, we are geographically optimizing our sourcing, thus reducing our logistics cost and lead times. The 2 million ton iron ore mine at Netrabanda, which is now with the joint venture, is being commissioned in quarter four, increasing the iron ore availability for the joint venture. On the

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coking coal front, as we mentioned earlier, Mozambique has the potential to yield 250 million tons of usable high-quality coking coal. The mine will be developed in phases and the first phase is targeted to be completed by mid-calendar year 2028, producing around 5 million ton of usable coking coal. In addition to the 30% stake in Illawara, we have three mines and coal linkages in India which together will provide around 5.5 million tons of coking coal. Along with MDR, we will have approximately 10 million tons of captive coking coal, meeting around 50% of our total coking coal requirement by FY31.

Coming to operating performance, quarter four was characterized by strong volume growth and operational performance supported by efficient asset utilization and increased plant reliability due to digitalization efforts across our sites. This was reflected in the higher capacity utilization for the Indian operations which stood at 96% excluding the BPSL shutdown.

**Management:** Thank you Jayant. Good evening everyone. JSW Steel delivered a solid performance this quarter with capacity utilization increasing in quarter four to 95% that provided us higher VSP volumes. Steel sales stood at around 8 million tons for quarter four and around 30 million tons for FY26 driven by improved domestic sales supported by growing steel demand in India. Our geographic and sectoral mix has improved; automotive, packaging, and alloy engineering sectors have increased. Also branded sales constituted about 50% of our total retail sales, enhancing the overall value of the volumes. During the quarter, we reduced inventory by 700,000 tons and approximately 100,000 tons over the full year. We achieved 99% of our production guidance and 102% of our sales volume guidance for the year.

Coming to the financial results, our consolidated revenues in quarter four crossed 51,100 crores, crossing 50,000 crores for the first time. Adjusted EBITDA stood at 9,713 crores with an EBITDA margin of 19% while PAT stood at 19,243 crores. It is important to note that there was an exceptional gain of 17,888 crores in quarter four. This includes a gain of 18,051 crores on slump sale of BPSL steel undertaking and 163 crores exceptional charge on implementation of new labor code. The normalized PAT excluding exceptionals for the quarter was 3,475 crores. In FY26, the adjusted EBITDA stood at 32,048 crores and the normalized PAT excluding exceptionals was 8,700 crores. We transitioned from quarter three with one of the lowest steel prices, which has improved gradually post the imposition of safeguard duty and strengthened through March. Some part of this price recovery will be realized in quarter one FY27.

On the cost side, we were impacted by higher coking coal prices which increased by about \$16 per ton. Iron ore costs were flattish in the quarter with one-third of captive iron ore usage in the quarter FY26. At our overseas operation, Q4 performance was better at the plate and pipe mill in Texas. However, the Ohio operations production was impacted as activities ramped up in January 2026 following the caster upgrades and extreme cold weather.

Overall, for FY26, the performance of US operations improved significantly, reporting an EBITDA positive of \$36 million compared to an EBITDA loss of \$35 million in the previous year. The Italian operations also performed well in FY26, reporting an EBITDA of 16.4 million Euros versus close to 15 million Euros in the previous year. The BPSL transaction has driven a structural deleveraging and transformed our balance sheet. Our net debt has declined and stood at 54,000 crores by the year-end. Our revenue acceptances stood at \$2.1 billion. Leverage and gearing have dropped

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substantially to 1.81 and 0.51 respectively. The second tranche of equity investment in JFE is expected by end June, which will drive further deleveraging of 7,900 crores approximately. We have also revised our stated maximum cap for gearing from 1.75 to 1.25 and leverage from 3.75 to 3. However, our comfort level will be to keep the leverage below 2.5.

During the quarter, we incurred capex of 4,612 crores and 15,600 crores for FY26. The capex for our approved growth plan is 126,000 crores, which will be spent over the next 4 to 5 years. We expect to spend about 22,000 to 24,000 crores in FY27. The JSW One MSME platform, in which we have about 61% equity stake on a fully diluted basis, continued to see strong momentum during the year. In quarter four, it turned profitable for the first time. The steel volumes grew by 50% year-over-year and the GMV reached 6,200 crores, a 57% year-over-year increase. Over 2,000 crores of this GMV was driven by JSW One Credit offerings.

Looking ahead, we expect our coking coal costs to be higher by \$12 to \$15 in quarter one. And for FY27, we expect consolidated steel production at 29.75 million tons and a sale of 28.6 million tons. This includes volumes from BMM Ispat which is being acquired by us but excludes volume from our JFE joint venture. We expect the domestic steel demand to grow in the range of 7 to 9% in FY27, and JSW Steel is well-positioned to support this growth. We will be happy to take questions. Thank you.

**Operator:** Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question and to restrict to two questions at a time. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We'll take our first question from the line of Deepo Succhit from JP Morgan. Please go ahead.

**Deepo Succhit – JP Morgan:** Yes, hi. Thanks for the opportunity and congratulations on the strong results. The first question was basically on the raw material security given the target of 78 million tons. Starting with iron ore, while you said the captive mix should be 50%, we had seen throughout the global iron ore majors ramping up iron ore exports to JSW Steel. So how confident are we in ramping up the captive mix from one-third currently to 50%, and what could be the mix for imports versus domestic sourcing just to provide some guidance on that?

**Management:** Hi, I'm Arun Maheshwari. Regarding this security of iron ore of 50% from the captive sources, today we have a 50% EC capacity available for the iron ore within India for our own consumption. Depending upon the logistics ratios, the proximity, and the other sources available at that particular point of time, we decide how much we should be taking out from the captive. So that is how we decided to take only up to one-third of the consumption last year from our captive sources even though the ECs were available up to 50% of our own consumption. This is how we try to maximize our logistical advantage at different geographies because we are located at almost every geography of India.

Going forward also, we have continued to participate in the assets of iron ore within India. Recently we have acquired some more in Goa, we continue to look for more in the South, and we are participating in Andhra Pradesh wherein we have secured some concessions. Those are exploration licenses wherein we are doing more exploration. Today we have 13 operational mines and about 12

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under exploration. So we will continue to keep on upgrading our captive sources available and we are confident that at 62 million tons of JSW's volume, we will have our targeted volumes of captive sourcing.

**Management:** The total number of mines, as we mentioned, was 25 with total combined resources of about 1.7 billion tons without the mines which are under exploration right now. Those will add to the resource.

**Deepo Succhit – JP Morgan:** Okay, got it. That's helpful. And the second question is on the materials constraints. We have been seeing that there is a reduction in commercial LPG supply and some shortage in natural gas as well. Do you see any risk to the volume guidance if that constraint continues, or are those issues largely resolved in the guidance that you've provided?

**Management:** LPG and the natural gas/LNG supplies have been recently a cause of concern because of the Middle East disruption. But our exposure to the gas-linked production is very limited in the overall production. However, it does have an impact on the cost of production. We have ensured and we continue to ensure that there won't be any production disruption by virtue of non-availability of gas unless it becomes too severe in coming months. Our portion of the gas-linked steel production is very small.

**Deepo Succhit – JP Morgan:** Okay, thanks a lot. Very helpful. That's all from my side.

**Operator:** Thank you. Next question is from the line of Amit Dixit from Goldman Sachs. Please go ahead.

**Amit Dixit – Goldman Sachs:** Yeah, hi. Good evening, sir, and congratulations for a good performance. A couple of questions from my side. The first one is on realization. Now given that realizations have gone up and spot realizations have gone up much higher in the last quarter, what kind of realization increase do we expect going forward in Q1, considering that prices stay at the current level and considering the contracts that you might have?

**Management:** Yes Amit, you're right that the increases have happened between January to March gradually. Part of the increase is reflected in our quarter four numbers and the balance increase will be reflected in quarter one. In quarter four, our NSR has moved up by about 3,800 rupees per ton and we would see the balance of the price increase play out in quarter one.

**Amit Dixit – Goldman Sachs:** Sir, is it possible to quantify the balance?

**Management:** It is difficult to give a specific number because it will depend on the product mix and it will also take into account the seasonal factors. But we expect that after covering the cost, because the cost also will go up, our senses are the cost will go up in the range of 3,000 rupees or so per ton, but the margins will still be positive after covering the cost. The price will cover the cost and add to the margin.

**Amit Dixit – Goldman Sachs:** Great, sir. Understood. The second one is essentially on the expansions that we have announced. Most of our expansions are flat-focused, and recently we have seen long demand outpacing flats. Any thoughts around long expansions as well? I know you've mentioned one of the acquisitions that you have done, but apart from that are we planning to get

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active in long products as far as downstream expansion is concerned?

**Management:** In the previous announcements, we shared that the Kadapa section mill is a structural mill which would go for beams, and the expansion at our Raigarh facility would have beams and rails. Those will be in long products. In the BMM facility which we have just approved at the board for acquisition, which is a 1 million ton long facility, that would be expanded to about 1.8 million tons and that would also be in special engineering steel products. These would add to the long product capacities which we currently have. We believe that India, with the infrastructure growth, would require long products and these would help in meeting those demands.

**Amit Dixit – Goldman Sachs:** Okay, fair enough. All right. Thank you.

**Operator:** Thank you. Next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

**Amit Murarka – Axis Capital:** Yeah, good evening and thanks for the opportunity. I just wanted to understand the thought on growth going ahead. In the past, we have seen that usually you have taken one project at a time. Given that now you are indicating taking up multiple projects, is it now the new normal, or should we look at the business now as three balance sheets: one standalone, one JFE JV, and one POSCO JV for all your growth programs going ahead?

**Management:** From JSW Steel's perspective, by FY30, JSW Steel alone will be at approximately 49 million tons. On top of that, we would have the joint venture of JFE and including Ohio will be close to 55 million tons by FY30. The expansion of JSW Steel alone up to FY32 would be to 62 million tons. What you would track for JSW Steel will be this 62 million tons. On top of this, we have 10 million tons as we expect from the joint venture with JFE in the existing site and the 6 million ton new facility at POSCO. Those would be tracked separately.

**Management:** Paradip and Vijaynagar...

**Management:** Yes, and Mr. Rathod is adding that the Dolvi expansion will finish in another year or so, then we will start this year at Paradip and Vijaynagar. We will have two sites with a capacity increase of 5 million tons each. That was the target we have taken.

**Amit Murarka – Axis Capital:** My question is more longer term. I was trying to understand if it is now a new normal that you'll be taking up multiple projects through the JV structure that is in place now.

**Management:** As we have indicated earlier, the idea of the JV was to strategically grow faster in the country while it also helped us to deleverage. We will have a double engine of growth: one which JSW Steel will grow on and the other which the joint venture will grow on. India is the fastest growing market and this is the right time to be able to take this opportunity and grow faster. That is the idea and we would therefore be expanding faster along with the joint venture.

**Amit Murarka – Axis Capital:** Right. And given the pace of growth is going to be so high, is there a plan to also export a larger part of these volumes than what we are doing currently?

**Management:** Can you just repeat that once, sorry? I missed it.

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**Amit Murarka – Axis Capital:** Given that the pace of growth at JSW, including the JV level, is going to be quite accelerated with multiple capacities being added, is there also a plan to essentially raise exports to a much higher percentage than what it is today?

**Management:** We do not see the need as of now. The way it is structured, I think you will see more of a domestic alignment. It is possible that when the capacities initially come up in the first year or two you may have a slightly higher export, but then it will come down. Having said that, our Paradip facility which is on the port would be the natural place to export from. The exports from Paradip will naturally be higher than other sites.

Given the domestic growth as we have reiterated earlier, our feeling is that this capacity will be required to meet the domestic growth which we are seeing today. If you are looking at a demand of 230 million tons by the end of this decade and going beyond thereafter, unless capacities are put in place, India will not be able to meet this demand. We believe that capacities are going to follow demand and there will be a lag in the medium term up to 2030. Any capacity which is set up today takes 4 to 5 years minimum. We are quite confident that with our faster pace of execution and low specific investment cost, we are well placed to grow in India. We are quite optimistic that this is in line with the growth and not in excess of the growth.

**Amit Murarka – Axis Capital:** Got it and last quick question before I...

**Operator:** Amit, I will request you to join the back of the queue as there are participants waiting for their turn. Thank you. Next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

**Sumangal Nevatia – Kotak Securities:** Yeah, good evening and thanks for the opportunity. My first question is with respect to the JV with POSCO. I want to understand better what the rationale is and what value the new JV partner brings, given that we already have a very strong balance sheet after the BPSL deal and we also have expertise in value-added products given the association with JFE.

**Management:** There are two reasons. One is that both JFE and POSCO are leading global steel companies and both have their strengths in technology. There are certain strengths we have been able to get along with JFE into India, CRGO being one of them, and we have collaborated with them on many areas of improvement and will continue to do so. POSCO also has their own areas of technology, especially in the high strength steels, giga steels, which would go for lightweighting and replacement of aluminum, hydrogen technology to reduce emissions, and digitalization and AI. Those are areas of cooperation between POSCO and us.

In addition to that, POSCO has a 2 million ton cold rolling facility in Maharashtra and they would like to integrate backwards with a steel plant. That was one of their criteria for looking for a steel plant in India to have backward integration of the steel for their own facility. These are the two reasons. POSCO would like to go for localization of the sourcing, and that is one of the primary reasons they wanted to come to India. Going forward, they want to buy more steel from a local facility in India rather than importing it from Korea.

**Sumangal Nevatia – Kotak Securities:** Understood. And just to follow up on this topic, how does the existing JV partner view the association with a new global player? Is there a potential conflict in the

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future? Years down the line we will have three large plants supplying flat steel from Odisha. Will we have a different strategy or different targeted downstream products across the plants, or will they just compete like independent plants?

**Management:** We do not foresee any conflict between the JV partners. They will have their own strategies for sure because they will be different legal entities, but we see the growth of India is strong and therefore will enable all the entities to grow. POSCO Maharashtra, as I have mentioned, is a 2 million ton facility which provides a captive demand for the POSCO facility which will come up. That will be supplying one-third of their total new capacity to that downstream facility.

**Sumangal Nevatia – Kotak Securities:** Got it. My second question is...

**Management:** Okay.

**Sumangal Nevatia – Kotak Securities:** Can I go for a second question?

**Operator:** Yeah, please go ahead.

**Sumangal Nevatia – Kotak Securities:** On a broader level, I want to understand, given the overall macro issues in the country and the pressure on inflation, do we see any risk of withdrawal of protection given our domestic prices are enjoying 20% higher prices due to the protection?

**Management:** I think we should look at protection carefully. India is one of the more balanced countries with respect to protection as you see it worldwide today. We are seeing protection between 25% to 50% in various parts of the world. Every country is trying to safeguard their shores from trade flows which can be adverse for that country and that is becoming very critical to the supply chain resilience of the country. In India, with an 11.5% safeguard duty, I think we are far lower than what the rest of the world is.

Secondly, your comparison is with the lows of December. I would not do that. 3 years back in April 2023, we had the same price as we had in April 2026. The cost environment was similar if you were to look at coal and iron ore. On top of that, the depreciation of the Rupee has been severe. Please look at the fact that your cost on account of the overall ecosystem has gone up. You have just come back to where you were 3 years back. I would say this is more of a price correction to ensure a viable price system. From an international price perspective, I think we are now well balanced. We do not think that we are very much off the international prices as we see today. If you look at Western economies, Europe is already in the range of \$830 for hot rolled coil and the US is close to \$1,100 per metric ton. In Japan and Korea, the prices are also higher. We are more balanced in India.

**Sumangal Nevatia – Kotak Securities:** Got it. That is very helpful. Thanks and all the best sir.

**Operator:** Thank you. Next question is from the line of Pinakin from HSBC. Please go ahead.

**Pinakin – HSBC:** Thank you very much. My first question is if we look at the capex guidance of 126,000 crores over the next 4 to 5 years, that clearly does not capture the entire 30 million ton JSW Steel expansion and the 10.5 million ton at the JV. Can you give us a broad range of the capex over the next 5 to 6 years to go from the current capacity base to the 78.5 million ton capacity base and include downstream mining and everything?

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**Management:** Currently, as we have given you the capacity expansion plans, our capex plans are at 126,000 crores as of now. Incrementally, to be at a 62 million ton capacity plus investment for equity for the joint venture and our mining, other investments, and downstream facilities, our sense is that we would require another 100,000 crores between now and FY33. When you plan a capacity for FY32, the payment would spill over at least to the next year. So you have about 6 to 7 years in which you would spread this capex.

**Pinakin - HSBC:** So this 126,000 plus another 100,000 crores, totaling 226,000 crores over the next 6 to 7 years? FY27 is the 22,000 crores. Should we look at the annual run rate of the capex going from the 20,000s to the 30,000-35,000 crore range in the next couple of years as the multiple projects pick up pace?

**Management:** Yes, as this includes the joint venture projects, the mining additions in Mozambique, and our own 62 million ton target. It is a combination of all of them.

**Pinakin - HSBC:** Got it. And my second question is regarding the guidance. If I strip away BPSL from this year's base, it implies roughly 9 to 9.5% of production growth in FY27. Given the timelines of the project commissionings that we have in terms of Dolvi and Vijaynagar, is it fair to say that this is the broad 8 to 10% CAGR that we can look for for the next 3 to 4 years?

**Management:** If you see the guidance we have given, we have given a guidance of 29.5 million tons which on a like-for-like basis is a 13% growth in production, and a guidance of sales at 28.6 million tons which is a 10% growth. Going forward, we are bringing in capacities at Vijaynagar and Dolvi which would add about 7 million tons of capacity between now and September 2027. The Utkal facilities and the Vijaynagar facility for expansion of another 10 million tons would be there by FY30. Those will provide incremental EBITDA for the next phase of growth.

**Pinakin - HSBC:** Got it, got it. This is very helpful. Thank you very much sir.

**Operator:** Thank you. Next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

**Pallav Agarwal - Antique Stock Broking:** Yeah, good evening sir. Am I audible now?

**Management:** Yes.

**Pallav Agarwal - Antique Stock Broking:** Regarding BMM Ispat, can you share what the actual production and EBITDA number in FY25 was for this company?

**Management:** I will request our investor relations team to reach out and take the details. I do not have it off the top of my head right now. It is a facility of 0.9 million tons. We would aim to produce in the range of 0.8 million tons in this financial year.

**Pallav Agarwal - Antique Stock Broking:** If I look at the net worth, I think it was about 2,000 odd crores as per the press release on the stock exchange. We acquired it for about 6.5 thousand crores. That is close to almost three times on a price-to-book basis. Is this factoring in the future expansion that can happen over there?

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**Management:** The current price at which this is acquired represents multiple approaches, including discounted cash flow and a replacement cost for a million ton plant. Also, the fact that it has a blast furnace which is very new, commissioned only last year. If you take a normative EBITDA per ton of a plant of this type, you will realize that the effective EV/EBITDA is significantly attractive. Plus, the fact that this has potential to double capacity in a very short period of time.

All of these factors and the synergy with our Vijaynagar location, which is very close to it, play a role. On an expanded basis, this gives us the additional headroom because we feel that the next 0.9 million ton can be expanded for between 1,600 to 1,800 crores, making the overall investment very attractive.

**Operator:** Thank you. Next question is from the line of Parthiv Jhonsa from Anand Rathi. Please go ahead.

**Parthiv Jhonsa – Anand Rathi:** Thank you for the opportunity and congratulations on completing the JV and further strengthening the relationship with the partner. I have two questions. The first question is pertaining to steel prices. Recently, companies from Vietnam and China have taken substantial price hikes and your prices in Europe and the USA are at a reasonably high level. What can be expected as far as your price hike in quarter one and H1 going forward?

**Management:** In April, we increased prices, and we have increased some prices for flat products in May as well. We increased 2,000 in April and 1,000 in May for flat products. Our belief is that for now, the price will be range-bound. We will watch the geopolitical situation in the country and then take a view.

**Parthiv Jhonsa – Anand Rathi:** And sir, continuing on that, would auto contracts be done at higher prices because those are on a rolling basis?

**Management:** Auto gets recalibrated quarterly, so the price increase for automotive will come in this quarter. The quarterly prices will be recalibrated in this quarter.

**Parthiv Jhonsa – Anand Rathi:** Okay. And any idea on the hike which we can expect from the auto sector?

**Management:** I will not be able to give you specific numbers here, but as we close those negotiations, it will come out.

**Parthiv Jhonsa – Anand Rathi:** No problem. My second question is pertaining to your annualized capex run rate of over 30,000–35,000 odd crores going forward. I believe for FY27 you are comfortable because your production and sales are higher on a like-to-like basis and prices are good. However, at 35,000 crores of capex on an annualized basis, would you start opting for more debt because in the near term, your cash flows might not match?

**Management:** This is Swayam here. If you factor in the incremental capacity which will be available from now until the next one and a half years, that includes JVML which can do 1 million more. BF3 will start production once capacity upgradation is complete, which will be 2 million more. And Dolvi phase two, which we expect to come in calendar year 2027. These three together create almost 8 million tons of extra production, which will generate anywhere between 9,000 to 12,000 crores of

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EBITDA which is not in my base today. Even if as a company we stretch to 30,000–35,000 crores of capex spend, a part of it is going to get funded with the new cash I will generate.

If you exclude that, the kind of cash we are creating means we are not going to create very large stress to increase debt. Of course, temporarily debt could still go up. But given where we stand right now at 1.8 net debt to EBITDA, we expect this leverage in FY27 to perhaps improve, especially after the second tranche of JFE investment. We think we will be very comfortable.

**Parthiv Jhonsa – Anand Rathi:** My quick understanding was that Dolvi is expected in FY27. So the incremental benefit would be only from 2029 onwards. For these two years, there would be some increase in debt?

**Management:** No, not really because you will have JVML which will produce the entire 5 million in FY27. Then you will have BF3 which will have some positive uptick in FY27 and fully in FY28. And in FY28 you will also see initial volumes from Dolvi. This combined will create incremental cash. Without Dolvi, you will see at least 4 million tons between now and FY27, including the BMM volume. That will give you additional cash flow until Dolvi starts kicking in after October 2027 to December 2027.

**Operator:** Thank you. We'll take our next question from the line of Shubham Jain from Nippon India Mutual Fund. Please go ahead.

**Shubham Jain – Nippon India Mutual Fund:** Good evening. Congratulations for the good performance. My first question is can you help us understand the current raw material consumption norms for the Indian operations specifically for iron ore and coking coal per ton of steel? And what percentage of your cost of goods sold is attributable to iron ore and coking coal?

**Management:** The ratio of utilization of iron ore and coking coal depends on the grade of iron ore and which location and technology we are using. Typically, iron ore consumption is about 1.8 to 1.9 per ton of steel. For coking coal, it is about 700 kg per ton of steel. If I have to add all coals, it becomes about 900 to 950 kg depending upon the process.

**Shubham Jain – Nippon India Mutual Fund:** And what percentage is attributable to iron ore and coking coal in COGS?

**Management:** It keeps changing because both are cyclical, but I would say roughly about 60% combined is the cost share of iron ore and coking coal.

**Shubham Jain – Nippon India Mutual Fund:** Okay sir. And I have one more...

**Operator:** Shubham, I request you to join back the queue as we have participants waiting for their turn. Thank you. Next question is from the line of Inderjeet Agarwal from CLSA. Please go ahead.

**Inderjeet Agarwal – CLSA:** Thank you for the opportunity. My first question is on exports. As you said that more global economies are closing, if we have temporary overcapacity in flat steel in India in the next couple of years, which geographies do you think we can still market to?

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**Management:** We have modeled the overall flat demand in India. Flat has been growing at a slightly faster pace over the past few years. We see that flat demand will increase. The entry barriers for setting up flat capacity are higher. In the medium term, between the years 2028 to 2030, I see that supply will lag demand. If we are incrementally generating about 12 to 14 million tons of demand, roughly 6 to 7 million tons would be flat steel. That means you require at least two hot strip mills to come online every year to meet that demand.

I do not foresee too much of a problem. There could be some year where if there is clubbing of capacities, then certain amounts would be exported. Our Odisha facility is on the port and that can leverage global exports. We also have opportunities of supplying green steel because our Salav project will produce low-emission steel from natural gas and DRI and renewable energy. That is a natural export model. Thirdly, we see a gap in slabs internationally. Traded slabs have come down post the Russia-Ukraine and Iran conflict. That is an opportunity for exports.

**Inderjeet Agarwal - CLSA:** Could you highlight how much the iron ore cost increase is for Q1 and what the tax incidence is for the BPSL deal?

**Management:** Iron ore costs have gone up in the last few weeks. We are trying to do blending to ensure better specific consumption and minimize the impact of the price increase. It will be slightly higher from quarter four to quarter one. Regarding the BPSL tax, BPSL has carried forward losses and unabsorbed depreciation. So the effective tax on this transaction is significantly lower as those losses were fully utilized on JSW's books.

**Inderjeet Agarwal - CLSA:** All right. Thank you, that's all.

**Operator:** Thank you. We'll move on to our next question from the line of Ashish Jain from Macquarie India. Please go ahead.

**Ashish Jain - Macquarie India:** Good evening. You made a point earlier that current prices are where they were in 2023. But in the context of China exports, assuming they drive prices globally, they were much lower than 2023. Have we come to a point where pricing is more local irrespective of the safeguard duty?

**Management:** Price will always be influenced by international availability. You cannot ignore that. China prices in April and May were in the range of \$550 to \$560 FOB. Today it is in the range of \$510 FOB. On the cost side also, you will see a similar structure. In April 2023, hot rolled coil prices were in the range of 60,000 rupees. I think we are not very far from this basket. But international prices will always be a guiding factor for the domestic steel price.

**Ashish Jain - Macquarie India:** Is it possible to give some color in terms of which key sectors you are most optimistic on for demand?

**Management:** Infrastructure and construction contribute to a very large part of overall steel consumption, and that is growing at a healthy rate. Automotive growth has been very good. Capacity announcements by major auto producers are also healthy. We are seeing traction in the renewable energy sector, appliances, and others. To sum up, infrastructure, manufacturing, and renewable energy are moving at a fast pace.

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**Operator:** I would request you to join back the queue as we have other participants waiting for their turn. Thank you. Next question is from the line of Rashi from Citi. Please go ahead.

**Rashi – Citi:** You mentioned that the cost increase sequentially is expected to be about 3,000 rupees. Apart from coking coal, where else are you expecting increases?

**Management:** Coking coal expectation is between \$12 to \$15. The rest of the increase would come from SG&A and sea freight because a large part of our trade is sea-borne, including imports of coking coal and coastal movement. Fluxes from the Middle East are also impacted as damage incidences are increasing there. Our exposure to gas is about 5 to 6% of total production volume. On iron ore, you can factor in a 5% quarter-on-quarter increase on cost.

**Rashi – Citi:** When you say exposure to gas is 5 to 6%, because my understanding was that gas impacts mostly our downstream production. Is there any upstream exposure as well?

**Management:** Natural gas is used in Dolvi in our operations to some extent. But as Arun explained, it is a small percentage of our overall requirement. Downstream uses a little bit of LPG, but we have been converting to different fuels to mitigate the impact of LPG pricing. We are using liquefied natural gas.

**Operator:** Thank you. Next question is from the line of Ritwik Sheth from One-up Financial. Please go ahead.

**Ritwik Sheth – One-up Financial:** Good evening sir. What will be the share of our JV investments in this 2.26 lakh crore capex?

**Management:** The 126,000 crores plus another 100,000 crores represents the total. The JV investment will only be in the form of equity. If you take a project like our BF6 expansion at Vijaynagar, which is 26,000 crores, the equity would be about 8,000 to 10,000 crores. In a project like this, our share of the equity would be close to 4,000 to 5,000 crores in each project.

**Ritwik Sheth – One-up Financial:** What is the outlook for the overseas subsidiaries for FY27?

**Management:** For the US operations, the vacuum degassing and caster modification for dynamic soft reduction has taken place. They are stabilizing, which will enable higher grade production. The volume lost during the Ohio upgrade will come back. Baytown up-gradation is getting completed and should start operations by the end of Q2 of this financial year. These will provide better profitability. Italy sales volumes are also likely to be better. Overall, both assets will show better performance compared to FY26.

**Operator:** Thank you. Next question is from the line of Jayeshdeep Singh Jada from Nomura. Please go ahead.

**Jayeshdeep Singh Jada – Nomura:** Thank you for the opportunity. Regarding the net debt, how are you building up this leverage in the near term and sustainably? What is management targeting for net debt to EBITDA?

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**Management:** We have revised our upper limit headroom from 3.75 down to 3.0 net debt to EBITDA. This means we are comfortable even while in this capex journey. Our preference is to track the leverage ratio rather than an absolute net debt number. We are comfortable below 2.5.

**Jayeshdeep Singh Jada – Nomura:** When we look at your JV expansion plan, blast furnaces govern the expansion stage. But how far is India actually investing in scrap-based EAF? How will blast furnaces dictate expansion in the near decade?

**Management:** Even in our current mix, about 30% plus is electric arc furnace based. We will be putting up a facility in Salav of 4 million tons for green steel which will be DRI and scrap based. We are now adding scrap processing facilities and creating a supply chain for scrap collection. That will bring down our overall emissions.

However, India does not have enough scrap generation currently. It will take time. Scrap availability from Europe or the US may go down as they focus on their own scrap-based production. For now, the most viable technology for India is blast furnace based while using technologies to reduce emissions, such as recirculating gases and using recovery gases to reduce met coal consumption. That combination makes better sense for the grade of iron ore we have.

**Operator:** Thank you. Next question is from the line of Rahul Gupta from Morgan Stanley. Please go ahead.

**Rahul Gupta – Morgan Stanley:** Industry demand grew by 8% in FY26 while you grew by 12%. You are guiding for 12% growth for FY27. Does that mean you remain confident that the industry would grow at around 8%? And since your capacity expansion is at a 12% CAGR, does that mean you would continue to grow at around 1.5 times the industry?

**Management:** India would be growing close to 7% GDP and the elasticity for steel growth is close to 1.1 times the GDP. Our guidance is that the steel market will grow between 7 to 9%. We have no doubt JSW can achieve about 10 to 12% growth. Our sales guidance for this year is about 10% growth.

**Rahul Gupta – Morgan Stanley:** If I adjust for BPSL and BMM, that implies around 12% growth.

**Management:** Our guidance excludes BPSL and includes BMM volume. According to me, it is about 10% for sales and 13% for production, but we can reconcile that offline if there is any doubt.

**Operator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to management for closing comments.

**Management:** I just want to provide one clarification on the accounting impact of BPSL. BPSL has been deconsolidated at March end and the numbers will not be part of revenues or EBITDA. It would be equity accounting and will sit in the income from associates and joint ventures line in the P&L.

**Management:** It was a transformational year. Our operational performance has been strong and our balance sheet is much stronger. We have targeted 62 million tons in India by FY32, in addition to the joint ventures adding 16 million tons. We believe this will support the industrial ecosystem in India for the long term. Thank you very much. If you have any other questions, please reach back to

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the investor desk.

**Operator:** Thank you members of the management team. On behalf of JSW Steel Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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