



**SAIL- SURGING AHEAD**  
SAIL AGM SPEECH- 22<sup>ND</sup> OCT'2020

and also working with engineering students and academicians to popularize usage of steel in designing in general and structurals under "NEX" brand in particular. Further, with a focus on tapping the vast potential of rural India, your Company had organized around 180 workshops in 21 States/UTs under its "SAIL Steel-Gaon ki Ore" Campaign during FY '20.

With focus on small consumers, 6.70 Lakh Tonnes of steel was sold through the retail marketing channels. SAIL has initiated the process for establishment of robust distribution channels for B2B and B2C segments. 2 Tier Distribution Channel for sales of reinforcement bars to retail customers is now in operation with 37 distributors. A pilot project for 1 Tier Distribution Channel for small B2B customers has been commenced in the FY 2020-21.

As a consequence of persistent efforts, your Company achieved its best ever sales volume of over 14.231 million tonnes (MT) during the Financial Year 2019-20. With emphasis on strengthening its presence in the international markets, the Company made persistent efforts to explore new markets. **With quantum jump, your Company achieved its highest ever exports at 1.18 MT during the FY 2019-20, substantial growth of over 54% over the previous year.**

#### Sustainable Steel Maker

As an environmentally conscious corporate, all plants and mines of your Company strive not to disturb the ecological balance by operating within the ambit of notified environmental standards with respect to air emission, water discharge and noise pollution and rules pertaining to eco-friendly management of various wastes generated. These efforts have resulted in improved performance by sustainability parameters like Specific PM Emission Load (0.69 kg/tcs), Specific CO<sub>2</sub> Emission (2.54 T/tcs)

and Specific Effluent Load (0.82 kg/tcs) registering improvement of 1.4%, 1.2% and 4.7% respectively over CPLY. Displaying its waste management skills, SAIL increased its Total Solid Waste Utilisation to more than 88%.

Your Company has been taking all appropriate measures to restore and rehabilitate the degraded eco-system, maintain and enhance bio-diversity, restoration of mined out areas, fresh plantation, etc. Structured plantation programmes are being carried out every year in the SAIL Plants and Mines. **More than 4.44 lakh saplings were planted during the FY 2019-20, taking the cumulative plantation by SAIL to 21.04 million since inception.**

#### Corporate Governance

Your Company is committed to the highest standards of Corporate Governance which are reinforced in its Vision and Credo. The philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully to laws, regulations and guidelines including the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and the DPE Guidelines. The Company promotes ethical conduct with the primary objective of enhancing shareholders value, while being a responsible corporate citizen.

Your Company believes that building trust will enhance its reputation and boost the confidence of its investors & stakeholders. In line with this, SAIL has been proactively and regularly sharing key information with all stakeholders through use of different communication channels. I take this opportunity to inform you that pursuant to the circulars from the Ministry of Corporate Affairs, the 48<sup>th</sup> Annual General Meeting (AGM) of the Company is being held through Video Conferencing (VC)/Other Audio Visual means providing our far spread shareholders an

opportunity to attend the AGM, which otherwise was difficult as per the earlier practice requiring physical presence.

#### Outlook

The onset of COVID-19 Pandemic has impacted the future projections for the global economy quite adversely. IMF has projected the World growth outlook for the year 2020 at -4.9%. The decline in 2020 is triggered by drop in consumption levels, hit to the labour market and weaker inflation data and prevailing uncertainty. The silver lining in the cloud is the growth rate of 5.4% in the year 2021.

Similar sentiments have been echoed in the Short Range Outlook published by World Steel Association in June'20. It has been forecast that Global steel demand will contract to 1,654 Million Tonnes (MT) in 2020, a decline of 6.4% over 2019. Again the growth projected for 2021 at 3.8%, augers well for the steel industry in the longer run. In India, the slide in consumption rates for steel during 2020 at 18% and subsequent 15% spike in 2021 is even sharper.

However, in India, Government had started taking pro-active measures to revive the economy during the period of lockdown itself. The Stimulus Package announced by the Government has been a big step in this direction leading to pick up in many sectors much faster than expected.

GST Collection during the month of September '20 has grown by 4% over CPLY indicating higher economic activities in the economy. For the manufacturing sector, the Purchasing Manager's Index (PMI) at 56.8 has shown the economy as getting back on track in September '20 which is the highest since January 2012. In the agricultural sector, a good monsoon and growth in

tractor sales, touching almost 18% for some of the companies, shows the economy is moving forward at a decent pace.

In case of steel, the steel consuming industries like Auto, Tube, Oil & Gas, Construction, Fabrication, etc. have all shown significant improvement in their performance during past months. The Auto sector, which had been hitherto passing through a challenging phase for quite some time, most notably has shown a hefty growth. All this has been driving the demand for steel in a fast forward mode, since June 2020.

#### Acknowledgement

At the end, I take this opportunity to thank all who have contributed towards the improved performance of the Company. I must thank our valued customers, trusted suppliers, the Central and State Governments and our talented employees, who have always stood by the Company and contributed in the progress of SAIL. I also convey my sincere thanks to the Ministry of Steel for its continued guidance and support. As the scenario and performance of the Company improves, I hope that in the coming years, the Company will be able to meet the expectations of all its stakeholders and I look forward to their continued support and unflinching trust.

(Anil Kumar Chaudhary)  
Chairman

Place: New Delhi  
Date: 22<sup>nd</sup> October, 2020

# SAIL - MAKING INDIA MAKE IN INDIA, MAKE IN STEEL



**स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड**  
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*There's a little bit of SAIL in everybody's life*

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सेल SAIL





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### Dear Shareholders,

I extend my heartiest greetings and a warm welcome to all of you on the occasion of 48<sup>th</sup> Annual General Meeting of your Company. Hope you and your families have been keeping safe.

You are already aware of the havoc wreaked globally by the COVID-19 Pandemic. Our Country has also been significantly impacted by the same. SAIL has its presence pan-India and its Plants/Units are the epicentre of the eco-system in their respective locations. I would, therefore, like to first apprise you briefly on the measures taken by SAIL Plants/Units in restricting the spread of COVID-19 at their locations.

SAIL activated a scaled response for management of COVID-19 outbreak at Plants/Units and Townships, which included:

- Round the Clock duty roster of doctors and para-medics at SAIL Hospitals, designation of Nodal Officers at all SAIL Hospitals, constitution of COVID Response Teams (CRTs), etc.
- Healthcare providers and workers of SAIL Hospitals brought under the ambit of ₹ 50 Lakh insurance coverage launched by Ministry of Health & Family Welfare (MoH&FW).
- Doctors and other healthcare workers undertook the Integrated Govt. Online Training (iGOT) courses on the iGOT online platform of DoPT for familiarising themselves on the COVID-19 Protocols.
- Display of information from MoH&FW for wider dissemination.



- Facilitation of making of masks and sanitizers by self- help groups.
- Distribution of dry food packets and cooked meals to the needy persons in support of Pradhan Mantri Garib Kalyan Ann Yojna.
- Preventive Measures at Plants/Units/Mines/Offices including compulsory temperature screening, installation of sanitisation machines, roster based deployment, suitable seating arrangements, meeting over Video Conference, etc.
- Wide Publicity on usage of Aarogya Setu App by the employees at SAIL Plants/Units and public at large earned the appreciation from none other than Hon'ble Prime Minister himself on Twitter.

While fighting with the COVID-19 Pandemic on one hand, your Company ensured that the production continued in the Company in line with the market demand while making use of the time available to carry out planned repairs by preponing them from the original schedule. Some of the actions taken by SAIL Plants/Units were:

- Making optimum utilization of operational facilities instead of operating greater number of facilities at sub-optimal levels.
- Reduction in cost by reducing consumption level for various inputs.
- Preponement of capital repairs, wherever feasible.
- Identifying products whose sales was not impacted significantly and where production can be improved immediately like rails, wheels, steel for defense requirement, etc.
- Maximizing sales volumes through potential channels like exports, dispatch to Railways, etc.
- Reducing cash outflows by reviewing commitments, renegotiating contracts, etc.
- Preparedness for quick ramp up as soon as the lockdown was lifted.

### Company's Performance

The Annual Report of the Company containing, inter alia, the Report of the Board of Directors and the Audited Accounts for the Year ended 31<sup>st</sup> March, 2020 along with the Reports of Statutory Auditors and Comptroller & Auditor General of India

have already been circulated and with your permission, I shall take it as read.

To briefly apprise you on the performance and achievements of your Company during the Financial Year 2019-20 (FY'20) which has been the year of sustaining profitability, some of the important events/highlights are as under:

Despite challenging market condition which saw the average Net Sales Realisation (NSR) decline by 12% over the previous year, the determined efforts and strategic initiatives taken by your Company saw the EBITDA in FY'20 rise by 9% to ₹ 11,999 crore, as against ₹ 10,283 crore in FY'19. However, due to higher depreciation and finance cost, the Profit after Tax (PAT) on standalone basis came down to ₹ 2,022 crore in FY'20 as against ₹ 2,178 crore in the previous year. On consolidated basis, the Profit after Tax stood at ₹ 2,121 crore for FY'20 as against ₹ 2,348 crore in FY'19.

Key factors contributing to upside for the financial performance included best ever saleable steel production as well as sales volumes at 15.083 MT and 14.231 MT respectively, improvement in Techno-economic Parameters like BF Productivity and Specific Energy Consumption, reduction in prices of inputs like imported coking coal, salary & wages, royalty on iron ore, etc. The financial performance was also aided by the positive impact of rail pricing which was pending since FY'16 and got finalised during the year through persistent efforts and recognition of the inventory of iron ores fines lying hitherto unrecognised in the books as per accounting principles.

FY'20 saw a number of new records being created. **Your Company became the highest producer of crude steel in the Country by producing 16.155 MT during the year.** Production

of Steel through Continuous Caste Route clocked the best ever performance of 14.6 MT with a growth of 6% over previous best at 13.8 MT in FY'19. Highlight, however, was Rails, the single most important product in the basket of SAIL. **The production of Rails quite considerably crossed the 1 million tonne mark for the first time. The production at 12.85 lakh tonne, the best ever, showed a growth of 30% over previous year (9.85 lakh tonne).** Production from new Universal Rail Mill (URM) at 5.38 lakh tonne showcased a growth of 46% over previous year (3.69 lakh tonne). The despatch of Long Rails stood at 6.33 lakh tonnes, growth of 43% over previous year (4.41 lakh tonnes). The proportion of long rails in the overall despatches also improved to 52% from 48% in the previous year.

**During the year, your Company became the largest miner for steel making input minerals in the Country by mining 32.41 MT of total minerals.** This included 29.28 MT of iron ore thereby again meeting the Company's entire requirement for the iron ore from captive sources.

Your Company got the twin permissions from the Ministry of Mines for selling 25% of its total mineral production of the previous year and disposal of the old stock of 70 MT of low grade iron ore fines (including slime) lying dumped across different captive mines of the Company. The process for sale of fresh fines has already been commenced in the State of Odisha whereas efforts are being made for obtaining approvals from respective State Governments in other cases.

The current Financial Year started on quite a challenging note on account of COVID-19 Pandemic. The domestic demand practically dried up in the month of April following the unavoidable lockdown. Your Company immediately turned to the opportunities available

in the export market for ensuring cash flows under control. Accordingly, the results were impacted significantly and the Company's bottomline went into red.

However, the markets have since picked up quite well especially in the Flat Products segment and your Company has taken the full advantage of the situation to post its best ever monthly sales for the months of June, July and August. The domestic sales during these months have been the highest in the Country. With focus on exports, your Company has breached the One Million Tonne mark within the first half of the Financial Year 2020-21.

### Building Capacities

Bhilai Steel Plant successfully completed the hot trial of Argon Rinsing Station-3 and Ladle Furnace-3 of Steel Refining Unit (SRU) at Steel Melting Shop-III in May'19 and Aug'19 respectively. Further, hot trial of Converter-3 was also completed in Feb'20.

Rourkela Steel Plant lighted up the Re-Heating Furnace#1 (RHF#1) of New Hot Strip Mill on 25.01.19 with Hot Trials of New Hot Strip Mill starting on 29.01.2020 at Rourkela Steel Plant.

At Bokaro Steel Plant, under Modernization of SMS-I, first heat was taken from the BOF Converter on 22.05.19 and the Converter is in regular operation. Under "Up-gradation of Stoves of Blast Furnace#1", heating of all three Stoves started during July'19 and completed in August'19. The stoves were put into operation with blowing-in of Blast Furnace#1 on 08.01.2020.

The National Steel Policy 2017 (NSP 2017) envisages crude steel production capacity in the Country to be increased to 300 MTPA by the year 2030-31. In order to maintain its leadership position in the Country and as a Maharatna PSU, your Company

has also come up with SAIL VISION 2030, wherein it aspires to increase its crude steel production capacity to 50 MTPA by the year 2030-31.

### Trustworthy Nation Builder

Your Company has always been a part of major national infrastructure projects. Proudly associating ourselves with India's economic and industrial progress and development, by contributing to important and strategic sectors like Defence, Railways, Metro, Infrastructure, Space, Power, Manufacturing, Irrigation, etc., SAIL effected supplies to strategic/prestigious projects such as India's first and the biggest indigenous artillery gun "Dhanush", Chandrayaan-2, Mangalyaan, Jiribam-Tupul-Imphal Broad Gauge Railway Project in Manipur, which is the World's tallest girder Railway bridge, Anji Khad Cable Stayed Bridge Project, J&K, Chardham Mahamarg Vikas Pariyojna, Rawatbhata and Kakrapar Atomic Power Plant, other Power Projects like Neyvile Lignite Power Plant at Ghatampur in UP, NTPC Patratu Power Plant in Jharkhand, Chausa Thermal Power Plant in Bihar, Yadadari Power Plant in Telangana and Ennore Power Plant in Tamil Nadu, Western Dedicated Freight Corridor, etc. The latest feather in its cap has been the supply of majority steel for the strategically important "Atal Tunnel".

### Contribution to Atmanirbhar Bharat and Vocal for Local

Your Company has always been a part of the Government led initiatives like Swachh Bharat, Prime Minister Jan Arogya Yojana (PMJAY), Prime Minister Awas Yojana (PMAY), Skill India, Ban on Single Use Plastic, Mission Purvodaya, etc.

In the wake of severe impact on economy of the Country during the COVID-19 Pandemic, Hon'ble Prime Minister has given the

clarion call for making India prosper through self-reliance viz., 'Atmanirbhar Bharat' and 'Vocal for Local'. SAIL has been the frontrunner in taking forward the initiative by developing and producing import substitute steel products. This goes across the various sectors of the Indian economy, be it Railways, Defence, Oil & Gas, Construction & Infrastructure, etc. Some of the products developed by SAIL are as follows:

- Superior performance rails namely R-260 grade and wheels for high speed LHB coaches for Indian Railways;
- Special quality steel complying to the requirement of Country's Defence Forces for use in armour plates, gun carriage, ammunition testing and bullet proof applications;
- API X-70 steel in the line-pipe grade for Oil and Gas Sector; and
- High tensile, fire resistant, weather resistant structural steel and seismic grade TMT Bars for Construction & Infrastructure Sector.

### Marketing Initiatives

On the marketing front, your Company took various initiatives to increase its presence in different areas by targeting defined market segments. This included launch of brand "SAIL SeQR" for improving the brand value for TMT produced from the new Mills at ISP, DSP and BSP during the FY 2019-20. It is expected that in the coming years this brand will not only contribute to the topline but also will also meet the quality expectation of the retail sector, thereby, driving the brand presence of the Company.

Your Company has been organizing seminars, workshops, lecture sessions, etc. for opinion makers, consumers, designers, etc.,

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