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

Vibhav Zutshi, JP Morgan
Parthiv Jhonsa, Anand Rathi
Satyadeep Jain, Ambit Capital
Sumangal Nevatia, Kotak Securities
Ashish Jain, Macquarie
Amit Murarka, Axis Capital
Pinakin Parekh, HSBC
Jashandeep Chadha, Nomura
Darshan Mehta, Dolat Capital
Amit Dixit, Goldman Sachs

PRESENTATION

Operator

Ladies and gentlemen, good day and welcome to the Tata Steel earnings call. Please note that this meeting is being recorded. All attendees' audio and video have been disabled from the backend 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, Shohom. Good afternoon everyone and welcome to this call to discuss our results for the first quarter of FY2027. We declared our results yesterday and I hope you have had a chance to go through the numbers. There is also a presentation that explains more details. To walk you through the results and answer any questions you may have, we have with us our CEO and Managing Director, Mr. T.V. Narendran, and our ED and CFO, Mr. Koushik Chatterjee. They will share some opening comments and then we will go into Q&A. Before I hand it over to them, I just want to remind you all that the discussions today will be governed by the safe harbour clause, which is on page two of the presentation. Thank you and over to Naren.

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

Thanks Samita, and good morning, good afternoon, everyone. Let me share some of my thoughts with you and then hand over to Koushik. Tata Steel has delivered a resilient performance in 1QFY27 despite the challenging operating environment. The developments in West Asia continue to disrupt supply chains, and the Chinese steel exports of about 9 to 10 million tons a month have also had an impact on international prices. Of course, this has also led to many countries taking actions to protect themselves, which also has consequential impact on the steel supply chains and on Tata Steel. Our performance, in some sense, is because of our ability to respond to these situations and have a business model which can adapt to these changing conditions. The continued performance in Indian operations has helped shore up the numbers. I would now like to make some comments on our performance in each geography. In India, crude steel production was about 5.76 million tons, this was lower than the previous quarter because we had some shutdowns scheduled, and some operational issues which are behind us now. In 4Q, the strong deliveries also led to an inventory drawdown, and so some of the production went into building up the inventory to optimal levels across the supply chain. Hence, you saw the deliveries were about 5.17 million tons in India in 1Q. We were able to offset the impact of the lower volumes because of an increase in the realisations to the tune of about Rs. 6,000 per ton, or Rs. 5,990 per ton to be more precise over 4Q. The higher net realisations were partly on the back of improved market prices and partly because of our ability to maximise volume in the chosen segments. So, this has helped us deliver an EBITDA margin of 27%, which is higher than the 10-year average.

I would now like to describe some segmental highlights. The automotive & speciality business delivered best-ever 1Q volumes. It had a 21% YoY growth in high-end sales. We also developed cold rolled ultra-high tensile steel DP980, for those of you who understand the technicality of it for commercial vehicles and galvannealed steel and secondary coatings for passenger vehicles and tight tolerance specialty steel bars for transmission gears. So, these developments further strengthened our position as a preferred partner in the automotive sector. As you know, we have a market share of about 50% in the auto sector.

Our well-established brands, Tata Tiscon, grew volumes 33% YoY, supported by our extensive distribution network which today covers 97% of India's districts. Tata Steelium volumes were helped by the cold rolling mill in Kalinganagar and grew by 34% YoY. Our digital platforms, Aashiyana and DigECA, continue to scale and combined GMV was around Rs 2,200 crores for the quarter, which is up 61% YoY.

We continued to strengthen our presence in the construction solutions business through differentiated offerings that improve project efficiency. In fact, we are also addressing a trend today that we see that construction workers are not easily available to work at construction sites and hence, our move towards construction solutions is really helping many of our customers. During the quarter, we commissioned India's first Superflex weld mesh line at Cuttack in Odisha, this is the first-of-its-kind facility that can produce engineered weld mesh up to 3.3 meters in width, significantly higher than the industry standard of 2.4. All these initiatives are basically aligned with what we want to do, go more downstream, go towards more and more services and solutions in addition to the products that we provide, and basically look at delivering convenience and an experience to many of our customers aligned with what they expect.

Our efforts to diversify into new end-use segments are also yielding encouraging results, including shipbuilding, where we got a number of approvals now. Shipbuilding, like automotive, is an approval-based business, and this has broadened addressable market opportunities for us. The other area we are looking at is, of course, data centres. We are also strengthening our position in the oil and gas sector through international certifications that enable participation in competitive and high-specification projects. So basically, more and more high-value, approval-based businesses, as well as emerging consumption sectors like data centres. Our downstream portfolio continues to build momentum with the tubes business and tinplate business delivering the strongest of a first quarter performance. Our wires business also expanded its market reach through innovative solutions such as 3D welded mesh for railway applications and Gaja Mitra, a high-tensile knotted fencing system featuring specially designed tubular structural posts. These are being used in the South by forest departments, particularly where there are elephant corridors. The Tata Colors business, which used to be Tata BlueScope earlier, continues to benefit from the infrastructure-led demand, supplying roofing and cladding solutions for projects under the Amrit Bharat Station scheme. As you must have heard, the Board yesterday approved the 4.8 MTPA expansion at NINL, which is central to our strategy of deepening presence in high-margin and branded long products. This is the first phase of growth at NINL, and it will expand the total capacity in NINL to about 6.2 MTPA.

As far as UK is concerned, our deliveries stood at 0.5 million tons. We welcome the recent revisions to safeguard measures, including a 51% reduction in tariff-free quotas and higher duties. But there are some categories like galvanised steels, tubular sections, and some of the packaging steels etc., where the current quota allocations are not fully aligned with what we think is fair. Because in many cases, the quotas are significant at 70 – 80% of the demand. It used to be higher than the demand, now it's brought down but still at a very high level. So, we are working with the relevant authorities to provide industry inputs and support a calibrated approach that balances market requirements with the policy intent.

In Netherlands, the liquid steel production was 1.55 million tons, while deliveries were 1.4 million tons. The temporary shutdown of our Direct Sheet Plant has weighed on the operational performance because the Direct Sheet Plant, or DSP as we refer to it, is about 20% of our production in Netherlands, and that has been closed since the first week of April. We have just got the approval to run it for four weeks starting 5th of August, and hopefully, the data that we generate through that production will help us get the permission to run it beyond that. So, 1Q was impacted by this shutdown, but we hope that in 2Q we are able to address this issue.

Finally, the developments in West Asia continue to impact energy, freight, and some of the raw materials and some of the consumables that we use. We are closely monitoring the situation and taking appropriate action to mitigate the impact on our operations. With this, I hand over to Koushik for his comments. Thanks.

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

Thanks, Naren. Good afternoon to those who have joined in. During the first quarter of FY2027, the global steel industry continued to navigate a complex and volatile landscape. Geoeconomic shifts, persistent supply chain disruptions, and the ongoing developments in West Asia have continued to exert pressure on input costs, energy prices, and logistics. Despite these headwinds, Tata Steel has delivered a resilient performance, anchored by robust steel realisations, improved product mix that Naren talked about, and ongoing cost transformation initiatives. In today's presentation, I will cover firstly the performance for the quarter, secondly the strategic decisions by the Board, and thirdly, a commentary on the disclosures that you would have seen in the SEBI release.

I will begin the consolidated performance provided on slide 25 of the presentation. Consolidated revenues for the quarter stood at about Rs. 60,794 crores and EBITDA was Rs. 9,370 crores. On per ton basis, 1Q EBITDA improved by about Rs. 2,400 per ton YoY and by about Rs. 1,490 per ton on QoQ basis and is presently tracking close to about Rs 13,000 per ton consolidated levels, which is effectively a 15% margin. It is important to emphasise that this is after the unplanned cost increases of about Rs. 1,200 crores on a consolidated basis due to the West Asia war. We have witnessed price spikes in energy prices, freight and insurance, natural gas, and logistics costs. With alternative sources and mitigation plans, we expect the impact to taper down in the coming quarters.

Let me now provide a deeper understanding of the India, UK, Netherlands performance individually. Our India business continues to be our growth engine and continues to be 75% of Tata Steel's total crude steel production. In 1QFY27, India EBITDA was higher by 32% YoY to about Rs. 9,900 crores. India continues to deliver industry-leading margins. EBITDA per ton improved significantly from about Rs. 15,907 per ton in 4Q to about Rs. 19,162 per ton in 1Q. [inaudible]

Tata Steel standalone revenues for the quarter stood at Rs. 36,897 crores and EBITDA was Rs. 9,409 crores, which translates to a 26 - 27% EBITDA margin reflecting a margin improvement of about 95 basis points on QoQ basis. Total revenue was up by about Rs. 9,212 per ton. However, this was partly offset by the rise in cost by about Rs. 6,700 per ton due to lower volumes during the quarter, due to annual shutdowns and operational snags, which are now mostly resolved. Within costs, material costs were up by about Rs. 1,330 per ton and conversion costs were up by about Rs. 5,400 per ton on QoQ basis. Material costs were up due to higher coking coal consumption costs and the higher purchase of rebars from NINL and Tata Steel Thailand as we optimise the value chain opportunities in the marketplace. Conversion costs moved higher due to higher iron ore royalty-related expenses and the adverse impact of lower volumes, which will see better coverage through the fixed cost absorption in the coming quarters.

Moving to NINL, the first quarter EBITDA performance was strong at about Rs. 498 crores, translating to a margin improvement from about 27% in 4Q to about 29% in 1Q, leveraging operational excellence and the commercial strategy of the Tata Steel ecosystem.

Moving now to the European operations, I would like to comment on the local market dynamics before moving on to the performance. Steel prices in the UK have moved higher in the last few months on the back of policy developments. UK reduced tariff free import quotas by about 3.3 to 3.4 million tons, effective 01st July, and applied a 50% tariff on imports beyond quota levels. While this provides near-term support to the domestic supply chain, as Naren mentioned, we have highlighted to the UK government that the measures fall short of their initial proposals and have requested that the quotas should be revisited to reflect the prevalent market conditions and demand situations across product categories, not just the total steel volume basis.

In the EU, the tightened EU safeguard system, announced last year and effective 01st July, is designed to complement the CBAM, and together these measures have helped reset the European steel prices and will improve preference for local steel supply over the next few quarters and going forward. However, the near-term market momentum remains a bit subdued, in part because of the more than average inventory levels and subdued demand on underlying basis. In July 2026, the European Commission reviewed the EU ETS and opted for a slower phase-out of the CO_2 emission allowances. The proposal is still aligned with the EU climate law, targeting about 90% net reduction in GHG emissions by 2040, but has slowed the pressure for the pace of industrial decarbonisation in the near decade. We continue to monitor the developments in both geographies and are engaging with the authorities on the safeguards and the upcoming UK CBAM framework.

Moving to the financial performance for the quarter, the UK business continued its steady progress to improve its performance. EBITDA losses have now narrowed from -£48 million in the fourth quarter to -£27 million in the first quarter, marking the fourth consecutive quarter of improvement. UK revenues stood at about £484 million, an increase of 3% or £15 million on QoQ basis, despite a drop in volumes. The uplift was driven by higher net realisations to the tune of about £91 per ton. This was partly offset by the rise in the total cost to the tune of about £54 per ton, leading to an EBITDA improvement by about £36 per ton. On 03rd June 2026, there was a major fire at the Port Talbot pickle line. All personnel were safely evacuated with no injuries, reflecting strong safety protocols. We are preparing for the insurance recovery process to recover some of the damages due to the fire. To mitigate the impact, Tata Steel UK expedited the restart and ramp up of alternate facilities, the Llanwern cold mill and the pickle line. In 1Q, the volume impact on account of the fire was about 10,000 tons, with EBITDA impact of about £5 million. There is a ramp up process for the Llanwern mill with new shifts being added to offset some of the volume impacts. We hope to ensure that by 3Q, 4Q, we should be on normal levels. With relation to the 3 MTPA scrap-based electric arc furnace, our site works construction and equipment sourcing is largely on schedule. We have completed the groundworks, 35% of the piling, and the ordering of all major OEM packages. Close to half of the equipment has already been manufactured and is being readied in parts for delivery. We have previously said that there will be some delay in the delivery of the new high voltage connection by National Grid, and we are continuing to work very closely with them and the other authorities to mitigate the delay.

Moving to Netherlands, we were affected by the loss of the finished steel production due to the shutdown of the Direct Sheet Plant, which Naren mentioned, and for almost the full quarter due to the exceedance of chrome emissions in the line beyond the specified levels. The Direct Sheet Plant annual capacity is about 1.4 million tons, which as Naren also mentioned, is 20% of our total volumes. This disruption has impacted the overall volumes and fixed cost absorption this quarter, and hence the profitability as well. The plant is expected to start for an extended four-week trial early next week after the completion of the remediation process in close coordination with the regulators. Trial results have been promising so far, and this extended run should provide sufficient information to allow the line to come back into full production in the ordinary course. TSN revenue for the quarter was about €1.4 billion. On per ton basis, the revenue was up by about €87 per ton, but this was more than offset by the rise in the costs to the tune of €118 per ton on QoQ basis, largely due to the volume loss coupled with the increase in the raw material costs. EBITDA for this quarter was about €4 million.

Our business in Netherlands continues to navigate through certain uncertainties relating to the environment, regulatory, and legal issues. The difficulty we see is that being the only steel company in the Netherlands, there are often no relevant reference points, and sometimes the local regulatory standards are set beyond the EU norms or those applicable elsewhere in the industry. Since 2020, we have implemented substantial measurable improvements at our IJmuiden operations. The number of the so-called undercooked coke incidents, which are, for example, the subject of the criminal investigation on TSN, has been reduced by 98%, and the occurrence rate now stands at less than 0.011% of the total pushes, which is below the industry average. TSN CO_2 intensity stands at approximately 1.66 tons of CO_2 per ton of crude steel, placing us among the lowest integrated steel plant in the world or steel producers in the world. Therefore, while some of the compliance issues are being addressed and mitigated, some technical standards and requirements are both technically challenging and without precedent. We are working with all stakeholders including the province, regulators, communities, and the Netherlands government to address these challenges.

Moving now to cash flows, we spent about Rs. 3,579 crores on capital expenditure during the quarter, of which the majority was in India. Our recently completed capacity expansion i.e. phase 2 of Kalinganagar with 5 MTPA and 0.75 MTPA EAF in Ludhiana are ramping up well and have been complemented by the earlier announced focused investments in the downstream facilities that Naren mentioned, further strengthening our product mix and reinforcing our leadership in the chosen segments.

In line with the growth strategy indicated earlier, the Board yesterday accorded the final investment approval for the 4.8 MTPA expansion in long products capacity covering wire rods and rebars, including solutions beyond that, at the NINL site for an investment of Rs. 33,873 crores towards the core project of the steelmaking steel capacity expansion. This will take the site to 6.2 MTPA at the end of the first phase of the expansion as part of the overall strategy to build 10 MTPA in that site. We are also expanding our iron ore mining capacity in the MKB mines which are part of NINL by 15 million tons per annum of iron ore in phases. The merger process of NINL with Tata Steel is also progressing as per plan and is expected to be completed by the end of the current financial year. Our previously announced expansions in downstream capacity are progressing well. The 0.3 MTPA capacity expansion in tinplate and the hot roll pickling and galvanising project of 0.74 MTPA are both on track for completion within the next 30 months. The 0.5 MTPA combi mill in Jamshedpur has been commissioned and is midway through its ramp up. We plan to add about 0.42 million tons of tube capacity also during FY2027 through an asset light model.

On the balance sheet, net debt stands at about Rs. 84,000 crores and the net debt to EBITDA is comfortably at 2.3x, which is within our stated range of 2.5 to 3x through the cycle. The stated range of net debt to EBITDA factors in the funding requirements for all the ongoing and recently announced expansion projects. Our group liquidity remains strong at about Rs. 45,950 crores, which includes about Rs. 13,221 crores of cash and cash equivalents. This provides significant financial flexibility to fund our growth and our upcoming projects. Our annualised return on invested capital for this quarter, in India, is about 27% and on a consolidated basis, about 15%. With this, I will end my presentation and open the floor for questions. Thank you.

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.

Vibhav Zutshi, *JP Morgan*

Thanks for the opportunity. The first question is on the European prices. Our expectation was that prices will keep narrowing the gap with US Prices, but so far, they have been stuck around €700 per ton, and demand continues to be weak. So, as we get into the restocking cycle later in the year, do you think it will be sufficient to drive a significant uptick in prices? Thank you.

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

I think what we are seeing currently is a lot of disruption that has happened on the regulatory front. So, people have been stocking up, and as I mentioned, the inventory levels are significantly higher than the average levels. We see that as we move deeper into the year, there is an uptick, especially when the contract renegotiation season starts in November, due to the CBAM impact as well as the quota impact. Because we should be mindful of the fact that 18 million tons out of the 30 million tons will be only available for imports. Therefore, that's almost about 47% of the actual volumes imported will be taken out from the market, leaving the domestic market and supplies to come in, which is one of the biggest triggers that we see beyond the CBAM. So, I think there is still fairly a long runway as far as price increases are concerned in the European market. But it will happen in phases, incrementally, rather than a sharp uptick, because this is a structural change that is happening in the European market.

Vibhav Zutshi, *JP Morgan*

Ok, that’s helpful. The second question is on UK. So, how should we read your overall comments that UK prices are at $100 per ton premium over EU and the safeguard quotas haven't been very effective in cutting down imports and just applicable on certain products and broadly tying into the fact that you had guided for a potential EBITDA breakeven in second half. So, do you still see it achievable or it's contingent on the negotiations that are going on with the government?

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

So, our hypothesis was fundamentally based on the initial proposals that were given. We still believe, as we see, that the prices have increased and there are certain segments of value-added products like galvanised or tubes in UK, which still have very high quotas, especially in relation to the Southeast Asian and Asian mills, and that is what we have been talking about. There is still runway to increase, and our guidance, Naren mentioned last time that we are moving towards EBITDA breakeven, is still on course. There is some heavy lifting we have to do internally also. But, irrespective of the change in the quotas, minimising it to almost breakeven is what our view is. It may be pushed by one quarter and may not be in 2Q but 3Q or 4Q. In the second half, we should be able to be closer to breakeven. So, I don't think we've changed our goalposts. The prices are helping, but we need to see. The contract renewal that will happen from November onwards will also be an indicator as to how the price increases are sticking. Naren, you want to add something? [inaudible]

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

In UK, as Koushik said, every quarter is getting better than the previous quarter. The trajectory holds, but the speed is what we have struggled with a bit, but hopefully the trade actions, though not fully what we wanted, are helping us and bringing UK prices closer to European prices, if not slightly better, and which is consistent with historical levels. But for the last year or so, it has been well below European prices, and we are happy that has got addressed. European prices are also moving up closer to the US prices, which traditionally used to be $100 – 200 per ton less, and now the gap is almost $300 – 400 per ton. So, we are seeing a rebalancing of prices, and we have been talking about this for some time. This not only reflects the costs in those markets but also addresses the high imports both in Europe and in the UK. In Europe, with the quotas coming down to 18 million tons, there is far more stability as far as imports are concerned and in UK as well, because of these actions, there is some support, at least for hot rolled coils, etc.

Vibhav Zutshi, *JP Morgan*

Got it. Thank you so much.

Operator

The next question of the day is from Parthiv Jhonsa of Anand Rathi. Parthiv, please proceed with your question.

Parthiv Jhonsa, *Anand Rathi*

Hi sir, good afternoon and thank you for the opportunity. My first question is pertaining to the Maharashtra capex. In the annual report you have mentioned that the Maharashtra Capex would be somewhere around 6 million tons. However, in the presentation and the press release it has been trimmed down to 5. So, is that you have finalised some plan around Maharashtra? Is that the thing and the second part of this particular question is related to NINL. Now that NINL is moving say from almost about a 1 million tons to 6.2 million tons for whatever Capex you have announced. The Capex works out to almost about 33% higher than the last leg of Capex at Kalinganagar basically. So, what is the difference, just wanted to get your understanding on the Capex front actually?

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

First on Maharashtra, I think based on the land that we are talking about, it's about 3,000+ acres, is what we are targeting. If you look at our Kalinganagar phase II, we actually had one blast furnace which was 5 MTPA. If you look at it from a productivity point of view and from an asset efficiency point of view, our view is that we will copy the 5 MTPA plants that is the reason, so the total Maharashtra volume eventually in phases can take in somewhere around 15 MTPA. We have not started the engineering work or work to that effect. But it will be somewhere around 15 MTPA, that's the land capacity and therefore, from an asset efficiency point of view, it will be effectively three blast furnaces of 5-5-5 each. So that's the recalibration because when the 6 million tons was talked about, we had talked about 3 plus 3, but given our experience of using large blast furnaces, it is more productive to use larger blast furnaces rather than multiple smaller ones. That's the reason for six and five. The point that you mentioned on NINL, NINL you should actually look at it as a greenfield project. Phase two of Kalinganagar was a bolt-on from phase one. A lot of enabling facilities of the Kalinganagar 8 MTPA was also done in phase one. So, I think it is important to understand that between the several enabling work that is required on the site, on the layout, environment conditions to be complied etc. All of this and the size of the plants and the number of mills that we have, because in Kalinganagar phase II, we did not have to do the HSM because that was already there. We had to just expand the capacity. So, it's an asset optimisation process and the NINL one needs to be looked at more like a greenfield.

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

And the other thing to add to what Koushik said is if you look at the exchange rate and for all the equipment that you buy from overseas. That's also changed significantly in the last 10 years. So, whether it's Kalinganagar Phase I or Phase II or now NINL expansion, the dollar exchange rate also has an impact on the capital cost for the imported equipment.

Parthiv Jhonsa, ***Anand Rathi***

Thank you so much, sir, for the answer. My second question is pertaining to your captive mines. Now that in Annual Report you have mentioned that 50% of the requirement post 2030 would be met through either NINL or a couple of other mines you would still have post 2030. So, I just wanted to quickly get your understanding of what is the kind of cost savings or the kind of delta we should build in, considering that you still have 50% of the mine beyond 2030, and will this 50% ratio still hold when you hit a 40 MTPA target?

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

So, if you look at iron ore, today we are about 45 million tons going to 50 million tons of iron ore production. I would say 90% of that production is actually coming from our old mines. The existing newer mines, which is Gandhalpada, MKB, which is the NINL mines, and Kalamang, which we got through the Bhushan acquisition. These currently produces less than 5 million tons. Over the next few years, we expect to take this to about 30 – 35 million tons. That's a work which is going on currently. Obviously, the cost of iron ore from those mines will be higher than what we have today because some of them are with zero premium, some of them are with high premium. The qualities are different. Gandhalpada mine is high premium, but it has very low alumina, so that has a value in use benefit, etc. It's not just a pure iron ore cost, we look at the value in use, and the quality. The reason why we said 50% captive is because if we had 30 - 35 million tons and you need about 60 million tons of iron ore, then you are at 50%. We can always bid for the mines, our own mines, which are coming up for auction, as well as any new mines. However, we also want to look at the cost of having captive, because having captive ore is not an end in itself, it should be competitively priced. If people are paying 120%, 130%, 140%, then it becomes a bit difficult to justify that kind of a cost. You need some iron ore supply to keep the plant running without disturbance, but otherwise you can buy it in the market rather than pay 130%, 140%. At 140% premium, honestly, imports also become an option. That's why we said having 100% captive is not an end in itself. We will evaluate the economic value of being captive and then take a call on what proportion of our iron ore should be captive and what proportion of it should be bought from the market.

Parthiv Jhonsa, ***Anand Rathi***

Thank you so much.

Operator

Thank you, sir. The next question is from Satyadeep Jain of Ambit Capital. Satyadeep, please proceed with your question.

Satyadeep Jain, ***Ambit Capital***

Hi, thank you. The first is on Netherlands, just more for understanding. So, the caster and rolling mill, you're saying 20% of the production is impacted, and where the remaining casting and rolling operations don't have high chromium 6 and when you transition to DRI – EAF, will you still not have challenges there in case some of these things are not resolved. Even if you transition, will those issues remain? And on coke and oven undercooked, I know there's a hearing on 20th November. Is there a criminal case against executives also or is it mainly company? And in light of everything that you're seeing in Netherlands and the easing of [inaudible], are you less enthused about Netherlands in general, or Europe, or is there a possibility of looking at another, if you're so positive about Europe, why Netherlands? Is there a possibility of looking at some other country, if you're saying there's only one mill where you're facing challenges? Just trying to understand how you think about Netherlands.

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

So let me start and then Koushik can complete what I've not covered. So, more specifically to your question, this is a specific emission related to our DSP or Direct Sheet Plant, which is basically what in India you call a thin slab caster and rolling, it is similar to that. So, the emission is coming out of the tunnel furnaces that are unique to this way of producing steel, where the slab is cast and immediately rolled in the hot strip mill. So, there's a tunnel furnace which connects those slabs to the hot strip mill, and these are from the rolls that you use in those tunnels. So, this was not a measurement which we were doing earlier. As we did the full audit of all the measurements that we need to do, and we came across this and found some deviation. We proactively informed the authorities in the interest of transparency because that was something that we were trying to do so that we work more transparently with the authorities. So, it was something that we noticed, we discussed with them, and then they said it's better to shut it down till we solve the problem. So, we feel we've pretty much solved the problem because we've changed all the rollers. There are dry rollers and wet rollers and so we've changed those rollers. So, the emissions today seem to be under control. The authorities have given us a permission to start the plant again on the 05th of August and run it for a month and do the measurements and we are confident that it should be within what is expected and hence we should have the permission going forward. It doesn't impact the other parts of the plant because they don't use these tunnel furnaces. It doesn't impact anything new that you may build because that also doesn't use these furnaces. And now even if you use these furnaces, now you know what the chrome emission levels are for these kinds of rolls and so you will use the right rolls. So, I think this is a unique kind of problem which we are pretty close to addressing.

The second point I think Koushik alluded to in his comments. You know, the concern we have in Netherlands is that some of the expectations are beyond what any other steel company in Europe faces, forget rest of the world. I'm just saying even in Europe, other steel companies are not expected to meet the levels that we are expected to meet in Netherlands and that is a conversation we are having with the government and the regulatory authorities, the law may be that, but we need to look at is that being fair to us because ultimately, we have to compete with the other steel companies in Europe. So that's the conversation going on with the authorities to see can we be fairer, can we have a more level playing field as far as emissions are concerned because some of it are technically nobody has done it. So, we need to find a technical solution. And obviously, some of these will have an impact on the operating capability or the cost, etc. So, it's a complicated conversation. I think we feel, in many metrics, we are amongst the best in the world. Like CO_2, as Koushik said, we are in the top three in the world through the blast furnace route at 1.66. I am just giving you a sense. In India, the average is 2.2+ while in the rest of the world, it is 2.0. And in Netherlands, [inaudible]. So that's the level at which the CO_2 emission is. On many other emissions, caster emissions, etc. we are already at levels which nobody else is. So, these are the challenges. Having said that, the narrative in Europe is because, as I said earlier, the European market, like the US, is also trying to support its industry and make sure that unfairly priced imports do not destroy the value for the industry and hence the reduction in quotas is welcome. The CBAM is, again, making sure there's a level playing field because European steel producers pay a carbon tax, we pay a carbon tax. So, anyone who sells in Europe is also required to pay that carbon tax. It's an equalisation kind of thing.

The third thing is in Europe, as a geography, there's more investment in manufacturing, defence, infrastructure, etc. So, we do see these actions helping the European steel industry going forward. And hence, the point you're making is the European steel market should be more attractive going forward than it was in the past. From our point of view, we feel Netherlands asset is one of the best sites in Europe, not only for many metrics of performance, but also because it's a coastal plant. There are very few coastal plants in Europe and we are one of them. So, if Europe has to make steel, our Netherlands and Dutch plant is one of the best places to make steel. Because it's well positioned, and that's why we feel that amongst the locations in Europe, we are already in one of the best locations from a steelmaking point of view. Hence, would like to be there if we can address all these issues. So that's a conversation going on with the authorities. In terms of the financial numbers, yeah, we expect 2Q to be better than 1Q. The benefits that we started getting out of the prices were washed away because of the DSP and because of some of the other impacts. But we expect volumes and EBITDA to be better in 2Q than 1Q, lower than what we would like it to be, but certainly starting to move in the right direction. Maybe Koushik, you can add to what I said.

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

Yeah, so I think I'll just add to or respond to Satyadeep your questions on the DRI – EAF and other countries to invest, etc. So, I think the first point is there are certain here and now challenges as we are seeing. And, those challenges, if you look at our SEBI disclosures, we are copious about those challenges. The first one is in relation to the coke and gas plant. And then there is the Direct Sheet Plant, which kind of just is getting addressed. Then there are the emission cases, which are related to green pushes. And as I just mentioned, that there's hardly any green push at this point of time. And we are certainly much, much below the industry standards. So, as of now, as far as the cases are concerned, the public prosecutor has said we intend to go forward in the case. We have our defence. And I think we have our data and position on the defence. It is essentially on the company. We have heard about the fact that there can be people named but not named as yet. So, we will just see, how this unfolds. But I think we have all the defence available for us to fight this case out.

Second point, I think as part of our last year's non-binding JLoI with the government, there were certain conditions on both sides, and slag is one of those conditions. Slag is something that is also not only a future issue, but also a here and now issue. There are two regulators involved with different views at this point of time, which is what we are working again. So, in a nutshell, you can say that we are currently reassessing the situation with all stakeholders to understand the investability of the DRI – EAF, the regulatory framework within which there is not just an investment case but also a sustenance case because these investments are done for 20 – 25 years and therefore, we are looking at the overall risk-return-reward profile and assessing that in the context of the investment proposal that we have. We have done a fair bit of almost all of the engineering studies, so we know now exactly what needs to be done but we will not move till we have clarity on many of these things. So that is how we are, and finally it has to make the investment or business case. It has to have a return which works. I think what Naren mentioned rightly is the point that the European market is expected to be better than before but there is also the issue in relation to the sustainability of the business and whether the bang for buck is there for new investments. So, that is dependent purely on the regulatory side. As you are aware, and as I mentioned, that the EU ETS is also now stretched down. So that also will have some impact on the investability because the CBAM will be lower given the curve. And if CBAM is lower, then it impacts the investment case. So, to what extent is what we are working around just now, and a lot of it will depend actually on the quota moving forward, which has been announced, and finally on the certainty of the regulatory standards and framework within which we can operate. So, all of this is being considered, and as I mentioned, we are deeply involved with all stakeholders to understand before we take any decision one way or the other.

Satyadeep Jain, ***Ambit Capital***

Thank you for a detailed answer. Just one quick question on India. What is the timeline for NINL commissioning? And you have the EAF now commissioned in Ludhiana. Just maybe if you can share some economics. I know it's very early in the process, but how do we look at profitability for Ludhiana and what's the timeline for NINL commissioning you're looking at?

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

Yeah, NINL is 48 months is what we have committed and within 48 months, we'll have the plant up. As far as Ludhiana is concerned, it's a different operating model. As you know, the Ludhiana model is based on the fact that you will collect scrap locally and sell steel locally. So, the whole model is about collecting steel scrap from within 300 kilometres of Ludhiana plant and selling steel within 300 kilometres. So, what you pay more in terms of higher cost, because obviously making steel through an electric arc furnace is more expensive than making steel through a blast furnace. So, some of that cost disadvantage you offset through the saving on logistics cost. Otherwise, you would spend Rs 3,000 – Rs 4,000 per ton from moving the steel from Jamshedpur or NINL to the Punjab area. So that's the model. Second part of the model is in anticipation that there will be some sort of carbon cost in India going forward. So, our whole objective of getting from a linear value chain to a circular value chain over a period of time is to say that even if 5%, 10% of our production is through the recycling route, it's good for us to have that part of our footprint going forward. You know, it makes sense from a CO_2 emission point of view, and CO_2 emission at Ludhiana will be 0.3 ton per ton of steel compared to 2.2 in Jamshedpur. So that's the difference it has. That is the whole model as far as we are concerned. So, beyond that, I think next year, this time we will have a full year of production, and we'll be able to come back with more specific numbers. The other thing to keep in mind is the Ludhiana plant was built in two years. It is a 3,000-crore capex for a 0.75 MTPA plant, steelmaking and rolling plant. So, if you look at capex efficiency point of view, and time efficiency point of view, it is much quicker than an integrated steel plant. So, there are pluses and minuses that we need to weigh. And, but we are quite confident this model works. Hence, we are also looking at building a similar plant in the west and in the south. And like I said, you need 100 – 150 acres of land, you can build it in two years and add point 0.8 – 0.9 million tons.

Operator

The next question of the day is from Sumangal Nevatia of Kotak Securities. Sumangal, please go ahead.

Sumangal Nevatia, *Kotak Securities*

Good afternoon, everyone. First question is, if you can share, what is the NSR movement expected given how July is panning out across India, UK & Netherlands, and also usual commentary on the cost changes that we're expecting.

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

Sure. So, I'll give you a guidance on the prices and maybe Koushik can comment on the cost. So, as far as prices are concerned, last quarter we had guided in India Rs 6,000 per ton increase, which is pretty much what we got. This quarter, we are saying will be about Rs 1,500 per ton lower than 1Q in India. Obviously, some areas like in long products, the drop between April and July is much more than in flat products. Flat products are also holding out a bit because the auto demand has been very strong. Long products are impacted by construction activities slowing down during the monsoons. But I think we mentioned before, while there will be some margin compression in India, because there will be additional volumes in 2Q compared to 1Q, we expect the rupees crore to be better in 2Q than in 1Q in India. As far as UK is concerned, I think we guided £80 per ton increase in 1Q compared to 4Q, I think we delivered a £90 per ton increase. And as far as 2Q is concerned, it will be another £70 – £80 per ton increase is what we are expecting in 2Q over 1Q. But all of it doesn't flow to the margins because UK is fed out of substrate. So, the substrate costs will also go up to reflect market, right, and it's not that the entire £80 per ton will flow into the bottom line. So, so that's one mention I want to make. As far as Netherlands is concerned, we had guided €80 per ton increase in 1Q, and I think we delivered €70 per ton last quarter and this quarter the guidance is about €10 per ton increase. As Koushik mentioned in Europe, we are lot more impacted by contracts, because we have long term so some of the flow happens over a period of time. In India, I also want to add that we will get some of the benefit of the auto increases that we got, because most of that was negotiated towards the end of 1Q and so all the increases, some of it has flown through into 1Q numbers, some of it will flow through into the 2Q numbers, but the 1,500 per ton drop has factored all that in. Koushik, you want to talk on the cost side?

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

Yeah, so I think if I were to look at from a spread point of view, which would possibly help you better, so I think we will see spread expansion in UK in the second quarter between the substrate and the HR, because we are seeing improvement in the prices. The Netherlands spread is ballpark going to remain same and as Naren mentioned, we are going to get some of the benefits on the revenue side in 2Q. As far as the coking coal consumption cost is concerned, I think we will be at about $184 per ton kind of levels. I think we've been able to manage the increases in the consumption cost from a coking coal perspective, from a mix perspective. So, broadly, that's the inputs that I would like to give.

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

So, the consumption cost in 2Q for coking coal in India will be about $5 per ton higher, and for Netherlands will be about $10 per ton higher.

Sumangal Nevatia, *Kotak Securities*

Got it. That's very clear. For NINL expansion, we said 48 months, so is the zero date today?

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

01st August 2026.

Sumangal Nevatia, ***Kotak Securities***

And the mine will be parallelly developed?

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

Yes, in phases. But if I were to talk about the expansion of mines, it's not covered in the capex that I talked about. It is in addition to that. But as Naren mentioned, that we are expecting more mine development from the three mines that are much smaller currently. It will be concurrent to the commissioning as far as the steelmaking is concerned.

Sumangal Nevatia, ***Kotak Securities***

Understood. On the iron ore topic itself, I mean, since three, four years down the line, we will see a very massive transition. Is it possible to share, I mean, what could be the blended cost increase if we take today's market price, maybe at iron ore or steel level. So, I just want to understand, yeah, what could be the blended cost increase, say, if you go by your assumption of 50% captive, 50% merchant, and if you take today's market price of iron ore, say in 3-4 years.

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

Sumangal, I think there are lot of variables here because you're talking about domestic prices, you're talking about international prices, how that's moving, the forecast on international prices is what is it, depends on the mix. So, I think too many variables here to give you a specific cost, I would suggest you sort of talk or model it, in your workings through a mix, We have given an indication of what level of mix is expected to be captive and how much we will buy. But I think to get into some specific numbers at this stage is honestly very premature.

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

But I will give you a little bit of, not numbers, but I'll give you a broader sense. Surely the cost will be higher, right? Not just for us, for everyone. And that's one of the reasons why we feel that the value pool in the steel value chain may shift from upstream closer to downstream. Okay, because if you're going to buy iron ore in India at 120% or 130% market price and as it is we have always said that the effective tax rate in India for raw materials is amongst the highest in the world. So, there's a 65% effective tax rate anyways, even if you just buy iron ore at market, and then on top of that, there are premiums. So, we feel that the cost of producing steel in India will go up because everyone's buying iron ore at these prices. And hence, Tata Steel is saying that while we will keep the optionality of building upstream, as Koushik described, between our existing sites, we can go up 48 – 50 MTPA, because you have 25 – 26 MTPA in Kalinganagar, you have 11 MTPA in Jamshedpur, you have 10 MTPA in Meramandali, then you have the Ludhiana plant, you may build 2 – 3 more like that. So, there is a roadmap from 45 – 50 MTPA already available with existing assets. Then on top of that, if you do a Maharashtra, you have another 15 MTPA. So, we will keep these optionalities open, because the demand of steel will continue to grow. But demand doesn't necessarily mean good profits, just because you produce steel. So, we just want to look at which part of that value chain should we be more, and where should our capital go more. And that's why we feel that there is a lot more value for us to put money in the upstream but also put more money downstream than we put in the past. And we feel that some of the cost increases that we will see in the input cost will be offset by the cost takeouts that we are doing on efficiency that Koushik has talked about, which is a conversion cost, plus the fact that we will be scaling up plants like NINL and Kalinganagar which don't have the legacy costs that we carry in Jamshedpur, etc. Plus, these are plants closer to the sea. So, a lot of logistics costs come down compared to inland plants. So, for multiple reasons, we feel that there will be a lot of cost takeouts which can offset the input cost increase. And the move down the value chain will help us focus a lot more on revenues to offset some of these cost increases. So, we are looking at how can you deliver an EBITDA margin close to what we are delivering today even if the iron ore prices go up. I think that is basically our objective.

Operator

The next question is from Ashish Jain of Macquarie. Ashish, please proceed with your question.

Ashish Jain, *Macquarie*

Going back to the earlier question on the European investment, like in the last 3-4 years, we have taken some initiatives, some are midway in terms of execution. But parallelly, the policy framework has evolved and has not been in line with what we were talking about back then. Right. So, is there a rethinking on this at all on the table that we, scale back our European aspirations and, put more in India? Or is it like we want to be there, somewhat kind of situation?

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

So, Ashish, let me put it this way, need not be one or the other, right. And I think we will grow in India as we want to. And like I just described as an answer to the earlier question, growth in India doesn't necessarily mean just building more and more blast furnaces, you will build blast furnaces where you think that's the right thing to do, you will build electric arc furnaces, where you think that's the right thing to do, you will build downstream, where you think that's the right thing to do. So, we will balance it out in terms of what is the best place to put money in India, even as we participate in the growth in India. As far as Europe is concerned, the fact that you are going to be penalised on CO_2 stays, right, there is a carbon tax that you're paying just now as Koushik said for Europe, we've got a four-year extension on the free allowances. But otherwise, if you don't do anything, you will pay a carbon tax in Europe, right, which will keep increasing. So, then the carbon border adjustment mechanism is the support that is being provided so that European steel producers are not disadvantaged, right. So, to some extent, it's not that the policy has changed. The policy is happening as it was said to, what has changed for us is more the regulatory environment in Netherlands has become more and more challenging. And hence, we are looking on how do we ensure we have a social license to operate not just now, but for the future, right. So that is obviously making us reflect on what we need to do there. One is, of course, to run the existing operation and obviously, as Koushik said, before we make new investments, we need to see that there is a social license to operate and there is a return on any investment that we make. So, we will plan our investments in Europe, if at all, based on the regulatory environment. The market side is certainly improved, as we said earlier, the policy support for the transition continues to be there. Regulatory environment, particularly in Netherlands, is becoming quite challenging. So, we will evaluate and move forward accordingly. Just now, the only capital committed is in the UK transformation and UK transformation, as we've explained before, if you do this transformation, we will, already we've taken out about £400 million of fixed costs in the last three years and in addition to that, our opex by using local scrap, and the electricity rates that we've negotiated, etc, we feel that the cost position of UK will be about £100 to £150 per ton better than it was before we did all this, so, in many ways, that was again, the right direction to move. Koushik, you want to add anything.

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

Yeah, just to make 2-3 comments. One is the weightage of capital allocation in India will certainly be the one to dominate. That is one part, whether it is in the upstream volume expansion or the downstream value expansion. The second part is, see, in Europe, the investment that we are talking about in Netherlands etc, is not an investment which is discretionary, so to speak, it's regulatory in nature in some ways because of the high carbon tax but that is subject to three supports. The government support from funding, policy support in the way in which the transition should happen and market support to ensure that it can sustain or make it investable, so to speak. So, today we have the market support through CBAM, through the quotas and tariffs, and EU ETS. EU ETS has got moderately diluted, because of the extension of the time frame and that is also demanded by many of the market players who are saying that it is not viable to not have the free allowances, and the CO_2 costs are prohibitively uneconomical. So therefore, the EU ETS has got relaxed. CBAM is in force. It is getting more validated through assessments, etc. and the quotas are in place. So, the market support, as Naren mentioned, is there, the government support is there. There are gaps to that, and then the policy support, which is the transition policy support and then there is a normal, ordinary course of business policy support, which is where we are seeing challenges in Netherlands in particular. So, we will have to take all of these into account and then say, does it stand? This decision is not just for today. It is going to be for the next two decades, three decades, because it's a transition process and this is a phase one of the transition. There's a phase two of the other blast furnace also necessary. So therefore, we will take all of these into account and then conclude whether this is the path to go forward or is there another alternative path to go forward, which is not so Capex heavy, etc. So, I think we are in that zone just now. But if these regulatory frameworks become permanent and there is no rethink, then obviously there will be a rethink, at least on our side. And that is important for us to understand. India, in my view, and the way we are moving ahead, is not constrained by what is happening in Europe. India is focused on delivering consistent growth in a way we can create sustainable value over the long term and also to tell you that, we are also looking at the investments in new technology in India, which is also to help the sustenance, whether it's the EAsyMelt or the HIsarna, etc. So, India capital allocation story is not dependent on Europe. It will follow its own course, and it will continue to grow in both upstream and downstream. So, that is the framework within which we are looking at, if the government support was not there from funding point of view in any of the geographies, which is to change the process technology, we would not have the ability to do that investment. That is very clear and that's the optimal. So, the government, policy and market support, all these things and the social license to operate, the community support, all of this must be in the same alignment, then it makes sense for any investment to do. So, I thought it will just make a more principled comment on what you just asked. And then we will see as to where we go, there is a time during which we will complete this assessment including our engagement with the various stakeholders and then conclude. But India is not affected as I hope the NINL approval by the Board yesterday endorses that point that the India capital allocation and growth story is not dependent on any other parts of the business.

Operator

Thank you, Sir. The next question is from Amit Murarka of Axis Capital. Amit, please proceed with your question.

Amit Murarka, *Axis Capital*

Good afternoon and thanks for the opportunity. So just on India, NINL, congratulations, firstly on the Board approval coming through. But generally, post FY27, for almost like four years, you probably won't have enough capacity to grow volumes now, given that NINL will come on stream somewhere in 2030. So, what is the plan in that sense to kind of make up for this? Is there any way you can make sure that you still participate in the India growth of, let's say, 7% CAGR And even if we take NINL, I mean, coming in four, five years, it still implies like a three, three and a half percent CAGR only, which is still much lower than market. So, what generally is the long-term thinking on the India growth?

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

So, Amit, I think, again I want to emphasise something, right? Our objective is not to be the largest player in India or market share by size, unless it creates value. So, we feel that we want to have a market share within chosen segments, which is double our overall market share. That has always been our stated position, like so if we are at 20% market share in India, we want to be 40% market share in segments, which we think are more value accretive, where its approval based, or where we have a good franchise like Tata Tiscon or Downstream etc. So, we are looking not just at the volume growth in upstream, where, like I said, we have an optionality, and we will grow at the pace at which we think is right. But we also want to grow even in the next 2-3 years, we are adding a HR galvanising line in Tarapur, which is going to be state of the art hot rolled galvanising line in India, nobody else has that, right, we are doubling our Tinplate capacity, packaging steel capacity, which is Rs. 20,000-25,000 per ton value add on the hot rolled. So, then we are wanting to grow our Tubes business, which is today about 1 - 1.5 million to maybe about 4 million tons in the next few years. We want to grow our Wire business which is at 600 kt to a 1 MTPA. So, there is a lot of growth that we are doing in downstream businesses where we have a strong position. We are the leading player in most of these businesses, and we want to grow in that. So, for the upstream growth. Yeah, we have Neelachal, there's a Kalinganagar which we'll plan maybe in the next year, we will plan the Meramandali expansion from 5 to 6.5 MTPA. We also have other projects today we are sending a couple of a million tons of slabs to UK but once the EAF comes there, we can convert these slabs into plates or anything else that we want to do in India. So that's another 2 million tons of additional value-added opportunity that's available. So, we are looking at it from that perspective. The next phase beyond Neelachal will be of course, there is an opportunity in the next three years to build a couple of more EAFs like the one in Ludhiana. There is an opportunity in the next few years to also expand Meramandali. And beyond that, of course, we have Maharashtra, we are building TSK Phase 3, NINL Phase 2 etc. So that's the plan that we have going ahead.

Operator

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

Pinakin Parekh, *HSBC*

Yeah, just, just to clarify, right, when you say that Tata Steel does not want to be the largest upstream company, and you want to focus on downstream, is it because the company thinks that a new upstream greenfield steel plant in India, with potential iron ore cost based on market pricing post 2030, does not justify the return profile? Because we would assume that given the steel prices and where iron ore prices are, it will still be profitable to set up upstream capacity in India, then let's say. invest in Europe.

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

Yeah, but we are not saying that we won't set up upstream because we're investing in Europe, right? We will evaluate Europe separately; we will evaluate India separately. So, if there is even post 2030 with high iron ore prices, depending on where the rupee is because we'll still be importing coal, right? So, depending on all that, if there is value, of course, we are keeping that optionality, right? We will have an optionality of 65 million tons by then, because Maharashtra also we would have that optionality. We already have an optionality of 50 million tons, right? So, we have that optionality. So, if it makes sense, we will certainly grow. But we feel that if earlier we spent all our money on upstream and less on downstream, we feel that that mix needs to change a lot more because we feel that there is a lot more value for a lot less capital available in the downstream and that is closer to the customer and that also depends on the franchises that you have and the relationships that you have, etc. So, it's not that there is no business case for upstream beyond 2030. But it will not be if you're going to if everyone not just for Tata Steel if everyone's going to pay 100% or more for iron ore in the market, then that takes away value. So, value is going in some sense from industry to the government, right, whether in terms of royalty, whether in terms of premium, whether in terms of taxes. So that's a larger issue which we are talking to the government to say that our biggest advantage in India as a country is Iron Ore and if in some sense, we have a situation where the iron ore cost itself is very high for everyone for whatever reason and part of the problem is us as private sector also the way we are bidding for the mines. So, we are in some sense, passing on all the value to the government even before we start adding value. Right, and the other question to think about if there is a lot of upstream capacity which everyone has built then maybe you're better off being a buyer of some of that product to convert it into, higher value products. So, there are different ways to look at this industry, and it's a long value chain.

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

So, if I just may add to Pinakin, see, when you look at the sequence of growth, and I think we've said this many times, the NINL first phase, second phase, if you look at the Kalinganagar going up to 17 million tons, Bhushan or Meramandali going to 10 million tons eventually, and then Maharashtra 15 million tons, that is actually a very significant upstream growth of about 60 million - 65 million tons and the EAFs. So, the question is, is the world going to fall off in 2030? Or is this a journey? because I think when Amit talked about the CAGR growth of 7%, it certainly is not going to fall off in 2030. It's a two-decade, three-decade process, right? So, the question is, how do you sequence and grow without producing huge volumes and then at the commodity end look at export markets and then struggling on those fronts? It is a question of how you build the capacity with the demand in the segments where it is growing and in the areas that is growing. So, I think there needs to be more thoughtfulness rather than just volume growth, but volume growth is not being stopped. And as I repeat again, it has got nothing to do with Europe. Europe is on its own defining way of doing things and India will grow separately. The physicality of growth will depend on how we create the fronts and that's what we are working on. Our next goal is in Kalinganagar and in parallel in Meramandali. So, it will come in sequence. You will get to know the way in which we are progressing. It is not one unfolding of the envelope. As it happens, you will get the sense that between 2030 - 35, you will have a lot more capacity coming in, value-added mix coming in. So, it is a process, and we need to constantly work on the profitability effectively, which comes from the value also. As I said, in the next 30 months, there are a lot of downstream units which are going to come and get commissioned. And by that time, we should also be very close to another EAF, etc. So, I think those are the kinds of things that we need to work around.

Operator

The next question is from Jashandeep of Nomura, Jashandeep, please go ahead.

Jashandeep Chadha, ***Nomura***

Thank you for the opportunity. So, I have a clarification first before I ask my first question. Last quarter, we said, there were concerns on coke oven.

And as far as I can understand management has clarified that, you have done some changes and now the emission rates or the concerns which were raised are below industry standard. Is my understanding, right? And if that's the case, does management now believe that the growing concerns which were raised earlier have less weightage now than they had earlier?

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

Let me say something and then Koushik can answer further. So basically, the point Koushik was making is what is called green pushes when coke is pushed from a coke oven and it green pushes something where the coke is not fully cooked in some sense. And, obviously, in the past, we had more pushes than we should have had that is clear, right. So, a lot of actions were taken and today we are at 98% or 98%+ lower than what we were before. The requirement in Netherlands was to minimise coke pushes, green pushes. And, but now that is being more specific to say there should be zero green push, right, which we, our point is yes, we are close to zero, but there's no coke oven anywhere operating with zero green push, right. A lot of work has been done to make sure that we are close to zero so that problem we feel is at a stage where it is better than it, at least anyone in Europe forget anywhere else, right. But from the authorities' point of view, given the problems that we've had in the past or the issues of the past, the whole thing is about not having a coke oven operate and to close the coke and gas plant, I think that is where we are. So that discussion is going on, that has not gone away. In some sense, that we would have done anyway, if we were transitioning into a DRI-EAF process route, and the whole plan originally was to make that change by 2032 and 2035 etc. But now with the current conversations with the government, with the authorities, etc, it's more to say, can you do it in 2028-29 or whatever is technically the most appropriate time and run the blast furnaces using coke that you can buy from the market rather than making it locally. So, that's the conversation which is going on. So Koushik, I think you can explain further.

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

Yeah. So that's the case. It would have got closed or transited out of coke ovens in the ordinary course if the DRI-EAF comes through. It's a preponement, and in a manner where the compliance levels are as much as technically feasible to do.

Operator

The next question is from Darshan Mehta of Dolat Capital, Darshan, please go ahead.

Darshan Mehta, ***Dolat Capital***

Thank for the opportunity. So, my question was mostly on the depreciation side. So, we had guided for increase in depreciation for this quarter as well as for FY2027. So, can you just throw some light on what is it about? Thank you.

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

Yeah, sure. So, as you know, that our mining assets will come up for reauction or bidding in 2030 and there is significant amount of assets in our mining locations, beneficiation plants, then other infrastructure assets, pipelines, etc. So, because there is a defined time now, 2030, where it will be reauctioned with the right of first refusal to Tata Steel, we are accelerating the depreciation of these mining assets and the PPEs. So, it will be about Rs 300 crores a quarter and Rs 1,200 crores every year additional depreciation in line so that there is not a big hit in 2030. It is a faster amortization given the point. It's not that the useful life assessment has been done, but there's a regulatory need also. And that's what we have taken. If we get back those assets, we'll be fair valuing it at a later point in time.

Operator

The next question is from Amit Dixit of Goldman Sachs, Amit, please proceed with your question.

Amit Dixit, *Goldman Sachs*

Good afternoon, everyone, and thanks for the opportunity. Just a couple of questions from my side. Something very interesting you mentioned in your opening remarks about shipbuilding and data centre. So, we just wanted to understand what kind of grades we are focusing there, and whether it is for domestic shipbuilding, defence, or we are targeting more export-grade steel. And, for data centre, if you can highlight a bit more. That was my first question.

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

Yeah, so on shipbuilding, basically with the Kalinganagar plant, which is one of the best hot strip mills in the country, at least for the sizes that is up to 25 mm thick and 2 metres wide, we can produce pretty much all grades, including the very high-tensile kind of grades, etc. So, for shipbuilding sector, you need to go through an approval process, there's Lloyds and there's ABB and there are few others, there are a few bodies i.e. independent and international bodies who approve your material for use in shipbuilding. So, we've got those approvals, and I think while the volumes are still small, like I said, we always like to be in the more discerning sectors, because that's how you can protect yourself from the commodity cycles to some extent, which we always face. So, I think we'll be doing about 100 kt this year to all these grades and largely for the domestic market to go back to your question. And then we can take it to about 0.5 million tons, but I think the more important thing is once we get an entry into these sectors, get the approvals, just like in Auto, so we started small, we can always grow. So just not the focus is domestic market, but we can also look at international markets. As far as data centres are concerned, when you build data centres, apart from the regulars, steels that you would supply, data centres also have a lot of storage solutions. And so even if you look at a company like Nucor, a couple of years back, if you followed it, they spent $3 billion buying a storage solutions company for data centres. So, our interest is more to get into the steel that data centres use, both in the construction of it as well as in the storage solutions that they need inside. And we have quite a few of the downstream value-added products, which can tap into the data centre market. Because basically, what's happening is as more and more money is spent on these businesses, a lot of it can flow to steel, because that's going to be an important component of some of these investments. So, both and this is not just in India, data centres, we're doing a lot of work in Europe as well. So, between our colleagues in Europe and India, we are doing a lot of work to not only track the steels that are used but also about how do we tap into that market in an organised way. It's not just about selling the basic steel product, but more about going into the solutions which help these companies building and investing in data centres. So, it's a growing segment, and we want to be a big part of it.

Operator

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*

Thank you, Shohom. I think we've answered most of the chat questions. There's just one on TSUK, which I will ask, since this seems to be a concern. In view of the ongoing or the recent nationalisation of assets which has happened at UK, will Tata Steel participate and take up any of such opportunities?

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

No, the answer is no, but maybe Koushik can.

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

Yeah. So, this nationalisation bill or act that has come up in UK was in response to the situation in British Steel and in Rotherham, where there was an electrical steel, which incidentally Tata Steel actually sold. So, if you look at UK steel industry, the things which are getting nationalised were sold by Tata Steel 10 years back. So, if that was the strategy, then we wouldn't have sold it. So therefore, we don't intend to participate. We will be focused only on our asset in Port Talbot, where we are building the EAF.

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

Thank you. So, with this, we will end. Thank you very much for all your questions and your participation. We will connect again next quarter. Thank you and bye.

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

Thank you all. Thanks for joining.

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

Thank you