

## STEEL AUTHORITY OF INDIA LTD.

Buy at CMP: Rs 200.7 | Target: Rs 224 (12%) | SL: Rs 185

Sector

May 25, 2026

Iron & Steel

SAIL is engaged in the manufacturing of Iron and Steel products and generates revenues from sale of Iron and Steel products.

### Investment Rationale

- ◆ **Robust Deleveraging and Financial Prudence:** SAIL has demonstrated a significant commitment to strengthening its balance sheet by aggressively reducing debt through operational cash flows and inventory liquidation. The company reduced its debt by nearly ₹5,000 crores in the first nine months of FY26. In January 2026 alone, it further reduced debt by approximately ₹2,000 crores, with a total reduction of ₹8,150 crores for the full FY26. For the first time in decades, the company reported a balance sheet for FY26 that is completely free from auditor qualifications.
- ◆ **Strategic Capacity Expansion and Growth Outlook:** SAIL is embarking on a massive multi-year CAPEX cycle aimed at significantly increasing production capacity and improving product value-addition. A ₹36,000 crore expansion project is underway to add 4.5 million tonnes of capacity. Ground activities have started, with a completion timeline of roughly three years. New facilities at IISCO are expected to generate significantly higher margins, with management projecting over ₹10,000 per ton compared to the current corporate average of ₹6,000-₹7,000
- ◆ **Operational Efficiency and Cost Optimization:** SAIL is focused on narrowing the margin gap with its private-sector peers through structural cost reductions and improved techno-economic parameters. The company has seen a marked reduction in its coke rate, which dropped to 421 kg/tHM from 440 kg/tHM, and an improvement in blast furnace productivity, which is now exceeding 2.0. The company has become aggressive in liquidating scrap and by-products (e.g., coal tar, slag). Revenue from this stream increased to ₹1,140 crores in Q2 FY26, providing a direct boost to EBITDA.
- ◆ **Valuations:** We model a Revenue/PAT CAGR of 9%/12% and estimate SAIL to clock PAT of Rs 3,352 Cr by FY28E. SAIL is trading at forward P/E(x) of 24.2 and we value at 27(x) FY28E and Recommend BUY on SAIL with TP Price of Rs. 224 (11.6%).

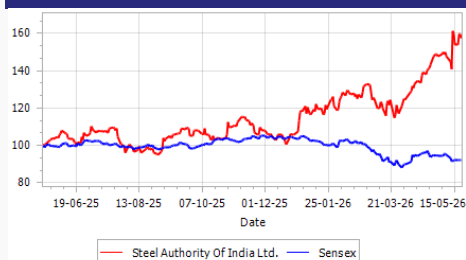
### Script Details

BSE Group	A
BSE Code	500113
NSE Code	SAIL
Bloomberg Code	SAIL IN
Market Cap (INR Cr.)	81,124
Free Float (%)	35.0%
52wk Low/High	210/118
Beta (1yr Nifty 50)	1.08
Face Value (INR)/ D. Yield (%)	10/1.2
Total paid Up Shares (Mn.)	4130.5

### Share Holding Pattern (%)

FII's	DII's	Public
45.0%	20.8%	34.2%

### Share Price Relative Performance



Invest Now

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY23	1,04,448	8,039	2,177	37.3	10.2
FY24	1,05,378	11,149	3,067	26.5	7.4
FY25	1,02,479	10,646	2,372	34.2	7.7
FY26	1,10,811	12,000	3,373	24.1	6.8
FY27E	1,21,892	14,627	3,047	26.6	5.6
FY28E	1,34,081	16,090	3,352	24.2	5.1

Source: Company Data, Ace Equity, GEPL Research

## TECHNICAL VIEW

### Observation

- SAIL has been exhibiting a robust bullish price structure since April 2026, while the ongoing strength in May 2026 is providing follow-through confirmation, indicating the stock is likely to head toward uncharted territory.
- The stock continues to sustain well above its key 12-week, 26-week, and 50-week EMAs, highlighting strong trend strength and sustained bullish undertones.
- On the weekly scale, the stock is maintaining a formation of higher tops and higher bottoms, reinforcing the ongoing uptrend.
- Additionally, volume activity has surged above the 20-week average volume, suggesting strong market participation behind the move.
- The MACD momentum indicator is also trending higher with a rising histogram, reflecting improving momentum and supporting the positive outlook.
- Considering the strong technical setup across multiple timeframes, the stock appears well positioned for further upside towards the 224. Traders may consider maintaining a closing-basis stop loss at 185 to manage downside risk effectively.



**TV** TradingView

Source: Tradingview.in, GEPL Research

### Inference & Expectations

- Considering these factors, it can be inferred that SAIL stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 224 level.
- The stop loss must be at 185 level, strictly on the closing basis.

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