

R.P. Kejriwal – Nuvama Institutional Equities: Thank you. Good afternoon, everyone. We welcome you all to the Q3 FY26 post-earnings conference call of Steel Authority of India Limited. We are pleased to host Mr. Ashok Panda, Director of Finance, who is here along with his team. I now request Mr. Panda for his opening remarks, and thereafter, we will open the floor for questions and answers. Over to you, sir.

Management: Thank you, Mr. Kejriwal. Good morning, everyone. I welcome all our investors and analysts joining this conference call for the financial results of Steel Authority for Q3 and the nine months of FY26. Before we move to the Q&A; session, let me brief you on the results for this period.

On the global economic scenario front, uncertainties and volatilities are almost stabilizing. Global inflation has also been largely steady. Projections for GDP have improved in line with economies individually, as well as regional and global averages. Global growth is projected to remain resilient at 3.3% in 2026 and is expected to be 3.2% in 2027, rates similar to the estimated 3.3% outturn in 2025. The focus marks a small upward revision for 2026 from present levels. Projections for India have also been revised upwards from 6.4% to 7.3% by various agencies. It seems the economy is going to grow at a better rate.

Regarding the global steel industry, the landscape is influenced by economic trends, trade policies, and technological advancements. Of late, it has seen positive movement in demand and costs, primarily because of the increase in coal prices. In the Indian steel industry, demand remains robust with consumption during 9M FY26 growing by almost 7% over the corresponding period last year. Growth in crude steel production has been even higher at around 9.5% during the same period. This has led to India again becoming a net exporter as exports grew by around 33% to stand at 4.8 million tons, vis-a-vis imports which reduced by about 37% to stand at 4.65 million tons. Compared to last year, the scenario is totally different because exports have been much higher than imports, and the export duty is also playing a role. We can find some stability in the domestic market from December onwards.

Now, discussing the performance of SAIL for Q3 and 9M FY26. Highlights for 9M FY26 are as follows: Crude steel production grew by 2% from 14.08 million tons to 14.35 million tons, while saleable steel has grown by around 4-5%. Sales volume grew by 15.3% as we started reaching out to retail and other consumers. This significant growth in sales volume resulted in inventory reduction and lower borrowing. Revenue increased by 9% from 73,162 crores to 79,997 crores, broadly in line with volume growth. PAT increased by 60% in 9M FY26 compared to the same period last year, highlighting operational efficiency, inventory reduction, cost optimization, and good treasury management. In other words, this is due to better financial prudence.

Debt reduction is close to 5,000 crores in the nine-month period. In January alone, we reduced it by around 2,000 crores, and the momentum continues for February and March. Moving forward, as the monsoon and festive seasons are over, we hope the market will see an uptick in pricing in Q4. As coal prices remain range-bound—actually on the higher side—and market support is present, we expect margins to remain good in Q4. We anticipate better growth for SAIL in Q4. With these words, I hand it back to Mr. Kejriwal to open the Q&A; session.

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R.P. Kejriwal – Nuvama Institutional Equities: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1. Participants are requested to use headsets while asking questions.

Operator: The first question is from Amit Lawoti from NKA. Please go ahead.

Amit Lawoti – NKA: Thanks for the opportunity. In Q1 FY26, we took a 1,000 crore inventory write-off due to falling coking coal prices. Now that prices have gone up, was there any gain in Q3 and how much could it be in Q4 at current prices?

Management: In Q1, as you correctly stated, there was a nearly 1,000 crore impact on the stock relation rate in the P&L; account. In Q2, it was not much. In Q3, we had a positive impact of approximately 100 crores. In Q4, because coal prices are rising, we expect the cost of production to increase. We have not estimated the exact figure, but it will have a positive impact on profitability and margins.

Amit Lawoti – NKA: Any broad number at current prices? Could it be 500–1,000 crores?

Management: We cannot say exactly because coal prices are volatile, though currently stable at \$251. Our production level is also increasing, which will nullify the impact to some extent. However, we believe there will be a positive impact. One could guess around 200, 300, or 400 crores, but we cannot confirm the numbers yet.

Amit Lawoti – NKA: My second question is on expansion plans. We have a sizeable cost disadvantage on margins and costs compared to peers. How much can that narrow once incremental volumes from expansion plans come in, particularly with the ISCO Steel Plant (ISP) expected 2 years from now?

Management: Regarding ISP, we have a project estimated at 36,000 crores. Most major packages have been ordered, and ground activities have started. The timeline for completion is 3 years. We believe the production volume and margins from there will bolster our profitability significantly. To accommodate those borrowings, we have already reduced our working capital borrowings significantly. We are keeping a margin to accommodate the expansion capex.

Amit Lawoti – NKA: Is it possible to quantify that in terms of EBITDA per ton or cost per ton?

Management: Those will be new facilities. Currently, our EBITDA per ton is hovering around 6,000 to 7,000 rupees, and Q4 will be better. We believe that once the ISP expansion is finalized, the numbers would exceed 10,000 rupees per ton from the ISP expansion.

Amit Lawoti – NKA: Is there any revised capex guidance for FY26 and FY27?

Management: The capex guidance for FY26 and FY27 is 15,000 crores. This is because major payments toward the ISP expansion will occur over the next 2 years.

Amit Lawoti – NKA: Okay, thank you so much.

Operator: Thank you. Next question is from Pinakin Parekh from HSBC. Please go ahead.

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Pinakin Parekh – HSBC: Thank you. Can you quantify the price increases taken in December and January across flat and long products?

Management: The market started improving from the middle of December. September, October, and November were quite subdued. The actual impact of the price increases started reflecting in January rather than December. In January, the real increase was approximately 2,000 to 2,500 rupees for long products and 3,300 to 3,500 rupees for flat products. These increases happened in two or three tranches, so they will be fully reflected in February. That means the sales price in February will be quite encouraging. Parallely, as coal prices are also on an upward journey, it will be a winning combination.

Pinakin Parekh – HSBC: We understand that price increases at the trade level in India have been larger than at the company level. Do you expect further price hikes in February and March?

Management: In January, because the price increase took place in tranches, it was averaged out in the sales price. This is spilling over into February, where you will see a good jump. Coal prices are also jumping in tandem.

Pinakin Parekh – HSBC: What is the coking coal cost increase for Q4? Prices surged to \$250, while the average was \$184 in Q3.

Management: In January, the average imported coal price was 18,500 rupees. It is expected to increase by 1,200 rupees in February to 19,700 rupees due to arrivals and stock quantities. The index has gone up to \$250 per ton from around \$185–\$190. In March, there could be an increase of another 1,000 rupees over the February levels. I personally feel it will stabilize around \$251 and eventually taper down as the situation in Australia improves.

Pinakin Parekh – HSBC: Regarding sales volume, how much was NMDC Steel Limited (NSL) volume and what were the margins?

Management: Total sales volume is 14.6 million tons, and NSL contributed almost 1 million tons.

Pinakin Parekh – HSBC: Are the NSL margins higher or lower than your operating company? How long will this arrangement continue?

Management: The pricing is exactly in line with SAIL. We are targeting this product mainly in the southern market. There is no difference in pricing compared to our own products.

Pinakin Parekh – HSBC: The pricing is the same, but what about the cost?

Management: This is an arrangement between NSL and SAIL. I cannot specify the exact delta right now, but we are maintaining price parity in the market.

Pinakin Parekh – HSBC: Thank you very much, sir.

Operator: Thank you. Next question is from Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh – ICICI Securities: My first question pertains to employee costs, which went down sequentially. What is the reason, and how should we look at costs next year given the mandatory

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wage revision?

Management: Employee costs are currently around 11.5% and have remained almost at the same level as last year. The sequential reduction from Q2 to Q3 is just an adjustment of actuarial valuations. For 9M FY26, the cost was 6,080 crores compared to 5,943 crores last year.

In H1, we accounted for the gratuity component being increased to 25 lakhs after IDA reached 50%. This made Q2 appear higher. With the discounting rate increasing, Q3 appears slightly lower, and this will continue in Q4. Regarding the salary revision, it will be applicable from January 1, 2027, so the impact will mostly be in FY28. We currently have 50,000 employees, but there is a steady reduction in manpower every year. The reduction in manpower will lower costs, while the pay revision will have a net impact that we will calculate based on guidelines not yet in position.

Vikas Singh – ICICI Securities: My second question pertains to the product mix. Since production volume has peaked, is there scope to reduce semi-finished products and increase finished products?

Management: We are trying to reduce semis as much as possible. Currently, the semi percentage is 10%. We are focused on producing more finished products by improving mill availability and utilizing conversion contracts. At the Durgapur Steel Plant, we have started a 1 million ton Bar Mill project. Once that comes up in about 18 months, the semi percentage will be very close to zero.

Vikas Singh – ICICI Securities: Regarding the accidents at the plants during Q3, did this spill over into Q4 and were there production losses?

Management: Regarding Bokaro, the converter issues impacted us in Q1 and Q2, but those are now sorted. The steel melting shop (SMS) is operating at nearly 100% target levels. Regarding Bhilai, a converter issue caused a metal spill that burnt electrical cables. The plant was down for about 15 to 20 days, impacting production by approximately 2,000 tons per day during that period. It is now completely restored, and all five integrated steel plants are at full capacity for Q4.

Operator: Next question is from Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal – Antique Stock Broking: In the EBITDA bridge from Q2 to Q3, there was a negative impact from volume. However, volumes increased sequentially. Can you clarify?

Management: That was primarily due to a reduction in slab steel production. In previous quarters, the Rourkela Steel Plant (RSP) was producing more by using excess slab stocks from Bokaro. Now that Bokaro's own production has picked up, that surplus is not as available. In Q4, all plants are in full gear, and we will be sourcing slabs from Bokaro again to meet the high requirements of the HSM-2 mill at Rourkela.

Pallav Agarwal – Antique Stock Broking: Regarding input price costs, there was a positive number. I thought coking coal costs would have gone up sequentially.

Management: Coking coal costs went up after December. The positive impact was mostly due to savings in power costs. We are reducing power costs by sourcing renewable energy (RE) in different plants. This is a structural saving that we will further improve.

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Pallav Agarwal – Antique Stock Broking: Could you give the NSL volume for Q3?

Management: It was 0.37 million tons for Q3.

Operator: Next question is from Rashi Chopra from Citigroup. Please go ahead.

Rashi Chopra: What was the sequential change in NSR from Q2 to Q3?

Management: In Q2, the average NSR was 48,836 rupees. In Q3, it dropped to 47,735 rupees. Long products increased from 48,885 to 49,021 rupees, but flat products dropped from 48,790 to 46,580 rupees.

Rashi Chopra: You mentioned January coal cost was 18,500 rupees. What was that number in Q3?

Management: The Q3 number was 18,350 rupees.

Rashi Chopra: For the FY26 and FY27 capex, you mentioned 15,000 crores. How much has been spent in the nine months?

Management: We have spent 5,428 crores in the nine months of FY26. The full-year FY26 capex will be between 7,500 and 10,000 crores.

Rashi Chopra: What are the hot metal volume targets for this year and next?

Management: Up to December, hot metal volume is 15.14 million tons. We expect to end the year close to 21 million tons. Next year, we are targeting 22.5 million tons. On the sales side, we expect to reach 19.5 million tons for the full year.

Operator: Next question is from Mangal Nivetia from Kotak Securities. Please go ahead.

Mangal Nivetia – Kotak Securities: For the 19.5 million ton sales guidance, how much is excluding NSL?

Management: 1 million tons from NSL is already done in the nine months, and we may not take much volume from them in Q4. So, excluding NSL, our own figure would be around 18.5 million tons. In FY27, we are targeting 22.5 million tons of hot metal, which means around 21 million tons of saleable steel, excluding NSL.

Mangal Nivetia – Kotak Securities: Regarding the 15,000 crore capex for next year, how much is for the ISP expansion and what is the timeline?

Management: Total ISP capex will be around 36,000 crores. In FY27, ISP spending could be 7,000 to 8,000 crores. The peak spending will be in FY28 and FY29, with completion toward the end of 2029 or FY30.

Mangal Nivetia – Kotak Securities: On a consumption basis, what is the quarter-on-quarter coking coal increase?

Management: The cost was 18,158 rupees in Q2 and 18,351 rupees in Q3. In Q4, we anticipate an increase of around 1,500 rupees over Q3.

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Operator: The next question is from Tushar Chaudhary from Prabhudas Lilladher. Please go ahead.

Tushar Chaudhary – Prabhudas Lilladher: How much was the revenue from scrap and by-products this quarter?

Management: It was 1,140 crores in Q2 and 1,279 crores in Q3.

Tushar Chaudhary – Prabhudas Lilladher: Could you provide updates on the debottlenecking projects at DSP, RSP, and BSP?

Management: RSP has completed caster number 4, and production has started. At DSP, the TMT mill project has started and will take 18–21 months. We are also starting a new blast furnace and converter at DSP to increase capacity by 1 million tons while knocking out the old ones.

Tushar Chaudhary – Prabhudas Lilladher: How much is the finished steel inventory now?

Management: Finished steel inventory is 1.5 million tons and in-process inventory is 0.9 million tons, totaling 2.4 million tons. This is down from 2.7 million tons on March 31.

Operator: I would now like to hand the conference over to Saachi Keshriwal for closing comments.

Saachi Keshriwal – Nuvama Institutional Equities: Thank you. One question from my side. Regarding the 19.5 million ton sales volume guidance, we have done 14.6 million tons in nine months. Does this mean Q4 volume will be lower than Q3?

Management: Q4 volumes for SAIL products will be higher than Q3. We just may not take much volume from NSL. In January alone, we had a stock reduction of 0.3 million tons. We are aiming for similar reductions in February and March.

Saachi Keshriwal – Nuvama Institutional Equities: And is the price increase in January lower than the spot price?

Management: Market prices are moving upward due to coal costs, so the guidance is that prices will remain on an upward trend.

Operator: Any closing remarks from your side?

Management: Thank you for attending. The second half of the financial year is always the best for the steel industry. Momentum is continuing, and demand is moving up. We expect improved margins in Q4 despite high coal prices, thanks to efficiency improvements and cost control. Significant inventory reduction in Q4 will lead to lower borrowings and interest costs. Our interest cost has already come down by 500 crores in nine months, and we expect another 500 crore reduction in Q4, totaling a 1,000 crore reduction for the year. We remain committed to sustainable performance, decarbonization, and value addition. Our top line is aiming for a record number this year. I thank all our investors for their faith in Steel Authority of India Limited. Thank you very much.

Operator: On behalf of Nuvama Institutional Equities, that concludes the conference. Thank you for joining. You may now disconnect.