Management Discussion

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Good afternoon and warm welcome to everyone joining us today. As we have just celebrated Diwali, let me begin by extending my wishes to all of you and your families. I hope the festival brought happiness, prosperity, and renewed optimism for the year ahead. It is a pleasure to welcome you to John Cockerill India Limited's Q3 fiscal year '26 earnings call. The last several quarters has marked an important period of transformation for our company. In Q2, I spoke about the creation of a more integrated organization through the consolidation of our Chinese, German, and Belgium entities under John Cockerill India Limited.

This brought together technology expertise, engineering capabilities, and execution strengths on a broader international platform. During Q3, our focus has increasingly shifted from building this platform to putting it to work. We are strengthening our execution capability, investing in people, integrating our international operations and preparing the organization to deliver a substantially larger and increasingly complex product project portfolio. Before discussing our performance, let me put these developments in the context of the steel industry and the opportunities emerging across our key markets.

Steel technologies grow through quality, efficiency, and modernization. Investment in steel technologies is being driven by capacity expansion, demand for higher value grades, and the modernization of existing plants. These priorities align closely with John Cockerill's expertise in cold rolling, strip processing, advanced coating, and energy efficiency. Electrification and evolving automotive requirements support investment in electrical steels, and advanced high-strength grades. Our EASY and JVD technologies address these needs through precise processing and efficient coating.

Meanwhile, upgrades, automation, and lifecycle services help producers improve productivity, reduce energy consumption, and extend equipment life. India remains particularly attractive with world steel for casting steel demand growth of approximately, approximately, sorry, 8% in both '26 and '27. Our electrical steel processing contract with GSW Vijayanagar Metallics illustrates opportunities emerging from this expansion. While investing timing remains sensitive to market conditions, the combined need for additional capacity better products and more efficient production support, a positive medium to long-term outlook for our business.

Q3 performance, GCIL standalone growth, and project execution. Turning first to the standalone financial performance of GCIL, revenue from operations for Q3 has approximately was approximately 174.4 crore compared with approximately 97 crore in Q3 from last year, representing robust year-on-year growth of approximately 80%. For the first 9 months of fiscal year '26, standalone revenue from operations reached approximately Rs 523.6 crore, more than doubling from approximately Rs 255.5 crore in the corresponding period last year.

While this growth is encouraging, it is equally important to understand the nature of our business. John Cockerill operates in a project-driven industry. Our projects pass through several stages including engineering, Procurement, manufacturing, supply, erection, and finally commissioning. The timing of expenditure, revenue recognition, and margin contribution therefore varies depending on the stage of execution. Q3 illustrates this particularly well. A significant number of projects secured over recent quarters are still in their initial stage of execution.

During these stages, we incur engineering, mobilization, procurement, and other project-related

costs before the corresponding revenue and margin contribution fully develops in the P&L. At the standalone level, the company recorded an EBITDA loss of Rs 12 crore during the quarter, reflecting the current operation performance of the business. Additionally, during Q3, the company also recognized an exceptional income of 53.6 crore, which is 47.1 crore after tax, arising from the sales of its Andheri land and building.

This resulted in a reported net profit of 32.2 crore. Our priority is to execute these projects efficiently, maintain cost discipline, and progressively convert our growing order portfolio into stronger revenue and margin contributions. Consolidated performance is reflecting our expanded international platform. Alongside the standalone performance of GCL, I would also like to address our consolidated financial performance. Including the international businesses now within the consolidation perimeter.

For Q3, consolidated revenue from operations was 316 crore compared with 259 crore in Q3 from last year. And this is representing a growth year on year of around 22%. For the first 9 months of this year, consolidated revenue from operations reached approximately 959 crore compared with 734 crore in the corresponding period of last year, which is a growth of around 31%. At the consolidated level, EBITDA for Q3 stood at a loss of Rs 35.7 crore, and net profit for Q3 was Rs 11.1 crore. This means improving execution, strengthening coordination across entities, maintaining cross-discipline, and progressively realizing the benefits of operating as a more integrated organization.

Our objective is clear: the increased scale and capabilities created through consolidation must translate over time into improved margins, profitability, and sustainable value creation. Investing in people and execution capabilities. And this brings me to another important aspect of our transformation, our investment in people. A growing project portfolio requires stronger engineering, project management, and additional capabilities in operations. Building these capabilities is not just about bringing in additional people, it is equally about developing the skills and competencies of our existing workforce.

We need to invest in both recruitment and training well ahead of the revenue that this larger portfolio is expected to generate. And since September 25th, our Indian operations has recruited more than 100 people, with plans to add further personnel by end year 2026. Our China operations have also recruited more than 30 employees, with additional recruitment planned before the end of the year. Alongside this expansion, we are focusing on strengthening the capabilities of our people through training, knowledge development, and on-the-job learning.

This is essential to ensure that our teams are equipped to manage increasingly complex projects and deliver to the expectations of our customers. Our focus spans engineering, project management, procurement, manufacturing consolidation, commissioning, and customer support. These investments add to our current cost base, but they are necessary to prepare the organization for its next phase of growth. We are not simply increasing our headcount. We are building a stronger, more capable organization today to deliver the larger business we expect tomorrow.

Project Vulcan, progress in global consolidation. And let me now turn to Project Vulcan, which represents an important milestone in the transformation of John Cockerill India Limited. There has been significant progress subsequent to the September quarter end, and I would like to distinguish these developments from the financial performance reported for Q3. The company received the requisite approval from BSE Limited and Reserve Bank of India. Subsequently, the company allotted 35,185 non-cumulative, non-voting, 0.001% Compulsory convertible preference shares, or called

CCPS, to John Cockerill SA.

This represents an important step in the restructuring integration process. As of September 30th of this year, the financial statements reflected 218.7 crore of deferred consideration payable. Since the relevant Regulatory and transaction milestones were completed after the quarter end. The associated accounting impact will become relevant in Q4 of this year. And that's very important. And with respect to North America, the proposed acquisition of the U.S. Entity has been deferred in line with our disciplined approach to international expansion.

In China, however, we have registered a workshop in Zhangjiakang near Shanghai to strengthen our presence and support our metal business, including key equipment-related activities. For investors, the larger significance of Project Vulcain goes beyond the transaction itself. It forms part of our broader objective of creating a more integrated international and industrial technology platform, bringing together capabilities across geographies and enabling us to serve customers more efficiently. Another important development during the period was the Memorandum of Understanding signed between John Cockerill India Limited and the Government of Maharashtra.

The MOU signed on September 2nd of this year covers cooperation exploring advanced technology for green iron and green steel on and supporting Maharashtra, particularly Gachhiroli as a green steel manufacturing hub. This engagement reflects the growing importance of low-carbon iron and steel production in India's industrial development. For John Cockerill, this provides an opportunity to bring our technology and engineering expertise to an emerging area of industrial transformation. We see this as an important opportunity to contribute to India's green steel ambitions while strengthening John Cockerill's position in emerging ironmaking technologies.

It also reflects our intention to participate not only in the expansion of steel production capacity But also in the technological transformation of the industry. As the scale and geographical footprint of GCL evolve, the organization supporting the business must evolve as well. We have continued to strengthen our board and leadership structure to support the company's changing priorities. At this point, I would like to place on record our sincere appreciation for Mr. Vivek Bhide for his valuable contribution and service for the board and the company.

We thank him for his commitment and support and wish him every success in his future endeavors. At the same time, I am pleased to welcome Mr. Praveen Kadel, who rejoined the board, and Mr. Shekhar Kashyap, who joins us as a non-independent director. I also extend a warm welcome to Mr. Jan Lüder, who joins us as an independent director. Praveen brings a deep understanding of the company along with extensive business and financial expertise. Shekhar, who leads John Cockerill's hydrogen business in India and has recently taken on the role of regional president.

For the John Cockerill Group, brings valuable experience in business leadership, energy and hydrogen technologies, as well as strong understanding of the Indian industrial landscape. While Jan Rüder brings extensive international experience in the industrial sector, having held senior leadership positions across leading global engineering and technology businesses. His experience in managing diverse businesses, driving operational performance, and leading organizations through transformation will bring an important global perspective to the board.

We look forward to benefiting from their collective experience, perspectives, and guidance as GCL enters its next phase of development. A company operating across several countries with a growing and increasingly complex project portfolio, requires strong governance, financial oversight, management bandwidth, and organizational depth. The evolution of our board, together with the additions of our leadership, leadership and execution team, is therefore an important part of

preparing GCIL for this next stage of development.

Our objective is to build an organization that is equipped not only to manage its current operations but also to support its future growth responsibly. We have also continued to strengthen our engagement with the investor and analyst community through regular interactions. We recognize the importance of transparency and consistent communication, particularly during a period of significant transformation. These interactions provide an opportunity to discuss our financial performance, project execution, strategic initiatives, and the longer-term opportunities available to the company.

We intend to continue this engagement and provide investors with a clearer understanding of how our business is evolving and the progress we are making against our strategic priorities. As we approach the end of 2026 and look forward to 2027, I would like to leave you with 3 important messages. First, the market opportunity remains compelling. The global steel environment is gradually improving outside China, while India continues to be one of the fastest-growing major steel markets. More importantly, Customer investments are increasingly expanding beyond capacity expansion into advanced processing technologies, electrical steel, quality improvement, energy efficiency, and lower carbon production.

These developments are closely aligned with John Cockerill's technology portfolio and areas of expertise. Second message, we are investing in the organization required to capture this opportunity. The consolidation of our international businesses, Project Vulcan, our recruitment program, investment in engineering and execution capabilities, and the strengthening of our governance structure are all part of building us a larger and more integrated organization. Our engagement with the government of Maharashtra on green iron and green steel technologies also reflects our intention to participate in the next phase of industrial and technological development in India.

Third, our focus remains on translating this stronger platform into sustainable financial performance. Our profitability in individual quarters will continue to be influenced by project mix and execution stage. Several projects currently being mobilized require engineering, procurement, and other initial expenditure before reaching the stages where revenue and margin contribution becomes more significant. As execution advances, our objective is to progressively translate these investments into higher execution volume, revenue growth, stronger margin contribution, and ultimately sustainable profitability.

I believe GCL today has a substantially stronger and more diverse foundation than it had at the beginning of this transformation. There will be inevitably quarter-to-quarter variations in a project-driven business such as ours. Our priority is not to optimize for a single quarter, but to build a stronger, more integrated, and more profitable business over the medium and long term. Our direction remains clear: execute our projects successfully, strengthen our technology leadership, integrate our international platform, invest in the capabilities required for growth, and translate the opportunities ahead into sustainable value for our customers and shareholders.

Thank you for your continued interest and support. With that, I would like to conclude my opening remarks. We will now be happy to take your questions. Thank you for your attention.

Operator
Thank you very much. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets

while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles. The first question is from the line of Rahul Kumar Paliwal from Shefa Family Office. Please go ahead.

Questions & Answers

Rahul Kumar Paliwal - Analyst, Shefa Family Office
Thanks for the opportunity and congratulations on bringing such fine people onto the board. I hope their experience will help create value for all shareholders- stakeholders, rather. My first question is about bigger picture. As a long-term shareholder, I'm trying to understand what John Cockerill India will look like beyond 2030. There are many moving parts as of now. We are We were told the group's global steel business would come under the Indian company. Now the US has been kept out for the time being.

Valteron's technology sits with the parent, and green hydrogen is with another group company, though you have signed a green steel MOU with Maharashtra. So I have 3 things on this. One, what exactly will sit inside the Indian company and what will stay outside, or what is in discussion or work in progress? That's point number 1. Point 2, was the US entity kept out of late? Indian company stabilized first financially, and will it come back later? And the 3rd is, Walter, on how will Indian company use this technology, and will the royalty be kept light or even waived off until the company is financially stabilized so that it is fair for minority shareholders?

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Thank you for your questions, and I would like to start to answer your questions by starting with the end, with Volteron, because your first question on the MOU on Mahashstra and Volteron are linked. Okay. You have mentioned hydrogen. Hydrogen has been kept out of GCL and will still be out of GCL. This is a separate and independent business, although we can benefit as John Cockerill India Limited of strong collaboration with hydrogen team. Currently, we have in India a working team which is working across hydrogen and industry to find out common projects where hydrogen can help the steel industry.

To become greener. But let me tell you one thing. To me, Volteron is really the alpha and the omega of green steel, much more than hydrogen. I see in the future, and you were mentioning beyond 2030, I see in the future Volteron being a much better solution than hydrogen. Because with Voltarom, you can produce iron ore without having to go through generating hydrogen. You electrolyze directly the iron ore into a special solution of iron ore and soda. And thus, this has a better efficiency than going through the hydrogen and the iron.

That's the first thing. And we are sure that right now Volterra is sitting with John Cockerill SA for the reason that it is still in development and that we don't want to explore- expose GCL into R&D, costly R&D. So the parent company has decided to support and to finance this development. At the same time, At some point, John Cockerill India Limited will be completely involved in Volteron and will be able to offer the Volteron technology worldwide. On how the, the group will look like beyond 2030, to me it is clear that we want to reach our €1 billion revenue in 2030.

We will be fully integrated and we will have added several project- product portfolio and technology portfolio which are missing today to make us a very strong and leading company in the world. So we are working right now on consolidating and bringing more technology into our capabilities. US is running through a qualification to be able to be integratable in our business. So we expect to do this

integration next year or beginning of 2028. Right now, US is showing very promising opportunities as a market, and therefore US is a very important entity and team for our development in the future.

Rest assured, the TIF incorporation will take place at the right time. Thank you. That's helpful.

Rahul Kumar Paliwal - Analyst, Shefa Family Office
That's helpful. Okay, thank you. At the AGM, Chairman spoke about Rs 8,000 crore, uh, by 2030, as you also reiterated in euro terms. The company will need acquisition, fresh capital, and new shareholders on board. That's what he talked about. So on this new investors and capital, I have a few questions. Will it be a group entity or will it be a technology partner you are looking to bring on board? And on acquisition, will they be staying in the same steel processing business or you are open to new vertical and technologies such as areas linked to semiconductor, precision engineering, and other advanced manufacturing opportunities which are emerging now?

And the fundraising itself, would it be minority-friendly through the rights issue, or how it is going to be? I know it is too early to talk about all this, but whatever you can share will be helpful. That's my second question, and I will get back to you.

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Thank you. So to answer your question, so we are investigating all options to raise funds and to bring capital and equity into the company so that we can further expand through acquisition. So this is an ongoing process and we will communicate on due time about that. We will for sure try to expand especially on technology where we are not present today. So this is very important that we have to be focusing on staying on steel industry. And we have to be able to increase our capabilities where today our competition is stronger and we are absent.

But we will also think about reinforcing some of our product portfolio where we are present today, but where we are missing few, I would say, important technology points which will help us to become leading company. That's what I can say about the development.

Rahul Kumar Paliwal - Analyst, Shefa Family Office
Thank you. That's helpful. We get back in queue.

Operator
Thank you. The next question is from the line of Tushar Khurana from Peace Wealth. Please go ahead.

Tushar Khurana - Analyst, Peace Wealth
Yeah. Hi. Am I audible? Yes. Yes. Okay, I think my first question is regarding the JVD and Volteron technology. So pardon my ignorance, but I was looking up the internet and I found that JVD was- the IP was developed by ArcelorMittal, and this was developed in 2017, while Volteron was co-developed by, uh, by John Cockerill parent and ArcelorMittal again. And then we are about to do our first pilot, which is going to get commercial in 2027. So my question is just to get some clarity on, on this both technologies, who owns it completely, and what is the update on this pilot that we are running with ArcelorMittal that is going to go commercial in 2027?

That's my first question.

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Yes. So, uh, first of all, on, on JVD, um, which is, um, an IP which belongs to ArcelorMittal. John Cockerill is renewing its commitment towards ArcelorMittal right now on JVD technology and

expanding our licensing agreement for the 2-cell JVD technology, which is the next level of development of the technology. I would invite you to search on the VAMA project in China, which is now public information, which has officially announced its Phase 3, including the JVD technology. So, this has been communicated by Hunan Vale and by ArcelorMittal Group, which are both owners at 50% of the joint venture called Vama in China.

So, the opening ceremony of the project happened last week in the presence of Lakshmi Mittal, who is the owner of ArcelorMittal. So, I invite you to look and search, and you will see that basically the first JVD project is now officially announced. And we are pleased that we will be able to confirm by contract closing very soon this project. The other point on Volta One, we have big ambition on Volta One next year, and we would like to build our first pilot in 2027. So right now we are discussing, exploring this opportunity with several customers.

Thank you.

Tushar Khurana - Analyst, Peace Wealth
Okay, that's very helpful, sir. And my other question is, so if I see the global landscape, we have many global players. With their order book of $5 to $6 billion. For example, we have SMS, Prime Metals, Daniele, etc. So I just- and then all of these operate in both upstream and downstream technology. So I just want to understand, uh, when do we see ourselves in the same league and what steps we are taking in order to reach there?

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
You know, SMS, Daniele, Prime Metals, it took them 50 years to come to that level. We, we started our journey 2 years ago. So please give us a little bit more time. I think we can do better than 50 years for sure. But of course, being more serious, we will be able to come closer to that. First of all, when we will achieve our 10,000 crore revenue in 2030. It's bringing us closer. And the expansion of Valteron technology and steelmaking, which represents 70% of the CapEx in the steel industry. When we will be very active in this field, we will close the gap with them very quickly.

And I believe in, in between 2035 to 2040, If everything goes well with Volta One, we'll be not far from their level today.

Tushar Khurana - Analyst, Peace Wealth
Okay, okay, great. And just lastly, sir, so you mentioned that we are in the execution phase of the new projects that we are ramping up. So do we see some, some of those projects towards decommissioning by, by the current quarter? And, and And hence we should see some profitability as well in the, in the ongoing quarter.

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Yes, as I mentioned, there is a lot of projects we initiated in 2026 where we are at engineering and procurement stage. So the, the percentage of completion will start to recognize revenue, I would say '27, '28, for what we have acquired as projects in '26.

Tushar Khurana - Analyst, Peace Wealth
Okay, okay, sure. Thank you, thank you so much, sir, and all the best.

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Thank you for your questions.

Operator
Thank you. Uh, a reminder to all the participants, if you wish to ask a question, you may press star and 1 now. The next question is from the line of Dished Sanghvi from Equinova. Please go ahead.

Dipesh Sanghvi - Analyst, Equinova
Thanks for the opportunity. Hello.

Operator
Yes, you are audible.

Dipesh Sanghvi - Analyst, Equinova
Yeah, I'm audible. So regarding the North American subsidiary, it has been omitted from the proposed merger structure. Could you clarify the rationale behind excluding this subsidiary, and was it due to strategic consideration, valuation differences, or a deliberate decision to retain it separately? And what is the current revenue of the North American entity, and how would its exclusion impact overall growth and the potential and consolidated financial performance of John Cockerill India?

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
So right now, as I mentioned, the North American entity is not ready for integration. So there is some homework to be done by GCSA and the North American entity to be integratable in GCI. This is a balance sheet topic which needs to be addressed and will be addressed in 2027. So this is why we have to give them some more time to be ready. In terms of contribution, in terms of revenue, I would say right now the entity is focusing on high-margin activities like spare parts and revamping. But has a modest, let's say, add-on in terms of revenue.

So more or less, you can expect, I would say, 10% additional revenue coming from these entities.

Dipesh Sanghvi - Analyst, Equinova
And what about the margins? Like, what are the sustainable EBITDA margins should investors expect going ahead for the next 2, 3 years?

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Well, as I mentioned, we believe our margin- marginality will improve over time. That's a given due to the workload and the backlog we have addressed and acquired, which is double from the one we had 18 months ago. So we believe that both GCL as a whole, but also the future integrated entity from North America, will bring some positive

Dipesh Sanghvi - Analyst, Equinova
But sir, you had mentioned that you would be completing it in December. Now there is no clarity as of-

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
So because basically we are expecting the integration to be in '27, but this is depending really, as I said, the readiness of the entity. So we are not mastering all the steps of preparing the entity to be integrated. This is I think maybe Deepak, you may add some details about that.

Dipesh Sanghvi - Analyst, Equinova
Okay.

Deepak Shindarkar - Chief Financial Officer, John Cockerill India Limited
Yeah. So, I think the US, we feel that 2028 beginning will be the right timing. You know, it's a question of their, you know, in terms of the performance, in terms of the balance sheet being ready for absorption so that we don't have any consolidation impacts. So those are the considerations that we have taken into account to come to this conclusion. It is not that the- I mean, it's not that the parent company is holding it back or nothing like that. I think it's- we will work together with them and, and ensure that we are, uh, we, we will do it at the right time so that, uh, the group- I mean, the, the JCIL, uh, benefits, uh, the most out of that.

So I think that's the objective, and I think that is what we are, uh- we have the, the interest of the shareholders of JCIL IL, as you know, that's the paramount thing from our point of view, and that's why we took this decision of postponing this, uh, this integration. Um, I think overall profit level and EBITDA level, I think Mr. Martino has time and again talked about it, uh, you know, our objective of, uh, around, uh, to reach at first around 6% EBITDA And that's where we would want to do it as soon as possible.

Dipesh Sanghvi - Analyst, Equinova
Okay, and one more follow-up question on JVD and Volteron. So is there any possibility of transferring that technology to Indian entity?

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
So JVD is already part of it. So the license agreement of JVD is already within GCL, and it's a direct link with ArcelorMittal. For Voltron, it will come in due time, and under which form it will take place, I cannot disclose today. But for sure, Voltron will be part of the success of GCL.

Dipesh Sanghvi - Analyst, Equinova
Thank you so much.

Operator
Thank you. A reminder to all the participants-

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
I think we might only take a last question.

Operator
Sure, sir. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

Francois-David Martino - Chairman and Managing Director, John Cockerill India Limited
Thank you very much. I really appreciate exchanging with you, and hopefully we will have more platform and opportunities to exchange in the next weeks and months to come. In the meantime, I wish you a great year end and looking forward to meet you in person soon. Thank you.

Operator
Thank you. On behalf of John Cockerill India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.