



CA-17(44)/2025-26

1st August, 2025

The General Manager (MO) Bombay Stock Exchange Through BSE Listing Centre	The Asstt. Vice President National Stock Exchange of India Ltd. Through NEAPS
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Sub: Transcript of conference call held with Analysts & Investors on 28th July, 2025.

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

Dear Sir,

This is in continuation to our letter No.CA-17(44)/2025-26 dated 28th July, 2025, intimating the link to the Audio Recording of the Conference Call held on 28th July, 2025.

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 FY '26 Earnings Conference Call”
July 28, 2025



**MANAGEMENT: DR. ASHOK KUMAR PANDA – DIRECTOR FINANCE –
STEEL AUTHORITY OF INDIA LIMITED**

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

Moderator:

Ladies and gentlemen, good day, and welcome to Steel Authority of India Limited Q1 FY '26 Earnings Conference Call. 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 the 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. Thank you, and over to you, sir.

Ashish Kejriwal:

Thank you, Hamshad. Good afternoon, everyone. On behalf of Nuvama Wealth Management, we welcome you all for Steel Authority of India's first quarter call. We are pleased to host Dr. Ashok Kumar Panda, Director Finance, along with his team.

Now I would request the management for his opening remarks and, thereafter, we can open the call for Q&A. Thank you, and over to you, sir.

Ashok Kumar Panda:

Thank you very much, Mr. Ashish. A very good afternoon, everyone, present through this con call. Let me welcome all our investors and analysts who are joining this results con call for the financial results of SAIL for the period quarter 1 FY '25, '26.

I'm sure most or all of you would have gone through the financial results available on the website of the company and stock exchange. Results were out on 25th. However, I would briefly apprise you on the same before we move to the question-and-answer section where we would be happy to receive questions from your side and try to answer those questions. Let us look at the economic scenario.

Let me first apprise you on the economic scenario in which we've been operating. The global economy has been battling the inflationary forces for quite some time now. The countermeasures by the economies across the globe led to the decline in GDP growth rates in the countries. Global GDP growth rate is projected at around 2.4% in 2025, down from nearly 2.9% in 2024, driven lower by escalating trade tensions, rising protectionism and policy uncertainty.

IMF forecast is at approximately 3.3% and OECD expects advanced economies like U.S. and Eurozone to grow just at 1.3% to 1.5%. This slower pace is fueled by tariff, particularly sweeping U.S. trade measures and fragmented supply chains.

Global inflation is cooling right now. Headline inflation is expected to fall to around 4.1% to 4.2% in 2025, down from pandemic era peaks. Nonetheless, central banks remain cautious about it. The ECB recently held its benchmark rate at 2%, giving lingering trade war risk, while U.S. Federal Reserve, despite maintaining a high interest rate, hints at rate cuts later in the year if inflation continues to abate.

Amid the global headwinds, India continues to outperform. India's fundamentals remain stronger. Over 80% of Indian CEOs are optimistic about the growth prospects, buoyed by demographic advantages, expanding middle class and a shift towards service-led development.

In fiscal year 2024'25, GDP growth reached around 6.4%, driven by robust private consumption growth at 7.3% and healthy activity across agriculture, industry and services. Central agencies like OECD and the UN project India's economy will expand by roughly 6.3% to 6.7% through 2026. Inflation levels are remarkably low. Retail inflation in June stood at just 2.1%, well below the RBI's full year target of 3.7%. With easing price pressures, the RBI is signaling room for interest rate cuts to boost liquidity and investment in the country.

The Indian government's multipronged strategy aims to counter global disruptions with domestic strength. Capex is the growth engine for our country, and we are expecting capex to increase further. It will result in sustaining long-term growth, promoting infrastructure-led investment and job creation in the country. Foreign trade push, the recently signaled India-U.K. FTA in July 24 -- 24th July 2025 is expected to unlock opportunities for start-up companies, manufacturing and services exports without compromising India's strategic interest.

On the front of global and domestic vulnerabilities, will remain with respect to rising protectionism and volatile capital flows due to trade disputes, particularly U.S. tariffs on China and Europe, agricultural and rural inflation spikes post monsoon, climate shocks impacting global food supplies and commodity prices.

India should build the capabilities in services and high-value sectors going forward. When we talk about the world steel scenario, coming to the steel scenario, the same has been much in line with the economic situation. As of mid-2025, the global steel market is growing slowly with total demand expected to rise by just 1.7% globally according to WSA.

Advanced economies, particularly Europe, Japan and U.S. are experiencing stagnant or declining demand, mainly due to slower construction activity and higher interest rates. On the contrary, developing economies led by India, Southeast Asia and parts of Africa are driving demand through infrastructure urbanization and industrialization.

China, which accounts for more than 50% of the global steel production is facing a historic slowdown in domestic demand, largely due to prolonged real estate crisis, tight credit conditions and weak exports. In response, Chinese producers are uploading excess steel in international markets at lower prices, leading to global oversupply and price suppression. This has triggered trade tensions and protective measures across several countries, including India, UAE countries and U.S.

Now let us look at the Indian steel industry. Coming to this industry, domestic steel demand is growing at a rapid pace, over 8% annually. This demand is driven by infrastructure projects, affordable housing, railways, ports, highways, growth in automotive, defense and renewable energy sectors.

India's per capita steel consumption has doubled in the last decade, reaching more than 120 kg right now, though still below the global average, but it is indicating immense headroom for growth in the future years.

However, challenges remain in the form of rising imports, global oversupply and input dependence. Input dependence means it is basically coking coal, its variability in the price is determining the cost of production out here.

Rising imports means steel imports surged over 24% in 2025, especially from China, Vietnam and Japan, creating price pressure on domestic producers; however, imports in this quarter 1 of this year is under control. The prices of steel have also been operating in a narrow band, but with the prices stabilizing in the past 1 or 2 weeks right now. There are hopes for improvement in the next quarters, which has traditionally remained the strongest for steel producers.

Now let us discuss about the company performance for the quarter Q1. Coming to the performance of sales during quarter 1 FY '25, '26, the same has been as follows: Saleable steel production during the quarter stood at 4.7 million tons as against 4.2 million tons last year quarter 1 with a growth of 12%.

Sales volume stood at 4.55 million tons as against 4 million tons in last year quarter 1 with a growth of 15%. In fact, this is the best ever first quarter performance in sales in any financial year for SAIL.

On the financial front, due to impact of lower prices, turnover could register a lower growth of 8%. Added by improvement in efficiency parameters, the profit before tax registered a growth of more than 2.7x to stand at INR890 crores this quarter vis-a-vis INR326 crores last year quarter 1 before exceptional items.

And after exceptional item, it was, I think, only INR14 crores last year quarter 1. The company continues its drive towards reduction in borrowings as on 30th June 2025, which stood at INR28,741 crores as against INR29,811 crores as on 31st March 2025. So we have reduced our borrowings by around INR1,100 crores in quarter 1 this year.

So on the front of sustenance and operational efficiencies, we have improved the fuel rate, coal to hot metal ratio, increased CDI and reduced coke rates, reduced basic energy consumption in this quarter as compared to the previous quarter, which has given us advantage in the cost front as well as the steel.

Our CO₂ emission levels have also improved in this quarter as compared to the previous quarter -- as compared to quarter 1 of last year; however, we are still having more targets to improve it further. We are focusing on zero liquid discharges, eco-restoration of areas and regions, and we are focusing also on CSR activities for giving benefit to the stakeholders in the society. So this is in nutshell about the overall scenario.

With these words, I hand it back to Mr. Kejriwal for opening the Q&A session. Thank you.
Mr. Ashish.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Lahoti from Emkay Global.

Amit Lahoti: My question is on cost. So how much was our blended cost of coking coal in Q1?

- Ashok Kumar Panda:** Yes, that is the question. It is INR16,918 per ton.
- Amit Lahoti:** Okay. So it is flat versus the previous quarter?
- Ashok Kumar Panda:** Previous quarter was INR17,653 on an average. So there's a bit of improvement, yes, around INR600, INR700 per ton.
- Amit Lahoti:** Okay. So we are seeing better coking coal prices as well as the coke rate. So one thing which I wasn't able to reconcile was the delta in EBITDA per ton, and that is due to -- partially due to higher cost. So if you can help reconcile that, which cost items have actually moved up?
- Ashok Kumar Panda:** Yes. Regarding your -- you're talking about EBITDA per TSS, Which is INR6,400 now as compared to INR6,000 in quarter 1 last year. So when we look at the imported coal price, average coal blend cost, INR16,918. So quarter 1 previous year was -- just 1 sec. So it is a little less than that. There is an improvement in the production volumes in this quarter 1 as compared to the previous quarter 1.
- Yes, so in the EBITDA numbers, when we talk about EBITDA numbers, actually we've got advantage in the imported coal and because the royalty is more in the iron ore, so there is a disadvantage in the NSR growth front, there is a disadvantage, but EBITDA is also down -- EBITDA per ton of saleable steel is down primarily because of the stock valuation rates.
- Because as you understand, because of the reduction in the imported coal rates, the cost of production has come down. And as a result of that, the stock valuation rate of the items -- steel items and iron items, they have come down drastically. So it has impacted the P&L account in terms of accounting. That's the reason why the EBITDA per ton of saleable steel appears to be a little less as compared to last year quarter 1.
- Amit Lahoti:** Okay. And where do we see the guidance for Q2 on coking coal?
- Ashok Kumar Panda:** Because so far as Q2 guidance is concerned, the coking coal prices are almost flat as it was in quarter 1. We are hoping that it will remain at the same level, a little bit of variation here and there, won't be on the downside, could be a little up or maybe at the same level. That's about the coking coal.
- Now talking about the stock valuation impact, it is a onetime impact, which has come in quarter 1 because of the reduction in the cost of production and then transition from last year to this year. So that impact is unlikely in quarter 2. It will not be there in the quarter 2. So quarter 2, we'll have advantage with respect to stock valuation rates. And the coal prices will remain flat, so that will ease out our cost of production.
- Moderator:** The next question is from the line of Amit Dixit from Goldman Sachs.
- Amit Dixit:** A couple of questions from my side. The first one is on the capex. So what was the capex in this quarter? How much capex do we expect this year? And if you can also highlight the status of the capex project that we have planned, plant-wise?

Ashok Kumar Panda: Yes. capex, first of all, let me tell you, capex last year was close to INR6,000 crores. And this year, we have kept a target of INR7,500 crores throughout the year, which is a higher target, and we are confident that we'll be able to achieve that.

And in quarter 1, we have already crossed the target, which we had given. I'll just give you the number a bit later. The number is quarter 1 target was how much? Quarter 1, we have achieved INR1,642 crores, which is more than the target we had set for the quarter 1.

And then, for the entire year, the target is, as I have told, INR7,500 crores, and we have got the plans to achieve it. So far as the facilities are concerned, as you said, actually, we have got the facilities, which are in the pipeline, the facilities which are under execution from there, we are getting the capex. And SAIL is doing expansion and to start with in IISCO steel plant. So the majority of the -- a lot of expenditure of capex in IISCO will come from next year.

So that means from next year onwards, the capex figures will be still higher than INR7,500 crores, which is there this year. A bit of that IISCO capex on account of expansion may surface this year. But most of the capex will be from the ongoing projects, which are happening in the various plants.

Amit Dixit: Okay, sir. The second question is on the rail price revision. So saw some advantage that we had to the tune of INR173-odd crores. Now this pertains to FY '24 as highlighted in notes to accounts. So just wanted to understand the current rail price and what was the rail price booked in FY '24? And how much of this advantage can we get further down the year?

Ashok Kumar Panda: Yes, let me tell you the figure. The figure, which was finalized by Joint Pricing Committee was for '23, '24 and, on that basis, because we had taken the income at INR78,000, so it was a little more than that INR79,000 something. So it got around INR173 crores in the accounts. That is for '23, '24. Now '24-'25, incomes were at INR78,000, which was continuing.

Now from '25, '26 onwards, the provisional price has been at INR74,000 per ton because of the softening of imported coal prices, so the provisional prices have been capitalized. So that's the reason why accounting is already done in this manner. And going forward, we'll have no issues on this.

Amit Dixit: Can we expect some more benefit from this or everything for FY '24 has already been taken into account?

Ashok Kumar Panda: More benefit in this sense, this already...

Amit Dixit: Due to rail price revision?

Ashok Kumar Panda: Yes, rail price revision benefit will not come in this year further because this is already actualized, and that is why no more areas are expected in this year.

Moderator: The next question is from the line of Ashish from MLP.

Ashish: Sir, how much is the stock valuation impact this quarter?

Ashok Kumar Panda: Yes, stock valuation impact this quarter is around INR1,050 crores.

Ashish: So this is -- so INR1,050 crores is a one-off, which will not repeat next quarter onwards. Is that correct to say?

Ashok Kumar Panda: It will not repeat next quarter. This is quarter 1 versus quarter 1.

Ashish: Okay. And this was not there in Q4?

Ashok Kumar Panda: This was not during last Q4. Last Q4 -- every quarter there is some amount of stock valuation impact, either it is plus or minus, something like that. But majorly it was not there in Q2. So when we compare this Q1 versus Q4, impact is around INR950 crores.

Ashish: Okay. And also, what would be the impact because of higher royalty on iron ore, this quarter?

Ashok Kumar Panda: This quarter is basically because of the IBM prices...

Ashish: Versus Q4?

Ashok Kumar Panda: Yes, versus Q4, it could be somewhere around we had say, around INR250 crores or INR260 crores. Just 1 sec. INR173 crores to be specific. Around INR173...

Ashish: Okay. And did you get any revenue -- sorry.

Ashok Kumar Panda: Yes, please?

Ashish: Did we get any revenue for sale of NMDC steel? I mean, for marketing NMDC steel this quarter? Last quarter, we highlighted we got some revenue?

Ashok Kumar Panda: Yes. 0.373 million tons we have sold actually and -- so we have got a revenue of around -- in this quarter, around INR1,800 crores odd, that revenue we have sold.

Ashish: Okay. So adjusted for that, what would be the realization increase this quarter versus Q4?

Ashok Kumar Panda: In terms of what rupees per ton?

Ashish: Rupees per ton, yes. NSR increase rupees per ton for Q1 versus Q4.

Ashok Kumar Panda: So Q1 versus Q4, Q1 is around, you can say, INR1,600 per ton increase in NSR.

Ashish: INR1,600?

Ashok Kumar Panda: Yes.

Ashish: Okay. And how should we look at the NSRs for average of Q2 versus Q1?

Ashok Kumar Panda: See, everybody knows about it actually because in the rainy season, which is there in Q2, the prices remained little suppressed. So prices -- steel prices are down in July. But as I have

already given in my opening remarks, that in the last 1 or 2 weeks, it has started improving. There are signs of improvement in the prices in the flat as well as in the long products.

So hopefully, next month and next to next month, August and September, the slide, which has taken place in July would be offset. But Q2 prices will be down as compared to Q1 that is what it looks like at this moment.

Moderator: The next question is from the line of Prateek Singh from DAM Capital Advisors.

Prateek Singh: Just following on Ashish's question earlier, if you can give us actual numbers for NSR, both flat and longs for Q1 as well as Q4 in rupees per ton?

Ashok Kumar Panda: Q1 and Q4. So Q1 long is INR54,500 and Q4 long is INR53,300. In case of flat, Q1 is INR50,400 and Q4 is INR47,300.

Prateek Singh: Sir, if we saw a decent increase in NSR, I was a bit confused when I look at the slides. So the slide where you show an EBITDA bridge from Q4 to Q1, 2 things caught my eye. One was that the sales price/NSR, we are putting a negative number, in the sense, that it's impacting the EBITDA negatively when moving from Q4 to Q1. That is one. And second is the raw material usage is also hitting us negatively. What is the raw material usage? I mean I would assume that given that we produce less, so usage also would be lower?

Ashok Kumar Panda: Yes. No, it is not like that actually. I can explain you. When we compare -- you were asking a question about Q1 versus Q4, so when we compare Q1 versus last year Q1, everything appears to be very positive. But when we compare Q1 versus Q4, then even raw material usage front, there is a negative because the technical parameters in quarter 1 are adverse as compared to quarter 4 because quarter 4 happens to be the best producing month, and that is why best technical parameters as well as production volumes.

In quarter 1, what happens in all the organizations, they go for capital repair, shutdowns and all that. So productions are not that consistent as compared to quarter 4. And that is the reason why when we regulate and throttle the production, then the technological parameters also get impacted.

So that is why the raw material usage is adverse in this quarter 1 compared to quarter 4; however, these are better than quarter 1 of last year. And so the production volume in this quarter 1 is less than that of quarter 4 of last year. But quarter 1 as compared to quarter 1, there is an improvement even in the production volumes. So that is why...

Prateek Singh: And on the NSR?

Ashok Kumar Panda: Sorry.

Prateek Singh: On the NSR, sir, why are we showing an adverse impact of NSR despite an improvement?

Ashok Kumar Panda: No. If you look at that, actually, that can be split into 2 categories, which we'll do from the next time. One is NSR impact and the other one is the stock valuation impact. So when we

look at the total net impact is INR258 crores minus. Out of that, around INR950 crores minus is because of the stock valuation.

And you can say around INR600 crores to INR700 crores plus is because of the sales price increase. So on the sales NSR front, there is a positive of around INR650 crores to INR700 crores; however, there is negative on account of stock valuation rate impact of around INR950 crores. So on the whole, it is minus INR258 crores.

Prateek Singh: Understood, sir. And sir, can you just tell us what are the spot NSRs right now in longs and flat?

Ashok Kumar Panda: What are the -- Sorry?

Prateek Singh: What are the current NSRs, sir, we are seeing right now maybe as of July...

Ashok Kumar Panda: Okay. Current NSR means July expected NSR is somewhere around -- long is around INR51,500 and flat is around INR48,600.

Prateek Singh: Understood, sir. And sir, any guidance as to what kind of full year volumes in terms of sales you would be doing?

Ashok Kumar Panda: Well, in quarter 2?

Prateek Singh: No sir, full year, for '26, '25, '26?

Ashok Kumar Panda: Yes. For the full year, we are expecting somewhere around 18.5 million tons.

Prateek Singh: Okay. And just the last -- just a suggestion. This is something, which I have seen over the past few quarters. In the production performance slide, sir, it would be best that we mention whether it's for the quarter or for the cumulative till that quarter because this time, it's saying FY '25, so I assume it's 1Q because it's easy.

But usually, in 2Q, 3Q also, it says FY '25, then we get confused whether it is for the first 3 quarters or only for that quarter. Just a suggestion to make it more clearer in the production performance slide, sir.

Ashok Kumar Panda: Yes. We have noted your suggestion. We'll do the needful.

Moderator: The next question is from the line of Kamlesh Bagmar from Lotus Asset Managers.

Kamlesh Bagmar: Sir, I just wanted to understand more about this stock valuation. I think it is more of a finished goods valuation. So is it more that we have valued the inventory at the current prices or what we have done with the stock valuation? Because for the first time, we are hearing in the -- we are getting the adjustment from your side that in SAIL, we are seeing the stock valuation thing?

Ashok Kumar Panda: No, let me answer this question. Actually, stock valuation is there everywhere, every time by every company, it is done by every company, it's a part of the P&L account. And now in this

year, because there's a transition from last year to this year and as all of us know, coal prices are down. So when the coal prices are down in quarter 1 as compared to average of last year by around INR6,000 or whatever it is, based on that, the cost of production is also quite less.

And since cost of production is less and our stock valuation is taking place with respect to cost of production, not NSR, that is why there is a hit on the stock valuation rate in stock accretion and decretion. And this impact is around INR1,050 crores quarter 1 versus quarter 1 and around INR950 crores quarter 1 versus quarter 4. So this is just onetime true-up of the stock valuation rate in the stock accretion-decretion.

Kamlesh Bagmar:

It is related to coking coal only?

Ashok Kumar Panda:

It is mostly related to the coking coal. But the cost is not only decided by coking coal, it's based on the efficiency and other things, but impact of other items are pretty less as compared to the imported coal.

Kamlesh Bagmar:

Okay. And secondly, on the capex side, sir, have we got the approval from the Board on the capex side because we were telling that -- we were guiding that there would be new capacity announcements and all that sort, and we would be ordering -- placing the orders for that capacity, so any update on that part?

Ashok Kumar Panda:

Yes, we have got it approved. INR7,500 crores for this year is approved by the Board, and that is our target. And as you have mentioned about the new capacities, we have got the expansion plans in pipeline. And the tendering activities are going on in IISCO steel plant, wherein we are planning to have 4.5 million tons expansion over there.

And as I have already explained that the expenditure in that will generally start from the next year from '26, '27 because the orders will be placed and then the other activities will start from next year, and that is how the expenditures will start coming from the next year regarding that expansion. And back-to-back, we are planning expansion in other plants as well in other facilities, so those things will also follow going forward.

Moderator:

The next question is from the line of Sumangal from Kotak Securities.

Sumangal:

A couple of questions. First is, sir, given that the IISCO expansion will kind of pick up pace next year, this INR7,500 crores could go to what number ballpark for FY '27 capex?

Ashok Kumar Panda:

So actually, as we have discussed, after tendering and order placement, the execution activities start and the expenditure will start from the next year, we are expecting a good jump as compared to INR7,500 crores next year onwards. So the actual numbers will come only when the packages are crystallized. But then I can expect that a good jump will be there in the next year as compared to this year.

Sumangal:

Okay. And this IISCO will be roughly 4 million tons new capacity and some debottlenecking, right, 0.5 million ton debottlenecking?

Ashok Kumar Panda:

Yes.

Sumangal: Yes. So total, we are looking at some -- I mean, for IISCO only, what would be the total capex, somewhere around INR30,000 crores, INR35,000 crores?

Ashok Kumar Panda: You can say, ballpark 4 x 9,000, it will be INR36,000 crores.

Sumangal: Okay. And sir, we'll be spending over 3 years, right, FY '27, '28 and '29? That's broadly...

Ashok Kumar Panda: It's spread for 3 to 4 years. Actually, after order placement, actually, it is around 36 months. That's the guidance.

Sumangal: Got it. Got it. Sir, my second question is with respect to this NMDC contribution, can you explain how is it getting accounted? Is the volume boosted because of that? Or is it just some line item in revenue and some costs associated with it?

Ashok Kumar Panda: It's -- basically, it's happening as a line item as well as part of the stock, so that is how it is appearing right now in the books of accounts. And in the books, it is very clear. Once we see it, we can understand.

Sumangal: Okay. Sir, can you explain what is the line -- I mean, revenue and cost contribution in 1Q for this?

Ashok Kumar Panda: I mean, it's kind of a purchase actually from their side, so purchase -- in the stock, you can see -- in the purchase -- in the expenditure, you can see it is the purchase of stock in trade. It is -- I mean, purchase of the stock in trade and it is also there on the revenue side.

Sumangal: Okay. And the volume of 4.55 million tons, does it include anything from NMDC volumes also?

Ashok Kumar Panda: In quarter 1?

Sumangal: Yes.

Ashok Kumar Panda: Yes, it includes around 0.37 million tons from there.

Sumangal: Okay. All right. And sir, what would be the margin contribution or difference between revenue and cost for this?

Ashok Kumar Panda: What? For financial? You're talking about...

Sumangal: Yes, margin contribution of this NMDC marketing what we are doing?

Ashok Kumar Panda: No, it is done based on an agreement between them and us. And on that basis, we do it.

Sumangal: So at EBITDA level, it is neutral or is it positive? Is it negative?

Ashok Kumar Panda: It could be -- and details -- it could be a little bit positive because which will be compensating the efforts being made by marketing team.

Sumangal: Okay. And then, sir, for our full year volume guidance...

- Moderator:** Sorry to interrupt sir, but I may request you to re-join the question queue for follow-up questions.
- Sumangal:** Just a clarification. Just one last one. For this volume guidance of 17.5, are we including NMDC volume in this or not including?
- Ashok Kumar Panda:** 18.5.
- Sumangal:** Sorry, 18.5, yes.
- Ashok Kumar Panda:** Yes, that is with respect to SAIL products, our products.
- Moderator:** The next question is from the line of Vikas Singh from ICICI Securities.
- Vikas Singh:** Sir, my first question is towards this railway pricing, this INR74,000, which you said that is finalized right now, what is the cost of basically production cost you are factoring, especially the coking coal? Since coking coal has been declining, is there a risk of this pricing coming down?
- Ashok Kumar Panda:** See, let me try to clarify this point. Actually, this cost is done after -- is prepared after completion of the quarter and year, and then it is also examined by different levels and then it will be done. So the point of INR74,000 what you said is basically provisional guidance. It has nothing to do with the actual prices.
- Vikas Singh:** Noted, sir, but then is there -- because coking coal prices have been come down significantly. Is there any cost advantage, which we need to pass on to the railway in the subsequent quarters?
- Ashok Kumar Panda:** Yes. Because if you remember, if you go back to 1 or 2 years back till the prices of rail price -- the price of rail was pretty high as compared to what we are looking at right now. And so this cost examined by a competent authority at the government level and after thorough investigation, examination records, cost records and everything and accounts, everything, it is finalized.
- So the reflection of imported coal price is coming into the rail price itself after examination by the competent authorities. That is how it is coming. And as coal prices softened, so the rail prices also softened that you must have already seen. Going forward, because the coal prices are at this level, so things will also be at this level.
- Vikas Singh:** Noted, sir. Sir, in terms of our finished goods inventory, how much of inventory we are carrying? And is that inventory is at the closing price of 1Q level, so there is a risk of markdown of these inventories as well going forward?
- Ashok Kumar Panda:** Yes, let me answer this question actually. We are holding around 1.7 million tons of saleable steel and 1.3 million tons of in-process stock. So these 2 put together steel stock, it is steel stock. And it is trued up to quarter 1 cost right now, which are almost at a very lower level. That's the reason why the stock valuation impact has come as we've already explained. So

going forward, we do not see any further reduction in this. There could be improvement, but no reduction.

Moderator: Sorry to interrupt, sir, but I request you to re-join the question queue for follow-up questions. The next question is from the line of Rahul Gupta from Morgan Stanley.

Rahul Gupta: So just to understand, you have some finished -- some inventory of being purchased stock and you are marketing NMDC steel products, so can you please help us understand how should we look at sales of NMDC steel from your end for rest of the year?

Ashok Kumar Panda: Yes, that is based on the contract and then their requirement, it is being done. So exact numbers, it will be very difficult to tell right now because -- the plant is also sort of ramping up and they have their own ways of doing it. So as per the requirement and the quantity cannot be frozen at this point of time regarding NSL numbers.

Rahul Gupta: Okay. Got it. And just to reconfirm, 18.5 million ton volumes for fiscal '26 is excluding NMDC, right?

Ashok Kumar Panda: Yes, that is our target, for Steel Authority.

Rahul Gupta: Got it. Just one more question. Where are we in terms of coking coal inventory right now? And where is it compared to normal inventory days?

Ashok Kumar Panda: Yes, let me tell you actually, coking coal inventory right now is around -- hovering around anything between 25 to 30 days in the ports and could be around 5 days in the plants. So those are at the normal levels that we generally expect. We try to maintain those levels of 25 days, something like that -- hovering around that. So right now, the stocks are also at those levels.

Moderator: The next question is from the line of Raashi Chopra from Citigroup.

Raashi Chopra: Just wanted to clarify the NSR, what is the blended NSR for this quarter?

Ashok Kumar Panda: For this quarter, the average NSR is INR51,700 per ton.

Raashi Chopra: And what was that in the fourth quarter?

Ashok Kumar Panda: INR50,100.

Raashi Chopra: And for July?

Ashok Kumar Panda: And for July, this figure is expected around INR50,000.

Raashi Chopra: Okay. Then on the coking coal side, you mentioned the blended coking cost was INR16,900. What was the imported coking coal?

Ashok Kumar Panda: This is -- imported coking coal is INR17,600 and average was INR16,900.

Raashi Chopra: And the imported coking coal was INR18,500 in the fourth quarter, is that correct?

- Ashok Kumar Panda:** In fourth quarter it was INR18,500, you're right.
- Raashi Chopra:** All right. And just last question on the inventory, that number, 1.7 million finished and 3 million total, what was it in the March quarter?
- Ashok Kumar Panda:** In the March quarter, it was 1.7 against 1.4 and 1.3 was 1.3. So basically, March quarter was 1.4 plus 1.3 and 30th June is 1.7 plus 1.3.
- Raashi Chopra:** Got it. And sorry, just one more question on NMDC Steel, you indicated that the revenues were about INR1,800 crores in this quarter?
- Ashok Kumar Panda:** Yes.
- Raashi Chopra:** And the purchase on stock in trade that you mentioned is about INR2,000 crores in the P&L, but...
- Ashok Kumar Panda:** Something will be in stock also. After purchase, something will be lying in the stock.
- Raashi Chopra:** So is it fair to assume that you're pretty much breaking even at NMDC or there is something positive?
- Ashok Kumar Panda:** In our case, actually, we do not have a negative. We have positive only in that.
- Raashi Chopra:** Can you quantify that?
- Ashok Kumar Panda:** It's breakeven plus positive actually.
- Moderator:** The next question is from the line of Tushar Chaudhari from Prabhudas Lilladher Private Limited.
- Tushar Chaudhari:** Sir, this NMDC steel, you said only revenue and this raw material line gets affected in PP&L. There is nothing in other expenses, right? Or is there anything in other expenditure also because this quarter's other expenditure seems to be on a -- little bit on a higher side, even if I look at on a per ton basis?
- Ashok Kumar Panda:** Yes. There is nothing of NSL in the other expenses. The other expenses are higher compared to last year quarter 1, primarily because of the royalties.
- Tushar Chaudhari:** Because of the iron ore royalty?
- Ashok Kumar Panda:** Iron ore royalty, yes.
- Tushar Chaudhari:** Okay. And the tendering process at IISCO had started last quarter, so how long do you think this will take?
- Ashok Kumar Panda:** As per the scheduled dates given by them actually, order placements will take place in '25, '26.
- Tushar Chaudhari:** So order placement, do we expect by third quarter or fourth quarter?

- Ashok Kumar Panda:** Yes, end of third quarter and fourth quarter, all of fourth quarter. I mean, the schedule is December, January like that.
- Moderator:** The next question is from the line of Ashish from MLP.
- Ashish Kejriwal:** Let that be the last question, please.
- Moderator:** Okay, sir.
- Ashish:** Sir, one quick clarification. On the stock revaluation of INR950 crores, how much of it would be because of coking coal and how much of it would be because of finished steel?
- Ashok Kumar Panda:** I mean it is on finished steel -- it is on steel only, finished as well as in-process put together. And the reduction in the cost, which has given INR950 crores of adverse impact with respect to quarter 4 is primarily because of the imported coal price.
- Ashish:** I'm not able to understand.
- Ashok Kumar Panda:** Because the imported coal prices come down around INR5,000 to INR6,000 per ton. That is why the cost of production is also down in quarter 1 as compared to quarter 4 as well as previous year quarter 1. That is why the stock valuation rate, which is equal to the stock valuation cost, so it has come down. And it has got an impact of around INR950 crores with respect to quarter 4. So the reduction of cost is primarily what accounts for the imported coal rate.
- Ashish:** Understood. So then is it fair to say that as the imported coal rates increases, then the impact to us would be much lower because then we will get a revaluation benefit on the upside?
- Ashok Kumar Panda:** Yes, of course, going forward, suppose the stock is lying over here, a similar quantity or less quantity or more quantity. And if coal prices go up, then the stock rate will also increase. And that will also increase the positive impact on this also.
- Ashish:** And if I look at the next quarter versus this quarter, so we will not have this INR950 crores of impact, then INR250 crores of additional royalty or excess royalty because of the iron ore price, IBM prices are now more or less flat. So that should not be there. And then there will be a negative impact because of realization. Is that the 3 variables that we should look at for the next quarter?
- Ashok Kumar Panda:** These are the 3 basic reasons -- basic variables.
- Moderator:** Ladies and gentlemen, we will take that as our last question. I would now like to hand the conference over to Mr. Ashish Kejriwal from Nuvama Wealth for closing comments.
- Ashish Kejriwal:** Yes. Thank you, Hamshad. Sir, before we ask for the final call from you, just last question from my side. One, when you are talking about stock valuation impact, definitely, that's there. But in other expenditure also, we are seeing it's on a much higher side because more or less fourth quarter versus first quarter, it was flat despite the fact that volume was lower. So we are

more concerned about the higher other expenditure as compared to what it was in the fourth quarter.

And secondly, in terms of valuation, when we are talking about, it's INR950 crores, assuming that nothing changes in second quarter, only price variation is there and cost is not going to change, then definitely, second quarter versus first quarter, do you think that our earnings will be deviated only because of the price change -- steel price change?

Ashok Kumar Panda: Yes. Let me answer one by one, actually. So far as other expense is concerned, other expense within other expense, one of the major components is royalty. Apart from that handling and other expenditures are also there. So in the royalty front, because of the IBM price movement, so these figures also change. In quarter 1, the figures are higher. That is why other expenses figure is higher. But this may vary from quarter-to-quarter depending on the IBM prices.

Now coming to the stock valuation rates because that was a onetime kind of a hit in quarter 1, so that it will not be there in quarter 2. So it will give us a relief in quarter 2 and going forward, so the variability will be, again, be primarily driven by the NSR front, in the NSR front, and we are hopeful that we'll be doing our production and technological parameters as per our own guidance. So primarily the NSR, which will be driving the fluctuation.

Ashish Kejriwal: Understood. So sir, rightly, you pointed that base, whatever we have given in first quarter from there to second quarter, main variation is because of the steel price?

Ashok Kumar Panda: Yes.

Ashish Kejriwal: Okay. That's great, sir. Sir, if you can give the final remark, then we can close the call.

Ashok Kumar Panda: Yes, thank you very much. So while we are quite concerned about the global economic scenario and focus, the Indian economy stood out as stronger with strong demand and consumption patterns. The forecast for Indian economy by various agencies have been quite encouraging and the economy is expected to grow in the range of 6.3% to 6.7% over the next 2 years, which is enough to categorize it as the fastest growing amongst the major economies.

The steel demand forecast by WSA for India are also quite promising in excess of 8%. The government focus on infrastructure spending is a big boost to the economy in general and steel industry in particular.

The residential sector is also expected to grow backed by affordable housing projects and urban demand. India's capital goods sector is also expected to benefit from the momentum in the infrastructure and investment in renewable energy. Automotive and consumer durables are expected to maintain healthy growth driven by sustained growth in private consumption.

The company remains committed towards improving operational efficiencies and with the market expected to be more good and supportive in coming quarters, I am hopeful that the good times will aid us and our investors going forward. Thank you very much for this interaction.

Moderator:

Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.