



No.CA/Compliance/Rating/2019

March 16, 2019

The General Manager (MO)
Bombay Stock Exchange
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P.P. Tower,
Dalal Street, Fort,
Mumbai-400001
(Fax No.022-22723121/3719)

The Asstt. Vice President
National Stock Exchange of India Ltd.
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400 051.
(Fax No.022-26598237/38)

**Sub: Assignment of Rating by M/s. Credit Analysis & Research Limited (CARE) to
SAIL's Long term Bank facilities (Term Loans).**

Dear Sir,

As per Regulation 84(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that M/s. Credit Analysis and Research Limited (CARE) has assigned "CARE AA- ; Stable (Double A minus; Outlook; Stable) to SAIL's Long term Bank facilities (Term Loans) amounting to Rs.30,000 crore.

Rationale of Rating is enclosed at Annexure-I.

Thanking you,

Yours faithfully,
For Steel Authority of India Limited

(M.C. Jain)

ED(F&A) and Company Secretary

Encl: As above.

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Steel Authority of India Limited (SAIL) derive strength from the majority ownership by Government of India (GoI) and its established position as one of the largest integrated steel producers in India with captive iron ore mines. The ratings also favorably factors in SAIL's geographical diversity of sales with a strong marketing network, healthy mix of value-added products and a moderate capital structure. The ratings take cognizance of the improvement in the operational and financial performance during 9MFY19 (refers to the period April 1 to December 31). The rating strengths are, however, tempered by the susceptibility of the SAIL's operating margins to volatility in input costs (particularly coking coal), cyclical nature inherent in the steel industry and risks associated with the implementation of the large ongoing Modernization & Expansion (M&E) projects of the company.

Going forward, SAIL's ability to achieve the envisaged revenue and profitability while keeping control on the input costs shall remain a key rating sensitivity. Also ramping up of operations from enhanced capacity and completion of the ongoing M&E plan within the time and cost estimates shall remain key rating sensitivities.