

May 29, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	133		118	
Sales (Rs. m)	1,153	1,251	1,039	1,142
% Chng.	10.9	9.5		
EBITDA (Rs. m)	122	147	115	143
% Chng.	5.7	2.5		
EPS (Rs.)	8.5	12.9	8.2	12.6
% Chng.	2.9	2.5		

Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	1,027	1,002	1,153	1,251
EBITDA (Rs. bn)	85	84	122	147
Margin (%)	8.3	8.3	10.6	11.7
PAT (Rs. bn)	14	8	35	53
EPS (Rs.)	3.4	2.0	8.5	12.9
Gr. (%)	(17.9)	(42.3)	330.3	52.2
DPS (Rs.)	2.0	1.6	2.0	2.5
Yield (%)	1.5	1.2	1.5	1.9
RoE (%)	2.7	1.5	6.1	8.8
RoCE (%)	4.9	4.2	8.1	10.6
EV/Sales (x)	0.9	0.9	0.7	0.6
EV/EBITDA (x)	10.8	10.9	6.9	5.4
PE (x)	38.1	65.9	15.3	10.1
P/BV (x)	1.0	1.0	0.9	0.9

Key Data

SAIL.BO | SAIL IN

52-W High / Low	Rs.168 / Rs.99
Sensex / Nifty	81,633 / 24,834
Market Cap	Rs.537bn / \$ 6,276m
Shares Outstanding	4,130m
3M Avg. Daily Value	Rs.2502.97m

Shareholding Pattern (%)

Promoter's	65.00
Foreign	3.20
Domestic Institution	15.75
Public & Others	16.05
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	12.7	11.0	(20.0)
Relative	10.9	8.5	(27.0)

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Strong volume led performance

Quick Pointers:

- Average Apr-May'25 longs and flats prices are higher by Rs1,500/t and ~Rs3,000/t over Q4FY25 prices respectively.
- Mgmt. expects production and sales volume of ~20mt and 19.3mt.

SAIL delivered a strong operating performance in Q4FY25 driven by 17% YoY volume growth (aided by 0.36mt of NMDC Steel volume tie up, ex-NSL 9%) amid stable domestic demand environment. Average NSR declined 2.2% QoQ amid weak steel pricing environment during the quarter. Steel prices started improving towards the end of Q4 in the anticipation of safeguard duty. Strong 9% volume growth and lower coking coal prices has resulted in EBITDA/t of Rs5,358 adjusting for prior period rail price revision impact of Rs6.25bn. Going forward, with higher steel pricing and muted coking coal prices, SAIL is expected to deliver strong 1HFY26 EBITDA.

SAIL is undertaking largely sustenance and debottlenecking capex in the near term and actual growth capex cash outflow would start post mid-FY27. Mgmt. has reiterated its growth capex plans for 15mtpa expansion by FY31E at various sites. Tendering process at ISP has started and 0.5mtpa brownfield expansion is expected by FY28E. We expect SAIL to remain a play on steel prices as long-term volume growth would depend upon successful execution of planned capex. We increase our FY26/27E EBITDA estimates by ~6/3% taking into consideration higher volume assumptions aided by NSL. At CMP, the stock is trading at an EV of 6.9x/5.4x FY26/FY27E EBITDA. Maintain 'Hold' with revised TP of Rs133 (Rs118 earlier) giving 5.5x Mar'27E EV/EBITDA.

Strong volume growth amidst stable demand: SAIL's std revenue grew 8% YoY Rs287bn (+17% QoQ; PLe Rs261bn; adjusting for Rs6.25bn recognized during Q4FY25 towards railway price revision for prior period) on strong volume growth amidst stable domestic demand scenario. Average realization declined 2.2% QoQ to Rs53,829/t (-7% YoY; Vs PLe Rs55,005/t) while volumes improved sharp 17% YoY to 5.33mt (+20% QoQ; PLe 4.74mt) aided by NMDC Steel (NSL) volumes of 0.36mt. Ex-NSL volumes grew 9% YoY to 4.97mt. Crude steel production grew 1% YoY at 5.09mt (+10% QoQ).

Strong EBITDA growth on lower RM and operating leverage: EBITDA grew 40% YoY to Rs28.6bn (up 41% QoQ Vs PLe Rs24.9bn) on lower RM and other expenses. RM cost per ton declined 14% YoY (-4% QoQ) to Rs27,475/t, while staff costs increased 14% YoY to Rs6,460/t. Other expenses declined 5% YoY to Rs14,827/t on positive operating leverage on better volumes. Resultant, EBITDA/t improved 20% YoY to Rs5,358/t (PLe of Rs5,253/t). Reported PAT includes an exceptional item of Rs285mn.

Higher domestic steel prices to benefit earnings growth: Domestic steel spreads have improved from Rs22,600 (Q4FY25 average) to Rs25,900/t as steel prices in the domestic markets have improved since early Mar'25 in the anticipation of safeguard duty. Elevated domestic steel prices for next few quarters, muted coking coal prices and strong domestic demand is expected to benefit domestic steel producers. We expect SAIL to remain a pure play on steel prices in the near term and outperform in rising steel pricing scenarios.

Q4FY25 Conference Call Highlights:

- Three old, inefficient blast furnaces at Bhilai and Rourkela have been shut down; production has been ramped up in larger blast furnaces improving overall technoeconomic parameters.
- Crude steel production and sales volume targets for FY26 are 20mt and 19.3mt, respectively.
- Average Apr-May'25 longs and flats prices are higher by Rs1,500/t and ~Rs3,000/t over Q4FY25 prices respectively.
- Capex for FY26 is projected at Rs75bn.
- Coking coal consumption cost declined by Rs1,500/t in Q4FY25. Average imported coal prices range between Rs17,000–17,500/t.
- Employee costs are decreasing due to natural attrition, with an expected reduction of Rs4–5bn over the next two years.
- Borrowings declined by Rs41bn QoQ to Rs298.11bn as of Q4FY25.
- For FY26, semis are expected to comprise ~10-12% of total volume, with the new TMT bar plant in Durgapur set to reduce this to 0% over next 2-3 years.
- Sales volume includes 0.36mt from NMDC Steel.

Exhibit 1: Standalone Q4FY25 Results Overview (Rs bn)

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	286.9	265.2	8.2	260.9	10.0	244.9	17.2	1002.2	1021.9	-1.9
Raw material	146.4	144.9	1.1	125.8	16.4	126.4	15.9	509.0	542.7	-6.2
% of Net Sales	51.0%	54.6%		48.2%		51.6%		50.8%	53.1%	
Staff Cost	32.9	28.4	15.8	29.8	10.3	27.2	20.9	116.6	117.5	-0.8
% of Net Sales	11.5%	10.7%		11.4%		11.1%		11.6%	11.5%	
Other expenses	79.0	71.5	10.5	80.3	-1.6	71.1	11.2	292.9	282.3	3.8
% of Net Sales	27.5%	27.0%		30.8%		29.0%		29.2%	27.6%	
Total expenditure	258.4	244.8	5.5	235.9	9.5	224.6	15.0	918.5	942.4	-2.5
EBITDA	28.6	20.4	40.0	24.9	14.6	20.3	41.0	83.7	79.5	5.3
Margin (%)	10.0%	7.7%		9.6%		8.3%		8.3%	7.8%	
Depreciation	15.2	13.6	12.4	13.7	10.9	14.2	7.3	56.5	52.8	7.1
EBIT	13.3	6.8	94.9	11.2	19.2	6.0	120.3	27.2	26.7	1.8
Other income	3.7	3.5	5.0	3.4	9.4	3.6	1.8	12.0	11.5	5.0
Interest	6.6	6.4	3.5	6.9	-3.2	6.8	-2.2	27.9	24.7	12.9
PBT	10.4	3.9	163.1	7.7	34.8	2.9	258.9	11.3	13.4	-15.9
Extraordinary income/(expense)	6.0	9.3	-36.2	0.0	NA	0.3	1,987.6	19.5	23.4	-16.9
PBT (after EO)	16.3	13.3	23.0	7.7	112.1	3.2	414.0	30.8	36.9	-16.5
Tax	3.9	3.2	21.6	1.5	150.5	1.9	100.8	8.6	9.5	-9.8
Reported PAT	12.5	10.1	23.5	6.2	102.5	1.3	892.5	22.2	27.3	-18.8
Adjusted PAT	7.9	3.0	164.0	6.2	28.7	1.1	593.0	8.1	10.0	-18.2

Source: Company, PL

Exhibit 2: Operating matrix

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Crude Steel Production volumes (mt)	5.09	5.02	1.4	5.27	-3.4	4.63	9.9	19.16	19.24	-0.4
Sales volume (mt)	5.33	4.56	16.9	4.74	12.4	4.45	19.8	17.89	17.02	5.1
Realization/t	53,829	58,162	-7.4	55,005	-2.1	55,033	-2.2	55,984	60,027	-6.7
EBITDA/t	5,358	4,472	19.8	5,253	2.0	4,551	17.7	4,643	4,668	-0.5

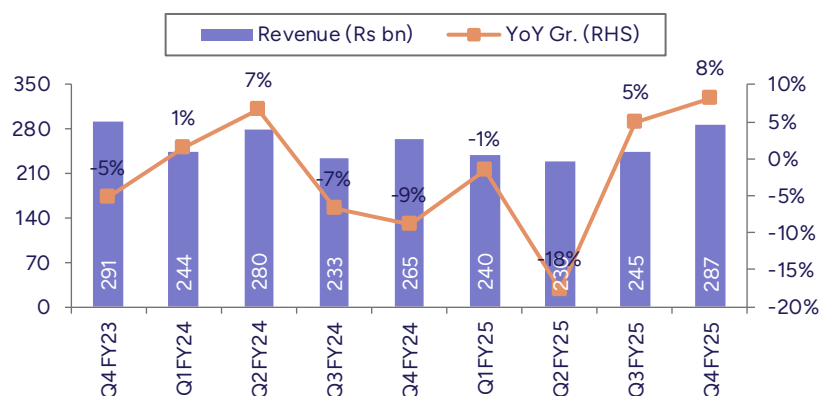
Source: Company, PL

Exhibit 3: Plant-wise performance

Segment Revenue (Rs bn)	4QFY25	4QFY24	YoY gr. (%)	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Bhilai Steel Plant	91.0	97.0	-6.2	78.3	16.2	334.3	333.0	0.4
Durgapur Steel Plant	30.8	32.5	-5.1	30.1	2.3	122.1	124.5	1.9
Rourkela Steel Plant	62.1	69.8	-11.1	57.7	7.6	241.0	262.7	-8.3
Bokaro Steel Plant	63.6	65.3	-2.6	59.9	6.1	226.5	257.6	-12.1
IISCO Steel plant	36.7	33.8	8.5	25.8	42.2	125.9	127.0	0.8
Special Steel plants	29.0	13.8	110.1	12.5	131.4	66.9	51.9	28.8
Total Revenue	313.0	312.1	0.3	264.3	18.4	1116.6	1156.6	-3.5
Segment EBIT (Rs bn)								
Bhilai Steel Plant	12.4	13.4	-6.9	6.4	95.4	40.9	35.5	15.3
Durgapur Steel Plant	1.5	1.8	-17.6	1.1	30.9	5.4	5.6	5.0
Rourkela Steel Plant	3.7	2.9	26.2	1.9	NA	8.3	14.2	-41.5
Bokaro Steel Plant	2.1	2.4	NA	-1.0	NA	1.3	13.7	NA
IISCO Steel plant	4.2	0.7	480.1	1.3	235.5	7.0	3.0	135.8
Special Steel plants	(1.4)	3.5	NA	(0.0)	NA	(1.6)	(1.9)	NA
Total EBIT	22.6	24.7	-8.7	9.7	133.0	61.1	70.0	-12.7

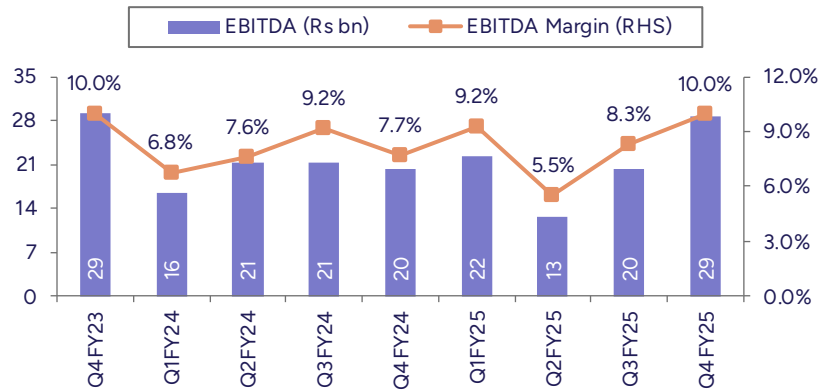
Source: Company, PL

Exhibit 4: Revenue grew 8% YoY led by strong volumes growth



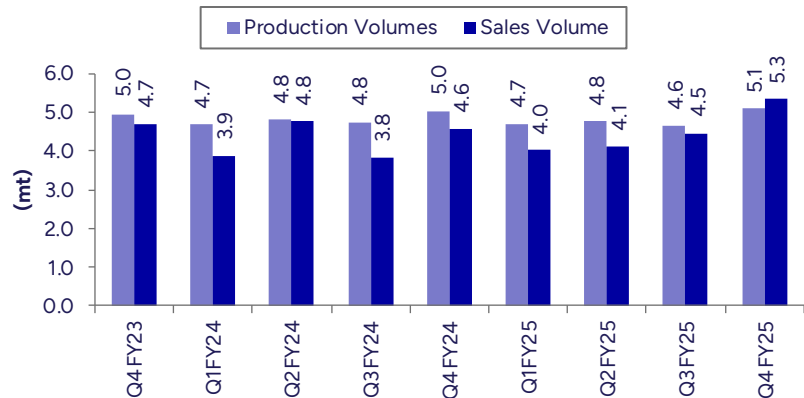
Source: Company, PL

Exhibit 5: EBITDA grew 40% YoY on higher volumes and lower RM costs



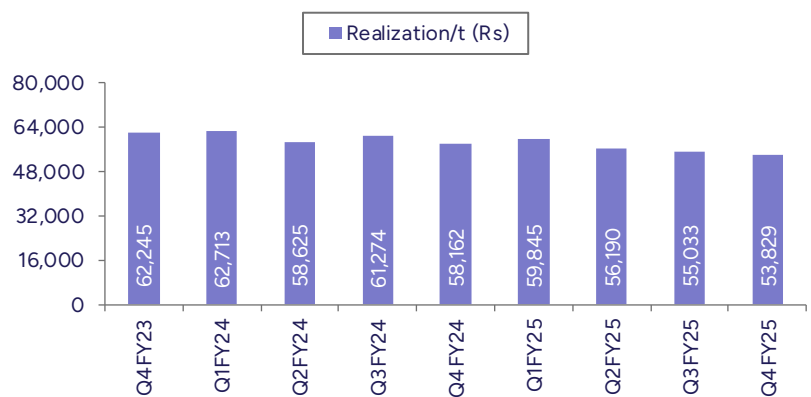
Source: Company, PL

Exhibit 6: Volume grew 17% YoY aided by NSL (ex-NSL 9%) & stable demand



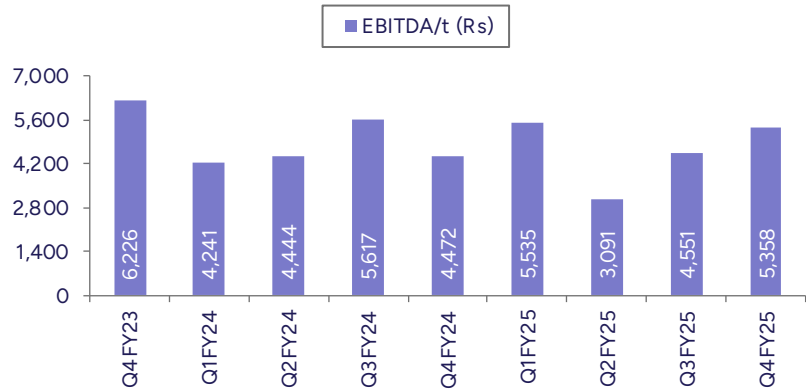
Source: Company, PL

Exhibit 7: Avg realization declined 2.2% QoQ on weak steel pricing in Q4FY25



Source: Company, PL

Exhibit 8: EBITDA/t improved 20% YoY on higher operating leverage



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,027	1,002	1,153	1,251
YoY gr. (%)	(1.6)	(2.5)	15.0	8.6
Cost of Goods Sold	543	509	589	634
Gross Profit	485	493	563	617
Margin (%)	47.2	49.2	48.9	49.3
Employee Cost	117	117	120	126
Other Expenses	282	293	321	345
EBITDA	85	84	122	147
YoY gr. (%)	6.0	(1.6)	45.9	20.0
Margin (%)	8.3	8.3	10.6	11.7
Depreciation and Amortization	53	56	60	63
EBIT	32	27	62	83
Margin (%)	3.1	2.7	5.4	6.7
Net Interest	25	28	26	22
Other Income	11	12	13	13
Profit Before Tax	37	31	49	74
Margin (%)	3.6	3.1	4.2	5.9
Total Tax	10	9	14	21
Effective tax rate (%)	25.9	28.0	28.0	28.0
Profit after tax	27	22	35	53
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	14	8	35	53
YoY gr. (%)	(17.9)	(42.3)	330.3	52.2
Margin (%)	1.4	0.8	3.0	4.3
Extra Ord. Income / (Exp)	13	14	-	-
Reported PAT	27	22	35	53
YoY gr. (%)	43.6	(18.8)	57.9	52.2
Margin (%)	2.7	2.2	3.0	4.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	27	22	35	53
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	3.4	2.0	8.5	12.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,384	1,449	1,524	1,624
Tangibles	1,384	1,449	1,524	1,624
Intangibles	-	-	-	-
Acc: Dep / Amortization	614	670	730	793
Tangibles	614	670	730	793
Intangibles	-	-	-	-
Net fixed assets	770	779	794	831
Tangibles	770	779	794	831
Intangibles	-	-	-	-
Capital Work In Progress	61	72	72	72
Goodwill	-	-	-	-
Non-Current Investments	30	33	33	33
Net Deferred tax assets	(62)	(64)	(64)	(64)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	326	291	316	343
Trade receivables	83	76	79	86
Cash & Bank Balance	5	9	23	25
Other Current Assets	-	-	-	-
Total Assets	1,375	1,329	1,387	1,460
Equity				
Equity Share Capital	41	41	41	41
Other Equity	500	515	542	585
Total Networth	541	557	583	626
Non-Current Liabilities				
Long Term borrowings	391	383	333	283
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	153	105	158	171
Other current liabilities	228	220	249	315
Total Equity & Liabilities	1,375	1,329	1,387	1,460

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	37	31	49	74
Add. Depreciation	53	56	60	63
Add. Interest	25	28	26	22
Less Financial Other Income	11	12	13	13
Add. Other	(7)	-	-	-
Op. profit before WC changes	107	115	135	160
Net Changes-WC	(77)	16	53	46
Direct tax	(1)	(8)	(14)	(21)
Net cash from Op. activities	29	123	174	185
Capital expenditures	(49)	(76)	(75)	(100)
Interest / Dividend Income	-	-	-	-
Others	6	(3)	-	-
Net Cash from Invt. activities	(43)	(79)	(75)	(100)
Issue of share cap. / premium	(8)	-	-	-
Debt changes	49	(8)	(50)	(50)
Dividend paid	(6)	(7)	(8)	(10)
Interest paid	(22)	(28)	(26)	(22)
Others	-	-	-	-
Net cash from Fin. activities	14	(43)	(84)	(83)
Net change in cash	0	2	14	2
Free Cash Flow	(19)	48	99	85

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	3.4	2.0	8.5	12.9
CEPS	16.2	15.6	23.0	28.2
BVPS	131.0	134.7	141.2	151.6
FCF	(4.7)	11.5	23.9	20.5
DPS	2.0	1.6	2.0	2.5
Return Ratio(%)				
RoCE	4.9	4.2	8.1	10.6
ROIC	2.7	2.1	5.0	6.8
RoE	2.7	1.5	6.1	8.8
Balance Sheet				
Net Debt : Equity (x)	0.7	0.7	0.5	0.4
Net Working Capital (Days)	91	95	75	75
Valuation(x)				
PER	38.1	65.9	15.3	10.1
P/B	1.0	1.0	0.9	0.9
P/CEPS	16.2	15.6	23.0	28.2
EV/EBITDA	10.8	10.9	6.9	5.4
EV/Sales	0.9	0.9	0.7	0.6
Dividend Yield (%)	1.5	1.2	1.5	1.9

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	240	230	245	287
YoY gr. (%)	(1.5)	(17.6)	4.9	8.2
Raw Material Expenses	121	116	126	146
Gross Profit	119	115	119	140
Margin (%)	49.8	49.8	48.4	49.0
EBITDA	22	13	20	29
YoY gr. (%)	34.7	(40.2)	(5.4)	40.0
Margin (%)	9.2	5.5	8.3	10.0
Depreciation / Depletion	14	13	14	15
EBIT	8	-	6	13
Margin (%)	3.4	(0.2)	2.5	4.6
Net Interest	7	8	7	7
Other Income	2	3	4	4
Profit before Tax	-	11	3	16
Margin (%)	0.1	4.8	1.3	5.7
Total Tax	-	3	2	4
Effective tax rate (%)	25.1	25.1	60.4	23.6
Profit after Tax	-	8	1	12
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	-	8	1	12
YoY gr. (%)	(92.9)	(32.8)	(62.0)	23.5
Margin (%)	-	3.6	0.5	4.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	-	8	1	12
YoY gr. (%)	(92.9)	(32.8)	(62.0)	23.5
Margin (%)	-	3.6	0.5	4.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	8	1	12
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	-	2.0	0.3	3.0

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales volume (mt)	17	18	19	20
Realisation/t (Rs)	60,027	56,018	56,280	57,809
EBITDA/t (Rs)	4,668	4,677	6,465	7,310

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	23-Apr-25	Hold	118	116
2	08-Apr-25	Hold	110	105
3	12-Feb-25	Hold	107	106
4	09-Jan-25	Reduce	110	108
5	09-Nov-24	Reduce	104	118
6	07-Oct-24	Reduce	131	139
7	09-Aug-24	Sell	112	129
8	07-Jul-24	Sell	134	156

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	Accumulate	724	663
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,068	1,009
8	National Aluminium Co.	BUY	212	185
9	NMDC	Accumulate	75	71
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	118	116
13	Tata Steel	BUY	176	149
14	Ultratech Cement	BUY	13,668	12,114

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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