

About the Stock: Steel Authority of India Limited (SAIL) is one of the largest steel-making companies in India and 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.

Geographical breakup - As of FY22, India - 93%, Outside India - 7%.

Modernization and Expansion plan - The company is one of the largest steelmakers in India, with a total crude steel and saleable steel capacity of 19.63 million tonnes per annum and 18.54 million tonnes per annum, respectively, as on 31 March 2022.

As on FY22, the utilization was 88% and 92% for crude steel and saleable steel

Important con call highlights

- The management anticipates sales of 4.5 to 4.8 mt in 4QF23. SAIL is now producing crude steel to its maximum capacity.
- During Jan./Feb. 23, SAIL would profit from low coking coal use; Nevertheless, in March of 23 the price is anticipated to increase by INR 4,000/t.
- The management anticipates strong demand in India with no problems with off-take.
- After FY24–25, SAIL aims to expand again, increasing capacity to over 30 mt by CY2030-31 (incremental capacity of 12–12.5 mt).

Recent Quarters Update

- In 3QFY23, revenue was INR250b, down 1% YoY and 5% QoQ. Lower ASP was the cause of the 6% revenue shortfall; however, increased sales volumes YoY made up the difference.
- The biggest amount of crude steel was produced—4.7 mt—in 3QFY23, up 4% YoY and 9% QoQ. Sales volume to 4.2mt increased 8% YoY but down 1% QoQ. (in line). In 9MFY23, the Bhilai facility produced the most completed steel—3.2 metric tons—and saleable steel—3.4 metric tonnes.
- Lower input prices and lower staff costs were the main drivers of EBITDA, which was down 39% YoY but up 183% QoQ at INR21b.
- SAIL generated a profit in the third quarter with PAT of INR2.4b. Depreciation and increasing interest costs took a toll on profitability.
- Sales, EBITDA, and PAT totaled INR753b, INR51b, and INR6.3b during 9MFY23. EBITDA/PAT decreased 70%/94% although sales increased by 4% year over year.
- The 3Q ASP was INR60,327/t, which was in line with our prediction of INR61,765/t (down 8% YoY and 3% QoQ). Steel prices were negatively impacted by global macro headwinds and the global economic downturn in 3QFY23.

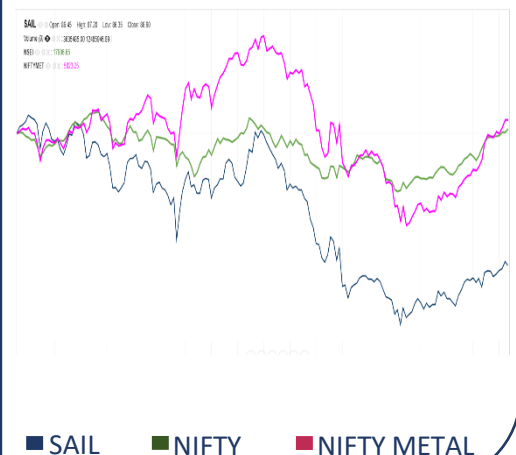


Particulars	Amount
Market Capitalization	₹35,398.60 Cr
Total Debt (FY22)	₹17,284.17 Cr
Cash and Investments (FY22)	₹426.17 Cr
Enterprise Value	₹ 66,486 Cr
52-week H/L (Rs)	₹112.35 - 63.60
Equity capital	4,13,05,25,289
Face value (Rs)	₹ 10.00

Share Holding

Years	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	65	65	65	65
FIIIs	4.58	4.22	4.31	4.34
DIIIs	10.24	8.79	9.4	10.73
Government	0	0.09	0	0
Public	20.18	21.91	21.29	19.94

NSE vs SAIL vs NIFTY



Risk

- Currency exchange rate exposures.
- price risk associated with its investment in shares of other companies.
- interest rate cash flow risk risks on borrowings and long-term financing.

Financial Data

	Sep-22	Dec-22	% change Q-o-Q	Dec-21	% change Y-o-Y
Revenue	₹ 26,246.34	₹ 25,042.10	-4.8%	₹ 25,246.99	-0.8%
Other Income	₹ 395.68	₹ 98.06	-303.5%	₹ 151.38	-35.2%
Total Income	₹ 26,642.02	₹ 25,140.16	-6.0%	₹ 25,398.37	-1.0%
Total Expenditure	₹ 25,511.13	₹ 22,963.59	-11.1%	₹ 21,845.08	5.1%
EBITDA	-₹ 448.28	₹ 857.25	152.3%	₹ 2,352.92	-63.6%
Interest	₹ 506.17	₹ 640.26	20.9%	₹ 315.81	102.7%
Exceptional Items	--	₹ 298.41	0.0%	-₹ 363.92	-182.0%
PBDT	₹ 624.72	₹ 1,834.72	66.0%	₹ 2,873.56	-36.2%
Depreciation	₹ 1,183.49	₹ 1,221.26	3.1%	₹ 1,048.99	16.4%
PBT	-₹ 558.77	₹ 613.46	191.1%	₹ 1,824.57	-66.4%
Tax	-₹ 113.25	₹ 183.73	161.6%	₹ 477.27	-61.5%
Profit after Tax	-₹ 445.52	₹ 429.73	203.7%	₹ 1,347.30	-68.1%
Minority Interest	--	--	0.0%	--	0.0%
Share of Associate	₹ 116.16	₹ 112.45	-3.3%	₹ 181.24	-38.0%
Consolidated Profit	-₹ 329.36	₹ 542.18	160.7%	₹ 1,528.54	-64.5%

Key Ratios	Mar-19	Mar-20	Mar-21	Mar-22
EBIT Margins	9.52	10.48	12.5	16.49
Net Margins	3.15	3.08	5.93	11.73
Cash Profit Margins	8.23	9.21	11.94	15.96
ROCE	7.75	7.31	11.22	23.28
ROE	5.55	4.75	9.55	24.58
ROA	1.88	1.6	3.41	10.28
Debt to Equity Ratio	1.14	1.3	0.83	0.32
Current Ratio	0.78	0.91	0.68	0.73
Interest Coverage Ratio	2.05	1.89	3.56	10.6
Inventory Ratio	99.56	128.29	103.43	61.63
Cash Conversion Ratio	78.23	126.26	52.99	-22.48

Profit & Loss Statement - STEEL AUTHORITY OF INDIA LTD

Years	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
# Income Statement						
Sales	₹ 57,496.26	₹ 66,973.49	₹ 61,664.12	₹ 69,113.61	₹ 1,03,476.84	₹ 1,04,718.56
Other Income	₹ 653.68	₹ 282.72	₹ 280.38	₹ 1,349.10	₹ 901.55	₹ 901.55
COGS	₹ 36,262.61	₹ 46,872.53	₹ 47,358.53	₹ 30,625.83	₹ 57,184.01	₹ 66,905.29
Gross profit	₹ 21,887.33	₹ 20,383.68	₹ 14,585.97	₹ 39,836.88	₹ 47,194.38	₹ 38,714.82
GP % of Sales	38.1%	30%	24%	58%	46%	37%
SG&A Exp.	₹ 14,247.60	₹ 15,726.50	₹ 15,197.16	₹ 17,158.02	₹ 25,488.68	₹ 29,821.76
EBITDA	₹ 7,639.73	₹ 4,657.18	₹ -611.19	₹ 22,678.86	₹ 21,705.70	₹ 8,893.06
EBITDA % of sales	13.3%	7.0%	-1.0%	32.8%	21.0%	8.5%
Depreciation	₹ 3,065.97	₹ 3,385.34	₹ 3,755.73	₹ 4,102.78	₹ 4,275.02	₹ 4,702.52
Interest	₹ 2,822.75	₹ 3,154.92	₹ 3,486.76	₹ 2,817.15	₹ 1,697.89	₹ 2,258.19
EBT	₹ 1,751.01	₹ -1,883.08	₹ -7,853.68	₹ 15,758.93	₹ 15,732.79	₹ 1,932.35
Taxes	₹ -245.23	₹ 1,200.53	₹ 1,180.87	₹ 3,057.52	₹ 4,048.40	₹ 404.84
EAT	₹ 1,996.24	₹ -3,083.61	₹ -9,034.55	₹ 12,701.41	₹ 11,684.39	₹ 1,527.51

Balance Sheet	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Equity Share Capital	₹ 4,130.53	₹ 4,130.53	₹ 4,130.53	₹ 4,130.53	₹ 4,130.53	₹ 4,130.53
Reserves	₹ 32,816.12	₹ 35,515.62	₹ 37,379.70	₹ 41,275.69	₹ 50,081.15	₹ 50,682.12
Borrowings	₹ 45,408.72	₹ 45,170.04	₹ 54,127.05	₹ 37,676.67	₹ 17,284.17	₹ 32,667.08
Other Liabilities	₹ 33,338.69	₹ 33,385.22	₹ 31,560.30	₹ 35,006.88	₹ 48,885.44	₹ 52,234.09
Total	₹ 1,15,694.06	₹ 1,18,201.41	₹ 1,27,197.58	₹ 1,18,089.77	₹ 1,20,381.29	₹ 1,39,713.83
Net Block	₹ 58,625.43	₹ 61,374.50	₹ 69,034.28	₹ 67,618.16	₹ 73,677.49	₹ 77,214.01
Capital Work in Progress	₹ 18,395.43	₹ 16,013.61	₹ 8,753.33	₹ 8,880.63	₹ 4,016.72	₹ 7,832.60
Investments	₹ 2,628.86	₹ 2,974.83	₹ 3,240.39	₹ 3,442.26	₹ 3,756.92	₹ 4,395.60
Other Assets	₹ 36,044.34	₹ 37,838.47	₹ 46,169.58	₹ 38,148.72	₹ 38,930.16	₹ 50,271.62
Total	₹ 1,15,694.06	₹ 1,18,201.41	₹ 1,27,197.58	₹ 1,18,089.77	₹ 1,20,381.29	₹ 1,39,713.83
Debtors	₹ 3,870.99	₹ 4,497.48	₹ 8,844.73	₹ 8,168.54	₹ 4,770.85	₹ 7,053.00
Inventory	₹ 17,277.39	₹ 19,759.44	₹ 24,106.21	₹ 15,605.30	₹ 19,879.74	₹ 23,244.66
Debtor Days	24.57	24.51	52.35	43.14	16.83	24.58
Inventory Turnover	3.33	3.39	2.56	4.43	5.21	4.51

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