## Management Discussion

**Ashwin Bajaj - Group Head, Investor Relations, JSW Steel Limited**
Yes. Thank you, operator, and a very good evening, ladies and gentlemen. Welcome to JSW Steel's earnings call for Q1 of financial year 2027. We have with us today the management team represented by Mr. Jayant Acharya, Joint MD and CEO, Mr. G. S. 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.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Good evening, everyone. The global growth outlook remains intact despite ongoing uncertainties with the IMF lowering its global forecast for 2026, just by 10 bps to 3%, while upgrading the outlook for 2027 to 3.4%. Global economic activity remained resilient during the quarter with manufacturing support by inventory restocking and with the Middle East conflict and continued strength in the global tech cycle driven by AI-related investments. However, the disinflation trend that has been in place since 2024 appears to have stalled prompting major central banks to adopt to a more cautious stance. While the adverse impact of the conflict on supply-side disruptions and elevated energy costs started to moderate in end June, the recent escalation and development remain key monitorables.

Looking ahead, reconstruction-related demand could provide an additional growth impetus. India remains one of the fastest-growing major economies globally with RBI growth projection at 6.6% for FY27, reflecting resilience amidst external headwinds. Industrial production and exports have performed well recently despite the impact of geopolitical disruptions. The automotive sector saw sustained double-digit expansion in domestic passenger vehicles and commercial vehicles sales over the past three quarters, following the GST rate cuts implemented in September 2025. The rural demand remains healthy, underpinned by a strong Rabi harvest with supported growth in four-wheelers, two-wheelers and tractor sales. Although some below-normal monsoon remains a key risk to monitor.

The investment cycle also continues to strengthen, aided by healthy public capex pipeline and sustained momentum across commercial real estate, energy, data centers, defense and maritime sectors. India's steel consumption remained strong and grew by 8.3% in quarter one, with the imposition of Safeguard Duty in December '26, India has become a net steel exporter after two years in FY26. However, in quarter one India has become a net importer of steel once again, and imports grew by 22% quarter-on-quarter and exports fell quarter-on-quarter by 16%.

Looking ahead, domestic steel demand is expected to grow at a healthy rate of 7% to 9%, providing a strong base for future capacity growth. In China, steel production was down 3.9% during Jan to May and consumption declined by 4%. Steel exports including semis fell between January to March, though they continue to remain at elevated levels. On sustainability, I'm happy to report that project SEED, our flagship decarbonization project has delivered a cumulative emissions reduction of approximately 5 million tonnes $CO_2$ since 2022. We have also been systematically ramping up deployment of scrap steel resulting scrap utilization growth by 16% YoY in quarter one.

JSW Steel had launched the GreenEdge brand, a low-emission steel brand supported by a carbon bank of one million tonnes of $CO_2$ credits certified by Bureau Veritas.

In quarter one, we successfully executed our first GreenEdge export order, marking a key milestone

in the journey from product launch to active market adoption. Before we get into the quarter one performance, I would just like to remind you that BPSL Steel business was de-consolidated from JSW Steel's financials with effect from 27 March, 2026.

Hence, in our results materials this quarter, we have presented the previous period volumes and financials on a pro forma basis, excluding BPSL to make them comparable to the current period.

Coming to our operating performance. Utilization of capacities for our Indian operations stood at approximately 94%, excluding the BF-3, which was under shutdown much higher than the 88% in quarter one last year. This was achieved through efficient operation of our assets across all plants. Our consolidated crude steel production at 6.59 million tonnes and Indian operations production of about 6.35 million tonnes were up by 3% YoY. However, excluding the BF-3, which was under shutdown, our consolidated production growth grew by a significant 15% YoY, driven by the ramp-up of our JVML operations.

Consolidated steel sales for the quarter grew by 4% YoY to 6.25 million. We delivered our best Q1 Flats sales, which grew by 9% YoY as we focused on Flats due to better demand and pricing. Our total hot rolled sales were also the best ever for quarter one, up 18% YoY. Carbon steel longs demand in the market was impacted by labor availability due to the state elections and diesel availability issues due to the Middle East conflict, resulting in lower long sales. Our sharp focus on the downstream segment enabled VASP sales to grow 8% YoY, accounting for 61% of our total sales. Sales to the institutional sector was the highest ever for quarter one, up by 5% YoY. Retail sales, however, experienced some pressure during the quarter due to higher imports and channel de-stocking. We achieved our best ever quarter one sales in the auto and renewable sectors with volumes increasing by 18% and 25% YoY.

Sales to the MSME construction equipment, bearings and defense sectors registered a substantial growth. Moving to our financial results, JSW Steel delivered a strong financial performance, our consolidated revenues during the quarter one FY27 were INR47,364 crores. Adjusted EBITDA stood at INR9,373 crores with an EBITDA margin of 20% while PAT stood at INR4,696 crores. Steel prices recovered from early January this year and strengthened further through March. During quarter one, Flat prices saw some moderate decline while long prices saw a significant correction. As we mentioned in last quarter's call, some part of the price discovery of quarter four was realized in quarter one, thus, overall realizations were higher quarter-on-quarter. On the cost side, we were slightly higher than our guidance given in the last results due to an increase in various input costs on account of the Middle East conflict. Coking coal prices increased by around $17 per tonne, slightly higher than our guidance of $12 to $15. Iron ore costs were also higher in the quarter one, in question.

Moving to our overseas operations at the Ohio EAF facility, we have commissioned the vacuum Degassing in quarter one, which will enable us to produce higher steel rates, especially the API grades in US. Production and sales were significantly higher quarter-on-quarter as we've taken shutdowns for the caster upgrades in quarter four.

Ohio generated a positive EBITDA for quarter one. The plate and pipe mill in Texas also performed better quarter-on-quarter basis due to better operational efficiencies and higher sales driven by a strong plate and pipe demand. Both US operations generated a combined EBITDA of $16 million. The Italian rail mill also performed well in quarter one, reporting a higher EBITDA of EUR7 million, though volumes were affected by an annual shutdown in May. We recently signed a program agreement with the Italian government for implementation of the rail mill modernization project. The agreement

covers various aspects relating to projects, including a grant of EUR33 million for the project.

The second tranche of JFE's equity investment of INR7,875 crores for JSW JV joint venture transaction has been received on 30th June as scheduled. With this, the JV transaction has been completed. Last quarter, we had revised our stated maximum cap for gearing from 1.75 to 1.25 and leverage from 3.75 to 3.00. However, we would like to reiterate that our comfort level will be to keep the leverage below 2.5. Leverage and gearing have further dropped versus last quarter to 1.46 and 0.42, respectively. Our net debt stands at INR45,750 crores and is substantially down from FY25, our revenue acceptances stood at $2 billion. During the quarter, we incurred a capex of INR4,900 crores, and we expect to spend between INR22,000 crores to INR24,000 crores in this financial year.

Let me update you on the growth projects as well. The progress is good. At Vijayanagar BF-3, the expansion from 3 million to 4.5 million tonnes has been completed, and the Blast Furnace was lit up in June '26 -- towards the end of June '26. The Blast Furnace is ramping up and is now at about 80% within a few weeks, where we'll add incremental volume from Q2. Our projects at Dolvi, Utkal and the slurry pipeline continue to be on track. On 3rd July, we conducted the groundbreaking ceremony of our previously announced 1 million tonne EAF and structural project at Kadapa in the Rayalseema region of Andhra Pradesh. Key equipment orders have been placed and commissioning is targeted for FY29. Our various downstream projects are progressing well, and in this quarter, we have announced the scope of a few of them.

We are adding about 0.44 million tonnes of capacity in the earlier announced downstream projects at Vijayanagar, Khopoli and Rajpura. At Khopoli, we have also enhanced the product capability to include a wider range of high-strength steels, value-added coated steel products in the overall capability. Lastly, we are now adding a rail capability to the 1 million tonne structural mill at Raigarh. Let me now update you on the developments on the raw material front. We are strategically enhancing our raw material security, as we mentioned, both in iron ore and coking coal. We have 25 iron ore mines out of which 13 are currently operational, and we are working on operationalizing the remaining mines as well as expanding some of our operating mines. We continue to bid rationally for new mines, and in May 26, we had won the Pissurlem mine in Goa.

As we increase iron ore production from our captive mines, we are geographically optimizing our sourcing, thus reducing logistics costs at lead times. On the coking coal front, we have taken over the Dugda washery from BCCL in June. We are modernizing and expanding the capacity of the washery to handle coking coal from our linkages with BCCL and our captive mines. We continue to progress on our other coking coal initiatives, including the MdR project in Mozambique and the three captive mines in India. For our MdR deposit, we have finalized and placed one of the major EPC orders and are in the process of finalizing others as well. The JSW one platform in which we have 60.52% equity stake on a fully diluted basis, saw steel volumes grow by 36% YoY. GMV was INR5,919 crores in Q1, up 51% YoY; INR1,987 crores of this GMV was driven by JSW One's credit offerings which was also up by 49% YoY. JSW One continued to deliver positive EBITDA in quarter one of this financial year.

Looking ahead, our volume should increase in quarter two driven by the ramp-up of BF-3 in Vijayanagar and Ohio operations, there will be an impact on cost as coking coal costs are expected to be higher by $12 to $15 in quarter two. Coking coal costs have come down recently, and that reflected in the subsequent quarter, and that is Q3. Iron ore costs are also trending down, and that should be favorable towards the end of quarter two and quarter three. India steel demand is

expected to grow at a healthy rate of 7% to 9% in FY27, and we expect to add an incremental demand of 12 million to 13 million tonnes in India. Demand growth will be supported by public capex as well as improving private capex, growth in manufacturing and the robust auto sector. We are also seeing a broadening consumption across the country across the rural side as well. With a strong balance sheet and improving operating performance, we are well poised to carry forward our growth journey and contribute to India's growth story.

With that, we are happy to take questions.

## Questions & Answers

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

**Alok Deora - Analyst, Motilal Oswal**
Good evening and congratulations on good set of numbers. Sir, just had a couple of questions. First is on the steel prices. Now how do we see the prices moving and for us in the second quarter, considering that there has been a sharp correction in the -- especially in the long steel prices. So just some color on that. And also on the demand scenario because offtake has been pretty subdued in the first quarter. So, you briefly mentioned that it would be slightly better in Q2. But if you could just provide some sense on the demand side? That would be my first question.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Yeah. So the demand, as we saw for India, I think, is quite good at 8%-plus. We had drawn down our inventories quite substantially, if you recall, during the March quarter end. And some of the inventories we needed to rebuild for our operations of downstream and for our plate mill at Anjar, which we have done, which is our usual process in the first quarter. On the long side, we did have an impact of lower sales due to a price -- a lower price from the secondary market, some labor shortage and fuel availability in some of our project core areas. We see the volumes improving in quarter two with the ramp-up of BF-3 you will see higher volumes from JSW Steel for the quarter two as the BF-3 ramps up and JVML continues to operate fully.

On the pricing, it will be difficult to give a indication at where it will be. But the long prices have corrected as you also said, and we have also committed the Flat corrections have been moderate. And we feel that the flat pricing is quite reasonably priced. Longs is a seasonal impact, which we see every monsoon. We feel that the prices would normalize as we go into the second half of this year with a good demand growth, normalization of projects and capex growth and in general, a seasonally stronger H2 as we go ahead.

**Alok Deora - Analyst, Motilal Oswal**
Sure. Also, sir, on the iron ore side, how much was the captive iron ore and what's the annual cost impact we could see in the quarter two? If you could just highlight on that.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Our captive iron ore was closer to 30% or so, including the Netrabanda mine, which applies to JJSL now, at about that range. Iron ore costs have gone up during the quarter. Direct iron ore costs have gone up by about plus INR230-odd per tonne of iron ore.

**Alok Deora - Analyst, Motilal Oswal**
All about it sir. That's all from my side. Thank you and all the best.

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

**Amit Dixit - Analyst, Goldman Sachs**
Yeah, hi, good evening everyone and thanks for the opportunity. Congratulations for a good performance. Couple of questions from my side. The first one is that -- sorry, you have added couple of small downstream projects one at Dolvi III of around INR2,000 crores in this quarter compared to the last one. Possible to elaborate on that, what is the downstream project all about? Also the progress on the CRGO project that we have been discussing earlier would be helpful. Hello?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Yeah, sorry. It was on mute, didn't realize. Now, so there is no downstream facility being added in Dolvi. There are some design changes in our raw material handling system because the conveyors, which we had come from the port operations to the plant were to go through a certain area of land. And that did not materialize, so we had to create a higher structure on a double-conveyor basis, and that resulted in a much stronger cost from the RMHS side. The project cost was also there was some enhancement in the other areas, including the some of the costs due to the Middle East conflict as well. But we continue to remain very strong on the IRR. If you see the total cost of the project from a specific capex investment point of view, for a 5 million tonnes of facility is still below INR5,000 crores per million tonnes and remains very competitive.

**Amit Dixit - Analyst, Goldman Sachs**
Got it sir, that's helpful. The second question is essentially on the West Asia crisis only that we have been in certain companies reporting -- in other sectors, of course, the one-off costs. Did we also face some one-off costs due to maybe escalation in energy cost or propane or something that we don't expect to recur possibly if the war settles down or situation becomes better. Was there some element of such kind of cost also in this quarter, if you want to quantify that?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
You could. Of course, I mean, we did not see a very significant impact. Of course, some fluxes, gas prices went up, plus there were indirect costs in the form of higher container cost, shipping cost went up. We believe that most of it, for example, gases should reverse fully in this quarter. But as we go into towards war subsides and there is more stability, all of this should come back.

**Amit Dixit - Analyst, Goldman Sachs**
And how much it would have been, I mean, as a per tonne of steel, I mean, cost or something?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
It has been varying, depending on the product to product. There has been an impact on the fluxes, as sir mentioned. Also on the bunkering side, the marine fuel has gone up. So that has an impact overall, month-on-month, I would say $20, kind of, overall the steel side.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Correct.

**Amit Dixit - Analyst, Goldman Sachs**
Sir, can you please be clearer? Sorry, I couldn't hear your last sentence.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Close to about $20 per tonne of steel.

**Amit Dixit - Analyst, Goldman Sachs**
$20? Okay great, that's helpful sir. Thank you so much and all the best.

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

**Sumangal Nevatia - Analyst, Kotak Securities**
Yeah, good evening, thanks for the chance. Sir, my first question is on the raw materials. So first, if you can share about our coking coal initiatives. So in the next three, four years, what volumes, what percentage of our requirement could be met from captive mines? And what sort of cost advantage can we foresee there? And then on iron ore, I mean, overall, over the next two, three years, what -- from 30%, where are we looking at? And the slurry pipeline, what sort of cost advantage or cost reduction do we expect from '28 onwards?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So on the raw material front, first of all, your question was on the coking coal front there are several initiatives we have taken. First thing is, we are developing a mine in Mozambique, India, which will have a start production by 2028, mid of 2028. So that is one thing which will come. We continue to get our material from our equity stake from Illawara mine in Australia. On the domestic side, we have started using partially material in one of the locations. We are seeing the benefits coming in. However the actual quantification of the benefits will be done when we come to size and scale. Maybe in next three years, probably, we will be able to scale it up to 3 million tonnes kind of input from the domestic sources, which will be close to about more than 10% of our total feed. This is our target for domestic coking coal.

**Sumangal Nevatia - Analyst, Kotak Securities**
And what about Mozambique Australia in terms of volumes and cost benefit?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Australia, it's close to about two million tonnes a year. Mozambique will start by the mid of 2028, our target is to take it to 7 million tonnes, per annum eventually, when the project fully starts.

**Sumangal Nevatia - Analyst, Kotak Securities**
Understood, Understood. That's useful. And on the iron ore?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Iron ore continue to, you know, as Mr. Acharya mentioned in his opening remarks, we have 25 mines as of now, out of which 13 are operational, and we are working on to make balance of the mines operational, which should come in phases as and when we get the approvals and all those time lines are done. So hopefully, we'll be able to.

**Sumangal Nevatia - Analyst, Kotak Securities**
Yeah. I wanted to understand about the slurry pipeline, what sort of volumes do we expect to move and the cost savings, which we will incur?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
I think a couple of quarters back when we took this approval, definitely I had mentioned this entire volume of the slurry pipeline is -- the capacity of the slurry pipeline is both 30 million tonnes, and we intend to do about 20 million tonnes out of that for now and the cost saving as compared to today is about INR1,000 per tonne.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Per tonne of iron.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Yeah, per tonne of iron.

**Sumangal Nevatia - Analyst, Kotak Securities**
Understood, Understood. My second question -- [Speech Overlap].

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Yeah, please go ahead.

**Sumangal Nevatia - Analyst, Kotak Securities**
Just one more question. I just wanted to understand, given the BPSL deal, we've significantly deleveraged the balance sheet. So what sort of rating upgrade and subsequently interest cost savings are we expecting to flow through in the coming quarters or next one, two years?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Hi. Yes. So of course, we are in that cycle where our credit standing, is getting evaluated and you would have already noted, Fitch recently has upgraded us from BB to BB+ with a positive outlook. We have also gotten a rating upgrade from CARE. We expect this trajectory to continue. As far as cost is concerned, I mean the fact that absolute gross debt is going to be lower, absolute interest costs should trend lower versus our historical numbers. We, over time, should start to see some advantage in terms of borrowing costs, but it also depends on the mix. So it's difficult to give you a number, but we should see gradual reduction also on the rate front of finance cost.

**Sumangal Nevatia - Analyst, Kotak Securities**
Got it. Thanks and all the best.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Thank you.

**Operator**
Thank you. Our next question comes from the line of Pallav Agarwal with Antique Stockbroking. Please go ahead.

**Pallav Agarwal - Analyst, Antique Stockbroking**
Yeah, good evening, sir. I had a question on the standalone, the change in the inventory part. So if I look at the volumes, the sales volumes were actually higher than the production volume. So is this

change in inventory due to your work in progress or some of the raw material inventories?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
I think the way you should look at it is look at the overall India operations and see the numbers. On an overall basis, our inventory has gone up, as we mentioned, to some extent, to build up some inventory, which was drawn down in March quarter for our downstream operations and finished good servicing. In addition to that, some of the slab transfer to our Anjar plate mill. However, specifically for the stand-alone question which you asked, I think Swayam will answer that. Yeah.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So, you know our Vijayanagar facility also hosts JVML, which is a subsidiary, and depending on capacity available, there are inter unit transport. So JSW Steel side of volume gets reported under stand-alone, but the transfer between JVML and Vijayanagar or vice versa is the reason why the volumes look higher.

**Pallav Agarwal - Analyst, Antique Stockbroking**
Sure. So could you actually just give us a breakup of when you mentioned consol volumes, pardon, so in that is a stand-alone plus JVML, what else, Ohio and what else is included in those volumes?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So consol volume would include the standalone plus JVML plus Raigarh plus Salem.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
That is a standalone.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
No, no, consol volume plus US Ohio. And adjusted for any intercompany volume elimination -- volume and sales profit elimination. [Speech Overlap]. Coated is not part of the volume.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
So Coated is basically netted off. The transfers are netted off, but if you purchase in coated from outside, it becomes, again, part of overall adjustment. It includes all our units basically, other than JJSM.

**Pallav Agarwal - Analyst, Antique Stockbroking**
Sure. Okay. And I'm assuming Salem volumes being a 1 million tonne plant and the Raigarh would not be very significant on a quarterly basis.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Correct.

**Pallav Agarwal - Analyst, Antique Stockbroking**
Okay. So just lastly, also, you mentioned there was some spillover of benefits from Q4 prices, Maybe auto contracts in Q1. So is it possible to quantify what exactly -- how much was the benefit on the 1Q?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
The auto prices for most of the customers have been finalized. And some part of the benefit, I think close to 90% of the benefit is already factored in the results of quarter one. -- one or two closures,

which are in the process will get concluded, and that will reflect in Q2. I don't have the exact numbers to give you with respect to how much because it depends on product, depends from customer to customer, it will be different.

**Pallav Agarwal - Analyst, Antique Stockbroking**
Sure. Okay. Yeah. Thank you so much.

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

**Ritesh Shah - Analyst, Investec India**
Hi sir, thank you for the opportunity and congratulations for good set of numbers. I have a few questions. First is the hypothetical one, sir. If hypothetically safeguard duties are not reinstated or extended, then how are we looking at the regulatory scenario? I understand antidumping duty investigations have been initiated. If you could provide some color on what has been proposed at the industry over here, and just paint a scenario, but in safeguard come and antidumping duties are there or not there.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
The imports into India in the last quarter have gone up as we explained, we become a net importer. We have seen imports going up from Japan, Russia and China, in particular. The government of India and the industry had applied also in the government of India, it's considered to investigate the case, and the antidumping against some of these countries have been initiated. What the results will be difficult to say. I think it's an investigation, which is quasi-legal process, takes its course, and the results will come out in due course. The antidumping is other than safeguard and can run in parallel to the safeguard as is today also there in US and Europe.

**Ritesh Shah - Analyst, Investec India**
Sure. That helps. Sir, my second question is on the last quarterly call, we had indicated a capex of INR1,26,000 crores-plus. So the total was I presume INR2,26,000 crores. I see on Slide number 41, we have given a split of INR1,30,000 crores, I just wanted to have some clarity on the total number of INR2,26,000 crores versus INR1,30,000 crores. I presume a part of it towards JV, mining, etc., etc.. So if you could provide some breakup with respect to those numbers, that would be great.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
So the indications, I think you're talking about INR2,20 or odd is the -- you're talking about the future for 62 million tonnes. Those are not approved in the board yet. What you are getting in the slides in the investor presentation of INR130,000 crores is the currently approved, which are there for our operations across all the locations.

**Ritesh Shah - Analyst, Investec India**
This includes JV, mining everything?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
This includes everything, growth, mining, downstream operations, cost-saving projects, all of them put together. The projects which will further get added on to this, like Odisha Phase II. Odisha Phase I is included, Odisha Phase II, our Salav, our Odisha Phase III or any other equity investments in our

operations of expansions in JJSL or in POSCO. Those all would get added. In addition to that, our investments once we fructify fully into our mining operations, if any of them gets added, would further add. And downstream operations as we add capacity, we would add downstream operations. Those will all get added. And as and when it is approved, we'll come back to you and give you the numbers.

**Ritesh Shah - Analyst, Investec India**
Sure. And sir, just last one. We haven't spoken about the Maharashtra optionality of that you have 25 million tonnes that we have. Can you provide some light over here with respect to the underlying land iron ore and the time lines?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
No. As now there is no update. We had indicated that Maharashtra Gadchiroli is one of the sites under consideration because of the availability of iron ore in that region. And we have one mining lease, which we have had won in the auction. That's still in the early stage of evaluation and the mine evaluation is going on. We will come back with further updates as and when we have. As of now, there is no change.

**Ritesh Shah - Analyst, Investec India**
Sure. Thank you so much. I'll join back with you. Thank you.

**Operator**
Thank you. Our next question comes from the line of Amit Murarka with Axis Capital. Please go Ahead.

**Amit Murarka - Analyst, Axis Capital**
Yeah. Hi, good evening and thanks for the opportunity. On JSW coated, I have last few quarters, I see that the per tonne EBITDA has consistently been around INR6,000 earlier there used to be a range of 3% to 5%. So I just wanted to understand like what is driving this steady improvement in margins in coated and like what is the outlook over there?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
So the coated is basically the value-added space of JSW Steel, all the coated products are under JSW coated mostly in addition to some, we have facilities in Vijayanagar as well. Our effort has been to see that we build up capability of high grades and more of specialty products, which is able to meet both the industrial, the automotive as well as the consumption retail demand. This has started bearing fruit. The tinplate capabilities also the packaging sector is doing well. Our branded products, which we have been launching, including the JSW Silver on for Galvalume has gained a lot of traction.

In color, apart from our JSW color on, which is the highest selling color brand, JSW Endura is also doing very well in the color space and getting a premium vis-a-vis competition. All these initiatives put together, I think, is improving the overall value. In addition to that, we have taken various measures to improve cost efficiencies in the overall business.

**Amit Murarka - Analyst, Axis Capital**
Sure. So fair to say the run rate of margin and EBITDA look sustainable then?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
I would say there is -- there could always be some lags with respect to the hot rolled coil price increase versus the impact of prices going into the end use segment because the coated is more towards the end use segment. But I would say a range of between INR5,000 per tonne to INR6,000 per tonne is good. The zinc and aluminum prices is another factor which we need to consider as a variable. And in the recent case also the aluminum has been on the higher side because of the Middle East conflict. So that can also impact your overall cost.

**Amit Murarka - Analyst, Axis Capital**
Sure. And just another question on the same quarter. You said that the realization is a bit volatile. But given that coking coal is up and spot prices are down for rebar, like 2Q spreads, like in the previous quarter, I think you had given a guidance on cost and spreads like could you ballpark at least indicate what kind of spreads movement, could it be down INR2,000 to INR3,000 per tonne in second quarter?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
You know, seasonally, July-September is a quarter where you do see some movement of prices. But I think in July, the long product prices, I feel has more or less played out. The flat product prices have seen some moderation in the past quarter. Difficult to say whether it will moderate more in this quarter. But I would look at it from the perspective that the next quarter, we will have better leverage from better operating capacity. The BF-3 will ramp up. Ohio operations will be better. So the absolute volume and the leverage thereof because of that on the cost would help us. Iron ore prices have gone down in the recent past, benefit of that towards the latter part of quarter two should be -- should come in, and that would basically offset some of the coking coal cost increase, which we are likely to see.

On the price side, I think I would not hazard a guess at this point in time, if there's anything which we are able to guide you on, our Investor Relations will circle back to you.

**Amit Murarka - Analyst, Axis Capital**
Thank you so much.

**Operator**
Thank you. Our next question comes from the line of Raashi with Citi. Please go ahead.

**Raashi Chopra - Analyst, Citi**
Thank you. Just continuing with the last question. On the pricing, would you be able to give a sense of where spot is versus the last quarter on average for you?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
You'll have to just hold on. I would say from a flat steel point of view, the spot maybe on an average from the starting of -- if I give hot rolled as a reference, the starting to closing of June end would be about INR1,000 lower. In the month of July, I think we'll still see the prices playing out. There could be a little bit more impact in this month. However, on longs, the impact has been far more. We have seen a drop from the beginning of quarter one and especially in TMT to the end of quarter one and now to some extent in July. So the spot prices in TMT specifically is much lower than what we started with in the quarter one beginning. It would be in the range of about INR7,000 to INR8,000 a tonne in TMT.

On the hot-rolled side, I would say it's more -- the prices on an exit price between quarter four and quarter one, the hot-rolled prices went up by INR1,000. And I think it may marginally moderate from here, but I don't see too much of moderation on the flat prices. Wire rods are more or less -- wire rod -- sorry, just to finish on the long side. I think wire rod, the exit price of June, we have seen an impact of about INR750 to INR1,000 per tonne.

**Raashi Chopra - Analyst, Citi**
So the INR7,000 to INR8,000 that you mentioned, the decline in the TMT prices, that is from the beginning of the first quarter to now?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
March exit to June exit. Spot to spot.

**Raashi Chopra - Analyst, Citi**
Spot to spot. Okay. Secondly, on the volume side, your domestic volume growth, I mean, by the overall year-on-year increase 4%. Domestic volume growth has been only 1% and has been an increase in exports. Now is this entirely attributed to weakness in longs or even flat volumes were muted?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
So you know, the institutional part, let's break up the volume into two. One is in the institutional part. The other one is in the retail part. On the institutional part, we had strong sales, and it was the best ever quarterly sales in institutional, I think close to 3.7 million tonnes, 3.7 million tonnes or so. And that has grown by 5%, in line with what you will see the India growth of industrial activity.

On the retail side, it has been lower because there was a destocking in the channel. And because of the uncertainty on the Middle East countries, I think the buying in the retail has been lower as we have seen it. In addition to that, we had an impact on the TMT longs. Alloy steel special continue to do well, actually, it grew quarter-on-quarter. That has done quite well. Product-wise also, we have done well. I think if you look at overall flat sales, overall went up by 42%, including export. If I look at HR, overall, our HR sales have been the highest ever. That's also grown by a healthy number. So on flat sales, I think we have been, by and large, good. Value-added, we have been good. In retail, where also some flats is involved, there, there has been some impact because of destocking.

**Raashi Chopra - Analyst, Citi**
Understood. Just last two book-keeping questions. Did you mention that the impact of the West Asia crisis has been $20 for the quarter?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
So I think this basically is an indication of some of the cost.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Yes. So we'll have to see as it plays out because it's a moving element to assess the situation. But as we look today, it's close to about $20 per tonne, hopefully.

**Raashi Chopra - Analyst, Citi**
Okay, thank you. That's it from my side.

**Operator**
Thank you. Our next question comes from the line of Parthiv Jhonsa with Anand Rathi. Please go ahead.

**Parthiv Jhonsa - Analyst, Anand Rathi**
Hi, thank you for the opportunity sir. Sir, my first question pertains to your captive iron ore. In annual report, you have mentioned that you will eventually be taking your EC to about 31 million tonnes or slightly higher than that. Would it be possible to quantify which mine would be contributing to that EC because currently, I think we are at about 19.2-odd million tonnes of EC.

And similarly, sir, for coal, I think you mentioned that your volumes from Australia, which is about 1.9 million tonnes and also from Mozambique, which will start from mid of CY. That means, would it be fair to assume that in '28 your captive on a consol level, your coking coal consumption would be close to about 20%, 25% and not beyond that? So how are you planning to take from your current, say, 30% of captive iron ore and almost nil in coking coal to say, 50% to what has been mentioned in the annual report?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Hold on for a second, please.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So far CY'28 is concerned, when our Mozambique mine starts, our coking coal would be domestically would be around 20% of the total requirement of the coke ovens. Similarly, about 20% would come from Mozambique, and we expect somewhere around 10% would be Australia of our total requirement. So more like about 50% would be from our own. Domestic is not all our own mines, but these are linkage coals on long tenures.

**Parthiv Jhonsa - Analyst, Anand Rathi**
No. This is you're talking about FY28 or '30?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
CY '28. Because these are, like, calendar year a few of the mines will be starting somewhere in mid of '28.

**Parthiv Jhonsa - Analyst, Anand Rathi**
Because if I recall it correctly, sir, I think in the annual report, you have mentioned that Jharkhand block would start about two years. The BCCL, I think you have done 0.6 million tonnes, which would be about 5-odd million tonnes of raw coking coal, but that would also take about good two years. So would it just mean that would be more in '29, '30? Is it fair to assume?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Yeah. So we had guided, if you recall, last time, we had said that all our coking coal mines put together, which is Parbatpur, Sitanala and the domestic linkages which we have got, we would be getting 3 million to 3.5 million tonnes of coking coal. And that 3 million to 3.5 million tonnes of coking coal varied from time to time because depending on when the Parbatpur mines opens, the Sitanala mine opens and the washeries get ready for the domestic coal linkages. Based on that, we had given some timelines. I think we will-- [Speech Overlap]

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
CY '28 is basically two years from now.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Yes. So I think it will be a combination, but let Ashwin get back to you with the timelines. We don't have exactly the numbers here in terms of time frame for each of the mines.

**Parthiv Jhonsa - Analyst, Anand Rathi**
No, no issue, sir. Absolutely, absolutely fine. I'll coordinate with Ashwin sir. Sir, my second question is pertaining to your debt. Again, 64% of your debt as on 31st March was -- it was more like a foreign debt, right, wherein your forex impact was almost what, INR5,600 crores. Considering all your capex is in India, wouldn't it be more convenient or more cost effective for you to basically take debt in domestic and not have that Forex impact at the end of the day, especially when your rupee is depreciating?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Yeah. So that question just now -- it's a good question, so I will answer that. Just on the coking coal part, I think the -- if you look at our coking coal requirement of the hard coking coal requirement specifically, we would be roughly covering about 25% -- 20% to 25% of our coke, which you mentioned, which is something which we had guided earlier as well. That remains on track. Once Mozambique starts coming in, the percentage, as Arun said, will grow. Once Mozambique starts operating, then we would be growing that percentage further. Plus, we have recently taken over the Dugda washeries.

And that washery, we are upgrading, we're trying to modernize that would take about close to two years. So from -- that's why he said calendar year, that's from the maybe second half -- later second half of '28, Dugda washeries will consume the local linkage coal, and that would give coking coal in various grades for consumption in the domestic market. So, this is by and large the flavor, but I will ask Ashwin to come back. I just wanted to add some part of flavor to that, and Swayam will answer your question on that.

**Ashwin Bajaj - Group Head, Investor Relations, JSW Steel Limited**
No. On the foreign debt part, decision to tap different capital pools to stay diversified is a conscious choice we have made for years. I understand the starting point of the question is indeed rupee depreciation, which we saw last year. We are fully aware of it. We have taken steps to do coverage in terms of hedging. And if you compare our foreign debt now versus three months back, you would see that a large part of the new proceeds, which have come in has actually been utilized to repay a large part of foreign debt. Also, given we have some bond maturities coming, you would see this balance automatically correcting. But we are taking steps to see that fluctuations do not impact our P&L.

**Parthiv Jhonsa - Analyst, Anand Rathi**
Okay. Okay. Would it be possible to quantify what is the current foreign debt? How much it has reduced from 64%?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
This, I will ask Ashwin to perhaps provide you bilaterally. But historically, we have kept around 50% to 55% foreign debt in our total mix. And we think that's still healthy given the kind of capital we will

need. We don't -- we want to be completely dependent on domestic banking system and domestic capital market.

**Ashwin Bajaj - Group Head, Investor Relations, JSW Steel Limited**
Yeah. But at the same time, in terms of onshoring of debt, which you mentioned to reduce volatility, that part of the exercise, I think Swayam and team have worked upon. And we have taken steps to see that the volatility in the balance sheet [Speech Overlap] and in the P&L. I'm sorry, the P&L specifically, the volatility will come down sharply.

**Parthiv Jhonsa - Analyst, Anand Rathi**
Okay. That's quite helpful sir. Thank you so much and best of luck.

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

**Pinakin Parekh - Analyst, HSBC**
Thank you very much. My first question is on the sharp increase year-on-year in the export volume. Now given Europe CBAM is in place, how do you see the export market, especially in Europe, evolve for Indian steel makers?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Yeah. A question which most of us keep asking among ourselves. But then I think Europe will continue to remain a very high-priced market as we move forward because of the CBAM impact -- impacting those domestics mills as well as the other imports happening over there. Today, if you have to see US market is about $1,250 for hot-rolled coil. Europe market is close to about $800. India, again is about $600. China is about $500. So as we move forward, Europe may start moving towards high-cost steel market because of all these CBAM implications coming in.

Having said that, there are certain quotas which have been reduced as of now, but then Europe will be deficient of steel and they will continue to import steel, and it will remain a lucrative market for imports over there.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
And tentatively, Pinakin, if you see the European export right now from India, it's in the range of 35% to 40% in the last quarter also, as we have seen. I think the basic thing which from JSW's point of view, I think, as Arun explained, one is that the pricing, it will go up, and so we'll look at opportunities which can reflect that. The other thing is that our percentage of exports still remains quite small. Our focus is 90% on the domestic market, and we'll continue to focus on that as the India demand grows.

**Pinakin Parekh - Analyst, HSBC**
Got it. My second question, sir, is on blended pricing realizations. Now Q1 benefited, a, because of the flow-through of the delayed contract pricing and to an extent, the product mix as you sold more flats versus long. Now when you move to second and third quarter and given that there has been a decline in spot pricing, the flow-through to contract prices is lower, would that entirely happen in the second quarter? Or will that get pushed out into the third quarter?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
In the second quarter, from an automotive point of view, I think we would still be better because

some price impact of the automotive, which always comes with a lag. So automotive quarter two is likely to be slightly better than quarter one, is what we are expecting. On the contractual side, it gets -- the quarterly prices get calibrated on a quarterly basis. So quarter one, we got the increase. quarter two, there would be some correction if the market reflects that based on the formula which is already agreed on with the customers.

**Pinakin Parekh - Analyst, HSBC**
Got it. That is very helpful thank you very much sir.

**Operator**
Thank you. Our next question is from the line of Satyadeep Jain with Ambit Capital. Please go ahead.

**Satyadeep Jain - Analyst, Ambit Capital**
Hi. Thank you. So first, I wanted to ask on JVML. I think a few quarters ago, you mentioned that JVML may have lower EBITDA per tonne versus stand-alone because it would be less vertically integrated in terms of downstream. Last two quarters have been actually reporting higher EBITDA. I just want to understand is that how do we recalibrate expectations on JVML profitability versus stand-alone?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
JVML, we had mentioned at that time that the JVML doesn't have downstream capabilities, but it was adding the RH facilities of degassing, which would enable us to produce special steels. So some of the RH has got commissioned and now therefore, the special steels from JVML is available. That is one. Secondly, JVML is also supplying certain special grades to JSW Steel from the -- for the operations of downstream, which basically makes more productive sense to do in the JVML mill because it's a 1,650 wide mill rather than doing that with a 2,000 mm mill, which is the HSM-2 Vijayanagar. So that's a little bit of reorientation in that is also there.

Earlier, during the initial days, we were also selling some slabs from exchanging slabs between JVML and JSW Steel operations, which now also is stopped. So therefore, you will see JVML is getting an advantage of the full capacity. So the cost leverage is now getting fully reflected. That is reducing the per tonne cost. There is an incentive of 2% on the topline, which has now started increasing with the increase in volume. And the blast furnace, we had mentioned to you, if you remember, large blast furnaces and JVML in particular, the cost will be lower than the average of the JSW Steel Vijayanagar unit because they are smaller unit combinations, and that is also playing out.

So that is why you will see a better EBITDA per tonne.

[Speech Overlap] Hot Strip Mill, they are all built with the best available technology. Hot Strip Mill three is very productive. So the production rate is much higher compared to the Hot Strip Mill one and two. So that's also an advantage because 1,650 and you can roll far more thinner at a higher production rate.

**Satyadeep Jain - Analyst, Ambit Capital**
You said there's a 2% incentive there.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Sorry? Yes, there's an incentive of -- yes, 2% incentive on the sales revenue as a part of the Karnataka incentive policy. So you can expect for your purpose of budgeting maybe the JVML now with the benefits of leverage, volume, better BF-3 productivity, special grades emanating from

there, the mill now able to give a lot of special grades. The EBITDA on a per tonne basis will be similar to JSW Steel facility, including JSW Steel's downstream facility.

**Satyadeep Jain - Analyst, Ambit Capital**
Okay. And secondly, sir, on the iron ore recently, the Supreme Court verdict on royalty. Does it -- would it basically make bidders reevaluate just the bidding premium? Was that something in expectations that maybe if this goes away, this makes it higher return? So would the industry actually recalibrate 120%, 130% premium on iron ore based on this?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So honorable Supreme Court judgment has come, which was on a long-overdue judgment. But whatever the bidding we have done in the past also, we had this condition quite available to us. So this is actually -- every mine or every location has a different dynamics for bidding for premium. It depends upon the proximity from the usage, the slurry pipeline is possible or not or what the volume, what the size and scale. What -- it's an adjacent mine closer to us. So the bidding premium is dependent on that. So it may differ. It may be -- it may continue to remain in the range what we have seen in the past or it may go slightly down. It purely depends upon user-to-user or bidder-to-bidder as well as the location.

**Satyadeep Jain - Analyst, Ambit Capital**
Okay, thank you so much.

**Operator**
Thank you. Our next question comes from the line of Rajesh Majumdar with 360 ONE Capital. Please go ahead.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
Yeah, good evening sir. Thanks for the opportunity. My question was on JVML again, I'm sorry to harp on this again. But it seems that the realization per tonne sequentially has gone up by nearly INR8,000 in JVML with an EBITDA per tonne improvement of almost INR6,500. Now part of it is explained, of course, by the mix change and everything, but the 2% incentive was always there, and that's roughly about, say, INR1,200-odd per tonne. So what can be the reason for the huge jump in the NSR in JVML and whether it's sustainable going forward?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
The JVML operations, as we were explaining, we can provide some more color, Ashwin can give you more details. But the JVML EBITDA is primarily, as I mentioned, one is because the special grade component of JVML has gone up. The cost of JVML operations have gone down. The revenue impact of 2% on the overall volume because the volume factor is increasing, so the volume is not resulting into higher 2% incentive in absolute terms. But if you want more flavor, I think let Ashwin get back to you offline.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
Sure, sir. And sir, my second question was on the coking coal part on the BCCL. Now BCCL has been operating washeries for many years, and they had some reason why they could not ramp up the washery volumes, citing poor quality coal, etc.. So, I was just wondering what is the -- what are the terms and conditions of this deal? And how much of volume are we looking at from monetization of BCCL washeries? Yeah. Thank you.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Our expectations on the volumes as of now, we have a linkage of about 7.5 million tonnes totally from our own captive mines as well as linkage coal. Linkage is about five million tonnes and our captive would be about 2.5 million tonnes. So that will become operational within the next two years. The linkage has started flowing in. So, which we have a smaller washery in one of the units wherein we are washing the coal. The full scale benefit of this linkage would start happening within two years' time.

Meantime, we'll continue to look for more linkages. BCCL has been very proactive now since coking coal is into the critical mineral. So there is a special focus from the government as well. And they are bringing more and more coal for the linkage. As we move forward, we will improve our washeries capacities at Dugda and Parbatpur, and then we will take it forward from there. So probably more color on the coking coal linkages will happen as and when the BCCL comes up with the linkage auctions, and we will participate in that. And on the winning side, then only we can explain about it.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
And sir, the financial aspects of the monetization of the deal, as in do we pay BCCL, just rentals, or what are the terms and condition of the deal?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
No, we had acquired this washery completely. It's owned and operated by us.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
So it is totally off BCCL's books. Totally owned by us now.

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
Yes.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
And what was the consideration for that?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
I believe we can send it across to you, but it was a bidding process through which we have taken it. So it was an open participation on the website of MSTC.

**Rajesh Majumdar - Analyst, 360 ONE Capital**
Okay, thank you.

**Operator**
Thank you. Our next question comes from the line of Jashandeep Singh Chadha with Nomura. Please go ahead.

**Jashandeep Chadha - Analyst, Nomura**
Yeah, thank you for the opportunity and congratulations on a great. So my first question is regarding. I hope I'm audible.

**Operator**
You're audible sir.

**Jashandeep Chadha - Analyst, Nomura**
Yes, yes. Sir, my first question is regarding the Indian steel industry, especially in the first quarter. As you mentioned that this quarter, the industry became net importer. I want to understand if you can shed some light on what are the reasons why the imports have suddenly increased despite safeguard duty still in effect? And what steps the industry is taking or how should we start accounting for over the next couple of quarters? Will the industry remain net importer -- and what impact will it have on HRC? So I just wanted to understand.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
The hot-rolled, some of the cargoes which were designed for the Middle East because of the conflict have landed up in India also. That has resulted in some increase. Second is the imports from FTA countries like Japan has gone up. We have to see how it plays out in the quarter, but this is an area we have to monitor. But based on the data provided, the government of India is -- has initiated this antidumping on the request of the industry. And as we have seen in the past, if there are cases for putting a fair trade in place, I think those steps will be taken to see that the imports to that extent is restricted -- unfair trade is restricted.

From an availability supply point of view, I think India is very well supplied. If you really look at our capacities, we are now close to 225 million tonnes of capacity. In last year, our production was 169 million tonnes as a country. This year, it would be more by, whatever, 10 million, 12 million tonnes. And we do not see that there is any supply gap from India perspective. So India is well -- capacity is good enough to meet the India requirement.

**Jashandeep Chadha - Analyst, Nomura**
Sir, just one clarification. This supply-demand mix that you're talking about, will it be true for both flats as well as long?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Longs, the imports are hardly anything. Actually, your 85% of your imports are flats.

**Jashandeep Chadha - Analyst, Nomura**
No, sir. I meant supply and demand for India only?

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
I think, by and large, the secondary capacity of longs is larger. They operate at a lesser capacity utilization than the primary players. That's the only difference. But the flat capacities are mostly with larger integrated players, and they are all more or less operating very efficiently. The capacities which are getting added in the flat base where some material is basically the capacity ramp-up takes time. That's something which is playing out in some of the capacities which have come up recently. I think that's what I see the difference between flat and long. We would be adding our capacity of 2 million tonnes, let's say, 1.5 million tonnes here and some debottlenecking, which we are doing. That would add some capacity of 2 million tonnes. But it takes a few months for the capacity to fully ramp up and come on stream. That's the only thing which we see in flats.

**Jashandeep Chadha - Analyst, Nomura**
Understood, sir. And sir, one question on the net debt. So what is the peak debt which the management is estimating? And what will be the net debt to EBITDA on a sustainable basis?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
So as Jayant mentioned earlier, we -- our comfort level is to stay below 2.5. We are right now at 1.46. And we have guided an upper limit of 3. But we want to stay below 2.5, is what we think we will aim for.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Also from a capacity flats point of view, I think you can factor that our Dolvi asset of Phase 3, which we have guided by September '27, is something also which would be available for the next financial year from a capacity point of view.

**Jashandeep Chadha - Analyst, Nomura**
Understood, sir. Thank you so much. I'll join back the queue.

**Operator**
Thank you. Ladies and gentlemen, we will now take one last question, which will be from the line of Rahul Gupta with Morgan Stanley. Please go ahead.

**Rahul Gupta - Analyst, Morgan Stanley**
Hi. Thank you for taking my question. Two questions. So one, when you talk about September quarter being seasonally weak, especially given how rebar prices have behaved in recent months, can you help us understand how spreads are looking right now vis-a-vis the earlier years with respect to seasonality? That's my first question.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Not very different. Your long prices for TMT, which seasonally, what you see in the quarter, it is similar. As a matter of fact, if you were to look at the price in December of 2025, the pricing of TMT was probably a little lower than what it is today. So it does move through a seasonal pattern. I think it is in a similar vein that you see. The prices had gone up to some extent sentimentally during the last quarter and April, and there is some correction in the seasonal factors. So I would take it to that. But keep in mind that our exposure to TMT, which is the one which is impacted is not very much. How much is the percentage of TMT on the overall?

**Swayam Saurabh - Chief Financial Officer, JSW Steel Limited**
20%. No, no, no. Just one -- just give me a second. It's about -- roughly about 10% of our overall volume. So therefore, the impact of that is not going to be material on us.

**Rahul Gupta - Analyst, Morgan Stanley**
Got it. Got it. That's helpful. My second question is on industry demand. Now first quarter saw around 8% growth for the industry, and you noted that industry may do 7% to 9% for full year. What gives this confidence that the industry may sustain demand beyond monsoons? Similarly, what could be the risk of weak monsoons and inflation beyond monsoons? How should we look at that? Thank you.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Just on a positive note, I just want to take you back to 2019, '20 when we were at 100 million tonnes. And I think we have faced multiple challenges of COVID, wars and after that, the Palestine and the Russia, Ukraine, the Palestinian, Northern Middle East conflict. Last year, after six years, the demand from 100 million tonnes went to 164 million tonnes in India, 64 million tonnes up in six years in spite

of these challenges. I think India, I feel is a very resilient country. Our growth is very strong today. The resolve with the government from a structural reform point of view to actually improve our self-reliance is also increasing.

So therefore, I feel the domestic demand will continue to remain strong and be sustainable. Whether you see in a year, 12 million tonnes increasing or 13 million tonnes increasing is a matter of discussion. But I think directionally, we will continue to add capacity, and we will continue to add demand in the country as we grow, as we develop our infrastructure in the country, manufacturing in the country. Does that answer your question broadly? Or do you think that need some more -- [Speech Overlap]

**Rahul Gupta - Analyst, Morgan Stanley**
No, I get the context that structurally India is a growth market. Just more -- I was being more myopic to understand how are you looking at demand beyond monsoons? Is there any risk to demand given how El Nino and weak monsoons are playing out, but that's helpful. Thank you so much.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
But yeah, I would say that -- so it's difficult in a steel industry also, which typically takes a few years to really -- so we look at the medium term. We don't look at quarter-to-quarter as such. But just to give you a flavor also, I think the H2 has usually been better than H1. Typically, if you were to see that every H2 is a little better. The volume starts picking up as monsoons wears off, the festive season comes in, and this cycle is there, by and large, every year. From December onwards, you will see the long prices moving up. Your activity on the projects picks up from November onwards, your festive season kicks in and January, March is a seasonally strong quarter. So H2 back-ended is always strong. I would still remain optimistic and hopeful that it will continue on a similar pattern.

**Rahul Gupta - Analyst, Morgan Stanley**
That's helpful. Wish you all the best. Thank you.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Thank you.

**Operator**
Thank you. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.

**Jayant Acharya - Joint Managing Director and Chief Executive Officer, JSW Steel Limited**
Thank you very much for a patient hearing. As we said, the outlook for the quarter, we will see increasing volumes in the quarter two. While the coking coal prices are going up for the quarter. However, the prices in the recent weeks have started coming down, and that would reflect on the cost in the subsequent quarter. Iron ore prices is also trending down, and that would benefit us partly towards the later part of Q2 and balance in Q3. We remain very optimistic on the India growth story. And with our capacity increases, we are poised well to be able to service that growth. Thank you very much.

**Ashwin Bajaj - Group Head, Investor Relations, JSW Steel Limited**
Thank you, ladies and gentlemen. Have a good evening. Bye-bye.

**Operator**
[Operator Closing Remarks].