



CA-17(44)/2026-27

31st October, 2026

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 October, 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 October, 2026, intimating the link to the Audio Recording of the Conference Call held on 28th October, 2026.

Transcript of aforesaid Conference Call is attached herewith.

Thanking you,

Yours faithfully,
For Steel Authority of India Limited

(Mohit Malpani)
ED(F&A) & Company Secretary

Encl: As above



“Steel Authority of India Limited
Q2 FY27 Earnings Conference Call”

October 28, 2026



MANAGEMENT: **DR. ASHOK KUMAR PANDA – CHAIRMAN AND
MANAGING DIRECTOR – STEEL AUTHORITY OF INDIA
LIMITED**
**MR. T.N. NATARAJAN – DIRECTOR (COMMERCIAL) –
STEEL AUTHORITY OF INDIA LIMITED**

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

Moderator:

Ladies and gentlemen, good day, and welcome to Q2 FY27 Earnings Conference Call of Steel Authority of India Limited hosted by Nuvama Wealth Management. As a reminder, all participants' line 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.

Ashish Kejriwal:

Thank you, Iqra. Good morning, everyone. On behalf of Nuvama Wealth Management, we again welcome you for Q2 FY27 conference call of Steel Authority of India. We are privileged to have with us Dr. Ashok Panda, our Chairman and Managing Director. We also have Director, Commercial with us along with his team.

Now, I'd request Mr. Panda for his opening remarks. And after that, we can open the floor for Q&A. Over to you, sir.

Ashok Kumar Panda:

Thank you very much, Mr. Ashish Kejriwal. Very good morning, everybody. I welcome all our investors and analysts who are joining this results con call for the financial results of SAIL for the quarter Q2 and H1 FY27. Before we move to the Q&A session, let me briefly run through the presentation on the results.

Before that, let's have a look at the economic scenario, starting with the economic scenario, which had been prevalent during the period of the results. The resilience shown by the global economy has been much higher than the expectations despite effects of Middle East situation and trade tensions. However, as we know, there are pressures globally regarding increase in the Fed rate and then repo rate in our country. That is again, because of the inflationary pressures all over.

The investment drive is being run by AI technology areas, and that is going to be the future. Projections have accordingly improved for calendar year 2026. The overall projections for calendar year 2027 are better than that of calendar year 2026, driven by growth in emerging and developing economies as advanced economies are expected to shrink.

For Indian economy, the story has been brighter. The GDP estimates for Q1 FY27 for India were significantly higher than the expected numbers. Accordingly, the projections for India have been revised upwards by almost all major agencies. The projections are in excess of 7% by the agencies like IMF, World Bank, RBI, etcetera.

Coming to global and Indian steel scenario, the growth factors for steel are closely linked to the economic performance. In fact, it is observed that the GDP growth rate bears direct correlation to the steel consumption.

Accordingly, as on expected line, this short-range outlook, SRO published by WSA during October 2026 has projected a stable demand for steel in current year 2026, followed by an increase of almost 1.7% in calendar year 2027.

Production and consumption continued to decline consistently in China. The current year up to August has already seen the production dip by around 3% in China over CPLY. Despite the above, China continues to dominate the world production with a share of more than 53%.

SRO projects that the demand should shrink by 2% and 1% during calendar year 2026 and calendar year 2027, respectively, in China. Excluding China, the world is expected to see the steel demand grow by 1.5% and 4% in calendar year 2026 and calendar year 2027, respectively.

Indian steel industry outshines the global counterparts in this area as well. Production in India during the current year up to August has shown a growth of 6% over CPLY as per WSA data. However, JPC data in FY26-'27, the production during H1 has grown by 3% over CPLY, while the consumption has got a robust growth of 8% during the same period.

As per SRO, the growth in consumption is expected to be 8% for calendar year 2026 and calendar year 2027 as well, respectively. Meanwhile, India continues to be a net importer of steel during H1 FY27 and net import of around 0.6 million tons.

Coming to the performance, company performance for Q2 and H1 FY26-'27. The highlights are as follows for Q2. Crude steel production in Q2 is 4.85 million tons with a growth of 2% over Q1 and 4% over Q2 last year. Sales volume of 5.2 million tons improved by 5% and 24% over CPLY and previous quarter, respectively.

On the back of higher volumes, despite fall in realizations, sales turnover at INR31,766 crores in Q2 by SAIL increased by 20% over CPLY and 22% over previous quarter. As the prices of input, especially the imported coking coal increased during Q2, the EBITDA margins suffered. However, boosted by volume, as I have described already, EBITDA improved to stand at INR4,561 crores during Q2 of this year.

Coming to PBT and PAT, PBT and PAT stood at INR2,356 crores and INR1,774 crores in Q2, respectively, as against INR553 crores and INR427 crores during CPLY, and INR2,159 crores and INR1,636 crores during quarter 1 of this year.

With effective treasury management, the borrowings reduced further to INR20,583 crores as against INR21,729 crores as on 30th June 2026 with a reduction of INR1,146 crores in quarter 2, and with a reduction of INR1,080 crores in H1. As a result of the debt equity ratio further improved to stand at 0.34x on actual basis at the end of Q2 FY26-'27.

Coming to the performance of the company during H1 of FY26-'27 highlights are as follows. Crude steel production is at 9.6 million tons, while sales volume stood at 9.33 million tons. Better realizations helped the sales turnover grew by 11% over CPLY to stand at INR57,776 crores. The production -- in the production also there is a growth of around 2% over CPLY.

EBITDA, PBT and PAT figures for H1 stand at INR8,917 crores, INR4,515 crores and INR3,410 crores, respectively, as against INR5,754 crores, INR1,443 crores and INR1,112 crores during CPLY registering a hefty growth -- robust growth of 55% in EBITDA, 213% in PBT and 207% in PAT, respectively.

With effective treasury management, the borrowings reduced to INR20,583 crores as against INR21,663 crores as on 31st March with a reduction of INR1,080 crores. The finance cost has also come down and cost of borrowings is also at 6.34%, which is better than last year as well. But with the repo rate going up, probably it is going to increase in the next quarters.

Going forward, quarter 3 and quarter 4 are traditionally the strongest quarter for steel industry and for the steel companies as well, with realizations already showing improving signs and actions being taken on efficiency improvement and cost reduction front, we are hopeful of even more robust performance during H2 '26-'27.

During H1 '26-'27, other good things which happened for this company are, as I told you, increase in sales, reduction in inventory, increase in high-end production and dispatches and more importantly, almost 200% -- 167% increase in sale of iron ore fines by Steel Authority of India Limited. We sold around 2.5 million tons of iron ore fines in H1 as compared to 0.9 million tons last year, and our target is around 7 million to 8 million tons for this year. And we are going towards that even if there are challenges going forward. So, these are the points which I wanted to make before we start Q&A.

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

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Amit Lahoti from Aditya Birla Institutional Equities.

Amit Lahoti: Good to see debt coming down in H1. Sir, my question is on the expansion plan in the FPO that we are planning to do. So given that the capex that we are planning would be spent over the next 4 to 5 years, do we really need to load equity capital upfront? Because our worry is that, it would put pressure on return ratios, which are already in single-digit percentage.

And then it seems to have created overhang for the stock in the near term with the news of FPO that has come out. So can we not wait for a better time perhaps 2 years from now when we reach peak capex cycle to do this capital raise?

Ashok Kumar Panda: Yes. Thank you very much, Mr. Amit. Good suggestion, point noted actually, and we are also on that line that even if we have planned for it, but the timing will decide when to go for that. Right now, it is a growth phase, and we are trying in various ways to improve profitability. So that is where the investor confidence is going to rejuvenate, and we'll see the appropriate time for the FPO.

Coming to expansion plan, I have already told that actually we are on course for an expansion from 20 million tons to 35 million tons spread over 4 units, that is IISCO, Bokaro Steel plant, Bhilai and probably Rourkela, where we're looking at. So we are actively pursuing those things, and these are at different, different stages of tendering and in its approval stages.

Amit Lahoti: Sure. And my second question is on sales volume guidance for FY27. Do we still maintain 22 million tons?

- Ashok Kumar Panda:** Maybe around 21 million tons because in H1, we achieved 9.33 million tons. And generally, quarter 3 and quarter 4 become very good months in terms of production as well as sales. So we expect that it will be somewhere around 21 million tons.
- Amit Lahoti:** And in this 21 million tons, does this include RINL and NMDC volumes as well?
- Ashok Kumar Panda:** NMDC, we're not selling right now. As you can see in this year, we are only selling to some extent, RINL depending on availability from their side. Yes, some quantities is there from RINL as well.
- Amit Lahoti:** So that is included in 21 million tons.
- Ashok Kumar Panda:** That is included.
- Moderator:** The next question is from the line of Parthiv Jhonsa from Anand Rathi Shares and Stock Brokers.
- Parthiv Jhonsa:** My first question is pertaining to the raw material. I believe in the last call, you had indicated that coal cost is expected to go down by INR1,000 in August and INR1,000 -- further INR1,000 in the month of September. I just wanted to know how the quarter went by and what is your guidance on coal cost going forward for quarter 3 and if possible, for FY27 also?
- Ashok Kumar Panda:** Yes, good question. If you look at the coal prices, quarter 1 imported coal price was INR21,300 per ton. And last year was how much? And in quarter 2, actually, it has increased to INR22,930 per ton, which is INR1,700 per ton because of the geopolitical situations and other demand-supply situations and the problem which happened in China because of that, there's the spot in the price of imported coal index. Imported coal index Platts, August index had gone up to \$290 per ton, which has now stabilized at \$266 to \$267 per ton. So it kind of stabilized right now at the current levels.
- So that is the situation that the coal price is remaining on the higher side, but stable right now. Maybe going forward, if situation improves in China, maybe it will come down. But I think in quarter 3 and quarter 4, there could be a bit of reduction, but we can't exactly say that whether the reduction will be sharp or not because the peak rate of consumption rate of coal is going to come in October and November.
- Like as I said you in quarter 2, imported coal rate average consumption rate was INR22,930 means INR23,000. In October, it is INR24,100, and November also, it is going to remain at the same level. And after that, the consumption rate will little stabilize. Maybe in quarter 3, the imported coal rate could be hovering around INR23,500 something. In quarter 4, it could be back to around INR22,000. So it will be hovering around INR22,000, INR23,000 bracket. This is what I guess at this point of time for imported coal rate.
- Parthiv Jhonsa:** Okay. Sir, just continuing to that question, I believe if you see the technical parameters on one of the slides, I think Slide 17, the coke rate has actually gone up. So is this the overall function just from the pricing or also the overall productivity or the coke rate is not in your favor, which also might cause some issue going forward?

Ashok Kumar Panda:

Yes. All that I can say, actually this is a typical situation during the rainy season, which happens with the plants because the plants suffer in terms of wet coal, wet raw material and productivity issues with the blast furnaces. So that is over by September. And from October onwards, all our blast furnaces are doing good. So the technical parameters in the month of October have shown good improvement over Q2.

So in Q3 and Q4, generally, we improve our technical parameters and we are working towards that to improve it further so that overall for the year, there should be better improvement in technical parameters. We are seized of the matter, and we are working towards that in quarter 3 and quarter 4.

Parthiv Jhonsa:

Sir, my second question is on the inventory. Can you let us know what is the inventory on books? And out of that 21 million tons, what will be the share of inventory liquidation what you're expecting in the sales?

Ashok Kumar Panda:

See, as I tell you, our effort has been continuously since last year on inventory reduction and increasing sales and inventory reduction and reduction in borrowings. By 30th September, total steel inventory stands at 1.59 million tons, which includes 0.86 million tons of saleable steel and 0.73 million tons of in-process steel.

Put together, total steel inventory is 1.5 million tons which was 1.8 million tons as on 31st March 2026. And it was 2.15 million tons as on 30th June 2026. So as compared to 31st March, there is a reduction of around 0.2 million tons in the steel inventory. And as compared to quarter 1, there is a reduction of around 0.55 million tons.

And as of today, we are standing at 15 days of inventory, which was around 17.5 days of inventory as on 31st March 2026. So generally, we aim towards having around 2 weeks of inventory. So that is the kind of thing, and we'll try to maintain this kind of inventory. And if it is possible, we can reduce a little bit. Effort is still on to reduce the inventory. And because in quarter 3, quarter 4, the production is going to go up. So increasing sales is very important for us, and we are focusing on those aspects.

Parthiv Jhonsa:

Is it fair to assume, because you said two weeks of inventory and assuming your production go up slight? So, you know there's 1.59 million tons considering your saleable and in-process steel, can this go down to say about 1.2 million tons, 1.3 million tons or even say 1 million tons level, is it fair to assume?

Ashok Kumar Panda:

Yes, something like that. We are looking at around 1.2 million tons, 1.3 million tons, it's going to be difficult because we have 35 stockyards and so many plant locations, they also have -- they have to maintain some kind of stock with them. But nonetheless, our target is actually for 1.2 million tons, 1.3 million tons by the year-end.

Moderator:

The next question is from the line of Pinakin Parekh from HSBC.

Pinakin Parekh:

My first question is, can you give us more color on the capex ramp up? Because while we have been talking about a capex increase, we have not seen that flow through to numbers. So when do we see big projects actually seeing outflow of cash?

- Ashok Kumar Panda:** Yes. capex ramp up is going to take place from this year itself. This year our guidance is for INR15,000 crores. Next year's guidance is in excess of INR20,000 crores. Our projects in IISCO Steel Plant are the ones where the cash flows are going to increase immediately. And that means next year the majority of the numbers will be from IISCO Steel Plant, apart from normal capex from other steel plants. And from the next year onwards, next to next year onwards it will be Bokaro followed by Bhilai Steel Plant.
- So next 3, 4 years, the capex is going to go up. Like this year, as I told you guidance is for INR15,000 crores, and H1 figure is INR5,500 crores, which is almost at the same level as the BE target. So Q3 and Q4 put together, the capex could be somewhere around INR9,000 crores to INR10,000 crores. And next year it will be in excess of INR20,000 crores, and next to next year it will be INR25,000 crores, like that, actually. Because in 4 years, we have to spend around INR1,20,000 crores on capex.
- Pinakin Parekh:** So just to clarify you said in 4 years you have to spend INR1,20,000 crores, this is between FY27 to '30 or FY28 to '31?
- Ashok Kumar Panda:** FY26-'27 to FY '30-'31.
- Pinakin Parekh:** Okay. So INR1,20,000 crores which means sir that after -- so you could see the annual capex eventually go above INR25,000 crores in the last 2 years. It could be way above INR30,000 crores, INR35,000 crores?
- Ashok Kumar Panda:** Yes, it is correct.
- Pinakin Parekh:** Okay. And sir my second question is sir what is the price increases you are seeing because what we understand is there was spike price hikes in August September then there is some pullback in October. So where do prices across flats and longs stand currently versus the second quarter average for the company?
- Ashok Kumar Panda:** Yes. Second quarter average for the company long is INR54,400 and flat is INR57,000, average INR55,500 and that is situation in quarter 2. So far as October is concerned, the month of October, the long NSR is INR58,700, flat is INR61,700. Means around INR4,000 increase over Q2. And the demand is robust right now and the price levels I believe are going to continue. Maybe there could be some upward as well as movement because of the demand picking up going forward. And of course, the coal price is remaining very high.
- Pinakin Parekh:** And sir, lastly, any guidance on employee wage cost provisions that you will start building from the Jan-March quarter because that is when it will start becoming due?
- Ashok Kumar Panda:** We are planning for that. We have not calculated anything about it. We've started the thought process on this. Let's see.
- Moderator:** The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah:

Sir, you indicated 2.5 million tons of iron ore sales in first half. Possible for you to quantify how much was it in Q2? And what was the contribution at EBITDA level or the pricing at which we sold it?

Ashok Kumar Panda:

All I can say actually is that prices keep on varying. It's a dynamic market situation, but having sold around 2.5 million tons, the profit out of this is INR388 crores. And the profit out of sales last year, CPLY was INR124 crores. So there is incremental profit INR265 crores in this H1 compared to last year H1.

Your next question was how much was in Q2. So Q1 figure do we have. H1 figure is 2.46 million tons. Q1 figure, I just want to find out actually. So, it could be somewhere around 1 million ton -- 1 million ton or 1.1 million tons rough guess from my side. So, in quarter 1 also, we had a good sales.

Quarter 2, almost kind of 1.1 million ton to 1.2 million ton would be in quarter 1. This is my guesswork. Because in this year, we have been focusing on it. And quarter 3, quarter 4, we are planning to have a major jump in sales. But we have issues with respect to that, anyway we were trying to tackle those issues.

Ritesh Shah:

Right. Sir, what is the target number for this year on iron ore sales? And sir, what are the issues that we are facing right now? Is it evacuation or approvals?

Ashok Kumar Panda:

The target is basically -- MOU target is 7 million tons. Our internal target was 10 million tons, but I believe we'll be able to achieve either 7 million or 8 million tons the way it is going on. There are issues not in Odisha Group of Mines, issues in Jharkhand Group of Mine because of on the price front as well as approval front, permit front, not approval exactly permit fronts.

And we are planning to sell from Chhattisgarh Group of Mines where we've already started from the old mines that is Dalli-Rajhara, we are planning to see whether we can sell something from Rowghat mines. Major chunk is going to come from the new mines which is Rowghat. So because it is a new operating mine, so there are down level challenges, but we are trying to tackle those.

Ritesh Shah:

Right. And sir, just last question. In the notes to accounts, you have indicated we are looking to also utilize low-grade iron ore and put on certain plants to process it. Sir, is it possible to process this low-grade ore if it is 48%, 50% FE? Do we have the technology for that? And if we have the technology for it, how much will be the costing be it versus the current costing for normal open cast iron ore mining?

Ashok Kumar Panda:

So low-grade iron ore, which are available in all the mines. Let me take you mines wise. In Chhattisgarh Group of Mines, we have low-grade iron ore, which is getting beneficiated there itself. That is called silica reduction plant and SBP beneficiation plant. So already, they've been doing it and we'll increase that quantity.

Coming to Odisha Group of Mines and Jharkhand Group of Mines, we have low-grade iron ore mines in terms of SGF dump as well as tailings. Much of this we are trying to sell actually.

Right now, we have other issues like government-related issues and pricing-related issues. We're trying to have a breakthrough in that after which we'll be selling.

Even from Odisha Group of Mines, we are selling some tailings over there. So it is a hybrid mode. In certain cases, we are beneficiating and consuming. In certain other cases, we are selling it outright. But going forward, in future, we'll have beneficiation plants, which will be coming up at Gua mines in future so that much of the subgrade mines can be beneficiated at Gua mines and then pelletized and pellets can be consumed. So, these are our future plans.

Moderator: The next question is from the line of Shivkumar Prajapati from Mirae Asset.

Shivkumar Prajapati: My first question is on Tasra coking coal mines. So, are we on track to start this mines by Q4 FY27? And by when can we see the savings reflecting in our numbers?

Ashok Kumar Panda: Yes. Thank you for this question. This is what we are also looking at and Tasra is on track, and it is going to start -- is going to start production from January 2027 itself. That means in quarter 4, we'll be able to take the profit benefit out of that. So that is going to give us a lot of savings in terms of cost of ores.

Shivkumar Prajapati: Okay. And sir, my next question is on iron ore mines, basically Rowghat mines where our EC for 6 MTPA is due, I mean it is remaining. So by when it is expected to come? And next on this Gua Ore Mines where we have plans to expand it by 2.5x, I mean, basically taking the capacity up to 10 MTPA. If you could help us with the time lines? And third one on this is our 2 MTPA pellet plant at RSP, is it on track?

Ashok Kumar Panda: Yes. Let me answer your questions one by one. You started about iron ore mines in Rowghat. The MDO has already started working over there. Right now, they are doing the interim mining. And in the interim mining we have taken EC clearance of, I believe, 3 million tons, and we are almost hitting those levels.

But going forward, when the main mining is going to start by the MDO, which will take maybe another 1 year or more than 1 year, then the ramp-up is going to start. 3 million tons by -- I mean, right now, 3 million tons after that, ultimately, it will go towards 14 million tons in 3, 4 years' time. So it will go in a phased manner.

Right now, 2 million tons and after that, it's going to be 3 million tons, then 4 million tons, then 6 million tons, then 9 million tons, then 14 million tons. So this is the kind of trajectory on which it will be traveling. So as of now, things are on track, and we are critically monitoring the progress at Rowghat iron ore mines. That is about Rowghat.

Regarding Gua, we have a plan to increase the production from 4 million tons to 10 million tons by appointing an MDO. So that is going to take a little more time because of the clearance and other things. Regarding the pellet plant RSP, which is 2 million tons per annum, that is on course and it is going to start as per the set target lines. It is in the advanced stages.

Shivkumar Prajapati: Okay. Sir, one last question. Our aspiration is to reach 100 MTPA of iron ore production by FY '30, FY '31. Last year, we did around 38, 39 MTPA, and H1 of this year, we are close to

19, 20 MTPA. So what is our guidance here for FY27? And if you can help me understand the bridge between our current 40 MTPA versus 100 MTP of aspiration? And does this also include any contribution from Chiria mines.

Ashok Kumar Panda:

Let me answer this question. Actually, last year, we achieved around 38 million tons is that correct. This year, our target itself is 56 million tons, but I think we'll be achieving somewhere around 48 million to 50 million tons. And H1, as you said, is 19.5 million is around 20 million tons. H1 is 20 million means in the dry season, it will be much more than 20 million tons. So that is why I told probably we go towards 48 million tons or 50 million tons on the optimistic lines. So that is going to happen.

And regarding 100 million tons, that is an ambitious target by us for '30-'31 or '31-'32. It a lot depends on Rowghat, lot depends on Gua. And of course, we are going to start increasing our production from Bolani in Odisha and Kalta from Odisha and Taldih is going to come on course. So with all these things, we are expecting 100 million tons, which is an ambitious target.

But if not 100 million tons, then at least we'll able to achieve 80 million tons, 85 million tons something like that because as I told you clearly, one is Rowghat, the other one is Bolani, Kalta, Taldih. Taldih already MDO is working over there. And then another one is Gua here.

And while considering 100 million tons, it doesn't consider anything from Chiria. Chiria is in a different state altogether, clearances and other problems are there in that. So, it doesn't include Chiria. Without including Chiria, we have a plan -- ambitious plan of 100 million tons by '30-'31 or '31-'32.

Moderator:

The next question is from the line of Vikash Singh from ICICI Securities Limited.

Vikash Singh:

Sir, just wanted to understand that you said that you would have to spend INR1 lakh crores in capex in the 4 years. If I remember our previous stance was that we will go into the capex on a stepwise basis so that the overall debt should not inflate. Sir, just 2 questions related to this.

Firstly, in terms of this INR1 lakh crores, which are the plants where we have the full land available free of any encroachment, and the capex for particularly those plants, how much that would be? And secondly, that what happened to the step down, what kind of the debt -- incremental debt addition you could see from this?

Ashok Kumar Panda:

Yes. So we are planning to increase capacity from 20 million tons to 35 million tons in 4 plants in next 4 years' time. So that is narrative, and we are working towards that. And so far as land is concerned, in all these 4 fronts where we are undertaking the expansion projects, there is no encroach land. At RSP, there was, but now it is already cleared up.

A bit of the patch is still there and that is getting cleared up right now with the help of state government support that is happening. So it is encroachment-free land where we are going to start our expansion. So we are doing it systematically. The first one is IISCO and the other one where the tendering process is going on is Bokaro. And third is Bhilai where the tendering process is going to start.

And fourth is maybe Rourkela. And if that is so, then the approval is going to take place. It is in the advanced stage for the approval. So that is the kind of thing. It is in a staggered manner. And so far as debt is concerned, let me tell you, to fund this INR1,00,000 crores or INR1,20,000 crores, the internal accruals will also be there in 4 years to the tune of around INR50,000 crores or something like that.

We are trying to improve our profitability as you've been already seeing about it. So the rest will come through debt. And debt will come based on the incremental requirements and based on the execution -- progress of execution level on the site. So of course, it is clear that towards the end of this expansion, it will be getting punched -- the capex will be getting bunched and that is the time when the debts will be there.

And before that, it will be proceedings from FPO may be there. So we will do that in a proper way so that it doesn't impact our balance sheet and the ratios very much adversely. We are trying to actually increase our internal accruals to improve profitability through efforts in top line as well as cost reductions so that the dependence on the loan or the borrowings will be less. That is our -- that will be our effort.

Vikash Singh: Sir, just to understand from the Board approval to placing the packages, usually, how much time does it take for you? Because IISCO, I think we started 1, 1.5 years back, and we still yet to place the orders for the equipment as of date. So if you could clarify the time lines, how much...

Ashok Kumar Panda: Generally, it is around 6 months, somewhere wise because of the systems and procedures. But in case of IISCO actually, major orders have already been placed and work has already started in the ground.

Vikash Singh: Noted, sir. In terms -- my second question pertains to our labor code related expenses, which was INR198 crores this quarter and overall INR350 crores. Any other provisions are left in this labor code, we have already taken care everything. And this INR190 crores is added above EBITDA in which line items?

Ashok Kumar Panda: So it is there under required maintenance actually in the line item. So it is part of the other expenses in the accounts. That is number 1. Number 2, these are based on the best estimate basis because the final figures are not certain. Since gazette notification doesn't have a final rate for industrial rate. So we have taken the infrastructure related rate and then we have made a provision in the books of accounts.

Vikash Singh: So as of now, as per your estimates, the full provision has been made, right?

Ashok Kumar Panda: To our best understanding, yes. But of course, there will be some incremental plus or minus that will be adjusted whenever the actual figures come.

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

Sumangal Nevatia: Sir, first question is I just -- I don't know if I missed, RINL sales volume in 2Q, which is accounted in our overall volumes. And also in the 21 million tons target, what are we estimating for this third-party RINL sales?

Ashok Kumar Panda: Let me give the figure actually RINL 2Q figure is -- so H1 is 184,000 tons, Q2 is 88,000 tons. And for the year, maximum 500,000 tons. Because Q3-Q4, there could be increase. So for the year, it will be 500,000 tons.

Sumangal Nevatia: And NIL for NSL, right?

Ashok Kumar Panda: NSL is kind of NIL actually. We're not doing anything for NSL.

Sumangal Nevatia: Okay. Sir, I just want to understand how do we account it in the revenue? Is the full sales steel price, 60,000-odd tons is accounted in the revenue or it is only the marketing margin or something?

Ashok Kumar Panda: We take it as a purchase as well as turnover. So in the expenditure side also, it is there in the income side the full figure is there. So gross figures are available on both the sides.

Sumangal Nevatia: Okay. And at the EBITDA level, it is nominal, right?

Ashok Kumar Panda: No, the EBITDA gross figure is there, only the margin which is coming to picture at EBITDA level.

Sumangal Nevatia: Yes, yes. So what is the margin. Is it...

Ashok Kumar Panda: That is very less actually. I mean, it's not much.

Sumangal Nevatia: Understood. Understood. Sir, my second question is on the employee number of counts. We've been doing an impressive job in reduction. So what is the trajectory for this year and over the next 3, 4 years, where do you see it going from somewhere close to 50,000 last year?

Ashok Kumar Panda: Yes. Today, by the end of this year, we are at 48,000. Quarter 2 ending is 48,000 and year ending, it is expected around 46,000. By 2031, we are expecting to come down to 26,000 numbers.

Sumangal Nevatia: 20, sorry, what?

Ashok Kumar Panda: 26,000. It will come down to 26,000 by end of 2031.

Sumangal Nevatia: Okay. So that is a very sharp reduction from almost 50,000 to half of it.

Ashok Kumar Panda: That is because of the superannuations are taking place right now. And of course, the VRS.

Sumangal Nevatia: Understood, sir. And this will be gradual or it's -- I mean, in 1 or 2 years, it will be substantial or it's going to be gradual over next few years?

- Ashok Kumar Panda:** People are aging actually. So every year, the normal separation is around 3,000 to 4,000. And plus on the top of that, whenever we are giving VRS through VRS another 1,000. So you can say it will vary between 3,000 to 5,000 every year.
- Sumangal Nevatia:** Sir, one last question on coal. Sir, last quarter in August, you guided that coal cost will be down INR1,000 to INR2,000 based on whatever visibility you had of inventory of August, September, whereas this quarter when you updated, it's been an increase of almost INR1,700. So just want to understand what changed? Was there any revaluation of the inventory or something?
- Ashok Kumar Panda:** No, let me tell you, since the imported coal prices increased in Q2 and now it is stabilized. It's because of the geopolitical situations, number one. And number two, because of the problem that was there in China. So that is the reason why the demand suddenly increased, spiked internationally and which increased the coal prices. But now the coal price has stabilized. And your next question is about? What it was about?
- Sumangal Nevatia:** Sir, I mean, of course, this increase is in line with the international prices. I just wanted to understand in the previous call, when the international prices are increasing, you had guided that it will -- you will see a reduction of INR1,000 to INR2,000, whereas our increase has been in line with international prices. So I just wanted to understand, was there any change in method of accounting or...
- Ashok Kumar Panda:** There is no change in method of accounting. Only thing is that actually by quarter end, quarter 1 end, we were thinking that probably the prices will come down because there was a rise in quarter 1. But because of the international situations, it started increasing. It started increasing, but that is also reflected in the steel prices.
- So, we did not have much of an impact on our profitability at that point of time. It is good that the imported coal prices are stabilizing right now. And far as accounting concerned, there is no change in accounting. We are following a consistent policy of accounting policy.
- Sumangal Nevatia:** Sure. And generally, sir, how many months of inventory do we have?
- Ashok Kumar Panda:** We have -- we keep around 30 to 35 days of inventory. In totality plants and ports put together.
- Moderator:** The next question is from the line of Siddharth Gadekar from Equirus Securities.
- Siddharth Gadekar:** Sir, my first question is on the external iron ore sales. Is there a difference in royalty that we pay on capital consumption and external iron ore sales? And what is the current royalty rate of our iron ore?
- Ashok Kumar Panda:** See, royalty for us, whenever we are consuming if the mines is renewed, then Schedule 5 is imposed, which is 150% of the normal royalty rate. So Schedule 5 is not imposed in Odisha Group of Mines because those are due for renewal in 2030. Schedule 5 is imposed in Chhattisgarh old mines, not in Rowghat is a new concession.

And it is imposed in Dalli-Rajhara mines of Chhattisgarh and is also imposed in Jharkhand Group of mines in Jharkhand. That is where the mines are already renewed. When it comes to sales, so no matter whether it is renewed or not, Schedule 6 is also impacted. Schedule 6 is also imposed over there. So that means in case of sales, there is Schedule 5 that the mines is renewed and Schedule 6 is there in any case.

So Schedule 6 is basically 150% the normal royalty rate for mines and 250% for lump normal royalty rate. So that is how it goes. So whenever we are selling from OGoM, Odisha Group of Mines Schedule 5 is not there. Schedule 6 is only imposed. Whenever you are selling from Jharkhand, which we have not started, we're going to start. And whenever you are selling from Chhattisgarh from Dalli-Rajhara, then Schedule 5, which is 150% of normal royalty rate as well as Schedule 6, which is another 150% of the normal royalty rate of 15%.

Normal royalty rate is 15% basically. That will be there. Whenever we will be selling from Rowghat mines in future, then there is no Schedule 5 because it is not renewed. Only Schedule 6 will be imposed like in case of OGoM.

Siddharth Gadekar: Got it. And secondly, can you just repeat your guidance on coking coal for this quarter, how much increase are we seeing?

Ashok Kumar Panda: Coking coal price actually in quarter 2 -- imported coking coal price, I'm talking about quarter 2 was INR22,930 October is INR24,000. We believe November will also be INR24,000 and December could be INR23,500. So, on the whole, quarter 3 could be around INR23,800, 23,900 like that as compared to INR22,900 in quarter 2. So that means that there will be increase of around INR1,000 in quarter 3 compared to quarter 2.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC Omkara Capital.

Rakesh Roy: Sir, are we reducing our full year guidance from 22 million tons to 21 million tons for sales volume?

Ashok Kumar Panda: Yes, yes. We are looking at 21 million tons right now.

Rakesh Roy: Okay. So in Q4 you mentioned 22 million tons.

Ashok Kumar Panda: I'm not able to understand. Can you repeat?

Rakesh Roy: In Q4 FY26 you had mentioned for full year FY27, 22 million tons. This year -- currently you are saying 21 million tons?

Ashok Kumar Panda: Last year, it was not 23 million tons. It was 19 million tons. I think crude steel production is 22 million tons, but saleable steel sales should be around 21 million tons. Steel production is 22 million tons, but not saleable steel. Steel that we are selling is not steel it is saleable steel, which is around 21 million tons. But the production of crude steel SMS will be around 22 million tons.

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

- Pallav Agarwal:** First just a clarification. So this quarter, we did not have any benefit or negative impact of rail price revision, right? So I just wanted to confirm that.
- Ashok Kumar Panda:** Are you talking about quarter 3?
- Pallav Agarwal:** Quarter 2, sir.
- Ashok Kumar Panda:** Quarter 2. No, nothing. In quarter 2 nothing. Actually, quarter 1, we had an impact of around close to around INR300 crores, I remember. Quarter 2 nothing. And going forward also, I believe we'll have some positive rather than negative.
- Pallav Agarwal:** Sure, sir. Also sir, generally, this quarter in the second quarter normally being a weak monsoon quarter, volumes are generally suppressed. But this time, we've seen a good amount of increase in volumes in the second quarter. So what could be the reason? Was it a weaker monsoon or prices are going up? So that led to some restocking. So what's in your view led to the strong volume performance in the second quarter?
- Ashok Kumar Panda:** Second quarter actually, the volumes -- the production volumes would have impacted because of unprecedented rains in Jharkhand and Odisha, which was not there last time. It suffered in terms of production and technical parameters as we have already discussed. But our effort was on stock reduction, on increasing sales and increasing high-end production. So, these 2 efforts have really given us a lot of advantage to the tune around INR700 crores to INR800.
- Borrowings have reduced, sales have grown, inventory has come down, high-end production has increased. These are because of the sustained monitoring and efforts that we are making company-wide. That is the reason why the borrowings have also come down and interest has also come down by around INR98 crores.
- So, it is through a particular strategy in which we have -- and of course, on the back of good market. That means in quarter 2, towards September, actually, market started improving. So we have also taken the advantage of the market, and our efforts have been in line with the market as well. So this is through our strategic interventions in the top line that the turnover has increased and the profitability have also improved.
- Pallav Agarwal:** Sure, sir. And what would be the mix of TMT bars in our overall TMT bars and rails in our overall sales mix?
- Ashok Kumar Panda:** Rails are okay because last year, we produced around 1.2 million tons. This time also, we're expecting to sell around 1.2 million tons to 1.3 million tons. So rail -- the percentage in terms of crores. So, in terms of volume, rail products are at 8%; bar and rod are at 22%. That is in terms of production volumes. But if you look at the turnover, it will be more than that actually. Rail will have more component more than 8% in the total turnover.
- Pallav Agarwal:** Sure, sir. And sir, lastly, if you could just give us how much of external coking coal are we purchasing in coking -- rather coke rather externally or most of it is now captive coke?

- Ashok Kumar Panda:** No, actually, we are consuming around 15% of indigenous and 85% of imported coal. So imported and total coal basket is around 19 million tons. So out of that, around 85% is imported coking coal. But as I was explaining to one of the queries that in this year, we are going to start production from Tasra iron ore mines in Dhanbad from January onwards. So once that stabilizes, it will reduce the burden of imported coking coal.
- Pallav Agarwal:** Sure, sir. And I was talking about coke. Are we purchasing any coke externally or we are fully captive in this respect?
- Ashok Kumar Panda:** We are not purchasing any coke because we are able to produce ourselves.
- Moderator:** The next question is from the line of Netra Deshpande from Mirae Asset Sharekhan.
- Netra Deshpande:** Sir, my first question is pertaining with the net debt level that you already said about like the debt position has fallen and also the debt which is we are targeting what would be that for FY27. And there were the cost the financial cost that was rise in this quarter despite the lower debt. So what is the reason this is my putting in this because debt rise as a expansion plan which is ticking up. So what are the targets for the FY27 here? And why, is there a reason for this -- for the rise in the finance cost for this quarter?
- Ashok Kumar Panda:** Let me explain, I already told these numbers. As of 30 September, the debt level is INR20,583 crores, which is around INR1,080 crores less as compared to opening of this year. In this year, we're expecting further debt reduction in quarter 3 and quarter 4. That is the thing that we are looking at right now. But as you said correctly, going forward, because the capex is increasing because of the expansion, etcetera. So going forward, the debt will increase from next year onwards, may increase, may increase from next year onwards. That is number 1.
- Number 2, regarding cost of borrowings, cost of borrowings through better treasury management in H1, it is 6.34%. Last year was 6.42%. Now it has come down to 6.34%. The point which I mentioned is because the repo rate has increased by 25 basis points naturally in quarter 3 and quarter 4, the interest, loans and loan swaps, etcetera, will be a little cost as compared to the current levels. But then it will be much competitive in the -- so far as the industry standard is concern.
- Netra Deshpande:** Okay. My next question is pertaining about the status of expansion plans like IISCO and Rowghat, Bhilai is also approved. So what is the status for the Rourkela and Bokaro and what would be the timeline and the funding mix for the new expansion?
- Ashok Kumar Panda:** In expansion actually as I told in IISCO the execution work has already started major packages have already been ordered out. At Bokaro, it is in the tendering advanced tendering state. At Bhilai they are going to start the tendering in couple of week couple of days. Rourkela the DPR is prepared and it will be going for in principle approval.
- Netra Deshpande:** Okay. Sir, any timeline specifically like and how would be the funding mix for this plan?
- Ashok Kumar Panda:** I have already explained actually ma'am -- I have already explained regarding funding we are targeting to improve our profitability through interventions in top line and cost reduction. So

that every year we should be able to get around INR10,000 to INR12,000 crores from internal accruals.

So if that is, supposing we have INR12,000 crores at least from internal accruals then or maybe INR10,000 crores. So INR10,000 crores into 4 is around INR40,000 crores to INR50,000 crores from internal accruals. The rest will go -- will come through FPO and the borrowings. So those are the last options. First of all the internal accruals and the borrowing etcetera will take place towards the later stage.

Netra Deshpande:

Sir, and the last it is the question about EBITDA per ton. This quarter there was like kind of a moderation that is as an after estimate of around INR8,500 to INR700 per ton. So, it is INR8,170 . So, what would be the moderation which is primarily by sequential moderation of NSR due to this or monsoon in cost inflation, what are the -- an estimate for the further coming quarter?

Ashok Kumar Panda:

It's a combination of both actually, NSR point and the cost implication because as well as because all of us know quarter 2 is a rainy season and we had unprecedented rain at Jharkhand as well as Odisha. So the furnace has suffered to some extent, the raw material cost to some extent and as well as the techno-economic parameters suffered to some extent. So quarter 2 is generally not good for most of the costal plants.

So that is why Q2 wasn't very good in EBITDA per ton. But H1 EBITDA per ton is INR9,561 crores. We were looking at INR10,000. We could hit around INR9,600 crores per ton. In quarter 3 and quarter 4, it is going to improve further. If you look at last year, quarter 4 also, I think the figures were somewhere around INR11,000 crores to INR12,000 crores something that if I remember. So we are trying to hit those levels in quarter 3 and quarter 4.

Moderator:

Ladies and gentlemen, we'll take that as the last question. I would now like to hand the conference over to Mr. Ashish Kejriwal for closing comments. Over to you.

Ashish Kejriwal:

Thank you, sir. And we would like to thank the management for giving us an opportunity to host this call. I will request Mr. Panda for his closing remarks. Over to you, sir.

Ashok Kumar Panda:

Yes. Thank you, Ashish. The forecast for Indian economy by various agencies have been quite encouraging and the support by the government is strengthening the belief that the economy will continue to do well in India. Steel demand also continues to prosper, and we are hopeful that the prices will maintain the momentum that has been gained post monsoon.

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, achieving cost competitiveness and more focus on safety and digitalization.

I thank all our investors for their reposing faith in us, and I'm hopeful that the same shall continue in the future as well. Thank you very much.



*Steel Authority of India Limited
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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.