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CA-17(44)/2026-27

1st August, 2026

The General Manager (MO) Bombay Stock Exchange Through BSE Listing Centre	The Asstt. Vice President National Stock Exchange of India Ltd. Through NEAPS

Sub: Transcript of conference call held with Analysts & Investors on 28th July, 2026.

Ref: Regulation 46 of SEBI(LODR) Regulations, 2015: (Security ID:SAIL).

Dear Sir,

This is in continuation to our letter No.CA-17(44)/2026-27 dated 28th July, 2026, intimating the link to the Audio Recording of the Conference Call held on 28th July, 2026.

Transcript of aforesaid Conference Call is attached herewith.

Thanking you,

Yours faithfully,
For Steel Authority of India Limited

(M.B.Balakrishnan)
ED(F&A) & Company Secretary

Encl: As above

"Steel Authority of India Limited
Q1 FY27 Earnings Conference Call"

July 28, 2026

MANAGEMENT: **MR. ASHOK PANDA – CHAIRMAN, MANAGING DIRECTOR AND FINANCE DIRECTOR – STEEL AUTHORITY OF INDIA LIMITED**

MODERATOR: **MR. ASHISH KEJRIWAL – NUVAMA WEALTH MANAGEMENT**

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY27 Earnings Conference Call of Steel Authority of India, hosted by Nuvama Wealth Management. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashish Kejriwal from Nuvama Wealth Management. Thank you, and over to you, sir.

Ashish Kejriwal: Thank you. Good morning, everyone. On behalf of Nuvama Institutional Equities, we welcome Dr. Ashok Panda, Chairman and Managing Director with additional charge of Director of Finance of Steel Authority of India along with his team.

I would request Dr. Ashok Panda to give his opening remarks, and then we can open the floor for Q&A. Over to you, sir.

Ashok Panda: Thank you very much, Mr. Ashish Kejriwal. Good morning, everyone. I welcome all our investors and analysts who are joining this results con-call for the financial year of SAIL for the period quarter 1 '26-'27. Though I'm sure most of you might have already seen the results on the website of the company and through stock exchanges, I would briefly run through the same for the benefit of the house.

When we look at the economic scenario globally, the period was impacted adversely by the geopolitical situation in the Middle East. Not only did it impact the supplies of fuel across the globe, it also affected the supply chain for inputs like limestone, etcetera. And even it also affected to some extent, like the gas supplies, propane, etcetera, for the steel industry.

On the other hand, the rising fuel cost led to inflationary pressures against raising the various expenditure heads. However, notwithstanding the projections for India also remain range bound between 6.4% to 7.2% by various agencies over the next 2 years. So far as Indian steel scenario is concerned, the landscape for the steel industry is highly influenced by economic trades, trade policies and technological advancements.

Indian steel industry, however, continues to enjoy robust demand for steel with consumption during quarter 1 '26-'27, which has grown by more than 8% over CPLY. The production, however, showed a muted slightly lower growth of around 3% during this year -- during this quarter '26-'27. Due to higher growth in imports as compared to exports, there was increase in imports as well as increase in exports and the net import for quarter 1 '26-'27 was to the tune of around 0.4 million to 0.5 million tonnes as against maybe 0.3 million tonnes last year quarter 1.

Now let us have a look at -- briefly look at the company performance for quarter 1 '26-'27 performance of Steel Authority of India Limited. Before highlighting the performance of the company during quarter 1 '26-'27, I would like to inform the house that owing to the circumstances that prevailed and the threat that loomed at large, SAIL decided actually to advance some of its major capital repairs during quarter 1, so that it will be free after that and will start producing better in the next quarters.

Mostly, we had major capital repairs in IISCO Steel plant, Durgapur Steel Plant and also Bokaro Steel Plant, which were done in quarter 1 by design. So that is the story about this quarter 1 compared to last quarter 1. While this impacted the production volumes as per design, but then ultimately, it helped us in some of the things and which led to a good profitability going forward.

Coming to the performance of the company during quarter 1 '26-'27, the highlights are as follows. Crude steel production stood at 4.8 million tonnes in quarter 1 '26-'27 as against 4.9 million tonnes CPLY. This reduction is because of the capital repairs which have been advanced in this quarter 1 by design. Sales volume was 4.2 million tonnes, which fell by around 7% to 8% as compared to the previous year. And there was increase in inventory by around 0.2 million tonnes in the finished goods.

The company, however, remains very much committed towards increasing its sales volume, including inventory liquidation in the balance period of this year as we've done last year as well and also will be -- our endeavor will be to reduce the working capital borrowings. And when we look at the borrowing position as on 30th June 2026 at the end of this quarter, we are almost at the same level as that of the beginning of this year in spite of the fact that the inventory has increased by 0.2 million tonnes.

On the back of better realizations, sales turnover increased by well over 1% as compared to previous year quarter 1. Despite significant increase in prices of major inputs like coking coal and fuel, limestone, the company was able to improve its profitability through measures towards operational efficiencies, better financial management and treasury management during this period of quarter 1. EBITDA at INR4,356 crores showed for quarter 1 '26-'27 has a growth of more than 50% as compared to CPLY figure of INR2,925 crores.

EBITDA margin at 16.7% is one of the best since '21-'22, when the steel market at that time was at its peak and coal price was at its bottom in '21-'22. EBITDA per tonne also crossed a benchmark figure of INR10,000 per tonne and stood at INR10,464 per tonne in quarter 1 '26-'27. While talking about PBT and PAT, PBT and PAT stood at INR2,159 crores and INR1,636 crores in quarter 1, respectively, as compared to INR890 crores and INR685 crores, respectively, for CPLY period with a growth of around 150%.

As mentioned earlier, the cash outflows were managed smartly through better treasury management efforts which helped to keep the borrowings under check. And this is -- this stood at INR21,729 crores as on 30th June, which is almost at the same level of -- the level as on 1st March 2026 was INR21,663 crores. The debt equity ratio was further reduced to 0.36 on actual basis at the end of quarter 1 '26-'27.

Going forward, while Q2 has traditionally been a toughest quarter for the steel industry because of the rain, incidence of rain, etcetera, but efforts are being made not to increase our inventory during quarter 2. And after that, our efforts will be to reduce inventory in quarter 3 and quarter 4 so that on a yearly basis, there will be inventory reduction. We will continuously strive for increasing our efficiency levels and cost reduction efforts.

One another good thing which has happened during this quarter, '26-'27, is that our focus on mines has been foremost. Now we are trying to increase production for our captive mines and as well as consume and the rest quantity to sell in the market wherever it is possible. And during this quarter 1, we could have sales of around INR400 crores more as compared to last year quarter 1 which has resulted in a profit of around INR150 crores as compared to last year quarter 1.

So these are the highlights. With these words, I hand it back to Mr. Ashish for opening the Q&A session.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Alok Deora with Motilal Oswal Financial Services.

Alok Deora: Sir, just had a couple of questions. First is, if you could indicate what was the NSR in 1Q as against 4Q? And based on July and how the prices are moving, what do you expect for the second quarter?

Ashok Panda: Yes. Quarter 1 average NSR was INR57,100 as compared to quarter 4 of INR52,000 that means an increase of around INR5,000 per tonne between these 2. So far as Q2 is concerned, as I already told, because there is monsoon season right now. But traditionally, there is always a reduction in the NSR. So far as Q2 expectation is concerned or maybe when you talk about July, so the prices of the flat products, there is not much of a reduction in that. But there are fluctuations in the long product prices. There were reductions.

But recently, there is a positive momentum, which is visible because of which there is a possibility of increase in long products price. So as we can see, you can say that between June and July, in the long product price, if there was a reduction of around INR3,000, around INR3,000 per tonne. So maybe it will improve by INR500 to INR1,000 right now in the long products. In the flat products between June and July, there could be a reduction of around INR1,000 per tonne, something like that.

Alok Deora: Got it. And how about the coal cost, sir? What was the coal cost on a consumption basis in 1Q? And what's the guidance for the second quarter?

Ashok Panda: The imported coal price in quarter 1, '26-'27 was on a higher side, INR21,300 as compared to INR18,100 in quarter 4, means around INR3,100 increase. The index of imported coal, which was at a peak of around 235 a couple of days before, now it has come down to a level of 220 today. So that is -- that means there is some softening effect in the coal index -- imported coal index, others and flat and others index. We hope that because in the rainy season, there are monsoon situation, etcetera, demand may come down. And because of that, maybe the prices will soften in quarter 2.

Alok Deora: Okay. So any guidance on coal cost you can provide on -- yes?

Ashok Panda: We are expecting that in Q2 going forward, maybe from August onwards, there could be a reduction of around INR1,000 to INR2,000 progressively in the coal cost -- in the imported coal cost on a…

Alok Deora: Got it. Just last question, sir. So based on the performance, are we maintaining the full year volume guidance?

Ashok Panda: Yes, we are maintaining the full year volume, and we'll be having a growth over last year by the year-end.

Moderator: The next question comes from the line of Amit Murarka with Axis Capital.

Amit Murarka: So just first question would be on cost inflation in West Asia, if you could spell out the amount?

Ashok Panda: Your voice is breaking.

Moderator: Amit, you're not clearly audible. I would request you to use your phone in handset mode in case if it's not on the handset mode. We'll move to the next participant that is Ritesh Shah with Investec India.

Ritesh Shah: Sir, first, just a clarification in the prior answer, you indicated we expect coking coal prices to go down by INR1,000, INR2,000 into Q2?

Ashok Panda: I mean on a monthly basis, actually, I'm not talking about the average. But when we look at month of August, maybe there will be reduction of around INR1,000, maybe in September for the INR1,000. This is my expectation.

Ritesh Shah: Okay. That helps. Sir, second is, can you indicate the volumes, excluding RINL or any other sales that we have done for, say, NMDC Steel for the quarter?

Ashok Panda: So when you look about that particular figure, so NMDC Steel, as you know, actually, we are not doing the marketing this year. So it is still almost kind of nil NSL. But whereas CPLY quarter 1 had 3.73 lakhs of sales. This time, it is 0. In RINL, we sold around 93,000 tonnes, which was not there last year in quarter 1. So on the whole, if you combine NSL and RINL, then last year's CPLY, CPLY means last year quarter 1 had a quantity of around 2.76 lakhs tonnes in that as compared to this year.

Ritesh Shah: Perfect. Sir, just 2 quick questions. Sir, how do you see the pricing gap between primary and secondary longs? You did indicate that we are hopeful for long product prices increasing by INR500,000. Sir, how should we look at the divergence between primary and secondary? That's one. And sir, second question is, how are we reading into the antidumping duty investigation, which has just got initiated? And is there any probability of safeguards basically to be reinstated again?

Ashok Panda: Yes. Let me answer one by one, actually. First question is about the gap between primary and secondary in the TMT, in the long products. So now the gap has narrowed down. The gap is around INR5,000 right now, which is a healthy gap. So that's the reason why probably there is an uptick in the NSR in the prices of the primary TMT products. This is my guesswork. And number two, you asked about safeguard duty and antidumping duty.

In safeguard front, actually, yes, there is a step. Safeguard is still in place, which is 11.5% as of now because it was there for 3 years, and now we are in the second year right now. So that still continued. It is giving a relief to the -- much needed relief to the steel domestic market. So far as antidumping thing is concerned, that is going on. And based on the investigation, maybe some measures will come as a relief to the domestic steel sector.

Moderator: The next question comes from the line of Parthiv with Anand Rathi Group.

Parthiv: Sir, my first question is pertaining to the subgrade ore fines. I believe you said that in the first quarter, you did some extra INR400 crores from sale of ore. So the question is actually divided in 2 parts. Number one is on the subgrade ore of iron ore, what you have, the inventory.

The second is, if you see the recent auction data of Steel Authority, the volume has actually been going down, especially in the June month from a couple of mines. So do you expect this third-party sales of ore to continue? Just wanted to get your thought process on that.

Ashok Panda: Let me try to answer one by one. The last question, I didn't get it. But the first question and second question, let me take. The first question is about SGF, sub-grade fines. We are having a volume of around 32 million tonnes inventory in the balance sheet. And we have put up in the auction around 3 million tonnes. The rates are yet to come, and we are hopeful that this time, we'll be able to click that particular thing. So that will become a beginning of selling -- of our efforts towards selling 32 million tonnes going forward. Number two, about sales from the mines. The sales from the mines is primarily from the Orissa group of mines from where we've been selling iron ore fines, fresh iron ore fines, tailings from there.

So the quantities have become more than twice as compared to last year. That's the reason why turnover from there has increased by around INR400 crores and profit from there has increased by INR150 crores. Our efforts are to increase our production further and sell more and more in the market. We are also planning to sell from Chhattisgarh Group of mines. 2 auctions have fructified recently just a few days back, which is in quarter 2. And that will testify our possibility of increasing further sales from Chhattisgarh mines. And we're also trying to sell from Jharkhand mines, efforts are on in that.

Parthiv: Okay. Okay, sir. Sir, just one quick clarification. The 3 million tonne is the '27 target, right?

Ashok Panda: Pardon.

Parthiv: For the subgrade. The subgrade over 3 million tonne auction target is for the entire year of '27 or it's for '28?

Ashok Panda: No, this is the first case actually, once it happens and starts moving, then we'll also see. That is the target for '26-'27.

Parthiv: Okay. Okay. And sir, I believe just wanted to quickly get your understanding on the railway price revision, whatever you can share, what is your expectation? How are we supposed to see that going forward for the current year?

Ashok Panda: Yes. All that I can say, as you know, that it is based on the provisional prices, rail price. You're talking about rail price, isn't it?

Parthiv: Yes, sir.

Ashok Panda: So for the year '26-'27 because the imported coal prices are on the higher side and our provisional price is pretty low at INR74,000. So we are expecting a better price compared to that. And so that is going to improve our profitability whenever it is declared.

Parthiv: So are you expecting anytime soon?

Ashok Panda: For '26-'27, it will come in '27-'28 and '25-'26 prices come in '26-'27. So we will see how it comes out at that point.

Parthiv: But do you have any preliminary understanding for last year's pricing, sir?

Ashok Panda: I mean '25-'26 prices will be more than that of '24-'25 prices. It all depends how it gets. And this may get...

Parthiv: If I may just quickly squeeze in the last question from my side. I think recently, Government of India imposed a definitive ADD on met coke for, I think, about 5 years. Would it be impacting you in any sense? Because I think...

Ashok Panda: It is not going to impact still because we have our own capacity, which is equivalent to our requirement or maybe...

Moderator: The next question comes from the line of Pinakin Parekh with HSBC Bank.

Pinakin Parekh: Yes, 3 quick questions. Firstly, can you give us your updated capex guidance for this year and the next couple of years given whatever the plans are?

Ashok Panda: Yes. So far as capex is concerned, this year, we're planning a target of INR15,000 crores, and this is going to increase in the next 2, 3 years because our expanses are on. That means next year, it could be in excess of INR20,000 crores. And after that maybe INR25,000 crores, INR26,000 crores like that. So it will go on increasing for the next 4, 5 years. This year, it is INR15,000 crores, and we are likely to complete that.

Pinakin Parekh: Got it, sir. My second question is, sir, you said that NSRs are -- basically July was better than June. But if I take the average NSR for the June quarter, the first quarter versus what has happened in long product prices, 2Q NSR should be broadly be down by INR2,000 to INR3,000 a tonne or flat? Or how should we look at it?

Ashok Panda: When I -- when we talk about the NSR actually, I said that quarter 1 of this year, NSR is higher than quarter 4 but in quarter 2, that is starting in July, the NSR will be less than that of quarter 1, primarily because of the monsoon and demand and all that. That means in -- what I said is that in July, August and September, so reduction in flat prices may not be that much, but reduction in TMT means LP long products will be more actually.

So in June and July, while there was a reduction of around INR2,000 in NSR of long products, recently, there is an upward momentum for the long products NSR. It might further increase by INR1,000. So kind of -- if you talk about quarter 2, quarter 2 NSR as compared to quarter 1 could be down by around INR1,000 to INR2,000, maybe. This is just a guesswork.

Pinakin Parekh: Got it, sir. And sir, my last question is, can you give us an updated guidance for your employee cost for this year and whether you will start providing for the wage provision in the January, March 2027 quarter?

Ashok Panda: Salary basis this year in quarter 1 is INR2,937 crores as compared to last year's figure of INR2,944 crores, almost at the same level. While in this quarter 1, it includes the VR -- differential VR amount, VRS Voluntary Retirement because our VRS scheme is on. So many people have taken VRS. That factor is also there in the employee remuneration. The number of employees are coming down and VRS is on. So we're expecting that the employee cost should come down, number one.

Coming to your point of wage revision possibility, so they are in quarter 4, we'll look at the probability and possibility of making some provision towards wage revision. Those aspects we will evaluate and examine in quarter 4 because that time, it will be due. So a particular group will look into that.

Moderator: The next question comes from the line of Pallav Agarwal with Antique Stock Broking.

Pallav Agarwal: Just a couple of questions. First one, can you just update us on what is the current product mix breakup between flats, longs and semis?

Ashok Panda: Yes. Just 1 second. It's almost kind of 50%-50%. And one thing is that the semis have come down. The semis have come down from, say, 14% last quarter 1 to 11% this quarter 1 and between long and flat, the long is -- flat is 52.7%, long is 34.8% and semis are at 12.5% in quarter 1.

Pallav Agarwal: Sure, sir. Because in the slide, in your sales performance slide, the proportion of semis is showing as 6%. So are we getting some semis converted outside and then into finished products?

Ashok Panda: Yes, of course. Semis are getting converted to finished goods. That's the reason why I told you that the finished steel has gone up from 86% to 89% this year. So we are trying to convert most of the semis into finished and pushing that in the market.

Pallav Agarwal: Okay, sir. So I think the slide mentioned 6%. So maybe that's after conversion, the final sales is about 6%.

Ashok Panda: Correct. You're right.

Pallav Agarwal: Okay. Sir, also in terms of the coking coal, what is the breakup? I mean most of it is imported, but how much are we getting -- are we getting anything from our captive mines? And what is the proportion from coal India?

Ashok Panda: Yes, captive mines actually is from Sitanala and Tasra. So that is a part of the indigenous coal that is not part of the imported coal. So imported coal are at around 85%, indigenous coal is 15%. So out of that 15%, we get somewhere around 5% from our own mines and which is likely to go up from December onwards because production from Tasra mines, which is under development right now is going to take place in the month of -- expectedly in the month of December. So fourth quarter will be a better quarter expectedly for us in which we'll be getting more indigenous coal from our captive mines. And this will also give an advantage in terms of pricing.

Pallav Agarwal: So could you just give us some idea of what is the cost benefit of indigenous versus imported coal?

Ashok Panda: See, in quarter 1, the indigenous average price is INR13,100 as against imported price of INR21,200. That indigenous is INR13,100, but when we'll be getting from our own mines, it may be somewhere around INR5,000 to INR6,000, around INR6,000. So that component is going to increase from December onwards.

Pallav Agarwal: Sure, sir. Also, sir, just lastly, if you could just give us a sense of in our coke carbons, what is the sort of blending -- you've given the PCI, the coke rate and the PCI injection. So broadly, how much of what is the proportion of pure hard coking coal that goes into our coke mix?

Ashok Panda: Just one second. The percentage of hard coking coal -- the percentage of soft coking coal is around 25% to 27%. So the rest is hard. And within that also in totality, if you look at, our imported component is around 85%, indigenous component is around 15%. That is under hold. But when we want to breakup between soft and hard, soft is around -- what percentage? 23%. 23% is soft and 61.7% is around hard coking coal. That means actually indigenous coking coal is 15%, then imported hard is 62% and imported soft is 23%. That is how it becomes 100%.

Moderator: The next question comes from the line of Sumangal Nevatia with Kotak Mahindra Bank.

Sumangal Nevatia: Sir, I just want to clarify a few things. One is the fourth quarter NSR you said is INR57,100, right? Can you share the breakup of flat and long?

Ashok Panda: Yes. Fourth quarter is NSR is...

Sumangal Nevatia: Sorry, 1Q -- sorry, sorry, sorry. I meant 1Q.

Ashok Panda: Yes, INR57,100 is the average out of which almost same. Long is INR57,100, flat is INR57,200. So it is average INR57,150 to be precise.

Sumangal Nevatia: Got it. Got it. And sir, what is the July NSR for long and flat?

Ashok Panda: Yes, July NSR average is INR55,600. The flat is INR56,900 and long is INR54,200.

Sumangal Nevatia: Understood. Got it. Sir, for the captive mines, when we shared that sales was INR400 crores, profit was INR150 crores. Can you share what was the volume here? And for the full year, what is our expectation?

Ashok Panda: So volumes are 1.1 million tonnes. And last year, quarter 1 was 0.31 million tonnes. And when it is 1.1 million tonnes this quarter, last year, we sold around 3-odd million tonnes, although we are targeting a very high target of 8 million tonnes, let's see how far we can go.

Sumangal Nevatia: Okay. So last year, we sold 3 million tonnes for the full year?

Ashok Panda: For the full year, around 3.5 million tonnes or something.

Sumangal Nevatia: And what was the revenue and EBITDA contribution of iron ore volumes last year?

Ashok Panda: Last entire year, I have to check up actually, but I can tell you about the quarter 1. I can tell you about the quarter 1. Actually quarter 1, as I told you, the turnover from the sales of iron ore was INR157 crores last year quarter 1. And in this year, quarter 1, it is INR574 crores.

Sumangal Nevatia: And EBITDA for this year is INR150 crores, right, for 1Q?

Ashok Panda: Yes. You can say it is roughly the EBITDA also.

Sumangal Nevatia: Okay. Okay. Sir, in the past, we've not been able to achieve our guidance because there has been some logistic constraint. And I think even for subgrade mines, the demand for that quality is not there. So are those constraints now receding? What's the status on that?

Ashok Panda: Logistics constraint is still there. We are trying to buy with that through better availability of rakes as well as by increasing, enhancing our quantities through road. So those are the efforts we are making so that the logistics constraints to some extent can be eased out. Those things are going on.

And regarding the quality of the iron ore, subgrade fines, there is a lot of demand for the subgrade fines as well as tailings because these are not very low-quality subgrades. These are 59% to 60%, and they are having a good -- it is having a good marketplace. Even in case of tailings from Bolani, that means from Odisha group of mines, which are 57%, 58%, 56%. That is also having a good market demand. So market is good for that. We can achieve our sales quantities.

Sumangal Nevatia: Okay. And just one last question on the coking coal, sir, you shared consumption was around INR21,300. What is the likely consumption cost for 2Q? I mean, do you expect a reduction or an increase in consumption cost? I understand purchase is getting lower.

Ashok Panda: Yes, yes, it will reduce because now the price is softening, so it will reduce only. Maybe there will be a reduction of around INR1,000 to INR1,500 in Q2 compared to Q1.

Sumangal Nevatia: Understood. And sir, 1Q, what was the capex spend, just last question.

Ashok Panda: INR2,575 crores.

Moderator: The next question comes from the line of Amit Murarka with Axis Capital.

Amit Murarka: So first question is on the cost inflation, which has been there. Generally, we have seen the impact of West Asia coming through on power cost and other raw material costs. In your assessment, what would have been that inflation in Q1 for you?

Ashok Panda: The increase is primarily from 2 fronts. One is on the coal front because, as you know, there is an increase of around INR3,500 in the coal -- imported coal prices compared to last year quarter 1, which is easing out right now. So that is one thing. The other thing is fuel cost has gone up to some extent. It has, of course, not impacted sales per se so much, but the impact of the limestone, increase in limestone cost is also there in this -- in our cost of production. So these are the broad things which have impacted the steel sector in totality. But the impact on us is less compared to others because the impact due to fuel is not much in our case.

Amit Murarka: Got it. And also, just to understand, you said that you are processing some semis from third party. So who would be the third party just to understand?

Ashok Panda: We have the conversion arrangements, and that is the domain of the marketing, and we keep on doing it dynamically so as to reduce the semis availability in the market. We are trying to improve our finished steel more and more. That is the reason why I told you there is an increase of around 3% to 4% in finished steel percentage this year as compared to last year quarter 1.

Amit Murarka: And the arrangement with NINL has stopped? Or how is it working right now?

Ashok Panda: No, it is not a conversion arrangement in NINL. We are supporting them in terms of selling their semis whenever they want.

Amit Murarka: Sir, in Q1, was there any volume then from NINL?

Ashok Panda: Our NINL sales quantity is 96,000 tonnes of semis through our marketing setup.

Amit Murarka: 95,000 tonnes.

Ashok Panda: It is not actually NINL, it is RINL, sorry. It is RINL.

Amit Murarka: Sorry, my bad, not NINL, sorry, my bad. I meant NMDC steel, sorry. NMDC steel.

Ashok Panda: NMDC steel as I have already told.

Moderator: The next question comes from the line of Netra Deshpande with Mirae Asset Sharekhan.

Netra Deshpande: Just my first question about -- just about the last quarter that you said about flux and the limestone expenses has increased on account of strait Hormuz in Dubai. So any impact on that about the saleable steel because as we have seen in that reduction of around INR100 per tonne to INR200 per tonne. So in the coming quarter also, is there any...

Ashok Panda: Let me explain this particular question a little bit more that because of strait Hormuz actually, that is Gulf war situation, there is an impact on the fuel as well as in the limestone and the steel sector. So far as fuel is concerned, so far as Steel Authority of India Limited is concerned, we do not have much of an impact because we have our own gases produced inside the plant itself., blast furnaces are healthy. We could produce the gases, use it, not much of an impact.

So far as fluxes are concerned, in the fluxes because of this ocean freight itself, the prices have gone up for everybody and so also to us. But the impact of that increase in the price of fluxes have been offset by reducing the specific usage of fluxes in this quarter 1 compared to the previous quarter 1. And because of that reduction, we've got a saving on that count by around INR25 crores. So more or less, it has offset the price increase due to ocean freight in the fluxes.

Netra Deshpande: Okay. Got it, sir. And sir, secondly, it is about the debt position. What is the -- at present like in the last quarter, like the finance costs have declined and that remained as a major deleveraging supporting the overall debt and debt equity ratio has also maintained to the multiyear low of 0.55. So what would be this deleveraging in the trend, which is going to continue for the Q1 FY27, not at the current position?

Ashok Panda: Yes, at Q1 level, the debt is standing at INR21,729 crores which is almost at the same level as of the opening of INR21,663 crores. The debt equity ratio has come down to 0.36, maybe from 0.38 or 0.39 in the opening of this year. So deleveraging efforts are on.

And so far as today's position is concerned, the debt has further come down to a level of INR21,400 crores. Efforts are on to reduce the working capital borrowings in this particular year by reducing the inventory as well as through other sources for improving the cash flows.

And apart from that, actually, due to concerted efforts by treasury management, better treasury management, our cost of debt has also come down to a level of 6.24% as compared to last year quarter 1 of around 6.8%. And because of which there is a saving of around INR100 crores in the finance cost this quarter compared to the previous quarter.

Netra Deshpande: Okay. Got it. And sir, the last is only about the blended gross spread. Can you give me some figures for Q1 per tonne like blended realization you gave for the blended gross spreads?

Ashok Panda: Blended what? I could not get your question.

Netra Deshpande: Gross spreads. So between like the segment -- the product mix like about the blended realization breakup that you have shared about any adjust...

Ashok Panda: So you mean to say blended realization in terms of NSR?

Netra Deshpande: NSR, yes. I mean you can say about it. Blended realization that you have already mentioned about long run flat, but the saleable steel, do you have any particular...

Ashok Panda: I said actually, so far as blended realization is concerned in quarter 1, our average NSR is INR57,156. And within that, when you look at the breakup, the flats are at around 52% and long is around 38%, 12% is semis. That is the production front. But as somebody told in the sales front, the semis are still less by around 6% because the rest 6% has been converted to finished goods. So in totality, our blend has improved in this quarter 1 as compared to the previous year.

Netra Deshpande: Okay. Okay, sir. Got it. And sir, about the subgrade auction grade that you said about FY27, it would be 3 million tonnes. So are there sales from mines, Orissa and from Jharkhand mine, can you elaborate or give some data.

Ashok Panda: Yes. Let me tell you the expectation actually. Last year, '25-'26, we had a total sales of around 3-point-odd million tonnes. And all of that had happened from Odisha Group of Mines. So that includes face fines as well as tailings from Odisha Group of Mines.

This year, we're expecting double the quantity from Odisha Group of Mines, some quantity from Chhattisgarh Group of mines for which the auction is fructified just a few days back with a small quantity, but that is a testimony that we can increase further depending on availability.

In the Jharkhand site, actually, we are making efforts to sell our subgrade fines, which we are expectedly it is 3 million tonnes. Let's see how much it will go out. And number two, we are also trying to sell the fresh fines from Jharkhand. Numbers, I cannot give at this point of time.

Moderator: The next question comes from the line of Vikas Singh with ICICI Bank Securities.

Vikas Singh: Sir, just wanted to understand the downward revision in rail packing. What was the benchmark previously? And what is the benchmark now at which you are selling? And for FY26, considering the costs are down, what kind of further downward revision can come?

Ashok Panda: Yes. Let me explain actually, there is no benchmark actually in that. It is guided by efficiency and the coal prices primarily. So it goes up and down depending on the input prices and the efficiency level in our rail mills. These days, our rail mills have a very high level of efficiency, which is even better than the global benchmarks. So that is how it is working at Bhilai Steel Plant for rail production, and it is well appreciated by Indian Railways as well.

Going forward, as I said, in '24-'25 because imported coal prices remaining low, that is why the prices were low. In '25-'26, there is improvement in the imported coal prices compared to '24-'25. So we are expecting better prices compared to '24-'25. In '26-'27, the imported coal price is still higher, much higher as compared to '25-'26. So of course, the costing will be more and the price will be more, which will be decided in '27-'28. So that is how it moves.

Vikas Singh: So you are not expecting any further downward revision in the railway prices as of now?

Ashok Panda: We are not expecting any further hit on our P&L on account of that.

Vikas Singh: Noted. And sir, my second question pertains to your DSP plant basically, that had the highest degree of semis. There, we were actually putting up some casters to increase the overall...

Ashok Panda: Which plant you said? SP plant?

Vikas Singh: DSP plant.

Ashok Panda: Okay. Durgapur.

Vikas Singh: Durgapur Steel Plant that has the highest semis. So there, we were actually putting some projects to increase the finished goods product. I think the casters, which we are putting. So could you give us some update on at what stage that is? And how much tolling charges we are giving for the semis to finished conversion to the third party?

Ashok Panda: See, let me answer your question. Durgapur, we are producing semis and which is in excess of 1 million tonnes per annum. Because of that, actually, we are putting up a TMT bar mill over there. And that will produce around 0.8 million tonnes, 0.8 million to 0.9 million tonnes of TMT from there. And that is expected sometime in 2027, maybe September to December 2027, that is the expectation.

During that time, it is going to come. Once that comes, then availability of semis from Durgapur will come down drastically. And conversion targets, as you said, actually, these are dynamic in nature based on certain formula, etcetera. This remains with the best standards of the industry.

Moderator: The next question comes from the line of Ritesh Shah with Investec India.

Ritesh Shah: Sir, just one quick question. What is the total wage commissioning provisioning that we are doing right now? And would it be possible for you to give a number for employee cost for this year and next year, considering this variable?

Ashok Panda: What commissioning you said?

Ritesh Shah: Pay commission, yes.

Ashok Panda: Pay commission, as you know, is going to come from 1st January 2027. We have not much hear about it, neither there is any calculation available over there. As I said, clearly, in quarter 4, we'll evaluate, examine and see what is possible in terms of provision.

Moderator: The next question comes from the line of Akhilesh Kumar with Emkay Global Financial Service.

Akhilesh Kumar: Yes. So sir, my question is how are we looking at the cost efficiency program panning out? And what are the exact initiatives we are taking to bring the cost down? And how much of per tonne cost saving you would see to come from these initiatives, let's say, over FY28 and '29?

Ashok Panda: FY28 and '29.

Akhilesh Kumar: Yes. How much of total in terms of rupees per tonne, how much of cost savings we are looking at?

Ashok Panda: See, we are looking at a cost reduction of around INR2,000 to INR3,000 in this year itself. In quarter 1, because most of our -- many of our units are down because of the advancement of the capital, the cost was a little on the higher side. So from quarter 2 onwards because all the mills and facilities are in place so far. So cost reduction efforts will be there and the cost reduction will be there, number one.

But when we look at a possibility of cost by '28-'29, we'll have new facilities coming up in IISCO steel plant and which will reduce the variable cost drastically because of reduction in the fuel rate, coke rate, etcetera, over there. So that time, the cost reduction, the variable cost would be to the tune of INR3,000 to INR4,000 per tonne. But however, because the new units will come, naturally, there will be push in terms of fixed cost at that point of time.

Akhilesh Kumar: So all in all, if we have to look at net cost per savings because there will be some costs which will be coming up because of the new plants coming up also. So can we fairly say that INR1,500 to INR2,000 per tonne cost savings will directly flow into our EBITDA?

Ashok Panda: Correct. You are right, actually by '28-'29 when we start getting this thing production from IISCO steel plant expansion units, the variable cost will come down by around INR4,000 and fixed cost may go up around INR1,500 to INR2,000. Net-net, there could be a cost reduction of INR2,000 at that point of time. But notwithstanding that, before that, from our current operations, we are trying to reduce our cost of production by around INR2,000 through various efforts.

Moderator: The next question comes from the line of Rajesh Ravi with HDFC Securities.

Rajesh Ravi: I have 2 questions. First, given the volume decline and the low capex, which we have done in Q1, does -- could you give us a sense of what we are looking at to maintain our full year volume and capex guidance? And also second question, the iron ore volume and revenue EBITDA you shared for Q1, could you also share the same number for Q4 FY26?

Ashok Panda: Yes. Let me tell you, so far as capex is concerned, Q1 capex target was INR2,306 crores against which we have met INR2,575 crores. Our yearly target is INR15,000 crores, and we are going on stream to achieve those figures. That is number one. And number two, on the volume front, as I told you, there is a reduction of around 0.1 million tonnes of production. That is because we advanced the capital repairs at IISCO at Durgapur and at Bokaro steel mill. So that was by design. So in Q2, Q3 and Q4, the production volumes will be more than that of last year. And on the yearly basis, there is expected to be a growth as compared to '25-'26.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing remarks.

Ashok Panda: Yes. So from me, as a closing remark, thank you very much for your Q&A session. The forecast for Indian economy by various agencies have been quite encouraging and support by the government is strengthening the belief that the economy will continue to do well going forward. Steel demand also continues to prosper, and we are hopeful that the prices will maintain the momentum that has been gained post monsoons.

Apart from the improvement in the operational performance, the company also remains committed towards sustainable performance, including emphasis on decarbonization, improving capacity utilization, value addition and achieving cost competitiveness. I thank all our investors for their reposing faith in us, and I'm hopeful that the same will continue in the future as well. Thank you very much.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Nuvama Wealth Management, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.