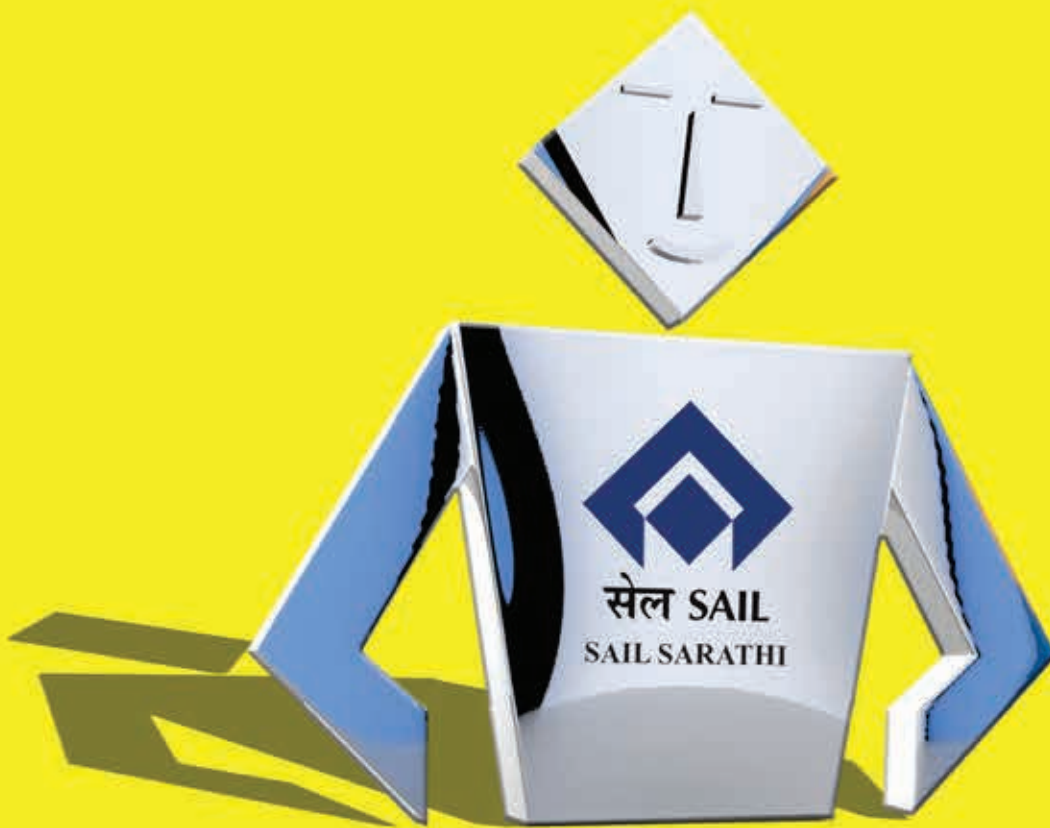


PERFORMANCE SHAPES THE VISION OF TOMORROW



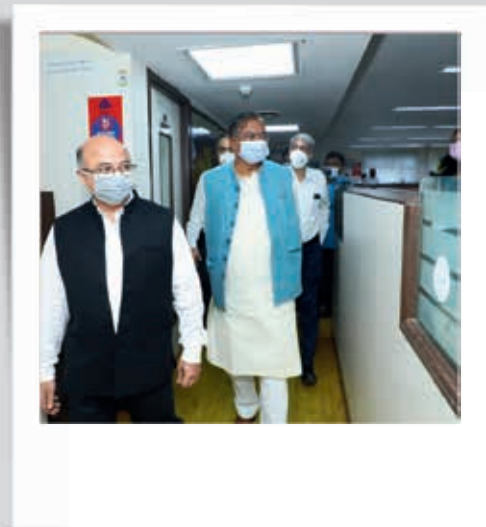
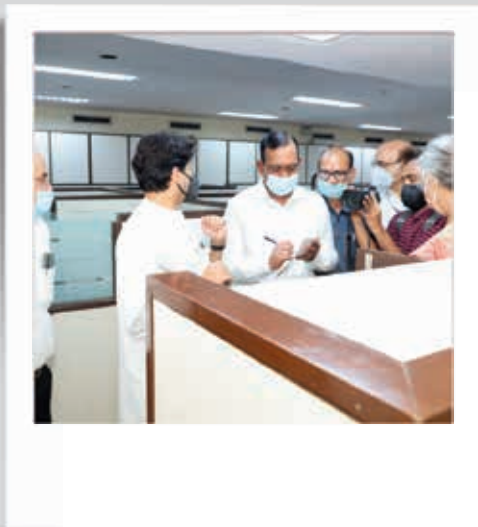
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SWACHH BHARAT ABHIYAN SPECIAL CAMPAIGN 2.0



Shri Jyotiraditya Scindia, Hon'ble Union Minister of Civil Aviation and Steel and Shri Faggan Singh Kulaste, Hon'ble Minister of State for Rural Development and Steel visited Steel Authority of India Limited (SAIL) in the backdrop of "Special Campaign 2.0" launched by the Government of India to review cleanliness, simplification of rules & procedures, record Management system, productive use of space and disposal of waste materials, etc.



VISION

TO BE A RESPECTED WORLD-CLASS
CORPORATION AND THE LEADER IN INDIAN
STEEL BUSINESS IN QUALITY, PRODUCTIVITY,
PROFITABILITY AND CUSTOMER SATISFACTION



CREDO

WE BUILD LASTING RELATIONSHIPS WITH CUSTOMERS BASED ON TRUST AND MUTUAL BENEFIT.

WE UPHOLD HIGHEST ETHICAL STANDARDS IN CONDUCT OF OUR BUSINESS.

WE CREATE AND NURTURE A CULTURE THAT SUPPORTS FLEXIBILITY, LEARNING AND IS PROACTIVE TO CHANGE.

WE CHART A CHALLENGING CAREER FOR EMPLOYEES WITH OPPORTUNITIES FOR ADVANCEMENT AND REWARDS.

WE VALUE THE OPPORTUNITY AND RESPONSIBILITY TO MAKE A MEANINGFUL DIFFERENCE IN PEOPLE'S LIVES.

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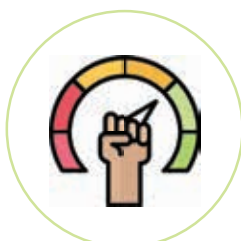
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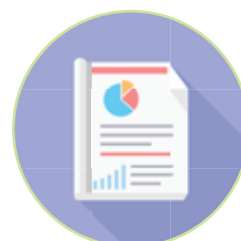
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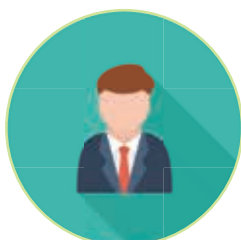
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Letter to Shareholders...



Dear Shareholders,

It is my honour to present the Annual Report of your Company for the Financial Year 2022-23. I hope you and your families are in good health and safe.

As I write my first annual shareholder letter as Chairman, to share about the performance for the year that was and what to look forward to in the future, I am very confident and bullish about the Company. In a cyclical industry such as Steel, our inherent strength and our endeavour to work on our core areas in the recent past are what give me the optimism and belief that we can aspire to be Number One—as an organisation which can be benchmarked by our peers.

Our aspiration to be a leader in our chosen areas is borne out of the collective will of all stakeholders, including the employees.

We had made a decision a few years back to work on two focus areas: to maximise capacity utilisation and to provide the best value to our Customers in order to safeguard against the vagaries of market cycles. This necessitated strategic interventions in ramping up of production, securing raw materials, improving the quality of inputs, reducing business risks over the long term in resource mobilization, and providing a better customer experience while focusing on Decarbonisation and Sustainability. There were diverse and simultaneous challenges in areas like raw material prices, logistics, market volatility, and mining operations, but with cohesive teamwork and leadership, we were able to overcome the challenges to attain certain performance indicators which seemed difficult some time back. We achieved this by critically working on the focus areas with a fresh perspective. I can assure you that we will continue to engage with stakeholders, improve our asset utilization, and proactively be ahead of the curve.

The global business scenario, including that of the steel industry, was dominated by geopolitical factors and economic uncertainties during 2022-23. Business activities were adversely impacted by several macro-economic challenges like a global energy crisis, inflationary pressures, supply chain

disruptions, interest rate hikes by central banks, and strict pandemic-related restrictions in China. The consequential outcomes of these adverse events had a significant impact on the steel industry by way of a contraction of steel prices and volatility in raw material prices, almost throughout the year. However, the steel industry in India was able to meet these challenges by focusing on domestic consumption which was backed by Government expenditure on infrastructure and manufacturing. Besides being the second-largest producer of steel in the world, India's domestic consumption has reached a level of 120 Million Tonnes, the second-highest in the World.

With per capita steel production and consumption growing, the Indian steel industry is poised for growth envisaged in the National Steel Policy. We, at SAIL, are also planning to add capacity accordingly.

At this point, I would like to apprise you of the achievements of your Company for the Financial Year 2022-23. The pressures of several headwinds like logistic constraints, input raw material prices and availability, dull demand, and the imposition of export duty were countered by improved capacity utilization and optimization of resource utilization. Further, focusing on the improvement of operating practices and realigning customer demand to optimize the product mix helped mitigate risks arising from volatility in the market. All the Integrated Steel Plants achieved their best-ever production, leading to the best ever Crude Steel capacity utilization of about 94%.

On the production front, your Company achieved a record annual production performance by producing 19.4 million tonnes (MT), 18.3 MT, and 17.2 MT of Hot Metal, Crude Steel, and Saleable Steel respectively during FY'23, registering growth of 4%, 5%, and 2% respectively over the previous best.

In addition to this, your Company also achieved its yearly best performance in terms of Techno-economic parameters like Coke Rate, CDI Rate, and BF Productivity owing to better

capacity utilisation and optimisation of BF operations. The record production performance reflects the potential of the Company in the future.

To cater to the demand of the dynamic market, several new initiatives were undertaken across all the Plants with regard to process improvements, product development & commercialization, energy conservation, and automation. During the Financial Year 2022-23, new Steel Products that were developed are expected to strengthen the Country in strategic areas such as railway, infrastructure & construction, and defence. Some of the significant among them include High Strength Steel Plates for underwater applications; High Carbon Wire Rod in HC82B for railway sleepers and concrete electric poles; IS 2830C25HMn MAV55 grade semis for use in solar panels; High Strength, higher Coating Galvanized Coil IS 277 GP 350 + 450 GSM grade for Grain Silos; SAIL SeQR Fe550D TMT in 8mm to 20mm for the Retail segment; NPB 600 in E410 BR grade for Defence; and HRC IS 11587 for Containers / Wagons.

With the development of these grades, your Company's journey for improving value-added products in the portfolio continues.

During the Financial Year 2022-23, your Company achieved Saleable Steel Sales Volume of around 16.21 million tonnes, registering a marginal growth over the previous year. The geopolitical conflict in Europe and its repercussions on global steel trade disrupted both supply and demand. This led to pressure on global prices and opportunities for dumping. Despite these unforeseen developments, SAIL was able to sustain the saleable steel Sales Volume achieved in the previous year. Further, continuing its efforts to explore new international markets, the company achieved its highest-ever export of 1.44 Lakh tonnes of various products to Europe.

While your Company adopted a focused approach by improving its sales in domestic markets, entering new market segments for exports in efforts to improve price realization is an initiative expected to benefit us in the future.

The popularity of your Company's branded products like "SAIL SeQR" for TMT bars has been continuously growing over the period. With sales of 5.6 lakh tonnes of "SAIL SeQR" TMT bars during FY'23 compared to 3.8 lakh tonnes in the previous year, a growth of about 47% was registered. In addition, the brand 'NEX' for Structural is also being promoted. With a view to facilitating the procurement of TMT bars for retail customers, an online portal "SAIL SURAKSHA" was launched with a tagline "Ab Nishchint ho Jayein".

Your Company is continuously pursuing ways to reach the end consumer, while actively promoting steel usage in the Country. SAIL has a 2-Tier network for retail sales of construction steel and a 1-Tier network primarily for B2B sales to enhance its reach. To boost sales through the Retail Channel, the Company has established a strong network of

more than 4,800 distributors and dealers across the Country as of 31st March, 2023.

To encourage the MSME segment in steel procurement, SAIL, under the "Mission Poorvodaya" programme of the Government of India, has launched an incentivization scheme, "Ispati Illakon ka Vikas – SAIL ke Saath," for MSMEs based in districts where its Integrated Steel Plants are located.

Over 90,000 tonnes of various steel products were sold to these plant-based MSMEs during FY'23, marking a significant growth from the previous year.

Continuing its commitment to contribute to nation-building by catering to infrastructure projects and projects of national importance, SAIL supplied the entirety of DMR grade specialty steel for India's first indigenously built Aircraft Carrier, INS Vikrant. Commissioning this carrier signifies the country's confidence and self-reliance. Additionally, substantial quantities of steel were also supplied to notable projects such as the Subansiri Lower Hydroelectric Project (SLHEP) on the Assam-Arunachal border, the Crude Oil Import Terminal (COIT) at Paradip, and several key infrastructure developments across the Country.

Regarding raw materials, the total requirement of Iron Ore was met by your Company's captive mines, producing approximately 33.78 million tonnes (MT).

While other inputs like coal and fluxes were partially sourced from captive sources amounting to 0.94 MT and 1.81 MT respectively, the shortfall in Coking Coal, due to the Country's low production in comparison to demand, necessitated imports.

For FY 2022-23, your Company surpassed a turnover of ₹ 1 lakh crore for the second consecutive year.

With a turnover of ₹ 1.04 lakh crore during FY'23, which was 1% higher than the previous year, the Company decided to reward its investors by declaring an interim dividend of 10% of the face value during the year. Moreover, the Board of Directors has recommended an additional 5% for the final dividend.

Focusing on Corporate Social Responsibility (CSR) objectives as stipulated in the Companies Act, 2013, as well as DPE Guidelines, your Company prioritized areas of national importance such as Education, Health, Skills Development, and Women Empowerment. During FY'23, SAIL supported the entire Indian contingent of Special Olympics Bharat's athletes at the Special Olympics World Summer Games, Berlin, 2023.

Further, a focused effort was made to support Persons with Disabilities, by way of supplying wheel chairs and other assisted devices. In all, your Company has incurred an expenditure of over ₹ 162 crore on CSR activities.

SAIL's contributions as a responsible corporate citizen have been acknowledged in various forums, earning accolades and awards. Among these, SAIL emerged as the topmost CPSE buyer on GeM for FY'22, and the Environment Management Division was honored with the Greentech Environment Award 2022.

Being environmentally conscious, all the Plants and Mines of your Company operate in harmony with the ecological balance, adhering to the Corporate Environmental Policy. This policy emphasizes compliance with environmental standards and encourages efforts to exceed them. SAIL operates within established environmental parameters concerning air emissions, water discharge, and noise pollution.

During 2022-23, more than 2.8 lakh saplings were planted, with over 21.82 million saplings planted across SAIL Plants and Mines to date.

Recognizing the importance of rehabilitating degraded ecosystems, an MOU was signed with the Institute of Forest Productivity, Ranchi, for eco-restoration of mined-out areas and waste dumps at Meghahatuburu Iron Ore Mines. This project will span over five years, concluding in 2025-26, and to date, around 30,000 seedlings have been raised and maintained at a newly established nursery.

Your Company is transitioning to energy-efficient and durable LED lighting in line with the Government of India's "Unnat Jyoti by Affordable LEDs for All (UJALA) Scheme." Approximately 6.98 lakh LED lights have been installed across Company's Plants and Units, and all future projects will exclusively use LED lighting systems.

Your Company is steadfastly committed to the highest standards of Corporate Governance, as underscored in its vision and credos. In this context, your Company's philosophy aims to ensure transparency, disclosures, and reporting that not only adhere to laws, regulations, and guidelines—including the Companies Act, 2013, SEBI (LODR) Regulations, 2015, and DPE guidelines—but also strive to exceed them. SAIL champions ethical conduct throughout the Organization, aiming primarily to enhance shareholders' value. This commitment is evident in the Company's policies, which emphasize transparency, accountability, disclosures, and reporting. Various forums have recognized your Company's diligent efforts as a responsible corporate citizen

and a partner in Nation Building, awarding it numerous accolades.

Your Company has undertaken numerous Digital Initiatives, ramping up its digital transformation and Industry 4.0 efforts to bolster business performance and enhance the customer experience.

To this end, we have launched an AI-based Chatbot named 'SAIL Sarathi' to elevate customer engagement and service. This bot stands out as one of the most advanced in the steel industry.

Our efforts have been consistently directed towards enhancing value for our stakeholders, ensuring we maintain our competitive edge in the steel industry. Looking ahead, we have pinpointed key areas of focus: Expansion of Capacity, Intensifying Digitisation, Enhancing Raw Material Quality and Securitisation, Decarbonisation, and Capacity Building of our employees. As we outline our growth trajectory and anticipate increased capacities in the forthcoming decade, we remain cognizant of the significant shifts poised to redefine the steel industry, particularly in the realms of decarbonisation efforts and green fuel adoption. Our initiatives to safeguard our raw material resources and elevate the quality of these materials will be pivotal as we augment our capacity. The push for digitisation will be crucial in enhancing the efficiency of our processes and services, positioning us at the forefront of our customers' considerations. We pride ourselves on our workforce, considering them a significant asset, and are committed to equipping them for the future transformations within the steel industry.

In closing, I seize this moment to extend my heartfelt gratitude to all our Shareholders for their unwavering trust and support. I appreciate our esteemed Customers, reliable Suppliers, and the Governments at both the central and state levels. Special acknowledgment goes to our dedicated employees and contractual workers for their relentless commitment and enduring efforts in moulding a robust and accountable organization. I extend particular thanks to the Ministry of Steel for their continuous guidance and support. To all our stakeholders who have played an instrumental role in fortifying this Company's foundation, making it resilient and sustainable, I express my sincere gratitude. I earnestly anticipate and value your continued support and best wishes.



(Amarendu Prakash)
Chairman

Place: New Delhi

Dated: 2nd September, 2023