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February 12, 2026

The Secretary, Listing Department	The Manager, Listing Department
BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers,	Exchange Plaza, 5th Floor, Plot No. C/1,
Dalal Street,	G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 001.	Mumbai - 400 051.
Maharashtra, India.	Maharashtra, India.
Scrip Code: **500470**	Symbol: **TATASTEEL**

Dear Madam, Sir,

Sub: Transcript of 'Tata Steel 3QFY2026 Earnings Discussion'

This has reference to our letter dated February 2, 2026, intimating that post the announcement of Financial Results of Tata Steel Limited ('Company') for the quarter and nine months ended December 31, 2025, the Company will host an Earnings Discussion on February 6, 2026.

The Board of Directors of the Company at its meeting held on February 6, 2026, *inter alia* approved the Financial Results of the Company for the quarter and nine months ended December 31, 2025. The Company hosted its 3QFY2026 Earnings Discussion on February 6, 2026.

In this connection, we enclose herewith the transcript of the 'Tata Steel 3QFY2026 Earnings Discussion'.

The transcript is also available on the website of the Company at:
https://www.tatasteel.com/investors/financial-performance/analyst-call-recording/

This intimation is being provided in compliance with Regulation 30 read with Para A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This is for your information and records.

Yours faithfully,

Tata Steel Limited

PARVATHEESAM KANCHINADHAM
Digitally signed by PARVATHEESAM KANCHINADHAM
Date: 2026.02.12 23:21:41 +05'30'

Parvatheesam Kanchinadham
Company Secretary and Chief Legal Officer

Encl.: as above

CORPORATE PARTICIPANTS

T V Narendran, CEO & MD – Tata Steel Limited
Koushik Chatterjee, ED & CFO – Tata Steel Limited
Samita Shah, VP Corporate Finance, Treasury, & Risk Management – Tata Steel Limited

CONFERENCE CALL PARTICIPANTS

Ashish Kejriwal, Nuvama
Indrajit Agarwal, CLSA
Pallav Agarwal, Antique
Pinakin Parekh, HSBC
Prateek Singh, IIFL Capital
Rajesh Majumdar, 360 ONE Capital
Satyadeep Jain, Ambit Capital
Siddharth Gadekar, Equirus Securities
Sumangal Nevatia, Kotak Securities
Vibhav Zutshi, JP Morgan
Vikash Singh, ICICI Securities

PRESENTATION

Operator

Ladies and gentlemen, we thank you for your patience. A good day and welcome to the Tata Steel Analyst call. Please note that this meeting is being recorded. All the attendees' audio and video has been disabled from the back end and will be enabled subsequently. I would now like to hand over the conference to Ms. Samita Shah. Thank you and over to you, ma'am.

Samita Shah: ***VP CFTRM – Tata Steel Limited***

Thank you, Kinshuk. Good evening, everyone who is joining us from India and the Far East and good afternoon to those of you joining us from the West. We are starting a few minutes late and thank you for your patience. I'm delighted to welcome you all to this call on behalf of Tata Steel where we will discuss our results for the third quarter of FY2026. I hope you've had a chance to go through our press release as well as the presentation, which is up on our website. And to help you better understand our performance, we will walk you through some of the details and obviously take any questions you may have. We have with us today Mr. T.V. Narendran, our CEO & MD, and Mr. Koushik Chatterjee, our ED & CFO. Before I hand it over to them, I would just like to remind you all that this call will be governed by the safe harbour clause, which is on page two of the presentation. Thank you and over to you, Naren.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Thanks, Samita. Good evening, everyone; sorry about the delay. So let me start with a few comments before I hand it over to Koushik. The global operating environment remains complex with policy uncertainty and resource prioritisation reshaping the interplay between geopolitics, social and market dynamics. At the same time, Chinese finished steel exports have crossed 110 million tons for the second time in a row, which had a significant impact on the regional as well as the global trade in steel. Steel prices diverged across the regions during the quarter and amidst this, Tata Steel has delivered a consistent performance with our consolidated EBITDA margin improving by about 300 basis points YoY for the nine months ended 31st December 2025.

India is a core market, and our crude steel production rose about 12% QoQ and YoY to about 6.34 million tons. The sales ramped up in line with the production and outpaced the domestic demand, taking quarterly deliveries past 6 million tons for the first time for Tata Steel in India. Along with the ongoing cost optimisation, this helped offset the drop in net steel realisations on a QoQ basis and deliver a 23% EBITDA margin during the quarter. Some of the segmental highlights are that the Automotive & Special Products business delivered the best ever quarterly and nine-month volumes driven by rapid OEM approvals for the advanced steel grades from our Kalinganagar plant. The cold rolling mill and the galvanising lines are ramping up very well. The auto downstream mix is now more than 50% of the nine month sales level, reinforcing our leadership and preferred supplier position. We continue to strengthen our position in the retail segment. Our well-established retail brand, Tata Tiscon, achieved the best ever third quarter volumes while our cold rolled brand for MSMEs, Tata Steelium grew 20% QoQ helped by the cold rolling mill in Kalinganagar. Our omni channel model is deepening customer engagement and with Aashiyana and DigECA, we achieved a gross merchandise value of about Rs. 2,380 crores which is up 68% on YoY basis. Our commitment to product development and innovative solutions has helped secure internationally certified steel grades for Oil & Gas and Shipbuilding. We have also introduced mobile bore pile cages for the first time in India, offering a ready to use solution that enhances productivity and lowers project costs in challenging terrains. Our tubes business achieved the best quarterly volumes on account of a 0.3 million ton capacity addition and a dominant share in the high value infrastructure projects.

We remain committed to the India growth strategy by investing in capacity, downstream facilities and sustainable steel making. And in relation to our recent announcements, I'm happy to share that we consolidated our stake in the color coated business and completed the acquisition of the 50.01% stake in Thriveni Pellets Private Limited.

Moving to UK, our deliveries stood at 0.5 million tons, lower QoQ due to the subdued demand. The UK steel safeguard measures are due to expire in June 2026, and the framework needs to be revised to reflect the market conditions and narrow the policy gap with the EU. In Netherlands, the liquid steel production was broadly stable at 1.7 million tons, while deliveries were 1.4 million tons. Lower steel realisations were partly offset by better controllable costs and the sentiment in EU is improving, supported by the CBAM rollout and expected safeguard revisions from June 2026. We also commissioned a new production line for packaging steel using patented Trivalent Chromium Coating Technology to enable sustainable and regulation ready manufacturing. With that, I will now hand it over to Koushik for his comments.

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

Thank you, Naren. Good evening to all of you who's joined in. I will begin with some headline financial performance data for the nine months ended December 31st, FY2026 before moving to the quarterly performance. Firstly, our consolidated EBITDA increased by 31% YoY from Rs. 19,040 crores in the nine months ended December 2024 to Rs. 24,894 crores in the nine months ended December 2025. EBITDA margin expanded by 300 basis points, as Naren mentioned, from 12% to 15% and reflects a disciplined execution in an environment marked by macro uncertainty, currency volatility and persistently high finished steel exports from China. Secondly, our performance demonstrates the impact of the cost transformation program, which has achieved Rs. 8,600 crores of savings in the nine months across geographies. To put it in context, on a YoY basis, lower steel realisations across geographies led to an adverse impact on revenue of about Rs. 7,400 crores, which was mostly offset by higher volumes and declining raw material related costs. In terms of execution, the cost transformation program has achieved 93% compliance to the internal plan. The deviation is primarily on account of extended consultation with the Central Works Council in Netherlands. In November 2025, we reached a formal agreement on the employee restructuring social plan, leading to the recognition of a restructuring provision of ~Rs. 737 crores in the consolidated accounts under the exceptional items.

At a geographic level, India continues to be the anchor of our performance with EBITDA growing at 12% YoY to Rs. 24,431 crores. The EBITDA margin was 24% and remains close to the 10 year average. Our performance in UK and Netherlands has improved materially on a YoY basis. UK losses have narrowed by £135 million to -ve £170 million while Netherlands EBITDA nearly tripled to €210 million. Combined UK and Netherlands EBITDA turned positive for the period. Overall improve profitability and effective working capital management has enabled us to generate operating cash flows of ~Rs. 20,500 crores before capex and dividend and a free cash flow of Rs. 5,640 crores which is significantly higher than the nine months ended December 2024.

Moving on to the third quarter performance provided on slide 24 of the presentation, our consolidated revenues stood at Rs. 57,002 crores and EBITDA was Rs. 8,309 crores, translating to a margin of 15%. While steel realisations declined in India and Netherlands, they were more than offset by the benefits from our cost transformation program. Expanding on the cost transformation program, as a company we have delivered an improvement of more than Rs. 3,000 crores during the quarter. India delivered cost transformation benefits of around Rs. 890 crores. Key cost efficiencies were driven by purchase optimisation of spares, reduced refractory consumption, increased use of coastal waterways, which offer a structural cost advantage over the other modes of transport, higher power wheeling and leaner coal mix. UK outperformed their cost plan by achieving a benefit of Rs. 570 crores driven by calibrated maintenance cost, stronger spares management discipline, insourcing of product testing, and improved efficiency in natural gas and electricity consumption. Netherlands delivered quarterly benefits of around Rs. 1,600 crores via optimisation of coal blend leading to decline in procurement cost and deployed value-in-use concept to improve operating efficiencies such as fuel rate, scrap consumption, etc.

Let me now provide a deeper understanding of India, UK and Netherlands quarterly performance. Tata Steel standalone revenues for the quarter stood at Rs. 35,578 crores and EBITDA was Rs. 7,940 crores. Excluding the FX impact, the adjusted EBITDA stood at Rs. 7,902 crores and was marginally lower on absolute basis versus 2Q of this financial year. As Naren mentioned, our volumes crossed 6 million tons for the first time in a quarter and this coupled with the improvement in costs, has helped partly offset the drop in the steel realisations on a QoQ basis. Separately, Depreciation and Amortisation has increased by 6% QoQ to Rs. 1,826 crores upon capitalisation of downstream facilities. For example, the CRM complex in Kalinganagar and the Combi mill in Jamshedpur. Our wholly owned subsidiary Neelachal Ispat Nigam Limited (NINL) recorded Rs. 350 crores EBITDA for the quarter, which was up 35% QoQ and reflecting an EBITDA margin of 22%.

Moving to UK, the local steel makers are having to contend with weak demand, volatile input costs and cheap imports. Steel prices continue to hover around £500-£510 per ton and have been in contraction for the last two years. Existing steel safeguard measures are set to expire in June 2026 and the revised safeguard framework is yet to be formally announced. In this context, our EBITDA loss has remained broadly stable at about £63 million on a QoQ basis. Conversion costs per ton were largely maintained, demonstrating cost discipline despite the adverse impact of lower volumes on operating leverage. Separately, work is progressing on the 3 MTPA scrap based Electric Arc Furnace (EAF). Major demolition work has been completed and securing access to high power electricity is critical for our planned transition. We are working with the Electricity System Operator and National Grid for the new electrical infrastructure which remains critical for the project commissioning. In Netherlands, the third quarter EBITDA stood at about €55 million which translates to €39 per ton. Impact of lower volumes and realisations were partly offset by the improvement in the costs to the tune of about €21 per ton on a QoQ basis. TSN performance for the quarter also reflects the partial impact of the US tariffs. The US business of Tata Steel Netherlands was a high revenue and high margin business catering to automotive, packaging, etc. The levy of tariff to the tune of 50%, weighed on the performance.

Overall, we generated more than Rs. 10,300 crores of operating cash flows before capex aided by profitability and tight working capital management. Of the cash flows, we spent on capital expenditure of about Rs. 3,290 crores with majority focused in India. Free cash flows for the quarter were about Rs. 7,054 crores and were significantly higher than the second quarter. As a result, Net debt at Rs. 81,834 crores was lower by about Rs. 5,200 crores vs. the end of the previous quarter in Sep'25, and lower by about Rs. 3,900 crores vs. Dec'24. Our net debt to EBITDA stands at about ~2.6x, well within the stated range of below 3x for the cycle.

Managing regulatory complexities has now become a strategic imperative across geographies. Let me put this in context using Tata Steel Netherlands. In the nine months ended December 2025, TSN generated an EBITDA of around €210 million after considering the emission rights related costs of about €150 million and the adverse impact of tariffs from the US at about €50 million. Excluding these costs, the EBITDA works out to more than €400 million or around €93 per ton. This illustrates the cost of burden currently borne by the EU steel producers. On January 1st, 2026, CBAM entered its definitive phase with carbon costs being embedded into imports and structurally improving the competitive landscape for the EU producers. The CBAM's definitive phase requires importers to verify embedded emission intensity. Verification is expected to take time and importers who fail to verify will face carbon costs calculated using the default values by the country of origin. Separately, EU intends to revise its safeguard measures [inaudible] by reducing the product quotas and raising the duty for imports beyond the quotas from 25% to 50%. The effectiveness and timing of the CBAM effect and the trade related quotas will determine how quickly the imports retreat from the EU market and the utilisation of the local steel industry increases which will have positive implication on the price regime.

Before I close, I would like to reiterate our commitment to creating sustainable long-term value. India remains our core growth market, and we are scaling upstream as well as downstream capacity. In December 2025, we had outlined our India plans including the strategic partnerships with an eye on the raw material security and to cater to growing markets in Western and Southern India. At the same time, we are progressing with the transition of the UK and Netherlands operations to a more sustainable operating model. Our capital allocation will be prioritised, optimised and sequenced across geographies to ensure consistent returns over time. With that, I'll end my presentation and open the floor for questions. Thank you so much.

QUESTIONS AND ANSWERS

Operator

Thank you, sir. We will now begin with the Q&A session. The first question for today is from Vibhav Zutshi of JP Morgan. Vibhav, please go ahead and ask your question.

Vibhav Zutshi, *JP Morgan*

Thanks for the opportunity. The first question is on Europe. Now some of the European players have come out with very strong commentary on pricing. ArcelorMittal has actually raised April delivery prices to €700/t, which is another €60/t higher than spot. Just want to understand how sticky and sustainable could these be because it looks like demand is still weak, but like you mentioned, expectations are around higher utilisation levels as imports start to come down. Thank you.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

When you look at what's happening in Europe, while the demand has been quite stable at around 130 million tons for the last few years, imports had gone up to about 30 million tons. And as Koushik mentioned, the quotas that have been announced are going to halve those imports to about 15 million tons. So that's going to happen by June-July and in addition to that you have the CBAM, which has already started, and the CBAM has an impact on the import prices as well. So, if you're selling into Europe, even in this quarter, you'll have to factor in the impact of CBAM on the prices, and then on top of that, you're going to have a reduction in imports. So that's what is getting reflected in steel prices going up in Europe. So, over the last 2-3 years, we had seen the European prices move more towards the Asian prices, and increasing the gap with the US prices. But, because of these actions, we expect that prices in Europe will move away from Asian prices and move towards the US steel prices. It may not reach the levels of US steel prices but certainly will move closer to that.

Vibhav Zutshi, *JP Morgan*

Okay, thank you, that's helpful; the second question is on India. Firstly, congratulations on the improving leverage ratios. Just want to understand the broad timeline for all the capacity expansions - NINL, then this 2.5 MTPA at Meramandali and any indication that you can provide for the Maharashtra greenfield. And also, how to think about debt as capex will likely accelerate from now on.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

In December when we said that we had the in - principle approval of the consideration of the board for the NINL expansion, we are working on it. We are maybe weeks away from getting the environment clearance and once we get that, our basic engineering ordering is in progress. So, I guess it will take about 35-40 months when we get into the execution level. I think it is also important to mention that we will get to the FID in the next couple of months. So that will stitch in as far as this expansion is concerned. Maharashtra is slightly longer term because it is at the enabling level, and we will have to get into the project and the DPRs etc. So that's slightly longer, but parallel work is happening in terms of planning and conceptualising it. As far as the Meramandali expansion is concerned, we have to get the EC clearance. So, the first one is the NINL, the second one is the Meramandali and the third will be the Maharashtra or Kalinganagar expansion, whichever we are ready with. So that's the time frame or rather the sequence. The time frame will [inaudible] over the next three years or five years. The second part of the question that you asked about debt; I think we've said that broadly we would like to be up to about 3x Net debt to EBITDA. And sometimes when you have cyclical issues, we move to 3.2x, and when in better times or when we are able to generate more cash flows, it comes down, as you see now, we are at 2.6x. So that's the kind of range. We will not bust that range because we have a strong pipeline of capex which are productive. There is also a program for the downstream projects as we mentioned last time - the HRPGL has got approved, Tinplate is underway, TBSPL we have completed, and we have more downstream in the long products segment including wires which is being worked on. So, it is in that range of the balance sheet that we will work on, in a mid-cycle. If the cycle becomes much better, then we will recalibrate, but effectively the pace of growth will also be calibrated to that extent. Hope that clarifies.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

And to add to what Koushik said, we also have the Ludhiana plant coming up in the next couple of months.

Vibhav Zutshi, *JP Morgan*

Sure. Thank you, sir.

Operator

The next question is from Satyadeep Jain of Ambit Capital. Satyadeep, please go ahead.

Satyadeep Jain, *Ambit Capital*

The first question is on Europe. What is the status now on UK, the safeguards and what discussions are you having with the government? Is there any progress there? And secondly on that front in Europe, given CBAM and the emissions have not been verified for a lot of importers, what is the trend in imports? Have they significantly reduced in Europe given the uncertainty on verified emission so far?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

So as far as UK is concerned, as I've said in the narrative and in the previous narrative also, we are deeply engaged at all levels to get the safeguard and quotas out. We are hopeful that it will happen soon. We know it is progressing, and we are encouraged by that. But it has not happened. So, we are looking forward to the safeguards because it is in the interest of the UK domestic steel industry, not just us, to ensure that we have the recalibration of the quotas and the safeguards. It is also important for UK to do that in the context of the fact that EU has come out with the quotas and with their steel action plan, and therefore there is a need to harmonise it. So that is work in progress. As far as the CBAM is concerned, I think it's very early days, because there was some amount of stocking that happened pre-December. That’s why I mentioned that the effectiveness of CBAM, we will have to see as to how the imports reduce because the default rates are high at this point of time; the first year default rates are significantly high. For example, in case of China, it is about 3.1, in case of India, it's about 4.2. So, I think we just need to see as to how it works. As Naren mentioned, irrespective of the demand conditions, there will be an uptick in prices because arithmetically, it has to work in that manner. And then comes the steel action plan. There are two very fundamental regulatory triggers in EU which will push up the prices and will have an effect of pushing it towards the US prices. And if you look at the markup in the CBAM, it is a 10% markup in 2026, and a 20% markup in 2027. So, till the verification happens, the markup keeps increasing. So technically the prices should increase. Fundamentally, what's going to happen post the steel action plan comes in June or July is that the marginal cost of new supplies, either beyond quota or within the EU, which are the capacities that are shut down, will come at a marginally higher cost, that will also have a cost push element on the prices. So, we are certainly expecting that the price buoyancy to remain in the EU for a longer period of time.

Satyadeep Jain, *Ambit Capital*

Thank you for that, Koushik. Secondly, on India, just wanted to seek your comments on the budget proposal for National Waterways 5 in Odisha linking Kalinganagar to Paradip. I know these projects can take long. What's your expectation there in terms of timeline and impact on cost? And if it comes through, does it make you rethink your decision to look at Maharashtra, because many players are also actively considering staying on the East Coast, including ArcelorMittal who has announced a greenfield plant on the East Coast. If that comes through, would that change your decision anyway?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

So, if I could comment on that. Firstly, Maharashtra is in addition to our plans for the East Coast. It's not in place of any plans. Because, if you look at our own plans for the East Coast, between the Kalinganagar complex that we have and Neelachal which is across the road, we have the opportunity to build about 25 million tons of steel capacity there, which is today at 9 million tons; 8 million tons in Kalinganagar and 1 million ton in Neelachal. So that opportunity exists, and this waterway that they are talking about will help that site. Then you have the Bhushan plant in Meramandali which can go up to 10 million tons. So, in Odisha, we have the opportunity to go up to 35 million tons as against the current 14 million tons. Maharashtra is in addition to that and gives us optionality on the iron ore and servicing western and southern markets. India is one of those countries where waterways account for a very small percentage of logistics. Whereas, if you look at most other geographies, whether it's the US, whether it's Europe, or whether it's China, a lot of material including steel, moves on the waterways. I think the government's ambition is to create a network of waterways and we are glad that they picked this waterway which is close to our Kalinganagar site because we think it will help us bring down the logistics cost, which as you know in India is still higher than what it is in other countries. One of the reasons is the mix, because in India there's a higher mix of road compared to other geographies, and there's a lower mix of waterways compared to other geographies. Having more waterways is certainly going to help the logistics cost. But I think we don't have a timeline yet. I guess it will take some time because it means creating the infrastructure, it also means dredging, to make it an all-season kind of waterway. You also need to have handling facilities and barges. So, there's a lot that needs to be done, but we are happy that it's on the radar of the government.

Satyadeep Jain, ***Ambit Capital***

Thank you so much.

Operator

Thank you, sir. The next question is from Pinakin Parekh of HSBC. Pinakin, please go ahead.

Pinakin Parekh, ***HSBC***

Thank you very much. So, my first question is on UK. The losses in the UK operations are relentless, and there does not seem to be any policy support coming through. So how should we look at UK over the next few quarters? There's a safeguard in India, there’s CBAM in Europe, but there's nothing in UK.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

In UK, a lot of actions have been taken by the team. We have ourselves reduced fixed cost by more than £400 million in the last two years, almost £500 million. So, I think in terms of cost takeout, all that could be taken out has largely been taken out. As Koushik explained, it is a problem because of the fact that the quotas in UK are higher than the demand in UK and that's what the government is expected to revise and more so, because of the actions taken in the EU. So we've been promised that these revisions will happen soon. You must also realise that the UK government itself is invested in the steel industry because of the steel plants that they've taken over. So, when the steel industry is losing money, it directly hurts the UK government as well. We are hopeful that some actions will be taken because, with these levels of quotas and these prices, it's obviously not looking good from an EBITDA point of view. What has happened because of the actions we've taken, as Koushik said, is that EBITDA losses have halved. It is still there, and we expect it to keep improving because of the actions we are taking, but it will not become positive till there is some action from the UK government on the imports or if the steel prices go up in UK. So, I think we are expecting that some actions will be taken in the next few weeks by the UK government and once it happens, hopefully we are on track to make sure that UK is on positive EBITDA territory. But yes, it is a challenge, but given the actions being taken in the US, in Europe, in India and elsewhere, we expect the UK government also to be taking those actions soon. Koushik, you want to add to that?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

No, I think that's perfectly fine. I just wanted to tell Pinakin that we also have some actions being planned. But fundamentally, because we will also look at building a new plant, we don't want to do anything which will affect the long term. And therefore, we are also looking to ensure that the assets run at the most optimal ability and the conversion cost continues to be in a manner where we can be competitive, post the build of the EAF. So, just now, we are looking for more external policy support as an industry.

Pinakin Parekh, ***HSBC***

Thank you. So just continuing on that, Tata Steel is doing everything it can, but it is facing the twin problem of making an investment while having EBITDA losses. On the policy perspective, you would expect support from the government on the existing steel environment and assume that there would be policies related to the capex. So, would the company at some point of time wait for the policy to fructify before stepping upon the capex or will the capex continue irrespective of whether there is any immediate support from the government?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

So, if I may just try to articulate it. See, once the EAF is built, our cost structure will be different. When our blast furnaces were running, our cost structures were high. We transitioned to plan for the EAF because the cost structure would be lower than what we were running at. We are at an intermediate phase where we are buying the substrate and then working on the conversion cost. So, the point is that if we were to not progress with the EAF, we are going to delay that transition into a more profitable unit. So, I think there is no upside in delaying the investment. On the other hand, if all factors are aligned, and here we are dependent on the National Grid for the electricity connection and also our own internal projects for getting it done. But the quicker we can convert it to that stable state, at least we will be in a better cost position, better working capital position, and not cutting slabs and rolls from all over the world. So, we have done that analysis and scenarios, and it makes sense to continue to do the project. Take the money which the government has given, as it is a participant and that's the basis on which we continue to execute the project at this point of time. In the longer term, we hope that the government for its own requirements, as Naren mentioned is also a big participant now, and a direct owner or a controlling entity of the rest of the steel industry in the UK, is also very mindful of the fact that this bleed needs to stop; not just for us but also for them. And I hope that it is in a matter of weeks now.

Pinakin Parekh, ***HSBC***

Got it. Just lastly, with the safeguard duty placed in India, and the price hike that we have seen in India in the spot steel market between December and February, is it fair to say that the December quarter EBITDA per ton was probably the low, till the safeguard duty is in place?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

I think December quarter prices, particularly the first part of that quarter was probably the lowest in the last five years for flat products, and pretty low for long products as well. So, in some sense, that was the bottom as far as the prices are concerned. So yes, we expect better numbers this quarter. But we should keep in mind that coking coal prices are also going up; we are conscious of that. But still, prices are certainly coming back to the levels where it should be, because it used to be at a discount to import landed. Now it has caught up with import landed [inaudible].

Pinakin Parekh, ***HSBC***

Yeah. Got it. Thank you very much.

Operator

The next question is from Prateek Singh of IIFL Capital. Prateek, please go ahead.

Prateek Singh, *IIFL Capital*

Hi, thanks for the opportunity. So, the question is more strategic and regarding the fixed cost takeouts in India and the medium-term human resources plan. How are we preparing for the iron ore mines expiry, if any in 2030? Any plans to move to a MDO model for mining in the medium term to strengthen the employee transition? I understand that we mine much more than our peers and there is always an element of contractual costs as well. But I think our standalone employee costs would be higher than that of our largest peers in our operations and that of the largest listed iron ore miners in India combined. So, is there any way to get a sense as to what percentage of India employee cost is on mining and how are we planning to do this transition over the next four years?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

I'll maybe give it a shot and then Koushik can supplement. So firstly, I'm not sure if our mining costs are much higher than others because we run a very, very efficient mining operation both for coal and iron ore. If you look at Tata Steel's legacy costs, a lot of the legacy costs are in Jamshedpur. So, if you look at the cost structure, and the demographic profile of our employees in Kalinganagar and other sites, it's much better; we don't have those legacy costs. As Tata Steel grows more and more in Kalinganagar, Meramandali, etc., the impact of the legacy costs in Jamshedpur keeps coming down and we are addressing the legacy costs in Jamshedpur. So, because of these actions, the cost disadvantage we may have in some sites vis-a-vis our peers will keep reducing, and we will be doing this obviously in an accelerated way till 2030. That is one part. The second part is, because of the fact that all our sites are within 200 kilometres of each other, we have some advantages of scale because if we are moving to 40 – 45 MTPA, all of that is going to be produced in about 200 kilometres from each other and that gives us a lot of advantages on scale economies, etc., which will also help us negate some of the impact, post 2030. Thirdly, as we mentioned earlier, our move into Maharashtra, and our move into recycle based steel in north and west, are also actions that we are taking to mitigate the impact. And fourthly, the move into downstream basically looks at how we improve the mix, how we get better realisations, and so forth beyond all the cost takeouts that we are planning. All these are expected to mitigate the impact of any cost increase that we will face in 2030. This is broadly the plan and Koushik you can add to that.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yeah, I'll just add two points Prateek. One is the fact that we are not going to exit captive mining. We have mining reserves which are opening up and therefore mining as an activity will continue for Tata Steel. Mine Developer and Operator (MDO) as an option will always remain and we will be looking at certain opportunities. We also now have BRPL which will be in that space, if required. So, I think the transition planning for 2030 has already started. We are looking at various alternatives as Naren mentioned; even Maharashtra is an important alternative. So, the manpower cost is not so much of an issue. We also do [inaudible] of contract workers in there, so it is not that we are very heavy. In the sense, from a cost point of view, cost of ex-mines iron ore for us at this point of time is possibly one of the lowest. I think it is not at all high compared to the rest of the industry. With more mines opening up, be it Kalamang, Koira, Gandhalpada, etc., we will be redeploying people and reworking on how we can ensure that the transition costs are minimised.

Prateek Singh, *IIFL Capital*

Understood. So, I understand that, would there be any way to get a very ballpark sense as to what percentage of the entire employee cost is on specifically mining operations.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

I don't have it off hand, maybe we can do that later.

Prateek Singh, *IIFL Capital*

Thanks. And the second question is largely on Europe. As an earlier participant mentioned as well, the prices have risen quite a bit, to $750/t from $650/t a few months back. So wanted to understand the nature of our contracts, and with what kind of lag do we see these prices coming up to our P&L.

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

So, contracts are about 35%, largely in packaging which is one area where there are one year contracts and six months contracts. Automotive is the other; automotive has its own cycle. That's the point I mentioned that the benefits of the EU domestic prices will depend on the effectiveness of the CBAM as well as the quotas, both together. So, I think the full impact of that will come gradually and not in one jump. And I think the estimation is that there is an opportunity for almost €100/t increase in prices over the full year. So, we just need to watch the space and see all that is said and done. If there is a Euro on the table, our colleagues in Netherlands will certainly work to ensure that we get it. But it will happen in at least two stages; one is CBAM now and secondly when the tariffs come in post June 2026.

Prateek Singh, ***IIFL Capital***

Understood. Thanks, and all the best.

Operator

Thank you. The next question is from Vikash Singh of ICICI Securities. Vikash, please go ahead.

Vikash Singh, ***ICICI Securities***

Thank you for the opportunity. So, my first question pertains to Netherlands. How much carbon credits do we have as a percentage of overall requirement right now? Since in the last call you said that your emission levels are already closer to 1.6 tCO_2/tcs, does that mean that whatever carbon credits we have, these are surplus, or we still have to pay or buy some additional carbon credits?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

The reference point I'm using is the CBAM. So, the reference point for CBAM for EU domestic producers is 1.37 tCO_2/tcs. So, if it is 1.37 tCO_2/tcs and we are producing at 1.66 or 1.68 tCO_2/tcs, there is a gap and there is a free allowance that comes in. So, we have to buy the net of that. I think we will still be buying, and we'll continue to buy till we do the transition because the reduction in free allowances is going to happen from this year to 2032 or 2034.

Vikash Singh, ***ICICI Securities***

Noted, sir. And the second question is regarding your outlook on the price increase in 4Q. If you could give us that.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Price in India or Europe?

Vikash Singh, ***ICICI Securities***

Both geographies, India and Netherland, price and the cost, especially the coking coal cost changes.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

I think the guidance we are giving is, India prices on QoQ will be about Rs. 2,300/t higher, and on a spot basis of course, hot rolled will be much higher, but I think when you look at the mix and you look at some of the contracts that we have, we see an improvement of about Rs. 2,300/t. In UK, it's going to be about £5/t higher or so. In Netherlands, on a spot basis it is going to be higher on the hot roll coil, but because of the mix issues that Koushik referred to, and the fact that the packaging contracts are getting renegotiated, we are seeing a QoQ reduction of €30-33/t per ton from 3Q to 4Q. But having said that, we expect Netherlands to more than offset this reduction in realisations because of cost take out, so we expect an EBITDA expansion in Netherlands, and a slight improvement in EBITDA in UK. Also, because we expect Netherlands to be selling almost 400,000 tons more in 4Q compared to 3Q. And India will also see an EBITDA expansion because although the coking coal cost impact is going to be about $15/t, the benefits that we will have from the prices, the slightly higher volumes as well as the mix is going to be better in India. So overall we expect EBITDA to be better in 4Q compared to 3Q, and volumes to be almost half a million tons better in 4Q compared to 3Q.

Vikash Singh, *ICICI Securities*

Noted, sir. Thank you.

Operator

The next question is from Pallav Agarwal of Antique. Pallav, please go ahead.

Pallav Agarwal, *Antique*

Good evening, sir and thank you for the opportunity. So just want to check, with CBAM coming in, will some of the exports that were going to Europe, come back to India and pressurise domestic prices?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

You mean as an industry? Because Tata Steel doesn't sell much to Europe. We send slabs to UK for our plant, but otherwise we are not a big exporter of steel to Europe. Maybe some of our peers are, but I don't think that volume will be so significant as to make an impact in the domestic market in India, because the demand is pretty strong in India. In the last couple of quarters, there was a little bit more ramp up of capacities because our capacity ramped up and a few others, but now there's better balance in the domestic market. So, I don't expect that to have an impact on prices in India.

Pallav Agarwal, *Antique*

Sure sir. Any volume guidance for FY2027?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Because we are in the process of finalising a plan, we'll give you that guidance in the next analyst call.

Pallav Agarwal, *Antique*

Sure sir. Lastly, are there any premium products in the UK or Europe that can actually come into India despite the safeguard duty? Is there any opportunities in the Indian market for that?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

No, I think the competitiveness will not be there. If you look at the costs in Europe and the prices in Europe, it doesn't make sense to ship from there to India. But what we are certainly doing is working very closely together in many areas because there are many applications that we have in Europe, particularly in the construction industry, which we are bringing back to India from the experience that we have. There are of course some special products which come from UK. For instance, IKEA when they build their warehouses, the roofing sheets actually come from one of our UK plants. So, there are these kinds of specialised requirements but not very significant volumes.

Pallav Agarwal, *Antique*

Thank you, sir.

Operator

The next question is from Aditya Welekar of Access Securities. Aditya, please go ahead. Aditya, we are unable to hear you. We request you to please send in your question via chat or rejoin the queue. We will now move to the next question. The next question is from Ashish Kejriwal of Nuvama. Ashish, please go ahead.

Ashish Kejriwal, *Nuvama*

Two questions, one in Europe and second in India. In India, is it possible to share how much price drop we have seen in 3Q versus 2Q and, how much coking coal cost reduction we have witnessed in 3Q.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

So, for India, the price drop was about Rs. 2,100/t, in 3Q compared to 2Q. We had guided Rs. 1,500/t but the market was softer, particularly in October and November. Prices started going up only towards the middle of December. In terms of coking coal, I think the consumption cost was up by $4/t for India, in 3Q compared to 2Q.

Ashish Kejriwal, *Nuvama*

And secondly, is it possible to share the UK conversion cost because from what we understand, in UK, even if government gives support and steel prices increases, obviously our slab prices will also increase. The cost takeouts which we have already taken and most of the efficiencies have already taken place in terms of cost reduction. So, what kind of government measures are we trying to look at to make EBITDA positive in UK. And in Europe, while you are guiding reduction in prices because most of our contracts start from January, we have witnessed spot price increases. So even if the entire price increase will take into account the entire year, how are we going to see the reduction in prices in Netherlands in 4Q. And at the same time, when you are seeing that cost reduction will help in offsetting all the price decline and EBITDA will expand, this is on account of only cost reduction or when prices increase will we expect higher EBITDA?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

So, I'll let Koushik address the UK question. In Netherlands what's happening is that it's more of a mix issue, rather than a price issue. The price at a hot rolled coil level is going up. We don't do so much on spot basis. But it's going up by about £20-25/t, from 4Q to 3Q. Where we are getting hit a bit is in packaging. Two things are happening on packaging contracts. Firstly, there's a renegotiation of packaging contracts because of new contracts, and then there is a price drop. The second thing which is happening is that a lot of volumes of packaging used to go to the US, but the volumes are being cut to the US. That volume which does not have so much of a market in Europe, is being sold in, let's say engineering grades and other grades. So, from a mix point of view, there is a dilution. This £33/t is more of a mixed dilution impact rather than a price drop impact - it's more of a mix impact. But like I said, the cost takeouts are going to be more than this and hence, we expect the EBITDA to get better. Going forward, as Koushik said, we expect this momentum on prices to keep getting better in Europe and that's why we are more bullish about the prices in Europe for this calendar year. Koushik, you want to comment on UK?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yeah, so very broadly, if you look at the price drops that have happened over subsequent quarters or years actually in UK, the average price at a point in time used to be well over £900/t. Now, at this point of time, we have multiple downstream products. There is tinplate, there is color coated, there is automotive, tubes, etc. So, what we are looking at essentially is, if the quotas are in place and the tariffs are in place, then the spread will increase and I think that spread increase of say, £75-80/t would be good enough for us to look at increasing the profitability to make it neutral. Ideally, if the right quotas are in place in a similar manner in EU, the price increases should recover to somewhere over £100/t and that will help in the profitability significantly.

Ashish Kejriwal, *Nuvama*

So, sir, do you mean to say that at a spread of around £100/t, we will break even?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Delta. From where we are today.

Ashish Kejriwal, *Nuvama*

At what spread will we breakeven in UK?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

So, I'm saying that, wherever the spread is today, that spread has to expand by about £100/t to make it a profitable entity.

Ashish Kejriwal, *Nuvama*

Okay. Thank you so much.

Operator

Thank you. The next question is from Indrajit Agarwal of CLSA. Indrajit, please go ahead.

Indrajit Agarwal, *CLSA*

Thank you for the opportunity. I have two questions. First, when is the next auto contracts renewal due in India and what kind of price increase can we look over there

T. V. Narendran: *CEO & MD – Tata Steel Limited*

I can't give you guidance on the price increase but certainly prices will be higher. We expect it to be higher to reflect what's happening in the spot markets. Contracts are due for renewal in April, I think, and the next set of new prices will be effective April. So, we are not seeing the benefit of auto prices this quarter. Whatever we see this quarter is a benefit of the spot orders.

Indrajit Agarwal, *CLSA*

These are now quarterly pricing contracts, right?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Largely, yes. Auto is now largely quarterly contracts. Sometimes you may negotiate two quarters in one shot, but it's typically a quarterly contract in India.

Indrajit Agarwal, *CLSA*

Sure, thank you, that's helpful. My second question is on spot basis, what are the spot steel prices and coking coal costs vs. the 3Q realisations that we had?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

In India, you're asking?

Indrajit Agarwal, *CLSA*

Yeah, both in India [inaudible].

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Coking coal, like I said, on a consumption basis will be about $15/t higher in 4Q compared to 3Q. On a mixed basis, India prices will be Rs. 2,200/t higher, but if I were to look at the hot rolled coil, I think it will be about Rs. 3,500/t higher.

Indrajit Agarwal, *CLSA*

Now, I want to check that you will have some inventory and some in transit for coking coal as well, right? So, let's say if I were to look at 1Q, would there be a further $10-15/t increase in 1Q FY2027?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Indrajit, what he's saying is on a consumption basis. That takes the stock into account.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

So, if I look at purchase, it is actually $22/t higher in 4Q compared to 3Q, but the consumption is $15/t because of what you said. We have materials in transit and things like that, and some of this will flow through into the next quarter.

Indrajit Agarwal, *CLSA*

Sure, that answers my question. Thank you so much.

Operator

Thank you. The next question is from Sumangal Nevatia of Kotak Securities. Sumangal, request you to please go ahead and ask your question.

Sumangal Nevatia, *Kotak Securities*

Thanks. So, the first question is on the volume growth headroom. Just want to understand, given our rated capacity, what is the potential volume we can achieve in the next two to three years without NINL. I believe, Koushik mentioned that NINL would take around 40 odd months. So, am I right in expecting that the commissioning would not be before FY2030?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

FY2029.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

If you look at next year's volumes, while we'll give the specific guidance when we do the next analyst call, next year we will not have any major blast furnace relines. This year, we've lost a significant volume because we had a blast furnace relining scheduled in Jamshedpur. We won't have that, so that will be a positive for next year. Second thing is that we'll have the Ludhiana plant starting up maybe by the middle of March. That's also a plus that we will have. Thirdly, this is not in absolute volumes, but in terms of mix, you will see significant improvement because the cold rolling mill, the galvanising lines, and the combi mill in Jamshedpur, are all ramping up in the second half of the year. So, next year you'll see the full benefits of all this. These are the areas where we see some benefits for next year, at least as far as India is concerned. But we'll give you more specific guidance when we do the next analyst call.

Sumangal Nevatia, ***Kotak Securities***

Understood. But, mathematically, two to three million tons is the headroom before the next expansion kicks in. Is that right? I'm just comparing with few peers who are much more aggressive in expansion. So, is a market share loss over the next few years, a point of worry or consideration for us in evaluating all the expansion plans?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

So, there are a couple of comments that I want to make. Firstly, the way we approach an expansion plan is now changed. We first get all the environment clearances and everything else before we get the FID done, because we find that gives us more definitive timelines. Let's say Neelachal also, as Koushik said, we could have said last year itself that we are expanding, but then there's no EC, so there's nothing you can do till then. So, that's one thing that has changed. Second thing is, as we said earlier, there is a lot of focus on increasing our downstream capacity and product mix. Generally, in Tata Steel, we always look at whether our market share in attractive segments be twice our overall market share. So, if we are a 15-20% market share player, then in the attractive segments, we should be at least 40% or more. So that's what we chase because that gives us a better realisations, better product mix, and less vulnerability to cycles. So that's why, whether it's auto, whether it's oil and gas, or whether it's retail business, we are chasing more and more downstream. So, in our downstream mix, for instance, we are moving towards a million tons or more of tubes. We've just approved some expansion in wires, and we have about 700,000-800,000 tons of wires and that to very high end wires. I think these are the areas we will focus on. We will be looking at market share, but we will be looking more at market share in the right, attractive segments, which are more quality conscious and less vulnerable to cyclicality. So yes, we have the runway to grow, and we will continue to grow.

Sumangal Nevatia, ***Kotak Securities***

I understand, that's very helpful. There's a lot of news flows with respect to Thyssenkrup and one of the Indian peers evaluating it. Just want to know your view on how do you see industry structure changing. Any consolidation or anywhere we are looking to participate in any form and how does it change the market?

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

I think in Europe, we are focused on transformation, and transforming our facilities. As Koushik just explained sometime back. In UK, there are a lot of cost take outs, and the transformation will put us in a better cost position. In Netherlands, it's more about driving cost efficiencies and the impact is already visible, but we need to do some more of it and then do the transition. So, we are focused on these two sides and making sure that they are in the right place on the European cost curve. But the second point is, I do believe that in Europe there will be supply side restructuring simply because anyone whose blast furnace is up for relining will think hard before relining a blast furnace. They will probably not reline a blast furnace and not everyone who has a blast furnace up for relining will have the ability to invest in new facilities. So that depends on your balance sheet and that depends on the support you get from the government, etc. So, I do see some sort of supply side restructuring. There will be bigger players who have the ability to invest in the transformation, and there will be some who will not have the ability to invest in the transformation. And so, when their blast furnaces come up for relining, you will see some restructuring on the supply side, which helps the overall market dynamics in Europe. So that's why given

CBAM, quotas, and the supply side actions that are happening in Europe, we do see Europe looking more attractive in the next few years than it was in the past few years.

Sumangal Nevatia, *Kotak Securities*

Got it, got it. Thank you and all the best.

Operator

Thank you. The next question is from Rajesh Majumdar of 360 ONE Capital. Rajesh, please go ahead.

Rajesh Majumdar, *360 ONE Capital*

Hi, good evening. So sorry to harp on the Netherlands a little bit more, but I just had a question. Are we to assume that the price increases we are seeing there are going to be a pass through or are there any costs that we should be cognizant of in terms of the environment? In there something more in the CBAM or what we're already paying or any other change in the cost from what it is right now. I know that you have contracts, but ultimately, should the price increase pass through in terms of the bottom line or could there be any other cost that we should be aware of.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

No, the price increases that are looked at on account of CBAM and tariff are pass throughs. There wouldn't be any impact on additional cost. In fact, this CBAM cost is a compensation of the cost that we pay with the imports that come in. So therefore, it is more of a reimbursement of the cost that we pay. So, I think that is how we should look at it and that quotas are effectively related to the imports that are happening. So, that has no additional cost implication for us as such. So, the short answer is no in terms of any relatable costs. There are other cost factors that are there in EU, but those are unrelated.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

In fact, if at all, we are focused on cost takeouts, which as you're aware, have been effective in the last year and a half, and will continue to be so going forward.

Rajesh Majumdar, *360 ONE Capital*

Sure, sir. Also, there is a class action lawsuit filed against Netherlands in December by an environment related company. what is the status of that and is there any development on that front?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

So that has been filed, as you know, by a foundation or a trust, which is backed by professional litigation financiers. It is kind of a suo moto class action, and there is a three months or four months phase during which we are required to submit our defence, and that's the process that is currently going on. We are obviously looking at it carefully and seriously to ensure that we can put what is actually the truth on the ground. So, that is in the initial phases at this point of time.

Rajesh Majumdar, *360 ONE Capital*

Right. My second question was on the color coated business. What is your target capacity in this business, because that is a high value-add business where I think the realisations can be quite significantly higher. So, what is the kind of capacity you are targeting in this business and over what period of time.

Samita Shah: ***VP CFTRM – Tata Steel Limited***

Yeah. The current capacity is around 600,000 tons and the idea is to also change the product mix more favourably in the color coated business. We are obviously doing a lot of retail, but the idea is to increase that further. So, there will be an improvement in the overall product mix and in the next stage, we will evaluate capacity expansion in this business.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

I think what it does, apart from giving us the ownership of the JV, is that it also frees us up from some of the JV conditions which limited our opportunities to get the most out of all the color coated lines that we got when we acquired Bhushan. So, there is an opportunity for us to make better use of the lines, some of which were underutilised because we were restricted to participate in the construction market other than through the JV. So, I think there are a lot of advantages we are seeing and obviously beyond debottlenecking and increasing production, we will work on the product mix. We will also want to scale up. We have an opportunity to also expand in Kalinganagar as a downstream. So, there are multiple options. We also have an opportunity or an optionality in Jamshedpur where we have a 250,000 tons line to convert the metal coating into color coating. So, there are many options that we have, and our aim is to actually double the profitability of the business in the next year or two.

Rajesh Majumdar, ***360 ONE Capital***

Thanks.

Operator

Thank you. The next question is from Prateek Singh of IIFL Capital. Prateek, please go ahead.

Prateek Singh, ***IIFL Capital***

Thanks for the opportunity again. Any update on how are we going ahead with the HIsarna pilot project? I understand that Nucor is also looking into it and I think that the Department of Energy also proposed a funding for this pilot project. Can we expect any such thing by the Indian government as well in our case?

Koushik Chatterjee: ***ED & CFO – Tata Steel Limited***

As we mentioned that it is fundamentally a Tata Steel IP, and we will be looking at doing it in Jamshedpur. Yes, the conversation with Nucor is happening at this point of time, but this is something that we will set up in Jamshedpur. The mechanism or method of participation with Nucor is under discussion. Then we will see as to when we can go post the engineering work, which is commencing, and then we go for the FID to develop this plant in Jamshedpur.

T. V. Narendran: ***CEO & MD – Tata Steel Limited***

Yes, we will of course work with the government if there are any opportunities to get some support, but largely the value we see in this project is that you have far more flexibility in use of the raw materials. You don't need to have a sinter plant, a pellet plant, coke plant, etc. The CO_2 that you emit is far more amenable to carbon capture and utilisation and we've been working on this for more than 10 years. We worked along with Nucor in running the pilot plant in IJmuiden quite successfully for the last two to three years. So, we are very bullish about the prospects of this project and as Koushik said, we'll be setting it up in Jamshedpur.

Prateek Singh, *IIFL Capital*

Thanks. And given the expansion that you are seeing in the data centre space and the government also announcing tax holiday, do we have any plans for electrical steel like CRGO, because I think that the transformer industry has been kind of complaining for some time that India is short of electrical steel capacity. So, any plans there?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

So, there are two aspects to what you said. Data centre in itself offers a lot of opportunities for steel because of the fact that the buildings will use steel, the storage racks and everything else will use steel. There is a focused effort on looking at what we can supply to the data centres and what are the steels that we can develop and provide. I think that is one part of it. The second part is that, yes, CRGO is part of our plans. We are assessing it and most likely the plant will come up in Jamshedpur, but we are still looking at various aspects of it. So, we are working on it.

Prateek Singh, *IIFL Capital*

Just one last question. Can we get the number of overall deliveries from Europe because there might be inter-segment deliveries as well between UK and Netherlands?

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

No. They're not too many.

Prateek Singh, *IIFL Capital*

Okay, so we can just add them up and take it.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Yeah, there is some amount of slabs which goes to the UK, but it is not material. I mean, it is not the biggest part of their transfers.

Prateek Singh, *IIFL Capital*

Understood. Thanks for the opportunity again and all the best.

Operator

Thank you. The next question is from Siddharth Gadekar of Equirus Securities. Siddharth, please go ahead.

Siddharth Gadekar, *Equirus Securities*

Just on the European side, if we look at the OECD capacities, there are around 213-215 million tons while Europe production has been in the range of 130-140 million tons. So, do you have any sense of how much is the effective actual capacity in Europe and over the next five to six years, given that everyone will have to transform or go for the transformation journey, what would be the effective capacity in the next five to six years that would be there in Europe?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

So, capacity is sometimes a very misleading kind of number. How much of that 220 million tons is produced steel, is a question to ask. Generally, in Europe, you will see that production is roughly around 130 million tons, and there are exports and imports. Imports have largely been about 30 million tons and exports have also been around that level. So that's been the balance. Second part is that a lot of these capacities are very high cost capacities. If you look at the European cost curve of production, there are efficient or low cost plants like some of our plants, or some of the Arcelor Mittal plants. And then there are high cost plants and those are the ones which tend to get mothballed. Some of them are inland and logistics costs are higher. So, like I said, if the quotas are reduced, that means more capacity will come on, but those capacities which come on or mothball capacities which come back on are higher cost. And that's why we believe that our plant in IJmuiden is well positioned to have the advantage of higher prices in Europe. That is one. Secondly, like I said, people will think hard if any blast furnace is due for relining in Europe. I don't think anyone is going to reline a blast furnace in Europe now. So, it's more of a question of running it as long as you can and then if you have the ability, invest in a new process route. That's why I feel that over the next 5-10 years, there will be a fair amount of restructuring on the supply side in Europe. I think you're already seeing that, even some of the bigger guys have announced closures of some of the blast furnaces and not necessarily replacing all that capacity with new process routes.

Siddharth Gadekar, *Equirus Securities*

But then, is it fair to assume that over the next couple of years, we can see, if things stand where they are, demand outpacing the production in Europe?

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Demand will grow. So, what's happening in Europe is, given the intention to spend a lot more money by European countries, we do see a pickup in infrastructure spend, particularly led by Germany. We do see an increase in defence expenditure. I'm not even counting what happens if the Ukraine war stops and there's reconstruction there. So, even as it is, we do see growth in some sectors, but there is also a bit of degrowth in some other sectors. For instance, if, let's say we were exporting a lot of automobiles from Europe to the US, some of that may get impacted. You will have some volumes dropping and some volumes increasing. But overall, I don't see demand growing very significantly and I don't see it shrinking. It will go up maybe 5-10 million tons at best. It's more of the supply side which we are talking about, both from imports being limited and domestic capacities also going through this transition, either to new process routes or closing down blast furnaces.

Operator

Thank you, sir. I would now like to hand over the conference to Ms. Samita Shah for the closing comments. Over to you, ma'am.

Samita Shah: *VP CFTRM – Tata Steel Limited*

Thank you, Kinshuk, I think we've answered all the chat questions which have been asked. We'll not raise them again. Thank you very much for joining us today and we look forward to connecting again with you all next quarter. Thank you.

T. V. Narendran: *CEO & MD – Tata Steel Limited*

Thank you everyone.

Koushik Chatterjee: *ED & CFO – Tata Steel Limited*

Thank you very much.