

## RESULT UPDATE

## KEY DATA

|   |                |
|---|----------------|
| <b>Rating</b>                           | <b>HOLD</b>    |
| <b>Sector relative</b>                  | <b>NEUTRAL</b> |
| <b>Price (INR)</b>                      | <b>141</b>     |
| <b>12 month price target (INR)</b>      | <b>141</b>     |
| <b>52 Week High/Low</b>                 | <b>143/99</b>  |
| <b>Market cap (INR bn/USD bn)</b>       | <b>580/6.6</b> |
| <b>Free float (%)</b>                   | <b>8.0</b>     |
| <b>Avg. daily value traded (INR mn)</b> | <b>1,789.8</b> |

## SHAREHOLDING PATTERN

|          | Sep-25 | Jun-25 | Mar-25 |
|----------|--------|--------|--------|
| Promoter | 65.0%  | 65.0%  | 65.0%  |
| FII      | 3.76%  | 3.65%  | 3.20%  |
| DII      | 18.09% | 17.31% | 15.75% |
| Pledge   | 13.15% | 14.04% | 16.05% |

## FINANCIALS

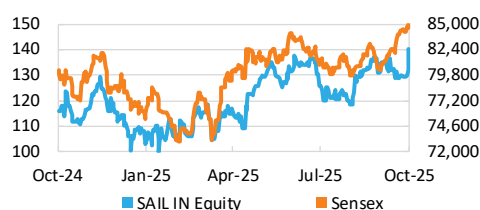
(INR bn)

| Year to March      | FY25A   | FY26E   | FY27E   | FY28E   |
|--------------------|---------|---------|---------|---------|
| Revenue            | 1,024.8 | 1,090.3 | 1,131.0 | 1,169.4 |
| EBITDA             | 106.3   | 116.3   | 143.9   | 151.6   |
| Adjusted profit    | 24.6    | 36.6    | 51.9    | 54.4    |
| Diluted EPS (INR)  | 6.0     | 8.8     | 12.6    | 13.2    |
| EPS growth (%)     | (31.2)  | 48.6    | 41.9    | 4.8     |
| RoAE (%)           | 3.9     | 5.8     | 8.6     | 8.5     |
| P/E (x)            | 22.8    | 15.4    | 10.8    | 10.3    |
| EV/EBITDA (x)      | 8.6     | 7.4     | 6.1     | 6.0     |
| Dividend yield (%) | 1.2     | 1.8     | 2.8     | 2.9     |

## CHANGE IN ESTIMATES

| (INR bn)          | Revised estimates |        | % Revision |       |
|-------------------|-------------------|--------|------------|-------|
| Year to March     | FY26E             | FY27E  | FY26E      | FY27E |
| Revenue           | 1085.3            | 1126.0 | -1.0       | 1.6   |
| EBITDA            | 116.3             | 143.9  | -8.5       | -0.8  |
| Adjusted profit   | 36.6              | 51.9   | -6.6       | 3.5   |
| Diluted EPS (INR) | 8.8               | 12.6   | -6.8       | 3.8   |

## PRICE PERFORMANCE



## Good showing in seasonally weak quarter

SAIL reported better-than-expected Q2FY26 adjusted EBITDA of INR25.3bn (our estimate: INR20.8bn), down 3% QoQ, whereas adjusted EBITDA/t fell INR553 QoQ to INR5,142. Higher sales volume and lower cost partially offset weakness in steel prices. External debt reduced by INR23.1bn QoQ to INR264.3bn.

We reckon Q3FY26E EBITDA/t would be flat QoQ despite expectation of an improvement in steel prices in December. Amid delay in steel price increase, we are cutting FY26E/27E EBITDA by 8.5%/0.8% to factor in lower steel prices. This along with a valuation rollover to FY28E yields a TP of INR141 (earlier: INR135) at 6x EV/EBITDA; maintain 'HOLD'.

## Adjusted EBITDA down 3% QoQ; lower prices offset by higher volume

Adjusted EBITDA decreased 3% QoQ to INR25.3bn while EBITDA/t fell INR553 QoQ to INR5,142. The decrease was due to lower steel realisation of INR2,900/t QoQ partially offset by higher scrap and by-product sales at INR11.4bn (up 31% QoQ) and higher sales volume (4.91mt, up 8% QoQ). Coking coal cost increased INR500/t to ~INR17,400/t in Q2FY26, and we expect a further rise of INR600–700/t in Q3FY26E. Sales volume of 4.91mt includes ~300kt of trading volume coming from NMDC Steel (revenue contribution of ~INR15bn). Despite higher volume, other expenses at INR78.7bn, flat QoQ, provided benefits of operating leverage. The company reported one-off cost of INR3.38bn (exceptional item) due to increase in gratuity limit to INR2.5mn from INR2mn, affecting gratuity provision.

Management has maintained FY26 sales volume (ex-trading volume of NMDC Steel) guidance of 18.5mt for FY26 versus 17.5mt in FY25. It targets 19.4–19.8mt in FY27 supported by commissioning of debottlenecking projects at various plants.

## Debt down 8% QoQ; growth capex to start FY27 onwards

Gross debt (ex-Ind AS) fell INR23.14bn QoQ to INR264.3bn (end-Q2FY26). Capex was INR17.5bn; management guided INR75bn/100bn-plus for FY26/FY27. Tendering process has started to expand the IISCO plant by 4.5mt at estimated ~INR330bn capex; ordering from Dec-25E. Commissioning of plant is expected by end-FY29E. Net debt to rise from FY27 (FY27E net debt/EBITDA of 2.2x), but stay under control.

## Earnings to recover Q4FY26 onwards

We expect steel prices to recover in Dec-25 with uptick in steel demand. With capex picking up in FY27E, we expect net debt/EBITDA to stay 2.2–2.5x over FY26–28E. After recent run-up, the stock has less room for further upside; maintain 'HOLD'.

## Financials

| Year to March (INR mn) | Q2FY26   | Q2FY25   | % Change | Q1FY26   | % Change |
|------------------------|----------|----------|----------|----------|----------|
| Net Revenue            | 2,67,039 | 2,46,747 | 8.2      | 2,59,215 | 3.0      |
| EBITDA                 | 25,256   | 29,043   | (13.0)   | 27,645   | (8.6)    |
| Adjusted Profit        | 7,652    | 8,335    | (8.2)    | 6,855    | 11.6     |
| Diluted EPS (INR)      | 1.9      | 2.0      | (8.2)    | 1.7      | 11.6     |

## Financial Statements

### Income Statement (INR mn)

| Year to March          | FY25A     | FY26E     | FY27E     | FY28E     |
|------------------------|-----------|-----------|-----------|-----------|
| Total operating income | 10,24,782 | 10,90,288 | 11,30,968 | 11,69,350 |
| Gross profit           | 5,34,332  | 5,42,334  | 5,71,689  | 5,93,800  |
| Employee costs         | 1,16,585  | 1,16,304  | 1,18,630  | 1,22,189  |
| Other expenses         | 1,78,192  | 1,71,496  | 1,73,765  | 1,80,050  |
| EBITDA                 | 1,06,294  | 1,16,333  | 1,43,934  | 1,51,566  |
| Depreciation           | 56,496    | 58,996    | 61,996    | 64,996    |
| Less: Interest expense | 27,928    | 20,728    | 24,287    | 25,587    |
| Add: Other income      | 11,344    | 11,000    | 11,500    | 11,500    |
| Profit before tax      | 33,215    | 47,609    | 69,151    | 72,483    |
| Prov for tax           | 8,609     | 11,056    | 17,288    | 18,121    |
| Less: Other adjustment | (3,126)   | (3,384)   | 0         | 0         |
| Reported profit        | 21,480    | 33,169    | 51,863    | 54,362    |
| Less: Excp.item (net)  | 3,126     | 3,384     | 0         | 0         |
| Adjusted profit        | 24,606    | 36,553    | 51,863    | 54,362    |
| Diluted shares o/s     | 4,131     | 4,131     | 4,131     | 4,131     |
| Adjusted diluted EPS   | 6         | 9         | 13        | 13        |
| DPS (INR)              | 1.6       | 2.4       | 3.8       | 3.9       |
| Tax rate (%)           | 25.9      | 23.2      | 25.0      | 25.0      |

### Important Ratios (%)

| Year to March          | FY25A    | FY26E    | FY27E    | FY28E    |
|------------------------|----------|----------|----------|----------|
| Net debt (INR mn)      | 3,54,595 | 2,96,225 | 3,13,084 | 3,44,903 |
| EBITDA margin (%)      | 10.4     | 10.7     | 12.7     | 13.0     |
| Net profit margin (%)  | 2.4      | 3.4      | 4.6      | 4.6      |
| Revenue growth (% YoY) | (2.7)    | 6.7      | 3.7      | 3.4      |
| EBITDA growth (% YoY)  | (4.5)    | 9.4      | 23.7     | 5.3      |
| Adj. profit growth (%) | (31.2)   | 48.6     | 41.9     | 4.8      |

### Assumptions (%)

| Year to March            | FY25A  | FY26E  | FY27E  | FY28E  |
|--------------------------|--------|--------|--------|--------|
| GDP (YoY %)              | 6.0    | 6.2    | 6.2    | 6.2    |
| Repo rate (%)            | 6.0    | 5.0    | 5.0    | 5.0    |
| USD/INR (average)        | 84.5   | 87.5   | 87.5   | 87.5   |
| Steel sales volume (mt)  | 17.9   | 19.5   | 19.7   | 20.4   |
| Blended realis. (INR/t)  | 57,276 | 55,576 | 57,076 | 57,076 |
| Coking coal cost/t (INR) | 20,280 | 17,500 | 17,500 | 17,500 |
| EBITDA/t (INR)           | 5,942  | 5,963  | 7,303  | 7,430  |
| Net debt/EBITDA (x)      | 3.3    | 2.5    | 2.2    | 2.3    |

### Valuation Metrics

| Year to March      | FY25A | FY26E | FY27E | FY28E |
|--------------------|-------|-------|-------|-------|
| Diluted P/E (x)    | 22.8  | 15.4  | 10.8  | 10.3  |
| Price/BV (x)       | 1.0   | 1.0   | 0.9   | 0.9   |
| EV/EBITDA (x)      | 8.6   | 7.4   | 6.1   | 6.0   |
| Dividend yield (%) | 1.2   | 1.8   | 2.8   | 2.9   |

Source: Company and Nuvama estimates

### Balance Sheet (INR mn)

| Year to March        | FY25A     | FY26E     | FY27E     | FY28E     |
|----------------------|-----------|-----------|-----------|-----------|
| Share capital        | 41,305    | 41,305    | 41,305    | 41,305    |
| Reserves             | 5,15,259  | 5,41,861  | 5,78,166  | 6,16,219  |
| Shareholders funds   | 5,56,564  | 5,83,167  | 6,19,471  | 6,57,524  |
| Minority interest    | 0         | 0         | 0         | 0         |
| Borrowings           | 3,63,645  | 3,63,645  | 3,83,645  | 4,03,645  |
| Trade payables       | 1,04,986  | 1,48,670  | 1,54,242  | 1,59,500  |
| Other liabs & prov   | 1,40,522  | 1,44,599  | 1,47,036  | 1,49,336  |
| Total liabilities    | 13,29,181 | 14,10,380 | 14,78,781 | 15,48,248 |
| Net block            | 7,18,615  | 6,89,619  | 6,57,624  | 6,22,628  |
| Intangible assets    | 14,257    | 14,257    | 14,257    | 14,257    |
| Capital WIP          | 72,062    | 1,17,062  | 1,97,062  | 2,97,062  |
| Total fixed assets   | 8,04,934  | 8,20,938  | 8,68,943  | 9,33,947  |
| Non current inv      | 17,599    | 17,599    | 17,599    | 17,599    |
| Cash/cash equivalent | 9,050     | 67,420    | 70,561    | 58,742    |
| Sundry debtors       | 75,572    | 74,335    | 77,121    | 79,750    |
| Loans & advances     | 226       | 226       | 226       | 226       |
| Other assets         | 3,78,004  | 3,86,066  | 4,00,535  | 4,14,188  |
| Total assets         | 13,29,181 | 14,10,380 | 14,78,781 | 15,48,248 |

### Free Cash Flow (INR mn)

| Year to March         | FY25A    | FY26E    | FY27E      | FY28E      |
|-----------------------|----------|----------|------------|------------|
| Reported pbt          | 30,088   | 47,609   | 69,151     | 72,483     |
| Add: Depreciation     | 56,496   | 58,996   | 61,996     | 64,996     |
| Interest (net of tax) | 22,144   | 0        | 0          | 0          |
| Others                | (696)    | 0        | 0          | 0          |
| Less: Changes in WC   | (4,418)  | 47,772   | (5,159)    | (4,868)    |
| Operating cash flow   | 97,240   | 1,43,321 | 1,08,700   | 1,14,490   |
| Less: Capex           | (64,275) | (75,000) | (1,10,000) | (1,30,000) |
| Free cash flow        | 32,964   | 68,321   | (1,300)    | (15,510)   |

### Key Ratios

| Year to March         | FY25A | FY26E | FY27E | FY28E |
|-----------------------|-------|-------|-------|-------|
| RoE (%)               | 3.9   | 5.8   | 8.6   | 8.5   |
| RoCE (%)              | 6.7   | 7.3   | 9.6   | 9.5   |
| Inventory days        | 126   | 114   | 112   | 113   |
| Receivable days       | 28    | 25    | 24    | 24    |
| Payable days          | 46    | 42    | 49    | 49    |
| Working cap (% sales) | 26.9  | 21.5  | 21.5  | 21.6  |
| Gross debt/equity (x) | 0.7   | 0.6   | 0.6   | 0.6   |
| Net debt/equity (x)   | 0.6   | 0.5   | 0.5   | 0.5   |
| Interest coverage (x) | 1.8   | 2.8   | 3.4   | 3.4   |

### Valuation Drivers

| Year to March     | FY25A  | FY26E | FY27E | FY28E |
|-------------------|--------|-------|-------|-------|
| EPS growth (%)    | (31.2) | 48.6  | 41.9  | 4.8   |
| RoE (%)           | 3.9    | 5.8   | 8.6   | 8.5   |
| EBITDA growth (%) | (4.5)  | 9.4   | 23.7  | 5.3   |
| Payout ratio (%)  | 30.8   | 30.0  | 30.0  | 30.0  |

## Exhibit 1: Standalone financial snapshot

| Year to March (INR mn)      | Q2FY26          | Q2FY25          | YoY (%)      | Q1FY26          | QoQ (%)      | FY26E            | FY27E            | FY28E            |
|-----------------------------|-----------------|-----------------|--------------|-----------------|--------------|------------------|------------------|------------------|
| <b>Net revenues</b>         | <b>2,67,039</b> | <b>2,46,747</b> | <b>8.2</b>   | <b>2,59,215</b> | <b>3.0</b>   | <b>10,85,288</b> | <b>11,25,968</b> | <b>11,64,350</b> |
| Raw material                | 1,33,728        | 1,15,637        | 15.6         | 1,23,495        | 8.3          | 5,47,954         | 5,59,279         | 5,75,550         |
| Staff cost                  | 29,388          | 28,717          | 2.3          | 29,440          | (0.2)        | 1,16,304         | 1,18,630         | 1,22,189         |
| Other expenditure           | 78,668          | 73,351          | 7.2          | 78,634          | 0.0          | 1,71,496         | 1,73,765         | 1,80,050         |
| Total expenditure           | 2,41,783        | 2,17,705        | 11.1         | 2,31,569        | 4.4          | 9,73,955         | 9,87,034         | 10,17,785        |
| EBITDA                      | 25,256          | 29,043          | (13.0)       | 27,645          | (8.6)        | 1,16,333         | 1,43,934         | 1,51,566         |
| <b>Adjusted EBITDA</b>      | <b>25,256</b>   | <b>12,673</b>   | <b>99.3</b>  | <b>25,910</b>   | <b>(2.5)</b> | <b>1,16,333</b>  | <b>1,43,934</b>  | <b>1,51,566</b>  |
| Depreciation                | 14,530          | 13,037          | 11.5         | 14,410          | 0.8          | 58,996           | 61,996           | 64,996           |
| Interest                    | 4,843           | 7,575           | (36.1)       | 5,946           | (18.6)       | 20,728           | 24,287           | 25,587           |
| Other income                | 3,030           | 2,695           | 12.4         | 1,609           | 88.4         | 11,000           | 11,500           | 11,500           |
| Profit Before Tax           | 8,913           | 11,126          | (19.9)       | 8,898           | 0.2          | 47,609           | 69,151           | 72,483           |
| Provision for Tax           | 1,261           | 2,790           | (54.8)       | 2,043           | (38.3)       | 11,056           | 17,288           | 18,121           |
| Reported net profit         | 4,268           | 8,335           | (48.8)       | 6,855           | (37.7)       | 33,169           | 51,863           | 54,362           |
| <b>Adjusted Profit</b>      | <b>7,652</b>    | <b>8,335</b>    | <b>(8.2)</b> | <b>6,855</b>    | <b>11.6</b>  | <b>36,553</b>    | <b>51,863</b>    | <b>54,362</b>    |
| Weighted avg shares         | 4,131           | 4,131           |              | 4,131           | 0.0          | 4,131            | 4,131            | 4,131            |
| EPS (INR)                   | 1.9             | 2.0             | (8.2)        | 1.7             | 11.6         | 8.8              | 12.6             | 13.2             |
| <b>as % of net revenues</b> |                 |                 |              |                 |              |                  |                  |                  |
| Raw material                | 50.1            | 46.9            |              | 47.6            |              | 50.5             | 49.7             | 49.4             |
| Staff costs                 | 11.0            | 11.6            |              | 11.4            |              | 10.7             | 10.5             | 10.5             |
| Other expenses              | 29.5            | 29.7            |              | 30.3            |              | 15.8             | 15.4             | 15.5             |
| EBITDA                      | 9.5             | 5.1             |              | 10.0            |              | 10.7             | 12.8             | 13.0             |
| Reported net profit         | 1.6             | 3.4             |              | 2.6             |              | 3.1              | 4.6              | 4.7              |
| Tax rate                    | 14.1            | 25.1            |              | 23.0            |              | 23.2             | 25.0             | 25.0             |

Source: Company, Nuvama Research

## Exhibit 2: Per tonne analysis

| Particulars                      | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | QoQ(%) | YoY(%) |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Volume (mt)                      | 4.10   | 4.45   | 5.33   | 4.55   | 4.91   | 8.0    | 19.8   |
| Derived steel realisation(INR/t) | 56,190 | 55,033 | 53,599 | 56,589 | 54,365 | -3.9   | -3.2   |
| <b>Cost (INR/t)</b>              |        |        |        |        |        |        |        |
| Raw material                     | 28,204 | 27,818 | 26,246 | 24,746 | 25,458 | 2.9    | -9.7   |
| Staff cost                       | 7,004  | 6,114  | 6,615  | 7,043  | 6,383  | -9.4   | -8.9   |
| Other expenses                   | 17,891 | 15,967 | 15,898 | 18,812 | 17,087 | -9.2   | -4.5   |
| Adjusted EBITDA/t                | 3,091  | 4,551  | 6,332  | 5,695  | 5,142  | -10.0  | 66.0   |

Source: Company, Nuvama Research

## Q2FY26 conference call takeaways

### Guidance

- Average steel realisation for longs was INR48,800/t in Q2FY26 (down INR5,700/t QoQ) while flat steel price was down INR1,700/t QoQ at INR48,700/t, translating to blended average realisation of INR48,800/t in Q2FY26 (down ~INR2,900/t QoQ). Management informed that October realisation for flats is INR46,600 (down INR2,200/t from Q1FY26 average) while longs' realisation rose INR1,140/t to INR49,940/t. Management expects steel prices to improve from mid-to-end of Nov-25.
- During Q2FY26, average blended coking coal cost increased INR500/t QoQ (versus guidance of flat QoQ) to ~INR17,400/t. For Oct-25, blended coking coal cost has remained flat compared with Q2FY26 average and imported coking coal cost stood at INR18,150/t. Management expects cost to increase by INR600–700/t in Q3FY26 to INR18,000–18,100/t.
- Management has maintained FY26 sales volume (ex-trading volume of NMDC Steel) guidance of 18.5mt for FY26 versus 17.5mt in FY25. It targets 19.4–19.8mt in FY27 supported by commissioning of debottlenecking projects at various plants.
- VAP mix improved from 54.5% in Q1FY26 to 57% in Q2FY26. It targets to increase to 60%-plus in FY27.

### Debt and capex

- Capex in Q2FY26 was INR17.3bn; SAIL guided for FY26 capex of >INR75bn and FY27 of >INR100bn.
- SAIL has started the tendering process for expansion of IISCO capacity by 4.5mtpa at an estimated capex of ~INR330bn. The ordering process is likely to start Dec-25 onwards and the plant is expected to complete by end-FY29E. Capex will be funded 50:50 through internal accruals and debt.
- Debt: Reduced by INR23.1bn QoQ to INR264.3bn (ex-Ind AS adjusted).

### Others

- The Scrap and by-product sales increased by 31% QoQ to INR11.4bn (vs INR8.7bn in Q1FY26). EBITDA contribution could be 20-25% of the by-product sale. Management indicated by product sale can increase further as it will reduce scrap and by product inventory through auctions in H2FY26.
- It has 1.9mt finished steel inventory at Q2FY26-end (1.7mt at Q1FY26) and 0.7mt semi-finished steel inventory (1.3mt at Q1FY26). Total inventory reduced to 2.69mt from 2.72mt
- During Q2FY26, it sold 0.3mt of steel (trade) of NMDC steel and recorded revenue of ~INR15bn.
- Rail price revision benefit of FY24 supplies is fully accounted as on Q1FY26. Currently, Government is in process to finalise realisation for FY25 which shall accrue adjustment in due course.
- It sold 0.3mt iron ore from Bolani mine in Odisha. Currently SAIL is conducting auction for dump fines inventory of 33mt. Besides, it is dispatching dump fines to various sintering plants and targets sale of 0.7-0.8mt/year.
- Next wage revision for non-executives is due on 1st January 2027

## Exhibit 3: Key assumptions

| Particulars                     | FY24   | FY25   | FY26E  | FY27E  | FY28E  |
|---------------------------------|--------|--------|--------|--------|--------|
| Average exchange rate (USD/INR) | 82.8   | 84.5   | 87.5   | 87.5   | 87.5   |
| Steel sales volume (mt)         | 17.1   | 17.9   | 19.5   | 19.7   | 20.4   |
| Blended realisation (INR/t)     | 61,010 | 57,276 | 55,576 | 57,076 | 57,076 |
| Coking coal cost/t (INR)        | 24,900 | 20,280 | 17,500 | 17,500 | 17,500 |
| EBITDA/t (INR)                  | 6,495  | 5,942  | 5,963  | 7,303  | 7,430  |
| Net debt/EBITDA (x)             | 3.2    | 3.3    | 2.5    | 2.2    | 2.3    |

Source: Company, Nuvama Research

## Exhibit 4: Changes in estimates

| Particulars                 | Old       |           | New       |           | Change (%) |       |
|-----------------------------|-----------|-----------|-----------|-----------|------------|-------|
|                             | FY26E     | FY27E     | FY26E     | FY27E     | FY26E      | FY27E |
| Sales volume(mt)            | 19.0      | 19.2      | 19.5      | 19.7      | 2.6        | 2.6   |
| Blended realisation (INR/t) | 57,376    | 57,376    | 55,576    | 57,076    | -3.1       | -0.5  |
| EBITDA/tonne (INR)          | 6,691     | 7,554     | 5,963     | 7,303     | -10.9      | -3.3  |
| Revenue                     | 10,96,718 | 11,08,193 | 10,90,288 | 11,30,968 | -0.6       | 2.1   |
| EBITDA                      | 1,27,203  | 1,45,107  | 1,16,333  | 1,43,934  | -8.5       | -0.8  |
| PAT                         | 39,121    | 50,127    | 36,553    | 51,863    | -6.6       | 3.5   |
| EPS (INR/share)             | 9.5       | 12.1      | 8.8       | 12.6      | -6.8       | 3.8   |

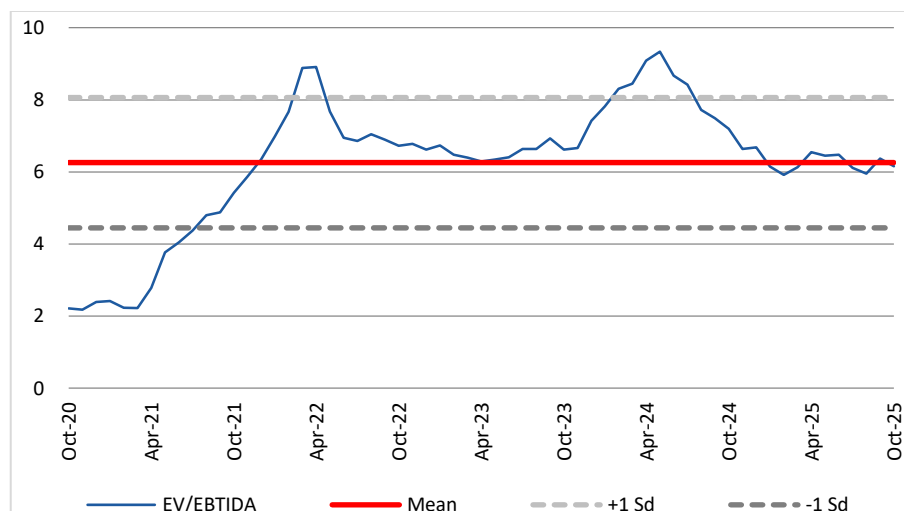
Source: Company, Nuvama Research

## Exhibit 5: Valuation

| Particulars (INR mn)     | FY28E    |
|--------------------------|----------|
| EBITDA                   | 1,51,566 |
| Multiple (x)             | 6.0      |
| Enterprise value         | 9,09,393 |
| Average net debt         | 3,28,994 |
| Implied arket-cap        | 5,80,400 |
| No. of shares(mn)        | 4,131    |
| Target price (per share) | 141      |

Source: Company, Nuvama Research

## Exhibit 6: On 1Y forward EV/EBITDA, SAIL is trading near five-year average



Source: Company, Nuvama Research

### Company Description

SAIL is one of the largest steel producing companies in India with installed capacity of ~20mtpa. It is 100% integrated in iron ore but procures coking coal from Coal India (10-15%) and imports. The company manufactures flat products such as hot rolled (HR) coils, HR plates, cold rolled (CR) coils, pipes and electric sheets, and long products such as thermo mechanically treated (TMT) bars and wire rods. SAIL also offers rails, structurals, merchant products, electric resistance welded pipes, spiral welded pipes and silicon steel sheets. It operates and owns over five integrated steel plants at Bhilai, Durgapur, Bokaro, Rourkela and Burnpur, and approximately three special steel plants at Salem, Durgapur and Bhadravati. SAIL's Chandrapur FerroAlloy Plant (CFP) produces ferro-alloys. It also has SAIL Refractory Unit (SRU) at Bokaro.

### Investment Theme

The removal of 13% export rebate by China in CY21, China's supply discipline since CY20 which doesn't flood world steel market, world's focus on decarbonisation, thereby increasing cost etc are some of structural changes which global steel industry witnessed since CY20. We expect EBITDA/t for SAIL to average between INR6-7.5k/t in FY26 & FY27 (FY13-22 average was INR4,430/t) which is primarily due to higher gross margins (higher than historical average) and higher volume. The capex on next phase of expansion to accrue from H2FY26 onwards which limits any deleveraging

### Key Risks

- Global recession leading to lower demand in India, thereby impacting volume
- Higher-than-expected fall in steel prices
- Continuous fall in real estate demand and lower infra demand in China
- Higher steel exports from China
- Debt increase amid expansion

## Additional Data

### Management

|  |   |
|--|---|
| Chairman                                       | Shri AmarenduPrakash  |
| Director (Finance)                             | Dr Ashok Panda  |
| Director (Technical projects and Raw material) | Mr Manish Raj Gupta   |
| Auditor  | V.K. Dhingra & Co, A.K. Sabat & Co, Tej Raj & Pal, S. Jaykishan |

### Holdings – Top 10\*

|                 | % Holding |               | % Holding |
|-----------------|-----------|---------------|-----------|
| Mirae Asset     | 1.64      | HDFC AMC      | 0.36      |
| Vanguard group  | 1.41      | Edelweiss AMC | 0.35      |
| SBI Funds       | 1.36      | Nippon AMC    | 0.37      |
| Dimesntional Fu | 0.38      | ICICI Pru MF  | 0.32      |
| Kotak AMC       | 0.39      | TATA AMC      | 0.18      |

\*Latest public data

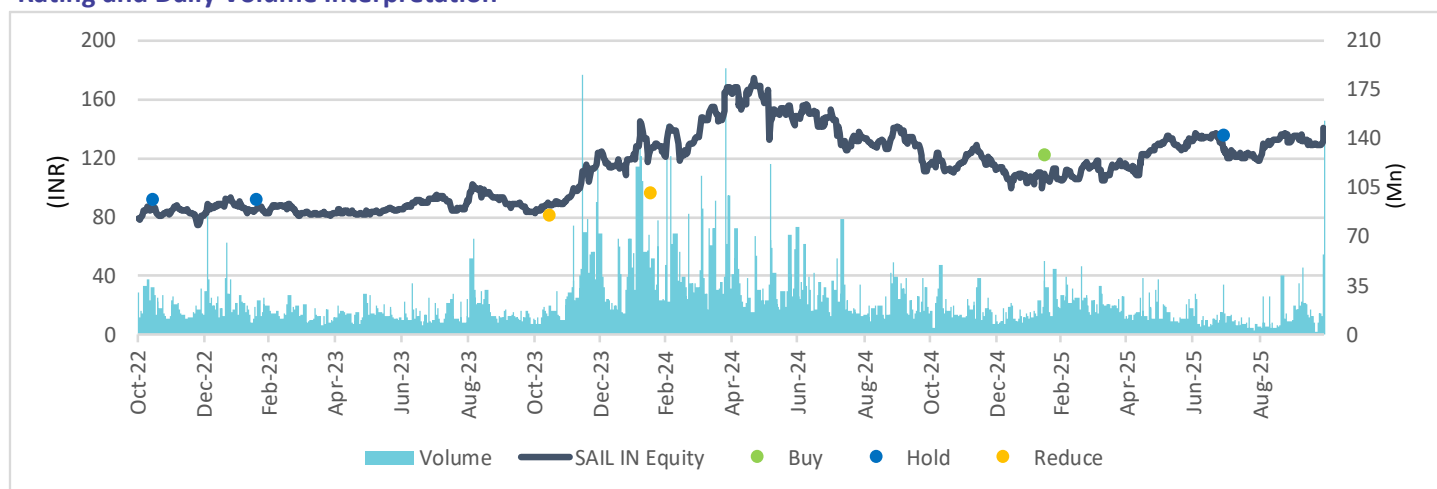
### Recent Company Research

| Date      | Title  | Price | Reco |
|-----------|--|-------|------|
| 28-Jul-25 | Inventory valuation and higher opex hurt; <i>Result Update</i> | 131   | Hold |
| 29-May-25 | Margins to move up; debt under control; <i>Result Update</i>   | 129   | Buy  |
| 12-Feb-25 | Margins to improve further; <i>Result Update</i>               | 106   | Buy  |

### Recent Sector Research

| Date      | Name of Co./Sector | Title   |
|-----------|--------------------|---|
| 29-Oct-25 | Coal India         | Awaiting volume growth; <i>Result Update</i>                |
| 29-Oct-25 | Jindal Steel       | Weak prices and high CoP hit earnings; <i>Result Update</i> |
| 18-Oct-25 | JSW Steel          | Resilient earnings amid adverse macro; <i>Result Update</i> |

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

| Rating | Expected absolute returns over 12 months | Rating Distribution |
|--------|--|---------------------|
| Buy    | 15%                                      | 205                 |
| Hold   | <15% and >-5%                            | 68                  |
| Reduce | <-5%                                     | 37                  |



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