



CA-17(44)/2024-25

4<sup>th</sup> June, 2025

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| The General Manager (MO)<br>Bombay Stock Exchange<br><br>Through BSE Listing Centre | The Asstt. Vice President<br>National Stock Exchange of India Ltd.<br><br>Through NEAPS |
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**Sub: Transcript of conference call held with Analysts & Investors on 29<sup>th</sup> May, 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)/2024-25 dated 29<sup>th</sup> May, 2025, intimating the link to the Audio Recording of the Conference Call held on 29<sup>th</sup> May, 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  
Q4 & FY '25 Conference Call”  
May 29, 2025



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

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

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Conference Call of Steel Authority of India, hosted by Nuvama Wealth Management Limited. 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 touchtone phone. Please note that this call is being recorded.

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

**Ashish Kejriwal:**

Thank you, Yashasvi. Good afternoon, everyone. On behalf of Nuvama Wealth Management, we welcome you all for Q4 FY '25 post-results call of SAIL. We are delighted to have Dr. Ashok Panda, Director of Finance, along with his team. Mr Panda can help us in understanding the quarter 4 results and his view going forward. Now I will request Mr. Panda for 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 ji, and I welcome all the participants through this con call. Good afternoon, everyone. I welcome you all, investors and analysts, who are joining this results con call in this -- for this financial year sales for quarter 4 and financial year '24-'25.

Before I present the highlight of the results, I would like to briefly apprise the house about the global as well as domestic economic scenario in which we have been operating off late, as this impacts the results significantly. And also, we will tell about the improvements that we brought in, in our company at this stage. After the presentation on the economic scenario and the results, we will -- we shall take up your queries in the Q&A session.

So world economic scenario, about this, the rising uncertainties and volatilities due to the tariff war, geopolitical scenarios, et cetera, have led to the global GDP projections being lowered by all major agencies. IMF, in its world economic outlook, published during April 2025, has mentioned that owing to the high degree of financial integration across the globe, the tariff war is bound to lead to an economic slowdown. The uncertainty around the trade policy and monetary policy is another factor that could lead to economies taking a southward trend.

The IMF has reduced its projections for global GDP growth rate in the current year, 2025 to 2.8% and 3% in 2026. This growth rate is, however, uneven across the regions, influenced by various other factors like trade policies, inflation rates and geopolitical situations. Projections for emerging and developing economies stand at 3.7% and 3.9% for 2025 and 2026, respectively. On the other hand, the advanced economics stand at much lowered GDP growth rate of 1.4% and 1.5% for 2025 and 2026, respectively. That is the overall scenario of world economic situation.

Coming to global steel industry, the global steel industry is navigating a complex landscape influenced by economic trends, trade policies, technological advancements. Global economic scenario in 2025 presents both challenges as well as opportunities for the steel industry. While

certain regions may benefit from protective trade measures, the overall impact is complex with potential for increased costs, market volatility and shifts in global trade dynamics.

Global steel production has seen a decline of around 1% in 2024. In the October 2024, SRO, the World Steel Association has forecast a demand growth of 1.2% in the year 2025. However, given the changing scenario, the positions may vary. Meanwhile, the steel industry is increasingly focusing on sustainability and technological advancements.

There is a growing emphasis on reducing carbon emissions through innovative production methods and the adoption of renewable energy sources in which all the companies are focusing their energies towards this, so also SAIL, Steel Authority of India Limited. The integration of artificial intelligence and automation is also the key to enhance manufacturing ability, capacities as well as reducing cost.

On the pricing front -- actual prices front, we can see that prices of coal, which is one of the important parameters in the expenditure side as well as steel products, have remained sublime during the year 2024-'25. They have remained downwards.

Coming to Indian economy scenario, the Indian economy has also been impacted on global cues with the second advance estimates for growth -- GDP growth for FY '24-'25 at 6.5%, down from the earlier revised estimate of 9.2%. RBI has reduced its key repo rate by 25 basis points to 6% after the first rate cut of 25 basis points announced in February '25.

This decision of RBI aims to stimulate economic growth amid easing inflation, which is approaching the RBI's target of 4%. RBI anticipates a growth rate of 6.5% for this financial year '25-'26 and 6.7% for financial year '26-'27, which is slightly higher than 6.5% estimated for the current fiscal year.

Despite the projections for GDP growth rate in the near future coming down in the range of 6.2% to 6.7%, India continues to maintain its position as one of the fastest growing among major economies, which recently we have seen that India economy has become the fourth largest in the world, so we are growing in that rate.

Coming to Indian steel industry, India's steel industry is experiencing a significant growth, driven by robust domestic demand and strategic investments. Despite all challenges, including the softening of the steel prices, Indian steel industry has consistently been growing in terms of production as well as consumption.

During fiscal '24-'25, crude steel production has grown by more than 5% over the previous year. At the same time, finished steel production -- consumption has grown by more than 10% over the previous year. India has been one of the strongest drivers of demand for steel in the recent past and projected to grow at more than 8% during next few years. Indian steel demand will continue to charge ahead driven by continued growth in all steel using sectors and especially by continued strong growth in infrastructural investments.

The top line and bottom line for Indian producers have been impacted, as the prices declined consistently. However, the prices of coal also declined. So on the whole, there was some impact on the bottom line.

With the safeguard duty notification coming into picture recently -- which has come into picture recently, we are hopeful that the domestic prices should stabilize and give a boost going forward. However, the ensuing monsoon season needs to be negotiated safely with hopes for better results in the coming quarters.

With the Platts index for hard coking coal of Australian origin, which is standing at around USD190 per ton, the prices of imported coal seemingly have stabilized, providing relief on the cost front to the industry.

Indian steel industry is poised for continued growth, supported by strong domestic demand and strategic investments. However, addressing challenges such as import competition and environmental sustainability will be crucial for maintaining this positive trajectory going forward.

Next, coming to company's performance, performance of Steel Authority of India Limited for quarter 4 and annual results for FY 2024-'25. Coming to the performance of the company during FY 2024-'25, the same stands as follows, while the production of crude steel at 19.17 million tons stood at similar levels as compared to the previous year of 19.24 million tons, sales volume has grown by around 5% to stand at 17.9 million tons. This has resulted in reduction in the inventory of the finished goods. And this is the best ever annual sales performance by the company.

With the decline in sales prices, more than the reduction in the imported coal prices, this turnover as well as profitability was impacted as compared to the previous year. However, due to sustained efforts by the management in the steel units, we have improved our technological parameters during this year and which has resulted in around INR650 crores of advantage in terms of cost. And that has also gone into the bottom line of the company.

The turnover stood at INR1,02,000 crores approx. EBITDA, PBT and PAT stood at INR11,644 crores -- INR11,764 crores, INR3,009 crores and INR2,148 crores, respectively. Coming to the performance of the company during quarter 4 '24-'25, the same stands as follows, the crude steel production during the quarter 4 stood at 5.09 million tons, a growth of approximately 10% over the previous quarter and marginally higher than last year's quarter 4.

The sales volume of 5.33 million tons during quarter 4 was the best ever quarterly performance, growing by almost 20% over previous quarter and 17% over last year quarter 4. And that is why this has resulted in inventory reduction as well of finish goods.

With prices also getting a marginal boost towards the end, that is in quarter 4, the turnover grew by almost 20% over the previous quarter to stand at INR29,121 crores. Profitability like EBITDA, PBT and PAT showed a substantial growth over previous quarter to stand at INR3,781 crores, INR1,593 crores and INR1,178 crores, respectively. In fact, the net profit has grown by more than 16% over the last year figure of INR1,011 crores.

The performance during the quarter has helped reduce the borrowings on 31st March 2025, not just for the quarter, but also for the year. The borrowings stood at INR29,811 crores as against INR30,593 crores as on 31st March 2024, with a reduction of around INR700 crores during the year.

The borrowings had gone up to a level of INR35,659 crores as on 30th June 2024, before coming down to INR33,907 crores as on 31st December 2024. Ultimately, it ended up with INR29,811 crores as on 31st March 2025.

Coming to sustenance and operational efficiencies. In the areas of operational efficiency, SAIL has showcased some of the best ever performance in the areas of coal-coke consumption, specific energy consumption, BF productivity, et cetera, which has led to a cost reduction of around INR650 crores.

Coke rate has reduced to 421 kg per ton of hot metal vis-a-vis 440 kg per ton of hot metal during the previous year. The annual average BF productivity, blast furnace productivity, has gone beyond 2 tons per meter cube per day. The same stood at 2.02 as against 1.88 in the previous year.

SAIL is undertaking various drives towards decarbonization in 3 phases. SAIL plants, units have entered into a number of MoUs with renowned suppliers, technology providers, et cetera, towards decarbonization drive. During FY '24-'25, the specific CO<sub>2</sub> emissions reduced by over 3% over the previous year, and we are making all efforts to reduce it further.

Going forward, the boost from various measures being taken by Government of India on infra spendings, notification of safeguard duties, which has happened now, et cetera, this augur well for steel demand in the country and also the recent reduction of repo, that also is a booster for the economy.

We are hopeful that the margins will improve further for the company in the quarters to come as the overall outlook is quite positive for sustained growth in domestic consumption. So with these few words, I hand it over to Mr. Kejriwal for opening the Q&A session, please.

**Moderator:** We'll take our first question from the line of Amit Lahoti from Emkay. Please go ahead.

**Amit Lahoti:** Thanks for the opportunity and congratulations on a great set of numbers. My first question is on the expansion plans, if you could indicate a timeline when we are going to start spending capex. And on the same question, have you secured Board and government approval for the expansion plan?

**Ashok Panda:** Yes. Mr. Amit, we have got an expansion plan. Right now, we are at around 20 million tons of capacity, and we want to go towards 35 million tons of capacity by 2030. So these are focused on various units to start with. We started doing the tendering activities in ISP, IISCO Steel Plant, followed by other plants. Other plants -- it will follow in other plants as well.

So that is the kind of plan we have. And for that, we are lining up our investments, et cetera, for that as well. And the capex, we are going to increase the capex. And in stages, we'll be taking approvals. Approvals are coming from SAIL Board, et cetera.

**Amit Lahoti:** Sir, in terms of timeline, when are we going to start the first, say, round of capex on this?

**Ashok Panda:** Yes. The first -- as I've said now, the capex will take place in stages. And since it has already taken off in ISP, which is IISCO Steel Plant, the tendering process has started, et cetera, so some initial payments have been started over there.

And as we go ahead, once the packages are tendered out and the activity starts, then the chunk of investments will come from the next year. I mean, some chunk will come in '25-'26. From '26-'27 onwards, major chunks will start coming in terms of capex.

**Amit Lahoti:** Okay. And my second question, again on capex, if you could provide a specific guidance for FY '26 for capex?

**Ashok Panda:** We have decided INR7,500 crores capex for '25-'26.

**Moderator:** We'll take our next question from the line of Amit Murarka from Axis Capital.

**Amit Murarka:** On the volumes that you did in Q4, so could you help understand what was the mix of the volume in terms of finished, semi-finished?

**Ashok Panda:** Yes. In Q4, the Q4 total volume was 4.72, isn't it? Total saleable steel production volume was 4.72, out of which finished volume was 4.09 million tons in Q4.

**Amit Murarka:** And in sales?

**Ashok Panda:** And in terms of sales?

**Amit Murarka:** Yes. Sales volume mix, I mean.

**Ashok Panda:** Sales volume? Sales volume was much more than this, just 1 sec, 5.33 million tons.

**Amit Murarka:** Yes. And the breakup I meant. I have the volume. I wanted the breakup of finished.

**Ashok Panda:** 5.33, that's total. 5.33 is total, out of which the semifinished would be -- semifinished is around 0.48 or 0.5, you can take.

**Amit Murarka:** Okay. I was just wondering that realization for you was flat Q-o-Q, like generally, there was an improvement in steel realization across the board in the quarter. So I was just trying to understand like why the realization for you was flat.

**Ashok Panda:** Are you talking about quarter 4 or you're talking for the entire year?

**Amit Murarka:** Quarter 4. Right now, quarter 4. So if you could give NSR for quarter 4.

- Ashok Panda:** Just 1 sec. So far as long products are concerned -- you're talking about flat products or long products or in totality?
- Amit Murarka:** Yes, if you could give both of them.
- Ashok Panda:** Like, for example, in case of long products, actually between quarter 3, quarter 4, there's not much of a change because in quarter 3, the NSR, which is net sales price, is around INR52,500 crore, which almost remains the same in quarter 4. While in case of flat products, there's been improvement.
- In quarter 3, the numbers were INR46,800 and which has improved to INR47,300 in quarter 4 for flat products. So on the whole, on the average also, there is improvement around -- of around INR300 to INR400 per ton between quarter 3 and quarter 4.
- Amit Murarka:** Understood. Understood. And what would be the coking coal cost in the quarter?
- Ashok Panda:** Coking coal cost in the quarter, if I talk about imported coal cost, so between quarter 3 and quarter 4, there is a reduction of around INR1,500 because in quarter 3, it was average around INR20,000 per ton, which came down to INR18,500 in quarter 4.
- Amit Murarka:** Sure. And guidances for the same, NSR and costs.
- Moderator:** Amit, I request you to join back the queue.
- Amit Murarka:** And sir, just a follow-up, so NSR and costs, if you could give guidance as well.
- Ashok Panda:** Yes. NSR, as I said, actually, there was a bit of improvement in NSR post this safeguard duty and other things. And because the demand is going to grow, there will be boost in the demand. So we believe there will be improvement in the NSR, maybe after monsoon or something like that. And regarding imported coal price, right now, it is almost kind of a stable kind of a thing. Probably it will continue at that level or maybe it will increase a little bit if not.
- Moderator:** We'll take our next question from the line of Sumangal Nevatia from Kotak Securities.
- Sumangal Nevatia:** Sir, just continuing on the previous question. Sir, my first question is if you could share April, May average, what is the NSR for flat and long? We have fourth quarter. So for the first 2 months, if you could share that? And also on the coking coal front, what is the cost expectation for 1Q or for the first 2 months, whatever we have seen?
- Ashok Panda:** Right. So the answer to your question is that taking NSR, first of all, net sales price, for the long products, the NSR in April and May are almost like INR55,000 per ton. And so far as flat is concerned, there's improvement in the flat products post this safeguard duty and which is around INR0,500, INR50,600, INR50,700, like that. That's about the NSR front. In the imported coal prices, as you've asked, in the imported coal prices, the coal prices are almost hovering around INR17,000 to INR7,500 per ton.



- Sumangal Nevatia:** Okay. So from fourth quarter, we are seeing almost in flat INR3,000 and in long INR4,000 increase, and in coking coal, we are seeing around INR1,500 reduction. Is that the right calculation?
- Ashok Panda:** I mean, as you said, in the imported coal side, there has been a reduction of around, say, INR1,000. And in the NSR front, it's not INR3,000, INR4,000 actually, as compared to quarter 4, in the long, there is around INR2,000 -- INR1,700 increase. And in the flat, it is around, say, INR3,000 -- INR2,500 to INR3,000, yes. So it varies between INR1,500 to INR3,000 between long and flat.
- Sumangal Nevatia:** Okay. Sir, one question on employee cost, if you could guide what is our expectation? Last 2, 3 years, it's been very stagnant. So what is our expectation for '26-'27?
- Ashok Panda:** Yes. As we've been telling that, actually, our employee cost is coming down over the years because of the natural separations. So you can see on the absolute figures, the employee cost has come down in '24-'25 as compared to the previous year, and we are expecting a further reduction in the coming financial year, which is '25-'26 by at least INR400 to INR500 cr. This is our expectation.
- Sumangal Nevatia:** Okay. And just one accounting clarification, sir. So for the full year, there was a railway provision for previous years of around INR650 -- sorry, INR687 crores. But then in the second quarter, we had shared some INR1,600 crores -- INR400 crores of rail price revision provision for FY '23. So just wanted to understand, for the full year '25, this INR650 crores is inclusive of that or we have to add the INR1,600 crores of the second quarter as well?
- Ashok Panda:** For the entire year, it will be -- INR625 crores is the figure for quarter 4. The net figure is INR625 crores, INR685 crores minus some other adjustment of INR61 crores is INR625 crores for quarter 4. And that is a part of the total figure of INR2,200 crores for the entire year.
- Moderator:** We'll take our next question from the line of Rajesh Ravi from HDFC Securities.
- Rajesh Ravi:** My first question pertains to this -- that incentive, which -- the railway price revision, which you mentioned as a footnote. So the contract number, the revenue contract numbers, what do the cumulative and the YTD numbers mean? Because they don't add up. If you do the YTD numbers, when you report in Q4 or in Q3, and in the fourth quarter, the provisional numbers, which you report separately, they don't add up. And also what is this cumulative number which you report, if you could explain, please?
- Ashok Panda:** This is regarding which figure, if you can clarify? Actually, can you give the numbers?
- Rajesh Ravi:** Sir, the railway -- the supply for railway, government entities, so far in Q4 you have mentioned INR2,073 crores. And if I look at the YTD number in March, that is INR9,496 crores. But if I add up the 4 quarterly numbers, they total up to a much higher number of more than INR10,000 crores, almost INR11,000 crores, while the reported number is INR9,500 crores for full year.

- Ashok Panda:** Just to clarify -- can you hear me? Just to clarify, this includes railways as well as other than railways, like defence and others. So the figures will not exactly add up -- these figures may not exactly add up to that number. This includes railways...
- Rajesh Ravi:** I'm just looking at the number which you report as a Q4 number and as a YTD number and similarly for even the preceding -- previous press releases, those numbers, the YTD numbers don't match with the sum of the 2 quarter numbers or 3 quarter numbers.
- Ashok Panda:** What we can do is we can take this question and clarify you, okay?
- Rajesh Ravi:** Also, what do you mean cumulative numbers?
- Ashok Panda:** Cumulative for the year. Cumulative is till date actually, till date.
- Rajesh Ravi:** No, from which date? Because cumulative for March quarter you report in...
- Ashok Panda:** Till March '25. Since all these years, till March '25. We will take this -- we can take this specific question, and I'll give you the answer for better clarity.
- Rajesh Ravi:** Okay. And secondly, you've mentioned that you're looking to reduce your employee costs. But in Q4, there is a sharp jump on an employee cost number on a Q-on-Q basis by almost 20%. So what does this pertain to? And you mentioned that you're looking to reduce by INR400 crores to INR500 crores in FY '26.
- Ashok Panda:** Right. So let me answer this question. Actually in Q4, there has been a jump of around INR500 crores to INR600 crores, if I believe, as compared to the previous. The reasons are because of 2, 3 aspects. One is reduction in the discounting factor from 7.29% to 6.7-odd percentage. That has got an impact.
- And then the final pension provision, which was earlier 3%, it has been increased to 7.5% or something. So that has got an impact. And then, looking at the profitability, the incremental PRP, which is to be provided for the entire year and has been provided in quarter 4. So basically, pensions, PRP and then discounting factors. These are the 3 reasons for increase in salary wages in quarter 4. These are accounting adjustments taken in quarter 4 compared to previous quarter.
- Rajesh Ravi:** So just to clarify, this INR3,300 crores, it is only pertaining to all the adjustments pertaining to only Q4 or it is like full-year adjustments, let's say, reflected in the March quarter.
- Ashok Panda:** It is the full adjustment, which has been done in the March quarter, quarter 4.
- Rajesh Ravi:** Okay. So the average number of around INR2,900 crores is one should look at on a quarterly basis?
- Ashok Panda:** Yes, on a quarterly basis.
- Rajesh Ravi:** And lastly, could you share on your -- thoughts on volumes -- yes, I'll just -- I'll complete my question and move out, on the -- guidance on the volume front for FY '26?

- Ashok Panda:** Yes. In FY '26, we are looking forward to having more volume as compared to the previous year. If you are looking at the crude steel numbers, crude steel numbers were 19 million tons in '24-'25. We are looking at a number of around 20 or beyond in -- good numbers.
- Moderator:** We'll take our next question from the line of Vikash Singh from PhillipCapital.
- Vikash Singh:** Sir, just wanted to understand that our semi sales at almost 14% still stays very high. So is there any chances that in the next year we could come down this? And out of the 19, 20 million tons of total production, what is your own sales target, sir?
- Ashok Panda:** Out of 19 million tons of crude steel production, our saleable steel production is actually 18.4, 18.5 million tons or, you can say, 18.5 million tons. So out of that, the semis will be around -- just 1 sec, around 2.75 million tons, which is roughly 15%.
- Vikash Singh:** So sir, my question was that next year when we are targeting 20 million tons of crude steel production, what would be our sales target? And can we bring down this 14 million, 15 million tons of semis or it will remain at that level?
- Ashok Panda:** So coming back to the question, actually, when we're targeting 20 million tons of crude steel, the saleable steel will be around 19.2 million, 19.3 million tons, and we are targeting sales of more than that. And within that, we are targeting semis of less than 14%. That means around 10% to 12% we are targeting because we are taking various other steps for that.
- And going forward, actually, the semi's will further come down because we're going to put up a new TMT bar mill at Durgapur steel plant, so which will come after 2.5 years. So at that time, you look at the semis, it will be almost kind of zero or very, very less, negligible.
- Vikash Singh:** Understood. Sir, my second question pertains to this INR7,500 crores capex plan, how much is towards the RM, especially the pelletization plant, if you could clarify that. And what is the stage of our pellet plant in terms of construction?
- Ashok Panda:** Yes. Coming back to the question actually, INR7,500 crores doesn't include the pellet plant because pellet plants are coming in the BOO -- on BOO basis. So the capex will be done by the BOO operator. So we'll be incurring only O&M cost after it is set up. So that is the answer to that question. Coming back to when they're going to come, they will be coming in stages. At Bhilai mines, it is going to start after a month, this month, May end, or June, some time, like that.
- And then the other ones, like in Rourkela and Durgapur, they are at the tendering stage, so it will take some time. It will take around 3 years -- up to 3 years' time, you can say. And there are other pellet plants also in the pipeline, for which we may give the go ahead signal for tendering.
- Vikash Singh:** Noted, sir. Sir, Jharkhand inventory can be used in this pellet plant or those low-grade inventory would remain idle?

- Ashok Panda:** Yes. Coming to Jharkhand inventory of low grade, I can say, actually, we are planning a 4 million tons pellet plant at Goa itself, which will be consuming these low-grade as well as fresh fines in the ratio of 50%, 50% initially. So that pellet plant is geared up towards this.
- Moderator:** We'll take our next question from the line of Pallav Agarwal from Antique Stockbroking.
- Pallav Agarwal:** Sir, first question was on the volumes. So this quarter, we've probably liquidated some inventory. But I also want to check that NMDC had mentioned that NMDC Steel is also having a marketing arrangement with SAIL. So any of this quarter volumes include some steel from NMDC Steel?
- Ashok Panda:** Yes. It includes steel from NMDC -- NSL, NMDC Steel Limited to the tune of around 3.6 lakh tons.
- Pallav Agarwal:** So this 5.33 includes about 0.36 million tons of NMDC Steel. Is that correct, sir?
- Ashok Panda:** Yes. Yes.
- Pallav Agarwal:** Okay. Okay. So that would be mostly trading sales.
- Ashok Panda:** That is kind of actually trading on some arrangement actually. So the stock is happening in our books. We will be taking from them. So there is some management for that, commercial management.
- Pallav Agarwal:** Sure. And this year, did we have any sale of iron ore fines, you were planning to sell from Odisha and Jharkhand? So have you seen any sales happening there?
- Ashok Panda:** We have sold some quantities from Bolani Mines only in Odisha Group of Mines. And going forward, we are planning more sales from Bolani and also in Chhattisgarh going forward because after improving mining over there only, then we'll be able to sell something from Chhattisgarh as well, from Rowghat mines. But presently, we are selling from Bolani, and that will continue.
- Pallav Agarwal:** And nothing from Jharkhand? I think you were waiting for some...
- Ashok Panda:** Nothing from Jharkhand because we are still waiting for the permission from the state government, which is not yet available.
- Moderator:** We'll take our next question from the line of Prateek Singh from Dam Capital.
- Prateek Singh:** The first question is just a bit of sense on the INR686 crores or INR625 crores provision or kind of a one-off from the prior periods that we're talking about. That comes into revenue also, right? Or does it lower your expenditures?
- The reason I'm asking is if I adjust for it, your NSR kind of fell on a Q-o-Q basis. Maybe I have to adjust for volumes also from NMDC Steel, but on a topline basis, it seems NSR fell if I adjust for these revenues. Is that the right understanding?

**Ashok Panda:** Yes. Yes. So let me try to explain this particular number, actually. INR625 is not INR686, minus INR61 crores, it is INR625 crores. And this INR625 crores is coming on the top line, which is the turnover, but it's not a part of the NSR. NSR is not including these areal figures.

And so far as prior to Q4 numbers are concerned, because Q4 numbers are INR85 crores, so INR625 crores minus INR85 crores is INR540 crores, which is the figure which is prior to Q4 numbers, which is there in the top line of Q4.

**Prateek Singh:** Okay. So sir, NSR fell on a Q-o-Q basis because of this, if I just -- at a root base number from...

**Ashok Panda:** No, no, no. It is not to be reduced from the NSR numbers because NSR numbers are rupees per ton, and that doesn't include these area numbers. So the NSR numbers that we discussed sometime back, those remain as it is without getting impacted by this number -- these rupees crores numbers.

**Prateek Singh:** Okay. And my second question is just extending the discussion on employee cost. Two things, sir. One, when is the pay commission impact would come in once the federal government finalizes it for us? And second, given that we are doing a lot of brownfield expansion going ahead, is it safe to assume that the bulk of the employees, which are -- who are already working in those sites would be shared with the new capex -- new capacity coming in?

And hence, the cost structure of the new capacity would be significantly better than what we are seeing right now because employee cost has been kind of an Achilles heel for us. So safe to assume that the new capacities will be more efficient from an employee cost perspective?

**Ashok Panda:** You're absolutely correct, actually, because we are planning right now for a brownfield as well as greenfield expansion, which are going to come in the next 3, 4, 5 years. And in the -- during that time, the employee cost would have come down significantly through normal separation and a little bit of induction of fresh blood.

So at that point of time, we'll find that all these new facilities, they will be having less manning and more automation and AI-related applications. So they'll be very, very efficient in terms of manpower cost.

Today, we can see our new plant, which is IISCO Steel Plant, where the manpower cost is pretty less as compared to rest of the other legacy plants. So going forward, all these major facilities, which will be coming in, all the units, they will have more efficient manpower cost structure in those facilities.

**Prateek Singh:** And on the pay revision timeline, sir?

**Ashok Panda:** Pay revision, as you know, actually, it happens every 10 years. So next is due in 2027. So we'll look into that whenever it comes, any guidance, et cetera.

**Prateek Singh:** CY '27, right? or FY?

**Ashok Panda:** I mean that is slated for 2027, CY '27. So then only we'll come to know about it.

**Moderator:** We'll take our next question from the line of Parthiv Jhonsa from Anand Rathi.

**Parthiv Jhonsa:** Just to take my point on capex. Actually, in starting, you said that you'll be doing about INR7,500 crores of capex, and thereafter, the capex would increase from '27 onwards when your facilities come on stream and you do more capex. Just wanted to get your view on the debt. How is debt going to play out over the next 2 to 3 years?

**Ashok Panda:** Yes. Today, the debt is around INR26,800 crores, INR26,700 crores, something like that, and we're planning to reduce it further in this financial year. Last year also we reduced by around INR750 crores. And now we are planning to reduce month-on-month. And going forward, when the capex will be increasing, we'll have 2-pronged approach.

Number one, we'll try to increase our profitability. So from internal accruals, we'll be able to compensate a part of the requirement. And the rest part we will line up other instruments available for getting the fund, et cetera. Our debt-to-equity ratio is good enough to take care of these two aspects going forward.

**Parthiv Jhonsa:** All right. And sir, in your opening remarks, you mentioned that because of some technical parameters, you were able to save close to about INR650-odd crores, which directly had populated down to your bottom line. Just wanted to know that there are possibility to better this going forward or it will -- we can take this number as the standard number going forward.

**Ashok Panda:** No, surely, our target is much more than that. Actually, that is what happened last year, while our target was more. And in this year also, again, we are aiming at more figures compared to that number. Much more cost reduction because that is a continuous process actually.

And there has been improvement in all these critical parameters over the years, specifically in '24-'25 over '23-'24, there has been a good improvement, and we are looking forward to better improvement in '25-'26. The numbers should be better than this. This is our target.

**Moderator:** We'll take our next question from the line of Aditya Welekar from Axis Securities.

**Aditya Welekar:** Sir, my question is with respect to the capacity expansion, which we are targeting up to 35 million tons. So can you break it down, means, by FY '28, do we expect any incremental capacity to come on stream? And if you can further break it down in terms of plans, which capacities will come first? A slightly more detailed answer on that.

**Ashok Panda:** I'll try to give you as much as possible, not entirely as you want. But the question is that I have told you actually it's 35 million tons from current 20 million tons, increase of 15 million tons, includes brownfield as well as greenfield. So in the brownfield, there are debottlenecking efforts as well as setting up of new facilities. These are the 2 things which are happening.

And in that process of debottlenecking, by 2028, we are expecting to increase it by maybe around 2 million to 3 million tons, something like that, around 3 million tons, something like that by then because debottlenecking projects will come quickly.

And so far as brownfield and greenfield projects are concerned, they take their own timeline of around 3 years, something like that, after they start doing the execution activities. So those will happen subsequently.

Now as you said, about the plants, the first plant that we started doing this is ISP, which is IISCO Steel Plant for the brownfield project as well as a bit of -- for the greenfield project as well as a bit of brownfield out there. So in the brownfield, maybe around 0.5 million tons will come in ISP by that '27 or '28. But the entire 7 million tons ultimate capacity will come by 2029. So that is for ISP.

And similarly, brownfield and the debottlenecking activities are going on in Durgapur Steel Plant as well as Bhilai Steel Plant as well as Rourkela Steel Plant. So this will also add capacities of 1 million to 1.5 million tons by 2028. But so far as the greenfield projects are concerned, they are taking shape in these plants. And then all of these are geared up towards giving benefits by 2030.

**Aditya Welekar:** Okay. And what will be the peak capex? You mentioned -- you've given guidance on '26 capex, but you said that in '27, the capex will peak. So what quantum will be that?

**Ashok Panda:** No, in '27, it may not be peak. Today let me try to answer it. Because this year, we have given a capex of INR7,500 crores, and slowly and slowly as the projects take up, so the payments will start. And based on the milestone payments, the capex is going to increase. So this peak level of -- this capex may happen sometime around maybe -- just 1 sec, could be somewhere around '28, '29, like that.

**Aditya Welekar:** And what will be that, any -- if you can quantify that?

**Ashok Panda:** That we have to see actually from -- I mean, anybody can guess the number with respect to capacities, but then it will increase quite a lot. If it is INR7,500 crores today, so it may increase by around INR10,000 crores, INR15,000 crores, something like that. At that point of time, we need to quantify because these are very dynamic kind of a thing, and depending on how the projects take up and then the kind of milestones they have, based on that the capex plans are done.

**Moderator:** We'll take our next question from the line of Nirbhay Mahawar from N Square Capital.

**Nirbhay Mahawar:** Just a follow-up on the cost side savings. Is it more driven by the better utilization of plant?

**Ashok Panda:** Can you please come back once again on your question?

**Nirbhay Mahawar:** We have seen substantial improvement in your techno economic parameters. Just wanted to understand, is it because of better utilization of our plants, and this is going to continue in future also?

**Ashok Panda:** Yes, let me answer this question. Let me answer this question. The major steps that we've taken in '24-'25 are that we have stopped some of the inefficient old blast furnaces. Three number of blast furnaces stopped in Bhilai and Rourkela in different, different points of time.

And then we increased production from the other bigger blast furnaces. Because bigger blast furnaces, when you increase production, you can concentrate on reducing the -- bettering the techno economic parameters. That is how exactly has happened. And if you see actually, BF productivity on an average for the entire year for SAIL has been more than two in spite of the fact that these 3 blast furnaces are stopped in between.

So this year around, the BF productivity is going to go beyond two, there's no doubt about it. And production ramp-up is taking place from other blast furnaces, which are operating -- other larger blast furnaces which are operating. So there, we are getting a bunch of cost reduction over there. And we're targeting -- that is why we're targeting better cost reduction as compared to previous year as well.

**Nirbhay Mahawar:** Okay. Sir, another thing on the market side, is the spread for long products much better than flat right now? And that's -- how is the outlook for the future?

**Ashok Panda:** See, what's happening is between LP and FP, although last year, LP was doing good, FP was sublime -- subdued. And after this safeguard duty, et cetera and some international dynamics, there has been a look up in the FP prices, and it is cyclical as well.

And as the economy is going to improve right now, as we are expecting, we hope that FP's market is going to improve going forward. And LP also will improve because of the infrastructural sector boom. So both the things should remain good in '25-'26, that is our expectation.

**Nirbhay Mahawar:** Are our higher share of long product overall is helping us in overall operating performance vis-a-vis peers?

**Ashok Panda:** See, in case of SAIL, actually, we are making a -- we are maintaining a balance of 50 -- almost 50:50 between LP and FP. So given the cyclicity of any of the side, the other side gives us the benefit.

**Moderator:** Ladies and gentlemen, due to time constraints, we'll take that as the last question for today. I now hand the conference over to Mr. Ashish Kejriwal from Nuvama Wealth for closing comments. Over to you.

**Ashish Kejriwal:** Yes. Thank you, everyone, for attending the call. And on behalf of Nuvama, we really thank the management to give us the opportunity to hold this call. Sir, lastly, if I had to sum up what you have discussed in this call, is it safe to assume that we are expecting something like INR3,000 price increase in quarter 1 FY '26 over FY '25 Q4 along with INR700, INR800/t decline in coking coal cost and lower employee costs also, which was somewhat higher this quarter?

**Ashok Panda:** Let me sum up and tell you actually, so far as imported coal price is concerned, we expect that it is almost kind of stable. So that reduction may continue, number one. Number two, so far as sales price is concerned, although it appears to be INR3,000 or INR2,000 as compared to quarter 4, but it is market driven. It is market driven.



So it will be up and down as compared to that. And more so because the monsoon is going to come. So during that time, it will remain a little subdued. And after that, we expect better improvement in that. And the third question was about employee costs. Yes, employee cost, as I told you with certainty that because of the natural separations, that is going to come down.

**Ashish Kejriwal:**

That's great, sir. Thank you so much and all the best for future, sir. Any closing remarks, sir?

**Ashok Panda:**

Yes. Let me tell you. Thank you very much, Mr. Ashish. And the focus for Indian economy by various agencies have been quite encouraging, and the support by the government is strengthening. They believe that the economy will continue to do well. Steel demand also continues to prosper, and we are hopeful that the prices will maintain and momentum that has become visible recently may continue going forward.

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

**Moderator:**

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