

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the 41st Annual Report of the Company together with Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL REVIEW

Your Company achieved a turnover of ₹49,350 crore during the Financial Year 2012-13 which was almost at the same level as that of last year (₹50348 crore). The profit after tax of your Company for the Financial Year 2012-13 was ₹2170.35 crore compared to ₹3542.72 crore in the previous Financial Year. Net profit was down largely due to the lower Net Sales Realization resulting from a subdued market. Higher usage of external inputs like BF Coke & pellets and higher salary & wages were other key factors impacting profitability adversely. The comparative performance of major financial parameters during the Financial Years 2012-13 and 2011-12 is given in Management Discussion and Analysis Report.

SAIL continued its thrust on optimum utilisation of funds by better fund management. This included replacement of high cost short term loans with low cost debts, timely Repayment of loans including interest, strategic parking of surplus funds with scheduled banks, actions for future fund raising etc. to meet our growth objectives. Further, the Company hedged the foreign currency risk on Buyer's Credit and repayment of External Commercial Borrowing depending on market conditions. The Company had liquid assets of ₹3,400 crore as on 31st March, 2013 invested in short term deposits with scheduled banks against borrowings of ₹21,597 crore as on 31st March, 2013. The debt equity ratio of the Company was 0.53:1

as on 31st March, 2013 as against 0.41:1 as on 31st March, 2012 which went up on account of increase in borrowings during the year to fund the ongoing capital expenditure.

The net worth of your Company improved from ₹39,811 crore as on 31st March, 2012 to ₹41,025 crore as on 31st March, 2013 and this helped in generation of internal resources for funding expansion plans of SAIL. During the Financial Year 2012-13, SAIL's relentless drive to fast track its modernization & expansion plan resulted in commissioning of projects worth ₹ 5500 crore. A capital expenditure of ₹ 9,731 crore was made during the year.

Your Company paid interim dividend @ 16% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 4%, subject to approval of shareholders, thus making the total dividend @ 20% of the paid up equity share capital for the Financial Year 2012-13. A sum of ₹163 crore has been transferred to the general reserves during the Financial Year 2012-13 (previous year ₹275 crore).

Credit Rating:

M/s. FITCH and M/s. CARE, RBI approved credit rating agencies, maintained 'AAA' ratings, indicating the highest safety, for SAIL's long term borrowing programme. The International Borrowings programme of the Company has been rated at 'BBB-' by M/s Fitch ratings and M/s Standard & Poor's, which is also the sovereign rating of the Country.

PRODUCTION REVIEW

Notwithstanding the challenging market conditions in 2012-13 arising from demand stagnation, your Company produced 13.4 million tonnes (MT) of crude steel by operating at 103% of its capacity, marking an improvement of 1% over CPLY. In line with its long term objective of increasing the proportion of value added steel in the overall product basket of SAIL, the production of special steels was scaled up to 5 MT, up



Hon'ble Prime Minister Dr. Manmohan Singh presenting the Prime Minister's Trophy for the best integrated steel plant to Chairman SAIL Shri C.S. Verma, in the presence of Union Steel Minister Shri Beni Prasad Verma on August 27, 2012.



First batch of slabs being cast from the New Slab Caster at Rourkela Steel Plant.

by 4% over last Financial Year. Best ever power generation of 690 MW was achieved during the Financial Year 2012-13, with a growth of 4% over last year. Improvement was also achieved in the production of Hot Metal, Finished Steel and Continuous Cast Steel with a growth of 1% each over last year.

SAIL plants have taken various initiatives to enhance production processes, by improving operational discipline and minimizing equipment downtime. This has led to a significant improvement in operating parameters, leading to best ever techno-economic efficiency. SAIL Plants recorded the best ever specific energy consumption of 6.68 Gcal/tcs, an improvement of 3% over last year. This was achieved, as production through energy efficient CC route went up by 1% as compared to last year. Lowest ever coke rate at 512 kg/thm was achieved, with an improvement of 1% over last year. This was possible primarily because of higher usage of CDI (Coal Dust Injection) at 54 kg/thm as compared to 51 kg/thm achieved last year. Best ever BF-Productivity of 1.58 T/m³/day was achieved, with an improvement of 5% over last year, by consistent operation of Blast furnaces at BSP, DSP and RSP where 2%, 8% and 3% growth was achieved in BF-Productivity.

Your Company has strived to enhance its product basket by developing several new products during the year. Bhilai Steel Plant developed special soft iron magnetic plates for the prestigious India-based Neutrino Observatory (INO) Project of Bhabha Atomic Research Centre (BARC). Our Plants at Bokaro and Salem started production of IS 2062 E450 and E 350 HR Coils, tailor-made for wagons used by the Indian Railways. For the petrochemicals industry, Bhilai and Rourkela developed a new grade of ASTM 537 plates, which finds application in pressure vessels. Another product which caters to petrochemical industry is the NACE quality plate developed by SAIL Bhilai. These crack-resistant plates are ideal for transportation of gases having high Hydrogen-Sulphide content. SAIL Bokaro came out with ultra high strength HR and CR steel with Mn-B, especially for auto body components, thereby enhancing our presence in

that sector. Besides catering to large scale industry, our penetration also improved in the medium and small scale industries with 31 CrV3 grade billets rolled out in Durgapur Steel Plant for the first time in India; a product which finds a growing market among makers of spanners and hand tools.

Several initiatives have been undertaken for implementation of R&D Master Plan of SAIL. An exhaustive Master Plan for R&D was prepared aiming at integrating R&D activities towards business and operational goals of your Company. The implementation of this Master Plan; besides giving a competitive advantage to SAIL by improving efficiencies, reducing costs, meeting market demands and upgrading current steel technologies; will also help in gradually increasing R&D expenditure to a level of 1% of sales turnover, which is an international benchmark.

R&D Master Plan is envisaged to have positive impact on the existing operations through implementation of centralized and decentralized projects. Centralized projects consist of High Impact Projects (HIP) and Technology Mission Projects (TMP). The projects which are of common interest to all integrated steel Plants viz. coal & coke beneficiation, pelletisation, environmental projects etc. will come in the category of HIP. Development/acquisition of radically new technologies which are of strategic importance for SAIL viz. thin strip casting and inline rolling, CRGO etc. will be pursued through TM Projects. Under the decentralized category, all the Plants/Units of SAIL have Centres of Excellence (CoE) in selected areas/products. Centre of Excellence projects mainly focus on augmenting product volume and product attribute.

Centres of Excellence have been created at all plants and RDCIS. 13 projects have been identified as CoE Projects, 2 each at BSP, RSP, ISP and SSP and one each at BSL, DSP, ASP, VISL and RDCIS. These projects have taken shape in terms of formulation of objective, scope, duration, budget and deliverables. A few examples are better quality plates and rails at Bhilai, high performance Cold Rolled Sheets at Bokaro, CRNO and API

pipes at RSP etc. Three HIPs are being pursued with specific objectives of beneficiation and pelletisation of iron ore at mines, assimilation of new technologies for coke oven, sinter making and blast furnace at ISP and identification of new uses of BF and BOF sludge & slag for improving solid waste utilisation. Under the Technology Mission (TM) projects, discussions have been initiated with technology suppliers for acquiring technology for Thin Slab Casting & Direct Rolling (TSCDR) and CRGO Steel production.

Raw Materials

During the Financial Year 2012-13, total requirement of iron ore was met from captive sources. The Company's captive iron ore mines produced about 21.48 million tonnes. However, in case of coking coal, around 24% requirement was met from indigenous sources and balance through imports. During the Financial Year 2012-13, production in captive collieries of the Company was about 0.82 million tonnes. In case of fluxes, around 1.26 million tonnes of limestone and 0.96 million tonnes of dolomite was produced resulting in total production of 2.22 million tonnes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited (CIL) except small quantity produced from captive mines.

During the Financial Year 2012-13, your Company got the final forest clearance for Bolani, Barsua and Stage-I forest clearance for Gua Iron Ore Mines. Environment clearance for the capacity expansion of Gua and Bolani Iron Ore Mines and renewal of Dhobil mine were also obtained from MoEF, Government of India (GoI). Two mining leases of Kuteshwar Limestone mines got renewed for further period of twenty years.

For ensuring regular supplies of iron ore, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed. In addition, new iron ore deposits in the States of Rajasthan, Chhattisgarh, MP, Maharashtra, Odisha and Karnataka are being explored.

For improving coking coal security, your Company is also making efforts for development of new coking coal blocks at Tasra and Sitanala. At Tasra Coal Block, Letter of Acceptance (LoA) has been issued to the M/s Lanco Infratech on 26th July '13 for development of 4 MTPA (ROM) coal capacity mine through open cast mining and production of washed coal through establishing a washery of 3.5 MTPA input capacity and further, setting up of 200-300 MW Power Plant through JV route based on secondary product available from Tasra Washery. Production is likely to start by mid 2015 after completing pre-development activities such as land acquisition, R&R, setting up infrastructure like Coal Handling Plant, Heavy Earth Moving Machineries (CHP, HEMM), etc. M/s Lanco Infratech was selected as the H-I bidder (on Net Present Value basis) for development of Tasra coking coal block as Mine developer cum operator (MDO).

For allotment of new thermal coal blocks applications have been submitted to Ministry of Coal, GoI and for coking coal Ministry of Coal, GoI has been approached for allotment of 2-3 coking coal blocks under Government dispensation route.

SALES & MARKETING REVIEW

- SAIL achieved a total sales volume of 11.35 million tonnes during the Financial Year 2012-13. Exports during the year at 0.368 million tonnes achieved 10.1% growth over previous year. Major categories where growth was recorded in home sales included: HR Coils: 2.1%, CR Coils/Sheets: 4.6%, GP/GC: 5.3%, Wire Rods: 1.7% and Electrical Steel Sheets: 16.8%. New records were also set in supplies of Wheels to Indian Railways during the year.
- Highest ever sales of LPG grade HR Coils were achieved at 2.07 lac tonnes during the Financial Year 2012-13 registering 6.8% growth over the previous best achieved during 2011-12.
- Supplies were started to rural dealers appointed under "SAIL Rural



Wire rods produced in the new Wire rod mill at ISP, Burnpur.



Chairman SAIL Shri C.S.Verma inaugurates the New End-Forging Plant of SAIL, at Rail Mill, Bhilai on January 21, 2013.

Dealership Scheme" which was launched in the year 2011-12 with the primary objective of meeting the steel demands of the small rural consumers at block, tehsil and taluka levels. Under this scheme 562 rural dealers were appointed during the Financial Year 2012-13. Process for further appointments is under progress. As on 1st April, 2013 SAIL has a wide network of 2896 dealers spread over 629 districts of the country.

- The Company maintained its presence in neighbouring and traditional markets and exported 0.368 million tonnes steel during the year. DSP Blooms and Chequered Coils were exported for the first time by the Company.

GROWTH PLAN

Keeping in view the projected demand for steel in the Country, your Company is currently implementing growth plan to enhance its hot metal production from the level of 14.3 million tonnes during the Financial Year 2012-13 to 23.5 million tonnes after expansion in a phased manner. The growth plan, besides targeting higher production, also addresses the need for eliminating technological obsolescence, achieving energy savings, enriching product-mix, reducing pollution, developing mines and collieries, introducing customer centric processes and developing matching infrastructure facilities.

To maintain its current dominance in the domestic market and to meet the future challenges, your Company is working on a long term strategic plan 'Vision 2025', which will steer the Company towards a target of 50 million tonnes of hot metal production, thereby meeting the strategic objectives of achieving leadership in Indian steel sector and a position amongst the top steel companies globally.

MODERNISATION & EXPANSION PROGRAMME

Steel Industry requires continuous Capital Investments for technological up-gradation and Addition/Modification/Replacement of its capital assets which are essential to maintain market competitiveness and meet the challenging need of customers. The market is becoming increasingly competitive making it imperative for Steel Authority of India Ltd. (SAIL) to make determined efforts to bring about substantial improvement in

production, techno-economic parameters and profitability. Accordingly, the Modernisation & Expansion Program of SAIL aims towards almost doubling its production capacity with energy efficient and environment friendly technology and a wider product range.

SAIL is currently implementing a Modernisation & Expansion Programme simultaneously at its five integrated steel plants at Bhilai, Durgapur, Rourkela, Bokaro & Burnpur and special steels plant at Salem including augmenting raw material resources and other related facilities. The Modernisation & Expansion Programme, apart from increasing the production capacity addresses the vital issues of elimination of technological obsolescence, installation of energy efficient & environment friendly technologies, value addition/ product-mix improvement/ sustenance of existing assets of the plants and introduction of customer-centric processes such as Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES). At Salem Steel Plant, the production facilities envisaged under Expansion Program have already been installed and units are in regular production. At other Plants/Units, the expansion programmes are at advanced stage of implementation.

SAIL Board accorded 'in-principle' approval for various new Projects with an estimated total outlay of around ₹1,641 crore during the year.

Orders for about ₹ 58,151 crore have been placed (till Mar'13) under the current phase of Modernisation & Expansion Plan of SAIL. A capital expenditure of ₹9,731 crore has been incurred during the financial year 2012-13 on this account and till Mar, 2013, the capital expenditure of ₹ 44,112 has been incurred under this program. The capital expenditure planned to be incurred during 2013-14 has been planned at ₹11,500 crore. Current status of progress of implementation of Modernisation & Expansion Plan is given in Management Discussion and Analysis Report.

AMR Schemes:

A number of capital projects costing ₹ 2556.28 crore are under implementation which include Augmentation of Grinding Facilities for Coal Dust Injection Unit in BF-6 & 7, Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant, Appointment of consultant for development of Rowghat Iron Ore Deposit, Cold Repair of COB-9

and Up-gradation of Stoves of BF-4 at BSP; Coal Dust Injection in BF-4, Battery Proper Pkg for Rebuilding of COB-3, Installation of Additional Heat Treatment Facilities in SPP; Re-habilitation of Mandira Dam, Installation of 125 tpd Sulphuric Acid Plant and Replacement of 2 nos of Process ESPs in SP-1 at RSP; Installation of Bell Less Top Charging System (BLT) in BF-3 & Re-building of COB-5 at DSP; Replacement of Converter Shell trunion ring and Pedestal Assembly in SMS-2 at BSL; Installation of One 45 Sub-merged Arc Furnace, 4 MW Power Plant and 220 KV Sub-station at Chandrapur Ferro Alloy Plant and Projects for Development of Mines.

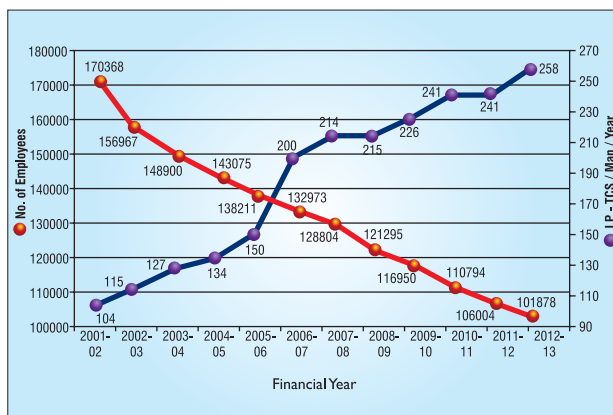
HUMAN RESOURCE MANAGEMENT REVIEW

SAIL recognizes contribution of its Human Resources (HR) in providing the competitive advantage. SAIL has achieved its present level of excellence through investing in its human resource, whose skill and knowledge constitute the basis of every initiative - be it technology or innovation. Developing skills and capabilities of employees to improve manpower utilization and Labour Productivity is the key thrust area of Human Resource Management (HRM) in SAIL.

SAIL provides an environment conducive for learning, encourages adoption of best practices in every area and nurtures creativity and innovativeness among employees. HR initiatives in SAIL are focused on developing team spirit, employee empowerment and their involvement in various improvement activities. Strategic alignment of Human Resource Management to business priorities and objectives has facilitated smooth transition to state-of-the-art technology in the modernization and expansion projects.

Enhanced Productivity with Rationalized Manpower

SAIL achieved the highest ever Labour Productivity (LP) of 258 TCS/Man/Year in the Financial Year 2012-13. The manpower strength of SAIL was 101878 nos. (as on 31.03.2013) with manpower rationalization of 4126 nos. achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, redeployment strategies, building competencies and infusing a sense of commitment and passion among employees to go beyond and excel. Trend of enhanced productivity and manpower rationalization since 2001-02 onwards is depicted below:



Developing Employee Capabilities & Competencies

In order to develop its human resources for harnessing their potential to the fullest and for according ample opportunity for realizing individual as well as organizational goals, your Company has been making sustained efforts through various training and development activities with focus on preservation of skills, transfer of skills and knowledge, training in specialized/advanced skills and technology in collaboration with reputed organizations and development of effective managerial competencies through association with premier institutes. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 54810 employees were trained against target of 44958 employees during the year on various contemporary technical and managerial modules.

Harmonious Employee Relations

- Your Company has a glorious tradition of conducive employee relations scenario. There has been a healthy tradition of settling the issues through discussions with trade unions/workers' representatives and this has helped in establishing a peaceful IR climate. The Company has an established system of workers' participation at different levels



The newly built Coke Oven Battery of SAIL's IISCO Steel Plant under Modernization and Expansion Programme.



An overview of long rails at SAIL's Bhilai Steel Plant.

right from National level upto shop-floor level. Some of these forums are functioning since early seventies and are sufficiently empowered to address different issues related to wage, safety, and welfare of workers, arising from time to time thus helping in conducive work environment.

- Bipartite forums, like National Joint Committee for Steel Industry (NJCS), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI), etc. with representation from major central trade unions as well as representative unions of Plants/Units meet on a periodic basis and jointly evolve recommendations/ action plans for ensuring a safe & harmonious work culture which gets substantiated from the harmonious industrial relations enjoyed over the years by SAIL Plant/Units, marked with diverse work culture at multi-locations.
- In addition, Quality Circles, Suggestion Schemes, Shop Improvement Workshops also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought thereon through structured / interactive workshops.

Grievance Redressal Mechanism

- Effective internal grievances redressal machinery exists in SAIL Plants and Units, separately for executives and non-executives. The grievance procedure in SAIL has been evolved after sustained deliberations and consent of employees, trade unions and associations.
- The grievances in SAIL Plants/Units are dealt in 3 stages and employees are given an opportunity at every stage to raise grievances relating to wage irregularities, working conditions, transfers, leave, work assignments and welfare amenities, etc. Such issues are effectively settled through the time-tested system of grievance management. However, majority of grievances are redressed informally in view of the participative nature of environment existing

in the steel Plants. The system is comprehensive, simple and flexible and has proved effective in promoting harmonious relationship between employees and management.

- A total of 1900 employee grievances were settled during the Financial Year 2012-13.

INITIATIVES FOR SOCIO-ECONOMIC DEVELOPMENT OF SCs /STs & OTHER WEAKER SECTIONS OF SOCIETY

SAIL follows Presidential Directives on Reservation for Scheduled Castes and Scheduled Tribes in the matter of recruitments & promotions. As on 31st March 2013, out of total manpower of 101878, 15.98% belong to SC category and 13.56% belong to ST category.

SAIL steel Plants and Units including mines are located in economically backward regions of the country with predominant SC/ST population. SAIL has contributed to the overall development of civic, medical, educational, recreational and other facilities in these regions.

National Commission for Scheduled Castes (NCSC) under Chairmanship of Dr. P.L. Punia, visited SAIL Corporate Office on 17th September, 2012. Vice Chairman, 3 members, Secretary and other senior officials of the Commission also accompanied Chairman, NCSC. Commission interacted with SAIL SC/ST Employees Federation and SAIL Management. Deliberations were held on various initiatives of SAIL for welfare of SCs/STs. Commission appreciated Socio Economic Schemes initiated by SAIL.

SAIL has undertaken several initiatives for the socio-economic development of SCs/STs and other weaker sections of the society which are mainly as under:

- Special schools opened exclusively for poor & underprivileged children at integrated steel plant locations. These schools are presently providing education to more than 1500 children. Free education, mid-day meals, transportation, text books & stationery items, school

- bags, water bottles, etc. are provided to the students in the school.
- 188 SC/ST students belonging to BPL families/ primitive tribes have been adopted by our plants/mines. They are being provided free education, boarding, lodging, uniform, etc. for their overall growth.
- No tuition fee is being charged from SC/ST students studying in the Company run schools, irrespective of whether they are wards of SAIL employees or non-employees.
- Free medical health centres for poor have been set up at Bhilai, Durgapur, Rourkela, Bokaro, Burnpur (Gutgutpara) providing free medical consultation, medicines, etc. to the peripheral population mainly comprising of SC/ST and weaker sections of society.
- Villagers are given free outdoor and indoor treatment in the mines hospitals of Kiriburu, Gua & Chiria after recommendations by Manki/ Munda (Local Tribal Village Heads) of the peripheral villages.

IMPLEMENTATION OF RTI ACT, 2005

Your Company has been a front runner in implementation of Right to Information Act, 2005, in true spirit. The Company has designated Public Information Officers / Asstt. Public Information Officers, Appellate Authorities and Transparency Officers under Section 5 & Section 19(1) of RTI Act in each Plant & Unit for speedy redressal of the queries received under the Act.

All Plants/Units of SAIL have listed, 17 manuals, and details of designated officials, in line with the provisions of the RTI Act, on SAIL website. Your Company has also institutionalized an exclusive RTI Portal for better awareness and knowledge sharing. In all, a total number of 3653 applications and 525 appeals were received under RTI Act, during the Financial Year 2012-13 and all of them have been disposed off within the timelines. Efforts towards spreading awareness about RTI, amongst general public as also for PIOs / deemed PIOs continued throughout the year.

AWARDS & ACCOLADES WON DURING THE YEAR

- Your company has been conferred with "Excellent" Rating for the year 2011-12 for the 10th consecutive year.
- SAIL bagged SCOPE Award for Best Practices in Human Resource Management for the year 2011-12 presented by the Hon'ble President of India on Public Sector Day function held on 26th April'13.
- SAIL won 13 out of 28 Viswakarma Awards declared in the country, which is the highest for any organization amongst both private and public sector.
- SAIL employees were awarded 11 out of 32 Prime Minister's Shram Awards declared in the country. This is also the highest number for any organization amongst both private and public sector.
- Two out of the five Olympics medal winners of the country were supported by SAIL (Sushil Kumar and Yogeshwar Dutt). In recognition of SAIL's initiatives, Rashtriya Khel Protsahan Puraskar - 2012 was conferred to the Company by Hon'ble President of India.
- Indira Gandhi Rajbhasha Award for the best implementation of official language in 'A' (Hindi-speaking) region was conferred to SAIL. SAIL's Hindi magazine 'Ispat Bhasha Bharti' was also adjudged First prize winner amongst the in-house journals published in 'A' region in the country. These awards were conferred by Hon'ble President of India on Hindi Diwas i.e. 14th Sept'12.
- In the International Convention on Quality Circle 2012 held at Kuala Lumpur, Malaysia during 14th-17th October, 2012, all the six participating teams from SAIL won the highest honour (3-star awards) in their respective categories.
- SAIL was awarded CII - Sustainability Award 2012 [Certificate of Commendation], which was given by Hon'ble President of India on 14th January, 2013.



SAIL received first prize in Hindi implementation and Rajbhasha journal by Hon'ble President of India Shri Pranab Mukherjee on September 14, 2012.



SAIL employees were awarded with 13 Vishwakarma Awards for their best performance in year 2010. Out of total 118 awardees, 64 were from SAIL.

- Adjudged as most efficient and largest Maharatna employer at the Dalal Street Investment Journal PSU Awards-2012.
- SKOCH Financial Inclusion Award for 2013 for initiatives in corporate social responsibility.
- Institution of Engineers (India)- Industry Excellence Award -2012 under the award category A-"Manufacturing & Processing".
- Indira Gandhi Award (First prize) for excellence in implementation of Rajbhasha.
- 'Ispat Bhasha Bharti'- in-house Rajbhasha journal, won the first prize under the Home Ministry's All India House Journal Award Scheme.
- 'Sahasrabdi Rajbhasha Shield' from Rashtriya Hindi Academy, Rupambara, Kolkata.
- It is also noteworthy to mention that Chairman, SAIL was conferred SCOPE Award for Excellence and Outstanding contribution to the Public Sector Management - Individual Leadership Category-I (Maharatna/Navratna PSEs) for 2010-11.

Bhilai Steel Plant (BSP)

- Prime Minister's Trophy for the tenth time for emerging as the best performing steel plant in the country.
- Steel Minister's Trophy for the year 2010-11 and 2008-09.
- CII-ITC Sustainability Awards-2012 - Certificate of commendation for significant achievement in its category.

Bokaro Steel Plant (BSL)

- Greentech HR Awards 2013 (Gold) under the Category of Training Excellence.
- Golden Peacock National Training Award 2012 in steel sector for excellence in training practices.
- "Jharkhand CSR Award" in the category of "Regulation of Corporate Social and Environment Behaviour".
- 'Golden Peacock HR Excellence Award' for the year 2012.

Durgapur Steel Plant (DSP)

- Certificate of Strong Commitment to Excel from CII-EXIM Bank under Business Excellence Award.
- Rajiv Gandhi National Quality Award 2011 - Certificate of Commendation.
- Greentech Safety Award 2012 (Gold) and Greentech CSR Award 2012 (Silver) in Metal & Mining Sector.
- Greentech HR Award 2013 (Silver Trophy).

Rourkela Steel Plant (RSP)

- Award for "Best Practices in Training and HRD-2012" from ISTD, Hyderabad Chapter.
- 'Greentech Environment Gold Award' in the field of eco-friendly steel making.
- Awards under three categories - Best CSR Practices, Concern for Health and Women Empowerment in the World CSR Day Global CSR Leadership & Excellence Awards.

Raw Materials Division (RMD)

- "No Fatal Accident in Collieries / Mines" Award by the Annual Joint Committee on Safety, Health & Environment (JCSSI).
- National Safety Awards (Mines) won by Kalta Iron Mine for Lowest Injury Frequency Rate and by Tulsidamar & Dall mines for Longest Accident Free period.

Alloy Steels Plant (ASP)

- Ispat Suraksha Puraskar from JCSSI for no fatalities for two consecutive years.
- Green Tech Environment Excellence (Silver) Award 2012.

Salem Steel Plant (SSP)

- Award for "Excellence in Suggestion Scheme 2012" from INSSAN-SIC.

- National Sustainability Award (First Prize) for the year 2011-12 from IIM, Kolkata amongst the Secondary Steel Plants / Alloy Steel Plants category.

RDCIS

- Golden Peacock Innovation Management Award for the year 2012.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

Your Company's focus on social responsibility remains unwavering. The pivotal role of education, health, income generation and sustainable development (SD) is the cornerstone of our Corporate Social Responsibility and SD initiatives.

On the health front, the Company has established 53 Primary Health Centres, 23 Hospitals, 7 Reproductive & Child Health Centres and 7 Super-Specialty Hospitals to provide specialized and basic healthcare to more than 34 million people living in the vicinity of its Plants and Units. In order to reach out to the underprivileged, over 4300 camps have been organized across the country benefitting more than 2 lakh people by providing free health check-up, path lab treatment, medicine, immunization, etc. in financial year 2012-13. 90 numbers of Mobile Medical Units (MMUs)/ Ambulances are being run or have been provided to various NGOs since 2007-08. Seven Health Centres (Kalyan Chikitsalaya) are being run at plants exclusively for providing free medical care including medicines to poor and needy families. In the Financial Year 2012-13, healthcare was provided to more than 87,000 people through these exclusive health centres.

Education has always been a priority area for SAIL. Company owns and maintains over 148 schools in its steel townships to provide modern education to over 55,000 children and is providing assistance to over 492 schools. Seven Special Schools for BPL (Kalyan Vidyalaya) at five steel plants with facilities of free education, mid-day meals, uniform including shoes, text books, stationery items, school bag, water bottles and transportation in some cases are running under CSR. The strength of students in these schools is more than 1500 students. Scholarships to

deserving undergraduate & postgraduate engineering students, adoption of naxal affected tribal children, nearly extinct Birhore tribes, sponsoring youths for Industrial Training & Nursing course, etc. are the major steps taken for uplifting poor; OBC, SC, ST, etc. SAIL is providing Mid-Day Meal to more than 22000 students in different schools of Bhilai everyday through Akshya Patra Foundation. This scheme is being replicated at Bokaro and Rourkela in Financial Year 2013-14.

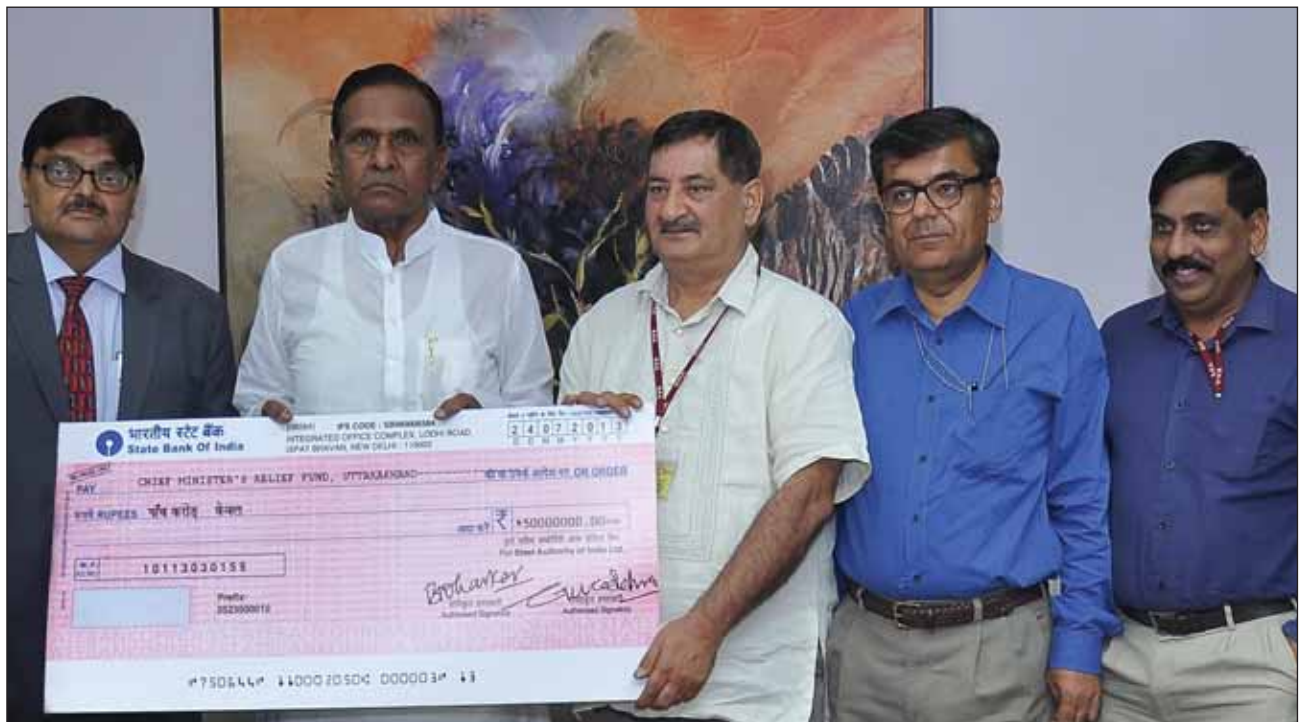
SAIL has provided access to over 75.56 lakh people across 435 villages since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing over 7381 water sources, thereby providing drinking water access to around over 41.38 lakh people.

In order to bridge the disparity between rural and urban areas as also to provide comprehensive development of both physical and social infrastructure, 79 villages have been identified & developed as "Model Steel Villages" across the country (in eight states). The developmental activities undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc.

To promote renewable sources of energy, Solar street lights were installed and Solar Lanterns and smokeless chullahs have been distributed among the poor and needy in different parts of country.

In an effort to bring the marginalized masses of the remote forest areas to the mainstream of development, SAIL in association with Govt. of Jharkhand and Ministry of Rural Development, Gol actively participated in the development process of Saranda forest, Jharkhand. SAIL provided ambulances, bicycles, transistors, solar lanterns and set up an Integrated Development Centre at Digha village in Saranda forest.

Vocational training has been provided in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar / Pappad/ Agarbati making, Welder, Fitter & Electrician Training, Sewing & embroidery, Smokeless chullah making etc. as a means to livelihood in a dignified manner. Vocational Training centre for rural and unemployed youths - 'Bhilai Ispat



Union Steel Minister Shri Beni Prasad Verma handing over a cheque for relief of Utranchal cloud burst and flood victims contributed by SAIL and other PSUs under the Steel Ministry. Also seen in the pic are Chairman SAIL Shri C.S. Verma, Secretary Steel Shri D.R.S. Chaudhary and Joint Secretary Steel Shri U.P. Singh.



The Union Steel Minister Shri Beni Prasad Verma lighting the lamp to inaugurate the 'Steel Pavilion', at the India International Trade Fair, Pragati Maidan, in New Delhi on November 15, 2012. Also seen in the picture are Secretary Steel Shri D.R.S. Chaudhary and Chairman SAIL Shri C.S. Verma.

Kaushal Kutir' & Swayamsiddha at Bhilai, Skill Development and Self Employment Training Institute (SDSETI) at Durgapur, Garment Technician Training at Salem, JHARCRAFT centre at Bokaro and Self Employment centre "KIRAN" at Kiriburu Ore Mines are benefitting common masses by way of financial inclusion/ SHG/training for income generation and then empowering them to be part of main stream.

The Sustainable Development Performance Report (SDPR) for the year 2011-12 has been adjudged to have met the criteria of Application Level "A" by the Global Reporting Initiative (GRI), Amsterdam.

As per the DPE Guidelines on Sustainable Development (SD), SAIL took up Sustainable Development (SD) projects under the MoU with GOI for the year. These SD projects include carbon and water foot printing at SAIL plants, bio-diversity conservation at Bolani Iron Ore Mine, rain water harvesting and sustainability training.

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. In the year, SAIL was awarded with Skoch Financial Inclusion Award-2013 by Skoch foundation for CSR, Golden Peacock National Award - 2012 to Bhilai Steel Plant, Greentech Award for CSR - 2011 & 2012 to Durgapur Steel Plant, Jharkhand Sustainability Award in October, 2012 to BSL and Global CSR Excellence & Leadership Award in categories: Best CSR practices, Women Empowerment & Concern for health to Rourkela Steel Plant.

In compliance of DPE guidelines on CSR & Sustainability- 2013, the Company has identified Gonda district in Uttar Pradesh as 'Backward District' for taking up CSR projects during 2013-14.

CITIZEN CHARTER

SAIL's Citizen Charter has outlined commitment of SAIL towards its stakeholders thereby empowering them to demand better products and services. The Citizen's Charter of SAIL may be summarized in four objectives as given below:

- Ensuring citizen-centric focus across all its processes by adopting Total Quality Management principles for improvement of products and services.
- Ensuring effective citizen communication channels.
- Demonstrating transparency and openness of its business operations by hosting the Citizen's Charter on the corporate web site.
- Working towards delight of citizens by fail-safe processes and in case of exigencies leveraging its service recovery processes, like Grievance Redressal, Handling Complaints, etc.

The Management of your Company is totally committed to excellence in public service delivery through good governance by a laid down process of identifying citizens, our commitment to them in meeting their expectations and our communication to them of our key policies in order to make the service delivery process more effective.

STRATEGIC INITIATIVES OF THE COMPANY

During the Financial Year 2012-13, your Company continued to give impetus towards taking new business initiatives, including incorporation/formation of new Joint Ventures (JVs), mergers & acquisitions and entering into Memorandum of Understanding (MOUs) for its long term strategic objectives. Your Company has established communication with renowned international technology providers for forging strategic alliances in alternative iron & steel technologies, production of sophisticated spares and assemblies etc. The Company is continuously adopting the path of entering into Joint Ventures with public / private entities to attain its strategic goals of maximizing gains with optimal utilization of resources. These include:

(A) Joint Ventures:

- i) Development of Hajigak Iron Ore Deposits in Afghanistan: The SAIL-led consortium AFISCO (Afghan Iron & Steel Consortium) comprising of SAIL, NMDC, RINL, JSW Limited, JSPL, JSW Ispat Limited and Monnet Ispat and Energy Limited which had submitted its bid for development of Hajigak Iron Ore deposits, has been selected as the 'Preferred Bidder' for blocks B, C and D of the mines with an estimated reserve of 1.28 billion tonnes of high-grade magnetite iron ore (with 62-64% Fe content) and invited for negotiation of Hajigak Mining Contract. The consortium has held contract negotiation discussions with Ministry of Mines of Islamic Republic of Afghanistan. The contract is likely to be finalized in 2013-14.
- ii) Revival of Sindri unit of Fertilizer Corporation of India Limited (FCIL): Your Company has envisaged a plan for revival of Sindri unit of FCIL by setting up a 5.6 mtpa steel plant, a 1.15 mtpa fertilizer plant and a suitable sized power plant, through the SPV "SAIL-Sindri Projects Ltd" which has already been

incorporated. Department of Fertilizers (DoF) / FCIL have initiated the process for obtaining approval of revised Draft Rehabilitation Scheme (DRS) from Cabinet Committee of Economic Affairs (CCEA), for making its net worth positive, enabling FCIL to be discharged from Board for Industrial and Financial Reconstruction (BIFR). DoF/FCIL will get the land at its Sindri unit, free from all encroachment and encumbrances, before handing it over to SAIL.

- iii) Alternate technologies in Iron & Steel Making: A Memorandum of Agreement (MOA) was signed with Kobe Steel Limited, Japan in July'12 for ITmK3 technology for iron making. A Joint Venture Company "SAIL-Kobe Iron India Private Limited" has been incorporated with Kobe Steel, Japan for installation of an ITmK3 technology based 0.5 MTPA Iron Nugget plant at ASP, Durgapur. The detailed project report is under preparation.
- iv) Revival of operation of Steel Complex Limited: The management of Steel Complex Limited, a BIFR registered Company was taken over by SAIL in 2010 and converted into a JV Company namely "SAIL-SCL Kerala Limited" with SAIL and Government of Kerala (GoK) having equal shareholding. Steps have been taken for the revival of the Company, and it has been discharged from BIFR after infusion of equity by SAIL and GOK. The JV Company has embarked on installation of 65000 MTPA rolling mill for TMT bars, to improve its performance. An EOI has been issued for selection of a party for execution of the project.
- v) SAIL, on May 25, 2012 signed a joint venture agreement with Burn Standard Company Limited (BSCL), a PSU under Ministry of Railways, for setting up a Wagon Components Manufacturing Facility at the premises of BSCL at Jellingham, Purba Medinapore



SAIL signs MOU with Kerala State Industrial Development Corporation and Kerala Minerals and Metals Ltd for setting up a Titanium Project in Joint Venture on April 4, 2013, in presence of Kerala Chief Minister Shri Oommen Chandy and Chairman SAIL Shri C.S.Verma.



Chairman SAIL Shri C.S. Verma inaugurated the new state of the art 7m tall Coke Oven Battery No 6 at Rourkela Steel Plant.

district, in West Bengal, with a capacity to produce 10,000 bogies and couplers per annum. A joint venture Company "SAIL Bengal Alloy Castings Private Limited" between SAIL and BSCL has been incorporated. Work for preparation of Detailed Project Report (DPR) for the project has been initiated.

(B) Strategic Alliances and Memorandum of Understanding (MOU):

- i) Your Company has been in talks with Chhattisgarh Mineral Development Corporation Ltd. (CMDC), an Undertaking of Govt. of Chhattisgarh for having a captive source of iron ore. In this respect, SAIL has signed an MOU with CMDC on November 2, 2012 for development of Eklama Iron Ore deposit in Chhattisgarh which as per preliminary estimates have resources of around 100 million tonne. The Joint Venture Agreement is under finalization.
- ii) In order to promote industrialization in the State of MP where SAIL is interested in setting up iron ore beneficiation and pelletisation plant and has submitted five applications for grant of Prospecting Licence (PL) for iron ore bearing area in Chhatarpur district of MP, a MoU between SAIL and MP Trade and Investment Facilitation Corporation Ltd (TRIFAC) was executed on 15th October, 2012 at Bhopal.
- iii) Your Company is also in discussions with Industrial Development Corporation of Odisha Ltd. (IDCOL) for exploring the possibility of acquisition / JV with its wholly owned subsidiaries IFCAL (IDCOL Ferro Chrome Alloys Ltd.) and IKIWL (IDCOL Kalinga Iron Works Ltd.). IFCAL is engaged in production of High Carbon Ferro Chrome and sources raw material from its chromite mines at Tailangi (Sukinda Valley). The other facility at IKIWL, currently engaged in production of Pig Iron, is planned to be utilized for iron ore beneficiation and pelletization facility. An MOU in this regard was signed

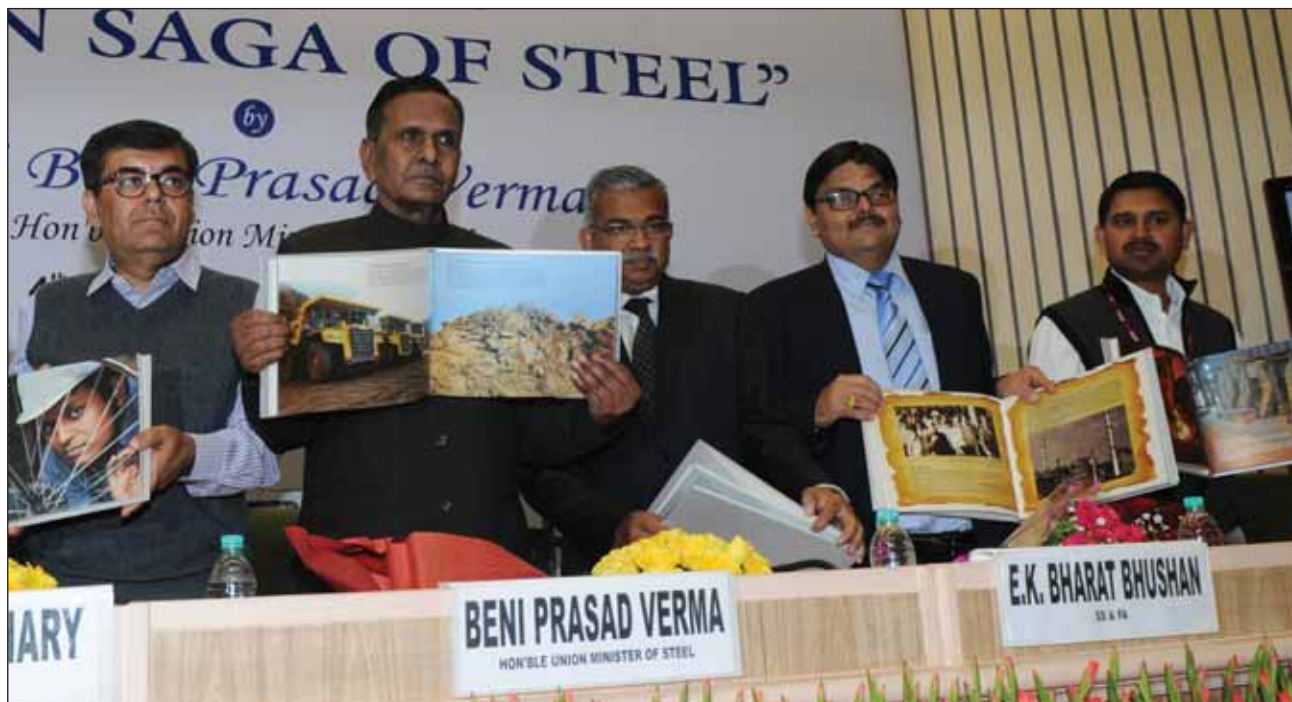
between SAIL and IDCOL on 2nd May, 2012. Due diligence and Valuation of IFCAL and IKIWL are in progress.

- iv) SAIL signed an MOU on 5th March, 2013 with Power Grid Corporation of India Limited (PGCIL) for working together to set up Joint Venture Company at a mutually agreed location for fabrication & galvanizing of Transmission line Tower and Tower parts and tubular structures including research and development facility.
- v) Titanium Project: SAIL has accepted Government of Kerala's offer to jointly explore the possibility of developing a Titanium Project in joint venture in the state of Kerala. An MOU has been signed on 4th April, 2013 amongst SAIL, Kerala State Industrial Development Corporation (KSIDC) and Kerala Minerals and Metals Limited (KMML) to this effect.
- vi) Your Company is planning to set up engineering shops in joint venture to improve its capabilities in production of sophisticated spares and assemblies. This will meet its future requirement of engineering spares and assemblies which is bound to increase post-expansion of SAIL steel plants, both qualitatively and quantitatively. An MOU with Danieli & C of Italy has been signed on 28th May, 2012 to assess and explore the technical and economic viability of installing and operating an Engineering Workshop Facility in Joint Venture between SAIL and Danieli & C at SAIL Plant locations.

BUSINESS EXCELLENCE - INITIATIVES

Enterprise Scorecard (ESC)

Enterprise Scorecard (ESC) of SAIL was prepared for the Financial Year 2012-13. Enterprise Scorecard not only brought integration with Memorandum of Understanding (MoU) with Government of India and Annual Business Plan (ABP) of the Company but also facilitated deployment of these across various leadership levels. It facilitated



The Union Steel Minister Shri Beni Prasad Verma launching a book entitled "Indian Saga of Steel", in New Delhi on March 04, 2013.

deployment of organisational strategy through Strategic Objectives and Key Initiatives. ESC 2012-13 was aligned upwards with ABP & MOU; deployed downwards through Unit Scorecards, Functional Scorecards and Departmental Scorecards and addressed the long term and short term issues. Process for formulation of Enterprise Scorecard for 2013-14 has also been commenced.

Excellence Model

Your Company has adopted European Foundation of Quality Management (EFQM) Model which is implemented in India through CII EXIM Bank Award for Business Excellence. Four SAIL plants i.e. BSP, DSP, BSL and RSP participated for CII-EXIM Bank Award for Business Excellence 2012. Three of these plants i.e. BSP, DSP and RSP got following Recognition awards:

- BSP - Commendation award for Strong Achievement
- DSP - Commendation award for Strong Commitment to Excel
- RSP - Commendation award for Strong Commitment to Excel

Total Quality Management (TQM)

Most of our Plants and Units are certified to ISO 9000, ISO 14000, OHSAS 18000 and SA 8000 Management Standards. During the financial year 2012-13, RSP was certified to Social Accountability Standard (SA 8000) and DSP was certified to Information Security Standard (ISO 27000).

IT RELATED INITIATIVES

Your Company has been moving ahead in innovative usage of Information Technology (IT). As a step towards this, Enterprise Resource Planning (ERP) has been implemented stage wise at BSP, DSP, BSL, CMO and RSP during 2009-2012.

Manufacturing Execution System (MES) has been implemented at BSP's 3 shops, namely SMS-2, Plate Mill and Rail Mill with the help of M/s POSDATA. MES implementation has enabled detailed planning, scheduling and status monitoring of orders at these shops.

Your Company has ensured that almost all payments are done through e-payment mode and steps are being taken to establish a formal system for e-receipts.

Capacities of digital network among SAIL's Plants/Units have been doubled in view of increased usage.

Your Company is currently taking steps to implement the following:-

- Centralized Mail Messaging for SAIL
- ERP at ISP, Burnpur
- Business Intelligence / Dashboards
- Centralized HR & Payroll on ERP Platform

ENVIRONMENT MANAGEMENT

SAIL along with production and profitability gives emphasis on environment protection and considers clean environment practices a must for its every activity. SAIL Corporate Environmental Policy emphasizes 'conducting our operations in an environmentally responsible manner to comply with applicable regulations and striving to go beyond'. A number of proactive environmental initiatives were taken by SAIL during the year, yielding noteworthy improvements. The highlights are:

- Notable improvements in respect of the following Environmental Indices:
 - PM emission load has reduced to 0.88 kg/tcs from 1.6 kg/tcs in 2008-09 which is a reduction of 45% in the last 5 years.
 - Specific Water Consumption has reduced to 3.73 m³/tcs from 3.95 m³/tcs in 2008-09 which is a reduction of more than 5% in the last 5 years.
 - Specific effluent discharge from SAIL Plants has reduced to 2.22 m³/tfs from 2.56 m³/tfs in 2008-09 which is a reduction of more than 13% over the last 5 years.
 - Utilisation of Blast Furnace (BF) Slag enhanced to 96% in the financial year 2012-13, an enhancement of 16% utilisation of the BF slag achieved over the last 5 years.
- As a part of Greening of Warehouses Initiative, Hyderabad Warehouse and BTSO, Vizag were taken up for implementation of ISO 14001 Environment Management System during the year and have been awarded the EMS Certification.



Chairman SAIL Shri C.S. Verma receives the SCOPE Award given to SAIL for Best HR Practices for the year 2011-12 on April 26, 2013.

- The MoEF, SAIL and UNIDO have joined hands to implement a Polychlorinated Biphenyls (PCB) management and disposal project at Bhilai. PCBs are highly toxic chemicals. Under this project, the PCB in electric transformers will be treated using appropriate technology to be brought in by UNIDO.

CORPORATE COMMUNICATION

Corporate Communication at SAIL helped the organization to achieve its planned objective of building 'Brand SAIL' by creating and maintaining a vibrant, dynamic and responsive communication framework. Towards this end, SAIL communication team undertook relation building with its stakeholders by fostering dialogue between the Company and its audience, both through internal and external communication.

Besides informing the stakeholders about the Company's strategic plan, your Company also took into account their feedback and suggestions, thereby bridging a vital connect between the organization and its stakeholders. Your Company maintained harmonic and transparent media relation through organizing regular press conferences, interviews and informal media meets.

While the Company reached out to its customers and vendors through focused advertising, exhibitions, events and mutually beneficial meets, its sponsorship and aid was governed by the motto of largest common good. SAIL website stood unrivalled in the iron and steel industry, grabbing as many as 6 lakh hits per month! The Company also sponsored wrestlers like Sushil Kumar and Yogeshwar Dutt from their formative years, who won the Silver and Bronze medals respectively at London Olympics 2012. In March, 2013, SAIL along with SBI organized the 6th edition of SAIL-SBI Open Golf Tournament presented by Incredible India, Ministry of Tourism, also the second longest running national Golf Championship after Indian Open.

Your Company's greatest asset, however, remained those thousands of steel men and women who we call the SAIL family. Communication teams at SAIL, along with respective HR divisions, arranged mass contact exercise to facilitate free-wheeling discussion between employees and management. The Company successfully launched an electronic version of its monthly

journal, e-SAILNews, which reaches out to maximum employees at the least cost. Through tie-ups with local TV channels, employees' families in township were kept abreast of daily happenings in Plant and outside. In order to benchmark the communication practices with other PSUs, regular interactions were organized with their PR Chiefs. Posters, fliers, brochures, wall painting, wall-sheets, intranet, journals etc were other conventional ways in which the Company went SAILing with fellow employees and their universe. Because at SAIL, we are many, but we are one.

VIGILANCE ACTIVITIES

SAIL Vigilance lays emphasis on preventive and proactive vigilance activities to facilitate an environment enabling people to work with integrity, efficiency and in a transparent manner, upholding highest ethical standards for the organization.

Following activities were undertaken during the Financial Year 2012-13:

- To increase vigilance awareness amongst employees, vigilance awareness sessions and workshops were regularly held at various Plants and Units. 47 workshops involving 2945 participants were organized for enhancing Vigilance Awareness on Purchase/Contract procedures, RTI Act, Conduct & Discipline Rules, System and Procedures followed in SAIL, etc.
- Periodic surprise checks including joint checks were conducted regularly in vulnerable areas of the Company. A total of 3338 periodic checks including file scrutiny and Joint Checks were conducted at different Plants / Units. Savings of ₹2556.95 lakhs accrued from preventive vigilance activities mainly on account of Surprise Checks.
- Vigilance provides vital inputs to the operating authorities for improving the prevailing systems for bringing about more transparency. Accordingly, eight major System Improvement Projects (SIPs) were undertaken at different Plants/Units of SAIL.
- 13 cases were taken up for Intensive Examination at different Plants/Units. During Intensive Examination, high value procurement / contracts are scrutinized comprehensively and necessary recommendations are forwarded to the concerned departments for implementing suggestions for improvement.

- Various initiatives have been taken by SAIL Vigilance to increase leveraging of technology in vigilance function. On-line submission of Property Returns has been extended for all executives of SAIL in all the Plants / Units during the year 2012. Further, on-line facility for submission of Results Framework Documents (RFDs) for System Improvement Projects (SIPs), Intensive Examination (IE) & Thrust Areas of SAIL Vigilance and Preventive/Administrative recommendations of CVC/CVO has been created. This helps in real time monitoring of these activities.
- On-line facility for submission of complaints has been created on SAIL website. Facility of on-line feedback to the complainants along with status of their complaints has also been created.
- To increase the impact of preventive vigilance activities in improvement of overall functioning of organization, it has been decided to improve the effectiveness and quality of surprise checks and file scrutiny. Accordingly, Quality Management System Index followed in Vigilance departments of SAIL has been revised to include these areas.
- 'Inspiration- Prerna', an in-house publication of SAIL Vigilance is being published regularly. The above publication contains case studies, articles from eminent personalities, quiz on policy matters, etc. to enhance awareness of the readers.

CONSULTANCY SERVICES

Based on its large and varied expertise and experience acquired over the last five decades, SAIL, through SAILCON, provides design, engineering, training, technical & management consultancy services in Iron & Steel and related areas and offers a wide range of services to clients Globally. Technical and Management Training services are its forte and these services have been availed of by several organisations in private and public sector within India and abroad. To scale up the activities and to further reinforce the brand image of SAIL as a consultant, SAILCON is continuously exploring the market, both within and outside the Country for possible business opportunities as well as joint ventures with Global consultants for commercialization of SAIL's expertise.

'SAILCON' has executed assignments within India and abroad covering countries like Egypt, Saudi Arabia, Iran, Qatar, Thailand, Nepal, Philippines, etc.

During the Financial Year 2012-13, SAIL Consultancy Division, SAILCON laid enhanced focus on taking up training assignments for some leading organizations in the area of Steel making, by providing consultancy services to UNDP/GEF, Project Management Cell, Ministry of Steel for energy efficiency and productivity improvement in Steel re-rolling mills.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report covering the performance and outlook of the Company is enclosed.

AUDITORS' REPORT

The Statutory Auditors' Report on the Accounts of the Company for the Financial Year ended 31st March, 2013 along with Management's replies thereon is placed at Annexure-I. The Comptroller & Auditor General of India (C&AG) vide its letter dated 9th July, 2013 has given 'nil' comments on the accounts of the Company for the Financial Year ended 31st March, 2013 under Section 619(4) of the Companies Act, 1956. A copy of the above letter of C&AG is placed at Annexure-II.

COST AUDITORS

Pursuant to the direction of the Central Government for audit of cost accounts, your Company has appointed M/s. Jugal K. Puri & Associates, Gurgaon for Rourkela Steel Plant (RSP) & Bokaro Steel Plant (BSL), M/s. K.C. Kohli & Co, Delhi for Bhilai Steel Plant (BSP), Durgapur Steel Plant (DSP) & IISCO Steel Plant (ISP) and M/s. Mani & Co, Kolkata for Alloy Steels Plant (ASP), Salem Steel Plant (SSP) & Visvesvaraya Iron & Steel Plant (VISP) as Cost Auditor(s) for the Financial Year 2012-13.

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure-III to this Report.

PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

In terms of listing agreement with the Stock Exchanges, a compliance report on Corporate Governance is given at Annexure-IV. A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is placed at Annexure-V. In terms of Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

BUSINESS RESPONSIBILITY REPORT

SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on market capitalization of BSE and NSE, to include Business Responsibility Report describing the initiatives taken by the companies from Environmental, Social and Governance perspective.

Accordingly, the Business Responsibility Report is attached at Annexure VI and forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In terms of listing agreement with the Stock Exchange(s), the duly audited Consolidated Financial Statements are placed at Annexure-VII.

SUBSIDIARIES

IISCO-Ujjain Pipe & Foundry Company Limited, a wholly owned subsidiary of the erstwhile Indian Iron & Steel Company Limited (IISCO), was ordered to be wound up by BIFR. The Official Liquidator is continuing its liquidation process. The assets of the Company have been realized and the settlement of claims is in process.

The Company has three other wholly owned subsidiary companies namely, SAIL Refractory Company Limited (SRCL), SAIL Jagdishpur Power Plant Limited and SAIL Sindri Projects Limited. SRCL has taken over the Salem Refractory Unit of Burn Standard Company Limited on 16th December,

2011 and is operating the same. SAIL Jagdishpur Power Plant Limited, incorporated for setting up of Gas based power plant at Jagdishpur and SAIL Sindri Projects Limited, incorporated for revival of Sindri Unit of Fertilizer Corporation of India Limited are yet to commence operations pending relevant approvals.

A Statement pursuant to Section 212 of the Companies Act, 1956 is attached to the Accounts. In terms of general exemption granted by Ministry of Corporate Affairs vide Circular No.5/12/2007-CL-III dated 8.2.2011, under Section 212(8) of the Companies Act, 1956, the Audited Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of our subsidiaries need not be attached with the Balance Sheet of the Company as the Company has satisfied the conditions stipulated in the Circular. However, the requisite information as prescribed in the above Circular of Ministry of Corporate Affairs in respect of the subsidiary companies has been disclosed in the Statement.

The Annual Accounts of the subsidiary companies and related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. Further, the Annual Accounts of the subsidiary companies are available for inspection by any shareholder in the Registered Office of the Company and of the subsidiary companies concerned during the office hours between 11 AM to 1 PM. A hard copy of the details of accounts of subsidiaries shall be furnished to the shareholders on receipt of written request.

DIRECTORS

Prof. Deepak Nayyar and Shri A.K. Goswami ceased to be Directors w.e.f. 10.02.2013 (A.N.)

Shri A.K. Pandey, Director (Raw Material & Logistics) ceased to be Director w.e.f. 28.02.2013.

Shri Kalyan Maity has been appointed as Director (Raw Material & Logistics) w.e.f. 01.03.2013.

Shri E.K. Bharat Bhushan, Special Secretary & Financial Advisor, Ministry of Steel has resigned from the Directorship of the Company w.e.f. 29.04.2013.

Shri S. Mukherjee, Director (Commercial) ceased to be Director w.e.f. 01.05.2013.

Shri Vinod Kumar Thakral, Additional Secretary & Financial Advisor, Ministry of Steel has been appointed as Director w.e.f. 04.06.2013.

Dr. Atmanand and Shri J.M. Mauskar have been appointed as Directors w.e.f. 18.07.2013.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the support and cooperation extended by every member of the SAIL family. The Directors are thankful to the State Governments, Electricity Boards, Railways, Banks, Suppliers, Customers and Shareholders for their continued cooperation. The Directors also wish to acknowledge the continued support and guidance received from the different wings of the Government of India, particularly from the Ministry of Steel.

For and on behalf of the Board of Directors


(C.S. Verma)
Chairman

New Delhi
Dated: 16th August, 2013