



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED

Ref No.CA-17(44)/2020

Dated: 18th July 2020

The Secretary Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers 25th Floor, Dalal Street Mumbai-400001. Scrip Code : 500113	The Asstt. Vice President National Stock Exchange Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra(E) Mumbai-400051. Scrip Symbol: SAIL
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Sub: Disclosure of material impact of CoVID-19 Pandemic

Dear Sir,

In continuation of our communiqué No. CA-17(44)/2020 dt. 26th March 2020 and pursuant to SEBI circular no.-SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020, please find enclosed disclosure of anticipated material impact of Covid-19 Pandemic on business of the company.

Thanking You.

Yours faithfully,
For Steel Authority of India Limited


(M B Balakrishnan)
Company Secretary

Encl. As above.

Impact of Covid-19 pandemic on Business, Performance and Financials:

1) Impact of Covid-19 Pandemic on the Business:

The impact of Covid-19 considered in the Financial Results for the Financial Year/Quarter 31st March, 2020 is Rs.771.76 crores, on account of fall in the Net Realisable Value of Inventory.

2) Ability to maintain Operations including the Factories/Units/Office spaces functioning and closed down:

During the period of lock down, Production at the Plants/Units was curtailed in view of the depressed demand. Employees are on roster duty. All safety precautions are being observed by the Employees at the offices and work places to avoid transmission of the pandemic. Sufficient numbers of PPEs are provided at the work places to the Employees for use.

3) Schedule, if any, for restarting the operations:

With opening up of the economy post lock down, the production levels in the producing units have been raised.

4) Steps taken to ensure smooth functioning of Operations:

Facilities have been properly maintained in a scheduled manner, which is helping in smooth functioning of operations.

5) Estimation of the future impact of Covid-19 on the Operations:

It is difficult to quantify the impact of the pandemic on the operations of SAIL, in view of the uncertainty over the period of slowdown. However, operating the Plants at sub-optimal levels, lack of demand for steel in the Country and un-remunerative prices, are having an adverse impact on the financials of the Company.

6) Details of impact of Covid-19 on listed entities:

a. Capital and Financial resources:

The slowdown in Sales, and consequently Cash Realisations, has put a strain on the financial resources of the Company. The realisation from Debtors has been low. However, cash conservation efforts initiated during this period have helped in keeping the

borrowing levels under control. The total borrowings increased by around Rs.500 crores during the first quarter of FY 2020-21.

b. Profitability:

On account of a depressed market resulting in production cuts, the profitability has been affected during the lock down period and its effect will continue for some time.

c. Ability to service debt and other financing arrangements:

The borrowings have increased marginally in Q1 of FY2020-21. However, sufficient lines of credit are available with the Company to tap loans from cheaper sources from time to time for repayment / swapping of old loans. The Company sees no threats to service debt obligations on time.

d. Supply chain:

Though there was shrinkage in demand for steel, the supply of raw materials was not impacted much, except for certain imported spares. Staggered deliveries of bulk raw materials, in sync with requirements, helped in maintaining the inventories at normal levels.

e. Demand for its products/services:

Though demand for steel has been low since March-20, SAIL is closely monitoring the situation and adjusting its production based on demand for specific products. With the gradual opening up of the economy, it is expected that there will be an increase in steel demand.
