

STEEL AUTHORITY OF INDIA LTD.

(A Government of India Undertaking)

Registered & Corporate Office

Ispat Bhawan, Lodi Road

New Delhi – 110003

Tel: (011) 24367481-86

Fax: 91-11-24367015

Website: www.sail.co.in

E-mail: sailco@vsnl.com

(This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus). This Disclosure Document is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide Circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 as amended.

(PRIVATE & CONFIDENTIAL)

PRIVATE PLACEMENT OFFER LETTER DATED OCTOBER 10 , 2014

**PRIVATE PLACEMENT OFFER LETTER FOR PRIVATE PLACEMENT OF SECURED,
REDEEMABLE, NON-CONVERTIBLE, TAXABLE BONDS IN THE NATURE OF
DEBENTURES OF Rs.500 CRORE, WITH AN OPTION TO RETAIN OVERSUBSCRIPTION
UPTO RS.500 CRORE.**

TRUSTEES FOR THE BONDHOLDERS ELECTRONIC



IDBI Trusteeship Services Ltd.

Asian Building
Ground Floor, 17,
R.Kamani Marg, Ballard Estate,
Mumbai - 400 001
Tel: (022) 66311771
E-mail: itsl@idbitrustee.co.in

**CONNECTIVITY PROVIDING
AGENT**

RCMC

RCMC Share Registry Private Ltd.
B-106, Sector-2,
Noida
Uttar Pradesh - 201301
Tel : (120) 4015880
Fax : 91-120-2444346

Note: This Taxable Bond issue is being made strictly on a private placement basis. It is not and should not be deemed to constitute an offer to the public in general. It cannot be accepted by any person other than to whom it has been specifically addressed. The contents of this Disclosure Document for Private Placement are non-transferable and are intended to be used by the parties to whom it is distributed. It is not intended for distribution to any other person and should not be copied / reproduced by the recipient for any purpose whatsoever. The information contained in this document has certain forward looking statements. Actual result may vary from those expressed or implied, depending upon economic conditions, government policies and other factors. Any opinion expressed is given in good faith but is subject to change without notice. No liability is accepted whatsoever for any direct or consequential loss arising from the use of this document. SAIL does not undertake to update this Disclosure Document for Private Placement to reflect subsequent events and thus it should not be relied upon without first confirming the accuracy of such events with SAIL. The Company can, at its sole and absolute discretion change the terms of the offer. The Company reserves the right to close the Issue earlier from the aforesaid date or change the Issue time table including the Date of Allotment (as defined hereinafter) at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription at the commencement of banking hours and close at the close of banking hours. The Issue shall be subject to the terms and conditions of this Information Memorandum and other documents in relation to the Issue.

The company has taken shareholders' approval (under Section 42) for raising Secured Non-Convertible Bonds up to Rs.5000 crore , as per the Companies Act notification dated 30th June 2014 in the Annual General Meeting held on September 23 , 2014.

The Bonds are proposed to be listed on Wholesale Debt Market segment of the Bombay Stock Exchange of India Ltd. (BSE).

Credit Rating Agencies of the issue:**CREDIT ANALYSIS & RESEARCH LTD.**

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel : +91-022- 6754 3456

Fax : +91-022- 6754 3457

E-mail : care@careratings.com

India Ratings & Research Pvt. Ltd.

- A Fitch Group Company

Wockhardt Tower , Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
Tel : +91-022- 4000 1700

Fax : +91-022- 4000 1701

E-mail : indiaratings.co.in

Issue Opens on :

14th October, 2014

Issue Closes on :

14th October, 2014

Deemed Date of Allotment :

14th October, 2014

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I. DEFINITIONS/ ABBREVIATIONS

AY	Assessment Year
Articles	Articles of Association of the Company
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of Directors of Steel Authority of India Ltd. or Committee thereof
Bond(s)/ NCD(s)/ Debenture(s)	Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures XXXVII TH Issue - I Series (AX) of Rs. 10,00,000/- each of Steel Authority of India Ltd. offered through private placement route under the terms of this Private Placement Offer Letter
Book Closure/ Record Date	The date of closure of register of Bonds for payment of interest and repayment of principal
BSE	Bombay Stock Exchange Ltd.
CAG	The Comptroller and Auditor General of India
CDSL	Central Depository Services (India) Ltd.
COMPANY / SAIL	Steel Authority of India Limited
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
DER	Debt Equity Ratio
DP	Depository Participant
EPS	Earning Per Share
INDAI RATINGS	India Ratings and Research Pvt. Ltd.
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
Financial Year/ FY	Period ending March 31, of that particular year
GoI	Government of India/ Central Government
HUF	Hindu Undivided Family
ITSL/ Trustee	IDBI Trusteeship Services Ltd.
Issuer/SAIL/ Company	Steel Authority of India Ltd.
Private Placement Offer Letter	Private Placement Offer Letter dated 10 th October, 2014 for Private Placement of Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures XXXVIITH Issue – I Series (AX) of Rs. 10,00,000/- each for cash at par aggregating to Rs.500 crore with an option to retain oversubscription to be issued by Steel Authority of India Ltd.
I.T. Act	The Income Tax Act, 1961, as amended from time to time
MMTPA	Million Metric Tonnes Per Annum
MOS	Ministry of Steel
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
PAN/GIR	Permanent Account Number/ General Index Registration Number
Rs./ INR	Indian National Rupee

RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 as amended from time to time
TDS	Tax Deducted at Source
The Companies Act/ the Act	The Companies Act, 2013 as amended from time to time
The Issue/ The Offer/ Private Placement	Private Placement of Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures XXXVIIITH Issue - I Series () of Rs. 10,00,000/- each for cash at par aggregating to Rs. 500 crore with an option to retain oversubscription to be issued by Steel Authority of India Ltd.

II. DISCLAIMERS

DISCLAIMER OF THE ISSUER

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI Guidelines and RBI Guidelines. This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Companies Act, 2013 and the relevant rules and regulations therein and SEBI Guidelines, RBI Guidelines. This document does not constitute an offer to the public generally to subscription for or otherwise acquire the Bonds to be issued by SAIL. This document is for the exclusive use of the investors to whom it has been specifically addressed and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond issue is made strictly on private placement basis. Apart from this Private Placement Offer Letter, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to Issuer.

This Private Placement Offer Letter is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by Steel authority of India Limited (SAIL). This Private Placement Offer Letter has been prepared to give general information regarding SAIL to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. SAIL believes that the information contained in this Private Placement Offer Letter is true and correct as of the date hereof. SAIL does not undertake to update this Private Placement Offer Letter to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with SAIL. However, SAIL reserves its right for providing the information at its absolute discretion. SAIL accepts no responsibility for statements made in any advertisement or another material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to Subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also

consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Private Placement Offer Letter is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the Bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Private Placement Offer Letter issue/offer/invitation has not been approved by Securities & Exchange Board of India (SEBI). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. Pursuant to rule 14 (3) of The Companies (Prospectus and Allotment of Securities) Rules, 2014, a copy of this Private Placement Offer Letter shall be filed with the Registrar of Companies, National Capital Territory of Delhi & Haryana along with fee as provided in The Companies (Registration Offices and Fees) Rules, 2014 and with SEBI within a period of thirty days of circulation of this Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with SAIL, any irregularities or lapses in this Private Placement Offer Letter.

DISCLAIMER OF THE ARRANGERS

It is advised that SAIL has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Private Placement Offer Letter. The role of the Arrangers to the Issue in the assignment is confined to marketing and placement of the Bonds on the basis of this Private Placement Offer Letter as prepared by SAIL. The Arrangers to the Issue have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Private Placement Offer Letter. The Arrangers to the Issue shall use this Private Placement Offer Letter for the purpose of soliciting subscription from qualified institutional investors in the Bonds to be issued by SAIL on private placement basis. It is to be distinctly understood that the aforesaid use of this Private Placement Offer Letter by the Arrangers to the Issue shall neither in any way be deemed or construed that this Private Placement Offer Letter has been prepared, cleared, approved or vetted by the Arrangers to the Issue, nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Private Placement Offer Letter; nor do they take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of SAIL. The Arrangers to the Issue or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Private Placement Offer Letter.

DISCLAIMER OF THE STOCK EXCHANGE

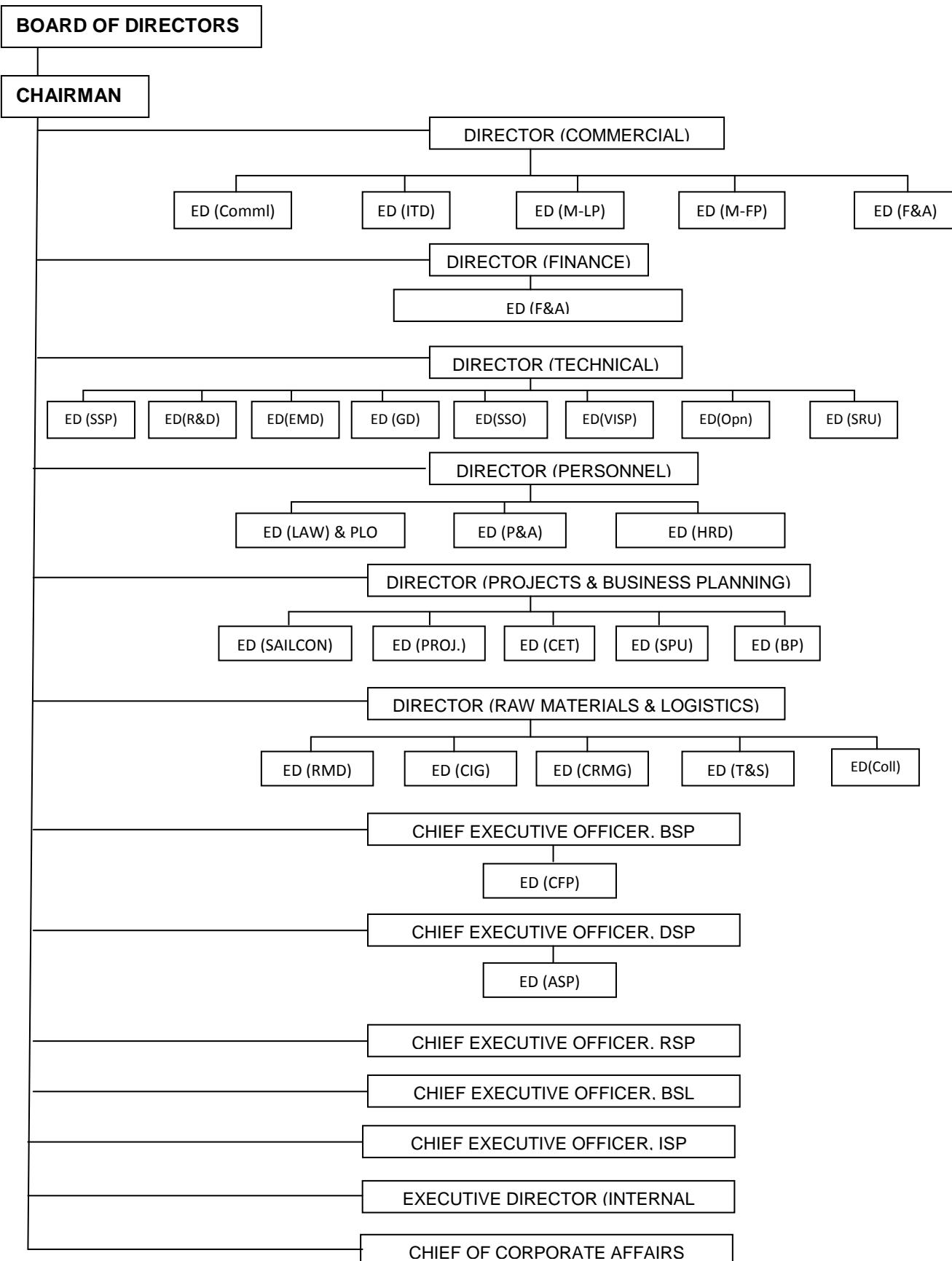
As required, a copy of this Private Placement Offer Letter has been submitted to BSE (hereinafter collectively referred to as “**Exchange**”) for hosting the same on its website. It is to be distinctly understood that such submission of the document with BSE or hosting the same on its website should not in any way be deemed or construed that this Private Placement Offer Letter has been cleared or approved by the Exchange; nor do it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do it warrant that the Issuer’s bonds will be listed or continue to be listed on the Exchange; nor do it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or

project of SAIL. Every person who desires to apply for or otherwise acquire any bonds of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

III . NAME AND ADDRESS OF REGISTERED & CORPORATE OFFICE OF THE ISSUER

Name of the Issuer	:	Steel Authority of India Ltd.
Registered & Corporate Office	:	Ispat Bhawan, Lodi Road New Delhi – 110 003
Telephone Nos.	:	91-11- 24367481-86
Fax No.	:	91-11-24367015
Website	:	www.sail.co.in
E-mail	:	sailco@vsnl.com
Compliance Officer for the Issue	:	Mr. Mukesh Chand Jain, Company Secretary, Steel Authority of India Ltd. Ispat Bhawan ,Lodi Road New Delhi – 110 003 Tel.: 91-11-24368095 Fax.: 91-11-24365076 E-mail: mukeshchand.jain@sailex.com , secy.sail@sailex.com
Director (Finance)	:	Mr. Anil Kumar Chaudhary, Steel Authority of India Limited Ispat Bhawan , Lodi Road New Delhi – 110 003 Tel.: 91-11-24368072 Fax.: 91-11-24365076 E-mail: anil.chaudhary@sailex.com

Organisation Structure - SAIL



IV. NAMES AND ADDRESSES OF THE DIRECTORS OF THE ISSUER AND REMUNERATION

1. The composition of the Board of Directors of the Company as on date of this Private Placement Offer Letter is as under :

Sl. No.	Name	Designation	Date of Birth	Present Address	Other Directorship	DIN
1. Shri C.S. Verma	Chairman		29.09.1959	B-249, Asian Games Village, New Delhi-110049.	• ICVL • NMDC upto21.4.2014	00121756
2. Shri Upendra Prasad Singh	Govt. Nominee Director		10.10.1962	Tower-9, Flat No.C-10, 10 th Floor, New Moti Bagh Complex, New Delhi.- 110023	Nil	00354985
3. Shri Anil Kumar Chaudhary	Director (Finance)		11.12.1960	A-341, K.P. Thakker Block, Asian Games Village, New Delhi-110049.	• mjunction services ltd.	03256818
4. Dr. Isher Judge Ahluwalia	Part-time Director		01.10.1945	32, Aurangzeb Road, New Delhi-110011.	Nil	00551613
5. Shri Sujit Banerjee	Part-time Director		17.07.1950	C-2/97, Sector-36, Noida-201301.	Nil	03482511
6. CA. Arun Kumar Srivastava	Part-time Director		21.06.1956	B-3/12, Vishal Khand-3, Gomti Nagar, Lucknow-226010.	Nil	01940109
7. Shri S.S. Mohanty	Director (Technical)		14.06.1956	B-247, Asian Games Village, New Delhi-110049.	• S&T Mining Co. Pvt. Ltd. • ICVL	02918061
8. Shri H.S. Pati	Director (Personnel)		02.03.1955	D-749, Asian Games Village, New Delhi-110049.	Nil	05283445
9. Shri T.S. Suresh	Director (P&BP)		31.05.1955	A-342, Asian Games Village, New Delhi-110049.	Nil	03229245
10. Shri Kalyan Maity	Director (RM&L)		13.02.1960	A-343, Asian Games Village, New Delhi-110049.	Nil	06530613
11. Shri Vinod Kumar Thakral	Govt. Nominee Director		02.07.1956	C-II/169, Satya Marg, Chanakyapuri, New Delhi-110021.	• NMDC • RINL • KIOCL • MECON	00402959

12. Dr. Atmanand	Part-time Director	30.06.1959	B-104, Residency Ardee City, Gate-2, Sector-52, Gurgaon-122011.	Nil	06398097
13. Shri J.M. Mauskar	Part-time Director	09.10.1951	C-I/39, Supercon Residency Appartments, Shirine Garden, Parihar Chowk, Aundh, Pune-411007.	Nil	06662219
14. Shri Binod Kumar	Director (Commercial)	09.02.1957	E-103 Ispatika Apartments, Plot No.29, Sector-4, Dwarka, New Delhi-110078	Nil	06379761

2. Details of Changes in Directors in last 3 years:

SL NO	NAME	Designation	DATE OF Appointment	DATE OF Retirement	Reasons
1.	Shri C.S. Verma	Chairman	11.06.2010	-	
2.	Shri SoilesBhattacharya	Director(Finance)	23.02.2007	31.08.2011	Superannuation
3.	Prof. Deepak Nayyar	Part-time Director	11.02.2010	10.2.2013	Expiry of Tenure
4.	Shri A.K. Goswami	Part-time Director	11.02.2010	10.2.2013	Expiry of Tenure
5.	Shri B.B. Singh	Director (Personnel)	09.04.2010	30.04.2012	Superannuation
6.	Shri S. Machendra Nathan	Govt. nominee Director	25.05.2010	16.7.2012	Expiry of Tenure
7.	Dr. Jagdish Khattar	Part-time Director	21.08.2010	20.8.2013	Expiry of Tenure
8.	Prof. Subrata Chaudhuri	Part-time Director	21.08.2010	20.08.2013	Expiry of Tenure
9.	Shri Shuman Mukherjee	Director (Commercial)	23.12.2010	01.05.2013	Ceased to be a Director
10.	Shri P.K. Sengupta	Part-time Director	13.01.2011	12.01.2014	Expiry of Tenure
11.	Shri P.C. Jha	Part-time Director	13.01.2011	12.01.2014	Expiry of Tenure
12.	Shri Upendra Prasad Singh	Govt. Nominee Director, JS, MOS	04.05.2011	-	Appointment
13.	Shri Anil Kumar Chaudhary	Director (Finance)	01.09.2011	-	Appointment

SL NO	NAME	Designation	DATE OF Appointment	DATE OF Retirement	Reasons
14.	Dr. Isher Judge Ahluwalia	Part-time Director	16.01.2012	-	Appointment
15.	Shri Sujit Banerjee	Part-time Director	16.01.2012	-	Appointment
16.	Shri Arun Kumar Srivastava	Part-time Director	16.01.2012	-	Appointment
17.	Shri S.S. Mohanty	Director (Technical)	15.03.2012	-	Appointment
18.	Shri H.S. Pati	Director (Personnel)	01.05.2012	-	Appointment
19.	Shri T.S. Suresh	Director (Projects & Business Planning)	04.05.2012	-	Appointment
20.	Shri A.K. Pandey	Director (Raw Material & Logistics)	24.05.2012	28.02.2013	Superannuation
21.	Shri E.K. Bharat Bhushan	Govt. Nominee Director, AS&FA, MOS	23.07.2012	29.04.2013	Expiry of tenure
22.	Shri Kalyan Maity	Director (RM&L)	01.03.2013	-	Appointment
23.	Shri Vinod Kumar Thakral	Govt. Nominee Director, AS&FA, MOS	04.06.2013	-	Appointment
24.	Dr. Atmanand	Part-time Director	18.07.2013	-	Appointment
25.	Shri J.M. Mauskar	Part-time Director	18.07.2013	-	Appointment
26.	Shri Binod Kumar	Director (Commercial)	02.12.2013 joined on 03.12.2013	-	Appointment
27.	Shri R.S. Shrama	Part-time Director	19.02.2014	-	Appointment
28.	Shri N.C. Jha	Part-time Director	19.02.2014	-	Appointment
29.	Shri D.K. Mittal	Part-time Director	19.02.2014	-	Appointment
30.	Mrs. Parminder Hira Mathur	Part-time Director	19.02.2014	-	Appointment

Remuneration of Directors (during last three financial years)

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2014:

Name of the Director	Salary (Rs.)	Retirement & Other Benefits (Rs.)	Total (Rs.)
Shri C. S. Verma, Chairman	2008960	2728113	4737073
Shri Shuman Mukherjee, Director (Commercial) upto 01.05.2013	415390	352517	767907
Shri A.K. Chaudhary, Director (Finance)	1691310	1564702	3256012

Shri S.S. Mohanty, Director(Technical)	1729932	1750688	3480620
Shri H.S. Pati, Director (Personnel)	1646208	1579192	3225400
Shri T.S. Suresh, Director (Projects & Business Planning)	1699436	1207756	2907192
Shri Kalyan Maity, Director (Raw Material & Logistics)	1746702	1365152	3111854
Shri Binod Kumar, Director (Commercial) from 03.12.2013	603935	542371	946306

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2013:

Name of the Director	Salary (Rs.)	Retirement & Other Benefits (Rs.)	Total (Rs.)
Shri C. S. Verma, Chairman	1755885	2239643	3995528
Shri A.K.Chaudhary, Director (Finance)	1504753	1602594	3107347
Shri S.S. Mohanty, Director(Technical)	1401548	1215567	2617115
Shri H.S. Pati, Director (Personnel) from 01.05.2012	1246304	1101501	2347805
Shri T.S. Suresh, Director (Projects & Business Planning) from 04.05.2012	1370702	1208611	2579313
Shri Kalyan Maity, Director (Raw Material & Logistics)	136823	526952	663775
Shri Shuman Mukherjee, Director (Commercial)	1506938	1644513	3151451
Shri B.B. Singh , Director (Personnel) upto 30.04.2012	121051	941561	102612
Shri A.K. Pandey, Director (Raw Material & Logistics) from 24.05.2012 to 28.02.2013	1152925	1543777	2716702

The following table sets forth the details of remuneration paid to the Whole Time Director during the Fiscal 2012:

Name of the Director	Salary (Rs.)	Retirement & Other Benefits (Rs.)	Total (Rs.)
Shri C. S. Verma, Chaiman	2560558	431388	2991946
Shri A.K.Chaudhary, Director (Finance) from 01.09.2011	1303782	75470	1379252
Shri S.S. Mohanty, Director(Technical) from 15.03.2012	102277	10796	113073
Shri B.B. Singh, Director (Personnel)	2375747	120226	2495973

Shri Soiles Bhattacharya, director (Finance) upto 31.08.2011	1220403	254933	1475336
Shri Shuman Mukherjee, Director (Commercial)	2184929	162452	2347381

ii. Part time Non Official Independent Directors

The Part time Non official Independent Directors do not have any material pecuniary relationship or transaction with the Company. The Board of Directors in their meeting held on November 27, 2008 decided to pay following as sitting fee to Part time Non-official Independent Directors for Board/Committee meeting:

Sl. No.	Meetings	Sitting fee per Meeting (Rs.)
1	Board Meeting	20,000
2	Committee Meeting	20,000

Remuneration of Part-time Non official Directors

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2014.

Sl. No.	Name of the Part time Non Official Independent Director	Sitting Fees (Rs.)
1	Dr. Atmanand	240000
2	Shri. J.M. Mauskar	260000
3	Shri. R.S. Sharma	60000
4	Smt. Parminder Hira Mathur	80000
5	Shri D.K. Mittal	40000
6	Dr. Isher Judge Ahluwalia	280000
7	Shri . Surjit Banerjee	620000
8	Shri. A.K. Srivastava	980000
9	Shri N.C. Jha	60000
10	Prof. Subrat Chaudhary	160000
11	Shri. P.K. Sengupta	360000
12	Shri. P.C. Jha	540000
13	Dr. Jagdish Khattar	280000

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2013

Sl. No.	Name of the Part time Non Official Independent Director	Sitting Fees (Rs.)
1	Shri. Aswini Kr. Goswami	1180000
2	Prof. Deepak Nayyar	520000
3	Dr. Isher Judge Ahluwalia	160000
4	Shri . Surjit Banerjee	340000
5	Shri. A.K. Srivastava	440000
6	Prof. Subrat Chaudhary	340000
7	Shri. P.K. Sengupta	320000
8	Shri. P.C. Jha	360000
9	Dr. Jagdish Khattar	460000

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2012

Sl. No.	Name of the Part time Non Official Independent Director	Sitting Fees (Rs.)
1	Shri. Aswini Kr. Goswami	1300000
2	Prof. Deepak Nayyar	580000
3	Dr. Isher Judge Ahluwalia	40000
4	Shri . Surjit Banerjee	138000
5	Shri. A.K. Srivastava	80000
6	Prof. Subrat Chaudhary	340000
7	Shri. P.K. Sengupta	280000
8	Shri. P.C. Jha	300000
9	Dr. Jagdish Khattar	600000

V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER

1. CURRENT STATUTORY AUDITORS OF THE ISSUER

Steel Authority of India Limited is a Government Company and therefore its statutory auditors are appointed by the Comptroller & Auditor General of India. The details of statutory auditors of the issuer for financial year 2014-15 are as under :

Sl. No.	Name & address of the Audit firm	Address	Auditor since
	Statutory Auditors		

1.	M/s. Sharma Goel & Co., Chartered Accountants	A-47, Hauz Khas (lower Ground Floor) New Delhi-110016.	2014-15
2.	M/s. O.P. Totla& Co. Chartered Accountants	C-16, Ist Floor, Shyam Market, Near LIC Building, Pandri, Vidhan Sabha Road, Raipur.	2011-12
3.	M/s. B.N. Misra & Co., Chartered Accountants	S-29, MaitriVihar, Phase-II In front of Satyam Development Centre, Bhubaneswar-751023.	2012-13
Branch Auditors			
4.	M/s.Kothari & Co. Chartered Accountants	1E, Neelkanth, 26-B, Camac Street, Kolkata -700016.	2011-12
5.	M/s. PA & Associates, Chartered Accountants	T-21, Civil Township, Rourkela-769004.	2013-14
6.	M/s. SPAN & Associates, Chartered Accountants	62/1, Raja Basanta Roy Road, Kolkata- 700029.	2011-12
7.	M/s. K. Venkatachalam Aiyer& Co., Chartered Accountants	11/1406, First Floor, SMR Buildings Market Road Palakkad-678014, Kerala	2012-13
8.	M/s. B V Rao & Co.	No.5, 3/5, Anekere Main road, Bennerghatta Road, Bangalore – 560076.	2014-15
9.	S B A Associates, Chartered Accountants	5th Floor, 27, MirzaGhalib Street, Park Street, Kolkata-700016,	2011-12
10.	M/s K S Bothra & Co., Chartered Accountants	9/12, Lalbazar Street, 'E' Block, 1 st Floor, Mercantile Building, Kolkata – 700001.	2013-14
11.	M/s. P G Joshi & Co., Chartered Accountants	Dhanwate Chambers Malviya Road, Sita Building, Nagpur-440012.	2013-14
12.	M/s. V Rohatgi & Co., Chartered Accountants	1st Floor, Sarjana Building, 1 Main Road, Ranchi-834001.	2011-12
13.	M/s. D N Dokania & Associates Chartered Accountants	103 A ,Ist Floor, Shanti Bhawan, Bank More, Dhanbad-826001.	2011-12

2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS (FY 2011-12 to 2013-14)

Changes in the statutory auditors of the issuer during the last three years are as under :

Auditors resigned during 2011-12

Sl. No.	Statutory/Branch Auditors	Address	Auditors of the company since
1.	M/s T.R. Chadha & Co. Chartered Accountants.	B-30, Connaught Place, Kuthiala Building, New Delhi-110001.	2007-08
2.	M/s. KKS & Co., Chartered Accountants	11, Bepin Behari Ganguly Street, Kolkata -700012	2009-10
3	M/s. De Chakraborty & Sen, Chartered Accountants	Bikaner Building, Ist Floor, 8- B, Lal Bazar Street, Kolkata -700001.	2007-08
4.	M/s. Vardhman & Co., Chartered Accountants	292, 17 Cross, II Block, Ravindranath Tagore Nagar, Bangalore-560032.	2007-08
5.	M/s. Ghoshal & Goshal, Chartered Accountants	4, Commercial Building, 23, Netaji Subash Road, Kolkata-700001.	2009-10
6.	M/s. N.C. Banerjee & Co., Chartered Accountants,	Commerce House, Ist Floor, Room No. 9, 2, Ganesh Chandra Avenue, Kolkata-7000013.	2010-11
7.	M/s. Sanjay Bajoria & Associates, Chartered Accountants	5, Kunj Lal Street, Upper Bazar, Ranchi-834001.	2009-10
8.	M/s. R M Associates, Chartered Accountants	Sector No. III- B, Quarter No. 388, Bokaro Steel City, Bokaro-827003.	2009-10

New Auditors appointed during 2011-12

Sl. No.	Statutory/Branch Auditors for 2011-12	Address
1.	M/s. O.P. Totla & Co., Chartered Accountants	C-16, Ist Floor, Shyam Market, Near LIC Building, Pandri, Vidhan Sabha Road, Raipur.
2.	M/s. Kothari & Co., Chartered Accountants	1E, Neelkanth, 26-B, Camac Street, Kolkata -700016.
3	Span & Associates, Chartered Accountants	62/1, Raja Basanta Roy Road, Kolkata-700029.
4.	M/s. M. Kupuswamy & Co., Chartered Accountants	54/3, C P Ramaswamy Road, Abhiramapuram, Chennai- 600 018.
5.	M/s SBA Associates, Chartered Accountants	5th Floor, 27, MirzaGhalib Street, Park Street, Kolkata-700016,
6.	M/s Add & Associates, Chartered Accountants	Mercantile Bldg, 3 rd Floor, Block A, Lalbazar Police Station, Lalbazar Street, Kolkata – 700001

7.	M/s. V Rohtagi & Co., Chartered Accountants	Mercantile Bldg, 3 rd Floor, Block A, Lalbazar Police Station, Lalbazar Street, Kolkata – 700001
8.	M/s D N Dokania & Associates, Chartered Accountants	Mercantile Bldg, 3 rd Floor, Block A, Lalbazar Police Station, Lalbazar Street, Kolkata – 700001

Auditors resigned during 2012-13

Sl. No.	Statutory/Branch Auditors	Address	Auditors of the company since
1.	M/s Tej Raj & Pal Chartered Accountants.	1, Kalpana Square, Bhubaneswar-751014	2008-09
2.	M/s. N.C. Rajagopala& Co. , Chartered Accountants	“SREE RENGA SREE” New No.33/1 (6-D), Ramakrishna Road, Shanmuga Colony, SALEM-636007.	2008-09
3	M/s. M Kupuswamy PSG & Co. Chartered Accountants	54/3, C P Ramaswamy Road, Abhiramapuram, Chennai- 600 018	2011-12

Auditors appointed during 2012-13

Sl. No.	Statutory/Branch Auditors	Address
1.	M/s B.N. Mishra & Co. Chartered Accountants.	S-29, MaitriVihar, Phase-II In front of Satyam Development Centre, Bhubaneswar-751023.
2.	M/s. K. Venkatachalam Aiyer & Co.,Chartered Accountants	11/1406, First Floor, SMR Buildings Market Road Palakkad-678014, Kerala
3	M/s. Brahmayya & Co., Chartered Accountants	48, Masilamani Road, Balaji Nagar Royapettah, Chennai-600014.

Auditors resigned during 2013-14

Sl. No.	Statutory/Branch Auditors	Address	Auditors of the company since
1.	M/s. Patro & Co., Chartered Accountants	Udit Nagar, Above SBI ATM Counter, Rourkela -769012.	2009-10
2.	Add & Associates, Chartered Accountants	Mercantile Bldg, 3 rd Floor, Block A, Lalbazar Police Station, Lalbazar Street, Kolkata – 700001	2011-12

3.	M/s. M Mehta & Co., Chartered Accountants	11/5, South Tukogani, NathMandir Road, Indore-452001.	2009-10
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New Auditors appointed during 2013-14

Sl. No.	Statutory/Branch Auditors	Address
1.	M/s. PA & Associates, Chartered Accountants	T-21, Civil Township, Rourkela-769004.
2.	M/s K S Bothra & Co., Chartered Accountants	9/12, Lalbazar Street, 'E' Block, 1 st Floor, Mercantile Building, Kolkata – 700001.
3.	M/s. P G Joshi & Co., Chartered Accountants	Dhanwate Chambers Malviya Road, Sita Building, Nagpur-440012.

Auditors' Qualifications

Details with respect to qualifications, reservations and adverse remarks of the auditors of the Company in the last five financial years immediately preceding the year of circulation of Private Placement Offer Letter and their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said qualifications, reservations and adverse remarks are given as under:

Financial year	Auditors qualifications, reservations and adverse remarks	Reply/corrective steps
2013-14	<p>1. Fixed assets – Rs.25256.52 crore The management had reported commissioning of the Bettiab SPU , the Board Committee was also informed that some of major package of IISCO Steel Plant were commissioned.</p> <p>2. Inventories – Rs.15200.82 crore This includes Rs.51.95 crore being the value of estimated 8,688 tonnes of extractable skull from the LD slag Salem Steel Plant (SSP). Valuation of skull is not justified because slag as such is not a saleable inventory.</p>	<p>1. Informing Board Committee about completion of individual packages of Bettiab SPU and IISCO Steel Plant (ISP) does not imply that the assets were ready for commercial production . It is a well established accounting principle that an asset is capitalized when the same is ready for commercial production after trial run and free from defects.</p> <p>2. As per the technical evaluation, the LD slag at Salem Steel Plant contains chromium, nickel, copper, iron, etc. in various proportion depending upon the grade of stainless steel produced. The weighted average of metallic portion recoverable from slag is about 16%. The quantity of slag produced upto 31st March 2014 is 54298 tonnes and the skull contain is estimated at 8688 tonne. Hence, valuation of Rs.51.95 crore has been correctly worked out and there is no overstatement of inventories and profit.</p>
2012-13	Over statement of current profit by Rs.397.07 crore, cumulative profit by Rs.1445.44 crore and understatement of liability by Rs.1445.44 crore due to demand on account of entry tax , income tax demand and power supply from DVC.	The cases are sub-judge and pending before the Hon'ble Supreme Court. The disputed demands Contested on valid and bonafide grounds have Been disclosed as contingent liabilities as it is not probable that present obligation exists on the

		Balance sheet date.
2011-12	Nil	
2010-11	Nil	
2009-10	Nil	

VI. MANAGEMENT'S PERCEPTION OF RISK FACTORS

World Steel Scenario :

World crude steel production reached 1606 million tonnes for the year 2013 , up by 3 % compared to 2012 . The growth came mainly from Asia, while crude steel production in all other regions (except Africa) decreased in 2013-14 compared to 2012 . China's crude steel production increased by 6.6% over 2012 .The European Union recorded negative growth of 1.8% compared to 2012 .

It was feared that there would be a lower steel demand in 2013-14 due to continued Eurozone crisis and anticipated hard landing of China. However, there has been stronger than expected performance in the 2nd half of the year. The World finished steel consumption grew by 3.6%. While steel consumption grew by 6.18% in China, the growth in India was weaker at 1.8% . In India the steel demand is expected to grow by 3.3% during 2014, due to improved outlook for construction and manufacturing sector, even though it will be constrained by high inflation and structured problems.

Indian Steel Scenario :

Amongst the large steel consuming nations , the steel consumption in India has been 2nd only to China. With the steel consumption growth rate in China projected to moderate to around 3% in future, India is going to emerge as the largest major steel consuming nation.

During 2013-14 domestic crude steel production was 81.50 million tonnes, a growth of 4% over 2012-13. Total finished steel registered a growth of 4.1% during 2013-14. The exports were higher in 2013-14 after a gap of 5 years , due to higher rupee volatility and mismatched demand-supply.

Opportunities for SAIL :

- The Indian steel industry is poised for a robust growth over the medium term.there would be opportunities provided by rapidly expanding domestic market.
- SAIL is at the completion stage of its on-going modernization and expansion plan. Commissioning of new state-of-the art facilities will enable SAIL to enhance its market share.
- Focus on infrastructure projects viz. industrial freight corridors, new ports and new cities planned along the freight corridor provides opportunities for enhanced steel consumption.

Threats for SAIL :

- Competition from domestic as well as foreign steel producers.
- Fall in International steel prices due to decline in iron ore and coking coal prices.
- Excess steel capacity could lead to a margin squeeze.
- Slowing growth in China could potentially increase competition from cheap imports.

Risks and Concerns :

- Continued subdued demand for steel may lead to excess capacity situation specially in flat products.
- Strengthening of rupee against foreign currency may reduce export competitiveness and enhance competitiveness of imported steel.
- Movement of bulk material for higher steel production will demand adequate support in terms of transportation and logistics failing which the production may be impacted.

Outlook :

During 2014-15 and beyond, the renewed focus on infrastructure viz. development of smart cities , ports, power plants, metros for tier 2 cities, industry corridor , revival of SEZ and incentive for housing , etc. will go a long way to consolidate growth, giving a fillip to the steel sector which has faced stagnant demand off late.

Further, in the General Budget for 2014-15, a host of measures inter alia, opening of more sectors for FDI, plans to accelerate manufacturing growth and facilitating investments would give a push to the economy.

Strengths of SAIL:

Strengths of SAIL includes diversified product mix, well established nationwide network, captive iron ore resources, skilled manpower, captive power plants, land bank for future expansion, dedicated R&D wing and strong balance sheet. Further, the on-going modernisation and expansion would take SAIL ahead in terms of modern technology adoption, automation, product quality , process efficiency and diversification. Low overall borrowings lend strength to the company's Balance sheet as it can mobilize resources while keeping the leveraging at manageable level.

Weakness of SAIL :

Dependence on external sources for the key input – coking coal leads to exposure of the Company to the market risk. Regular superannuation of large numbers over the years, have resulted in skill depletion, largely in the technical areas. Adverse employee age gap mix, with average age of 47 years is a serious concern. A part of operations in the company continues to be from energy inefficient processes viz. open hearth and ingot route of production , which will be eliminated only after the completion of the current expansion program.

At present around 20% of the production are in the form of semi-finished steel , resulting in lower value addition. This will continue till new rolling mills planned under current expansion programme contribute to value addition, as almost all semis will be converted to finished steel.

Interests of our Directors

Except as otherwise stated in "Financial Statements – Related Party Transactions" our Company has not entered into any contract, agreements and arrangement during the three financial years preceding the date of this Private Placement Offer Letter in which the directors are interested directly or indirectly and no payments have been made to them in respect of such contracts or agreements.

All our Directors, including our Independent Director, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Related Party Transactions

Related party transactions entered during the last 3 financial years immediately preceding the year of circulation of offer letter including with regard to loans made or guarantees given or securities provided:

FY 2013-14 and FY 2012-13:

Details of transactions with related parties :

Particulars	(Rs. Crore)	
	As at 31.03.2014	31.03.2013
Purchase of Investment		

S & T Mining Co. Pvt. Ltd.	1.84	1.50
Advance for Purchase of Shares		
SAIL Kobe Iron India Pvt. Ltd.	-	0.25
TMTSAL SAIL JV Limited	-	0.01
SAL SAIL JVC Limited	-	0.01
Prime Gold SAIL JV Limited	0.12	-
VSL SAIL JVC Limited	0.02	-
Sale of Goods		
Bhilai Jaypee Cement Limited	25.76	26.12
Bokaro Jaypee Cement Limited	45.02	30.76
Services Rendered		
Bhilai Jaypee Cement Limited	4.34	0.90
Bokaro Jaypee Cement Limited	0.17	0.02
Mjunction Services Limited	0.02	-
Auction Services		
Mjunction Services Limited	38.38	29.12
Consultancy Received		
S & T Mining Co. Pvt. Ltd.	1.22	1.90
Conversion Charges		
SAIL Bansal Services Ltd.	1.78	2.48

FY 2011-12:

Details of Transactions with the related parties :

(Rs. Crore)	
Particulars	As at 31.3.2012

<u>Purchase of Investment</u>	
Bokaro Jaypee Cement Limited	14.77
S&T Mining Co. Pvt. Limited	2.28
<u>Sales of Goods</u>	
Bhilai Jaypee Cement Limited	15.58
Bokaro Jaypee Cement Limited	1.91
<u>Services Rendered</u>	
Bhilai Jaypee Cement Limited	0.87
Bokaro Jaypee Cement Limited	0.18
<u>Conversion Charges</u>	
SAIL Bansal Services Limited	1.59

Interest of Key Managerial Persons/Promoters in the Offer

NIL

Litigation

Since the Government of India is the Promoter of the Company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of the Company during the last three years.

Details of Any Inquire/Investigation/Inquiry Conducted under Companies Act, 2013 and previous company law during the last three years against the Company or its subsidiaries

NIL

Frauds committed against Company

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter, except currently in Visvesvaraya Iron & Steel Plant , Bhadravati , an employee of the Company was involved in delivery material without following the specified procedures of collection of advances for sale of products. An amount of Rs.2.68 crore remained unrecoverable on the account.

Details of default(s) and/or delay(s) in payments of any kind of statutory dues, debentures/ bonds/ debt securities and interest thereon, deposits and interest thereon, loans from any bank or financial institution and interest thereon and other financial indebtedness including corporate guarantee issued by the Company.

- a. The Issuer has not defaulted on payment of any kind of statutory dues to the Government of India, State Government(s), statutory/ regulatory bodies, authorities, departments etc., since inception.

b. The main constituents of the Issuer's borrowings are generally in form of debentures/ bonds/ debt securities, commercial paper, external commercial borrowings ("ECBs"), loans from banks and financial institutions, assistance from multilateral and bilateral financing agencies etc. In respect of such borrowings, the Issuer certifies that:

- (i) it has serviced all the principal and interest liabilities on all its borrowings on time and there has been no instance of delay or default since inception; and
- (ii) it has not affected any kind of roll over or restructuring against any of its borrowings in the recent past.

c. The Issuer has not defaulted on any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its subsidiaries, joint venture entities, group companies etc in the past.

Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter against the Company and its Subsidiaries

There has been no inquiry, inspection or investigation initiated or conducted against the Company or its subsidiaries under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Company or its subsidiaries in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action taken by the Company

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter, except currently in Visvesvaraya Iron & Steel Plant , Bhadravati , an employee of the Company was involved in delivery material without following the specified procedures of collection of advances for sale of products. An amount of Rs.2.68 crore remained unrecoverable on the account.

The Company has strengthened the procedures to avoid the recurrence of such case. The complainnt has been filed with the Police and the matter is under investigation . Also, efforts are being made to recover the balance amount of Rs.2.68 crore.

Outstanding borrowings/ debt securities issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option

Other than and to the extent mentioned elsewhere in this Private Placement Offer Letter, the Issuer has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

VII. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS

HIGHLIGHTS OF THE COMPANY

1. A "Maharatna" Public Sector Company.
2. Largest iron & steel producer in the country about 20% share in crude steel production.

3. Fully integrated iron & steel maker, producing wide range of both basic & speciality steel for domestic and export markets.
4. Countrywide distribution network of 37 branch offices, 25 departmental warehouses, 42 consignment agents, 27 customer contact offices and over 2000 authorised dealers.
5. Turnover at Rs 51,866 crore, during period ended March '14 of FY 2013-14.
6. EBIDTA of Rs. 5909 crore during period ended March '14 of FY 2013-14
7. Profit before Tax of Rs.3225 crore during period ended March '14 of FY 2013-14
8. Profit after Tax of Rs. 2616 crore during period ended March'14 of FY 2013-14.
9. Hot Metal, Crude Steel and Saleable Steel production of 14.45 million tonnes, 13.58 million tonnes and 12.88 million tonnes, respectively, during period ended March '14 of FY 2013-14.
10. Total sales of 12.07 million tonnes during period ended March'14 of FY 2013-14.
11. Energy consumption of 6.59 G.Cal/TCS during period ended March'14 of FY 2013-14, lower by 1.35 % over CPLY.
12. Coke rate at 512 kg/thm during period ended March'14 of FY 2013-14 same as previous year.
13. Debt-equity ratio of 0.59:1 as on 31st March,2014 .
14. Marketing Dealers Network expended to all districts of the country.
15. Performance of the Company has been widely recognized by all stakeholders including leading financial institutions/ rating agencies and industry bodies, winning several awards/ accolades in various fields. Some of the major awards are :
 - a) SAIL received Maharatna Status vide circular dated 19th May,2010 from DPE. This has granted more delegation to SAIL Board for Investment in Joint Venture and Merger and Acquisitions.
 - b) Bhilai Steel Plant, a unit of SAIL has been adjudged the winner of the much coveted Prime Ministers Trophy for 'Best Integrated Steel Plant' in the Country for 2011-12 for the 11th time (out of 20 times awarded).
 - c) SAIL employees received 18 out of 28 Viswakarma Awards declared for the year 2013, which is highest amongst public and private sectors.
 - d) In the International Quality meet at Taipei, Taiwan during October, 2013, 5 Quality Circle teams consisting of 29 SAIL Employees won Gold Medals.
 - e) SAIL bagged the Golden Trophy for "Scope Meritorious for Environmental Excellence & Sustainable development for the year 2011-12.
 - f) Top prize in "National Energy Conservation Award 2013" was awarded by President of India in December, 2013.
 - g) India pride award for 2013-14 for excellence in CSR under Central Public Sectors Undertaking was awarded in December, 2013.

VISION

To be a respected world class corporation and the leader in Indian steel business in quality, productivity, profitability and customer satisfaction.

VIII. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS**ABOUT COMPANY**

Steel Authority of India Ltd. ("SAIL") is the leading steel-making company in India. It is a fully integrated iron and steel maker, producing both basic and special steels for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets .SAIL manufactures and sells a broad range of steel products, including hot and cold rolled sheets and coils, galvanized sheets, electrical sheets, structural, railway products, plates, bars and rods, stainless steel and other alloy steels. SAIL produces iron and steel at five integrated plants and four special steel plants, located principally in the eastern and central regions of India and

situated close to domestic sources of raw materials, including the Company's iron ore, limestone and dolomite mines. The company has the distinction of being India's second largest producer of iron ore and of having the country's largest mines network. This gives SAIL a competitive edge in terms of captive availability of iron ore, limestone, and dolomite which are inputs for steel making.

SAIL's wide range of long and flat steel products are much in demand in the domestic as well as the international market. This vital responsibility is carried out by SAIL's own Central Marketing Organization (CMO) and the International Trade Division. CMO encompasses a wide network of **37 branch offices and 67 stockyards located in major cities and towns throughout India.**

With technical and managerial expertise and know-how in steel making gained over four decades, SAIL's Consultancy Division (SAILCON) at New Delhi offers services and consultancy to clients world-wide.

SAIL has a well-equipped Research and Development Centre for Iron and Steel (RDCIS) at Ranchi which helps to produce quality steel and develop new technologies for the steel industry. Besides, SAIL has its own in-house Centre for Engineering and Technology (CET), Management Training Institute (MTI) and Safety Organisation at Ranchi. Our captive mines are under the control of the Raw Materials Division in Kolkata. The Environment Management Division and Growth Division of SAIL operate from their headquarters in Kolkata. Almost all our plants and major units are ISO Certified.

BACKGROUND & HISTORY

The Precursor

SAIL traces its origin to the formative years of an emerging nation - India. After independence the builders of modern India worked with a vision - to lay the infrastructure for rapid industrialization of the country. The steel sector was to propel the economic growth. Hindustan Steel Private Limited was set up on January 19, 1954. The President of India held the shares of the company on behalf of the people of India.

Expanding Horizon

Hindustan Steel Limited (HSL) was initially designed to manage only one plant that was coming up at Rourkela. For Bhilai and Durgapur Steel Plants, the preliminary work was done by the Iron and Steel Ministry. From April 1957, the supervision and control of these two steel plants were also transferred to HSL. The registered office was originally in New Delhi. It moved to Calcutta in July 1956, and ultimately to Ranchi in December 1959.

A new steel company, Bokaro Steel Limited, was incorporated in January 1964 to construct and operate the steel plant at Bokaro. The 1 MT phases of Bhilai and Rourkela Steel Plants were completed by the end of December 1961. The 1 MT phase of Durgapur Steel Plant was completed in January 1962 with the commissioning of Wheel and Axle plant. The crude steel production of HSL went up from 0.158 MT (1959-60) to 1.6 MT. The second phase of Bhilai Steel Plant was completed in September 1967 after commissioning of the Wire Rod Mill. The last unit of the 1.8 MT phase of Rourkela - the Tandem Mill - was commissioned in February 1968, and the 1.6 MT stage of Durgapur Steel Plant was completed in August 1969 after commissioning of the Furnace in SMS. Thus, with the completion of the 2.5 MT stage at Bhilai, 1.8 MT at Rourkela and 1.6 MT at Durgapur, the total crude steel production capacity of HSL was raised to 3.7 MT in 1968-69 and subsequently to 4MT in 1972-73.

Holding Company

The Ministry of Steel and Mines drafted a policy statement to evolve a new model for managing Steel industry. The policy statement was presented to the Parliament on December 2, 1972. On this basis the concept of creating a holding company to manage inputs and outputs under one umbrella was mooted. This led to the formation of Steel Authority of India Ltd. The company, incorporated on January 24, 1973 with an authorized capital of Rs. 2000 crore, was made responsible for managing four integrated steel plants at Bhilai, Bokaro, Durgapur, Rourkela, the Alloy Steels Plant and the Salem Steel Plant. Subsequently, Indian Iron & Steel Co. (IISCO) Ltd (now IISCO Steel Plant (ISP), a unit of SAIL) was also brought under the umbrella of SAIL.

In 1978 SAIL was restructured as an operating company. Since its inception, SAIL has been instrumental in laying a sound infrastructure for the industrial development of the country. Besides, it has immensely contributed to the development of technical and managerial expertise. It has triggered the secondary and tertiary waves of economic growth by continuously providing the inputs for the consuming industry.

SAIL Today

SAIL today is one of the largest industrial entities in India. Its strength has been the diversified range of quality steel products catering to domestic, as well as export markets and has a large pool of technical and professional expertise.

Today, the accent in SAIL is to continuously adapt to the competitive business environment and excel as a business organization, both within and outside India.

MAJOR UNITS

Integrated Steel Plants

1. Bhilai Steel Plant (BSP) in Chhattisgarh
2. Durgapur Steel Plant (DSP) in West Bengal
3. Rourkela Steel Plant (RSP) in Orissa
4. Bokaro Steel Plant (BSL) in Jharkhand
5. IISCO Steel Plant (ISP) in West Bengal

Special Steel Plants

1. Alloy Steels Plants (ASP) in West Bengal
2. Salem Steel Plant (SSP) in Tamil Nadu
3. Visvesvaraya Iron and Steel Plant (VISL) in Karnataka
4. Chandrapur Ferro Alloy Plant

Subsidiary

1. SAIL Refractory Company Ltd.
2. IISCO-Ujjan Pipe and Foundry Co. Ltd.
3. SAIL Jagdishpur Power Plant Ltd.
4. SAIL Sindri Projects Ltd.

Joint Ventures

SAIL has promoted joint ventures in different areas ranging from power plants to e-commerce.

1. NTPC SAIL Power Company Pvt. Ltd.

This company is a 50:50 joint venture between SAIL and NTPC Ltd. It manages the captive power plants at Rourkela, Durgapur and Bhilai with a combined capacity of 314 megawatts (MW). It has commissioned a 250 MW power plant at Bhilai during 2008-09 and the second unit of 250 MW during 2009-10.

2. Bokaro Power Supply Company Pvt. Ltd.

This company, a 50:50 joint venture between SAIL and the Damodar Valley Corporation formed in January 2002, is managing the 302-MW power generation and 1880 tonnes per hour steam generation facilities at Bokaro Steel Plant. The company is currently expanding its capacity by installing 2x250 MW coal based thermal unit at Bokaro.

3. Mjunction Services Ltd.

This company is a joint venture between SAIL and Tata Steel on 50:50 basis. The company promotes e-commerce activities in steel and related areas. New added services include E-sales of Assets, Events & Conferences, Coal Sales & Logistics, Publications etc.

4. SAIL-Bansal Service Center Ltd.

SAIL has formed a joint venture with BMW Industries Ltd. on 40:60 basis to promote a service centre at Bokaro with the objective of adding value to steel.

5. Bhilai Jaypee Cement Ltd.

SAIL has also incorporated a 26:74 joint venture company with M/s Jaiprakash Associates Ltd to set up a 2.2 MT cement plant at Bhilai. The company has commence operations during 2009-10.

6. Bokaro Jaypee Cement Ltd.

SAIL has also incorporated a 26:74 joint venture company with M/s Jaiprakash Associates Ltd to set up a 2.1 MT cement plant at Bokaro. The company has commence operations during 2010-11.

7. SAIL&MOIL Ferro Alloys (Pvt.) Ltd.

SAIL has incorporated a joint venture company with M/s Manganese Ore (India) Ltd. on 50:50 basis to produce ferro-manganese and silico-manganese at Nandini / Bhilai, required in production of Steel.

8. S & T Mining Company Pvt. Ltd.

It is a joint venture with Tata Steel on 50:50 basis for acquisition and joint development of Coking Coal blocks.

9. International Coal Ventures Pvt. Ltd.

A JV company/SPV promoted by 5 Central PSU's , viz. SAIL,CIL,RINL,NMDC and NTPC for acquisition of Coking/Thermal coal assets abroad.

10. SAIL SCI Shipping Pvt. Ltd.

SAIL has promoted a Joint Venture Company with Shipping Corporation of India, for providing shipping related services to SAIL for imported coking coal and other bulk materials and other Shipping related business.

11. SAIL RITES Bengal Wagon Industry Pvt. Ltd.

A 50:50 Joint Venture with M/s RITES for setting up wagon manufacturing factory at Kulti , West Bengal. The joint venture would manufacture, sell, market, distribute and export railway wagons, including high-end specialised wagons, wagon prototypes, fabricated components/parts of railway vehicles, rehabilitation of industrial locomotives, etc., for the domestic market.

12. SAIL SCL Limited

A 50:50 JV with Government of Kerala where SAIL has management control to revive the existing facilities at Steel Complex Ltd, Calicut and also to set up, develop and manage a TMT rolling mill of 65,000 MT capacity along with balancing facilities and auxiliaries .

Memorandum of Understanding (MoU)

- MOU signed with M/s Midhani on 16th June,2011 for exploring synergistic business opportunities in production of value added products , enhanced research & development activities, exchange of technical knowhow and joint investment between two companies.
- A new SPV Company, viz. SAIL Jagdishpur Power Plant Limited has been formed for setting up 1050 MW Gas Based Combined Cycle Power Plant in Jagdishpur.

- MOU with Ircon International Limited to explore Rail Infrastructure Development Projects in India and Abroad.
- MOU has been signed with Kobe, Steel, Japan for exploring feasibility of ITmk3 technology for use of lean iron ore fines and non coking coal.
- MOU signed with Rashtriya Ispat Nigam Ltd. (RINL) to jointly explore and develop low silica limestone mines in the Sultanate of Oman.
- MoU signed with the Korean steel giant, POSCO to collaborate in a wide range of strategic business and commercial areas of mutual interest.
- MOU with Mineral Exploration Corporation Ltd. (MECL) for exploration by MECL at all SAIL mines for assessing the reserves and quality of ore available. MECL has already started exploratory work in Gua and Chiria mines.
- MoU with M/s Heavy Engineering Corporation (HEC) for manufacture and supply of equipment/spares required for modernization/ expansion.
- MoU with M/s Bisra Stone Lime Co. Ltd. (BSLC) for supply of dolomite.
- MoU with Indian Railways for procurement of high power locomotives.
- MoU signed with Bangalore-based Bharat Earth Movers Ltd. (BEML) for supply of crucial equipment.
- MoU with Rajasthan State Mines & Minerals Ltd. (RSMML) for long-term supply of low-silica limestone.
- MoU signed with IIM, Ahmedabad and Management Development Institute (MDI), Gurgaon for knowledge sharing.
- MoU signed with Larsen & Toubro Ltd. (L&T) to jointly set up, develop, manage and own captive/independent power plant (s) at suitable location/s to meet future power requirements of SAIL. The scope of agreement also includes exploration of opportunities to own captive thermal coal blocks to cater to the power plant requirements.

Product Wise - Product Mix

Semis	<u>Blooms, Billets & Slabs</u>
Long Products	<u>Structural</u> <u>Crane Rails</u> <u>Bars, Rods & Rebars</u> <u>Wire Rods</u>
Flat Products	<u>HR Coils, Sheets & Skelp</u> <u>Plates</u> <u>CR Coils & Sheets</u> <u>GC Sheets/ GP Sheets and Coils</u> <u>Tinplates</u> <u>Electrical Steel</u>

Tubular Products	<u>Pipes</u>
Railway Products	<u>Rails</u> <u>Wheels, Axles, Wheel Sets</u>

Major Plant Wise - Product Mix

Bhilai Steel Plant	<u>Blooms, Billets & Slabs Beams</u> <u>Channels, Angles</u> <u>Crane Rails</u> <u>Plates</u> <u>Rails</u> <u>Pig Iron, Chemicals & Fertilizers</u>
Bokaro Steel Plant	<u>HR Coils & Sheets</u> <u>Plates</u> <u>CR Coils & Sheets</u> <u>GP Sheets & Coils/ GC Sheets</u>

	<u>Pig Iron, Chemicals & Fertilizers</u>
Durgapur Steel Plant	<u>Blooms, Billets & Slabs</u> <u>Joists, Channels, Angles</u> <u>Bars, Rods & Rebars</u> <u>Skelp</u> <u>Wheels, Axles, Wheel Sets</u> <u>Pig Iron, Chemicals & Fertilizers</u>
Rourkela Steel Plant	<u>HR Coils</u> <u>Plates</u> <u>CR Coils & Sheets</u> <u>GP Sheets/ GC Sheets</u> <u>Tinplates</u> <u>Electrical Steel</u> <u>Pipes</u> <u>Pig Iron, Chemicals & Fertilizers</u>
IISCO Steel Plant	Wire Rods Bars & Rebars Beams/Joists Channels/Angles Blooms Billets Pig Iron and Coal chemicals
Salem Steel Plant	<u>Stainless Steel</u>

SAIL – INTO THE FUTURE

Modernisation and Expansion Plans of SAIL

SAIL, is in the process of modernizing and expanding its production units, raw material resources and other facilities to maintain its dominant position in the Indian steel market. The objective is to achieve a production capacity of 26.20 MTPA of Hot Metal from the base level production of 14.80 MTPA (2010-11 – Actual)

Orders for all major packages of ISP & SSP and part packages of BSL, BSP, RSP & DSP Expansion have been placed and these packages are in various stages of implementation. The capacity of SAIL after implementation of Expansion Plans would be as under :

(Mtpa)

Item	2012-13 (Actual)	2013-14 (Actual)	Capacity as per Expansion Plans
Hot Metal	14.27	14.45	26.2
Crude Steel	13.42	13.58	24.6
Saleable Steel	12.39	12.88	23.1

Plant-wise Capacity Envisaged After Expansion (Mtpa)

Plant	Hot Metal	Crude Steel	Saleable Steel
BSP	7.50	7.00	6.53
DSP	3.50	3.00	2.83
RSP	4.50	4.20	3.88
BSL	7.44	7.00	6.53
ISP	2.91	2.50	2.37
SSP	-	0.18	0.34
ASP	-	0.48	0.43
VISL	0.33	0.23	0.22
Total	26.18	24.59	23.13

Objective of Growth Plan

- 100% production of mild steel through Basic Oxygen Furnace (BOF) route
- 100% processing of steel through continuous casting
- Value addition by reduction of semi finished steel
- Auxiliary fuel injection system in all the Blast Furnaces
- State-of-art process control through computerization/ automation
- State-of-art online testing and quality control
- Energy saving schemes
- Secondary refining
- Adherence to environment norms

The investment for Modernization and Expansion Programme of SAIL is estimated at about Rs.70,169 crores

Plant	Expansion	Sustenance/on-going	Total
BSP	17,266	984	18,250
DSP	2,875	-	2,875
RSP	11,812	996	12,808
BSL	6,325	1,998	8,323
ASP	-	-	-
SSP	1,902	-	1,902
VISL	-	114	114
ISP	14,443	541	14,984
MINES	10,264	453	10,717
OTHERS	-	196	196
TOTAL	64,887	5282	70,169
%	92	8	100

Plant-wise Expenditure in Expansion/Sustenance & Other Schemes (Rs. Crore)

Plant	2009-10(Act.)	2010-11(Act)	2011-12(Act)	2012-13(Act.)	2013-14(Act)	2014-15 (RE)
BSP	1486.90	1787.05	3020.36	3708.49	4166.68	3300.00
DSP	108.42	223.07	624.67	859.95	792.13	800.00
RSP	1441.22	2928.82	2963.37	2330.86	2084.45	2234.00
BSL	1330.97	1333.83	1014.74	961.15	1216.14	860.00
ISP	4712.04	4098.68	2500.85	1404.25	1316.71	1280.00
ASP	17.58	11.28	21.95	14.02	7.58	15.00
SSP	887.23	463.75	331.53	55.07	61.16	30.00
VISL	19.84	9.59	5.39	3.23	2.49	25.00
Others	602.14	423.95	538.25	393.81	243.14	456.00
TOTAL	10606.33	11280.00	11021.11	9730.82	9890.48	9000.00

Key Financial Indicators :

(Rs. in crores)

Particulars	2010-11	2011-12	2012-13	2013-14
Equity Share Capital	4130	4130	4130	4130
Reserves & Surplus (net of DRE)	32939	35681	36894	38536
Sales (net of Excise duty)	42719	45654	43961	46189
Profit Before Taxation	7194	5151	3241	3225
Profit After Taxation	4905	3543	2170	2616
Earning Per Share (Rs.)	11.87	8.58	5.25	6.33

CAPITAL STRUCTURE (as on March 31st, 2014)

(Rs. in crores)

Particulars	Amount
1. SHARE CAPITAL	
a. Authorised Equity Share Capital	
5,00,00,00,000 Equity Shares of Rs. 10/- each	5,000.00
b. Issued, Subscribed & Paid-up Equity Share Capital	

4,13,05,25,289 Equity Shares of Rs. 10/- each	4,130.53
2. SHARE PREMIUM ACCOUNT	235.12

SHARE CAPITAL HISTORY (Since incorporation)

Sr. No.	Name of Allottee	Month & Year of Allotment	Consideration* (Cash, bonus, kind etc)	No. of Equity Shares	Face Value/ Issue Price per Share	Cumulative Equity Share Capital (Rs. in crs)
1.	Government of India (GOI)	1973-74		13174845	1000	1317.48
2.	Government of India(GOI)	1974-75		286692	1000	1346.15
3.	Government of India(GOI)	1975-76		548935	1000	1401.04
4.	Government of India(GOI)	1976-77		1560910	1000	1557.13
5.	Government of India(GOI)	1977-78		4231668	1000	1980.30
6.	Government of India(GOI)	1979-80		4538221	1000	2434.12
7.	Government of India(GOI)	1980-81		2991200	1000	2733.24
8.	Government of India(GOI)	1981-82		4439100	1000	3177.15
9.	Government of India(GOI)	1982-83		439300	1000	3221.08
10.	Government of India(GOI)	1983-84		2016442	1000	3422.73
11.	Government of India(GOI)	1984-85		1605800	1000	3583.31
12.	Government of India(GOI)	1985-86		2883360	1000	3871.64
13.	Government of India(GOI)	1988-89		1008300	1000	3972.47
14.	Government of India(GOI)	1990-91		90303	1000	3981.50
15.	Government of India(GOI)	1991-92		3941692524	10 [#]	3981.50

16.	Government of India(GOI)	1992-93		4384445	10	3985.89
17.	GDRs ^{\$}	1995-96		144508500	10	4130.40
18	Shareholders of MEL %	2011-12		124744	10	4130.53

*Out of the shares allotted to the Govt. of India, shares amounting to Rs.1244.38 crore were allotted on account of transfer to the Company for shares of Subsidiary and other Companies, preliminary expenses and adjustment on reduction of capital from time to time. The balance shares were allotted for cash. The GDRs were allotted against cash.

#Face value of shares changed from Rs.1000/- per share to Rs.10/- per share.

\$GDRs issued for US \$125 million at a premium of Rs.266.32 crore (net of issue expenses).

% Consequent upon the merger of erstwhile subsidiary Maharashtra Electrosmelt Limited (MEL) with SAIL and subsequent issuance of Equity shares to the shareholder of erstwhile MEL.

SHAREHOLDING PATTERN (as on March 31st, 2014)

Sr. No.	Category	No. of Shareholders	No. of Shares Held	% Shareholding
I.	Promoters (Government of India)	1	3304293713	80.00
	Total (Promoters)	1	3304293713	80.00
2.	Financial Institutions/Banks	75	129513499	3.14
3.	Mutual Funds	31	29263779	0.71
4.	Foreign Institutional Investors	175	241684645	5.85
5.	Global Depository Receipts	2	454185	0.01
6.	Companies (Including Trust & Clearing Members)	3163	19146284	0.46
7.	Individuals (incl.NRI & Employees)	388998	113215732	2.74
8.	Insurance Company	12	292953452	7.09
Grand Total		392457	4130525289	100.00

Our top ten shareholders and the number of Equity Shares held by them, as on March 31, 2014 are as follows:

S. No.	Name of the shareholders	Shares	% to total no. of Equity Shares	Category
1	PRESIDENT OF INDIA	3304293713	80.00%	POI
2	LIFE INSURANCE CORPORATION OF INDIA	273321731	6.62%	INS
3	LIC OF INDIA MARKET PLUS 1 GROWTH FUND	51099546	1.24%	MUT
4	EMERGING MARKETS GROWTH FUND INC	25732640	0.62%	FII
5	LIC OF INDIA MARKET PLUS GROWTH FUND	17677583	0.43%	MUT
6	HDFC TRUSTEE COMPANY LTD- HDFC TOP 200 FUND	15400415	0.37%	MUT
7	ACACIA PARTNERS LP	15102193	0.37%	FII
8	VANGUARD EMERGING MARKETS STOCK INDEX FUND ASERIE	14039150	0.34%	FII
9	LIC OF INDIA MONEY PLUS GROWTH FUND	11754806	0.28%	INS
10	LIC OF INDIA PROFIT PLUS GROWTH FUND GLOBAL	11655668	0.28%	INS
	Total	3740077445	90.55%	

List of Top 10 Bondholders of the Company as on March 31, 2014:

S. No.	Name	Total face value amount of bonds held (' in crore)
1	CBT EPF-05-C-DM	638.60
2	CBT EPF-05-A-DM	455.00
3	BOARD OF TRUSTEES HINDUSTAN STEEL LIMITED BHILAI STEEL PROJECT PROVIDENT FUND	415.00
4	CBT EPF-11-D-DM	390.00
5	STEEL AUTHORITY OF INDIA LIMITED GRATUITY FUND	378.00
6	UNION BANK OF INDIA	290.00
7	PUNJAB NATIONAL BANK	230.00
8	SBI LIFE INSURANCE CO. LTD.	192.00
9	COAL MINES PROVIDENT FUND ORGANISATION	170.00
10	ARMY GROUP INSURANCE FUND	152.00

IX. Key Operational and Financial Parameters for the last 3 Audited years:

1. Key Operational and Financial Parameters of the Issuer for the last 3 Audited years on a standalone basis are as under (Rs. Crores):

Particulars	For FY 2013-14	For FY 2012-13	For FY 2011-12
Share Capital	4130.53	4130.53	4130.53
Reserves & Surplus	38535.82	36894.11	35680
Net worth	42666.35	41024.64	39811
Total Debt/Borrowings	25281.40	21596.95	16319.49
of which			
- Non Current Maturities of Long term borrowing	13632.22	13485.55	11586.66
- Short Term Borrowing	10634.48	8015.02	4510.55
- Current Maturities of Long Term Borrowing	1014.70	96.38	222.28

Net Fixed Assets	26771	16777	17127
Non-Current Assets	65071.14	57132.03	51199.22
Cash and Cash Equivalents	214.91	277.23	379.30
Current Assets	26891	27616	28431
Current Liabilities	15212	13012	12225
Net sales	46698.41	43961	45654
EBITDA	4949.76	5621	7658
EBIT	3233.07	4873	6091
Interest	967.64	748	678
Exceptional Items	959.12	-229.32	-262
PAT	2616.48	2170.35	3543
Dividend amounts	1000	826	826
RATIOS			
Current ratio	1.80	2.10	2.30
Interest coverage ratio	2.30	2.60	3.80
Gross debt/equity ratio	0.60	0.50	0.40

Gross Debt: Equity Ratio of the Issuer as on 14.10.2014:

Particulars	Before the issue of bonds as on 31.03.2014	After the issue of bonds
Total Borrowing (Rs. Crores)	25281.47	26281.47
Net worth (Rs. Crores)	42666	42666
Borrowings / Net worth ratio	0.60	0.62

STATEMENT OF ASSETS AND LIABILITIES
(Rs. in crores)

	Particulars	As at	As at	As at	As at
		31.03.2014	31.03.2013	31.03.2012	31.03.2011
I.	EQUITY AND LIABILITIES				
(1)	Shareholders' Funds				
	(a) Share Capital	4,130.53	4,130.53	4,130.53	4,130.40
	(b) Reserves and Surplus	38,535.82	36,894.11	35,680.79	32,939.07
	Sub-total (1)	42,666.35	41,024.64	39,811.32	37,069.60
(2)	Non-current Liabilities				
	(a) Long-term Borrowings	13,632.22	13,485.55	11,586.66	9,052.56
	(b) Deferred Tax Liabilities (Net)	2,040.46	1,728.53	1,644.68	1,491.07
	(c) Other Long-term Liabilities	1,381.30	1,271.12	1,089.90	1,096.52
	(d) Long-term Provisions	3,901.28	4,204.16	3,513.44	3,191.68
	Sub-total (2)	20,955.26	20,689.36	17,834.68	14,831.83
(3)	Current Liabilities				
	(a) Short term Borrowings	10,634.48	8,015.02	4,510.55	10,003.24
	(b) Trade Payables	3,205.34	3,322.04	3,190.42	3,186.54
	(c) Other current liabilities	12,478.51	8,654.70	8,681.46	8,308.46
	(d) Short-term Provisions	2,021.95	2,512.70	2,308.79	2,681.45
	Sub-total (3)	28,340.28	22,504.46	18,691.22	24,181.69
	Total (1+2+3)	91,961.89	84,218.46	76,337.62	76,082.99
II.	ASSETS				
(1)	Non-current Assets				

	(a) Fixed assets				
	(i) Tangible Assets	25,256.52	15,234.63	15,717.45	13,689.07
	(ii) Intangible Assets	1,514.13	1,542.77	1409.93	1,369.44
	(iii) Capital work-in-progress	33650.54	35890.85	28,049.14	22,075.31
	(b) Non-current Investments	720.20	718.36	684.94	684.14
	(c) Long-term Loans & Advances	3,794.32	3176.96	2,003.40	1,691.54
	(d) Other Non-current Assets	135.43	568.46	40.87	29.84
	Sub-total (1)	65071.14	57132.03	47,905.73	39,539.34
(2)	Current Assets				
	(a) Inventories	15,200.82	16,008.21	13,742.37	11,302.79
	(b) Trade receivables	5481.98	4424.18	4,761.32	4,130.27
	(c) Cash & Bank Balances	2855.95	3850.35	6,415.70	17,480.09
	(d) Short Term Loans & Advances	1160.51	988.73	1,385.77	1,246.09
	(e) Other Current Assets	2191.49	1814.96	2,126.13	2,384.41
	Sub-total (2)	26,890.75	27,086.43	28,431.29	36,543.65
	Total (1+2)	91,961.89	84,218.46	76,337.02	76,082.99

STATEMENT OF PROFIT AND LOSS
(Rs.in crores)

Particulars	Year ended	Year ended	Year ended	Year ended
	31.03.2014	31.03.2013	31.03.2012	31.03.2011
I. Net Revenue from Operations	46,698.41	44,440.58	46,341.79	43,307.36
II. Other Income	881.41	1,119.12	1,622.98	1,485.88
III. Total Revenue (I+II)	47,579.82	45,559.70	47,964.77	44,793.24
IV. Expenses				
(i) Finance Costs	967.64	747.66	677.70	4,851.01
(ii) Employee Benefits Expense	9,578.51	8,637.09	7,932.05	7,623.33
(iii) DepSAlliation & Amortization	1,716.69	1,402.98	1,567.03	1,485.8
(iv) Other Expenses	13,035.06	12,157.92	10,707.37	9,344.70
(v) Cost of Materials consumed	19,271.16	21,198.48	23,020.82	20,247.91
(vi) Changes of inventories of finished goods	894.63	-2,016.09	-1,366.51	-1,352.67
(vii) Purchase of stock in trade	0.78	3.21	4.88	4.22
Total Expenses (IV)	45,464.47	42,131.25	42,541.34	37,828.06
Profit before Excep./Prior Period Items	2,115.35	3,428.45	5423.43	7,068.88
V. & Tax (III-IV)				
VI. Exceptional/ Prior Period Items	1,109.20	-187.79	251.48	-125.43
VII. Profit before Tax (V-VI)	3,224.55	3,240.66	5,150.87	7,194.31
VIII. Tax Expense :				
(i) Current Year	683.26	1,057.96	1,501.03	2,367.38
(ii) Earlier Years/ MAT Credit (-)	-407.16	-0.09	-6.30	-14.77
(iii) Deferred Tax	331.97	12.44	113.42	-63.04

Total Tax Expense (i+ii+iii)	607.07	1,070.31	1608.15	2289.57
Profit for the period from Continuing Operations (VII-VIII) (after tax)	2,616.48	2,170.35	3542.72	4904.74
Earnings per Equity Share (in ` for an equity share of ` 10 each)				
(1) Basic	6.33	5.25	8.58	11.87
(2) Diluted	6.33	5.25	8.58	11.87

STATEMENT OF CASH FLOWS

(Rs. in
crores)

PARTICULARS	YEAR	YEAR	YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED
	31.03.2014	31.03.2013	31.03.2012	31.03.2011

A. Cash Flow from Operating Activities :

Net Profit before Tax	3224.55	3,240.66	5,150.87	7194.31
Adjustment for :				
1) Depreciation	1599.49	1,406.40	1,573.74	1483.43
2) Interest and Finance Charges	967.64	747.66	677.70	474.77
3) Bad & doubtful debts written-off	7.71	0.34	1.03	1.12
4) Provision for others	-652.28	1,085.89	78.80	-104.15
5) Profit on sale of Fixed Assets	-7.78	-25.44	-20.11	-19.88
6) Interest Income	-584.13	-826.46 -1,464.22		-1381.17
7) Dividend Income	-124.91	-59.46	-57.48	-26.91
Unrealised Foreign Exchange Fluctuation				
Operating cash flow before working capital change	4430.29	5569.59	6068.18	7634.37

Private Placement Offer Letter		For Private Circulation Only			
9) Increase in Inventories	807.39	-2265.84	-2439.58	-2275.33	
10) Increase/Decrease in Debtors	-1077.04	329.51	-632.08	-668.52	
11) Increase in loans and advances	-337.49	-704.44	-452.14	-1246.54	
12) Increase in Current Liabilities	2761.96	731.59	259.65	927.88	
13) Increase in Other Current Assets	62.27	-269.20	-178.56	-	
Cash generated from Operations	6647.38	3391.21	2625.47	4371.86	
14) Direct taxes Paid	-764.29	-986.73	-1455.79	-2214.61	
Net Cash Flow from Operations Activities	5883.09	2404.48	1169.68	2157.25	
B. Cash Flow from Investing Activities :					
1) Purchase of Fixed Asset	-8871.46	-9120.44	-9525.36	-10671.46	
2) Proceeds from sale of Fixed Assets	34.42	38.84	38.22	50.67	
3) Loans to other Companies	0.14	2.26	5.78	6.19	
4) Decrease in Term Deposits with Banks	932.08	2512.23	0	0	
5) Purchase/Sale of Investments (net)	-1.84	-33.32	-0.80	-15.31	
6) Interest received	589.63	835.84	1890.03	1669.72	
7) Dividend received	124.91	59.46	57.48	26.91	

STATEMENT OF CASH FLOWS
(continued)

PARTICULARS	YEAR	YEAR	YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED
	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Net Cash Flow from Investing Activities	-7192.12	-5705.13	-7534.92	8933.28
C. Cash Flow from Financing Activities				
1) Proceeds from issue of Share Capital	0.00	0.00	0.13	0.00
2) Increase in Reserve and Surplus	1.25	4.26	159.12	0.48
3) Increase/Decrease in Borrowings (Net of payments)	3344.01	5142.92	-3086.44	3641.39
4) Interest and Finance charges paid Net of refund)	-929.20	-747.57	-619.81	-429.19
5) Dividend Paid	-999.60	-991.32	-991.33	-1197.82
6) Tax on dividend	-169.75	-160.76	-160.82	-197.34
Net Cash flow from Financing Activities	1246.71	3247.53	-4699.15	1817.52
Net Increase/Decrease in Cash & Cash Equivalents(A+B+C)	-62.32	-53.12	-11064.39	-4958.51
Cash & Cash Equivalents as at the beginning of the year (opening)	277.73	330.35	17480.49	22439.00
Cash & Cash Equivalents as at the end of the year	214.91	277.23	6416.10	17480.49

Note : Previous period figures have been rearranged and regrouped wherever necessary.

Changes in Accounting Policies 2013-14.

Sl. No.	Existing accounting Policies for the year 2012-13	Proposed New Accounting Policies for the year 2013-14	Remarks
1.	Basis of Accounting The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.	Basis of Accounting The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the relevant provisions of the Companies Act, 2013 (to the extent notified) and provisions of the Companies Act, 1956 (to the extent applicable) including Accounting Standards notified there under.	The Accounting Policy has been modified to comply with the new Companies Act 2013.
2.	No Policy	Contingent Liabilities Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of Contingent Liabilities in Financial Statements.	The Accounting policy has been added to disclosure the treatment of contingent liabilities in the Accounts of the Company.

Addition of Accounting Policy 2012-13

Sl. No.	Proposed New Accounting Policy for the year 2012-13	Remarks
1.	Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on the basis of annual production to the total estimated mineable reserves . In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non-renewal.	The accounting policy of contingent liability has been added to depict the treatment of contingent liability in the account of the Company.

Changes in Accounting Policies 2011-12

Sl. No.	Pre-revised Accounting Policies for the year 2010-11	Revised Accounting Policies for the year 2011-12	Remarks
1.	Fixed assets Assets retired from active use are shown separately under fixed assets at lower of net book value and estimated realisable value.	Policy deleted - - - - - -	The paragraph in the policy has been deleted to comply with the requirements of revised Schedule VI to the Companies Act, 1956.
2.	Adjustments pertaining to earlier years and prepaid expenses Income/expenditure relating to prior period and prepaid expenses, which do not exceed Rs.5 lakh in each case, are treated as income/expenditure of current year.	- - - Income / expenditure relating to prior period and prepaid expenses, which do not exceed Rs.10 lakh in each case, are treated as income/expenditure of current year.	The monetary limit of treating income expenditure relating to prior period and prepaid expenses has been revised from Rs.5 lakh to Rs. 10 lakh due to inflation over years.

Borrowings of the Issuer as on 31.03.2014 :
i. Details of Secured Loan Facilities:
a) Short Term Loans (Cash Credit Facility) :

Lender's Name	Type of Facility	Amt Sanctioned (Rs./cr.)	Principal Amt Outstanding (Rs./cr.)	Repayment Date / Schedule	Security
State bank of India	Fund Based	3500	3334.89	Any time	Current Assets

b) Details of Non-Convertible Debentures :

Debenture series	Maturity	Coupon (%)	Amount (Rs. crore)	Date of allotment	Redemption date	Credit Rating	Security
AE \$	2019	8.90	950	01.05.2009	01.05.2019	AAA	Secured by way of a pari passu charge / mortgage created / on immovable assets 1st Charge on Ahmedabad
AF @	2019	7.70	525	11.05.2009	11.05.2019	AAA	
AG	2019	8.80	825	22.06.2009	22.06.2019	AAA	
AH	2021	8.55	700	11.08.2009	11.08.2021	AAA	
AI &	2024	8.70	300	25.08.2009	25.08.2024	AAA	

AJ	2024	8.75	150	15.09.2009	15.09.2024	AAA	Property and Additional Charge on Moveable Property of IISCO Steel Plant situated with in the Boundary walls of IISCO Steel Plant
AK	2025	8.80	168	26.10.2009	26.10.2025	AAA	
AL	2019	8.60	335	19.11.2009	19.11.2019	AAA	
AM #	2019	8.00	30	07.12.2009	07.12.2019	AAA	
AM	2019	8.50	120	07.12.2009	07.12.2019	AAA	
AN	2014	8.65	450	30.12.2009	30.12.2019	AAA	
AO \$	2020	8.65	242	01.02.2010	01.02.2020	AAA	
AP	2020	8.75	545	27.04.2010	27.04.2020	AAA	
AQ	2021	8.72	660	30.04.2010	30.04.2021	AAA	
AR	2011	9.30	400	23.08.2011	23.08.2021	AAA	
AS *	2026	9.35	455	09.09.2011	09.09.2026	AAA	
AT	2022	9.30	360	25.05.2012	25.05.2022	AAA	
AU	2017	9.18	300	27.08.2012	27.08.2017	AAA	
AV ##	2017	8.75	500	08.11.2012	08.11.2017	AAA	
AW ##	2018	8.25	800	06.05.2013	06.05.2018	AAA	

\$ Total tenor 10 years , Call option on expiry of 5 years

@ Total tenor 10 years , Call/Put option on expiry of 5 years

& Total tenor 15 years , Call option on expiry of 12 years

Total tenor 10 years , Call option on expiry of 5 years

% Total tenor 10 years , Call option on expiry of 5 years

Total tenor 5 years , Put/Call option on expiry of 3 years

* Total tenor 15 years , Call option on expiry of 12 years

ii . Details of Unsecured Loan Facilities:

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date / Schedule
KFW, Germany *	Foreign Currency	Euro 147.25 million	Euro 57.11 million	2042
Natixis, Paris *	Foreign Currency	Euro 5.43 million	Euro 3.15 million	2030

Various lenders	Buyers Credit	USD 1078.79 million	USD 1078.79 million	By March, 2015
State Bank of India	Buyers Credit	Euro 44 million	Euro 44.58 million	By November, 2015

* Loans guaranteed by Govt. of India

iii. The amount of corporate guarantee issued by the Issuer along with name of the counterparty (including Subsidiaries, Joint Ventures, Group Companies, etc.) on behalf of whom it has been issued

The corporation has not issued any corporate guarantee.

iv. Details of Commercial Paper outstanding as on 31.03.2014:

Maturity Date	Amount Outstanding
The corporation does not have any commercial paper outstanding	

v. Details of Rest of the borrowings (including hybrid debt like FCCB, Optional Convertible Bonds /Preference Shares) as on 31.03.2014:

Nil

vi. Details of all default (s) and /or delay (s) in payments of interest and principal of any kind of term loans , debt securities and other financial indebtedness including corporate guarantee issued by the issuer, in the past five years:

There have been no default and/or delay in payments in interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer.

vii. Details of any outstanding borrowings taken/ debt securities issued where taken / issued

- (i) For consideration other than cash, whether in whole or part,
- (ii) at a premium or discount, or
- (iii) In pursuance of an option:

Not Applicable

X. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Company hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities of the Company.

XI. SUMMARY TERM SHEET

Issuance Form	In Dematerialised Form
Issuer	Steel Authority of India ("SAIL/the "Company"/the"Issuer"
Issue Size	Rs.500 crore, with an option to retain oversubscription of Rs.500 crore
Objects of the Issue	To finance general capital expenditure of the Company.
Instrument	Secured, Non-cummulative, Non-Convertible , Redeemable, Taxable Bonds in the nature of Debentures
Credit Rating	"CARE AAA" by CARE and "IND AAA" by India Ratings &Research Pvt. Ltd.
Mode of Issue	Private Placement
Security	The face value amount of Bonds along with interest due shall be secured by way of charge over fixed assets of the Company with minimum asset coverage of 1.00 times as may be mentioned in the Bond Trust Deed. The company reserves right to create further charge on such assets cover for its present and future financial requirements or otherwise, without any prior consent of the bondholders or as provided for under the bond trust Deed, provided that minimum asset cover of one time is maintained
Seniority	The claim of the Bondholders shall be superior to the claim of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank pari passu inter se to the claims of the other secured creditors of our company having the same security.
Face Value	Rs.10,00,000/- per Bond
Issue Price	At par (Rs. 10,00,000/- per Bond)
Premium/discount on redemption	Nil
Redemption Price	At par (Rs. 10,00,000/- per Bond)
Tenor	10 Years
Put & Call Option	No Put / Call
Redemption/ Maturity	At the end of 10 years from Deemed Date of Allotment
Redemption Date	14 th October , 2024
Coupon Rate (% p.a.)	9.00 % p.a.
Step Up/Step Down Coupon Rate	None
Interest Payment	Annual
Interest Payment Date	Annually on 14 th October, of every year
Coupon Type	Fixed
Minimum Application	50 bonds (Rs.5 crore) and thereafter in multiple of 50 bonds (Rs.5 crore)
Day Count Basis	Actual/Actual Interest shall be computed on an "actual/actual basis".
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Ltd. (BSE)
Trustees to the Bondholders	IDBI Trusteeship Services Limited
Depository	National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Registrar	RCMC Share Registry Pvt. Ltd.
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s)/interest warrants/redemption warrant(s)/demand draft(s)/credit through direct /NECS/RTGS/NEFT mechanism and any other electronic payment mode.
Business Day	All days excluding Sundays or a public holiday when commercial banks are not open on business in New Delhi except reference to Record Date , where Working days shall mean all days, excluding Saturdays, Sundays and holidays for depositories.
Record Day	Notice of record date will be given as applicable in the Companies Act, 2013 giving sufficient time to update their record.
Effect of Holiday	If any Coupon payment date falls on a date that is not working day, the payment shall be made on the immediately succeeding working day without any additional interest. If redemption date (also being the last date of payment date) of any series of the bonds falls on a day that is not working day , the redemption proceeds shall be paid on the immediately succeeding working day without out extra interest on the bonds.
Mode of Subscription	By way of electronic transfer of funds through RTGS mechanism for credit in the account of "Steel Authority of India Ltd."
Date & time of receipt of Offers	On 10 th October, 2014 by 14.30 Hours
Eligible Investors	<p>1. Qualified Institutional Buyers (QIBs)</p> <ul style="list-style-type: none"> i. A mutual Fund ii. A public financial Institution as defined in Section 2(72) of the Companies , 2013 iii. A Scheduled Commercial Bank iv. A State Industrial Development Corporation v. An Insurance Company registered with the Insurance Regulatory and Development Authority vi. A Provident Fund, Pension fund with minimum corpus of Rs.25 crore vii. National Insurance Fund set up by resolution no. F.No. 2/3/2005-DDII dated November, 23, 2005 of the Government of India published in the Gazette of India. viii. Insurance funds set up and managed by army, navy or air force of the Union of India. <p>2. Non QIBs :</p> <ul style="list-style-type: none"> i. Companies and bodies Corporate authorized to invest in bonds/debentures. ii. Other Banks authorized to invest in bonds/debentures iii. Gratuity Funds and superannuation Fund iv. Provident fund and Pension fund with corpus less than Rs.25 crore v. Societies authorized to invest in bonds/debentures vi. Registered trusts authorized to invest in bonds/debentures. vii. Statutory Corporation/Undertakings established by Central/State legislature authorized to invest in bonds/debentures viii. Partnership firms formed under applicable laws in India in the name of the partners. <p>Any other Investor authorized to invest in these bonds , subject to</p>

	confirmation from the issuer.
Non-Eligible Investors	<ol style="list-style-type: none"> 1. Minors without a guardian name (A guardian may apply on behalf of a minor. However, application by minors must be made through application forms that contain the names of both the minor applicant and the guardian) 2. Non-resident investor including NRIs, FIIs, QFIs, FPIs and SWFs 3. Venture Capital funds and foreign Venture Capital Investors 4. Overseas Corporate bodies 5. Person ineligible to contract under applicable statutory / regulatory requirements
Event of Default	If the Company commits a default of any instalment of interest or repayment of the principal amount of the bonds on the respective due date(s), the same shall constitute as "Event of Default" by the company excluding in cases of technical errors due to reasons beyond the control of Company.
Conditions precedent to subscription of Bonds	<ol style="list-style-type: none"> 1. Rating letter from CARE and India Ratings not being one month old from date of opening 2. Seek written consent from the Trustees giving consent to act as Trustees for the Bondholders.
Conditions subsequent to subscription of Bonds	<p>The company shall ensure that the following documents are executed/ activities are completed as per permissible time frame :</p> <ol style="list-style-type: none"> 1. Credit of demat account account(s) of the allottee(s) by the number of bonds allotted within 2 working days from the deemed date of allotment. 2. Listing application to BSE within 15 days from deemed date of allotment of Bonds in pursuance of SEBI Debt Regulation. 3. Execution of bond Trust Deed for creation of security within time frame prescribed in the relevant regulations/act/rules etc. Submitting the same with BSE within 5 working days of execution for uploading on its website in pursuance of SEBI debt regulations. 4. Maintaining a complete record of private placement offers in Form PAS-5 and filling such record along with Private Placement Offer Letter in form PAS-4 with Registrar of Companies. <p>Besides, the company shall perform all activities , whether mandatory or otherwise, as applicable.</p>
Intimation of Allocation	On 14 th October, 2014 by 11 Hours
Issue Open Date and Close Date	14 th October, 2014
Pay-in Date	14 th October, 2014
Deemed Date of Allotment	14 th October , 2014
Interest on Application Money	At the coupon rate (subject to deduction of Income Tax under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof, as applicable) from the date of RTGS up to one day prior to the Deemed Date of Allotment will be paid on the face value .
Additional Covenants	<p>Default in Payment : In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of at least @2% p.a. over the coupon rate will be payable by the Company for the defaulting period.</p> <p>Delay in Listing : In case of delay in the listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing</p>

	of such debt securities to the investor.
Governing Law and Jurisdiction	The bonds are governed by and shall be construed in accordance with the existing laws of India, any dispute arising thereof shall be subject to the jurisdiction of district court of Delhi.

The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poked/ postponed), the Deemed Date of Allotment may also be changed (pre-poked/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer

Illustration of Bond Cash Flows :

Particulars	Original Date	Revised Date	No. of Days	Cash flow
1 st Coupon	Wednesday, 14.10.2015	Wednesday, 14.10.2015	365	90,00,00,000
2 nd Coupon	Friday, 14.10.2016	Friday, 14.10.2016	366	90,00,00,000
3 rd Coupon	Saturday, 14.10.2017	Saturday, 14.10.2017	365	90,00,00,000
4 th Coupon	Sunday, 14.10.2018	Monday, 15.10.2018	366	90,24,65,753
5 th Coupon	Monday, 14.10.2019	Monday, 14.10.2019	364	89,75,34,247
6 th Coupon	Wednesday, 14.10.2020	Wednesday, 14.10.2020	366	90,00,00,000
7 th Coupon	Thursday, 14.10.2021	Thursday, 14.10.2021	365	90,00,00,000
8 th Coupon	Friday, 14.10.2022	Friday, 14.10.2022	365	90,00,00,000
9 th Coupon	Saturday, 14.10.2023	Saturday, 14.10.2023	365	90,00,00,000
10 th coupon	Monday, 14.10.2024	Monday, 14.10.2024	366	90,00,00,000
Principal	Monday, 14.10.2024	Monday, 14.10.2024		1000,00,00,000

XII. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)PRIVATE PLACEMENT OF SECURED REDEEMABLE NON-CONVERTIBLE TAXABLE BONDS IN THE NATURE OF DEBENTURES XXXVIITH ISSUE – I SERIES (AX) OF RS. 10,00,000/- EACH FOR CASH AT PAR AGGREGATING TO RS. 500 CRORE, WITH AN OPTION TO RETAIN OVERSUBSCRIPTION.

Issue Size

Steel Authority of India Ltd. (the 'Issuer' or "SAIL" or "the Company") proposes to raise Rs. 500 crore, with an option to retain oversubscription of Rs.500 crore through issue of Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures XXXVIITH Issue – I Series (AX) (hereinafter referred to as "Bonds") of the face value of Rs. 10,00,000/- each by way of private placement ('the Issue').

Issue Price

Each Bond has a face value of INR10 Lakh each and is issued at par. The Bonds shall be redeemable at par i.e. for INR10 Lakh per Bond. The Bonds have been priced in compliance with RBI notification No.DNBD(PD) CC No. 330 /03.10.001/2012-13 dated June 27, 2013. Since there is no discount or premium on either issue price or redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the Bonds.

Registration and Government Approvals

The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

Governing Law & Provisions

The Bonds offered are subject to provisions of the Companies Act, 2013, Securities Contract Regulation Act, 1956, terms of this Private Placement Offer Letter, Instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement and Bond Trust Deed. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act

1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GoI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange or any other authorities and other documents that may be executed in respect of the Bonds. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the district courts of city of Delhi.

Authority for the Placement

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Company, passed at its 406th meeting held on 28th May, 2014, wherein Chairman and/or Director (Finance) have been authorized to decide the structure, amount, pricing, timing, tenor, number of tranches, mode of issuance i.e. book building, direct or otherwise and all other details with regard to issuance of bonds in the domestic markets. The Company can issue the bonds proposed by it in view of the present approvals and no further approvals in general from any Government Authority are required by it to undertake the proposed activity. However, Special resolution to be passed by the shareholders of the Company under Section 42 of the Companies Act, 2013 and sub. Rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) rule, 2014.

Objects of the Issue

The present issue of bonds is being made for financing the general capital expenditure requirements of the Company.

The expenses of the present issue would be met from the proceeds of the Issue. The Main Object clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised through the present issue and also the activities which the Company has been carrying on till date. The proceeds of this Issue after meeting all expenses of the Issue will be used by the Company for meeting issue objects.

Utilisation of Issue Proceeds

The Company is managed by professionals under the supervision of its Board of Directors. Further, the Company is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. Therefore, the management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfilment of the Objects of the Issue. The Company further confirms that the proceeds of the current issue of Bonds shall not be used for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management.

Minimum Subscription

As the current issue of Bonds is being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore the Company shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

Underwriting

The present Issue of Bonds being on private placement basis has not been underwritten.

Nature of Bonds

The Bonds are to be issued in the form of Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures XXXVIITH Issue – I Series (AX).

Security

The repayment of Bonds at its face value on maturity together with interest thereon shall be secured by way of charge on fixed assets of the Company.

The Bonds shall be secured by way of first pari passu charge on the specific book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Debenture/Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of bonds outstanding at all times.

The Issuer undertakes that it has obtained requisite permission/ consent from the earlier creditor(s)/trustees

to create pari passu charge and execute the necessary documents for creation of the charge, including the Bond Trust cum Hypothecation Deed, within sixty days of Deemed Date of Allotment of the Bonds and submit with BSE within five working days of execution of the same for uploading on its website. The creation of such security shall be sufficient compliance of the Issuer's obligation to create security. In the event of delay in execution of the Debenture/Bond Trust cum Hypothecation Deed within sixty days of Deemed Date of Allotment of the Bonds, the Company shall refund the subscription with the Coupon Rate or pay penal interest at the rate of 2.00% p.a. over the Coupon Rate till these conditions are complied with, at the option of the Bondholders.

As per the RBI circular dated July 02, 2013 in case the security is not created at the time of the Issue of the Bonds or the security created is not sufficient then the amount collected shall be placed in an escrow account until the full security is created for the Bonds.

Additional Covenant

In pursuance of SEBI Debt Regulations, the Issuer shall make listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds . If the investor is a FII, the listing would be done within 15 days from Deemed Date of Allotment of Bonds. In case the bonds issued to the SEBI registered FIIs/sub account of FIIs are not listed within 15 days of issuance , for any reason whatsoever , then the issuer shall immediately redeem the bonds to such SEBI registered FIIs/sub-account of FIIs.

Face Value, Issue Price, Effective Yield for Investor

Each Bond has a face value of Rs. 10,00,000/- and is issued as well as redeemable at par. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the bonds (i.e. 9% p.a.).

Terms of Payment

The full face value of the Bonds applied for is to be paid alongwith the application form. Investor(s) need to send in the application form and RTGS for the full face value of the Bonds applied for.

Face Value per Bond	Minimum Application for	Amount Payable on Application per Bond
Rs. 10,00,000/-	N.A.	Rs. 10,00,000/-

Deemed Date of Allotment

Interest on Bonds shall accrue to the Bondholder(s) from and including the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Bond Committee thereof) may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date is changed (pre-poled/ postponed), the Deemed Date of Allotment may also be changed (pre-poled/ postponed) by the Company at its sole and absolute discretion.

Letter(s) of Allotment/ Bond Certificate(s)/ Refund Order(s) Issue of Letter(s) of Allotment

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL)/ Depository Participant will be given initial credit within 15 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

Issue of Bond Certificate(s)

Subject to the completion of all statutory formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the appropriate authority(ies), the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and

rules notified in respect thereof. The Bonds shall be allotted in DEMAT form only. However, if any Bondholder wants to covert bonds into physical form he/she can make appropriate application to the Depositories as per relevant rules and regulations of concerned Depository.

Depository Arrangements

The Company has appointed RCMC Share Registry Private Ltd. (Address: B-106, Sector-2, Noida, Uttar Pradesh – 201301; Tel: (120) 4015880; Fax: 91-120-2444346) for providing electronic connectivity for the bond holders. The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialised form.

The Bonds will be issued in dematerialised form and the same shall be in accordance with the provisions of the SEBI Debt Regulations, Depositories Act, 1996 and the regulations made there under and are to be issued as per the terms and conditions stipulated under the Private Placement Offer Letter. The Bond Holder will have the right to convert the dematerialized Bonds into physical form as per the Applicable Law.

Procedure for applying for Demat Facility

1. The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application Form under the heading 'Details for Issue of Bonds in Electronic/ Dematerialised Form'.
3. Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
4. For subscribing to the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allotment advice/refund orders will be directly sent to the applicant by SAIL.
6. If incomplete/incorrect details are given under the heading 'Details for Issue of Bonds in Electronic/ Dematerialised Form' in the application form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Company.
7. For allotment of Bonds, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.
8. Interest or other benefits would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to the Company as on record Date/ Book Closure Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the record Date/ Book Closure Date, the Company would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Market Lot

The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

Trading of Bonds

The marketable lot for the purpose of trading of Bonds shall be Rs.10 lakh. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs.10 lakh and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nation wide trading terminal or such other platform as may be specified by SEBI.

Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

Interest on Application Money

Interest at the coupon rate (i.e. @ 9 per cent per annum) (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to all the applicants on the application money for the Bonds.

Such interest shall be paid from the date of realisation of cheque(s)/ demand draft(s)/ RTGS up to one day prior to the Deemed Date of Allotment. The interest on application money will be computed on Actual number of days elapsed in a year. Such interest would be paid on all the valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money (alongwith Refund Orders, in case of refund of application money, if any) shall be dispatched by the Company within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) alongwith the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

Interest on the Bonds

The Bonds shall carry interest at coupon rate (i.e. @ 9 per cent per annum) (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the company). The first interest shall be computed from the Deemed Date of Allotment till one day prior to the Deemed Date of Allotment in 2014. Thereafter, interest payment shall be made annually on the Deemed Date of Allotment each year till final maturity of the Bonds so as to include the previous interest payment date and exclude the current interest payment date. Final interest payment shall be made on the date of maturity along with the redemption of principal amount. Interest on bonds will cease from the date of final redemption in all events. The Company retains the right to revise (pre-pone/post-pone) the above interest payment date(s) at its sole and absolute discretion.

If any interest payment day falls on a day which is not a business day (Business Day being a day on which commercial Banks are open for business in the city of Delhi) then payment of interest will be made on next business day .

Computation of Interest

Interest for each of the interest periods shall be calculated, on 'Actual/Actual days' basis, on the face value of principal outstanding on the Bonds at the coupon rate rounded off to the nearest Rupee.

Record Date

The 'Record Date' for the Bonds shall be at least 21 days prior to each interest payment and/ or principal repayment date. Interest and/or principal repayment shall be made to the person whose name appears as sole/ first in the register of bondholders/ beneficiaries position of the Depositories on record date. In the event of the Company not receiving any notice of transfer at least 21 days prior to the Record Date, the transferees for the Bonds shall not have any claim against the Company in respect of interest so paid to the registered bondholder.

Deduction of Tax at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/ lower rate of TDS, relevant certificate(s)/ document(s) must be lodged at least 30 days before the payment of interest becoming due with Steel Authority of India Limited, Ispat Bhawan, Lodi Road, New Delhi – 110 003, or to such other person(s) at such other address(es) as the Company may specify from time to time through suitable communication.

Tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Where any deduction of Income Tax is made at source, the Company shall send to the Bondholder(s) a Certificate of Tax Deduction at Source.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

Redemption

Face value of Bonds would be redeemed at par, on the expiry of the tenor of the Bonds series as per details in the summary term sheet, from the Deemed Date of Allotment.

The Bonds would not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds held in the dematerialised form shall be taken as discharged on payment of the redemption amounts by the Company to the registered Bondholders whose name appear in the Register of Bondholders on the record dates. Such payments would be legal discharge of the liability of the Company towards the Bondholders.

In case if any of the principal redemption date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for business in the city of Delhi), then the payment due shall be made on the previous Business Day .

Settlement/ Payment on Redemption

Payment on redemption will be made by way of cheque(s)/ redemption warrants(s)/ demand draft(s)/ credit through RTGS/ ECS system or any other mode prevailing then in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depositories to the Company as on the Record Date/ Book Closure Date.

The Bonds shall be taken as discharged on payment of redemption amounts by the Company to list of Beneficial Owners as provided by Depositories on the record date. Such payments would be legal discharge of the liability of the Company towards the Bondholders. On such payments being made, the Company shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with Depositories shall be adjusted.

The Company's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the date of redemption. On the Company dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

Effect of Holidays

Should any of dates defined above or elsewhere in the Private Placement Offer Letter, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s).

List of Beneficial Owners

The Company shall request the Depository to provide a list of Beneficial Owners on the Record Date as at the end of the business hours. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Company shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Company shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Company may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied with:

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b. Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

Who Can Apply

The following categories are eligible to apply for this private placement of Bonds:

Who Can Apply

The following categories are eligible to apply for this private placement of Bonds:

1. Qualified Institutional Buyers ("QIBs"):

- a) Mutual Funds,
- b) Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
- c) Scheduled Commercial Banks;
- d) State Industrial Development Corporations;
- e) Insurance Companies registered with the Insurance Regulatory and Development Authority;
- f) Provident Funds and Pension Funds with minimum corpus of Rs.25.00 crore;
- g) National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- h) Insurance funds set up and managed by army, navy or air force of the Union of India.

2. Non QIBs:

- a) Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- b) Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures;
- c) Gratuity Funds and Superannuation Funds;
- d) Provident Funds and Pension Funds with corpus of less than Rs.25.00 crore;
- e) Societies authorized to invest in bonds/ debentures;
- f) Trusts authorized to invest in bonds/ debentures;
- g) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;
- h) Partnership firms formed under applicable laws in India in the name of the partners.

However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer Letter is intended solely for the use of the person to whom it has been sent by SAIL for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Private Placement Offer Letter from SAIL)

However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer Letter is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Disclosure Document from the Company).

The applications must be accompanied by certified true copies of (1) Memorandum and Articles of Association/ Constitution/ Bye-laws (2) Resolution authorising investment and containing operating instructions (3) Specimen signatures of authorised signatories along with the certified true copy of the Resolution authorising the office bearers, whose specimen signature is enclosed, (4) Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department and (5) Necessary forms/certificates for claiming exemption from deduction of tax at source on the interest income/ interest on application money, wherever applicable.

Application under Power of Attorney or by Limited Companies

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research organisations or Trusts etc, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the application form, quoting the serial number of the application form, at the office of the Company after submission of the application form, failing which the applications are liable to be rejected. Such authority received by the Company more than 10 days after closure of the subscription list may not be considered.

Mode of Subscription/ How to Apply

This being a private placement offer, investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

All Application Forms, duly completed, together with RTGS Payment Advice for the amount payable on application must be delivered before the closing of the issue to the corporate office of the Company.

Applications should be the number of bonds applied for, by the Applicant. Applications not completed in the said manner are liable to be rejected. All payment must be made by way of electronic transfer of funds through RTGS mechanism for credit in the account of "**SAIL Bond Application Money Account** ." at **State Bank of**

India, CAG Branch, New Delhi having IFSC Code No: “**SBIN0009996**”; Account No.: “**34295584177**”; Branch Code: “**09996**” .

Applications complete in all respects (along with all necessary documents as detailed in this Private Placement Offer Letter) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Company.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

All applicants should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided. Those desirous of claiming exemption from deduction of tax at source on interest on application money shall be compulsorily required to submit a certificate issued by ITO along with the application form. Application forms without this information will be considered incomplete and are liable to be rejected.

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form at the address mentioned therein.

Unless the Company specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque/ demand draft must accompany each Application Form. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

All applicants are requested to tick the relevant column “Category of Investor” in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring “approved security” status for making investments.

Receipt of application will be acknowledged in the "Acknowledgement Slip" appearing below the Application Form. No separate Receipt will be issued.

It is to be distinctly noted that in pursuance of sub clause (d) of clause (2) of Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the person/ entity subscribing to the Bonds. In case of monies payable on subscription to the Bonds to be held by joint holders, the remittance of Application Money shall be made from the bank account of the person whose name appears first in the Application Form. In pursuance of the said provisions, the Applicants are required to submit a self-attested copy of their bank account statement reflecting debit for the application money. Such bank account statement must contain the name of Applicant, account number, name and branch of the bank.

For further instructions, please read Application Form carefully.

Force Majeure

The Company reserves the right to withdraw the issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. The Company reserves the right to change the Issue Schedule.

Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.

Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

Right to Accept or Reject Applications

The Company reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of bonds applied for is less than the minimum application size;
- b. Applications exceeding the issue size;
- c. SAIL Bank account details not given;
- d. Details for issue of bonds in electronic/ dematerialised form not given; PAN/GIR and IT Circle/Ward/District not given;
- e. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

PAN/GIR Number

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

Signatures

Signatures should be made in English or in any of the Indian Languages by the duly authorized person/official of the applicant. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

Nomination Facility

As per Section 72 of the Companies Act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney can not nominate.

Bondholder not a Shareholder

The bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Company, such resolution will first be placed before the bondholders for their consideration.

Modification of Rights

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Company.

Future Borrowings

The Company shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Company may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

Bond/ Debenture Redemption Reserve (DRR)

As per the Companies (Share Capital and Debentures) Rules,2014 dated 31.03.2014, DRR is required to be created in the case of privately placed debentures issued by manufacturing and infrastructure companies, the adequacy of DRR is defined at 25% of the value of debentures issued through private placement route. In terms of extant provisions of Companies Act, 2013, the Company is required to create Debenture Redemption Reserve out of profits, if any, earned by the company. In case of the current issue of Bonds, the Company has also appointed a Trustee to protect the interest of the investors.

Joint-Holders

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles of Association of the Company.

Notices

All notices to the Bondholder(s) required to be given by the Company or the Trustees from time to time, shall be deemed to have been given if sent by registered post/ by courier to the sole/ first allottee or sole/ first Beneficial Owner of the Bonds, as the case may be, or if published in one English and one Hindi daily newspaper published in Delhi.

All notice(s) to be given by the Bondholder(s) shall be sent by registered post or by hand delivery to the Company or to such persons at such address as may be notified by the Company from time to time through suitable communication.

Tax Benefits to the Bondholders of the Company

The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

Disputes & Governing Law

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the jurisdiction of courts of New Delhi.

COMPLIANCE OFFICER AND COMPANY SECRETARY

Mr.Mukesh Chand Jain
Company Secretary
Steel Authority of India Ltd.
Registered & Corporate Office
Ispat Bhawan
Lodi Road
New Delhi – 110 003
Tel.: 91-11-24368095
Fax.: 91-11-24365076
E-mail: mukeshchand.jain@sailex.com, secy.sail@sailex.com

The investors can contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc.

XIII. CREDIT RATING & RATIONALE THEREOF

Credit Analysis & Research Limited ("CARE") has assigned a rating of "CAREAAA" (Pronounced "Triple A") to the Bonds of the Company aggregating to Rs. 9,000 crores vide its letter dated 25th September, 2014. This rating indicates the highest rating assigned on the national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country. A copy of rating letter from CARE is enclosed elsewhere in this Private Placement Offer Letter.

India Ratings & Research Private Limited ("IRRPL") vide its letter dated September 24, 2014 has assigned a credit rating of "IND AAA" to the long term borrowing programme of SAIL aggregating to Rs.15,000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from IRRPL is enclosed elsewhere in this Private Placement Offer Letter.

Other than the credit ratings mentioned hereinabove, the Company has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Private Placement Offer Letter.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

XIV. NAME OF BONDS TRUSTEES

In accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008,

the Company proposes to appoint IDBI Trusteeship Services Ltd to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

IDBI Trusteeship Services Ltd

Asian Building,
Ground Floor,17,
R.Kamani Marg, Ballard Estate,
Mumbai - 400 001
Tel: (022) 66311771
E-mail: itsl@idbitrustee.co.in

A copy of letter from IDBI Trusteeship Services Ltd conveying their consent to act as Trustee for the current issue of Bonds will be given separately.

The Company hereby undertakes that a Trust Deed shall be executed by it in favour of the Trustees within three months of the deemed date of allotment. The Trust Deed shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Trust Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Company to the Trustees on behalf of the Bondholder(s) shall discharge the Company pro tanto the Bondholder(s). The Trustees shall protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Bondholder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. In the event of Company defaulting in payment of interest on Bonds or redemption thereof, any distribution of dividend by the Company shall require approval of the Trustees.

XV. STOCK EXCHANGE WHERE SECURITIES ARE PROPOSED TO BE LISTED

The Secured Redeemable Non-Convertible Taxable Bonds in the nature of Debentures – XXXVIIth Issue-I Series (AX) are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the **Bombay Stock Exchange Ltd.** ("BSE"). The Company shall make an application to the BSE to list the Bonds to be issued and allotted under this Disclosure Document and complete all the formalities relating to listing of the Bonds within reasonable time. In connection with listing of Bonds with BSE, the Company hereby undertakes that:

- (a) It shall comply with conditions of listing of Bonds as may be specified in the Listing Agreement with BSE.
- (b) Ratings obtained by the Company shall be periodically reviewed by the credit rating agencies and any revision in the rating shall be promptly disclosed by the Company to BSE.
- (c) Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as BSE may determine from time to time.
- (d) The Company, the Trustees and BSE shall disseminate all information and reports on Bonds including compliance reports filed by the Company and the Trustees regarding the Bonds to the holder(s) of Bonds and the general public by placing them on their websites.
- (e) Trustees shall disclose the information to the holder(s) of the Bonds and the general public by issuing a press release in any of the following events :
 - (i) Default by the Company to pay interest on Bonds or redemption amount;
 - (ii) Revision of rating assigned to the Bonds;
- (f) The information referred to in para (e) above shall also be placed on the websites of the Trustees, Company and BSE.

XVI. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES AND OTHER BORROWINGS

The Company hereby confirms that:

- a) The main constituents of the Company's borrowings have been in the form of borrowings from Banks and Financial Institutions, Bonds, Commercial Paper etc.
- b) The Company has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c) The Company has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

XVII. UNDERTAKING REGARDING COMMON FORM OF TRANSFER

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

The Company undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Private Placement Offer Letter.

XVIII. PERMISSION/ CONSENT FROM PRIOR CREDITORS

The Company hereby confirms that it is entitled to raise money through current issue of Bonds without the consent/ permission/ approval from the Bondholders/ Trustees/ Lenders/ other creditors of the Company. The Company hereby undertakes that it shall seek consent from the existing charge holders for creating of security for the Bonds on pari passu basis. In future, the Trustees shall provide consent to create pari-passu charge subject to Company's complying with the requisite terms of the Bonds issued.

XIX. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

By very nature and volume of its business, the Company is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Company. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Company) which are or may be deemed to be material have been entered into by the Company. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Corporate Office of the Company between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

A. MATERIAL CONTRACTS

- a. Copy of letter from IDBI Trusteeship Services Ltd giving "in principle" approval to act as Trustees to the Bondholders.(Likely to be appointed)
- b. Copy of letter from M/s RCMC Share Registry Private Ltd. consenting to provide electronic connectivity to the bondholders.

B. DOCUMENTS

- a. Memorandum and Articles of Association of the Company as amended from time to time.
- b. Board Resolution dated 12th February, 2013 authorizing issue of Bonds offered under terms of this Private Placement Offer Letter.
- c. Letter from IDBI Trusteeship Services Ltd giving in principle approval to act as Trustees for and on behalf of the holder(s) of the Bonds (likely to be appointed).
- d. Letter from RCMC Share Registry Private Ltd. consenting to providing electronic connectivity.
- e. Letter from CARE and India Ratings and Research Pvt. Ltd. (FITCH Group) conveying the credit rating for the Bonds of the Company.

XX. DECLARATION

The Company confirms that to the best of knowledge this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Private Placement Offer Letter also does not contain any false or misleading statement.

The Company accepts no responsibility for the statement made otherwise than in the Private Placement Offer Letter or in any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his own risk.

New Delhi
October 10 ,2014.



Mr. Paul Thomas,
 General Manager (F&A),
 Steel Authority of India Ltd,
 Ispat Bhawan, Lodhi Road
 New Delhi 110003

September 25, 2014

Confidential

Dear Sir,

Credit rating for Long term Bond Programme II of Rs.3,000cr

Please refer to our letter dated August 13, 2014 and your request for revalidation of the rating assigned to the Long term bond programme II of Steel Authority of India Ltd, for a limit of Rs.3,000cr (including current outstanding).

2. It has been decided to review the following ratings:

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bond Programme -II	3000	CARE AAA (Triple A)	Reaffirmed

3. The redemption date of the bonds issued is attached as Annexure-1.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CREDIT ANALYSIS & RESEARCH LTD.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,
 Off Eastern Express Highway, Sion (E), Mumbai 400 022.
 Tel: +91-22-6754 3456; Fax: +91-22-6754 3457

13th Floor, E-1 Block, Videocon Tower
 Jhandewalan Extension, New Delhi 110 055
 Tel: +91-11-4533 3200
 Fax: +91-11-4533 3238

CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Puneet Kansal]
Dy. Manager
puneet.kansal@careratings.com

Encl : As above



[Sudhir Kumar]
Asst. General Manager
sudhir.kumar@careratings.com

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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Annexure-1

S No.	Issue No.	Series	ISIN No.	Amt. Rs. Crore	Date of Redemption
1	XXXIII	AT-I	INE114A07786	57.00	25.05.2018
2	XXXIII	AT-II	INE114A07794	57.00	25.05.2019
3	XXXIII	AT-III	INE114A07802	57.00	25.05.2020
4	XXXIII	AT-IV	INE114A07810	57.00	25.05.2021
5	XXXIII	AT-V	INE114A07828	57.00	25.05.2022
6	XXXIII ISSUE (I- SERIES)	AT-1	INE114A07737	15.00	25.05.2018
7	XXXIII ISSUE (II- SERIES)	AT-2	INE114A07745	15.00	25.05.2019
8	XXXIII ISSUE (III- SERIES)	AT-3	INE114A07752	15.00	25.05.2020
9	XXXIII ISSUE (IV- SERIES)	AT-4	INE114A07760	15.00	25.05.2021
10	XXXIII ISSUE (V- SERIES)	AT-5	INE114A07778	15.00	25.05.2022
11	XXXI	AR	INE114A07711	400.00	23.08.2021
12	XXXIII ISSUE (V- SERIES)	AU	INE114A07836	300.00	27.08.2017
13	XXXII	AS	INE114A07729	455.00	09.09.2026
14	XXXV ISSUE (I- SERIES)	AV	INE114A07844	500.00	08.11.2017
15	XXXVI	AW	INE114A07851	800.00	06.05.2018
16	Proposed			185.00	
			Total	3000.00	

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Mr. Paul Thomas,
 General Manager (F&A),
 Steel Authority of India Ltd,
 Ispat Bhawan, Lodhi Road
 New Delhi 110003

September 25, 2014

Confidential

Dear Sir,

Credit rating for proposed Long term Bond Programme III of Rs.6,000cr

Please refer to our letter dated August 13, 2014 and your request for revalidation of the rating assigned to the proposed long term bond programme III of Steel Authority of India Ltd, for a limit of Rs.6,000cr.

2. It has been decided to review the following ratings:

Instrument	Amount (Rs. crore)	Rating ¹	Remarks
Proposed Long-term Bond Programme -III	6000	CARE AAA (Triple A)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
4. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
5. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
6. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal /

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CREDIT ANALYSIS & RESEARCH LTD.

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 Tel.: +91-22-6754 3456; Fax: +91-22-6754 3457
 Email: cara@careratings.com | www.careratings.com

13th Floor, E-1 Block, Videocon Tower
 Jhandewalan Extension, New Delhi 110 055
 Tel: +91-11-4533 3200
 Fax: +91-11-4533 3238

revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



[Puneet Kansal]

Dy. Manager

puneet.kansal@careratings.com



[Sudhir Kumar]

Asst. General Manager

sudhir.kumar@careratings .com

Encl : As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CREDIT ANALYSIS & RESEARCH LTD.

13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi 110 055.

IDBI Trusteeship Services Ltd.



No. 2631/ITSL/OPR/CL/14-15/BT/524

14th October, 2014

Steel Authority of India Limited
Ispat Bhavan, Lodi Road,
New Delhi – 110 003

Regd. Office :
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

Kind Attn: SHRI M C JAIN

Dear Sir,

Consent to act as Bond Trustee for the Bonds in the nature of Debentures aggregating to Rs. 1000 Crores Series - AX

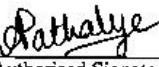
This is with reference to the discussion we had regarding appointment of IDBI Trusteeship Services Limited as Bond Trustee for the proposed issue of secured, redeemable, non-convertible bonds in the nature of debentures (AX Series) aggregating to Rs. 1000 Crs. In this connection we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustee in the Disclosure Document/listing application/any other document to be filed with Stock Exchange(s) subject to the following conditions:

- 1) The Company shall agree and undertake to create the securities over such of its immovable and/or moveable properties and on such terms and conditions as agreed by the Bond holders and disclosed in the Information Memorandum or Disclosure Document and execute, the Debenture/Bond Trustee Agreement; the Debenture/Bond Trust Deed and other necessary security documents for each series of Bonds as approved by the Bond Trustee, within a period as agreed in the Information Memorandum or Disclosure Document.
- 2) The Company shall agree & undertake to pay to the Bond Trustees so long as they hold the office of the Bond Trustee, remuneration as mutually agreed for their services as Bond Trustee in addition to all legal, traveling and other costs, charges and expenses which the Bond Trustee or their officers, employees or agents may incur in relation to execution of the Bond Trust Deed and all other Documents affecting the Security till the monies in respect of the Bonds have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
- 3) The Company shall agree & undertake to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/I/MD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/I/MD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the Companies Act, 2013 as amended from time to time and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.

Looking forward to a fruitful association with you and assuring you of our best services at all times.

Yours faithfully,
For IDBI Trusteeship Services Ltd


(Authorised Signatory)

We acknowledge the above terms
Steel Authority of India Limited


(Authorised Signatory)

India Ratings & Research

India Ratings & Research, P.L.L.C.
CIN: U67100MH1995FTC140049

Fitch Group

Mr. Anil Kumar Chaudhary
Director (Finance)
Steel Authority of India Limited (SAIL)
Ispat Bhawan, Lodhi Road
New Delhi – 110 003

September 24, 2014

Kind Attn: Mr. Anil Kumar Chaudhary, Director (Finance)

Dear Sir,

Re: Rating of INR150 billion Long-term Bond Programme of SAIL

India Ratings (see definition below) is pleased to communicate the rating of 'IND AAA' for INR150 billion Long-term bond programmes of SAIL.

The details of SAIL's total Long-term bond programmes rated by India Ratings are as follows:

Sr.No.	Long-term Bond Programme	Rating	Date of assignment
1.	INR20 billion	'IND AAA'	5 March 2009
2.	INR20 billion	'IND AAA'	22 April 2009
3.	INR20 billion	'IND AAA'	8 October 2009
4.	INR30 billion	'IND AAA'	8 August 2011
5.	INR60 billion	'IND AAA'	16 July 2013

SAIL's outstanding bond amount as on 23 September 2014 is INR83.15 billion. The outstanding Long-Term Issuer Rating of SAIL is 'IND AAA' with 'Negative' Outlook.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

A

India Ratings & Research Private Limited, A Fitch Group Company
Steel Authority of India Limited (SAIL)
 Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
 Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | www.indiaratings.co.in

24th September 2014

**India Ratings
& Research**

Fitch Group

Users of India Ratings's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in a India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings's ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient



India Ratings
& Research

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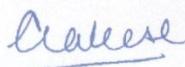
Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 4000 1700.

Sincerely,

India Ratings



Rakesh Valecha
Senior Director



Sandeep Singh
Senior Director

