

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 said the international business environment is indeed weak and challenging today. Many major economies are grappling with low growth and recession-like conditions. The sovereign debt crisis in the EU has intensified during the past year with more countries of the region coming in the grip of it. During the current year, production of global crude steel at 897 million tonnes in January – July, 2012 period, has been just 1% more than the production in the corresponding period of last year. This production level has been achieved with world steel production capacity utilization hovering around 80%, implying global overcapacity in the steel industry. In this scenario, raw material prices, viz. iron ore, coking coal and scrap have been falling along with the steel prices. The global steel demand is expected to grow modestly by 3.6% to 1422 million tonnes in 2012. The demand in major steel producing nations, viz. Japan and Europe, is projected to decrease in 2012 as compared to demand in 2011. However, demand growth for steel in Asia is likely to remain positive due to higher level of investments.
- 4.2 On Indian scenario, the Chairman mentioned that the GDP growth of the Indian economy was estimated at 6.5% for the fiscal 2011-12 from 8.4% in 2010-11. Lower external demand, slump in capital flows emanating from the weak global financial conditions coupled with domestic issues such as, high rate of inflation, adverse foreign exchange rate movements have led to a slowdown in rate of economic growth. Reduction in gross fixed capital formation and slowdown in industrial production have been other causes of concern. No change in the growth rate is expected in the coming fiscal, with RBI projecting a growth of 6.5% for 2012-13. Notwithstanding these short-term dampeners, we believe that India is poised to be one of the key growth engines of the global economy in the next decade on the basis of its strong fundamentals. With respect to the Indian Steel Industry, as per World Steel Association (WSA), India was the world's fourth largest producer of crude steel in 2011 with a production of 71.3 million tonnes, registering a growth rate of 4.4% over 2010. According to Joint Plant Committee (JPC) estimates, domestic finished steel consumption posted a growth of 6.8% during 2011-12 to 70.92 million tonnes. India is expected to resume its high growth trend after a sluggish performance in 2011. In 2012, India's steel usage is forecast to grow by 6.9% to reach 72.5 MT and is projected to grow further by 9.4% in 2013, driven by increased infrastructure investment and higher pace of urbanisation. GDP growth rate of 8-9% in the next few years is expected to be sustained mainly by factors such as the 1 trillion USD investment envisaged for the infrastructure sector in the 12th Five Year Plan, greater emphasis on increasing growth rate of the manufacturing sector, higher rates of urbanisation, rising middle class population and tapping the potential of the rural market. Also, in terms of per capita consumption of finished steel, India at 57 kg lags behind the world average of 214.7 kg, indicating a huge potential for growth.

- 4.3 Speaking on the performance of the Company, the Chairman said that in fiscal 2011-12 the Company took various initiatives to deal with the impending challenges by optimizing operations, better value addition in downstream units, taking measures to reduce coke consumption by enhancing alternate fuels like Coal Dust Injection (CDI) in blast furnaces, etc. Record CDI of about 51 kg/tonne of Hot Metal (thm) was achieved during 2011-12 as against 34 kg/thm in last year. Further, the Company, in its endeavour to become energy and cost efficient in the year 2011-12, increased production of crude steel through continuous casting route and achieved production of 9.4 million tonnes with a growth of 1% over corresponding period of last year. Production of hot metal at 14.1 million tonnes, crude steel at 13.4 million tonnes and saleable steel at 12.4 million tonnes was 102%, 104% and 112% of the rated capacity respectively. The Company produced value added products to the tune of 4.83 million tonnes thus increasing the share of value-added products in its product basket to around 39 per cent in 2011-12. Several new products were developed which have significant demand, ready market, and good contribution margin. The Company achieved a total sales volume of 11.8 million tonnes during FY'11-12. Exports during the year at 0.33 million tonnes were maintained at previous year's level. A new "SAIL Rural Dealership Scheme" was launched during FY'11-12 with the primary objective of meeting the steel demand of the small rural consumers at block, tahsil and taluka levels. The Company expanded its dealer network by 517 numbers (including rural dealers) during the year. As on 1st April, 2012, the Company has a wide network of 3138 dealers spread over 629 districts of the country. The Company set a new record by achieving the highest ever sales turnover of Rs.50,348 crore during 2011-12, a growth of 7% over previous year. The Company earned Profit Before Tax of Rs.5,150.87 crore and Profit After Tax of Rs.3,542.72 crore for the year 2011-12. The profit of the Company for the year 2011-12 was affected adversely, mainly due to impact of higher prices of inputs with the average price of imported Hard Coking Coal going up to US \$ 288/T (FOB) in FY'12 as compared to US \$ 213/T (FOB) in corresponding period of last year (CPLY). Another key factor affecting the profitability adversely was the impact of foreign exchange variation to the tune of about Rs.900 crore during the year due to the US dollar appreciating from a level of Rs.44.68 as on 31.3.2011 to Rs.50.88 as on 31.3.2012. However, the adverse impact on profitability was partially offset by several initiatives taken by the Company.
- 4.4 The Chairman added that the net worth of the Company improved from Rs.37,069 crore as on 31st March 2011 to Rs.39,811 crore as on 31st March 2012. During the year 2011-12, the capital expenditure incurred was Rs.11,021 crore, which was financed by a mix of internal resources (including proceeds from maturity of deposits) and borrowings from the market. The Company paid interim dividend @ 12% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 8% subject to approval of the shareholders, thus making the total dividend @ 20% of the paid up equity share capital for the year 2011-12.

- 4.5 The Chairman, thereafter, mentioned that an exhaustive Master Plan for R&D has been prepared aiming at integrating R&D activities towards business and operational goals of your Company. The implementation of this Master Plan; besides giving a competitive advantage to SAIL by improving efficiencies, reducing costs, meeting market demands and upgrading current steel technologies, will also help in gradually increasing R&D expenditure to a level of 1% of sales turnover, which is an international benchmark
- 4.6 While informing the esteemed shareholders about the plan for retaining the position of market leader in the country and preparedness for meeting competitive environment, the Chairman mentioned that keeping in view the acceleration in demand for steel in the country, the Company is currently implementing growth plan to enhance its hot metal production from the level of 14.1 million tonnes during 2011-12 in a phased manner. Under the ongoing modernization and expansion plan, hot metal production capacity will get expanded to 23.46 million tonnes. 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, the Company is also working on a long term strategic plan 'Vision 2020', which will steer the Company towards meeting its strategic objectives of achieving profitability through organic and inorganic growth.
- 4.7 While informing about the Company's endeavor for raw material security, the Chairman mentioned that the Company has been meeting the total requirement of iron ore of its steel plants from its captive mines. Post-modernization & expansion, the iron ore requirement is estimated to go upto about 43 million tonnes. The Company is determined to meet this enhanced requirement of iron ore by augmenting the production from the existing mines and also by developing new mines at Rowghat and Chiria. To develop a state-of-art mine at Chiria, the Company is in the process of compliance of Stage I forest clearance conditions. The Company has deposited the Net Present Value of the forest land and has acquired the certificate required under the Forest Rights Act, 2006. During 2011-12, the Company got the final environment clearance for the Dhobil Lease of the Manoharpur Iron Ore Mines, Chiria.
- 4.8 Speaking on the growth initiatives, the Chairman mentioned that during the year 2011-12, the Company continued to give impetus towards taking new business initiatives including incorporation / formation of new Joint Ventures (JVs), acquisitions and entering into Memorandum of Understanding(s) (MOUs) for its long term strategic objectives. The Company has established communication channels with renowned international technology providers for forging strategic alliances for production of value added products. 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. Power requirement of SAIL Plants and Mines is expected to increase from present 1000 MW to nearly 1800 MW after

completion of the ongoing expansion plan. Feasibility Report is under preparation by NTPC SAIL Power Company Private Limited (NSPCL), a 50:50 JV of SAIL and NTPC, for setting up of 2x250 MW Power Plant at Bhilai & 1x250 MW Power Plant at RSP to meet enhanced power requirement post completion of expansion schemes. In line with Electricity Act, 2003 and National Electricity Policy, Your Company is taking action to meet this obligation and in this regard, a long term strategy to meet renewable energy purchase obligation has been worked out for installing captive power generation through Joint Venture route based on renewable energy sources.

- 4.9 The Chairman said that as a responsible corporate entity, the Company is committed to a sustainable environment and is continuously enhancing its environmental performance as an integral part of its business philosophy and values. A number of environmental initiatives have been taken by your Company during the year yielding positive results. Best ever achievements were made during the year 2011-12 in respect of reduction in Particulate Matter (PM) emission load from 2.3 kg/tcs in 2006-07 to 1.01 kg/tcs in the year 2011-12; Specific Water Consumption from 4.58 m³/tcs in 2006-07 to 3.86 m³/tcs in the year 2011-12 and Specific effluent discharge from SAIL Plants from 2.73 m³/tfs in 2006-07 to 2.26 m³/tfs in the year 2011-12. Further, 2.81 lakh saplings have been planted in and around SAIL Plants and Mines during the year. Since inception, over 179.5 lakh trees have been planted by SAIL. The company also has formulated a Sustainable Development Policy. He added that the company is also fully aware of its obligations towards the society and is fully committed to sustainable development. In fact, the Credo of SAIL specifically highlights our commitment towards society at large which states, inter-alia, 'making a meaningful difference in people's life'. Our business strategy reflects our dedication to good corporate citizenship. SAIL's business practices span the areas of ethics, human resources, environmental management, governance, and financial disclosure to create sustainability for competitive advantage. Your Company's efforts as a responsible corporate citizen in nation building have been recognized by various organizations in the form of awards and accolades. In year 2011-12, SAIL won Global CSR awards 2012 for Education and Health by World CSR Day Organization and Financial Inclusion Award-2012 for "Women Empowerment" by SKOCH Foundation.
- 4.10 Describing the recognition of good performance, 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 during the year 2011-12. Some of the Awards won by your Company include: "MoU Excellence Award" for the year 2010-11 for the 9th consecutive year, The employees of your Company continued to maintain the tradition of winning maximum number of Prime Minister's Shram Award and Vishwakarma Rashtriya Puruskar in recognition of their creative and innovative abilities. 13 out of 28 Viswakarma Awards declared in 2012 have been bagged by SAIL, highest for any organisation amongst both private and public sector. In terms of number of employees, 54% awardees in the country are from SAIL this year. Similarly, 11 out of 32 Shram Awards declared in the country have been won by SAIL employees. This is also the highest number

for any organisation amongst both private and public sector. In terms of number of employees, 63% awardees in the country are from SAIL this year. The other prizes won by the company are Rashtriya Khel Protsahan Puruskar, PM's Trophy for the best Integrated Steel Plant in the country for the year 2009 – 2010 to BSP and Indira Gandhi Rajbhasha.

- 4.11 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. As a recognition of this, your Company has been conferred upon the SCOPE Meritorious Award – 2010-11 for “Corporate Governance”.
- 4.12 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, 2012, Profit & Loss Account for the year ended 31st March, 2012 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 2012. 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, 2012 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, 2012, 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 M.C. Jain proposed the following resolution:

“RESOLVED THAT Dr. Jagdish Khattar, who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the company.”

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

9. **Resolution No.3:**

Shri M.C. Jain proposed the following resolution:

"RESOLVED THAT Prof. Subrata Chaudhuri, who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the company."

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

10. **Resolution No.4:**

Shri M. C. Jain proposed the following resolution:

"RESOLVED THAT Shri Shuman Mukherjee, who retires as a rotational Director and is eligible for re-appointment, be and is hereby reappointed as a Director of the Company."

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

11. **Resolution No.5:**

Shri Rajesh Bhasin 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 2012-2013.

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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as "carried unanimously".

12. **Resolution No.6:**

Shri Rajesh Bhasin proposed the following resolution:

"RESOLVED THAT a final dividend of 8% 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 12% on the paid up equity share capital of the company as declared by the Board at its meeting held on 13th February, 2012, be and is hereby approved.”

Shri M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

SPECIAL BUSINESS

13. **Resolution No.7:**

Shri Rajesh Bhasin proposed the following resolution:

“RESOLVED THAT Dr. Isher Judge Ahluwalia, 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 her 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

14. **Resolution No.8:**

Shri Rajeev Nagpal proposed the following resolution:

“RESOLVED THAT Shri Sujit Banerjee, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

15. **Resolution No.9:**

Shri Rajeev Nagpal proposed the following resolution:

“RESOLVED THAT Shri Arun Kumar Srivastava, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

16. **Resolution No.10:**

Shri Rajeev Nagpal proposed the following resolution:

“RESOLVED THAT Shri S.S Mohanty, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

17. **Resolution No.11:**

Ms. Neera Sud proposed the following resolution:

“RESOLVED THAT Shri H.S. Pati, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

18. **Resolution No.12:**

Ms. Neera Sud proposed the following resolution:

“RESOLVED THAT Shri T.S. Suresh, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

19. **Resolution No.13:**

Ms. Neera Sud proposed the following resolution:

“RESOLVED THAT Shri A.K. Pandey, 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 M.C. Jain seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

20. **Resolution No.14:**

Shri M.C. Jain proposed the following **Special Resolution**:

"RESOLVED THAT Amendment of Articles of Association of the Company by inserting the following Article 30.a in the Articles of Association regarding buy back of shares, be and is hereby approved.

Article 30.a

Buy back of Shares	Notwithstanding any of the provisions of these Articles, the Company shall have the power, subject to and in accordance with the relevant provisions of the Act and other applicable provisions of law, and subject to such approvals, permissions and sanctions, if any, as may be necessary, to purchase, acquire or hold its own shares or other specified securities as defined in the Act, on such terms and conditions and in such manner, and upto such limits as may be prescribed by law from time to time, and make payment out of its free reserves or security premium account of the Company or out of the proceeds of an issue other than fresh issue of shares made specifically for buy back purpose provided that, nothing herein contained shall be deemed to affect the provisions of Sections 100 to 104 of the Act in so far as and to the extent they are applicable.
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Shri Rajesh Bhasin seconded the resolution. The Chairman put the resolution to vote and declared it as “carried unanimously”.

21. 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, the Chairman mentioned that the profitability for the financial year 2011-12 was impacted primarily due to higher input prices, particularly of imported coking coal, and also on account of FE loss due to weakening of rupee. He mentioned that the average FOB price of imported hard coking coal, which was US \$ 213 per tonne in financial year 2010-11, had gone up to about US \$ 288 per tonne in 2011-12. Replying to another query of a Shareholder regarding fall in EPS in 2011-12 as compared to earlier years, the Chairman mentioned that as explained in his address to the esteemed shareholders, despite substantial impact of escalations in the input costs particularly, imported coking coal and foreign exchange variations, the Company earned reasonably good profit for the year 2011-12, though lower than the preceding year. The Chairman added that but for the above referred two reasons, i.e. high imported coking coal price and loss on account of fluctuation in FE, the performance of the Company in other areas has generally been good. Replying to yet another query of a shareholder on Company's intention to buy-back the shares, the Chairman mentioned that amendment to the Articles of Association of the Company to include the provision for buy-back of shares is an enabling provision.

22. 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 40th 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.
23. The Chairman, thereafter, declared the proceedings of the meeting as over and closed.

Sd/-
(C.S. Verma)
Chairman

Place: New Delhi
Date: 5th October, 2012