



**MINUTES OF THE 41ST ANNUAL GENERAL MEETING OF
STEEL AUTHORITY OF INDIA LIMITED HELD AT 1030 HOURS
ON FRIDAY, THE 20TH SEPTEMBER, 2013 AT NDMC INDOOR
STADIUM, TALKATORA GARDEN, NEW DELHI-110001.**

PRESENT

1. Shri C.S. Verma - Chairman, SAIL
2. The President of India - Member
(Represented by Mr. Subrata K. Basu)
along with 21872 shareholders in
person and proxies.

INVITEES

1. CA. Arun Kumar Srivastava Director & Chairman Audit
Committee
2. Shri P.C. Jha Director
3. Shri P.K. Sengupta Director
4. Shri Sujit Banerjee Director
5. Dr. Atmanand Director
6. Shri J.M. Mauskar Director
7. Shri Anil Kumar Chaudhary Director (Finance)
8. Shri S.S. Mohanty Director (Technical)
9. Shri H.S. Pati Director (Personnel)
10. Shri T.S. Suresh Director (P&BP)
11. Shri Kalyan Maity Director (RM&L)

IN ATTENDANCE

Shri M.C. Jain

Secretary

1. In terms of Article 62 of the Articles of Association of Steel Authority of India Limited, Shri C.S. Verma took the Chair in the meeting.
2. The Secretary announced that the requisite number of members to form the quorum was present and the meeting was properly convened and constituted.
3. With the consent of the Chairman and Members present, the Secretary declared that the Notice of the meeting already circulated to the Members be taken as read.
4. The Chairman welcomed the esteemed members of the Company and introduced the Directors of SAIL Board, including Chairman of the Audit Committee, present in the meeting.



4.1

While delivering his address to the shareholders of the Company, the Chairman gave a brief description of the broader economic environment which has an impact on the global economy and the steel industry. He mentioned that the world economy continues to expand at a subdued pace even though some risks and uncertainties remain. The global steel production reached a level of 1,547 million tonnes of crude steel in 2012, registering a growth of 0.7% over 2011. The growth rate was considerably lower as compared to 7.3% in 2011 and 15.6% in 2010. This production level has been achieved with world steel production capacity utilization hovering around 80%, implying global overcapacity in the steel industry. The global steel demand is expected to grow modestly by 2.9% to 1,454 million tonnes in 2013 and by 3.2% in 2014.

4.2

On Indian scenario, the Chairman mentioned that the economy is going through a rough phase with GDP growth moderating to 5% in 2012-13. Issues such as, a large current account deficit, high domestic inflation, lower growth cycle for especially the industrial sector, are all feeding into each other impacting business confidence adversely. Notwithstanding these short-term dampeners, it is believed that India is poised to be one of the key growth engines of the global economy in the coming years, on the basis of its strong fundamentals.

Indian Steel Industry was the world's fourth largest producer of crude steel in 2012 with a production of 77.6 million tonnes, registering a growth rate of 5.6% over 2011. Domestic finished steel consumption during the current year has grown marginally by 0.3% in April-August, 2013 over the corresponding period last year. This is the lowest growth achieved in the domestic steel industry in the last few years. However, it is expected that good growth period would return to the Indian Steel Industry sooner than later, driven by increased infrastructure investment and higher pace of urbanization.

GDP growth rate should too pick up fueled by factors such as the 1 trillion USD investment envisaged for the infrastructure sector in the 12th Five Year Plan. Also, in terms of per capita consumption of finished steel, India at 57 kg lags behind the world average of 217 kg, indicating a huge potential for growth.

4.3

Speaking on the performance of the Company, the Chairman stated that SAIL's relentless drive to fast-track its Modernization & Expansion Plan (MEP), resulted in commissioning of projects worth Rs.5,500 crore in 2012-13, which is the highest for a year since inception. Under the MEP, cumulative orders worth Rs.58,151 crore have been placed till March, 2013 and an expenditure of Rs.44,112 crore has been incurred. The Company's capital expenditure during 2012-13 was Rs.9,731 crore. The significant projects commissioned in the last fiscal included New Sinter Plant at Rourkela Steel Plant (RSP); 700 TPD Air Separation Unit-4; Oxygen Plant-II at Bhilai Steel Plant (BSP); Skin Pass Mill at Bokaro Steel Plant (BSL); Raw Material Handling Plant, Sinter Plant, Coke oven Battery No.11 and Wire Rod Mill at IISCO Steel Plant (ISP) at Burnpur. Maintaining the rhythm, in the 1st quarter



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of 2013-14, projects worth Rs.2,600 crore have already been commissioned which includes the new Coke Oven battery and new slab caster at RSP.

Further, the new 4,060 m³ Blast Furnace at RSP, which is the largest in the Country has become operational in August, 2013. Bringing about a quantum jump of 2.5 million tonne in the hot metal capacity, this marks a new chapter in the modernization and expansion of the Company. Many more significant projects are in advanced stage of readiness and slated to go on stream in the coming months, on account of which the Company is likely to operationalize projects worth more than Rs.15,000 crore during the balance part of the current financial year increasing the hot metal production capacity by around 5.0 MTPA during the fiscal.

Going beyond, the Company is working on a long term strategic plan 'Vision 2025', which will steer the Company towards a target of 50 million tonnes per annum capacity, in line with the Hon'ble Prime Minister's call for production of 300 mtpa by 2025. This will not only enhance SAIL's contribution to nation building but will put SAIL amongst the top steel companies globally. The Company already has the land bank and the other necessary infrastructure for expanding its capacity to this level.

On the operational front, he mentioned that notwithstanding the challenging market conditions in 2012-13 arising from almost flat demand, SAIL produced 13.4 million tonnes of crude steel by operating at 103% of its capacity. 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 million tonnes, up by 4% over previous fiscal year. He also mentioned that SAIL plants have taken various initiatives to improve production processes, by enhancing operational discipline and minimizing equipment downtime. This has led to a significant improvement in operating parameters, leading to best ever techno-economic efficiency in 2012-13.

SAIL intensified its efforts to enhance its reach further throughout the country. "SAIL Rural Dealership Scheme" 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 700 rural dealers have been appointed till now. Process for further appointments is under progress. As on 1st April, 2013, SAIL has a wide network of 2,896 dealers spread over 629 districts of the country.

- 4.4 Giving the financial performance of the Company, he mentioned that the Company achieved a turnover of Rs.49,350 crore during the Financial Year 2012-13 which was almost at the same level as that of previous year at Rs.50,348 crore. The profit after tax of the Company for the Financial Year 2012-13 was Rs.2,170 crore compared to Rs.3,543 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 Company continued its thrust on



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optimum utilisation of funds by better fund management. This included replacement of high cost short term loans with low cost debts, strategic parking of surplus funds with scheduled banks, actions for future fund raising etc. to meet growth objectives of the Company. The Company had liquid assets of Rs.3,400 crore as on 31st March, 2013 invested in short term deposits with scheduled banks against borrowings of Rs. 21,597 crore as on 31st March, 2013. The debt equity ratio of the Company was maintained at a healthy level of 0.53:1 as on 31st March, 2013, which is amongst the lowest in the steel industry. The net worth of the Company improved from Rs.39,811 crore as on 31st March, 2012 to Rs.41,025 crore as on 31st March, 2013 and this helped in generation of resources optimally for funding expansion plans of SAIL. 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. He further mentioned that the 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.

- 4.5 The Chairman, thereafter, informed that the implementation of the Company's R&D Master Plan, launched in 2011-12, is proceeding as per schedule. Centers of Excellence (CoE) have been created at all plants and work on the identified projects is under way. Similarly, High Impact Projects and Technology Missions taken up at corporate level are also being pursued which would give benefits in the areas of, beneficiation and pelletisation of iron ore, alternative iron-making technologies, near net-shape casting and other such projects of strategic importance. He further informed that the Company has strived to enhance its product basket by developing several new products during the year such as; Bhilai Steel Plant developed special soft iron magnetic plates for the prestigious India-based Neutrino Observatory (INO) Project of Bhabha Atomic Research Centre (BARC). The 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.

He also informed with pride that the Country has launched the first indigenously made Aircraft Carrier INS Vikrant made entirely from SAIL Steel. About 26,000 T of high-grade DMR 249 A, 249 A-Z and 249 B steel has been supplied by SAIL for this prestigious project.

- 4.6 While informing about the Company's endeavor for raw material security, the Chairman mentioned that the total requirement of iron ore was met from captive sources. In case of coking coal, around 24% requirement was met from indigenous sources and balance through imports. 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. In this respect, an MOU was signed with



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Chhattisgarh Mineral Development Corporation in November 2012 for development of Eklama Iron Ore Deposit in Chhattisgarh, in a joint venture. Eklama Iron Ore Deposit would be a supplementary iron ore source for Bhilai Steel Plant, which is located at a distance of around 135 km from Bhilai. Further, Ministry of Mines, Government of India has granted mining lease for 871 hectares in Bhilwara district in Rajasthan in September, 2013.

- 4.7 Speaking on the growth initiatives, Chairman mentioned that the Company continued to give impetus towards taking new business initiatives in the last fiscal year. Significant among these include formation of a Joint Venture with Burn Standard Company Limited (BSCL) for setting up a Wagon Component Manufacturing facility at Jellingham; MoU with Government of Kerala undertakings for establishing a Titanium Sponge project; MoU with Power Grid Corporation of India Ltd. (PGCIL) for setting up of a Transmission Line Tower manufacturing facility, etc. Further, as a move towards globalization, SAIL-led consortium of seven public and private sector companies, which had submitted its bid for development of Hajigak Iron Ore deposits, Afghanistan had been selected as the 'Preferred Bidder' for three out of four blocks of the mines with an estimated reserve of 1.28 billion tonnes of high-grade magnetite iron ore. The consortium has held several rounds of negotiations with Ministry of Mines, Afghanistan and the mining contract is likely to be finalized soon. For introducing green and clean emerging technologies in SAIL, a JV has been forged with M/s Kobe Steel, Japan to set up an ITmk3 technology-based plant at ASP, Durgapur. The detailed project report for the same is under preparation.
- 4.8 The Chairman stated that as a responsible corporate citizen, the Company reaffirms its commitment to contributing towards a clean and sustainable environment as an integral part of its business philosophy. SAIL plants made continuous efforts to attain improvement in major environmental parameters, which resulted in achievement of best ever performance in respect of reduction in Particulate Matter emission load, specific effluent discharge, specific water consumption and Utilisation of Blast Furnace Slag in 2012-13. Further, during 2012-13, more than 2.25 lakh saplings were planted in SAIL steel plants and mines with cumulative saplings going up to 181 lakhs. New Sustainable Development projects have been taken up during the current financial year, which include carbon and water foot printing at SAIL plants, bio-diversity conservation at Bolani Iron Ore Mine, rain water harvesting, etc.

Appreciating the efforts of the SAIL employees, Chairman mentioned that the Company achieved the highest ever Labour Productivity (LP) of 258 TCS/Man/Year in the financial year 2012-13. The manpower strength of SAIL was 1,01,878 nos. (as on 31.03.2013) with manpower rationalization of 4,126 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.



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On the Corporate Social Responsibility initiatives undertaken by the Company he mentioned that the Company's focus on social responsibility remains unwavering. The pivotal role of education, health, income generation and sustainable development remains the cornerstone of the Company's Corporate Social Responsibility. He thereafter gave details of various initiatives taken by the Company under these areas.

- 4.9 Describing the recognition of good performance and achievements of the Company, the Chairman mentioned that the excellent performance of Company as well as that of employees won laurels and appreciation from several quarters, which inter-alia include, "Excellent" Rating for the year 2011-12 for the 10th consecutive year under the Government's Performance evaluation MOU scheme; Bhilai Steel Plant being awarded the Prime Minister's Award for best performing integrated steel plant for the 11th time (out of 20 times awarded) and SCOPE Award for Best Practices in Human Resource Management for 2011-12. The employees of the Company continued to maintain the tradition of winning maximum number of Prime Minister's Shram Award and Vishwakarma Rashtriya Puruskar in the country in recognition of their creative and innovative abilities. 18 out of 28 Vishwakarma Awards declared in 2013 have been bagged by SAIL. In terms of number of employees, 76% awardees in the country were from SAIL this year. Similarly, 6 out of 16 Shram Awards declared in the country for the Public Sector have been won by SAIL employees. In terms of number of employees, 50% awardees in the country were from SAIL this year.
- 4.10 The Chairman, thereafter, mentioned that the company is committed to conforming to the highest standards of Corporate Governance by ensuring transparency, disclosures and reporting as required under various laws, regulations and guidelines, including those issued by Department of Public Enterprises.
- 4.11 A copy of the address of Chairman was circulated to the members at the meeting.
5. The Chairman announced that the Register of Proxies, Original Proxies and Register of Directors' Shareholding under Section 307 of the Companies Act, 1956 and the copies of Balance Sheet as at 31st March, 2013, Profit & Loss Account for the year ended 31st March, 2013 and Auditors' Report thereon are placed on the table for inspection of the Members.
6. The Chairman, thereafter, invited Secretary to read the Auditors' Report on the Accounts of the company for the financial year ended 31st March, 2013. When Secretary started reading the Auditors' Report, all the members present said that they have already read it. Subsequently, Chairman, on unanimous confirmation from all the members present, declared that the Auditors' Report already circulated to the shareholders along with Directors' Report and Accounts of the company for the year ended 31st March, 2013 be taken as read.



7. The Chairman moved the following resolution:

Resolution No.1:

“RESOLVED THAT the audited Profit & Loss Account for the year ended 31st March, 2013, the Balance Sheet as at that date and Directors’ and Auditors’ Reports thereon, be and are hereby approved and adopted.”

Mr. Subrata K. Basu, Under Secretary, Ministry of Steel, being President’s representative, seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

8. **Resolution No.2:**

Shri Rajeev Nagpal proposed the following resolution:

“RESOLVED THAT Shri P.K. Sengupta, who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the company.”

Shri R. Bhasin seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

9. **Resolution No.3:**

Shri Rajeev Nagpal proposed the following resolution:

“RESOLVED THAT Shri P.C. Jha, who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the company.”

Shri R. Bhasin seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

10. **Resolution No.4:**

Ms. Neera Sud proposed the following resolution:

“RESOLVED THAT Shri Anil Kumar Chaudhary who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the Company.”

Shri R. Bhasin seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.



11. **Resolution No.5:**

Ms. Neera Sud proposed the following resolution:

“RESOLVED THAT Board of Directors be and is hereby authorised to decide and fix remuneration payable to Statutory Auditors for the financial year 2013-2014.

FURTHER RESOLVED THAT in addition to audit fee, statutory auditors be reimbursed reasonable out of pocket expenses including service tax and other statutory levies.”

Shri Rajeev Nagpal seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

12. **Resolution No.6:**

Shri T.P. Gupta proposed the following resolution:

“RESOLVED THAT a final dividend of 4% on the paid up equity share capital of the company as recommended by the Board be and is hereby declared and approved.

FURTHER RESOLVED THAT the interim dividend of 16% on the paid up equity share capital of the company as declared by the Board at its meeting held on 12th February, 2013, be and is hereby approved.”

Shri Rajeev Nagpal seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

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13. **Resolution No.7:**

Shri T.P. Gupta proposed the following resolution:

“RESOLVED THAT Shri Kalyan Maity, who was appointed as an Additional Director of the company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company, liable to retire by rotation.”

Shri Rajeev Nagpal seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.



14. **Resolution No.8:**

Shri R. Bhasin proposed the following resolution:

“RESOLVED THAT Dr. Atmanand, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Shri Rajeev Nagpal seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

15. **Resolution No.9:**

Shri R. Bhasin proposed the following resolution:

“RESOLVED THAT Shri J.M. Mauskar, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Shri Rajeev Nagpal seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

16. Immediately upon inviting comments and queries from the shareholders by the Chairman, some of the shareholders complimented for good arrangement made by the Company for holding the AGM. They also congratulated the Company for bagging the award of prestigious PM’s Trophy for the best integrated steel plant in the country by Bhilai Steel Plant. Replying to a query of a member on the profitability during the year as compared to previous year, Chairman mentioned that the profit has declined mainly due to adverse market conditions resulting in lower net sales realization and lower volume of sales. Further, lower interest income on deposits due to utilization of cash deposits towards capital expenditure, higher salaries and wages due to wage revision provision for non-executives etc. also reduced the profits. He further mentioned that the Company has recently received a compensation of USD159.75 million from a Coking Coal Manufacturer and a Supplier, both of Australia after the Arbitration award given in favour of the Company was unsuccessfully challenged by them in the High Court as well as in the Supreme Court.



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17. Shri Anil Kumar Chaudhary, Director (Finance) while giving vote of thanks to the members of the Company, the Chairman of the meeting and Independent Directors mentioned that with their constant support the Company has been performing well and it has been possible to conduct the 41st Annual General Meeting of the company smoothly. He also thanked the management of NDMC Indoor Stadium for providing the venue for AGM and also other supporting personnel for extending their help to make the AGM a success.
18. The Chairman, thereafter, declared the proceedings of the meeting as over and closed.

Sd/-
(C.S. Verma)
Chairman

Place: New Delhi
Date: 19th October, 2013