"Steel Authority of India Limited
Q1 FY 2024 Earnings Conference Call"
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MANAGEMENT: **MR. ANIL TULSIANI – DIRECTOR FINANCE – STEEL AUTHORITY OF INDIA LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to the Steel Authority of India Q1 FY '24 Conference Call hosted by Nuvama Wealth Management. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashish Kejriwal from Nuvama Wealth Management. Thank you, and over to you.

Ashish Kejriwal: Thanks, Zico. Good afternoon, everyone. On behalf of Nuvama Institutional Equities, we welcome you all for the Q1 FY '24 post results con call of Steel Authority of India. We are delighted to have Mr. Anil Tulsiani, Director Finance, along with his team. Now I would request Mr. Tulsiani for his opening remarks and then we can open the floor for Q&A. Over to you, sir.

Anil Tulsiani: Thank you, Ashish. Good afternoon, everyone. It is my pleasure to welcome you all to the investor con call on the financial results for Q1 financial year '24 of SAIL. Let me begin with the economic scenario. I would like to first apprise you on the economic scenario in which we have been operating currently. The global economy continues to be impacted adversely due to inflationary pressures and the monetary tightening policy by the central banks across the globe. The hopes that emerged from the opening of Chinese economy have also not been fulfilled.

On the steel front, as for the data published by the World Steel Association, the global steel output during H1 of calendar year '23 has registered a decline of 1.1% over CPLY. However, as per the April '23 short-term outlook, demand is projected to grow at 2.3% and 1.7% in calendar year '23 and calendar year '24, respectively. By this, it can be inferred that the demand will improve in H2 of calendar year '23.

The Indian economy, however, fared better, registered a GDP growth of 7.2% in financial year '23. The domestic steel industry also outshined its peers again, with production growing by 5% and consumption increasing by 13% during financial year '23 over financial year '22. The current financial year so far has been and -- has seen an increase of around 11% in both production and consumption.

The financial year 22-23 gone by, was ruled by higher prices of input, especially imported coking coal. During the current financial year, the prices of coking coal seem to have stabilized considerably with hard coking coal of Australian origin in the range of USD 230 to 250 per tonne. However, during this period, the steel prices have registered a significant fall of nearly 15% over CPLY.

The company performance for the quarter. SAIL has registered its best-ever first quarter physical performance during Q1 financial year 23-24. The production of hot metal stood at 5.04 million tonnes as against 4.69 million tonnes in CPLY, a growth of 7%. Crude steel production stood at 4.67 million tonnes as against 4.33 million tonnes in CPLY, a growth of

8%. The saleable steel production stood at 4.40 million tonnes as against 4.08 million tonnes in CPLY, again, a growth of 8%.

Now coming to marketing. The sales volume stood at 3.88 million tonnes as against 3.15 million tonnes in CPLY, which is a growth of 23%. The domestic sales stood at 3.74 million tonnes as against 2.99 million tonnes in CPLY, which is a growth of 25%. The exports, however, have declined from 0.14 million tonnes to 1.1 -- to 0.14 million tonne from 0.17 million tonnes in CPLY.

On the financial front, the company registered a marginal growth of 1% towards CPLY in the sales turnover, which stands at INR24,093 crores during Q1 financial year '24, which is again the best-ever showing for the first quarter. The profitability, however, could not sustain the levels achieved in CPLY due to the declining NSR and increase in the coking coal prices on a consumption basis. EBITDA for the quarter stood at INR2,090 crores while PBT and PAT stood at INR202 crores and INR152 crores, respectively.

In the area of operational efficiency, the company has been making steady progress for reducing coal/coke consumption, increasing the use of CDI, bringing down the specific energy consumption and improving BF productivity. Continuing with the drive towards improving the product mix, the proportion of semis in the saleable steel production stood at 16%. By engaging conversion services in and around the plants and the demand sectors, the percentage share of semis in sales has been even lower at 8%.

As a responsible corporate, we have been taking several measures for environment conservation over the years by focusing on reduction in carbon footprint. Specific CO2 emission has reduced to 2.48 tonnes per tonne of crude sheet during Q1 financial year '24. At the same time, solid waste utilization has gone up in excess of 100%. Other drivers like zero liquid discharge, eco-restoration of areas, regions around the plant and mines, plantation of trees and saplings, use of alternate sources of energy like hydro power and solar power, etcetera, will continue as we move towards sustainable and green steel.

The company has been engaged in numerous CSR activities across the country and primarily in the vicinity of our plants and units. The activities are undertaken in conformity with the Companies Act as well as the DPE guidelines. The company expects to gain from lower cost of imported coal procured during the period April to June '23. Now with the prices of coal stabilizing and outlook positive for the sustained growth in domestic consumption, we are hopeful the realizations and consequently the margins will improve for the company. Further, we are also expecting benefit of price revision of rails by the Indian Railway. This will add straight to the bottom line of the company.

With these words, I hand it back to Mr. Kejriwal for opening the Q&A session. I'm sure you all have a lot of queries on the performance. Thank you.

Moderator: Our first question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: I have a couple of questions. The first one is on the coking coal of -- essentially. So if you could quantify the coking coal cost in this quarter. And what kind of decline you are building in for Q2?

Anil Tulsiani: Yes. The coking coal -- imported coking coal as per our Q1 is in the range of INR28,000 and the indigenous coal at around about INR12,000. The average comes to around the INR25,800. And we expect in the imported coal, a reduction of roundabout INR4,500 to INR5,000 in the coming quarter.

Amit Dixit: INR4,500 crores to INR5,000. So what would be the blended cost in for INR25,800?

Anil Tulsiani: Basically, we are having around 85% of imported and 15% of indigenous component in it. So we can just say that it can be around about -- the domestic will be in the range of INR12,500 and the imported at INR25,000 -- INR23,000, INR24,000. So it will be in the range of -- it should be around about 22,000.

Amit Dixit: Got it, sir. The second point is that we have seen that debt level have gone up if I look at the borrowing, it is INR29,414 crores. While I understand that this might be a quarterly phenomenon because of building up of working capital and all, so is this the peak level debt that we can assume for sales at least in the near term because coking coal prices have also come out and that should get reflected in our profitability?

Anil Tulsiani: Yes. Actually, this -- there has been an increase of around INR3,000 crores in this particular quarter. Basically, what happened is that, that has gone up, but our payables have come down to that extent. So that's the reason for the payables coming down. Again what we have also mentioned, that is because of the coal prices.

So now what we see is that we have also observed one more thing. In the month of July, the -- even in the month of June and in the month of July, there has not been much of an increase in the borrowing. And August also, we are seeing that for the same term. So we are hopeful that the borrowings will come down. It may not be in the second quarter to that extent, but maybe from the third quarter it will start coming down. And we are hopeful that by the end of this financial year, the borrowings will be around about INR4,000 to INR5,000 less.

Amit Dixit: So from the current level...

Anil Tulsiani: May, not from the current level. We feel that it should be from the beginning of the year, from the beginning of the year.

Amit Dixit: Okay. So you said from the beginning of the year, 3,000 to 4,000.

Anil Tulsiani: It should be in the range of the year, 22,000 approximately.

Amit Dixit: 22,000.

Anil Tulsiani: Yes.

Moderator: Our next question is from the line of Somaiah V. from Avendus Spark.

Somaiah V: So first question pertains to the domestic demand. So how are you seeing things from the domestic front? And how was the channeling of the situation? And also in terms of NSR moments, so are we close to the bottom for the season and do you think it's in the -- can start improving, your thoughts?

Anil Tulsiani: There is a very good demand for steel as far as local demand is concerned. We have a very good demand of steel. It can be also seen by the figures for the Q1 also. There has been a jump of the sales of nearly 23% as compared to the CPLY.

Regarding the NSR, yes, it's a matter of concern. But I think some sort of stability has been seen in the month of July and also in the month of August, though the July trend was also lower as compared to June. But there are obviously some resistance in the NSR now. So moving down further. So we are hopeful that maybe from September, August, second fortnight or maybe from September, things will start looking good for us.

Somaiah V: Got it, sir. Second question is on the other expenditure. On a per tonne basis, it has gone up Q-o-Q. So I mean, any color on the royalty expense? What was it last quarter? And how much it is and -- I mean, is there any other impact on opex that are...

Anil Tulsiani: The royalty, in case of our Dalli group of mines, actually, what has happened is from middle of May, the royalty rates have gone up in case of listing, Dalli group of mines. But overall, there is a downward trend as far as royalty is concerned because we had an expenditure of 60 -- again, service expenditure of INR1,675 crores.

In Q1 of 22-23, our expenditure is around about INR1,411 crores for this. But there is some expenditure increase as far as some power and fuel is concerned and a few other expenses. But overall, if you see our expenditure, our other expenditure has come down from INR7,279 crores to INR6,814 crores. There is a reduction of around INR400 crores.

Somaiah V: Got it. So one last question, if I may. Your production target for this year and also your capex plan.

Anil Tulsiani: The production target for this year is 19 million tonnes, and our capex target is INR6,800 crores.

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

Sumangal Nevatia: The first question on this capex is continuing. After the INR6,800 crores, what would you break up into maintenance? And how much are we spending on growth? And also from -- over the next 2, 3 years perspective, you're not starting any new projects. So what is our plan as far as growth is concerned because, eventually, we will kind of max out on capacity and might lose market share. So in terms of new projects and expansion plans, if you could just elaborate a little bit.

Anil Tulsiani: Yes. Actually, our expansion plans include like having expansion in basically 4 major plants by 31-32. We have covered in-principle approval for our 2 plants to IISCO Steel Plant where we are envisaging capacity increase by around 4.5 million tonnes. And in case of Bokaro, around 3 million tonnes. The DPRs are under preparation now. And we expect to come up for the Stage 1 approval of maybe existing plant by -- you can say the third or maybe the fourth quarter, third quarter or the fourth quarter of 2024. Bokaro also may come out -- come up in the similar time line. Durgapur also we are on the verge of finalizing our product mix for the particular plant. So these 3 plants will be going ahead with the expansion plan.

Now regarding these -- the expenditure of INR6,800 crores, what we are initiating, this is basically for our existing schemes and some replacement schemes, like coke ovens and all, which we have to replace over the period. Once the lifecycle is over and again, like going for rebuilding of Coke Ovens and some other major schemes, which are like the casters are there in Rourkela steel plant and SMS is there. So we think our expenditure will be mainly -- we will be concentrating on these schemes for expanding our - incurring our capex.

But yes, one thing is there that, besides these expansion in this plant, we are also initiating our ramping up our existing capacity to the extent of 3 million to 3.5 million tonnes. This is how we are going to arrive at that and with this capacity of around 35 million tonnes, like '30/'31. So this particular 3 million tonnes, the expenditure for that also starts from this. It will be carried off for the next few years.

Sumangal Nevatia: Okay. So this -- I mean, in terms of maintenance, INR4,000 crores, INR5,000 crores per year should continue…

Anil Tulsiani: Yes. It should.

Sumangal Nevatia: And I should say -- and as far as all this entire 15 million tonne of growth is concerned, so that will be over and above this capex. What could be that ballpark number, sir? I mean what could be a peak capex in a year? So next year, should it be around 8,000 cores, INR10,000 crores?

Anil Tulsiani: Yes. It should be -- provided the -- see, what happens is it depends on the order placement. And you must be also aware that whenever we place the orders in the initial first years, it is wrong but the expenditure is almost 10% to 15%. And in the second and third year, it speaks to around about 20% to 25%, and then it goes -- when it starts coming down after that. So that is the normal thing. So it entirely depends on how fast we can place orders for our expansion there.

Sumangal Nevatia: Understood, sir. That's very clear. Sir, there were news flow with regards to restart of the VISL plant apparently under some social pressure. So what would be the operating losses once we restart this plan?

Anil Tulsiani: Actually, the – I would not call -- like we haven't got any guidance of restarting this plant or anything like that. But yes, there are some losses, which we are incurring. In the quarter, we have incurred a loss of around about INR15-odd crores.

Sumangal Nevatia: Okay. Got it. Got it. And just one last question. So we've been carrying this iron ore inventory since long. And over the last many quarters, we have seen -- we are hardly able to sell anything. There's some INR4,000 odd crores of noncurrent inventory sitting on our books. Sir, any plan to write off this eventually, given -- I mean it's been quite a few long period that we've not been able to sell?

Anil Tulsiani: See, basically, this inventory, whatever we have got is not exactly for sale also. Like it is for our internal consumption also for which we have laid out plans for ourselves, for the major inventory is in Gua mine. So the inventory is there in Gua mine, it will be basically used for our own pellet and beneficiation plant, which we are planning to set up out there through an MDO.

So the majority of the consumption will go there. Of course, we will try to -- whenever we get a good opportunity and we get a good price for this product, we may try to sell it in the market also. But some clearances are awaited from the government, state government. So once we get the clearance, we'll take a call of how much consequently we can sell in the market.

Moderator: Our next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: Sir, I have 3, I'll restrict to 2. Sir, first question is you indicated coking coal decline of INR4,000 on a sequential basis. Sir, can you indicate how much would be the indicative NSR moment for flats, longs and on a blended basis?

Anil Tulsiani: Ahead the future, it's very difficult to predict the future. But as compared to the previous quarter, that could be marginal, you can say. So far, there was a decline. There's a decline on this thing. Around about -- you can say around about INR800 to INR1,000 decline in there. And -- but let's hope that, in fact, the -- as I was talking about it earlier, the certain fragment of August and September, if things pick up. So may be -- we may be at par with the Q1 NSR.

Yes, regarding this differential of NSR of flats and longs, during the previous quarter, there was a difference of around about INR3,000. So we hope that with longs being lower and the flats being higher. So we are just hoping that, as we mentioned, that goes off and others start picking up, so we may see some improvement in the NSR on long side.

Ritesh Shah: Sure. Sir, my second question is, do we under still authority of India have any stainless steel assets? If yes, what is the capacity utilization level of profitability? And what are the incremental plans?

Anil Tulsiani: Yes, we have got a – in our Salem Steel plant. We have got the stainless steel building capacity. But then what is happening is off around of 180,000 tonnes. And -- but it's not only just for stainless steel. We also have -- we also roll mild steel out there. So that product has also been produced out there. And overall, we have incurred a loss of around INR60 crores in Salem Steel Plant for the quarter 1 23-24.

Moderator: Our next question is from the line of Kirtan Mehta from BOB Capital Markets.

Kirtan Mehta: You have mentioned about the improvement in the CDI and the blast furnace productivity. CDI has actually improved from 85 kg per tonne in FY '23 to 104 kg per tonne. So what are the steps that have been taken to improve it? And how far we see this improvement continuing? So what could be the target rate for FY '24 and '25 or the CDI consumption?

Anil Tulsiani: Yes. The CDI, basically, what has happened is that last year, there were some challenges of getting CDIs. But this time, we have got some good tie-ups for CDIs. We have got our -- some resources from Russia also, focus from Russia. So we are planning to increase it further. Actually, our operation budget has certified that it will be in the range of 110 to 112, and we are operating at 104.

So basically, the target is that the larger blast furnaces, whatever we have, we would like to maximize the CDI so that the operating efficiencies of the blast furnaces go up. So we have -- we feel that this target of 112, it can be fulfilled for the financial year '23/'24, which will be quite a big jump. And this will subsequently have an impact on the corporate, which will come down to a very large extent because of that.

Kirtan Mehta: One more question was about the capex -- debottlenecking capex for 3 million tonnes to 3.5 million tonnes. So in terms of the project approvals and order placement, when do we expect that to start? And what could be the time line of delivering on this 3 million to 3.5 million tonne increase at the existing projects?

Anil Tulsiani: Yes. The time spent for this is 3 to 3.5 years. And we have quite a few projects, which we have already sanctioned at the Board level. Like we have also sanctioned the increasing the capacity of the blast furnaces at Durgapur and Bokaro, and because that having the clusters at Rourkela Steel Plant. These are all sanctions that -- and also, of course, we are having standard batteries in some of our plants. So all these, we have already cleared. And principle approval has been given by the board, and they are under tendering. And most probably, we should see that by the end of this year. We can place orders for them, so that the cash flow -- cash outflow for them start from next year.

Kirtan Mehta: And would this come after 3 to 3.5 years? Or will it come in sort of the phases?

Anil Tulsiani: It is on phases because there will be some -- which will be commissioned probably, and I say they'll be in a span of 1 to 1.5 years and some like standard battery, which will normally take around about 30 to 36 months to have a production. So it will come in phases.

Moderator: Our next question is from the line of Vikash Singh from PhillipCapital.

Vikash Singh: Sir, I just need a little bit clarification. In previous calls, you have always said that you would go by plant-by-plant in terms of new capex and road map, try to do everything in one go. But right now, you just said that on 3Q and 4Q, the IISCO Plant, Bokaro as well as the debottlenecking capex would start. This is like 13 million tonnes in one go or running concurrently. So just wanted to understand is there any change in our approach to capex or we are understanding it differently?

Anil Tulsiani: It's absolutely what we are saying that we will continue going in phases. See, what happens is, here, at the moment, we have this -- for example, we take IISCO Steel Plant. IISCO Steel Plant is now coming up immediately. So probably, even like we get this phase on approval by, say, the end of the third quarter or in the fourth quarter, and we start tendering for that. So it's a very big project where we will be having 4.5 million tonnes. So the order placing of that will take substantial size. But at the same time, Bokaro where there is -- you can have brownfield sort of project. So the time for that for placement of orders will take less maybe. So maybe Bokaro Plant, the expansion will start immediately, and the IISCO Steel Plant will start maybe a bit later.

So overall, if you see, there will be a 6 months to nearly 12 months lag between all these things. But then overall, our sector was to complete all our expansion of all the 4 plants by 31-32.

Vikash Singh: Understood, sir. And sir, is this debottlenecking plan also include the pellet capacities, which we wanted to put to use our iron ore fines or those are separate? And if you can give us some idea about the status of those plants.

Anil Tulsiani: Actually, we have got our pellet plants we have envisaged at basically 3 or 4 locations now. One is at July, where we are already -- we have already placed order for a pellet plant of 1 million tonnes per annum capacity on boo basis, where the operator will come and install the plant and then give us the pellets.

Then we have envisaged one more 4-million-tonne plant, which will be at Gua Mines. So this is also on an MDO basis. And this, we expect that by, you can say, like '24, mid or something, we should be able to place order for MDO. And when we come to -- there is another 2-million-tonne plant, which we are initiating at Rourkela Steel Plant.

So this also is in the tendering stage. So these are the 3 plants, which are there. And when we are having this expansion plans, when we're having this modernization, so we are also contemplating plants in IISCO Plant also. And maybe also if you find there is a shortage for pellets, maybe either in Durgapur or Bokaro.

Vikash Singh: Understood, sir. And sir, just one -- second question. This pertains to our provisional pricing of INR1,768 crores, which we have taken. This is a benchmark to what we did basically. Just wanted to understand if this pricing is at par with current spot prices or lower or higher? And what's the gap basically?

Anil Tulsiani: Are you talking about the rail prices?

Vikash Singh: Yes, sir. Just fourth number of basic...

Anil Tulsiani: Okay, okay. I will explain it you. See, what happens is that the rail pricing, it is normally finalized by the railways with us. The time lag between the financial year for which the prices are to be fixed and the actual price when it is fixed for the railways, there's a time lag of around 1.5 years. So what happens in between is that at the beginning of the year, we approach the railways to give us an ad hoc rate.

So when we give, we ask for this ad hoc rate. That is the price which is approved by the railways. And based on that, we do our invoicing to them. So this amount is basically on that. So for the current year, 23-24 -- in the year -- in April '23 or May '23, you can say, the fixed price for 22-23. So that price is still carrying on in 23-24. So that is what I can mention out there.

Vikash Singh: That's what I understand, sir. I just wanted to know whether this benchmark prices or the ad hoc prices, which was given to you is lower than the current spot prices or higher? So...

Anil Tulsiani: It is much lower. It is much lower.

Vikash Singh: So there is a provision for getting extra money into...

Anil Tulsiani: And that will straight away improve our bottomline.

Moderator: Our next question is from the line of Pallav Agarwal from Antique Stockbroking.

Pallav Agarwal: I had a question on the employee cost. So this quarter, we've seen a lower employee cost compared to Q4 and even compared to last year. So what is the guidance for the full year that we have?

Anil Tulsiani: Guidance will be that probably -- it will be in this range only around -- you can say, by the year-end, we may have it at round about INR11,500 crores or something like that, INR11,500 crores to INR12,000 crores.

Pallav Agarwal: Okay. So probably...

Anil Tulsiani: See, you must have compared to the last quarter. In the last quarter, normally, what happens is we take some -- we do the actuarial valuation. And at that point, the actuarial valuations have done at that point of time. So sometimes there is a higher impact of that. That was the reason why in Q4 of '22/'23, the salary and wages were higher to some extent.

Pallav Agarwal: Okay. Sir, also on the sales volume for this quarter. So you mentioned that demand continues to remain strong, but it seems we have built up some inventory in the quarter because saleable steel production was higher than the sales volume. So what kind of inventory finished steel in carrying right now?

Anil Tulsiani: Yes, it is around about 1.4 million tonnes. It's around 1.4 million tonnes. See, always what happens is that at the year-end, there is a lot of emphasis on clearing the stock and people are also interested in trying to achieve the MoU target. So the inventory normally comes down by the year-end. There is a stock buildup. There is a stock buildup of around 3.5 lakh tonnes in this particular quarter. But we are confident that we'll come back to the levels of March '23 by March '24.

Moderator: Our next question is from the line of Raashi Chopra from Citigroup.

Raashi Chopra: Just coming back to the realizations. Could you just give us the NSR for the flat and long in the quarter versus the fourth quarter, please?

Anil Tulsiani: For this quarter, the flats were in the range of 57,700. And the longs were in the range of 55,000. For Q4, I'll just try to get the figure. I will give it to you offline.

Raashi Chopra: Okay. And you indicated that in the current quarter, which is 2Q, prices hopefully should be lower by about INR1,000 and the coking coal prices should be lower by about INR4,500 to

INR5,000 on your imported coal side. So essentially, we are talking about a reasonable EBITDA per tonne expansion. Is that a fair assumption?

Anil Tulsiani: You can say so.

Raashi Chopra: Okay. Then just on the capex side, out of the INR6,800 crores that you mentioned, how much of that is -- or do you have like a breakdown on how much of it is maintenance, how much of it is going into the debottlenecking?

Anil Tulsiani: The maintenance should be around about INR1,500 crores to INR2,000 crores, which is normally the maintenance which we have. The next -- the remaining should be in debottlenecking. And besides this figure, whatever is there, this also includes the expenditure because this is a target which is fixed by the ministry for us. So this is a MOU target where the expenditure incurred by our JV has also forms a part of it. Our proportion of the share in the JV to that extent the capex, whatever is incurred by the JV, is also shown as a part of this. So there is some component of the JVs also, which is also in the INR6,800 crores.

Raashi Chopra: Is that a significant number?

Anil Tulsiani: Not much.

Raashi Chopra: And what was the capex in the first quarter, sir?

Anil Tulsiani: INR920 crores.

Raashi Chopra: And just last question for me, sir, just in terms of the expenses for the moment, there is a sweating of 3 million, 3.5 million tonnes. IISCO, 4.5 million tonnes, 3 million tonnes at Bokaro, right? That's what's in the pipeline.

Anil Tulsiani: Yes.

Moderator: Our next question is from the line of Aditya Welekar from Axis Securities.

Anil Tulsiani: Let this be the last question, please.

Aditya Welekar: So in terms of these expansion projects that we are planning, so any thoughts on raw material integration means, particularly on coking coal? So the proportion of backward integration, will it remain the same currently what we have or you are planning to explore more in terms of coking coal exploration as we go for higher steel production targets in the coming decade?

Anil Tulsiani: See, we have got Tasra mine, which is in that Jharia coal belt. So the board has cleared the proposal for that for having it run by an MDO. So this is basically a place from where we'll get about 1.6 million to 1.7 million tonnes of coking coal. So this is one area, which we are planning to get additional indigenous coal.

And of course, we are here also on the lookout of getting much more coal from BCCL and requesting them to set up washeries to have it converted through washeries and supply to us.

So basically, if you see, our target is around about at least 20% of indigenous coal in our entire coal mix.

Aditya Welekar: Understood. Sir, the next question remains for the -- as we are going for a capex intentions again. So from a capital allocation perspective, any deleveraging target you have in mind in medium to long term?

Anil Tulsiani: Yes. This time, we expect the borrowings to come down by around INR4,000 crores. We are expecting that much. So the thing is that -- but of course, again, it depends entirely on how the coal costs move during this quarter and also the NSR. But otherwise, we're optimistic that we should bring it down to INR22,000 to INR22,500 crores.

Moderator: Ladies and gentlemen, that was the last question of our question-answer session due to time constraints. I would now like to hand the conference over to Mr. Ashish Kejriwal for closing comments.

Ashish Kejriwal: Yes. I understand there was a shortage of time, and 3, 4 people are still in the queue, but I'll request them to reach out to us or to Investor Relations for the questions. Sir, any closing remarks which you want to give?

Anil Tulsiani: It's just that the company remains committed to improving operational efficiency. And with the market expected to be more benevolent in the coming quarters, I'm hopeful that the good times await us and our investors. Thank you.

Ashish Kejriwal: Thank you, sir. Thank you very much.

Moderator: Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.