

# SAIL readying ₹1-lakh crore capex plans

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The Steel Authority of India Ltd (SAIL) is eyeing an over ₹1,00,000 crore capex over a 10 year period as it plans to up capacities to around 35 million tonnes (mt) per annum. Capex plans include setting up capacities, ramping up existing facilities, de-bottlenecking, maintenance and replacement of coke oven batteries, apart from investing in new product lines.

The CPSE and amongst the largest steel-makers in the country currently has an installed capacity of 20 mtpa. Crude steel production last fiscal was 18.3 mt.

According to Anil Tulsiani,

Director (Finance), SAIL, most of the capex plans are already in a drawing board stage; an "in-principle approval from the board has been received". Over the next six months — "towards August or September" — these plans should be ready and the tendering process should be over in "another four to five months" (by FY24 end), he added.

## CAPACITY EXPANSION

"Work towards capacity expansion would start around FY25. In actual terms, peaking of investments will happen in and around FY28 and FY29, with 35 mt going on-stream by FY32. So we are envisaging a capex of over ₹1,00,000 crore across these

years," he said, during an analyst call.

Tulsiani said investments are being spread out to avoid "bunching up" or tying up of funds. For instance, in the first year, capacity expansion would be carried out at IISCO — Burnpur that would see capacity ramp up by 4.5 mtpa; followed by expansion at Bokaro by 3 mtpa. The following year, expansion is planned at the Durgapur Steel Plant.

"De-bottlenecking of existing capacities would add 2.5-3 mtpa over the next 3-4 years," he added.

For FY24, the company has earmarked a capex of ₹ 6,000 crore, primarily for maintenance purposes that include refurbishment and replace-

ment of coke-oven batteries. The saleable steel target is set at 19.7 mt- a 15 per cent increase y-o-y.

The steel-maker said it would look at keeping debt-equity in the 1:1 range, despite the huge capex plans. Current debt to equity ratio is 0.59. In FY23, borrowings were over ₹30,000 crore; while net debt stood at ₹28,400 crore-odd.

"Profitability in FY23 had been impacted due to high input costs majorly imported coking coal and foreign exchange variation loss," Tulsiani said. The steel-major's EBITDA (earnings before interest, tax, depreciation and amortisation) dropped 58 per cent y-o-y to ₹9,379 crore last fiscal (from ₹ 22,364 crore).