

Research Report

Steel Authority of India Limited



Prepared By-

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About

Steel Authority of India Limited (SAIL) is one of the largest steel-making companies in India and one of the Maharatnas of the country's Central Public Sector Enterprises. SAIL produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials. SAIL manufactures and sells a broad range of steel products.

Product Mix FY24

- HR Plates/Coils/ Sheets: 27%
- Bars & Rods: 22%
- PM Plates: 14%
- Structurals: 9%
- Semis: 8%
- Rly Products: 8%
- Others: 12%

Synopsis of Financials

- Crude steel production at 9.457 million tons, similar to last year; saleable steel sales volume at 8.108 million tons, down 6.3%.
- Domestic sales down by 4.5%, with turnover falling nearly 10% to INR 48,262 crores.
- Profitability: EBITDA at INR 5,593 crores, PBT at INR 1,127 crores, PAT at INR 844 crores.
- Borrowings stable at INR 35,596 crores, with a recent reduction from a peak of INR 39,163 crores.

Stock data (as 20th January 2025)

Nifty Price	: 23,045.30
52 week High (in Rs.)	: 176
52 week Low (in Rs.)	: 99.6
Market Cap. (in Crore)	: 45,415
NSE Code	: <u>SAIL</u>

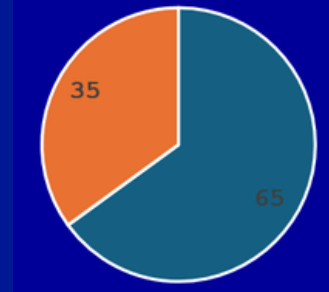
Stock data



-NIFTY50

-Steel Authority of India Limited

Shareholding Pattern (December 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	1,03,477	1,04,448	1,05,378
Sales Growth %	49.72%	0.94%	0.89%
Expenses	82,114	96,410	94,229
Operating Profit	21,363	8,038	11,149
OPM %	21%	8%	11%
Net Profit	12,243	2,177	3,067
EPS in Rs	29.64	5.27	7.42

Quarterly Results



Particular	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	29,131	24,359	29,712	23,349	27,959	23,998	24,675
Expenses	26,206	22,710	25,837	21,206	24,476	21,778	21,762
Operating Profit	2,924	1,649	3,875	2,142	3,483	2,220	2,913
OPM %	10%	7%	13%	9%	12%	9%	12%
Other Income	519	527	-174	355	-43	-28	322
Interest	517	613	605	614	642	691	758
Depreciation	1,365	1,275	1,327	1,321	1,356	1,402	1,304
Profit before tax	1,562	288	1,770	563	1,441	98	1,173
Tax %	26%	26%	26%	25%	22%	17%	24%
Net Profit	1,159	212	1,306	423	1,126	82	897

Source: Screener

Key Ratios

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Gross sales	104545	103729	102805	68452	61025	66267	58297	49180	43294	50627
Net sales	104545	103729	102805	68452	61025	66267	56893	43866	38471	45208
Earnings before depreciation, interest and tax (EBITDA)	12280	9379	22364	13740	11199	10283	5184	672	(2204)	5586
Depreciation	5277	4963	4274	4102	3755	3385	3065	2680	2402	1773
Interest & Finance charges	2474	2037	1698	2817	3487	3155	2823	2528	2300	1454
Profit/(Loss) before exceptional items	4529	2379	16392	6821	3957	3743	(703)	(4536)	(6906)	2359
Exceptional items: Gain/(Loss)	(841)	258	(353)	58	(787)	(405)	(56)	(315)	(101)	-
Profit/(Loss) before tax (PBT)	3688	2637	16039	6879	3171	3338	(759)	(4851)	(7008)	2359
Provision for tax	955	734	4024	3029	1149	1159	(277)	(2018)	(2986)	266

Source: Annual Report

Yearly Results

Particulars	March 2022	March 2023	March2024
Equity Capital	4,131	4,131	4,131
Reserves	50,081	50,616	52,971
Borrowings	17,284	30,773	36,323
Other Liabilities	48,885	45,262	47,598
Total Liabilities	1,20,381	1,30,782	1,41,022
Fixed Assets	73,677	73,543	72,426
CWIP	4,710	4,891	6,141
Investments	3,757	4,185	4,589
Other Assets	38,237	48,163	57,867
Total Assets	1,20,381	1,30,782	1,41,022

Synopsis Quater Results

Concall Notes - Nov 2024: Key Highlights

Economic Overview:

- Global economy facing challenges such as high inflation, monetary tightening, geopolitical uncertainties, and supply chain disruptions.
- Gradual improvement noted with moderating headline inflation leading to rate cuts by major central banks.
- IMF projects global economic growth at 3.2% for 2024, revised down to 3.2% for 2025.
- Emerging and developing economies projected to decline to 4.2% growth in 2024 and 2025, down from 4.4% in 2023.

Indian Economy:

- Q1 FY'25 GDP growth estimated at 6.7%, down from 8.2% in FY'24.
- India maintaining relative stability in the domestic market, countering inflation better than other economies.
- Positive outlook driven by sustained momentum in manufacturing, infrastructure development, and increased steel consumption.
- Projected growth between 6.5% to 7.3% over the next two years.

World Steel Scenario:

- Demand for steel in China, the largest producer and consumer, significantly impacted due to declining investments in the real estate sector.
- Global steel demand expected to decline by 0.9% in 2024 before turning positive at 1.2% in 2025.
- Developed economies projected to see a decrease in steel demand by 2% in 2024.

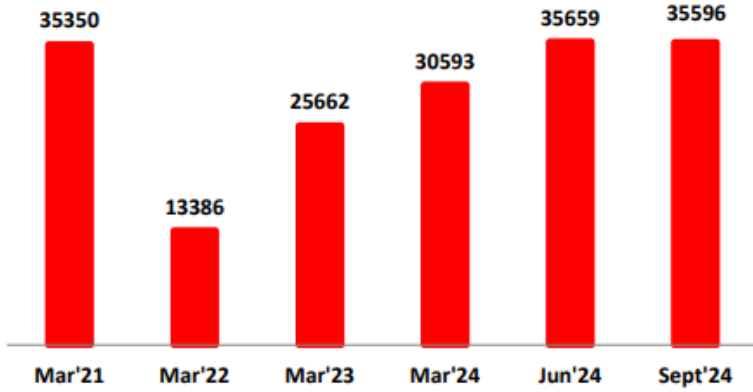
Indian Steel Industry:

- Despite challenges, Indian steel industry shows growth in production and consumption; crude steel production up by 3.6% and finished steel consumption up by 13.5% in H1'25.
- India expected to grow at over 8% in steel demand during 2024 and 2025, driven by infrastructure investments.

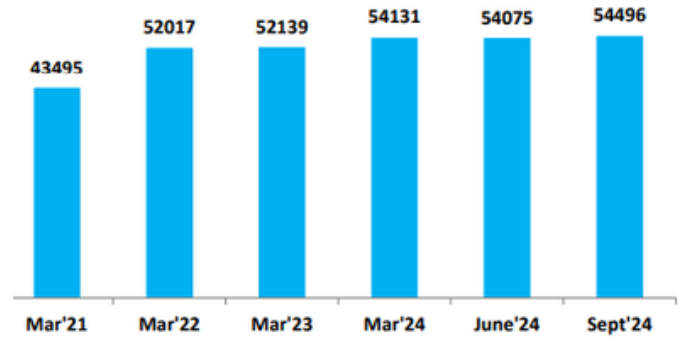
Highlights



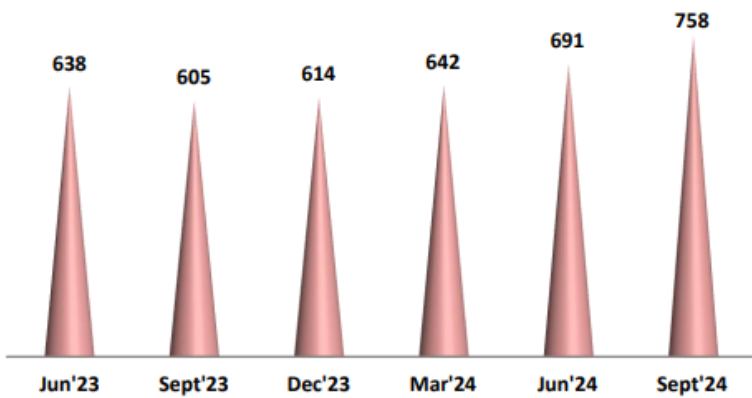
Borrowings (Non Ind AS)



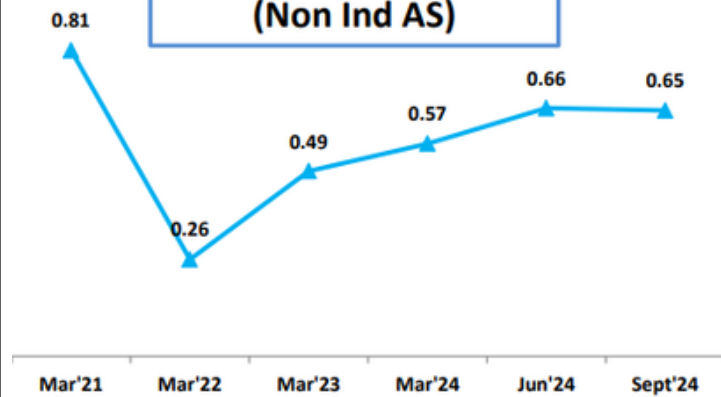
Net Worth



Quarterly Interest



Debt-equity (times) (Non Ind AS)



Final Outlook

SAIL: BUY | LTP: 110

Sells-SAIL's stock faces challenges due to high debt of ₹42,060 crore and declining performance in FY 2023-24 compared to the previous year. With lower financial performance and debt concerns, it may not be an ideal investment at this time.

SAIL's future stock performance depends on global steel prices, domestic demand, and government infrastructure policies. In FY2023, it reported ₹77,904 crore in revenue and ₹3,979 crore in profit. SAIL's revenue for FY 2023-24 was ₹1,05,375 crore, with a profit of ₹3,066 crore. Positive outlook for steel demand driven by government infrastructure spending. Management expects improved margins in upcoming quarters due to pricing stabilization and cost control measures.

Despite a decline in quarterly performance. With a production capacity of 21 million tonnes, SAIL aims to expand and modernize. Steel prices, currently around ₹55,000–₹60,000 per tonne, positively impact profitability.

However, its ₹42,060 crore debt remains a challenge. This represents a decline of approximately 23% in profit.

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