

## DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure of presenting the 42<sup>nd</sup> Annual Report of the Company together with Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2014.

### FINANCIAL REVIEW

Your Company achieved a turnover of ₹51,866 crore during the Financial Year 2013-14 (FY 14), which is higher by 5% over the turnover during the previous Financial Year. The Company registered an increase of 20.6% in its Profit After Tax (PAT), to ₹ 2,616 crore in FY 14 up from ₹2,170 crore in Financial Year 2012-13 (FY 13). The net worth of company improved substantially from ₹ 41,025 crore as on 31<sup>st</sup> March, 2013 to ₹42,666 crore as on 31<sup>st</sup> March, 2014 and this helped in generation of internal resources for funding expansion plans of Company.

Higher production and sales along with lower cost of imported coal helped improve the bottom line, offsetting more than ₹ 1000 crore of additional wage provision made during the year on account of revision of wages/perks of non-executives pending w.e.f. 1.1.2012. Profit for the year includes receipt of ₹1056 crore from M/s Vale, Australia on account of a favourable arbitration/court award in case of a commercial dispute with SAIL. The comparative performance of major financial parameters during the Financial Years 2013-14 and 2012-13 is given in Management Discussion and Analysis Report.

Your Company continued its thrust on optimum utilization 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, your Company hedged the foreign currency risk on Buyer's Credit and repayment of External

Commercial Borrowings depending on market conditions. The Company had liquid assets of ₹ 2500 crore as on 31<sup>st</sup> March, 2014 invested in short-term deposits with scheduled banks against borrowings of ₹ 25281 crore as on 31<sup>st</sup> March, 2014. The debt equity ratio of the Company increased to 0.59:1 as on 31<sup>st</sup> March, 2014 as against 0.53:1 as on 31<sup>st</sup> March, 2013, mainly on account of increase in borrowings during the year to meet the capital expenditure requirements of the Company. Capital expenditure of ₹ 9,890 crore was made during the year, which was higher than the previous Financial Year.

The Company paid Interim Dividend @ 20.20% of the paid-up equity share capital during the year, which is marginally higher than the total dividend of 20% paid in FY '13. The Board has decided to treat this Interim Dividend as the total dividend for the year 2013-14. A sum of ₹264 crore was transferred to the general reserves during the year (previous year ₹ 163 crore).

### Credit Rating

M/s India Ratings & Research Pvt. Ltd. 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

Your Company produced 12.9 million tonnes (MT) of saleable steel in FY'14, registering an improvement of 4% over FY'13. Production of 14.5 MT of hot metal and 13.6 MT of crude steel was also 1% higher each than corresponding period of last year (CPLY) respectively. All-time best production of special quality & value added products of 5.42 MT was achieved, which was 6% higher than FY'13. Power Plants maintained the best ever power generation of 699 MW during 2013-14, with a growth of 1% over last year.

During the year SAIL took a major step forward on the modernization & expansion front, with the new 4060 m<sup>3</sup> Blast



Hon'ble Minister of Mines, Steel and Labour & Employment Shri Narendra Singh Tomar meeting the CII National Committee on Steel led by Chairman SAIL Shri C. S. Verma



MoU signed between SAIL and Ministry of Steel in presence of Secretary (Steel) Shri G. Mohan Kumar and Chairman SAIL Shri C. S. Verma and other Directors of SAIL

Furnace (largest in the country) at Rourkela Steel Plant becoming operational since August, 2013. It marked a new chapter in the modernization and expansion of the company. Thereafter, other upcoming facilities at RSP have also been operationalized. From June, 2014, the entire integrated process route comprising the new Ore Bedding & Blending Plant, 360 sq.m. Sinter Plant, the 7 m tall Coke Oven Battery No.6, the 4060 m<sup>3</sup> Blast Furnace No.7, the 3<sup>rd</sup> BOF, 2500 mm Slab Caster and the Plate Rolling facility in the New 1.0 Million tonne per annum Plate Mill are operational at RSP. Work in the finishing mill of the Plate Mill will be completed shortly. The production from these facilities is being ramped up. BSP experienced an incidence of gas leakage in the Pump House of Blast Furnace Gas Cleaning Plant on 12th June, 2014 resulting in loss of six precious lives. Causes of incident were thereafter analysed and remedial measures taken. The units were re-started within 7 days and were stabilised soon.

#### Research & Development (R&D)

Several initiatives have been undertaken for implementation of the ambitious R & D Master Plan of SAIL, initiated under three broad categories namely, Centre of Excellence (CoE) Projects, High Impact Projects (HIP) and Technology Missions (TM) Projects.

The successes achieved under CoE Projects include, introduction of Roll Bite Lubrication System in all the finishing stands of Hot Strip Mill at Bokaro, increase in the average campaign life of Steel ladle in SMS-II, Bokaro Steel Plant from 80 to 89 heats using in-house SRU (SAIL Refractory Unit) bricks.

Under High Impact Projects where headway has been made are, beneficiation of iron ore fines/Slimes, modification in CDI and Coke Ovens door system, Micro pelletisation of sludge and its re-use in Sinter Plant. For use of BF slag for road making, studies are being conducted with CRRI (Central Road Research Institute).

The Technology Missions being pursued by your Company are mainly, thin strip casting and CRGO Steel production for which modalities for technology transfer are being worked out.

#### Development of New Products

Your Company is proud to be a part of India's Defence Indigenisation initiatives, wherein its steel plants at Bhilai and Rourkela had jointly developed and supplied DMR-249 grade steel for India's first indigenously developed aircraft carrier, "Vikrant". Maintaining this fervour for continuous improvement, your Company has developed several new products during the year,

further enhancing its extensive product portfolio. The new products developed at different Plants are as follows:

- Bokaro Steel Limited and Research and Development Centre for Iron and Steel (RDCIS) have jointly developed a Super Formable/High Strength Formable Steel specifically designed for producing cylinders in various shapes to service the export market. The new grade of steel will bring about more than 15% reduction in blank cylinder weight leading to a significant reduction in both manufacturing costs as well as the cost incurred in transportation and handling.
- Bhilai Steel Plant has developed High Toughness Corrosion Resistant Rails to provide improved hardness and elongation and better fracture toughness in rails supplied to Indian Railways.
- Durgapur Steel Plant has produced Aluminium killed IS 2062 E 410 blooms to cater to the latest trend of using high strength steel members in electrical transmission towers to reduce weight and improve cost effectiveness.
- SAIL has also introduced Earthquake resistant Fe 415S and Fe 500S grade TMT rebars complying with the IS 1786 standards, leading to TMT bars with better ductility and toughness as compared to ordinary TMT.

#### Raw Materials

During Financial Year 2013-14, total requirement of iron ore was met from captive sources. The Company's captive iron ore mines produced about 25.32 million tonnes (MT). However, in case of coking coal, around 18% requirement was met from indigenous sources (Coal India Limited & captive sources) and balance through imports (11.36 MT). During 2013-14, production in captive collieries of the Company was about 0.69 million tonnes, out of which 0.58 million tonnes was raw coking coal and balance 0.11 million tonnes of non-coking coal. In case of fluxes, around 1.13 million tonnes of limestone and 1.05 million tonnes of dolomite was produced resulting in total production of 2.18 million tonnes fluxes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited except small quantity produced from captive mines.

During 2013-14, production at Gua Iron Ore Mines resumed on 12<sup>th</sup> April, 2013, after a gap of about two years, after obtaining forest and environment clearance from Ministry of Environment & Forest (MoEF), Government of India (GoI). Further, on 4<sup>th</sup> March, 2014,

MoEF, GoI granted Stage-I forest clearance for additional diversion of 361.295 ha of forest land in Durgaiburu lease of Gua Mine, thereby making total diversion as 635.986 ha. Grant of the forest clearance has paved the way for capacity expansion of the Gua Mines from present level of 2.4 million tonnes per annum to 10 Million tonnes per annum. Letter of Acceptance (LoA) has been placed for main package of capacity expansion project.

Approval of Odisha Govt. on the report of the Technical Committee regarding status of Karo-Karampada Elephant Corridor, in context of 5.1 Sq. Mile lease of Bolani Mines in Feb'14, paved the way for continued operations in core iron ore bearing area of the lease and capacity expansion of Bolani Mine to 10 Million tonnes per annum (MTPA).

For ensuring regular supplies of iron ore, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed. Process for selection of Mine Developer-cum-Operator for development of Rowghat and Chiria iron ore mines has been initiated.

In addition, new iron ore deposits in the States of Rajasthan, Chhattisgarh, MP, Maharashtra, Odisha and Karnataka are being explored. In this regard, Ministry of Mines, GoI, vide order dated 2.9.2013 accorded its approval for grant of mining lease for iron ore associated mineral over 871.38 ha in village Dhul Khera, district Bhilwara, Rajasthan in favour of SAIL for a period of 30 years.

Efforts are being made for allotment of new coking coal and thermal coal blocks under Government dispensation route.

Hon'ble Supreme Court in its judgement passed on 16<sup>th</sup> May, 2014 in respect of the PIL regarding illegal mining in Odisha has expressed that in respect of mines where second and subsequent renewals are pending with State Government, the mining operations cannot be allowed without any express orders passed by State Government in terms of Section 8(3), MMDR Act, 1957. In view of this order, the mining operations of the mines of SAIL in Odisha viz. Bolani,

Barsua & Kalta running under the deemed extension provisions of Rule 24(A)(6) of MCR, 1960 were suspended by Odisha Government during the period 17<sup>th</sup> May, 2014 to 31<sup>st</sup> May, 2014, till the required express orders were issued by State Government of Odisha.

### **Power Production and Consumption:**

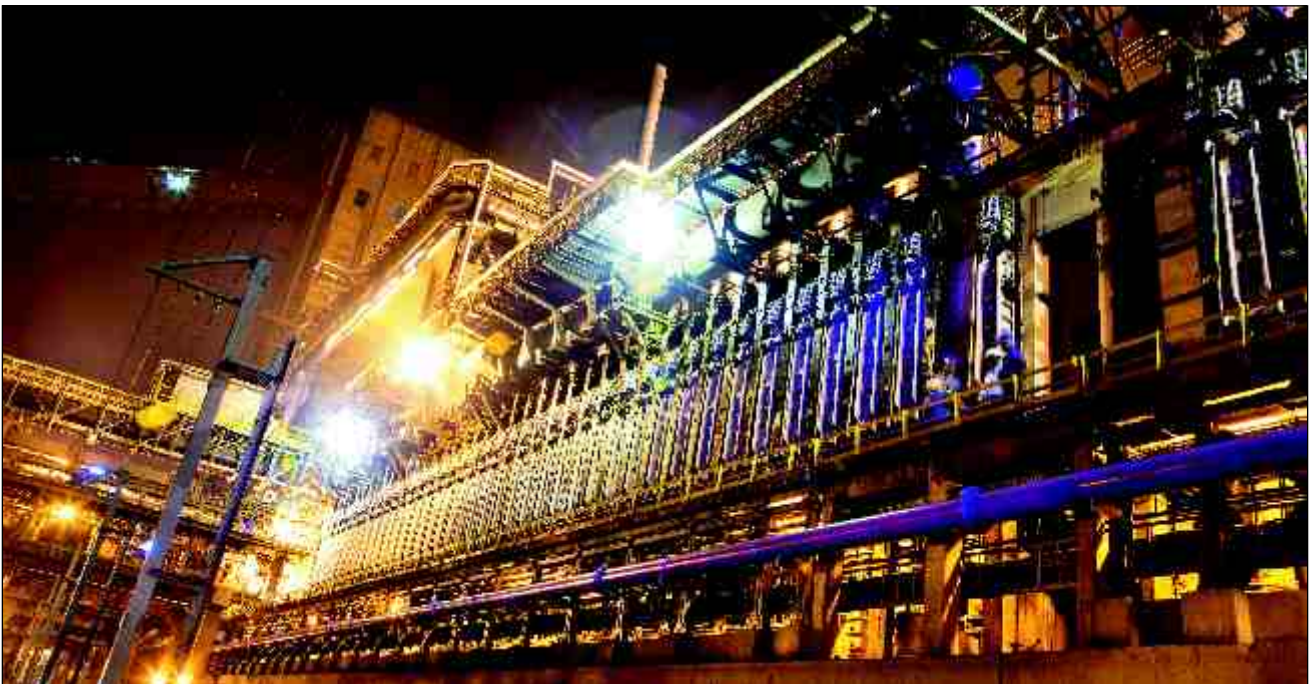
SAIL met about 67% of its total average power requirement of 1050 MW through its own captive generation and the balance 33% power was purchased from outside, mainly from grid utilities. With an aim to reduce cost, the opportunity of cheaper power available in the Power Exchange was utilised and total 19.7 MU was purchased for Salem Steel Plant (SSP) from Indian Energy Exchange. This practice will be continued.

The practice of gainful utilisation of surplus captive power available at one Plant through wheeling to other Plants was also continued during the year and about 25 MU was wheeled to Visvesvaraya Iron & Steel Plant (VISL) in Karnataka from Bhilai Steel Plant (BSP) in Chhattisgarh resulting in substantial cost benefits.

With an aim to ensure the availability of enhanced requirement of reliable power after the completion of ongoing expansion, your Company is in the process of augmenting its captive generation facilities and Transmission & Distribution infrastructure. Power receiving substation at Rourkela Steel Plant (RSP) was upgraded to 220 KV GIS during the year and similar projects are under execution at Bokaro Steel Plant (BSL) and Chandrapur Ferro Alloy Plant (CFP). Additional captive generation capacity of 216 MW is under installation at various SAIL Plants. In addition, expansion of capacity by 1x250 MW at RSP and 2x20 MW at Durgapur Steel Plant (DSP) is being carried out by NTPC-SAIL Power Company Private Limited (NSPCL), a JV Company of SAIL and NTPC.

### **SALES AND MARKETING REVIEW**

Notwithstanding the challenging market conditions during the year in which the demand of steel in the country remained suppressed, your Company achieved a total sales volume of 12.07



Coke Ovens Battery no. 2 at Durgapur Steel Plant



New upcoming Cold Rolling Mill at Bokaro Steel Plant

million tonnes during the Financial Year 2013-14 registering a growth of 8.6% over Financial Year 2012-13. Product categories where major growth were recorded in domestic sales included: Plates: 12.7%, HR Coils: 7.8%, GP/GC: 23%.

The Company exported 0.47 million tonnes of steel during FY'14, registering a growth of 28% over the previous year. New export markets were developed, such as Saudi Arabia for Blooms, Canada for Plates and Indonesia and Thailand for Slabs.

The Company's Rural Dealer network was further expanded to 1004 number of Rural Dealers, as on 31<sup>st</sup> March, 2014. With this, total number of SAIL dealers stood at 2,948 as on 1<sup>st</sup> April, 2014. Records Retail sales were achieved at 0.62 million tonnes, registering an increase of 14% over 2012-13.

#### 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 14.4 million tonnes during the Financial Year 2013-14 to 23.5 million tonnes after expansion. 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 AND EXPANSION PROGRAMME

Your Company is implementing Modernisation & Expansion Plan of its five Integrated Steel Plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur. The modernization & expansion plan envisages increase in production capacity of Hot Metal from 14.4 million tonnes per annum to 23.5 million tonnes per annum.

Orders for about ₹ 59,288 crore have been placed (till Mar'14) under the current Modernisation & Expansion Plan of SAIL and a capital expenditure of ₹53,270 crores has been made under this program till Mar'14. Facilities of about ₹20,000 crore have been already operationalized till Mar'14. This includes facilities at SSP, Raw Material Handling Plant, Sinter Plant, COB-11 Complex, Wire Rod Mill at ISP and New Sinter Plant-3 at RSP.

Further, during FY'14, production commenced from several new facilities such as New Ore Bedding & Blending Plant, New Coke Oven Battery No.6 Complex including Coal Handling Plant, 3<sup>rd</sup> Single Strand Caster at RSP; Coke Oven Battery No.2 at DSP; 2<sup>nd</sup> Sinter Machine in SP-3 at BSP. A major achievement was recorded with the new 4060 m<sup>3</sup> blast furnace (largest in the country) at RSP operationalized from August'13. The production has been ramped up from the furnace since then.

SAIL Board accorded 'in-principle' approval during the year for various new Projects with an estimated total outlay of around ₹7,862 crore during the year.

A capital expenditure of ₹ 9,890 crore was incurred during the Financial Year 2013-14 on this account and capex planned during 2014-15 is ₹9,000 crore.

The details of the Additions, Modification & Replacement (AMR) Schemes under implementation are given in the Management Discussion & Analysis (MD&A) Report.

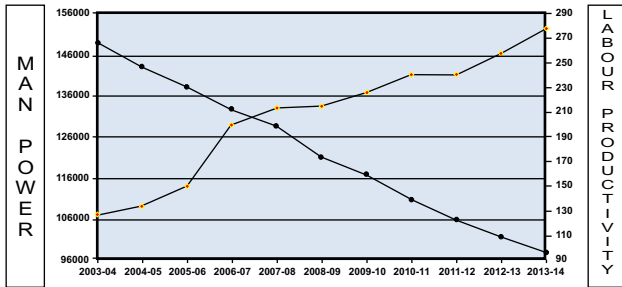
#### HUMAN RESOURCE MANAGEMENT REVIEW

Your Company 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.

#### Enhanced Productivity with Rationalized Manpower

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

manpower strength of SAIL was 97897 nos. (as on 31.03.2014) with manpower rationalization of 3981 nos. achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, redeployment strategies, multi-skilling, building competencies and infusing a sense of commitment and passion among employees to excel. Trend of enhanced productivity and manpower rationalization since 2003-04 onwards is depicted below:



### Developing Employee Capabilities & Competencies

In order to develop its human resources for harnessing their potential and for accorded ample opportunity to employees 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.

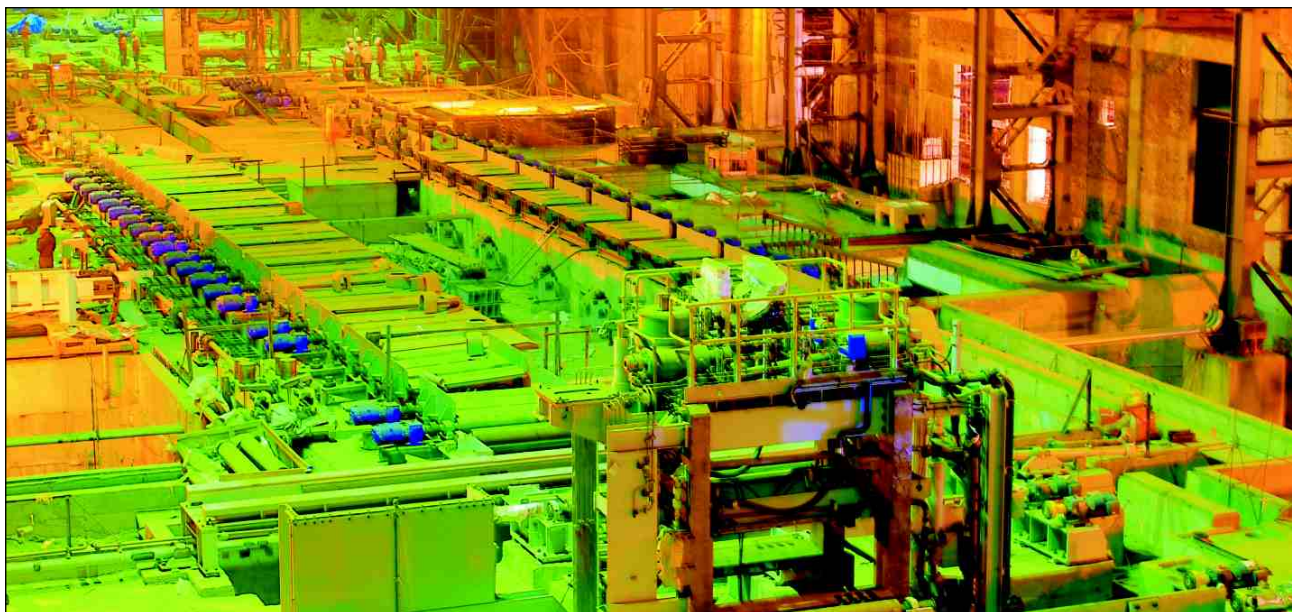
Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 47187 employees were trained against target of 41340 employees during the year on various contemporary technical and managerial modules.

### Harmonious Employee Relations

- Your Company has a glorious tradition of conducive and fulfilling employee relations environment. The healthy practice of settling the issues through discussions with trade unions/workers' representatives enabled workers' participation at different levels and facilitated in establishing a peaceful IR climate. The Company has an established system of worker's participation at different levels 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 establishing a conducive work environment.
- Bipartite forums like National Joint Committee for Steel Industry (NJCSI), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI) etc. with representation from major central trade unions as well as representative Unions/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 Plants/Units, marked with diverse work culture at multi-locations.
- In addition, Quality Circles, Suggestion Schemes, Shop specific Performance Improvement Workshops also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought through structured/interactive workshops.
- Communication with employees at various levels concerning wide range of issues impacting the Company's performance as well as those related to employees' welfare is carried out in a structured manner across the Company. Mass communication campaigns are undertaken at the level of Chief Executive Officers (CEO)/Senior Officers' of the Plants involving structured discussion with large group of employees. These



Chairman SAIL, Shri C. S. Verma, Director (Tech.) Shri S.S. Mohanty and Director (Proj. & BP) Shri T. S. Suresh during their recent IISCO Steel Plant visit to review MEP



New Universal Rail Mill at Bhilai Steel Plant

interactive sessions help employees to align their working with the goals and objective of the Company leading to higher production & productivity and enhanced employee engagement.

#### 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 involvement of employees, trade unions and associations. Joint grievance committees have been set up at Plant/Unit level for effective redressal of grievances.
- The grievances are dealt through a 3 stage grievance handling system 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. 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.
- There were 44 grievances pending for redressal as on 31.03.2013. Number of grievances received during the period from 01.04.2013 to 31.03.2014 were 1127. During the year, 1157 grievances were disposed off and 14 grievances were pending for redressal as on 31.03.2014.

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

Your Company follows Presidential Directives on Reservation for Scheduled Castes (SCs) and Scheduled Tribes (STs) in the matter of recruitments & promotions. As on 31<sup>st</sup> March, 2014, out of total manpower of 97897, 15.95% belong to SC category and 13.77% belong to ST category.

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

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:

- No tuition fee is charged from SC/ST students studying in the Company run schools, irrespective of whether they are SAIL employees' wards or non-employees' wards.
- 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.
- SAIL Plants have adopted 15 children from nearly extinct Birhor Tribe. They are being provided free education, boarding, lodging and medical facilities for their overall growth.
- Villagers are given free outdoor and indoor treatment in the SAIL hospitals located at Kiriburu, Gua & Chiria Mines after recommendations by Manki / Munda (Local Tribal Village Heads) of the peripheral villages.

#### Initiatives towards propagating awareness about Reservation Policy

- Internal workshops for Liaison Officers for SC/ST and other dealing officers of SAIL Plants/Units are conducted at regular intervals through an external expert to keep them updated on the reservation policy for SC/ST and other related matters.
- A meeting with SAIL SC/ST Employees' Federation under the Chairmanship of Director (Personnel) was organized on 18<sup>th</sup> June, 2013 at Rourkela. Federation members were apprised about the position and the challenges faced by the Company. Meeting was followed by a two-day workshop on reservation matters for the members of the Federation.
- A Workshop on reservation for SC/ST/OBC/PWD was organized on 20<sup>th</sup> and 21<sup>st</sup> of June, 2013 at Rourkela. The workshop was attended by 40 executives from different Plants and Units of SAIL and it has assisted in disseminating the nuances of implementation of guidelines on reservation policy.

- Dr. Rameshwar Oraon, Hon'ble Chairperson, National Commission for Scheduled Tribes visited RSP during 9<sup>th</sup> -11<sup>th</sup> September, 2013 and reviewed implementation of Reservation Policy in respect of STs. He appreciated the efforts of SAIL/RSP towards the overall development of peripheral population which predominantly comprises of SC/ST.

### 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 (PIO)/ Asstt. Public Information Officers (APIO), Appellate Authorities and Transparency Officer under Section 5 & Section 19(1) of RTI Act in each Plant and Unit for speedy redressal of the queries received under the Act.

The provisions under the Act are being complied with by all Plants and Units of SAIL. All statutory reports including Annual Report are sent to Ministry of Steel and are also posted on SAIL website. Under Sec. 5(5), all the officers/ line managers responsible for providing information to the PIO, called Deemed PIO, have been made equally responsible as PIO towards timely providing of information to the applicant.

All Plants/Units of SAIL have listed 17 manuals and details of designated officials in line with the provisions of the RTI Act has been uploaded on SAIL website. Your Company has also institutionalised an exclusive RTI Portal for better awareness and knowledge sharing. In all, a total number of 4940 applications and 942 appeals were received under RTI Act, during the Financial Year 2013-14 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" MoU Rating for the year 2012-13 for the 11<sup>th</sup> consecutive year.
- Chairman, SAIL has been adjudged 'CEO of the year' by Platts at the 2014 Platts Global Metal Award.
- SAIL employees won 18 out of 28 Viswakarma Awards declared in 2013, which is the highest for any organization

amongst both private and public sector. In terms of number of employees, 76% awardees in the country were from SAIL.

- 6 out of 16 Shram Awards declared in the country in 2013 for Public Sector were won by SAIL employees. This was also the highest number for any organization amongst both private and public sector. In terms of number of employees, 50% awardees in the country were from SAIL.
- In the international Quality Meet at Taipei, Taiwan during October, 2013, 5 Quality Circle teams consisting of 29 SAIL employees won Gold Medals.
- BSP/SAIL was awarded the prestigious PM's trophy for the Best integrated Steel Plant (2011-12) for the 11<sup>th</sup> time (out of 20 times awarded).
- SAIL bagged Indira Gandhi Rajbhasha Shield for best implementation of official language in 'A' (Hindi-speaking) region by Ministry of Home Affairs, Government of India. This award was conferred by Hon'ble President of India on Hindi Diwas i.e. 14<sup>th</sup> Sept'13.
- SAIL bagged the Gold Trophy for "SCOPE Meritorious Award for Environmental Excellence & Sustainable Development" for the year 2012-13.
- SAIL was conferred with 'Employer Federation of India National Award 2013' for Excellence in Industrial Relations at Mumbai on 25<sup>th</sup> October, 2013.
- SAIL has been awarded with 'Commendation Certificate for Strong Commitment to HR excellence' by CII in the 4<sup>th</sup> CII National HR Excellence Award 2013 held on 24<sup>th</sup> September, 2013 at New Delhi.
- Top prize in the 'National Energy Conservation Awards 2013' was awarded by Hon'ble President of India Shri Pranab Mukherjee on 16<sup>th</sup> December, 2013 in recognition of 'Systematic and serious efforts made by BSP for efficient utilization and conservation of energy during the last two years'.
- Town Official Language Implementation Committee



88 employees of SAIL out of 118 awardees won the Vishwakarma Rashtriya Puraskar for the performance year 2011 in an award function organised in New Delhi, September, 2013



Chairman SAIL Shri C.S. Verma with employees of Bhilai at the Long Rail Complex in Bhilai Steel Plant

(NARAKAS), PSU-Delhi, under the Chairmanship of SAIL has been awarded the 1st prize for the best performance in implementation of Rajbhasha in northern region. The award was presented by Hon'ble Governor of Punjab Mr. Shivraj Patil on 31<sup>st</sup> March, 2014 at Chandigarh.

- Ispat Rajbhasha Shield (1st prize) awarded by Hon'ble Minister of Steel on 24<sup>th</sup> February, 2014 at Lucknow for best implementation of Official Language in SAIL.
- In recognition of excellent implementation of Official Language in SAIL, NARAKAS Rajbhasha Shield (IInd prize) was awarded by Secretary, Rajbhasha, Govt of India on 21<sup>st</sup> February, 2014 at New Delhi.
- Ispat Bhasha Bharati, the Hindi House Journal of SAIL has been adjudged as the best magazine among all PSUs for the year 2012-13 by Town Official Language Implementation Committee, Delhi on July 29, 2013.
- India Pride Award 2013-14 for Excellence in CSR under Central Public Sector Undertakings was awarded by Union Minister of Human Resource Development on 19<sup>th</sup> December, 2013 at New Delhi.
- 'Company with Best CSR & Sustainability Practices Award - 2013' conferred upon SAIL by Asian Centre for Corporate Governance & Sustainability.
- SAIL won the 'ICC PSE Excellence Awards 2013' under Corporate Social Responsibility & Sustainability in Maharatna & Navratna Award Category. The award was conferred upon SAIL by Advisor to the Prime Minister and Secretary, DPE on 16<sup>th</sup> December, 2013 at New Delhi.
- 'SKOCH Corporate Leadership trophy' was awarded to Chairman, SAIL by Union Finance Minister in the 34<sup>th</sup> SKOCH Summit held on 12<sup>th</sup> November, 2013 at New Delhi.
- SAIL won 'SKOCH Order-of-merit Award' in 3 award categories i.e. HRD, Environment Management and Sustainability on 11<sup>th</sup> November, 2013 at New Delhi.
- Jury award for 'Lasting Impact on Indian Economy' at Governance (Now PSU Awards-2013) conferred upon SAIL

Chairman by Union Minister of Heavy Industries, Sh. Praful Patel on July 24, 2013 at New Delhi.

- SAIL bagged 'e-INDIA PSE Awards-2013' in the field of Education for the project "Special Schools for the Underprivileged" on 23<sup>rd</sup> July, 2013.
- SAIL has been awarded "Responsible Business Awards-2013" in the category 'CSR Leadership Award' by World CSR Day in June, 2013.
- Chairman, SAIL has been conferred with 'Star PSU CMD of the year Award' for outstanding performance under the Maharatna category in BT-Star PSU Excellence Awards-2013.
- SAIL has won 'Randstad Award 2013' at Bangalore on 18<sup>th</sup> April, 2013.
- SAIL bagged two prizes in Regional Rajbhasha Conference held by MoH in Chandigarh on 5<sup>th</sup> June, 2013; one for best implementation of Rajbhasha at regional level and another for conducting the activities of the NARAKAS in excellent manner.

#### Bhilai Steel Plant

- INSAAN Award - First prize for "Excellence in Suggestion Scheme" (Theme: Institutionalizing innovation) for the year 2013.
- BSP, SAIL won 'Commendation Certificate' for significant role played in promoting Business Excellence in India for the year 2013 in the 21<sup>st</sup> CII National Quality Summit at Bangalore on 8<sup>th</sup> November, 2013.
- Nandini Mines of BSP won 5 prizes for Mineral conservation and Environment.
- Greentech Environment Award (Gold) for the year 2012-13 by Greentech Foundation.
- Bhilai/Durg TOLIC won first prize in the central region for best implementation of Rajbhasha during 2012-13 by Rajbhasha Deptt. Central Region.
- Golden Peacock Sustainability Award for sustainability initiatives during Assessment Year 2012-13 by Institute of Directors - New Delhi.



- 'IIM National Sustainability Award' for 2012-13 by Indian Institute of Metals, Kolkata.

### Bokaro Steel Plant

- BSL was conferred with Commendation for Strong Commitment to Excel by CII-Exim Bank.
- CII (ER) Productivity Award 2013-14 in Group 'C' by CII (ER).
- Second prize for implementation of Rajbhasha Hindi in 'D' Category States in Eastern Region by Deptt. of Official Languages, Govt. of India in March 2014.
- Greentech Environment Award (Gold) and Greentech CSR Award (Silver) for the year 2012-13 by Greentech Foundation.

### Durgapur Steel Plant

- DSP was conferred with Commendation for Strong Commitment to Excel by CII Exim Bank.
- Certificate of Merit awarded to DSP by CII Eastern Region for Energy Conservation
- Greentech Environment Award (Gold) and Greentech CSR Award (Silver) for the year 2012-13 by Greentech Foundation.
- Greentech Safety Award 2013 (Silver) for year 2012-13 by Greentech Foundation, New Delhi.
- Srishti Good Green Governance Award 2012 for Environment (Runner up) by Srishti Publications, New Delhi for the year 2012-13.
- 'Commendation Certificate' under the 'Large Scale Manufacturing - Metallurgical' category of Rajiv Gandhi National Quality Awards, 2011 on 26<sup>th</sup> April at New Delhi.
- Greentech HR Award 2013 (Silver) for training excellence at 3<sup>rd</sup> Annual Greentech HR Awards ceremony held at Goa.

### Rourkela Steel Plant

- Award in three categories viz. Best CSR Practices, Women's Empowerment and Support & Improvement in Quality of

Education was awarded to RSP at the World CSR Congress & World CSR Day held at Mumbai in Feb.'14 during Global CSR Excellence and Leadership Award Presentation Ceremony.

- Certificate of Commendation was awarded to RSP in the 'CII ITC Sustainability Award 2013' for significant achievement in the journey towards Sustainable Development.
- Greentech Environment Award (Gold) for the year 2012-13 by Greentech Foundation at Chandigarh on 29<sup>th</sup>-30<sup>th</sup> January, 2014.
- Golden Peacock Environment Management Award 2012.
- CII-EXIM Bank Award 2012-13 for strong commitment towards excellence in November, 2013.
- CSR Leadership Award in the Think CSR Forum jointly organized by Telfa's, the Times of India and Think Foundation in August, 2013.
- Champion's Award for Employee Engagement in June, 2013 by INSAAN.
- Srishti Good Green Governance Award, 2011 received 4<sup>th</sup> times in a row in June'13.
- Ispat Suraksha Puraskar-2010 for no fatal accident in two areas, namely, Coal, Coke & Chemicals Zone and the Blast Furnace, Slag Granulation Plant, Sinter Plants & Raw Materials Department Zone by Joint Committee on Safety, Health and Environment of the Steel Industry in June, 2013

### Raw Materials Division

- Greentech CSR Award (Gold) was awarded to RMD for the year 2012-13 by Greentech Foundation at Chandigarh on 29-30<sup>th</sup> January, 2014.
- Quality circle team of Bolani Ores Mines bagged the Quality Circle Award at Taipei, Taiwan in October, 2013 for its innovative project on 'Eliminating overloading problem of conveyor LC-2 at Bolani Ore Mines
- Barsua Iron Mines was awarded with 2<sup>nd</sup> Prize in Use of Mechanized Beneficiation Equipments and 3<sup>rd</sup> Prize in



SAIL's in house magazine Ispat Bhasha Bharti awarded Rajbhasha Shield in a function of TOLIC in New Delhi, where Chairman SAIL Mr CS Verma and Ms Nita Chowdhury, Secretary (Rajbhasha), Govt of India, honouring senior Hindi writer and critic Professor Kedarnath Singh with NARAKAS Sahitya Samman



Chairman SAIL Shri C.S. Verma with Director (Tech.) Shri S.S. Mohnaty, Director (Proj. & BP) Shri T.S. Suresh and other senior officers of RSP during commencement of production from Coke Ovens Battery 6 Complex

Publicity & Propaganda in the Mines Environment & Mineral Conservation Week 2013-14

#### Alloy Steels Plant

- Greentech Environment Award (Silver) was won by ASP for the year 2012-13 by Greentech Foundation at Chandigarh on 29<sup>th</sup>-30<sup>th</sup> January, 2014.

#### Salem Steel Plant

- 26 employees of Salem Steel Plant have won State Shram Award announced by Directorate Safety and Health, Govt. of Tamil Nadu recognizing outstanding suggestions implemented in the work area. SSP also bagged 3 safety awards.
- SSP won National Sustainability Award (Second Prize) for the year 2012-13 from Indian Institute of Metals, Kolkata amongst the Secondary Steel Plants/Alloy Steel Plants category consecutively for the 10<sup>th</sup> time and 17<sup>th</sup> time since inception.

#### SAIL Refractory Unit

- 2<sup>nd</sup> Prize in Official Language Implementation in Eastern Region.

#### CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Steel Authority of India Limited - the Maharatna Steel Company, has adopted a balanced approach towards inclusive growth, consistent with socio-environment. Your Company, during 2013-14, continued to focus on helping the downtrodden, the underprivileged with its development oriented CSR projects in the area of Medical and Healthcare, Education, livelihood generation etc.

Specialized and basic healthcare facilities either completely free or at very nominal charges are being provided to needy and underprivileged living in the vicinity of Plants/Units through 57 Primary Health Centres, 21 Hospitals, 7 Reproductive & Child Health Centres and 7 Super-Specialty Hospitals created by SAIL. More than 38.61 million people have benefited so far by availing the healthcare facilities being provided by SAIL.

Seven health centres (Kalyan Chikitsalaya) have been established exclusively for BPL families at Plants location which provide free OPD facilities & medicines to poor and needy families. Over 90,000 people were treated at these Kalyan Chikitsalayas in 2013-14.

SAIL has continuously been providing basic medical services to the rural populace residing in its peripheral villages. Around 3000

medical camps were organized during 2013-14 in the vicinity of its Plants/Units to provide medical facilities to such people in their neighbourhood itself. More than 2 lakh people received the medical facilities in these camps in 2013-14.

SAIL has created infrastructure for enhancing availability of safe drinking water for people living in far-flung areas, by installing over 7625 water sources. By virtue of these facilities created by SAIL, 42.70 lakh people have gained access to drinking water through improvement in availability of potable water resources at rural and water deficit locations.

In order to promote sanitation and hygiene in peripheral villages, RSP has completed the project 'Comprehensive Water & Sanitation Facilities' in five peripheral villages - Chutiatala, Dumerjore, Ushra Colony, Baniguni & Jagdishpur benefiting 621 households.

Your Company firmly believes that only an enlightened and well informed citizen can play a constructive role in the progress of society. Company owns and maintains over 129 schools in its Steel townships for providing modern education to more than 59,000 children, besides actively providing assistance to over 629 schools with over 92,000 students. Seven Special Schools (Kalyan Vidyalaya), exclusively for BPL families established at Steel Plants locations, are providing free education, mid-day meals, uniform including shoes, text books, stationery items, school bags, water bottles and transportation to around 1,600 students. Scholarships to deserving undergraduate and postgraduate engineering students, adoption of tribal children from Maoist insurgency affected areas, nearly extinct Birhore tribes, sponsoring youth for Industrial Training and Nursing course, etc. are some of the major steps taken for uplifting poor, OBC, SC, ST, etc. Saranda Suvan Chhatravas - a fully residential complex at Kiriburu Mines has been set up for providing education and residential facilities to students belonging to areas affected by Maoist insurgency.

SAIL in association with Akshya Patra Foundation is providing Mid-Day Meal to students of Govt. schools in and around Bhilai and Rourkela. Under this scheme, healthy & nutritious meal is being provided to more than 73000 students of around 550 Govt. schools every day.

SAIL has carried out construction of new roads/pathways and also undertaken repairs of damaged road/pathways in rural areas thereby providing connectivity for facilitating reach of education

and healthcare amenities to over 77.04 Lakh people across 435 villages.

In order to bridge the disparity between rural and urban areas and bring about holistic development of both physical and social infrastructure, 79 villages have been developed as "Model Steel Villages" across the country (in eight states).

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.

People of remote forest areas are deprived of basic infrastructural i.e. medical care, education and other essential requirements of livelihoods. The dense reserve forest of Saranda wherein SAIL's mines are situated is one of such deprived region where people face real hardships of life. Being a responsible corporate entity and to bring the marginalized masses of this remote forest area to the mainstream of development, SAIL in association with Ministry of Rural Development, Govt. of India has undertaken a developmental plan for the benefit of habitants of Saranda forest region.

Under the Saranda Development Plan, SAIL has distributed bicycles, transistors, solar lanterns (seven thousand each) to the people of region and established an Integrated Development Centre (IDC) at Digha village in Saranda forest, West Singhbhum District, Jharkhand consisting of a Hospital, Anganwadi Centre, Bank, Forest & Agriculture office, Ration shop, Community Hall, Accommodation Complex for civil official and a Community kitchen.

SAIL, as a responsible corporate citizen, supported the rehabilitation initiatives for the people affected by Flash Floods in Uttarakhand and Phyllin cyclone in Odisha by contributing ₹1 Crore and ₹20 Crore, respectively.

Vocational training has been provided in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar/Pappad/Agarbatti making, Welder, Fitter and Electrician Training, Sewing and embroidery, Smoke less chullah making etc. as a means to livelihood in a dignified manner.

Vocational Training centre for rural and unemployed youths - 'Bhilai Ispat Kaushal Kutir' and '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.

Besides running Vocational Training Institutes (VTI), SAIL is supporting vocational training of the local youth at other ITIs/ITCs/VTIs. RSP, ISP & RMD supported ITI/ITC training of more than 700 youths at ITC, Bargaon, (under the rehabilitation/prevention program for the left wing extremists) & ITCs at Rourkela.

For promoting the local art and culture, Chhattisgarh Lok Kala Mahotsav and Gramin Lokotsav are being organised every year. To promote local culture and games, Gramin Lokotsavas and Gramin Athletics Competition were organised by SAIL at different locations throughout the year.

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized at various forums in the form of numerous awards and accolades received by the Company which are tabulated along with other awards in Awards & Accolades Section reported earlier.

### 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 website.



Skilled manpower and higher capacity HEMM set to hike production at RMD's Bolani Ores Mines in Odisha



Saranda Suvan Chhatravas, a CSR initiative of SAIL's RMD for providing education and lodging to the under privileged tribal students

- 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 2013-14, your Company continued to give impetus towards taking new business initiatives, including mergers and acquisitions, establishing new strategic alliances with renowned companies, ensuring raw material security through acquisition of potential opportunity, as well as diversifying in allied areas for meeting its long-term strategic objectives. Your Company has established communication with renowned international technology providers for forging strategic alliances, in alternative iron and Steel technologies, as well as 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.

#### The strategic initiatives taken by your Company include:

##### Merger and Acquisitions (M & As):

Your Company has taken up with Ministry of Commerce/ Government of India for possibility of acquiring majority stake in Neelachal Ispat Nigam Limited (NINL) in Jajpur, Odisha. SAIL has reiterated its plan to develop NINL into a 5 million tonne per annum (mtpa) Steel Plant, in phases, from the current capacity of 0.9 mtpa.

##### Joint Ventures/Memorandum of Understanding (MOU):

1. Development of Hajigak Iron Ore Deposits in Afghanistan: The SAIL-led consortium AFISCO (Afghan Iron and Steel

Consortium) comprising of SAIL, NMDC, RINL, JSW Limited, JSPL, JSW Ispat Limited and Monnet Ispat and Energy Limited was selected as the 'Preferred Bidder' for blocks B, C and D of the Hajigak Iron Ore 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 is carrying out contract negotiations with the Ministry of Mines and Petroleum of the Islamic Republic of Afghanistan.

2. Alternate technologies in Iron and Steel Making : Your Company is jointly exploring with Kobe Steel, Japan for installation of an ITmk3 technology based 0.5 MTPA Iron Nugget Plant at ASP, Durgapur. A Joint Venture Company "SAIL-Kobe Iron India Private Limited" has already been incorporated. The Detailed Project Report is under preparation.
3. Revival of operation of SAIL SCL Kerala Ltd. (SSKL), Kozhikode : The management of erstwhile Steel Complex Limited, a BIFR registered Company was taken over by SAIL, after its release from BIFR, in 2010, and converted into a Joint Venture Company, namely "SAIL-SCL Kerala Limited" with SAIL and Government of Kerala having equal shareholding. The Joint Venture Company has initiated the process for installing 65000 tpa TMT rolling mill in the premises.
4. In pursuance to signing of the Joint Venture Agreement with Burn Standard Company Limited (BSCL), a Public Sector Unit under Ministry of Railways, for setting up a Wagon Components Manufacturing Facility at the premises of BSCL at Jellingham, Purba Medinapore District, in West Bengal, with capacity to produce 10,000 bogies and couplers per annum, a new Joint Venture Company "SAIL Bengal Alloy Castings Private Limited" was incorporated on 12<sup>th</sup> February, 2013. Work for preparation of Detailed Project Report (DPR) for the Project has been initiated.

5. SAIL had formed a Joint Venture Company (JVC) with RITES viz. SAIL RITES Bengal Wagon Industry Pvt. Ltd. (SRBWIPL), to manufacture 1200 wagons and undertake rehabilitation of 300 number of wagons per year at Kulti, West Bengal. Project related activities are under progress, including installation and erection of equipment. The JVC is likely to start commercial production by this year end.
6. Your Company has signed an MOU with Industrial Development Corporation of Odisha Ltd. (IDCOL) for exploring the possibility of acquisition of/Joint Venture with its wholly owned subsidiaries IFCAL (IDCOL Ferro Chrome Alloys Ltd.) and IKIWL (IDCOL Kalinga Iron Works Ltd.). Based on detailed due-diligence and approval by the SAIL Board, financial bid for acquisition of 100% equity stake in IKIWL and 51% equity stake in IFCAL has been submitted on 30.08.2013. Negotiations are ongoing with Inter Departmental Core Group (IDCG) of Govt. of Odisha.

### BUSINESS EXCELLENCE - INITIATIVES

#### Enterprise Score Card (ESC)

Third Enterprise Scorecard (ESC) of SAIL was prepared for the Financial Year 2013-14 comprising of 75 Strategic Objectives; 17 in Financial perspectives, 9 in Customer perspectives, 29 in Internal Business Process perspectives and 20 in Organisational Capability Building perspectives. 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 through Strategic Objectives and Key Initiatives. Enterprise Scorecard was deployed downwards through Unit Scorecards, Functional Scorecards and Departmental Scorecards and addressed the long-term and short-term issues. Enterprise Scorecard for 2014-15 has also been completed.

#### 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 in the process for CII-EXIM Bank Award for Business Excellence 2013. These Plants 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.

BSL – Commendation award for Strong Commitment to Excel.

Your Company was also conferred a Special Award by CII for “Significant role played in promoting Business Excellence in India” during the National Quality Summit organized by CII.

#### 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 2013-14, three Certification Agencies have been empanelled through open tender for three years for audit across SAIL Plants/Units for ISO 9000, ISO 14000, OHSAS 18000 and SA 8000. This would also facilitate gradual implementation of Integrated Management System in Plants.

#### IT RELATED INITIATIVES

Your Company has embraced Information Technology (IT) enabled services, applications and tools in all its Plants and Units for improvement in productivity, yield, quality, reduction in operational costs and improvement in internal and external customer satisfaction.

As a step towards this, Enterprise Resource Planning (ERP) has been implemented stage wise in 4 Integrated Steel Plants i.e. Bhilai Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant, Rourkela Steel Plant and the process of ERP implementation has been initiated at 5<sup>th</sup> Integrated Steel Plant i.e. IISCO Steel Plant. Central Marketing Organisation (CMO) ERP has already covered 100% primary domestic sales by 2013.

The Manufacturing Execution System (MES) technology was implemented at Bhilai Steel Plant and its deployment over marketing network has facilitated customers in placement of optimal orders in terms of quality, size and quantity.

Electronic facility of receiving online payment has been launched with collection of medical insurance premium from ex-employees of SAIL and is being extended to other receivables.

Provision of centralized visibility of bill payment status of all external vendors/suppliers is made available through SAIL Corporate Portal.

To ensure data and information security, steps have been taken at all SAIL Plants/Units and Durgapur Steel Plant has obtained ISO 27001:2005 Information Security Management System (ISMS) certificate.

#### ENVIRONMENT MANAGEMENT

Your Company assumes its responsibility to honour and adhere to the applicable laws of the land pertaining to environment. In order to attain the compliance with environmental laws, your Company has established separate department on environment at all the Plant/Units. Besides, it has an Environment Management Division at the corporate level.

The Company is also complying with all the forestry laws as per the laid down conditions. In addition to this, conditions imposed by the State Government(s) are also complied with.

The ongoing Modernization and Expansion programme of the Company, apart from increasing the production capacity, also envisages installation of more efficient & environment friendly technologies and incorporation of latest pollution control technologies and equipment. The Company is spending about ₹5000 crore on pollution control scheme out of the total outlay of about ₹72000 crore for the on-going Modernization and Expansion programme. Various environmental protection and conservation measures being undertaken by the Company are mentioned in MD&A Report.

#### CORPORATE COMMUNICATION

Corporate Communications initiatives for the year 2013-14 have been strategically aligned with objectives of your Company for the year. A number of new activities and projects have been taken up this year in order to enhance and strengthen the image of “Brand SAIL” amongst the various stakeholders.

Your Company’s communication with the various target audience was strengthened through various channels by regularly informing our stakeholders about various initiatives through press releases, press meets, one-to-one interactions with media within India and internationally. Key highlights of SAIL’s achievements throughout the year, such as your Company’s Modernization and Expansion plan, higher volumes of production and sales, development of value added products, engaging our customers, etc. were some of the news items that generated positive coverage for your Company.

Your Company made focused efforts to engage and interact with the employees across our Plant/Unit locations as matter of strategy, to build a sustainable organization. The objectives and



Eco-restoration at Purnapani Limestone and Dolomite mines of RMD

achievements of the organization were communicated to the employees through multilayered framework like messages of Management, in-house television channels, video-conferencing, face-to-face communication and newsletters etc. In order to instill a greater feeling of ownership, drive and sense of pride amongst employees of your Company, a new initiative – “My SAIL My Pride” has been launched.

The advertising strategy of your Company focused its activities to target present and potential customers pan-India, besides pan-India audience involving multiple stakeholders. New corporate and product advertisements were designed and developed to enhance the image of your Company.

As part of our overall strategy of strengthening the image of your Company, number of sponsorship initiatives were identified and taken up this year by your Company. Your Company, along with SBI, organized the SAIL – SBI Open 2014 which was presented by Incredible India, Ministry of Tourism. The SAIL Open Golf Tournament has helped in strengthening the SAIL Brand, besides being the second longest running national Golf championship after Indian Open. Football being a very popular in the neighbourhood of our Plants, we have collaborated with Baichung Bhutia Football School for providing training to the cadets as well as the coaches of the Football Academies of your Company.

#### 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 2013-14:

- To increase vigilance awareness amongst employees, vigilance awareness sessions and workshops were regularly held at the various Plants and Units. A total of 147 workshops involving 3179 participants were organized for enhancing Vigilance Awareness on Whistle Blower Policy, Purchase/Contract Procedures, RTI Act, Conduct and

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 3296 periodic checks including file scrutiny and Joint Checks were conducted at different Plants/Units. Saving of approx. ₹ 23.22 crore accrued from the preventive vigilance activities mainly on account of these 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 concerned departments for implementing suggestions for improvement.
- As decided by the Central Vigilance Commission, Vigilance Awareness Week was observed in all the Plants and Units of Steel Authority of India Limited (SAIL) during the period 28.10.2013 to 2.11.2013. The theme of Vigilance Awareness Week this year was “Promoting Good Governance – Positive Contribution of Vigilance”. Based on the above theme, a number of seminars/workshops were organized during the week, to emphasize the need of greater transparency in commercial dealings with the stakeholders. Various events like debate competition, essay writing, quiz competition, talk by eminent personalities were also organized for the employees as well as school children. Further, interactive awareness sessions with major customers/stakeholders were conducted.
- The following four (4) thrust areas were identified for SAIL Vigilance:
  - i) Increase e-auction (Reverse Auction and Forward

Auction) in all spheres of the activity and to achieve 100% e-payment in time bound manner.

- ii) Scrutiny of files pertaining to 21 high value projects being undertaken at various Plants/Units, in line with the guidelines of Chief Technical Examiner of CVC.
- iii) Scrutiny of the contracts awarded on single tender enquiry (nomination basis).
- iv) Increased surveillance in the areas of receipt, sampling and testing of high value raw materials and installing auto analyzers and auto samplers for raw material testing and sampling.
- A study on Conversion Agents / Wet Leasing Agents appointed by SAIL for conversion of semis into finished products was conducted by SAIL Vigilance Department, which brought out certain deficiencies in the system. A number of systemic improvement measures were recommended to prevent misuse of SAIL Logo/Brand as well as to streamline the conversion process through regular monitoring/periodic checks by the concerned authorities.
- The Purchase/Contract Procedure (PCP) 2009 was issued by the Vigilance Department based on the feedback obtained from different stake holders. On the initiative of SAIL Vigilance, PCP is being revised to include the guidelines issued from time to time by various authorities such as CVC after discussions with stakeholders and the revised PCP is expected to be issued shortly.
- '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.

## PUBLIC PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES

As required by the Public Procurement Policy of the Government of India, the information on procurement from Micro and Small Enterprises during Financial Years 2013-14 and 2012-13 is given below:

(₹ crore)

Particulars	2013-14	2012-13
Total Amount Procurement	3862.69	4142.00
Total Procurement from MSE	789.64	942.00
% of Procurement from MSE	20.44	22.74

## CONSULTANCY SERVICES

SAIL has one of the largest pool of qualified and experienced engineers, technologists, Finance professionals and professionally qualified HR and training experts. Based on its large and varied expertise and experience acquired over the last five decades, SAIL, through SAILCON, provides design, engineering, training, technical and management consultancy services in Iron and 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 organizations 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 2013-14, SAILCON laid enhanced focus on taking up training assignments along with technical consultancy in setting up of Steel Plants for some leading organizations. Consultancy is also being extended for setting up of Power Plants, based on waste heat recovery from the flue gases released out of Blast Furnace and non-recovery type of Coke Oven batteries, as an environment friendly measure and as a step to combat Global warming.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and 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 31<sup>st</sup> March, 2014 along with Management's replies thereon is placed at Annexure-I. The comments of Comptroller and Auditor General of India (C&AG) on the accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2014 under Section 619(4) of the Companies Act, 1956 and the Management's replies thereto are 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 Sanjay Gupta & Associates, New Delhi 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 R J Goel & Co., New Delhi for Alloy Steels Plant (ASP), Salem Steel Plant (SSP) & Visvesvaraya Iron & Steel Plant (VISP) as Cost Auditor(s) for the Financial Year 2013-14.

## REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.



सेल SAIL

## 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 and Foundry Company Limited, a wholly owned subsidiary of the erstwhile Indian Iron and 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 16<sup>th</sup> 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, 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

Dr. Jagdish Khattar and Prof. Subrata Chaudhuri ceased to be Directors w.e.f. 20.08.2013 (A.N.)

Shri Binod Kumar has been appointed as Director (Commercial) on 02.12.2013 and joined SAIL Board on 03.12.2013.

Shri P.K. Sengupta and Shri P.C. Jha ceased to be Directors w.e.f. 12.01.2014 (A.N.)

Shri R.S. Sharma, Shri N.C. Jha, Shri D.K. Mittal and Mrs. Parminder Hira Mathur have been appointed as Directors w.e.f. 19.02.2014.

## 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: 14th August, 2014