

SAIL pushes ₹36,000 cr capex to FY27 amid debt concerns

CURRENT TREND. Gets board approvals but awaiting financial closure on tenders

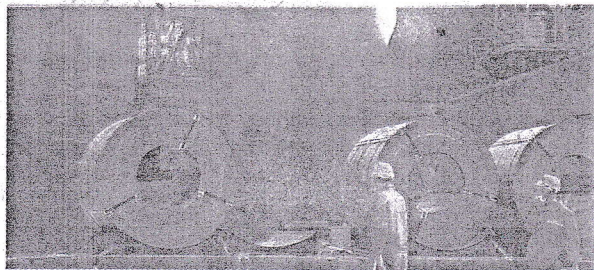
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PSU steel-maker SAIL will look to push ahead with its ₹36,000 crore expansion of IISCO Steel Plant, expanding capacity by 4.5 mtpa the next fiscal onwards.

While Board approvals have been received, financial closure on the tenders is yet to happen and are expected either towards "end-Q3FY26 or in early Q4" (between December-end and March 2026). Capex jump is expected next year onwards only.

Capex plans saw a near-25 per cent y-o-y increase to ₹7,500 crore (from ₹5,700-6,000 crore in the year-ago period) for the current fiscal with the PSU major already spending ₹1,642 crore in the first quarter, higher than target.

"We expect a good jump in capex next year, but the actual numbers depend on fi-



QUARTERLY STATS. Debt to equity ratio was 0.51 in the June quarter ending, improving over 0.54 in FY25 REUTERS

nalising packages," Ashok Panda, Director (Finance), SAIL, said during an investor call, highlighting the capital deployment schedule.

With tendering still in progress and order placements expected only in late FY26, execution timelines have likely slipped.

As per initial plans, SAIL's capacity addition at IISCO will be around 4 million tonne per annum (mtpa), while an additional 0.5 mtpa is expected through de-bottlenecking.

The expansion plan is ex-

pected to play out by FY30.

This IISCO expansion is a part of SAIL's 15 mtpa addition plan across all its plants, with an expected investment of over ₹1,00,000 crore. One major concern has been bringing down the debt.

DEBT POSITION

In Q1FY26, the company saw a ₹1,100 crore reduction in borrowings — down 4 per cent over FY25-end — but the numbers continue to be elevated at ₹28,741 crore.

Borrowings in FY25-end were at ₹29,811 crore levels.

Debt to equity ratio was 0.51 in the June quarter over 0.54 in FY25.

PRICE SOFTNESS

In July, long products were priced at ₹51,500/tonne and flat products at ₹48,600/tonne.

With net sales realisation (NSR) in Q2 expected to dip below Q1's ₹51,700/tonne, earnings pressure is likely to persist.

SAIL's full-year sales target of 18.5 million tonnes (excluding NMDC volumes) as against 17.9 mt in FY25 hinges on continued domestic demand, which has been growing at 8 per cent-plus.

"(Steel) imports in Q1 of this year (FY26) is under control. The prices of steel have also been operating in a narrow band, but with the prices stabilising in the past one or two weeks right now. There are hopes for improvement in the next quarters," Panda said.