SAIL to trim debt further as part of ₹1,00,000-crore capex plan

ON RIGHT TRACK. Steel major's debt came down by 3% on a y-o-y basis to ₹29,811 crore in FY25

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State-owned steel major SAIL (Steel Authority of India Ltd) has managed to bring down debt by 3 per cent (nearly ₹800 crore) on a year-on-year basis, to ₹29,811 crore in FY25, banking primarily on improved realisations in the January-March period following a rise in the prices of the metal during the period.

In fact, the debt came down by 16 per cent from the peak ₹35,659 crore in H2FY25 (June 30). The debt reduction comes amid the alloy maker preparing a nearly ₹1,20,000 crore capex, adding nearly 15 million tonnes per annum (mtpa) capacity – up 75 per cent – over the existing 20 mtpa by FY30.

The company's top brass, during the earnings call, said attempts will be made to bring down debt further, "on a month-on-month basis", following improved steel prices, Q1FY26 onwards, primarily by imposing safeguard duties. This, they said, will lead to a drop in imports.

The other way to bring down debt is by lowering the prices of coking coal – a key feedstock material – by approximately ₹1,500 per tonne; and improving other operational parameters. Realisations have improved between ₹1,500 and ₹5,000 per tonne, depending on the metal category (long or flat).

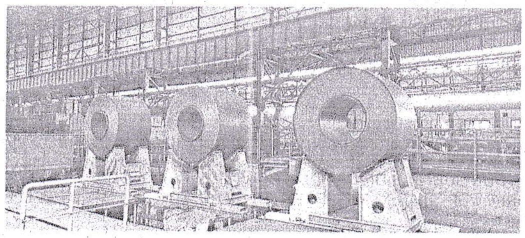
Debt levels are expected to be down by another 10 per cent to ₹26,800 crore in the coming days.

DEBT-EQUITY RATIO

Debt to equity ratio is at 0.54 for FY25, as against 0.57 in FY24; and the June 2025 peak of 0.66 per cent. A lower debt to equity is seen as an indication of higher financial stability implying that the company relies less on debt financing.

"This year, we reduced debt by around ₹750 crore or so; and we will be bringing it down further on a m-o-m basis, may be around ₹26,700-26,800 crore levels," Ashok Kumar Panda, Director (Finance), SAIL, said during the earnings call.

According to him, the company is putting in place a two-pronged strategy as it embarks on one of its largest capacity-expansion plans. This includes bettering internal resource generation through "improved profitability" and "the rest through other available instruments" (indicating possible fund or debt raise).



IN THE WORKS. SAIL is working on a two-pronged strategy as it embarks on one of its largest capacity-expansion plans PTI

"Debt to equity ratio is good," Panda said. Generally, a less than 1 debt-equity ratio is seen as a good financial parameter.

In Q4FY25, the company saw a 16.5 per cent jump in net profit to ₹1,178 crore. On a sequential basis, (Q4 vs Q3), the jump in profit was a substantial 835 per cent. In Q3FY25, PAT was ₹126 crore.

EXPANSIONS PLANS

In FY26, capex is pegged at ₹7,500 crore, with a part of this being utilised for the second phase of expansion of ISP (IISCO Steel Plant), which is already underway. At IISCO, brownfield expansions would add 0.5 mtpa by FY28 out of the total 7 mtpa expected by FY29.

For SAIL, nearly 3 mtpa of capacity additions (of its planned 15 mtpa) are expected from de-bottlenecking at existing plants – IISCO, Bhilai, Durgapur and Rourkela. Panda said, debottlenecking would add at least 1-1.5 mtpa in some of these plants by FY28.

"So, greenfield and brownfield expansions should have a three-year impact with expansions happening around FY30. But debottlenecking of 2-3 mtpa at least is expected by 2028," he said, adding that some of the expansion projects are "taking shape" with capex peaking expected around FY28 and FY29 to around ₹10,000-15,000 core during each of these years.

"It is difficult to quantify the capex peaking at this point," Panda added.