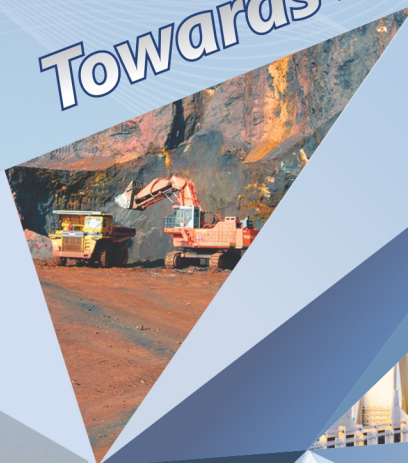


Towards Excellence



Annual General Meeting



SAIL AGM SPEECH

28th September, 2021

Dear Shareholders,

Heartiest greetings and a warm welcome to all of you on the occasion of 49th Annual General Meeting of your Company. While the Pandemic has reaped so much havoc around the world, I hope you and your families have been keeping safe.

The impact of the Pandemic has hit all the countries and almost all individual in some manner or the other. India has not been spared rather faced biggest threat amongst all nations considering its demography. During the second wave which hit us during March-May'21 period, the entire medical infrastructure came under a lot of duress. However, the governments at centre and states, the professionals from the field of medicine and health care and other corona warriors did a commendable job in curbing the Pandemic before it could cause much damage.

As a responsible corporate citizen, SAIL partnered the nation in its fight against this demon. Numerous steps were taken by your Company like following and spreading awareness of CoVID related protocols, building infrastructure, supporting the cause by way of financial as well as other contributions, etc.

SAIL activated a scaled response for management of CoVID-19 outbreak at its Plants/Units as well as Townships, including number of own initiatives in addition to adherence to Govt. Guidelines.

- Round the Clock duty roster of doctors and Para-medics at SAIL Hospitals has been done for manning CoVID/isolation wards and quarantine areas.
- Nodal Officers have been designated at all SAIL Hospitals for proper co-ordination, monitoring and reporting of the CoVID-19 response. Dedicated Help Desks have been set up at SAIL Hospitals for employees and their family members to contact in case of any CoVID related exigency.
- All the Government Guidelines w.r.t. staggered working, work from home, social distancing, mass gatherings, etc., have been scrupulously complied/implemented in the Plants/Units.
- Cross Functional teams and CoVID Response Team (CRT) having adequate representation from Company doctors has been constituted to reach out to all employees including CoVID positive cases to address their medical and other needs. The SAIL CRT is working on 24x7 basis to address the medical concerns of the employees and their families.
- Healthcare providers and workers of SAIL Hospitals have been brought under the ambit of ₹50 Lakh insurance coverage launched by MoH&FW under 'Pradhan Mantri Garib Kalyan Package'.

Medical Infrastructure developed for handling second wave of CoVID-19 pandemic

- SAIL's Hospitals at five Integrated Steel Plant Locations i.e. Bokaro, Rourkela, Bhilai, Durgapur and Burnpur were identified as CoVID Care facilities. Bokaro General Hospital was earmarked as dedicated CoVID Hospital and treated CoVID patients.
- SAIL Hospitals at 5 integrated steel plant locations have earmarked 10% of their beds (330 beds) of total beds (3300 beds) as isolation beds for CoVID-19 patients initially. The capacity has subsequently been augmented to almost 1000 dedicated CoVID-19 beds with oxygen support and further 129 ICU beds with ventilator support in view of surge in cases.
- In Rourkela, the newly built Super Specialty Hospital has been allowed to be used by State Administration for CoVID-19 patients with augmented ICU ventilator facilities
- SAIL has created following additional CoVID Care facilities equipped with gaseous oxygen directly from Plants through dedicated pipelines at its integrated steel plant locations:
 - a) 200 bedded CoVID care facility at IISCO Steel Plant. The facility is also equipped with 10 ventilators and 8 ICU beds.
 - b) CoVID Care Hospital with 200 beds at Durgapur Steel Plant.
 - c) Ispat Nidan Kendra – the newly developed state-of-the-art CoVID Treatment Centre of SAIL at Rourkela. This Centre has at present 100 oxygenated beds including 50 ventilator-attached beds.
- A 500 bed CoVID care centre (with oxygen support) has been set-up in the premises of Salem Steel Plant from May 28, 2021. Land, potable water, electricity and the gaseous oxygen has been provided by SSP for this facility.
- The SAIL Hospitals are manned by more than 900 qualified doctors and more than 1500 para-medical staff to extend round the clock Medical/Health-care facilities. SAIL Hospitals also provide DNB training and Nursing training to the eligible and qualified candidates.
- SAIL Hospitals have also developed CoVID-19 testing facilities like RAT, RTPCR, TRU-NAT in coordination with respective State Governments where regular testing of peripheral population is being conducted.

Other Initiatives to handle the surge in CoVID-19 infection

- **Integrated Steel Plants of SAIL have supplied over 100000 Metric Tonnes of Liquid Medical Oxygen (LMO)** to different States of the Country in its endeavour to partner the Government of India in combatting CoVID-19.
- **During FY 2020-21, SAIL contributed an amount of ₹ 25 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.**

In addition to the horror stories cast around the world, CoVID-19 crippled almost all economies. The fear of the hitherto unheard, unseen enemy left us groping in the dark. With top priority being saving the human lives, the forced lockdown meant the people were fighting to win the battle and move to face the war next.

Indian economy, too, was tested with already existing challenges compounding into deeper troubles. The financial year 2020-21 (FY'21) started on a really challenging note with sectors like Construction, Steel, Hospitality, Tourism, etc. facing sharp decline in demand. Steel Industry in particular bore the brunt as demand for steel products was reduced to almost "NIL".

Your Company was, however, taking pro-active measures towards countering these challenges. While your Company valiantly fought with the CoVID-19 Pandemic on one hand, the production facilities which could not be completely shut down like Blast Furnace were operated at minimum levels to ensure safety of people and equipment. The plans and strategies were reworked to sustain all round activities. 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.

All this was ensured without compromising the safety of our employees as well as population in nearby areas. Gradually as the CoVID-19 cases receding and lockdown restriction getting relaxed, Indian Economy showed its resilience in booming back much quicker than expected. Again your Company was aware of the situation and took full advantage of the same to scale up its physical and financial performance.

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 31st March, 2021 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 FY'21 which has been the year of growth and scaling newer heights, some of the important events/highlights are as under:

The company posted its highest ever Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of ₹13740 crore improving by ~23% over ₹11184 crore during CPLY. While the market conditions in the post-lockdown period provided the boost, the measures taken by your Company towards improving efficiencies and reducing costs also played an equally important role. Factors which helped improve profitability included higher sales of secondary products, sale of iron ore fines, lower usage of other raw materials, improvement in Techno-economic Parameters like Coke Rate, CDI Rate and BF Productivity, benefit in stores and spares expenses, decreased purchased power rates, reduction in interest charges, higher dividend income, foreign exchange gain.

At the same time, Profit Before Tax (PBT) at ₹ 6879 crore was the highest in the last ten years and more than doubled over previous year (₹3171 crore). On the other hand, Profit After Tax (PAT) also the best performance in last ten years at ₹3850 crore grew by more than 90% over the previous year despite taking a one-time hit of ₹1289 crore from adoption of the new tax regime under Section 115BAA.

FY'21 saw your Company scale new heights and establish new benchmarks. The standout achievement amongst all has been the significant reduction in the debt levels. ***The Borrowings which stood at ₹51481 crore as on 31st March 2020 came down to ₹35350 crore as on 31st March 2021, reduction of more than ₹16000 crore.*** Consequently, the debt-equity ratio improved to 0.87 as at year end vis-à-vis 1.36 as on 31st March, 2020.

On the production front, where we marginally missed the levels achieved during the previous year due to the impact of CoVID-19 during Q1, the rate with which the production volumes improved every quarter thereafter is a clear pointer to the tenacious efforts by the employees. The last quarter of FY'21 saw the Company achieve its best ever quarterly statistics in terms of Hot Metal, Crude Steel and Saleable Steel produced at 4.978 MT, 4.557 MT and 4.419 MT respectively. This helped in bridging the deficit to great extent as against previous year. The annual production of Hot Metal, Crude Steel and Saleable Steel stood at 16.582 MT (17.438 MT in FY'20), 15.215 MT (16.155 MT in FY'20) and 14.602 MT (15.083 MT in FY'20) respectively.

The Company continued to increase production through concast route and reached a level of 14.733 MT vis-à-vis 14.607 MT achieved during FY'20. The Company has completely stopped production through inefficient THF route. The saleable steel production from new facilities increased to 5.199 MT, growth of 8% over CPLY (4.799 MT).

Production of Steel through Continuous Caste Route clocked the best ever performance of 14.733 MT over previous best at 14.6 MT in FY'20. The Company has completely stopped production through inefficient THF route. **The saleable steel production from new facilities increased to 5.199 MT, a growth of 8% over CPLY (4.799 MT). This included best ever yearly Prime UTS-90 Rails production from the Universal Rail Mill at 6.28 lakh tonne against 5.38 lakh tonne in FY'20.**

On the iron ore front, your Company met its entire requirement of iron from its captive sources. SAIL's captive mines produced about 30.06 million tonnes (MT) of iron ore. **In addition to meeting its own requirement, your Company also helped the Country tide over the shortage of iron ore in the market to a good extent by selling ~3.2 MT of iron ore fines.** We are hopeful that permission from the State of Jharkhand which is still awaited, will further boost this number.

The current Financial Year (FY'22) saw the re-emergence of CoVID-19 pandemic in the form of its second wave, much deadlier than the first one in the literal sense. However, the market better sustained this time and the Company was able to post its highest ever PBT and PAT for any quarter in Q1 FY'22. As the Country heaved a sigh of relief with infection numbers coming under control (except in a few states), the position has been improving. We remain hopeful that the performance during FY'22 can be consolidated into fresh set of records.

Building Capacities

Your company has almost completed the massive Modernisation & Expansion Plan it had undertaken and is now in the process of stabilizing these facilities. The only major facility missing, is the fourth caster in the new SMS-III at Bhilai Steel Plant for which the order has already been placed. Elsewhere, apart from the MEP, BSL took the first heat from its new caster on 27th January'21. The expenditure on capex during FY'21 stood at ₹4283 crore, an increase of 4% over previous year.

SAIL has formulated its VISION 2030 whereby it is envisaged to enhance the crude steel capacity to 50 MT in a plant-wise phased manner. SAIL has also done its desktop study on the market scenario, available resources including land bank. With the improved leverage position, the company is ready to move into the next realm of expansion.

Trust Worthy Nation Builder

Your Company has been contributing in nation building since inception by servicing the requirement of various Infrastructure Projects and also Projects of Strategic Importance. SAIL is proud to be associated 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. During FY'21, SAIL effected supplies to projects like Katra to Banihal Tunnel Project; BRTF Leh-Ladakh Project; Leh Airport; Eastern Dedicated Freight Corridor Corporation; Lower Subansiri Hydel Project Assam; Jiribam-Imphal Railway Project for Northeast Frontier Railway; Agartala - Akhaura Rail Link Project; Tripura, Polavaram Multipurpose National Irrigation Project near Rajahmundry, Andhra Pradesh and Rambilli Navy Project of DRDO.

Partnering Government

Your Company has always been a part of the Government led initiatives like Swachh Bharat Abhiyan, Prime Minister Jan Arogya Yojana (PMJAY), Prime Minister Awas Yojana (PMAY), Mission Purvodaya, Atmanirbhar Bharat, commemoration of Dandi March, etc.

Subsequent to the launch of Mission Purvodaya by the Government of India, an Incentivization Scheme "Ispatillakonka Vikas: SAIL ke Saath" was introduced by SAIL for development of MSMEs based in the districts in which its Integrated Steel Plants are located and 132 MSMEs have joined during FY'21.

For giving a boost to export based MSMEs, a scheme has been launched to supply select steel products to MSME registered under Engineering Export Promotion Council (EEPC) at export parity price.

SAIL has been the frontrunner in taking forward the "Atmanirbhar Bharat" initiative by developing and producing import substitute steel products. The continuous activities in respect of product development have led to development of 17 new Steel Products during FY'21, the most prominent among them being R-260 Rails, API X70 Plates, Wire Rods Coils in High Carbon/EN8 and EWNr, WDG4 Wheels, etc. These products while adding to the product basket of SAIL will also help in meeting the objective of import substitution and strengthening the Country in strategic areas such as shipbuilding, auto, railway, infrastructure & construction, etc.

Marketing Initiatives

On the marketing front, your Company has been taking regular initiatives to increase its presence in different areas by targeting defined market segments.

The brand “SAIL SeQR” reinforcement bars launched last year has been growing from strength to strength by clocking 2.5 lakh tonnes during FY’21. In addition to DSP and ISP which started production of “SAIL SeQR” TMT in FY’20, the premium product has been rolled out from BSP as well, during FY’21. During the coming years, the brand “SAIL SeQR” is expected to drive brand presence of the Company by not just meeting but actually exceeding the quality expectation of the Retail Sector. Comprehensive distribution and promotion plan has been drawn up for sales of SAIL SeQR to Retail customers. Accordingly, 20 SeQR workshops and 108 ASO meets were organized in various parts of the Country.

Your Company has been working towards focused brand building initiatives on “NEX” brand of structural by holding webinars, workshops, lecture sessions, etc. for opinion makers, consumers, designers, and others. We are also working with engineering students and academicians to popularize usage of steel in designing in general and structurals under “NEX” brand in particular.

In order to further strengthen its presence in the Retail or the B2C Segment, your Company has been working towards expanding the 2-Tier and 1-Tier distributorship network across India. As a part of supplementing this initiative, online e-portal “SAIL Suraksha” has been launched during FY’21 enabling the smallest of demand being serviced through the 2-Tier distributorship network.

Further, with a focus on tapping the vast potential of rural India, your Company had been organising regular workshops under its “SAIL Steel-Gaonki Ore” Campaign. Though FY’21 saw the number of workshops getting reduced due to the impact of CoVID-19 Pandemic, nevertheless, the Company didn’t loose its focus in this area and despite all challenges organised 117 workshops across different States/UTs during FY’21.

Continuing with its strategy of strengthening its presence in the international markets as well as the export demand during initial months of the year, ***your Company achieved its highest ever exports at 1.94 MT, a quantum jump of ~65% over the previous year (1.18MT).*** Some of the new markets serviced were: WRC from ISP to Kenya and Egypt and HRC from BSL to China. Further, the company explored the export to Bangladesh through riverine route by supplying 680 T of PM Plates.

As a consequence of persistent efforts, ***your Company achieved its best ever sales volume of 14.937 million tons (MT) during FY’21***, growing by ~5% over previous year (14.231 MT). This is a commendable performance considering the hit absorbed during the initial months of the financial 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. The efforts by SAIL led to the sustainable parameters all showing improvement with Specific PM Emission Load standing at 0.63 kg/tcs as against 0.68 kg/tcs in FY’20, Solid Waste utilisation improving to 90% vis-à-vis 88.32% during FY’20 and Specific Water Consumption reducing to 3.37 m³/tcs over 3.50 m³/tcs during FY’20. Specific Effluent Discharge and Specific Effluent Load declined to 1.62 m³/tss and 0.080 kg/tcs as against 1.83 m³/tss and 0.082 kg/tcs respectively during FY’21.

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 1.72 lakh saplings were planted during the FY’21, taking the cumulative plantation by SAIL to 21.20 million.**

With an ambition for promotion of circular economy & improvement of environmental footprint, SAIL has signed an MoU with ICAR-IARI for participating as an industrial partner to the Ministry of Steel facilitated project of “Development of steel slag based cost effective eco-friendly fertilizers for sustainable agriculture and inclusive growth”.

SAIL in association with SCOPE & Deutsche Gesellschaft für International Zusammenarbeit GmbH (GIZ) is setting up “Internal Carbon Price Mechanism”. This mechanism will help SAIL to better manoeuvre in changed regulatory environment, evaluate returns on investments/projects for reduction of GHG emission and to be prepared for the forecasted low carbon economy without compromising on operational efficiency and market profitability.

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 49th 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

Contradictory to the position that existed a year back, IMF has raised its projections for the future years following quicker than expected recoveries by the economies across the Globe. IMF in its World Economic Outlook published during July 2021 has projected the World growth outlook for the years 2021 and 2022 at 6.0 percent and 4.9 percent respectively. The emerging market and developing economies are expected to fare better than their advanced counterparts by growing at 6.3 percent and 5.2 percent during 2021 and 2022 respectively. At the same time, advanced economies are projected to grow at 5.6 percent and 4.4 percent during the corresponding periods.

Similar sentiments have been echoed in the Short Range Outlook published by World Steel Association in April'21. It has been forecast that Global steel demand will reach 1,874 Million Tonnes (MT) in 2021, a growth of 5.8% over 2020. Again the growth projected for 2022 at 2.7%, augers well for the steel industry in the longer run. The growth rates for India are much sharper at 19.8% and 5.9% in 2021 and 2022 respectively. Hopefully, with the Government support especially in the area of construction and infrastructure, the projected growth rates can be maintained.

In India particularly, the pro-active measures taken by the Government have resulted in the economy recovering even during the Pandemic period itself. The Stimulus Package announced by the Government in phases not only helped improve the morale of the MSMEs and other small industries, they have given a general boost to the entire gamut of economic activities.

Though in case of steel there has been slight correction after the sharp rise in H2 FY'21 yet the overall scenario remains positive. With the receding monsoon, control in Covid cases and approaching festival seasons, the construction, infrastructure, Auto, Consumer goods, etc. segments are likely to see the growth in coming months.

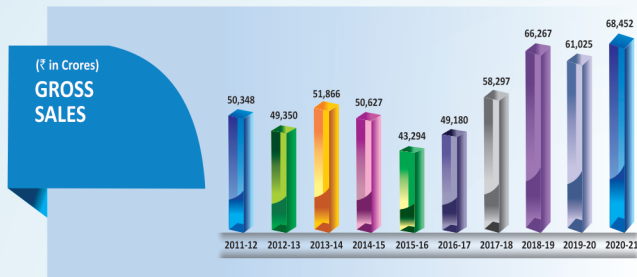
Acknowledgement

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.

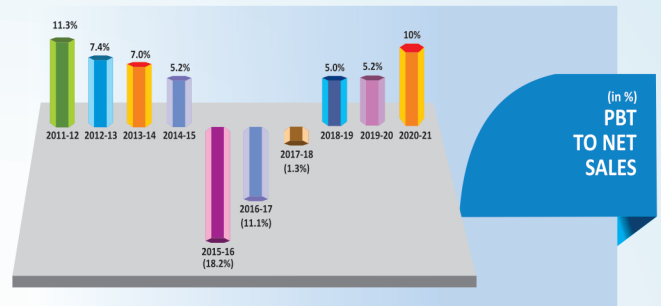

Soma Mondal
Chairman

TEN YEARS AT A GLANCE

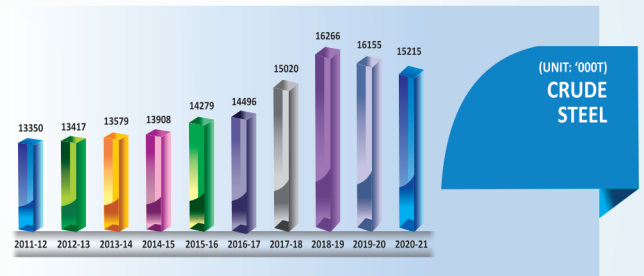
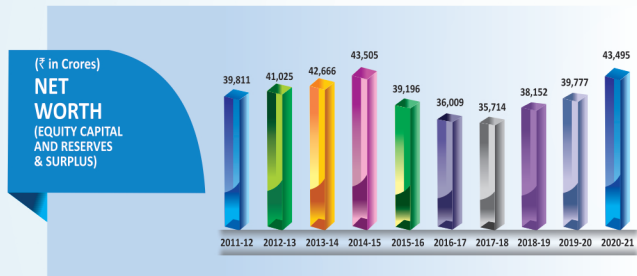
FINANCIAL HIGHLIGHTS



KEY FINANCIAL RATIOS



PRODUCTION



KEY FINANCIAL RATIOS

