BY COURIER

No.B&S/Shares/Cr.Rating/2017 September 28, 2017

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	Issue Size (Rs. Crore)	Rating/Outlook	Rating Action
1.	Long Term Bond Programme-I	4,323	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
2.	Long Term Bond Programme-II	3,000	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
3.	Long Term Bond Programme-III	6,000	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
4.	Long Term Bond Programme-IV	2,000	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
5.	Long Term Bond Programme-V	2,000	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
6.	Long Term Public Deposit Programme	1,000	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Revised from CARE AA (Double A)
7.	Commercial Paper/Inter Corporate Deposit	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.

Annexure-I

Detailed Rationale & Key Rating Drivers

The revision in the long-term rating of Steel Authority of India Ltd. (SAIL) factors in the lower than envisaged financial performance during FY17 (refers to the period April 01 to March 31) attributable to subdued profitability and losses at net level. Lower financial performance increased the Company's reliance on external debt resulting in increased leverage and lower debt coverage indicators for the Company. Though the financial performance during FY17 improved as compared to FY16, it continued to be subdued leading to lower-than-expected recovery in its key credit metrics. The improvement in volume growth and average sales realization during FY17 and Q1FY18 (refers to the period April 01 to June 30) was largely offset by the elevated cost structure leading to continued net losses during FY17 and Q1FY18.

The ratings, however, continue to derive strength from the majority ownership by Government of India (GOI) in SAIL, its established position as one of the largest integrated steel producers in India with captive iron ore mines, healthy mix of value-added product and geographical diversity of sales with strong marketing network.

The ratings take congnizance of extension of Anti-Dumping Duty (ADD) on various steel products which have helped in firming up of steel prices, however the same was negated by higher coking coal prices. The ratings also take note of SAIL's plan for operational improvement through raw material cost optimization, manpower rationalization and other measures.

The ratings continue to remain constrained by the susceptibility of the SAIL's operating margins to volatility in input cost, cyclicality 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, the Company's ability to improve its operational performance and improve profitability, control the rising input cost while maintaining its capital structure and complete the ongoing M&E plan within the time and cost estimate shall remain the key rating sensitivities.

Outlook: Negative

The outlook for the rating is negative on account of expectations of further moderation in the leverage indicators given the subdued profitability driven by sharp increase in coking coal prices. The outlook may be revised to 'Stable' if SAIL's profitability and debt coverage metrics improve, supported by better capacity utilization from the newly commissioned facilities, better net sales realization.