

## **CORPORATE PARTICIPANTS**

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## **CONFERENCE CALL PARTICIPANTS**

**Alok Deora**, Motilal Oswal

**Amit Dixit**, Goldman Sachs

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**Indrajit Agarwal**, CLSA

**Ritesh Shah**, Investec

**Satyadeep Jain**, Ambit Capital

**Sumangal Nevatia**, Kotak Securities

**Tarang Agrawal**, Old Bridge Capital

**Pallav Agarwal**, Antique

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## **PRESENTATION**

### **Operator**

Ladies and gentlemen, 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 the conference over to Ms. Samita Shah. Thank you and over to you, ma'am.

### **Samita Shah: VP CFTRM - Tata Steel Limited**

Thank you, Kinshuk. Good afternoon, everyone on this Saturday afternoon and welcome to our call to discuss our results for the fourth quarter and the full year FY2026. We have with us Mr. T.V. Narendran, our CEO & MD, and Mr. Koushik Chatterjee, our ED & CFO. They will make a few opening comments and then we will take any questions you may have. As always, the discussion will be covered by the safe harbour clause on page two of our presentation. I hope you had a chance to go through the presentation which was uploaded on our website yesterday. So, with that, I will request Naren to make a few opening comments. Thank you.

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

Thanks, Samita and hello everyone. I will make a few comments before I hand it over to Koushik.

Tata Steel delivered a strong performance in FY2026, with improved margins expanding across operating geographies despite subdued pricing and challenges during the year. This performance is the cumulative impact of multiple decisions and disciplined execution over the past few years and positions us well for the next phase of growth and value creation.

India is the key anchor of our growth strategy, with annual crude steel production and deliveries increasing by 8% YoY to around 23 million tons. The successful ramp-up of the 5 MTPA expansion at Kalinganagar, alongside the commissioning of downstream facilities, reflects our value-led growth strategy in India. This is supported by a strong marketing network and deep customer engagement, and we maximised deliveries to chosen segments. Some segmental highlights are as follows. Automotive and Special Products delivered best-ever quarterly and annual volumes. Our Continuous Annealing and Galvanising lines at Kalinganagar which is a state-of-the-art facility, secured over 25 new grade approvals across ultra-high strength steels and coated products, enabling customers to meet evolving safety and lightweighting requirements. FY2026 marked a shift in our approach to customer relationship, from engagement-led initiatives to solution-oriented partnerships

anchored in innovation and AI led enablement. As a result, our branded and retail segment continued to scale. Tata Tiscon, our retail brand, achieved 'best-ever' annual volumes while Tata Steelium, our cold-rolled brand, achieved robust growth in volumes of ~28% on YoY basis. Innovation continues to differentiate our construction solutions and help cater to complex project requirements. We deployed the InQuik modular bridge system at Varanasi-Ranchi-Kolkata Expressway in just 24 days and introduced, a first-of-its-kind Mobile Bore Pile Cage solution, significantly enhancing on-site efficiency. In discerning segments, we strengthened our presence in shipbuilding and oil & gas, aided by international certifications that enable us to participate in higher-specification and globally competitive orders with stringent quality and reliability requirements. Downstream business including Tubes, Wires and Colors achieved best-ever sales while Tinplate witnessed record annual sales of PAXEL edible oil cans.

We remain committed to our India growth agenda, with continued investments across capacity, downstream integration and sustainable steelmaking. During the year, we commissioned our first scrap-based 0.75 MTPA Electric Arc Furnace at Ludhiana, and progress continues on the proposed expansion at Neelachal Ispat Nigam Limited (NINL), which will support the next phase of value-accretive growth.

In the UK, our annual deliveries stood at ~2.2 million tons, reflecting subdued demand dynamics. We welcome the recently announced revisions to safeguard measures, including 60% reduction in tariff-free quotas and higher duties, which are expected to support a more balanced market environment. Continued and calibrated policy support will be critical to enable a sustained recovery in the market. In Netherlands, liquid steel production was broadly stable at ~6.7 million tons while deliveries were ~6.1 million tons. Policy measures, including tighter safeguards effective from 01<sup>st</sup> July and the ongoing implementation of CBAM are reshaping trade flows and enabling preference for local supply. Recently, our operations have been impacted by a temporary suspension of the Direct Sheet Plant at IJmuiden following emission observations. However, we have now resolved the issue, and the Plant is expected to restart soon with due regulatory clearance. Separately, we continue to deeply engage with the Province (of North Holland) and the environmental regulators on emission compliance at our coke and gas production facilities and the future of these facilities. I must emphasise that the company has undertaken several measures in the last 2 years to enhance its environment standards in the Coke and Gas Plants. Given the age of these plants, we are considering closure of these plants in the future. However, any decision on closure of these plants will have to be done in a safe, planned and controlled outcome.

Finally, developments in West Asia have increased costs and supply chain risks around energy, freight and some raw materials. In the near term, improved pricing trends across India, Netherlands and UK should help absorb these cost pressures. In India, our upstream are largely operational though there has been some impact on our downstream galvanising, tinplate and color coated lines, because of the shortage of some critical inputs like Propane. We are actively trying to mitigate this and most of the lines are now back in full operation. We continue to monitor the evolving situation closely with a close eye on demand dynamics. With that, I will hand it over to Koushik for his comments. Thank you.

#### **Koushik Chatterjee: ED & CFO - Tata Steel Limited**

Thank you Naren. Good afternoon or good evening to all who have joined in. In the recent years, global markets have been continuously reshaped by repeated disruptions including the pandemic, geopolitical tensions, supply-chain dislocations and evolving regulatory frameworks. Together, these factors have led to a highly uncertain and volatile operating environment especially for long and complex supply chain industries like steel.

In the quarter ended March 2026 and for the financial year 2025-2026, Tata Steel has delivered a resilient and consistent performance through a series of deliberate, value accretive actions across our portfolio to navigate multi-year trough in steel prices while managing unprecedented levels of uncertainty. Today, I will talk on three areas, firstly on performance management, secondly on Balance Sheet & Growth and thirdly on some recent developments in Netherlands and the UK.

Firstly, on performance, the financial year 2025-2026 was challenging on one hand but represents the continuation of the strategic journey, and in many ways, a precursor to also what also lies ahead. The focus is clearly on the quality of earnings. Our Consolidated EBITDA increased by 35% YoY from Rs 25,802 crores in the full year ended Mar'25 to Rs 34,848 crores in the full year ended Mar'26. The consolidated EBITDA margin expanded by 320 bps from ~12% to ~15%. Our full year performance demonstrates the impact of the cost transformation program, which has achieved Rs 10,868 crores of savings across geographies. India delivered cost transformation benefits of ~Rs 3,927 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 other modes of transport, higher power wheeling and a leaner coal mix. UK achieved benefits of ~Rs 1,958 crores, driven by calibrated and focused spending on maintenance costs, stronger spares-management discipline and insourcing of product testing. Netherlands delivered benefits of ~Rs 4,983 crores via

optimisation of coal blend leading to decline in procurement costs and deployed value-in-use concept to improve operating efficiencies such as fuel rate, scrap consumption, etc. In terms of execution, the cost transformation program has achieved 95% compliance to the stated plan of Rs 11,500 crores. The key variation to 100% compliance was the delay in the TSN restructuring which has since been completed. In FY2027 we are aiming to achieve cost transformation related savings of ~Rs 7,100 crores vs. FY2026 levels. We have also enhanced our working capital efficiency and released around Rs 6,000 crores of cash during the year especially in India and Netherlands through very focused management of working capital.

Let me now speak on the India business as it continues to be our core growth engine, and our anchor in terms of the future strategy of Tata Steel. India now contributes ~74% of Tata Steel's total crude steel production. At a geographic level, India continued with its industry leading performance, with EBITDA growing 17% YoY to Rs 34,272 crores. EBITDA margin was 24% and similar to the 10-year average even in a challenging year. Our performance in UK & Netherlands has also improved materially on YoY basis. UK losses have narrowed by £168 million to -ve £217 million while Netherlands EBITDA almost tripled to €267 million. Combined, UK & Netherlands EBITDA turned positive for the financial year 2025-2026. Secondly, our performance also demonstrates the cashflow orientation of the entire company. Operating cashflows before capex and dividend increased from ~Rs 17,700 crores in the previous year to ~Rs 29,254 crores in FY2026 and free cash flows were Rs 10,738 crores, which were significantly higher than previous year. Our capacity expansion in India i.e. Phase 2 of Kalinganagar is now complete and this is being complemented by focused investments in downstream facilities and portfolio simplification, strengthening our product mix and enhancing our margin profile. We continue to focus on growing the India business some of which we discussed in earlier calls.

Moving to the 4Q performance provided on Slide 28 of the presentation. Our consolidated revenues stood at Rs 63,270 crores and EBITDA was Rs 9,953 crores, translating to a margin of 16%. Higher realisations and improved volumes in India, were complemented by savings on account of cost transformation. Tata Steel Standalone Revenues for the quarter stood at Rs 38,448 crores and EBITDA was Rs 9,439 crores. On a per ton basis, EBITDA witnessed a sequential improvement of Rs 2,103/t primarily driven by higher volumes and steel realisations. Our wholly owned subsidiary, Neelachal Ispat Nigam Limited (NINL) recorded Rs 402 crores of EBITDA, up 15% QoQ and reflecting an EBITDA margin of ~27%. We have received the Board approval to merge NINL with Tata Steel Limited subject to necessary approvals and permissions and will be looking to complete the transaction in FY2027. Moving to UK, steel prices remained below £500/t until the end of February. Since then, with the onset of the West Asia conflict, along with the UK government announcement indicating tighter steel safeguard measures, have driven a meaningful uplift in hot rolled prices. During the Jan-Mar'26 quarter, TSUK EBITDA improved by £15 million QoQ to -ve £48 million. Most of the recent spot price movement is expected to flow through the P&L in 1QFY27 and 2QFY27. In the UK, steel safeguard measures that were originally introduced to support domestic production are set to expire on 30<sup>th</sup> June 2026. We welcome the proposed new trade framework and will continue to engage constructively with the government on areas that require further refinement. Effective 01<sup>st</sup> July 2026, the revised safeguard regime proposes a ~60% reduction in import quotas alongside an increase in tariffs from 25% to 50%, with the objective of ensuring that 40-50% of steel demand is met through domestic production. For our UK operations, this represents a meaningful step forward. Over the last two years, we have reduced fixed costs by nearly 50%, from a base of approximately £1 billion in FY2024. However, weak demand conditions and the influx of low-cost imports have continued to weigh on performance, with EBITDA losses of around £98/t. The revised framework, therefore, has the potential to materially improve operating conditions. With price increases coming through in 1Q, we expect quarter on quarter improvement in the earnings going forward. Work is progressing on the ~3 MTPA scrap based Electric Arc Furnace in the UK. Major demolition works have been completed and securing access to higher-power electricity is critical for our planned transition. While we are working with ESO (Electricity System Operator) and National Grid for the new electrical infrastructure, National Grid has formally alerted to us that their connectivity project is delayed. This is critical for Tata Steel UK for the project commissioning, and we are in conversation with National Grid and the UK Government on resolution of the issues. In Netherlands, 4Q EBITDA stood at €58 million, which translates to €34/t. Higher volumes and improvement in costs were mostly offset by drop in realisations on QoQ basis. As in the past two years, a lot of focus in Netherlands has been on cash flow management and the company continues to perform exceedingly well on cash flow management and is effectively net debt free in spite of very challenging operating and regulatory conditions.

Let me now come to the Balance Sheet. Our priority is to keep the Balance sheet strong and robust. Post pandemic, we prioritised deleveraging in FY2021 & FY2022 and reduced debt by ~Rs 40,000 crores, including prepayment of \$3.6 billion of offshore obligations. Gross debt currently stands at around Rs 92,382 crores and net debt was ~Rs. 80,100 crores. For the last few years, we have focused on onshoring of overseas debt to mitigate INR depreciation risks. This has certainly been very beneficial particularly this year. If we did not proactively undertake onshoring, gross debt would have been significantly higher by about Rs 12,500 crores on account of INR depreciation. The equity stake acquisitions in Tata Steel Holdings Pte. Ltd, which we have disclosed over the past three years, largely relate to this onshoring initiative. As a result,

the overseas debt has come down from 50% of the total debt in 2020-21 to 18% of the total debt in 2025-26. By FY2028, it will go down further when our overseas dollar bonds are repaid. The only overseas debt that will remain is the working capital lines for the overseas businesses. I would also like to mention that, since all of you keep asking me of deleveraging, in the last 12 months we have actually prepaid around Rs 9,100 crores of debt from our internal cash during the year. You don't see the same on the face of the financial statements because the overseas debt is now valued at Rs 94 to a dollar vs Rs 88 to a dollar a year back which accounts for ~Rs 4,200 crores and there is an increase in leased assets which accounts for Rs 2,500 crores. Hence you see only ~Rs 2,418 crores as the net reduction. Collectively, these measures reinforce Tata Steel's position as the one of few steel companies globally rated as investment-grade by international rating agencies. Our year end Net Debt to EBITDA has reduced to 2.3x [inaudible] compared to 3.3x two years back. During FY2026, our total spend on capex was about Rs 14,000 crores on a consolidated basis and we intend to increase the same in FY2027 to around Rs 20,000 crores of which more than 60% will be spend in India.

I would now like to explain a bit on what you would have seen in the press release and filing on the material uncertainty on TSN. Over the last two years, as Naren mentioned, a lot of work has been undertaken in the Coke and Gas Plants (CGP) and the company has resolved many issues raised by the Environmental Agencies. I must mention that some of the standard's requirements are above industry standards globally, some are technically not achievable and not followed anywhere in the world. After careful assessment we have agreed to therefore close down the CGPs in a planned controlled and safe manner in the future. We are currently discussing with the Province and the Environment Agencies on the timeline that ensures a controlled and safe closure in sequence in the future. As mentioned in the filing, we have received a letter post the Balance Sheet date from the local environment agencies regarding their intent to revoke permits without any specifics-this causes the material uncertainty element for Tata Steel Netherlands while preparing the basis of preparing the financial statements. Additionally, the local regulatory environment is evolving, with authorities proposing standards that go beyond prevailing EU norms and global practices. Notwithstanding these challenges, we remain committed to operating in a safe, compliant, and environmentally sustainable manner and we are deeply engaged with the Environmental Agency, the Provincial leadership and the government for a mutually acceptable resolution. With respect to decarbonisation of our steelmaking facilities in the Netherlands, we remain engaged with relevant authorities on the transition roadmap.

Lastly, the ongoing crisis in West Asia, as Naren has already mentioned has implications for our near term performance. While our upstream operations i.e. crude steel production has remained largely unaffected, the downstream operations initially faced some supply chain constraints. We managed to mitigate the impact via range of initiatives including alternate fuels, shipping routes and preponing shutdowns in some cases. Costs remain a key focus area; however, as we continue our cost transformation program in FY2027, we expect these initiatives to progressively help mitigate a portion of the pressures. Before I close, I am happy to share that Board has proposed Dividend of Rs 4 per share for fully paid share of face value of Rs 1 each. With that I will end my comments and open the floor for questions.

## **QUESTIONS AND ANSWERS**

### **Operator**

Thank you, sir. We will now begin with the Q&A session. The first question for today is from Sumangal Nevatia of Kotak Securities. Please go ahead and ask your question.

### **Sumangal Nevatia, Kotak Securities**

Good afternoon. Firstly, on the topic of the closure of coke and gas plants, just want to understand that if we replace this with market purchase, what is the cost impact? And then a broader question - given so much regulatory uncertainty in the region and constant surprises, is there a case to revisit our entire investment plan in the region?

### **Koushik Chatterjee: ED & CFO - Tata Steel Limited**

So, to your question on the cost penalty on buying of coke, I think, given the fact that we are still assessing as far as the timing is concerned, there will be an impact because we will not have the gases in particular, and the credits that go into coke making. But other than that, we are also looking at options to supply from various sources, which could also include India. We will have some time to plan for it. That is our base case assumption and that is why we are deeply engaged with the government, the Province and the regulator. On the second issue of the case for reinvestment, actually some of these are prerequisites to be resolved before we undertake any large investments. So, while the point is very valid, I think that's

precisely the conversation that we are having at this point of time with the various stakeholders. It's not that the coke and gas plant shut down affects the plant or the volumes as such because there are alternative ways to do that. But to look at the future and the new configuration of assets to invest in, we need to resolve some of these issues before we take on any large commitments.

**Sumangal Nevatia, Kotak Securities**

So, are we saying that there's not much cost impact?

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

No, I'm saying that there is a cost impact, but there is also an offsetting impact that is possible, especially because the CO<sub>2</sub> will go down. As I said, there are the pluses and minuses. The negatives are the fact that the coke oven gas which is used as an energy source will not be there. There will be freight which will be incurred for bringing in the coke and on the other end, the CO<sub>2</sub> will go down. So, there is a net impact and it also depends on what time this transition happens.

**Sumangal Nevatia, Kotak Securities**

Got it. And with respect to the delay in the electrical backup and infrastructure for UK, what sort of delays are we seeing and what is the best case estimate for commissioning that plant?

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

So that is being discussed, and I think we have just been formally told that there is a delay. We are working with the UK government, the national grid and ESO, which is the electricity supplier, to see if we can mitigate it, but somewhere between six months to eight months will certainly be there, maybe higher, after we have built the plant. So, the initial estimate was somewhere around 18 months, which has come down to 12 months, and we are actively working to see if we can reduce it further, but there will be some imminent delays.

**Sumangal Nevatia, Kotak Securities**

Okay. My second question is with respect to the NINL expansion. So, we've not yet heard any progress on the exact timelines and capex. Any update on that? And generally, as we're seeing a lot of players adding capacity aggressively, looks like, at least from the map, that we might lose market share over next 5-7 years. Is this a concern for us and can we expect any shift or change of expansion pace for us?

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

So, on NINL, the initial work on the site preparation has already started. We are getting permissions on different parts and the FEL3 which is our basis, for making the final allocation of capital, is also very advanced. So, in the next few months, we should be able to announce that. One of the reasons why there is a lot of work that needs to be done on the site is because this is going to be a 10 million ton site. So, we are careful from a regulatory point of view to get all the approvals so that we can do it, and equally be tight on the capex. So, we are fairly advanced in that. We'll take a few months and come back and announce it, and then going to ensure that we can execute it quickly.

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

You know Sumangal, on the market share related question, the key point is - market share in what? Because the way we are looking at it, we are more interested in market share in key attractive segments, and we want to make sure that our market share in these attractive segments is at least twice our overall market share. That's why our focus is a lot more on downstream and a lot more on value added products, solutions, etc. We have the optionality to grow the upstream, even with the existing sites between Kalinganagar, Meramandali and Neelachal plus Jamshedpur at 11 million tons, we already

have the optionality to grow to 45-50 million tons in India. Once we start the Maharashtra site, which was also announced, that potentially adds another 6-10 million tons. So that optionality is available for Tata Steel, which was not there 10 years back when we were operating largely out of Jamshedpur. The question is how fast do we want to build and where, based on the demand, based on the balance sheet and many other things. What is very clear is that, in the market segments that we are strong in, which we think are very important like automotive, oil & gas, and the retail franchise that we have, we will continue to be the dominant, number one player in all these segments.

**Sumangal Nevatia, Kotak Securities**

I understand. Thank you and all the best.

**Operator**

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

**Satyadeep Jain, Ambit Capital**

So, you mentioned that, regarding the coke oven, you may buy coke from India or somewhere else. Just trying to understand this because the auditors have flagged the material uncertainty to going concern. So, it seems like it's not just coke and if you can just get coke from India, why flag material risk to going concern? We understand that some rolling and casting facilities have also been shut down. So, can you clarify this and in case we shut down these facilities for 5 years before DRI comes, then what do you do with the labour there?

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

First, let me deal with the auditor's question, which I thought I had explained. We are in discussions with all of the stakeholders, almost on a daily basis, with engagement by our colleagues in Netherlands. The letter which had come in did not have any definitive pathway, dates or transition specifics. So, if you are an auditor or if you are even the company, you will actually ensure that these specifics are necessary to get into the next level of planning and creating the investments. So, when a letter comes in, the auditors are naturally going to say that there is no way in which a specific date is mentioned, or a year is mentioned. And that actually creates the uncertainty, as the company is in receipt of the letter. First of all, the coke ovens cannot be shut down in an unplanned manner. As I've said in the past to some of you that, a coke oven is more like a chemical factory than a steel factory. The coke ovens in UK were the last major facility to shut down because it cools down on its own, you have to give time, and there's a make safe requirement. There is also a permit requirement to undertake a shutdown. So, if there is a sequential way of shutting down in a planned, controlled, safe manner, and if a letter lands up which basically does not articulate that path, then it creates an uncertainty because that uncertainty is unmanageable. And that's why it is being flagged off here. I share your concern and that is also our concern in some ways, because that is precisely what we want to do. The coke ovens are 40-50 years old. The standards for some of the design of the coke ovens are not technically feasible also. So, we said we will shut down. We were anyway going to shut down soon after the first phase of the DRI - EAF would have come up. This is now potentially earlier than that and that transit or intermittent gap would have been filled by purchase of coke, which I think is perfectly fine. There will be cost penalties, but as I said, there are CO<sub>2</sub> benefits which will also come in. There will be a net effect of that. This is more about the physicality, not about the financials, and that is what created the material uncertainty. We hope that this will get resolved in the coming months as we are engaged with the government, and everybody sees the logic of doing it safely. We can't shut down in an unsafe manner, because then it will be the regulator who will be responsible, not Tata Steel Netherlands. So, these are the kind of things that we are working on and that's the basis on which the auditors have said that TSN financials are prepared on a going concern, but there is material uncertainty given this letter. So, the cause of the material uncertainty is only this letter. It's nothing else and that is something that needs to be understood.

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

The DSP is subject to something slightly different. There were some emissions from the DSP which exceeded the limits. So, we had, in the interest of due transparency with the regulator, declared it to them. It was looked at jointly, and we've

closed the DSP. Some changes have been made, and some trials are being run, and we hope the DSP should be back up, if we have all the requisite approvals later this month. So that's on the DSP side. Regarding the other question, yes, obviously if you shut down facilities, that will have an impact on labour in those facilities. So that's why this whole transition needs to be planned well and that has been our submission to the regulators, because some parts of the site will then be shutting down earlier than what was originally planned. So, the transition will happen, as Koushik said, once we are clear that we have a social license to operate going forward, and whenever we are ready with the investments.

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

Just to add to what Naren said, that if there is any permanent shutdown of any facility, the people will have to be restructured. That is a given, and that's what we have done in the UK also. So, that is something that is an inevitable consequence of a shutdown, whether it's planned or unplanned. In case of unplanned, it becomes a lot more complex to handle.

**Satyadeep Jain, Ambit Capital**

And secondly on the transition to DRI, while you're saying that you will have an agreement with the government, even when this entire investment was made by Corus also back in the day, the regulatory landscape changed over time. This entire ability to revoke permit came few years ago, much after the initial investment. So, how do you grandfather, when the regulatory landscape can change later also after you make the investment. While you evaluate all of this, in case there is a plan to not go ahead with this investment, does it mean you accelerate India investment, and why not explore global majors for tie ups like some other players are doing? Is that something you've explored to accelerate expansion in India? That's the other question.

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

So, let me put it this way. I don't think the India growth is being held back because of anything that we do in Europe. We've done what we wanted to do in India; that is one comment. The second comment I want to make is that, in our view, we felt that it's better for us to go ourselves. We have had joint ventures in the past. We still have a joint venture with Nippon steel for a continuous annealing line, and we had a joint venture with Blue Scope for the color coating line. So, we believe that in our home market, we should ideally be by ourselves because this is our core market. This is where our strength is, this is where we have a strong franchise and hence, we actually want to build capacities by ourselves in India. So, that's our view at least based on what we've seen so far. Koushik, you want to add?

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

Yeah, I just wanted to say that, we think there is power in consolidation and in fact we are buying out our JV partners in India because the synergies that we see in the marketplace, in terms of manufacturing excellence and supply chain, actually makes it very clear that if you have to leverage the power of size, it has to be consolidated rather than fragmented, and therefore we think that it is important for us to have one large way of moving forward. As I told you, we are merging NINL, and we bought out Colors. We are buying out many of our JV partners across the value chain because that gives the leverage and the power to be stronger in the market. As Naren mentioned, I must reemphasise that the India growth is not impacted by what is happening or not happening in the rest of the portfolio.

**Satyadeep Jain, Ambit Capital**

And what about change in regulatory landscape in Netherlands?

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

That's a good question and an important question. So, the Joint Letter of Intent (JLoI) had a few condition precedents on both sides. There are condition precedents that the government has to fulfil and the condition precedents that we have to

fulfil. Some of the condition precedents also require the regulator to fulfil because they are also a party in some ways in the JLoI. Before we get into anything which is binding, a lot of this has to be contractually agreed and we are not there at this point of time. No investor including us will make an investment, unless, it is not just grandfathered, but is contractually guaranteed to run its course across a certain minimum period of the life cycle, by which the recovery of the investment happens. And in all of this, even the government is an investor, which is even more important. I think that we are not there as yet as far as the Final Investment Decision (FID) is concerned. These are the preconditions that we need to resolve before we get there. The JLoI is live and active, and we are in active conversations, but these are very important things because at the end of the day, even contractually, there will be a certain judgment to be taken on how this works. So, we are not there at this point of time and the regulatory landscape is certainly a very important fulcrum, which needs to be assessed every time we move one step further. That is also getting registered in our process to see what are the pros and cons, what is tolerable, what is not tolerable, etc. So, we are not in that zone. We will have to do that work as we discuss with the regulator, understand the planned way of doing it because we are also very conscious that apart from our own money, we will not take public money to make investments which are at risk.

### **Operator**

The next question is from Alok Deora of Motilal Oswal. Alok, please go ahead.

### **Alok Deora, Motilal Oswal**

Good afternoon and congratulations on good numbers. I just had a couple of questions. First is on the net steel realisations. We saw good improvement in the fourth quarter. So, if you could just highlight what's the pricing been in April and May and what could we expect in the near term, in terms of the realisations? And second on the coal cost, what's the coal consumption cost for 4Q and what could we look at in 1QFY27?

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

So as far as realisations are concerned, in India we expect 1Q to be about Rs. 6,000/t higher than 4Q. In UK, we expect it to be about £80/t higher in 1Q compared to 4Q and in Netherlands we expect it to be about €80/t higher in 1Q compared to 4Q. I'll give you the coal consumption increase. The delta increase we expect in 1Q for India over 4Q is \$15/t, and in Netherlands, it is about \$10/t. As you know, in UK we don't buy coal. The iron ore increase in Netherlands is expected to be about \$5/t in 1Q over 4Q. But I just want to add that some of this suggests that the spreads are going to increase significantly. There will certainly be an improvement in spreads in India, but there are many other costs which are coming in beyond coal and iron ore because of the impact of West Asia, as Koushik mentioned. So, some of that will add to the cost, but overall, we expect margin expansion in India and in UK, and some margin compression in Netherlands because of the issues that we've had with the DSP, as we would have lost almost one and a half months of production.

### **Alok Deora, Motilal Oswal**

Sure. So, the other cost which you mentioned for India in the first quarter, how much could that be on a per ton basis?

### **Koushik Chatterjee: ED & CFO - Tata Steel Limited**

You have to let the quarter finish before, because it is still a very evolving situation. We don't want to give you something and then come out with something else.

### **Alok Deora, Motilal Oswal**

Sure. If you could just highlight something on the India demand because we are seeing some of the competitors increasing their Capex guidance for next year and big numbers are coming out. So, what's your view on the India demand over the next 2-3 years and if you could just pour some colour on that? Thanks.

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

The India demand is expected to be strong, as long as there is infrastructure led growth. So, I think that's the big assumption and hopefully the current macroeconomic situation will not provoke a rethink on the spend on infrastructure. That's a big part of India's steel demand growth because it's been more infrastructure investment led growth rather than consumption led growth. If that continues then obviously the steel demand growth will be greater than the GDP growth rate. Until two months back, we were expecting at least 8-10% growth in steel demand going forward. Now, if we are going to recalibrate the GDP and say that the GDP will grow a bit less, then the steel demand may grow a bit less as well. I think the automotive sector is quite strong and continues to be strong. We need to see the impact of rising fuel prices, particularly on commercial vehicles, but I think passenger vehicles segment is strong, as well as two wheelers. Construction had a bit of a slowdown, and a bit of impact of labour not being there. I do see some pain with the MSMEs as well because there is pressure at that end of the value chain. Some of them are also struggling with a little bit of working capital issues, etc. So, I think so far, it's good, it looks positive, but obviously it's not insulated totally from what's happening around the world.

**Alok Deora, Motilal Oswal**

That's all from my side. Thank you and all the best.

**Operator**

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

**Pallav Agarwal, Antique**

So, the first question was on the volume guidance for FY2027. Given that we only have the EAF coming on stream, will there be any debottlenecking at Jamshedpur which can add to the volumes?

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

The volume will be at least 2 million tons better in this financial year compared to the previous financial year with most of it coming in India, largely because the Kalinganagar ramp up is pretty much complete. That's the delta volume. In fact, Ludhiana is only half a million tons in this. We've not taken the full Ludhiana volume because it's still being ramped up, but you will have pretty much the full Kalinganagar volume. So, we expect it to be 2 million tons plus for this financial year compared to the previous financial year.

**Pallav Agarwal, Antique**

Sure. So, the Ludhiana profitability would be lower than the others?

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

Yes, it will be lower, but the whole model is different. The profitability there from a conversion point of view will be lower, as you're going to save about Rs. 3,000/t of transportation cost. Otherwise, we would have spent Rs. 3,000/t moving the same steel from Jamshedpur to Ludhiana. So, you will save that, and when you look at it from a price minus transportation cost point of view, you'll have a higher price there. The cost may be higher than making steel out of iron ore and coal, but your realisation, if you net it off freight, will also be higher compared to what you would have shipped it from here. Secondly, we are less insulated by the weakening rupee and also the coal prices, etc. The Ludhiana plant is insulated from some of the cost increases that you will face when we're importing coal, paying for freight, buying in dollars, etc., because you're using scrap.

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

And if carbon taxes come in, then obviously that adjustment will also happen because, as you know, it's far more carbon efficient.

**Pallav Agarwal, Antique**

Sure. I just saw the value added proportion going upward. So how much of potential EBITDA per ton can that add, when increasing the proportion of steel pipes or other value added products (VAP) in the mix?

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

Typically, our downstream businesses, even if you take the steel being transferred to them at market prices, add anything from 5-10% EBITDA. That's the incremental EBITDA you will get from the downstream businesses, even if you transfer steel at market prices. That's why we've always had downstream, and we are planning to grow it. The tubes business, which is now at 1.2 million tons; we want to take it to about 4 million tons. The wires business, where we are the fourth or fifth largest in the world, is about 600,00-700,000 tons, and we want to take it to a million tons. In the packaging business between Europe and India, we are one of the largest in the world again. We want to double the India capacity which we've already announced last year. Then we also have Colors. We feel that we can do much more in color-coated steels. We were in some sense limited by the JV and that's why we bought out the BlueScope share and we plan to double the size of the Colors business also in the next 12-24 months. So, I think we want our downstream businesses to at least be about 50-60% of our volume. The whole objective is to sell less HRC in the market and sell more value added products, because when selling HRC, you are always under pressure from international prices and it's a commodity that you're selling to the tube makers, etc. We feel, with less HRC in the mix and more cold rolled, more galvanised, more packaging steel, and more value added products in our mix, we would be better equipped to deal with the cyclical nature which is inherent in the business. Demand is always there, but the question is the profitability that you need to protect.

**Pallav Agarwal, Antique**

Sure, sir. So lastly, are there any plans on monetizing the online platform, which I think is doing fairly well. Is that something we'll be looking at?

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

Not monetising it, as in, no plans just yet to spin it off and monetise a value. But this is a very important part of our route to market. As you saw, we have the retail business Gross Merchandise Value (GMV) growing very fast, and this is being sold with no discounts at the same EBITDA margin that you see in the rest of Tata Steel. This is almost Rs. 5,000 crores now and then you have DigECA, which is for the SME businesses, which is also growing well. We are now focused on selling what we produce. It's more about enhancing our reach, particularly in the retail business. Now we have orders coming from Indians living across the world who are doing some construction in India, maybe building homes or buying steel for their parents or relatives who are building homes. We get orders from all over the world now, and we see it as a platform to access customers who we didn't have access to earlier. So, we are focused on building it as a very important channel and route to market for ourselves.

**Pallav Agarwal, Antique**

Sure, sir. Thank you so much.

**Operator**

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

**Pinakin Parekh, HSBC**

My first question is on the Netherlands and the entire saga on the CGP. Now when we go back to the UK operations, we have seen EBITDA losses of Rs. 13,000 crores over the last three years. At this point of time, given the entire uncertainty that we are seeing in Netherlands, first of all, what would be the immediate cost impact because of buying coke or gas? How will the profitability be impacted? Second, if closures happen earlier in the next 12-18 months, is there a possibility that the Netherland operations become loss making at current steel prices and current cost structure?

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

So let me address that and then Koushik can add to it. See, as I've said before, with the exception of maybe 2-3 years back, when we did the blast furnace relining, every year in the last 18 years, the Netherlands business has been EBITDA positive and cash flow positive. That's why, as Koushik said earlier, it's debt free even today. So going forward, if the coke ovens close, we expect it to continue to be EBITDA positive, maybe making less EBITDA than we had hoped we would make, but it will always be EBITDA positive. So far, the Netherlands business operated without any support from India. So, I think we expect that to continue. This whole material uncertainty issue, as Koushik said was because the letter did not give any timeline and it is like saying that if you don't have a plan closure, then there is a material uncertainty to some assets on that site. I think that is largely the messaging. So, the business going forward will continue to be EBITDA positive. The other thing is, as you've seen in the last few months and going forward, we expect steel prices in Europe to be closer to the steel prices in the US. It was traditionally closer to the steel prices in the US, but over the last 2-3 years, the gap had widened, and that gap is closing now because Europe is also putting restrictions on movement of steel, whether through quotas or through CBAM. So, we expect the pricing to be better in Europe going forward, and we expect our Dutch operations to continue to operate on an EBITDA positive basis, even if the coke ovens are closed. Obviously, there will be some margin compression, but we expect them to take care of themselves. The key question is the investments in the future and whether we have the social license to operate for that. That is a question, and that's a point which Koushik made earlier. Those decisions will be taken once we are comfortable that we have a social license to operate for the future as much as we are seeking one now. Koushik, you want to add to that?

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

I think broadly the same. Pinakin, the issue is on the safe and orderly closure, which I think is something that the regulators also want very clearly. So, we will have to come to that. Once that happens, there are projects which have to be undertaken to segregate the CGP's physically from the rest of the plant. So that will take time and that is the reason why we are saying safe and controlled closure. Once that happens, you have a new operating model where you will import the coke from outside, be it from India or elsewhere, and you run it on that basis, but that will not make this site unviable. It can actually continue on the same basis. Whether it has the affordability to make a large investment to transit or not is a question that we are testing at this point of time. Apart from the affordability is obviously whether the goal post on regulatory standards keep changing. If these two are satisfied, there is a path forward. If not, there is an alternative path forward too. So, we are now just in that evaluation stage and exploring as we are engaged very deeply. It is a very serious issue as far as the new investment is concerned, and therefore, all of this has to be resolved before any commitment for new investment is done by Tata Steel Netherlands itself, or whether we will be looking to take the public money that the government has offered us.

**Pinakin Parekh, HSBC**

Thank you. Just two more quick questions. The first is on UK; given that there is going to be a delay between the plant commissioning and the electricity infrastructure, how will the plant operate without the infrastructure? And will it be EBITDA positive without the electricity infrastructure? The second is on NINL; given that we are still in the process of getting all the approvals, what is the earliest estimate of the first steel?

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

So, on UK, there are two things here. One is that we hope to be EBITDA positive during this year, now that the prices have started improving and that can continue till such time the EAF starts. We can continue to supply the slabs from here and

continue to convert it into steel and as the policy changes that we have sought have come, we expect the business itself to be EBITDA positive going forward. That is one part. The second part is, as Koushik said, there is currently a visible delay of about 12 months on the electricity supply. What we are trying to see is to get at least some connection, even one line as soon as the plant is ready so that we can do some trials. We can test out some of the equipment etc. so that we don't waste that time, while we are waiting for the full electricity connection. We are planning to do a ramp up after the commissioning. We're seeing how to compress that to make sure that we catch up on the project IRR that we had targeted. So, if we do the preparatory work before the full electricity connection is there, then we can hopefully do a quicker ramp up. On NINL, Koushik, you want to comment?

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

Just to add to what Naren mentioned on UK. Till last year we've been sending about 1.2 million tons of slab to UK. We are increasing that from India from Tata Steel Kalinganagar to about 1.8 million tons - that is our target to increase. There is a reason why I'm saying this, because we often look at the UK EBITDA as a standalone. The Port Talbot facilities in UK is effectively now the fifth hot strip mill for Tata Steel. If we actually look at what is the system EBITDA that we talk about, we make about Rs. 7,000-8,000/t of EBITDA on the transfer of the slabs to UK on a market basis and with the increase in prices, we are seeing about Rs. 4,000-4,500/t of EBITDA by UK itself on the volume that we transfer. So, on a system basis for the slabs going to the UK, we as Tata Steel consolidated make about Rs. 12,000/t of EBITDA. So that model will continue till the EAF starts and then as Naren mentioned, when the power lines get commissioned or activated, we will then do the initial trials and then move on to using it. [inaudible] On NINL, I think between July and September, we should be able to get the FID and once we get the FID, the target date is somewhere around 2029-30.

**Pinakin Parekh, HSBC**

Thank you, sir.

**Operator**

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

**Indrajit Agarwal, CLSA**

Hi, thank you for the chance. I have a couple of questions. First, in the Rs. 12,000 crore capex in India, can you split it by project? In which projects are we spending broadly?

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

I think that, it's very difficult to give those kind of numbers, off hand, but effectively there are certain downstream expansion projects that are going on, be it the tinplate, wires, etc. There is a Hot Rolled Pickling and Galvanising Line (HRPGL) in Tarapur, then there are coke oven projects in Jamshedpur, which is going on. There is the tail end of the payment that has to be done as far as Kalinganagar is concerned, and then there are the sustainable projects, and there is some allocation for NINL. There are also projects on the mining side. So, taking all that into account is Rs. 12,000 crores. If you are looking for whether we have allocated money for NINL, the answer is yes.

**Indrajit Agarwal, CLSA**

Okay, that's helpful. So, after the 2 million tons increase this year, over the next 2-3 years, we will hardly have any volume growth in India. Is that understanding correct or what kind of volume growth can we have in India? Let's say from FY2027 to FY2030.

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

So, there are two or three things here. One is, of course, once the EAF comes, you can use those slabs to convert into finished products in India and there are some projects that we are thinking of, in terms of plate mill and various other downstream. That is one possibility. The other thing is that, more than the volume growth, we'll have a lot of value growth because of all the projects that Koushik just mentioned. The HRPGL line is a 0.8 MTPA line, and the tinplate capacity is another 0.3-0.4 MTPA capacity. The tubes and wires which we will also be value adding during the time. So, you will see a higher percentage of downstream economics. The steelmaking may be close to where it is till the big volumes come up in NINL. We also plan that in the next year or so, we will announce the next EAF project, maybe somewhere in the west, possibly in Maharashtra. That is something, like you saw in Ludhiana, can be built in two years. So that can come up quite fast.

**Indrajit Agarwal, CLSA**

Sure.

**Operator**

The next question is from Tarang Agrawal of Old Bridge Capital. Tarang, please go ahead.

**Tarang Agrawal, Old Bridge Capital**

Sir, on the India business, we see end use consumption in the retail sector slowing down. From what you've delivered over the past two years, it used to be about 2.8 million tons a couple of years back, then moved to 3.4 million tons and about 3.5 million tons this year. In the construction and infrastructure sector, we actually saw a degrowth in FY2026. While in your opening comments, you did allude to Tata Tiscon and Steelium achieving record volumes, just wanted to get some clarification in terms of what's happening in those end use sectors.

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

As far as Tata Tiscon is concerned, we sell Tata Tiscon to projects, and we sell Tata Tiscon to retail. Retail for us is far more attractive than projects. So, over the years, we have increased or pretty much doubled our sales to retail, which used to be at one point in time, 100,000-120,000 tons a month, is today over 200,000 tons a month. So, while overall Tiscon may not have grown, the mix has changed very significantly. And you would see the Tata Tiscon to projects has come down because that's a little bit more of a price to win market. As far as Steelium is concerned, a lot of the Steelium sales will also depend on further value addition options. As the galvanising lines come up, which has just come up in Kalinganagar, we will have less cold rolled to sell. So, if you have cold rolled, we would rather sell it to auto because that gives us better realisations than to sell it to distribution, or we sell it as galvanised, which gives us better realisations than selling cold rolled as it is. So, you will see this going up and down depending on what is the right product mix to sell. That's maybe what you're seeing in the numbers, but we can get back more specifically because I don't remember the exact numbers at a product level.

**Tarang Agrawal, Old Bridge Capital**

Sir, so is the Aashiyana channel for the retail end use consumption?

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

Yeah. So, the customers who buy from Aashiyana are individuals. The individual house builder is a target market for us as far as retail is concerned. That's where we sell more than 200,000 tons of Tata Tiscon. So, it is an order generation platform. People come on the platform, place the order, and the fulfilment is done by our physical distribution chain. Anywhere in India, within 72 hours, you place the order, and you will get the steel through our dealer network, which we have over 10,000 dealers now across country.

**Tarang Agrawal, Old Bridge Capital**

And this is exclusively only Tata Steel products? Does it include Tata Pravesh as well or only steel?

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

No, it includes steel, Pravesh, tubes, wires, everything. All Tata Steel products, but I would say 90 - 95% of the sale is Tata Tiscon.

**Tarang Agrawal, Old Bridge Capital**

Got it, thanks.

**Operator**

The next question is from Amit Dixit of Goldman Sachs. Amit, please go ahead.

**Amit Dixit, Goldman Sachs**

So, two questions. One is on the capacity expansion plans. If you look at your annual reports over the last five years, it has been vacillating between 35-40 MTPA of India capacity by FY2030. We have significant brownfield optionality, maybe more than our peers in India, and we have got decades of experience. So why can't we have parallel expansions across our projects? Brownfield expansions, replicating the similar furnace and of course, not seeding the market share to the peers. Why are we not pursuing that? Balance sheet is in a great state now; 2.3x net debt to EBITDA, Rs. 10,000 crores of free cash flow last year, and in India, consumption is expected to double by FY2032. So just wanted to get your thoughts on that. What is stopping us? Why are we being so circumspect about it?

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

Thanks Amit. You're right. I think the optionality today is that we can operate parallelly, whereas like I said earlier, when you had only Jamshedpur, you had to operate sequentially. And in Kalinganagar, you could operate parallelly in two sides. Now we can operate parallelly in four sides. That optionality is there. So, in the NINL expansion of 5 million tons, to go back to one of the other comments you made, the blast furnace will be an exact replica of the 5 million ton blast furnace that we have in Kalinganagar. We are replicating assets wherever we can. The steel melt shop will be different because it's a long products plant. Parallelly, we are working on the Bhushan 1.5 million ton expansion, which will take it to 6.5 millions tons.

There is a change in the way we do projects. Earlier we used to just announce a project and, then go around getting all the approvals. Now, we announce a project only after we get all the approvals, and we have an FEL3 level of detailing so that our ability to stick to the schedule and the cost is very high because we've gone with a great level of detail. I think that's been a difference in approach than what we did traditionally. That's why you see the announcements happening only when

we have all the approvals in place and we have an FEL3 level of readiness and then, once we announce it, we can move much faster.

Case in point is the Ludhiana project. We built it in two years because the FEL3 level of detailing was done, and all the approvals were in place. We announced the board approval about two years back. We were supposed to get it started in April this year and we started it in March. So, we expect going forward that all the projects which Koushik talked about, which is the Galvanising line, the Tinsplate line or the combi mill that we recently commissioned, will be with a different approach. Compress the execution time and do it on time and schedule, with no overruns and do it when all your approvals are in place. Maybe that's why you're seeing us being a bit more circumspect as you said. The other thing is, like I said, strategically, we feel it is not just about steelmaking capacity because let's understand one thing; the cost of iron ore in India is going up. So, the value pools will shift. Value pools are not necessarily upstream going forward. Some of those value pools will shift downstream. For us, we've been buffered a bit because we've had our own iron ore, but if you generally look at cost of iron ore in India it is really going up. Everyone is bidding over 100% to acquire the iron ore. Cost of coal will keep going up because India has no choice but to import a lot of coal and with the INR where it is, input cost for steel making is going to go up. So, we need to be conscious of that and that's why we feel that we need to focus a lot more on the downstream than we've done. We probably have a good downstream presence compared to many of our peers, but we want to do even more. That's why we feel, that is an area which we need to grow much faster than upstream, and a lot of our focus on investments over the last year, whether it's acquiring JV partners, or building new facilities, has been on that.

We also want to strengthen our entire value chain, as Koushik just mentioned, even logistics. As you know, we are buying out some of our partners. We want to control the entire value chain, which can help us in our competitiveness. So, I think the way we deploy capital, the way we see the value, etc., may be different from the way some of our peers see it, but the best thing is that we have the optionality. Like I said, even with the current sites, we have the optionality to go to 45-50 MTPA. So, if at some point in time, there's still a lot of money upstream, even though the iron ore prices are high, you can always go there and do it. The other thing we need to keep in mind in India is the capacity to execute projects, because you're going to the same two or three people to execute all the projects. Do they have the capacity to execute what we plan to do, and you don't want to get stuck doing multiple projects which can't happen as you plan. So, I think there are a number of ways to look at it, and we believe that having that optionality open with brownfield, the cost of expansion will be lower. You can pace it better. When you acquire, like we did Bhushan, etc., you have a single bullet of Rs. 35,000 crores going in and your balance sheet obviously gets disturbed. But when you do this, as you pointed out, our cash flows that we generate in India more than takes care of what we need to spend, and we can manage our debt also well. So that's our point of view. I'm not saying that ours is necessarily the right point of view, but that is our point of view.

**Amit Dixit, Goldman Sachs**

Great, sir. The second question is essentially on what you pointed out in the answer to the first question - increasing the stake in TM International Logistics Ltd. (TMILL). I would say, a very prudent move. Logistics is something that we are literally struggling in the steel industry. So just wanted to get a little bit more colour on that. What kind of investments we are seeing over there, in either slurry pipelines or rake procurement or maybe coal conveyor? Any such thing to do with the logistics part.

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

TMILL, when it started, was actually a port operations and shipping logistics company. But today 80% of its revenue comes from moving stuff on the ground and rail. It's one of the biggest operators in the country. I think it operates about 55 rakes now. So, a lot of our movement is through TMILL. TMILL also manages a lot of warehouses for us to do just in time delivery for our procurement, etc. TMILL is also looking at waterways movement because one of the areas the government is also looking at is the waterways which are close to Kalinganagar, connecting Kalinganagar to Paradip and all the way to Angul.

So, TMILL can play a role there. Logistics, like you said, is a very important part of our cost. I don't know if you know, but Tata Steel is 5% of the freight revenue of Indian railways, because we move so much iron ore, coal, steel, etc. So, I think logistics is very important and hence we thought that we should simplify as much as possible. Now we are buying out IQ Martrade, which is a German company which has been with us for more than 20 years. We still have NYK with us, though with NYK we have another company called Tata NYK, which does the shipping. So, Tata NYK does the shipping and TMILL, which is Tata Steel and NYK going forward, will do a lot more on the ground. In terms of the deal structure, Koushik, maybe you can give more details on the deal.

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

TMILL is, as Naren mentioned, very strategic and when you talked about the slurry, our slurry company is the JV that we have with Lloyds, Brahmani River Pellets Limited (BRPL), and we will expand that slurry pipeline. We're looking at transport or logistics very importantly, and we will look at doubling capacity there. I think the entire logistics space, between rail logistics, waterways logistics and slurry are the three very important ones that will be the frame going forward. In that context, it was best that we consolidate our holding versus keeping it at 50%. It was already a JV with 51% holding, and it will go to 74%, with NYK the balance. We will look at the next stage of growth in our logistics and want to make it integral to our growth plans also. It has been a profitable venture for all the three partners. It's been paying dividend, and the capital has been returned many times over for all of the three partners. So, I think it is a question of now making it the larger landscape and BRPL will look at the slurry pipeline as one of the key areas to grow in the future, not just in the East, but potentially later on in Western India also.

**Operator**

The next question is from Ashish Kejriwal of Nuvama. Ashish, please go ahead.

**Ashish Kejriwal, Nuvama**

Okay. Sir, two questions from me. One, when we guide about Rs. 6,000/t price increase in the first quarter, I hope we are including our auto contracts also, which were not there in the third quarter or fourth quarter, or this is over and above that?

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

Yes, this includes part of the auto contracts, but most of the benefit from the auto increases will come in 2Q. We will get some of it in 1Q.

**Ashish Kejriwal, Nuvama**

Okay, great. And secondly sir, we were discussing about value addition as a way forward for our Indian business. But at the same time, we haven't discussed much on the Maharashtra venture, which we were discussing last time. So, any update on that?

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

In Maharashtra, we've moved, and we've been discussing with the government and identified the land. As we get into more finality, we will talk about it, both on the mining side as well as on the land side. Hopefully in the next three months or so, we will give you an update about where we are on the land and more specifics about it. I don't want to say it now because we need to get formal approvals in place and post that, as Naren mentioned, the optionality. Amit, if you are still listening, it's not the circumspect part, but it is actually more a definitive part. We know exactly what we want to do, and therefore we want to handle it in a manner where it is more definitive because in Maharashtra for example, we are very clear as to what

we want to do and what we are looking for. The government is on our side in terms of supporting these investments. We have to work together and make it more definitive, and then we'll make those investments. So, it is a question of how we pace it up. and in Maharashtra in particular, I will be able to give you more specifics about it in the next call.

**Ashish Kejriwal, Nuvama**

Sure. And lastly on Europe, if I understand correctly, now maybe we have to purchase coke from the market in case if we have to close it, and this can be delayed or closed only within a year's time. If this goes forward and we need to close our blast furnace and other things also in order to reduce emissions, and by that time, we don't reach an agreement with the government; then do you think that, either we will close down or we can look for some joint venture or buying or selling the assets, or can we still go ahead with the investment to reduce the carbon emissions over there? How to look at it?

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

If you want to paint a scenario or scenarios, then each of them has its own pluses, minuses and options. As of now, we want to run the plant, as it is. The coke and gas plant is what we have consciously and over a time studied. We have a very detailed work done as to how it will get closed, and that's being shared with the regulators and the environmental agencies, and that is why we have a path to go forward. It is not the next 12 months; it cannot be done very soon. It will require time, and that is the time that we are in discussions with. We have made it very clear because there is a way in which we can do it with segregating the coke oven circuit from the rest of the plant, and also ensuring that it is a make safe closure. If that happens, then I think there is a path forward which is the best path forward at this point of time because as I said, there will be cost penalties. But the way the market is moving, and the way we will optimise it within the overall Tata Steel system, we should be okay. If it goes beyond that, then we will have to look at different alternative scenarios, and what scenarios actually work for both the Tata Steel Netherlands business and its business continuity, as well as for Tata Steel as a primary shareholder. All of these have to be looked at, and then comes the investment case, which we talked in detail earlier in the call. Those are in sequence, so we have a lot of things to settle, set up and set right before we talk about the investment.

**Operator**

The next question is from Ritesh Shah of Investec.

**Ritesh Shah, Investec**

Thanks for the opportunity. Sir, first is, can you give colour on Rs. 6,000/t of pricing increase into 1Q? If you could break it up in April, May, or probably the pass through which was there from 4QFY26. And something on the flats and longs; I think that's a first easier one.

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

So rather than give month wise, all I can say is that the prices went up in March, April, and May. Rather May is still being worked out. That's as far as the trade market is concerned. There is some softening in long products, largely driven by the secondary producers, because I understand that some of them are struggling a bit with working capital, high cost, and disposing some of the steel that they have. There is some pressure in long products in May that I see. Flat products is still holding out because prices in China have gone up over \$20-\$25/t in the last 3-4 weeks. So international prices are going up. In fact, Indian flat product producers also have export options now. Export prices are not too bad. The weaker Rupee is also helping exports. So, export options are growing. I would say that in flat products, the pressure is a bit less because international is picking up and China prices have gone up. China's exports have come down to less than 10 million tons after quite a while, and if you see the first four months of this year, Chinese exports are down. So, I think the overall flat products picture looks a bit better. And flat products are very auto driven also both directly and indirectly, and auto so far has been strong. That's a story on flat products. Long products is a little bit more sensitive to construction. Construction has struggled a bit in the last couple of months simply because of the elections and labour going home to vote, and things like that. The gap between the prices of secondary producers and primary producers has kept increasing. I'm not giving you a

month by month breakup, but the guidance of Rs. 6,000/t is largely driven by what we've seen so far till May. We are not expecting any significant upside beyond May, apart from the auto contracts. Auto contracts are still being finalised. And normally what happens with auto contracts is that once they are finalised and you raise the debit notes, some of the money will come in the next quarter. In this case, we are expecting maybe 30% of the benefit to come in this quarter and 70% of the benefit to come in next quarter.

**Ritesh Shah, Investec**

Wonderful. So, my second question is on Tata Steel Netherlands and UK. Koushik, there are multiple permutations for Netherlands - Coke and gas plants, CBAM, etc. How should we look at normalised spreads, if one had to assign a particular scenario with a higher probability? How should one look at spreads for Tata Steel Netherlands? Likewise for UK, before and after EAF, for both the variables, how is it that one should understand the impact of CBAM?

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

So as far as Netherlands is concerned, our base assumption for spreads is, business as usual for the next 12 months at least. Whatever you have seen in the historical spread adjusted for a CBAM uplift that is happening in the market today and for the coal prices that have also moved up, the spreads are no different. There is no adjustment of any combination that we have in our base case scenario for the financial year 2027 or 2028. We have to look at the conversations that are happening currently with the regulator and the other stakeholders to see where is the landing ground for the timing of this, because as I mentioned many times in this call, there's a physical timeline required to make a safe and controlled closure. And that is what we are working on. So as far as Netherlands is concerned, in the next 12 months on a base case scenario, we should get what we are looking at. The other issues on gas price increase in West Asia are separate, but purely from a raw material to steel price spread, it should be on the basis of what has been historically the baseline, adjusted for the price increase that is happening. In UK, typically if you look at it from post EAF, typically good EAFs work in the range of 6 to 8% EBITDA margin. And our assumption is that it is the same, but we have more value added products in the portfolio, so we should be able to get better than that. Our fixed costs anyway are being driven down. So, when the EAF comes in, it should not have any big changes in fixed cost, but other than the combination cost changes because power will become an important factor, scrap will become an important factor, and it will replace the cost of slabs or HRC which is being bought at this point of time.

**Operator**

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

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

Thanks, Kinshuk. Just continuing on the questions on UK. One is, in terms of the import quota reduction which has happened in the UK, how does it affect the sale of slabs from India to UK? And I think you've answered a lot about UK in general, but I think some questions on when do we expect UK to breakeven given the increase in prices in the UK.

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

Slabs are excluded from quotas.

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

And regarding the breakeven, obviously the prices have gone up significantly since March, and these announcements came in March. So, we were seeking these prices, and I think we've said that in the last two or three calls, that the prices in UK were £100/t lower than the prices in Europe. Now the prices in UK have caught up with the prices in Europe; in fact, it's slightly higher. And certainly, as Koushik said, the EBITDA losses will shrink this quarter compared to last quarter and will

shrink again the next quarter. Now whether the shrink is enough to be positive next quarter is something we are still working out because of the Middle East impact on gas prices and energy costs in UK. That is something that's being worked out, but largely we are heading in the right direction and because we got the policy support that we had sought.

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

Thank you. In that same vein, I think you answered it earlier Naren, but because I think there are a few questions on this; given the price increases or the guidance which we have given in both Europe as well as UK, is there a significant spread expansion expected in both these geographies? I think you answered it, but maybe a few people have missed it.

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

So let me put it this way - the prices are going up in both places for sure. Like I said, 1Q prices will be about £80/t higher in UK compared to 4Q and in Netherlands, it will be about €80/t higher. The coal cost in Netherlands are going up about \$10/t. So obviously from that point of view, there is an expansion, and we expect margins to improve in UK. Like I just described EBITDA losses to shrink, and come closer and closer to zero during this quarter and next quarter. But in Netherlands, in this quarter, because we will lose about 2 months of DSP production, that's about 200,000 tons of production. There is an impact of that on our performance in this quarter. and hence, while we will be EBITDA positive, we will not see a better EBITDA than in the previous quarter, despite the price hikes. But going forward, because there is an import quota in Europe as well, we expect prices will continue to be on the higher side in Europe, than we've seen in the past and the spreads will be supportive. Once our operations get back to normal, I think we will start seeing the benefits of that. Overall, the plan this year on an EBITDA basis is higher than the plan for last year and in Netherlands also.

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

Thank you. I think there are some questions on the earlier lawsuit in TSN. If there's any update on the status there, please.

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

No, there is no material update other than the fact that we have time to file our defence on the mass claim and we are working on it. There needs to be experts who will study on the parts raised in the claim and that's what we are doing. So, at the time when we have to submit, we will do the submission and defend it.

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

Thank you. We'll move to India now. There are some questions on what is the iron ore and coal production in India in FY2026?

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

I think iron ore production would be close to 45 million tons and I think we've sold about 4 million tons, if I'm not mistaken. And we will continue to produce what we need for our own use and we will continue to maximise the sales. I think the challenge with iron ore always is more about logistics and evacuating the material, when we have logistics constraints and the priorities of our own in-house consumption. As far as coal is concerned, we have roughly 3 million tons of coal after wash, available for consumption. What we produce in raw coal is maybe closer to 6 million tons.

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

Yes, just a little higher but yes. Okay, thank you. Any visibility on iron ore sourcing post 2030 and any colour around that?

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

Like we've said, we will continue to participate in auctions, but we will be prudent on what we bid. We will not bid beyond what we think makes sense. We will focus on the iron ore leases that are available closer to Eastern India because most of our capacity is coming in East. The second part of the post 2030 strategy is what is evolving in Maharashtra for us. Our plan for Maharashtra is also hinged on iron ore availability, so that is the second part of the plan. The third part of the plan is, of course, to look at imports. We've already got a shipment from Canada, and we have very high quality ore there. While that may not be the most important part of our plan post 2030, it allows us to test the logistics of bringing in iron ore from outside, and to test the impact of good quality iron ore. One of the disadvantages of Indian ore is the quality; apart from [inaudible], the alumina is high and there are many other issues. When we look at imports with low alumina, you can have better value in use. So, we are looking at imports also as an option and most of our capacity is moving closer to the sea. With Kalinganagar and NINL that's 25 million tons of capacity which is closer to the sea than Jamshedpur, and the Bhushan plant with 10 million tons will also be closer to the sea compared to Jamshedpur. So, imports become a better option than for a site like Jamshedpur which is far more inland. So strategically, we are in a better position for imports. We also have the optionality of our own leases when it comes up for bidding in 2030. We will decide on what should be a bidding strategy for our own leases, what of it that we want to keep, what of it we may not want to keep, what is the price we are paying for, etc. So, that optionality also exists for us. I think, our objective is to have more options, keep these optionalities open so that we can decide as appropriate.

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

Thank you. There's a question on Hlsarna. Is there any update on the project and any learnings we have reached? What is our thought on this going forward?

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

These two projects, Hlsarna and EASyMelt, are very, very important for us, for the future. The advantage of Hlsarna is that it can use any raw material. It can use poor quality iron ore, poor quality coal, thermal coal, etc., and you don't need a coke oven or a sinter plant. So, there's a lot of advantages. We've been at it for more than 10 years and the good news is that, our pilot plant in Netherlands is doing quite well. We have a team there for the last few years, and as was mentioned, we are also working with Nucor on this project. They are also very keen because they are also keen to build a plant using Hlsarna in the US, as they also need some iron feed into their electric arc furnaces. So, when we set up a commercial scale plant in India, which may be close to a million tons, Nucor will work very closely with us, and the engineering is being done for that. We are very excited about this project, and it can be a game changer because, that gives you even more optionalities as far as raw materials are concerned.

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

Thank you. And the last question which we'll take for today is the FX debt in India. What is the amount of the FX debt in India? So, you said 18% of consolidated?

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

It is Rs 17,000 crores.

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

Yes, that's offshore, but I think the question is how much of it is on India?

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

I think \$1 billion is on offshore. So, I think the FX debt in India is somewhere around Rs. 5,000-6,000 crores, right?

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

Yeah, it's \$750 million of that ECB and just to clarify to everybody, it's fully hedged. So, we don't have a currency exposure on that.

I think we have taken most of the questions and we also took a lot of questions on the audio. So, thank you everyone for your participation today, especially on a Saturday. I hope this helped you better understand the results and we look forward to connecting with you next time.

Thank you and bye.

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

Thank you everyone.

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

Thank you very much.