



**BY COURIER**

No.CA/Compliance/Cr.Rating/2018

October 08, 2018

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: Revision of SAIL Rating by CARE Ratings Limited**

Dear Sir,

As per the Regulation 84(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that the rating of SAIL was reviewed by CARE Ratings Limited and revised as follows:

Sl. No.	Instrument	Amount (Rs. Crore)	Rating/Outlook	Rating Action
1.	Long Term Bond Programme-I	1,957 (Reduced from Rs.4,323 cr)	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
2.	Long Term Bond Programme-II	1500 (Reduced from Rs.3,000 cr)	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
3.	Long Term Bond Programme-III	6,000	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
4.	Long Term Bond Programme-IV	2,000	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
5.	Long Term Bond Programme-V	2,000	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
6.	Proposed Long Term Public Deposit Programme	1,000	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Rating Reaffirmed; Outlook Revised from Negative to Stable
7.	Short-term CP/ICD Programme	8,000	CARE A1+ (A One Plus)	Reaffirmed

The Rationale of Ratings 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.

Page 1 of 2

**Detailed Rationale & Key Rating Drivers**

The reaffirmation of ratings of Steel Authority of India Limited (SAIL) continue to 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 strong marketing network, healthy mix of value-added product and moderate capital structure. The ratings take cognizance of the improvement in the operational and financial performance during FY18 (refers to the period April 1 to March 31) and Q1FY19 (refers to the period April 1 to June 30) characterized by improvement in volume growth and average sales realizations on account of improved industry scenario. The ratings strengths are, however, tempered by the susceptibility of the SAIL's operating margins to volatility in input cost particularly coking coal, cyclical nature inherent in the steel industry and risks associated with the implementation of the large ongoing Modernization & Expansion (M&E) project of the company.

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

**Outlook: Stable**

The revision in the rating outlook from 'Negative' to 'Stable' factors CARE's expectation of SAIL's PBILDT/Tonne to improve going forward. The PBILDT improvement is likely to be driven by healthy volume growth and firm average sales realizations coupled with range bound raw material prices particularly coking coal. Further, SAIL is also likely to benefit from production ramp up from newly commissioned facilities, manpower rationalization and enhanced techno economic parameters.

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