



Chairman SAIL Shri CS Verma with employees of Bhilai at the Long Rail Complex of BSP

environmental footprint and enhance operational efficiency by improving operational discipline and minimizing emissions. This has led to a significant improvement in environmental parameters, enabling us to produce greener and more environmental friendly steel than before. Realizing the role of plantation in overall environment, about 2.05 lakhs saplings have been planted in and around the SAIL Plants and Mines during the year FY'14.

SAIL – Vision 2025

Your Company is also geared up to play a significant role in the economic development of the country with a quantum increase in its production capacity in the coming years. SAIL is finalizing its Vision-2025 document, which will steer the company to increase its production capacity of Hot Metal to 50 million tonnes, along with related/enabling business activities. This will not only enhance SAIL's contribution to nation building, but will also put SAIL amongst the top steel companies globally. Your Company already has the land bank and the other necessary enablers for expanding its capacity to that level.

Human Resource & Corporate Social Responsibility

Your Company achieved the highest ever Labour Productivity (LP) of 278 TCS/Man/Year in 2013-14. As

on 31.03.2014, the manpower strength of the Company was 97,897 numbers with manpower rationalization of 3,981 numbers achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitment, redeployment strategies, building competencies and infusing a sense of commitment and passion among employees to excel. Post the current modernisation and expansion the labour productivity would further improve to over 400 TCS/Man/Year.

With regard to the social responsibility, SAIL continued to work towards its credo of making a meaningful difference in people's lives.

On the medical front, specialized and basic healthcare facilities, are being provided to underprivileged living in the vicinity of Plants/Units through 57 Primary Health Centres, 21 Hospitals, 7 Reproductive & Child Health Centres and 7 Super-specialty Hospitals created by SAIL. More than 38.61 million people have benefited so far by availing the healthcare facilities being provided by your Company.

In the field of education, SAIL owns and maintains over 129 schools in its Steel Townships for providing modern education to more than 59,000 children,

besides actively providing assistance to over 629 schools with over 92,000 students.

SAIL has constructed new roads/pathways and repaired damaged road/pathways in rural areas to provide connectivity for facilitating reach of education and healthcare amenities to over 77 lakh people across 435 villages.

During FY'14, around 3,000 medical camps were organized to provide medical facilities to the needy which benefitted more than 2 lakh people. Over 90,000 people were treated at the seven health centres established at the Plant locations, providing free OPD facilities & medicines to the BPL families during the year. SAIL in association with Akshya Patra Foundation provided Mid-Day meals to more than 73,000 students of Government schools in and around Bhilai and Rourkela every day in FY'14.

I am also happy to share with you that CSR plan for FY'15 has been re-worked, giving utmost thrust to Hon'ble PM's call for thrust on sanitation/building of toilets in schools.

RECOGNITION OF EXCELLENCE

Your Company continued to get laurels and appreciation from different quarters, which inter-alia

include, "Excellent" MOU Rating for the year 2012-13 for the 11th consecutive year; Bhilai Steel Plant has been awarded the prestigious PM's trophy for the Best integrated Steel Plant (2011-12) for a record 11th time (out of 20 times awarded) and Gold Trophy for "SCOPE Meritorious Award for Environmental Excellence & Sustainable Development" for the year 2012-13.

The employees of your Company continued to maintain the tradition of winning maximum number of Prime Minister's Shram Award and Vishwakarma Rashtriya Puruskar in the country in recognition of their creative and innovative abilities. 19 out of 28 Viswakarma Awards declared in 2014 have been bagged by SAIL. In terms of number of employees, 83% awardees in the country were from SAIL. Similarly, 3 out of 16 Shram Awards declared in the country for the Public Sector have been won by SAIL employees this year.

CORPORATE GOVERNANCE

Your Company is committed to conforming to the highest standards of Corporate Governance by ensuring transparency, disclosures and reporting as required under various laws, regulations and guidelines, including those issued by Department of Public Enterprises.



New Basic Oxygen Furnace at IISCO Steel Plant



73,000 students are being served mid day meal everyday under a CSR initiative of SAIL and Akshaya Patra Foundation

ACKNOWLEDGEMENT

I would also like to express my thanks and appreciation for immense support extended by the Board, all our stakeholders and members of SAIL collective, who have provided the cutting edge to the organisation. I place on record, my sincere thanks to the Ministry of Steel, Government of India, State Governments, and other Organisations & Institutions for the unstinted support, guidance and co-operation extended.

Dear shareholders, there is considerable optimism that India will see a buoyant growth in the coming years, particularly in the infrastructure sector, giving a fillip to demand of steel in the country. Your Company with the completion of its ongoing Modernisation & Expansion

Programme would be fully geared to cater to the increased demand for steel in a cost effective manner by way of adoption of modern technology, automation, improvement in product quality, enriched product basket and process efficiency providing an apt platform for further capacity enhancement and technological excellence.

I thank you for your continued faith in us.

Jai Hind.

New Delhi
Date 23rd September, 2014

C.S. Verma

(C.S. Verma)
Chairman



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Chairman's Address 42nd Annual General Meeting 23rd September, 2014



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सेल SAIL



“There is considerable optimism that India will see a buoyant growth in the coming years, particularly in the infrastructure sector, giving a filip to demand of steel in the country. We are fully geared up to cater to the increased demand for steel in a cost effective manner by way of adoption of modern technology, automation, improvement in product quality, enriched product basket and process efficiency.”

Dear Shareholders,

Good morning, ladies and gentlemen. It gives me immense pleasure to welcome you on the occasion of 42nd Annual General Meeting of your Company. I take this opportunity to apprise you on the Company's performance in the Financial Year 2013-14 and also share with you our plans for the future.

World Economic Environment

To begin with, let me briefly describe the world economic environment having impact on global economy and the steel industry. The world economy has experienced subdued growth of 3.2% in 2013 though global activity strengthened during the second half of 2013. IMF projects a 3.4% growth for 2014, which is marginally higher than 2013, largely on account of recovery in the advanced economies. At the same time, several downside risks remain which include geopolitical risks, making the business environment dynamic and a bit uncertain. The way to deal with this is to be alert and fully geared up to operate and thrive in these challenging and ambiguous times, which is the hallmark of all successful companies.

GLOBAL STEEL INDUSTRY OUTLOOK

World crude steel production reached 1606 million tonne for the year 2013, up by 3% compared to 2012. The growth came mainly from Asia with China's crude

steel production in 2013 reaching 779.0 million tonne, an increase of 6.6% over 2012.

The world finished steel consumption in 2013 grew by 3.6% to 1481 million tonne. The global steel demand is expected to grow modestly by 3.1% to 1527 million tonnes in 2014 and by 3.3% in 2015.

The global steel industry continues to operate at below 80% capacity utilisation, implying global overcapacity in the steel industry. Prices of major raw materials viz. iron ore and coal are presently at their lowest levels in the recent few years, with the finished steel prices remaining broadly stable.

INDIAN SCENARIO

In India, we witnessed another year of sub 5% GDP growth in fiscal 2013-14. However, a new era of hope, change and confidence has dawned in the country. The signs of change to come are already reflected in the General Budget presented by the Government this year with announcement of initiatives such as opening up of more sectors for Foreign Direct Investment (FDI), plans to accelerate growth in manufacturing & facilitating investments, focus on infrastructure such as, development of smart cities, ports, power plants, plan for doubling pipeline grid, metro for tier 2 cities, industrial corridors, incentives for housing and revival of Special Economic Zones (SEZ).

These initiatives augur very well for the Indian steel industry, and we are confident that good growth would

be witnessed in domestic steel consumption in the coming years, bringing an end to the stagnant demand scenario.

PERFORMANCE OF YOUR COMPANY DURING FY 14

With respect to the performance during 2013-14, I am glad to share that your company achieved the highest ever turnover of ₹51,866 crore, registering a growth of 5% over the previous year. The Profit After Tax of ₹2,616 crore was higher by 21% over last year profit of ₹2170 crore. Higher production and sales along with lower cost of imported coal helped improve the bottom line.

The net worth of Company improved substantially from ₹41,025 crore as on 31st March 2013 to ₹42,666 crore as on 31st March 2014. The debt equity ratio of the Company was 0.59:1 as on 31st March, 2014, which is amongst the lowest in the Steel Industry.

The Company has paid dividend @20.20% of the paid up equity share capital for 2013-14 as compared to 20% paid for the last financial year.

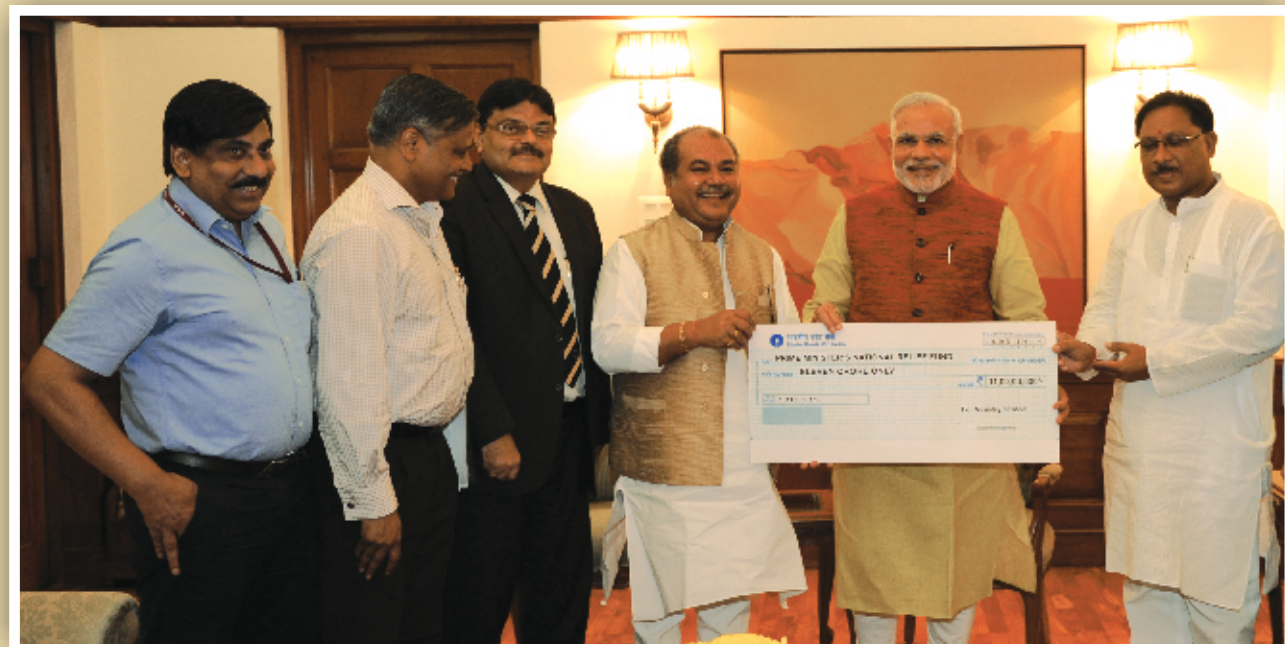
During the first quarter of FY'15, your company has reported Profit After Tax of ₹529.88 crore as compared to ₹450.91 crore during the corresponding period of last year, registering a growth of 17.5%.

On the production front, your Company achieved 12.9 million tonnes (MT) of saleable steel in FY'14, registering an improvement of 4% over FY'13. All-time best production of special quality & value added products of 5.42 MT was achieved, which was 6% higher than the previous financial year.

Notwithstanding the challenging market conditions, your Company achieved a total sales volume of 12.09 million tonnes during the FY'14 registering a growth of 8.6% over the previous year. With slowdown in domestic steel consumption, SAIL consciously targeted higher volumes of exports and exported 0.47 million tonnes steel during the year 2013-14, registering a growth of 28% over the previous year.

On-going Modernisation & Expansion

With respect to the ongoing Modernisation & Expansion Plan (MEP), it gives me immense pleasure



Cheque donated by Steel PSUs for PM's National Relief Fund handed over by Hon'ble Union Minister for Mines, Steel and Labour & Employment Shri Narendra Singh Tomar to Hon'ble Prime Minister of India Shri Narendra Modi. Also present and seen in the picture are Hon'ble Minister for State for Mines, Steel and Labour & Employment, Shri Vishnu Deo Sai (R), from left Joint Secretary, Ministry of Steel Shri U.P. Singh, Secretary, Mines Dr. A.K. Pujari and Chairman SAIL Shri C.S. Verma



Slabs being produced from the new state-of-the-art slab caster at Rourkela Steel Plant

to inform my esteemed shareholders that during the year SAIL took a major step forward, with the new 4060 m³ Blast Furnace, the largest operating furnace in the country at Rourkela Steel Plant becoming operational in August 2013. It marked a new chapter in the modernization and expansion of the company. Thereafter, other upcoming facilities at RSP have also been operationalized. From May 2014, the entire integrated process route comprising the new Ore Bedding & Blending Plant, 360 sq.m. Sinter Plant, the 7 m tall Coke Oven Battery No.6, the 4060 m³ Blast Furnace No.5, the 3rd BOF, 2500 mm Slab Caster and the Plate Rolling facility in the new 1.0 million tonnes per annum Plate Mill are operational at RSP. The balance work in the finishing area of the new Plate Mill would be completed by the year end.

Another encouraging achievement has been the start-up of the First Basic Oxygen Furnace (BOF) at IISCO Steel Plant (ISP) on 8th September, 2014, with which steel making commenced in the new Steel melting Shop. This paves the way for the commencement of production from the new 4060 m³ Blast Furnace next month. The plant is geared up to start the integrated operations of state-of-the-art 2.5 million tonnes per annum (Mtpa) steel plant. Many of the major facilities

under the expansion program viz. the 7 m tall Coke Oven Battery, 2x204 sq.m. Sinter Plant, Power and Blowing Station and the 0.5 Mtpa Wire Rod Mill have already commenced operations on standalone basis.

In Bokaro Steel Plant (BSL), rolling has commenced in the state-of-the-art new Cold Rolling Mill No.3. The new Hot Dip Galvanising Line in this complex would commence production in October'14.

Cumulatively, orders for ₹62,778 crore have been placed under the current Modernisation & Expansion Plan of SAIL and a capital expenditure of ₹55,444 crore has been made till August, 2014. Facilities of about ₹26,000 crore have been already operationalized.

Research & Development

Recognizing that development and assimilation of new technologies & process innovations are basic tenets for sustainable growth, the implementation of the R&D Master plan rolled out in FY'11 continues to be one of our key priorities.

Maintaining the commitment for developing new products, your Company has developed several new products during the year. A few of them are, Super Formable/ High Strength Formable Steel specifically designed for producing light weight cylinders; High Toughness Corrosion Resistant Rails to provide

improved hardness, elongation and better fracture toughness in rails supplied to Indian Railways; production of special steel to cater to the latest trend of using high strength steel in electrical transmission towers to reduce weight and improve cost effectiveness, etc.

Towards greater raw material security

Total requirement of iron ore of your Company is being met from captive sources. For ensuring regular captive supplies of iron ore post ongoing Modernisation & Expansion programme of the Company, capacities of existing iron ore mines are being expanded. Process for selection of Mine Developer-cum-Operator(MDO) for development of Rowghat and Chiria iron ore mines has been initiated. In addition, new iron ore deposits are also being scouted. In this regard, Ministry of Mines, Government of India accorded approval for grant of mining lease for iron ore associated mineral over 871.38 ha in village Dhul khera, district Bhilwara, Rajasthan in favour of SAIL for a period of 30 years.

For improving the quality of iron ore, Beneficiation facilities are being put up on a large-scale, including 10 MTPA expansion of Gua (from the existing level of 2.4 MTPA). Measures to set up large scale Pellet making production capacities have also been taken, with 4

MTPA plant coming up at Gua, 2 MTPA at RSP and BSL each & 1 MTPA at Dalli (near Bhilai).

Further, it gives me great pleasure to inform the esteemed shareholders that a landmark acquisition of a large coking/thermal coal mine & assets has been made in July, 2014 by International Coal Ventures Pvt. Ltd. (ICVL), a joint venture company of SAIL with CIL, RINL, NMDC and NTPC. With this acquisition, ICVL would be taking over Rio Tinto's operating coal mine and coal assets in Mozambique, having an estimated resources of 2.6 billion tonnes of coal. One of the three assets under this acquisition is an operating coal mine at Benga, which has a state-of-the-art wash plant and surface infrastructure with a potential to expand raw coal production from the current 5 Million tonnes per annum (Mtpa) to 12 Mtpa. It is indeed encouraging that ICVL, which had been scouting for coal mines and assets since its inception in 2009, has now succeeded with this large acquisition. A plan for takeover of Rio Tinto Coal Mozambique (RTCM) has already been prepared so that a smooth transition could take place. This will provide SAIL a much needed coking coal security, with supplies commencing from this financial year itself.

Concern for Environment

SAIL Plants have taken various initiatives to reduce



Shri Rakesh Singh, Secretary, Steel, Government of India addressing the Steel Summit 2014 organized by CII, in New Delhi