

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SAIL IN
Equity Shares (m)	4130
M.Cap.(INRb)/(USDb)	536.7 / 6.3
52-Week Range (INR)	168 / 99
1, 6, 12 Rel. Per (%)	11/8/-29
12M Avg Val (INR M)	3044
Free float (%)	35.0

Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	1,008	1,153	1,299
EBITDA	90	112	144
APAT	13	30	56
EBITDA Margin (%)	9	10	11
Cons. Adj. EPS (INR)	3	7	14
EPS Gr. (%)	24	123	87
BV/Sh. (INR)	143	149	160

Ratios

Net D:E	0.6	0.5	0.5
RoE (%)	2.3	5.0	8.8
RoCE (%)	4.2	6.0	9.1
Payout (%)	49.4	15.0	20.0

Valuations

P/E (x)	40.1	18.0	9.6
P/BV (x)	0.9	0.9	0.8
EV/EBITDA(x)	10.0	7.6	6.0
Div. Yield (%)	1.2	0.8	2.1
FCF Yield (%)	8.4	13.2	4.7

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	65.0	65.0	65.0
DII	15.8	15.9	15.9
FII	3.2	2.6	3.2
Others	16.1	16.6	16.0

FII Includes depository receipts

CMP: INR130

TP: INR145 (+12%)

Neutral

In-line revenue; muted costs drive earnings beat

- SAIL reported in-line revenue of INR293b (+12% YoY and +20% QoQ) in 4QFY25, primarily driven by strong volume growth.
- EBITDA stood at INR34.8b (+97% YoY and +72% QoQ) against our estimate of INR28.8b, led by lower costs. EBITDA/t came in at INR6,536 (vs. our est. of INR5,423), up 69% YoY and 43% QoQ in 4QFY25.
- Adj. PAT came in at INR12.8b (vs. our est. INR7.9b) as compared to INR1.1b in 3QFY25 and INR1.8b in 4QFY24.
- Crude steel production stood at 5.1mt (+1% YoY and +10% QoQ), while sales volume stood at 5.3mt (+17% YoY and 20% QoQ), including semis volume of 0.48mt and 0.36mt from NMDC steel (NSL). ASP for the quarter remained flat QoQ at INR55,000/t, but was lower by 4% YoY.
- For FY25, revenue stood at INR1008b (-1% YoY), EBITDA came in at INR90b (+17% YoY) and APAT was INR13.4b (+24% YoY).
- Production volume stood at 18.2mt (flat YoY), while sales volume grew 5% YoY to 17.9mt in FY25. ASP during FY25 moderated by 6% YoY to INR56,435/t; however, EBITDA/t grew 12% YoY to INR5,042/t, driven by muted costs.

Highlights from the management commentary

- For 1QFY26, management expects coking coal costs to largely remain stable QoQ. Currently, the coking coal price is hovering at INR17,500/t.
- In Apr-May'25, the avg NSR for long steel was INR55,000/t (vs. INR53,500/t in 4QFY25), and for flat, it was INR50,500/t (vs. INR47,300/t in 4QFY25).
- SAIL expects employee costs to decline further in FY26 by ~INR4-5b through normal separation. SAIL expects to achieve 20mt of crude steel volume and 19.2mt of saleable volume (sales volume to remain higher).
- Management targets to spend INR75b in FY26E and guided for peak capex of ~INR100b during FY28/29E.

Valuation and view

- SAIL's 4QFY25 performance was strong, driven by healthy volume growth, stable prices and muted costs. We slightly raise our FY26 estimates to incorporate the volume and cost guidance; however, we maintain our FY27 estimates.
- SAIL plans to undertake 15mtpa expansions to reach 35mtpa capacity. The plan is currently in the initial tendering phase and any notable development is expected after FY27. Considering the limited room for production, we believe SAIL will see a modest volume CAGR of 6% over FY25-27, and any incremental earnings will be driven by healthy pricing and lower costs.
- **At CMP, SAIL trades at 6x EV/EBITDA on FY27E, which is fully priced in. We reiterate our Neutral rating on the stock with a revised TP of INR145 (premised on 6.5x EV/EBITDA on FY27E).**

Quarterly performance (INR b)

Y/E March	FY24				FY25				FY24	FY25	FY25	Vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Sales (m tons)	3.9	4.8	3.8	4.6	4.0	4.1	4.4	5.3	17.0	17.9	5.3	0.3
Change (YoY %)	23.0	14.0	(8.5)	(2.6)	3.4	(14.6)	16.6	16.9	5.2	4.9		
Realization (INR per ton)	62,781	58,256	61,444	57,554	59,845	56,191	55,282	55,002	59,809	56,431	54,978	0.0
Change (YoY %)	(17.6)	(6.5)	1.8	(7.5)	(4.7)	(3.5)	(10.0)	(4.4)	(7.3)	(5.6)		
Net Sales	243.6	279.6	233.5	262.4	240.0	230.4	244.9	293.2	1,019.2	1,008.4	292.2	0.3
Change (YoY %)	1.4	6.5	(6.8)	(9.9)	(1.5)	(17.6)	4.9	11.7	(2.4)	(1.1)		
Change (QoQ %)	(16.4)	14.8	(16.5)	12.4	(8.6)	(4.0)	6.3	19.7				
Total Expenditure	227.1	258.4	212.1	244.8	217.8	217.6	224.6	258.3	942.3	918.3	263.3	
EBITDA	16.5	21.3	21.4	17.7	22.2	12.8	20.3	34.8	76.9	90.1	28.8	20.9
Change (YoY %)	(28.4)	189.2	3.1	(39.5)	34.6	(40.0)	(5.3)	97.0	(4.4)	17.2		
Change (QoQ %)	(43.6)	28.9	0.8	(17.4)	25.5	(42.5)	59.1	71.6				
EBITDA per ton (INR)	4,250	4,429	5,638	3,879	5,536	3,111	4,582	6,536	4,511	5,042	5,423	20.5
Interest	6.1	6.1	6.1	6.4	6.9	7.6	6.8	6.6	24.7	27.9		
Depreciation	12.8	13.3	13.2	13.6	14.0	13.0	14.2	15.2	52.8	56.5		
Other Income	4.6	1.5	1.4	3.1	1.8	1.7	2.3	3.0	10.7	8.8		
Share of Asso/JVs	0.6	1.0	1.3	1.5	1.1	1.6	1.3	0.9	4.4	4.9		
PBT (before EO Inc.)	2.9	4.4	4.9	2.3	4.1	(4.6)	2.9	16.9	14.4	19.3		
EO Income(exp)	-	13.3	0.8	12.1	(3.1)	16.4	0.3	(0.3)	26.2	13.2		
PBT (after EO Inc.)	2.9	17.7	5.6	14.4	1.0	11.7	3.2	16.6	40.6	32.5		
Total Tax	0.8	4.6	1.4	3.2	0.2	2.8	1.8	4.1	10.0	8.8		
% Tax	26.3	26.2	24.8	21.9	16.6	23.5	56.1	24.5	24.5	27.1		
Reported PAT	2.1	13.1	4.2	11.3	0.8	9.0	1.4	12.5	30.7	23.7		
Adjusted PAT	2.1	3.2	3.7	1.8	3.2	(3.8)	1.1	12.8	10.8	13.4	7.9	61.6
Change (YoY %)	(73.6)	LP	50.3	(84.9)	52.9	(219.3)	(69.1)	609.1	(43.8)	24.3		
Change (QoQ %)	(82.3)	49.7	15.1	(50.7)	80.0	(216.9)	(129.9)	1,029.5				

Source: MOFSL, Company



Highlights from the management commentary

Guidance:

- In 4QFY25, avg. landed coking coal costs stood at INR18,500/t (guided INR1,000/t improvement) vs. INR19,200/t in 3QFY25. For 1QFY26, management expects coking coal costs to largely remain stable QoQ. Currently, the coking coal price is hovering at INR17,500/t.
- Long steel prices remained stable QoQ at INR53,500/t in 4QFY25, while flat steel prices improved to INR47,300/t in 4QFY25 from INR46,800/t in 3QFY25.
- In Apr-May'25, the average realization for long steel was INR55,000/t, and for flat, it was INR50,500/t. Management expects an upward trend in prices post monsoon.
- Management expects employee costs to decline further in FY26 by ~INR4-5b through normal separation. It also indicated the pay revision to come in CY27.
- The company expects to achieve 20mt of crude steel volume and 19.2mt of saleable volume (sales volume to remain higher).
- SAIL is targeting semis to be around ~14% in FY26 and by FY28, the semis' share is likely to decline with the commissioning of the TMT bar plant.

Capex:

- SAIL targets to increase its capacity by 15mt to 35mtpa by FY30 – In phase I, IISCO expansion of 7.5mtpa (0.5mtpa Brownfield by FY27 end and 7mtpa Greenfield by FY29) will be undertaken, along with some debottlenecking project (Bokaro, Rourkela and Durgapur), adding 2-3mtpa by FY28.

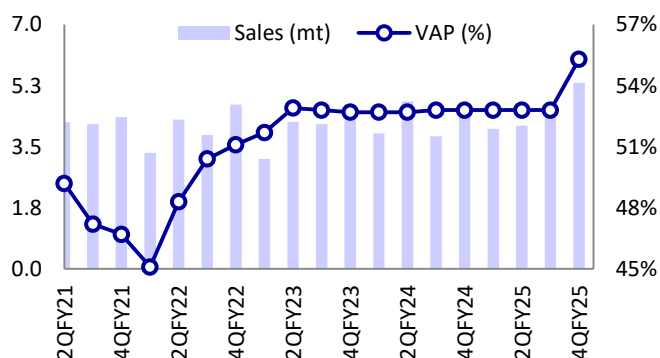
- IISCO-Greenfield expansion stage-1 approvals are in place, and the tendering process has started. Management expects higher capex from FY27 onward with timely approvals coming in place.
- Management targets to spend INR75b in FY26E and guided for peak capex of ~INR100b during FY28/29E.
- SAIL plans to add a new TMT mill capacity of 1mtpa at Durgapur (in the next 3-4 years), which will reduce the semi-steel share in the future.
- SAIL plans to expand palletization capacity (under approval) to utilize sub-grade iron ore fines inventory located at Goa mines.

Debt and other highlights:

- Global production declined by ~1% YoY in CY24.
- China continues to dominate the world crude steel production, contributing almost ~53.4% of overall global production during CY24 and ~55.3% during 1QCY25. However, production in China has declined by 2.3% YoY.
- Among the major producers, India (6.3% YoY), Germany (5.2% YoY), Turkey (9.4% YoY) and Brazil (5.3% YoY) have registered growth in production during CY24.
- Management foresees long and flat product markets to improve going forward.
- Total debt stood at INR369b in 4QFY25 compared to INR326b in 3QFY25. Major expansion will start from mid-FY26/27, which will increase the debt level during FY28-29E.

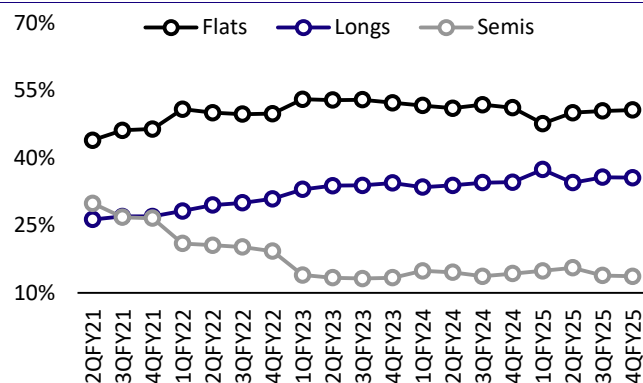
Story in charts

Exhibit 1: Sales volume (mt) and VAP quarterly trend



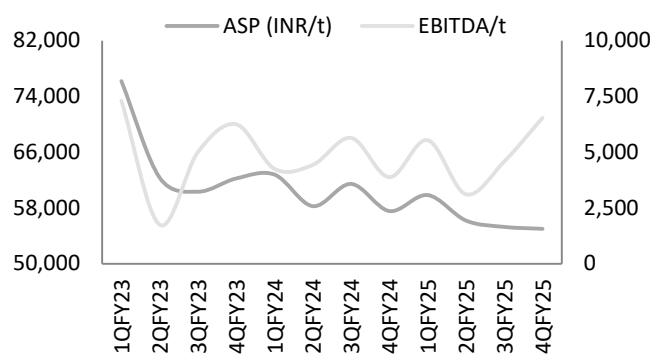
Source: MOFSL, Company

Exhibit 2: Breakup of longs-semis-flats



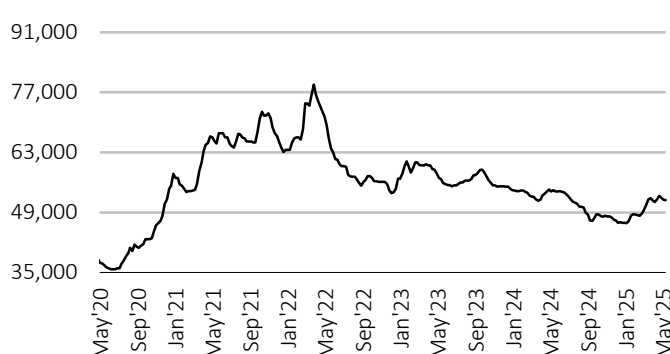
Source: MOFSL, Company

Exhibit 3: EBITDA/t improves despite weak NSR



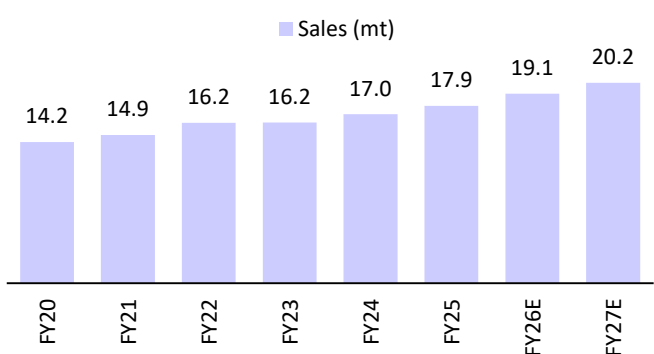
Source: MOFSL, Company

Exhibit 4: HRC prices (INR/t) rebounds over safeguard duty



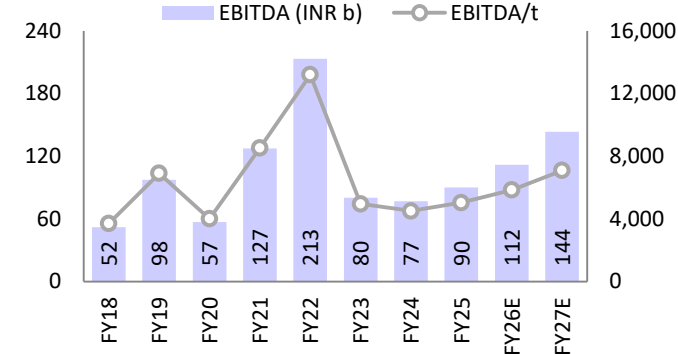
Source: MOFSL, Company

Exhibit 5: Sales (mt) growth to remain modest

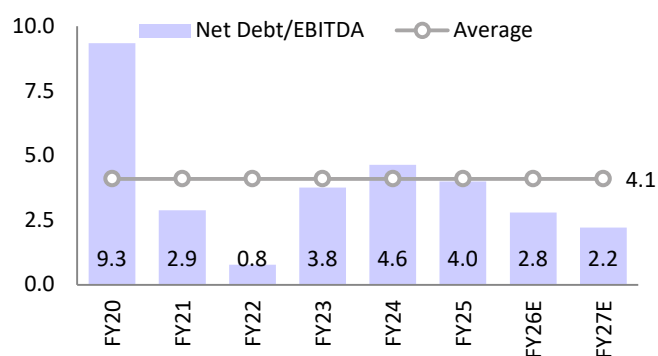


Source: MOFSL, Company

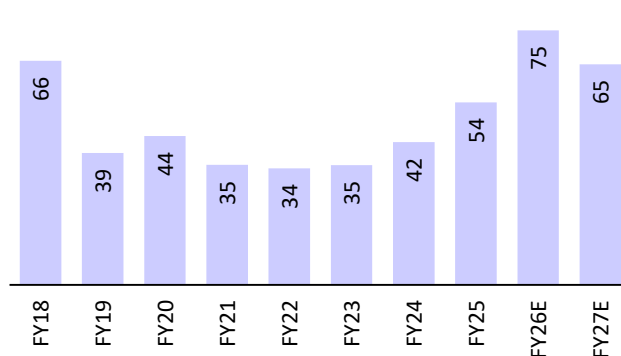
Exhibit 6: EBITDA/t to improve in the long run



Source: MOFSL, Company

Exhibit 7: Net debt to decline led by lower capex


Source: MOFSL, Company

Exhibit 8: Major capex (INR b) to start post-FY27E


Source: MOFSL, Company

Exhibit 9: Key financials and revisions to our estimates

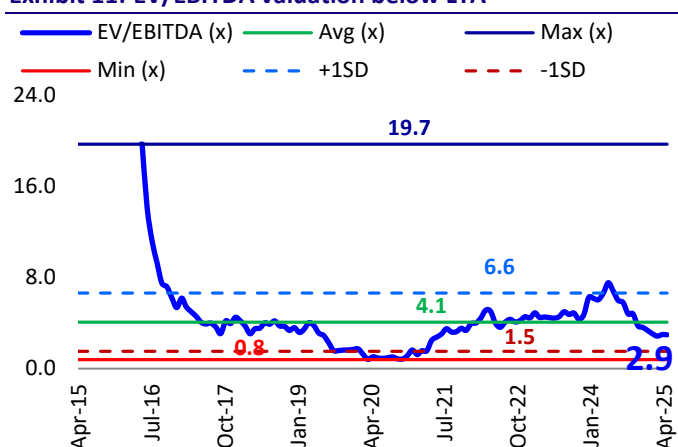
	FY26E			FY26E		
	New	Old	Change (%)	New	Old	Change (%)
Sales (mt)	19.1	18.6	2.8	20.2	20.0	1.0
Realization/t	60,325	61,950	-2.6	64,275	63,975	0.5
EBITDA/t	5,847	5,530	5.7	7,102	7,050	0.7
Revenue (INR b)	1,153	1,154	-0.1	1,299	1,279	1.6
EBITDA (INR b)	112	103	8.5	144	141	1.8
PAT (INR b)	30	28	6.6	56	56	-0.1

Source: MOFSL

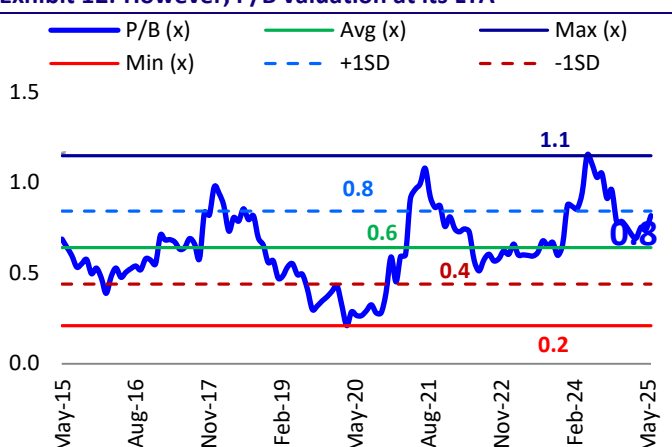
Exhibit 10: Valuation

YEAR	UoM	FY27E
Volumes	mt	20.2
EBITDA	INR/t	7,102
EBITDA	INR b	144
Target EV/EBITDA(x)	x	6.5
Target EV	INR b	926
less: Net Debt (INR m)	INR b	317
Equity value	INR b	609
No. of shares o/s	b	4
Target price (INR/sh.)	INR	145

Source: MOFSL

Exhibit 11: EV/EBITDA valuation below LTA


Source: Company, MOSL

Exhibit 12: However, P/B valuation at its LTA


Source: Company, MOSL

Financials and valuation

Income Statement (Consolidated)							(INR b)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	617	691	1,035	1,044	1,019	1,008	1,153	1,299
Change (%)	-7.9	12.1	49.7	0.9	-2.4	-1.1	14.4	12.6
EBITDA	57	127	213	80	77	90	112	144
Change (%)	-41.5	123.1	67.5	-62.3	-4.4	17.2	24.1	28.4
EBITDA per ton (INR)	4,012	8,526	13,209	4,964	4,511	5,042	5,847	7,102
Depreciation	38	41	43	50	53	57	59	57
EBIT	20	86	171	31	24	34	52	86
Interest	35	28	17	20	25	28	29	30
Other income	9	9	9	10	11	9	10	11
Share of Asso/JV/investments	2	5	4	6	4	5	6	7
PBT before EO	-4	71	166	26	14	19	40	75
Extraordinary Item	37	1	-4	3	26	13	0	0
PBT after EO	33	72	163	29	41	33	40	75
Total Tax	12	31	40	7	10	9	10	19
Effective Rate (%)	35.8	42.4	24.8	24.8	24.5	27.1	25.0	25.0
Reported PAT	21	41	122	22	31	24	30	56
Change (%)	-9.7	95.6	195.2	-82.2	40.9	-22.7	25.9	87.4
Adjusted PAT	-16	41	126	19	11	13	30	56
Change (%)	-158.9	-353.5	208.0	-84.8	-43.8	24.3	122.9	87.4

Balance Sheet (Consolidated)							(INR b)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Sources of Funds								
Share Capital	41	41	41	41	41	41	41	41
Reserves and Surplus	374	413	501	506	530	548	573	618
Shareholders' funds	415	454	542	547	571	589	614	659
Loans	538	374	173	308	363	369	369	369
Deferred Tax Liability	-20	13	54	58	63	65	65	65
Minority Interest	0	0	0	0	0	0	0	0
Capital Employed	933	842	769	913	997	1,024	1,049	1,094
Application of Funds								
Gross Fixed Assets	1,131	1,158	1,248	1,288	1,330	1,395	1,470	1,535
Less: Depreciation	441	482	511	553	605	662	721	778
Net Fixed Assets	690	676	737	735	724	733	749	757
Capital WIP	88	89	40	49	61	72	72	72
Investments	32	34	38	42	46	50	50	50
Curr. Assets								
Inventory	238	196	242	278	327	292	284	320
Sundry Debtors	88	72	48	54	84	76	95	106
Cash and Bank Balances	4	8	8	6	7	10	57	52
Other assets	100	110	83	135	149	122	126	139
Loans and Advances	7	8	6	7	9	10	10	10
Current Liabilities								
Sundry Creditors	63	70	169	143	153	105	158	178
Other Current Liabilities	188	215	198	178	186	160	160	160
Provisions	65	66	65	70	70	75	75	75
Net Current Assets	123	42	-46	87	166	169	179	215
Application of Funds	933	842	769	913	997	1,024	1,049	1,094

Financials and valuation

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	-3.9	9.9	30.5	4.6	2.6	3.2	7.2	13.5
Cash EPS	14.2	20.0	40.0	17.3	20.2	19.4	21.6	27.4
Book Value per Share	100.5	109.9	131.2	132.5	138.2	142.6	148.8	159.6
Dividend Per Share	0.0	2.8	8.8	1.5	2.0	1.6	1.1	2.7
Valuation (x)								
P/E	-33.3	13.1	4.3	28.0	49.9	40.1	18.0	9.6
Cash PE	9.1	6.5	3.3	7.5	6.4	6.7	6.0	4.8
EV/EBITDA	18.8	7.1	3.3	10.4	11.6	10.0	7.6	6.0
EV/Sales	1.7	1.3	0.7	0.8	0.9	0.9	0.7	0.7
Price-to-Book Value	1.3	1.2	1.0	1.0	0.9	0.9	0.9	0.8
Profitability Ratios (%)								
EBITDA Margin	9.3	18.4	20.6	7.7	7.5	8.9	9.7	11.0
APAT Margin	-2.6	5.9	12.2	1.8	1.1	1.3	2.6	4.3
RoE	-4.0	9.4	25.3	3.5	1.9	2.3	5.0	8.8
RoCE (pre-tax)	3.3	10.7	22.3	4.8	3.6	4.2	6.0	9.1
RoIC (pre-tax)	2.7	11.4	24.5	4.1	2.8	3.8	5.9	9.7
Turnover Ratios								
Debtors (Days)	52.4	37.8	16.8	18.8	29.9	29.9	29.9	29.9
Inventory (Days)	141.1	103.4	85.2	97.0	117.2	95.0	90.0	90.0
Creditors (Days)	41.3	45.4	75.2	54.3	59.4	52.0	50.0	50.0
Asset Turnover (x)	0.7	0.8	1.3	1.1	1.0	1.0	1.1	1.2
Leverage Ratio								
Debt/Equity (x)	1.3	0.8	0.3	0.6	0.6	0.6	0.5	0.5

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR b)								
EBITDA	57	127	213	80	77	90	112	144
(Inc.)/Dec. in WC	(107)	101	95	(137)	(76)	(4)	38	(42)
Direct Taxes Paid	(1)	(0)	(1)	(4)	(1)	(6)	(10)	(19)
Other Items	44	7	3	8	30	20	6	7
CF from Oper. Activity	(6)	234	310	(53)	29	99	146	90
(Inc.)/Dec. in FA & CWIP	(44)	(35)	(34)	(35)	(42)	(54)	(75)	(65)
Free Cash Flows to Firm	(50)	199	276	(88)	(13)	45	71	25
Interest and Dividend	1	1	2	2	2	2	10	11
(Pur.)/Sale of Invest.	(0)	(0)	(7)	(1)	(3)	(1)	-	-
CF from Inv. Activity	(43)	(34)	(40)	(34)	(43)	(53)	(65)	(54)
Issue of Shares								
Inc./(Dec.) in Debt	89	(163)	(224)	120	41	(16)	-	-
Interest Paid	(37)	(29)	(19)	(21)	(22)	(24)	(29)	(30)
Dividends Paid	(3)	(4)	(31)	(13)	(6)	(4)	(4)	(11)
CF from Finan. Activity	50	(197)	(274)	86	14	(44)	(33)	(41)
Inc./(Dec.) in Cash	1	3	(4)	(1)	0	2	47	(5)
Add: Opening cash Balance	1	2	5	1	1	1	3	50
Closing cash balance	2	5	1	1	1	3	50	46
Bank Balance	3	3	7	5	6	7	7	7
Closing Balance (incl. Bank Balance)	4	8	8	6	7	10	57	52

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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