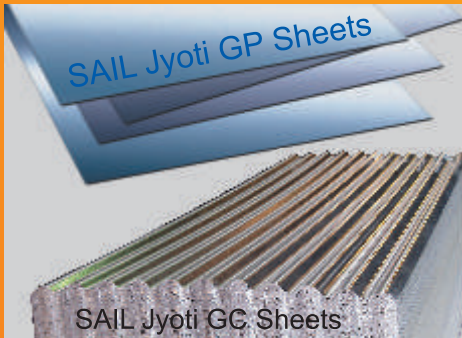


# ANNUAL REPORT

2011-12



*Strength Instilled.  
Success Sustained*





Over the years, the largest steel enterprise in India, SAIL has emerged as a synonym for steel. SAIL a Maharatna company, maintained its position as a leading producer of crude steel in the country. SAIL's product basket comprises Flat products, Long products, Rails and Pipes, including branded products such as SAIL-TMT & SAIL JYOTI. SAIL is the supplier to strategic sectors like defence, atomic energy, power, infrastructure, heavy machinery, oil & gas and Railways etc.

It is a matter of great pride that for the first time ever SAIL's turnover crossed ₹50,000-crore mark during the year, at a time when the global economy faced many challenges. SAIL is really about its people-committed, talented, passionate employees who want to create and do something meaningful and lasting so as to realise their full potential & make a positive impact in their area of work. SAIL has succeeded in instilling the strength that drives our economy's upsurge. SAIL will continue to play its leading role in steel ensuring the sustained growth of our economy. This will no doubt make our company a successful corporate entity with global competence.



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# Strength instilled. Success sustained.

Over the years, the largest steel enterprise in India, SAIL has emerged as a synonym for steel. SAIL a Maharatna company, maintained its position as a leading producer of crude steel in the country. SAIL's product basket comprises Flat products, Long products, Rails and Pipes, including branded products such as SAIL-TMT & SAIL JYOTI. SAIL is the supplier to strategic sectors like defence, atomic energy, power, infrastructure, heavy machinery, oil & gas and Railways etc.

It is a matter of great pride that for the first time ever SAIL's turnover crossed ₹50,000-crore mark during the year, at a time when the global economy faced many challenges. With 2012 having begun on a very positive note for us, and our strategic initiatives in several areas taking firm shape, our outlook is bright. The focus during the current year will be on completing the ongoing mega Modernisation & Expansion (M&E) plan to give SAIL the readiness to meet the projected growth in steel demand during the 12<sup>th</sup> Five Year Plan period and beyond.

Under SAIL's M&E plan, capital expenditure during FY' 12 crossed ₹11,000 crore, taking cumulative expenditure on this count during the 11<sup>th</sup> Five Year Plan to ₹40,321 crore. M&E projects completed during the year included installation of a new turbo blower and rebuilding of Coke Oven Batteries (COBs) 1 & 2 at Bokaro Steel Plant, rebuilding of COB-6 at Bhilai Steel Plant, installation of new ladle furnace at Alloy Steels Plant, etc. SAIL has pegged outlay on M&E during the 12<sup>th</sup> Five Year Plan at ₹45,000 crore, including ₹14,500 crore during the year.

During 2012-13, several new major production units will become operational at SAIL's IISCO Steel Plant at Burnpur, including Raw Material Handling System, Sinter Plant, COB-11, Blast Furnace, SMS and Casters, Power Blowing Station and Wire Rod Mill, paving the way for full-fledged operations to start in this greenfield plant. Major facilities to be completed in other SAIL plants include:

- 700 tpd Oxygen Plant (operational since 03.05.2012) and Ore Handling Plant at Bhilai Steel Plant,



SAIL Chairman Shri C.S. Verma (standing, 2nd from right) and Kobe Steel President & CEO Shri N. Sato exchanging MoA documents in the presence of Hon'ble Union Minister for Steel Shri Beni Prasad Verma (seated, centre) who is flanked by Secretary (Steel) Shri D.R.S. Chaudhury (left) and Jt. Secretary, Ministry of Steel, Shri U.P. Singh, on 10<sup>th</sup> July, 2012 at Kobe's headquarters in Tokyo for setting up a JV using Kobe's ITmK3 technology at SAIL's Alloy Steels Plant in Durgapur, West Bengal.



A view of the new Air Separation Unit at SAIL's Bhilai Steel Plant.

- Medium Structural Mill and rebuilt COB-2 at Durgapur Steel Plant,
- New Raw Material Handling System, Sinter Plant-3, new COB-6, new Blast Furnace-5, new slab caster and converter at Rourkela Steel Plant, and
- Hot Metal Desulphurisation Unit in SMS-2, Cold Rolling Mill-3 and Cast House Granulation System for BF's 1, 2 & 3 at Bokaro Steel Plant.

With SAIL meeting Capex requirements mainly through internal resources, the company's market borrowings were reduced by around ₹3,050 crore during FY' 12, taking its debt-equity ratio to 0.41:1 as on 31.03.2012. SAIL's net worth on 31.03.2012 was ₹39,811 crore as against ₹37,069 crore a year ago.

During 2011-12, SAIL's subsidiary, Maharashtra Elektros melt Ltd. (MEL), was amalgamated with SAIL and renamed as Chandrapur Ferro-alloy Plant (CFP). Salem Refractory Unit of Burn Standard

Company Ltd. (BSCL) was also transferred to SAIL Refractory Company Ltd. (SRCL), a wholly owned subsidiary of SAIL during the year.

At the end of the day, SAIL is really about its people - committed, talented, passionate employees who want to create and do something meaningful and lasting, so as to realise their full potential & make a positive impact in their area of work. Trusted for its ability to serve the national interest by continually striving to strengthen its fundamentals, SAIL has become a true representative of the new age India. Dedicated to sustained development, SAIL embodies the vision, grit and determination that help to add "a little bit of SAIL in everybody's life" every day. SAIL has succeeded in instilling the strength that drives our economy's upsurge. SAIL will continue to play its leading role in steel ensuring the sustained growth of our economy. This will no doubt make our company a successful corporate entity with global competence.





# VISION

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

# CREDO

- We build lasting relationships with customers based on trust and mutual benefit.
- We uphold highest ethical standards in conduct of our business.
- We create and nurture a culture that supports flexibility, learning and is proactive to change.
- We chart a challenging career for employees with opportunities for advancement and rewards.
- We value the opportunity and responsibility to make a meaningful difference in people's lives.

## Highlights 2011-12

- Turnover grows 7% to highest-ever ₹50,348 crore compared to ₹47,041 crore last year.
- Earned PBT and PAT at ₹5,151 crore and ₹3,543 crore, respectively.
- Under SAIL's Modernisation & Expansion (M&E) plan, capital expenditure crossed ₹11,000 crore, taking cumulative expenditure on this count during the 11<sup>th</sup> Five Year Plan to ₹40,321 crore.
- M&E projects completed during the year included installation of a new turbo blower and rebuilding of Coke Oven Batteries (COBs) 1 & 2 at Bokaro Steel Plant, rebuilding of COB-6 at Bhilai Steel Plant, installation of new ladle furnace at Alloy Steels Plant, etc.
- Pegged outlay on M&E during the 12<sup>th</sup> Five Year Plan at ₹45,000 crore, incl. ₹14,500 crore during the year.
- Several new major production units will become operational at IISCO Steel Plant at Burnpur, incl. Raw Material Handling System, Sinter Plant, COB-11, Blast Furnace, SMS & casters, Power Blowing Station & Wire Rod Mill, paving the way for full-fledged operations to start in this greenfield plant.
- Meeting Capex requirements mainly through internal resources, market borrowings reduced by around ₹3,050 crore, taking its debt-equity ratio to 0.41:1 as on 31.3.2012.
- Net worth on 31.03.12 was ₹39,811 crore as against ₹37,069 crore a year ago.
- Company's subsidiary, Maharashtra Elektros melt Ltd. (MEL), amalgamated with SAIL during the year and renamed as Chandrapur Ferro-alloy Plant (CFP).
- During the year, Salem Refractory Unit of Burn Standard Company Ltd. (BSCL) transferred to SAIL Refractory Company Ltd. (SRCL), a wholly owned subsidiary of SAIL.

## Board of Directors

### Chairman

Shri C.S. Verma

### Functional Directors

#### Commercial

Shri S. Mukherjee

#### Finance

Shri Anil Kumar Chaudhary

#### Technical

Shri S.S. Mohanty

#### Personnel

Shri H.S. Pati

#### Projects & Business Planning

Shri T.S. Suresh

#### Raw Material & Logistics

Shri A.K. Pandey

### Government Directors

Shri E.K. Bharat Bhushan

Additional Secretary & Financial Adviser

Ministry of Steel, Government of India

Shri Upendra Prasad Singh

Joint Secretary, Ministry of Steel, Government of India

### Independent Directors

Prof. Deepak Nayyar

Shri A.K. Goswami

Dr. Jagdish Khattar

Prof. Subrata Chaudhuri

Shri P.C. Jha

Shri P.K. Sengupta

Dr. Isher Judge Ahluwalia

Shri Sujit Banerjee

Shri Arun Kumar Srivastava

### Chief Executive Officers (Permanent Invitees)

#### Bhilai Steel Plant

Shri Pankaj Gautam

#### IISCO Steel Plant

Shri N.K. Jha

#### Rourkela Steel Plant

Shri G.S. Prasad

#### Bokaro Steel Plant

Shri Anutosh Maitra

#### Durgapur Steel Plant

Shri P.K. Singh

### Executive Director (F&A) & Secretary

Shri Devinder Kumar

### Bankers

- Allahabad Bank
- Andhra Bank
- Australia and New Zealand Banking Group Ltd.
- Axis Bank Ltd.
- Bank of America
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Bank of Tokyo-Mitsubishi UFJ Ltd.
- Baraclays Bank PLC
- BNP Paribas
- Canara Bank
- Central Bank of India
- Citi Bank
- Corporation Bank
- Credit Agricole Corporate & Investment Bank
- Dena Bank
- Deutsche Bank
- Development Bank of Singapore
- Federal Bank Ltd.
- HDFC Bank Ltd.
- ICICI Bank Ltd.
- IDBI Bank
- Indian Bank
- Indian Overseas Bank
- IndusInd Bank Ltd.
- ING Vysya Bank Ltd.
- Jammu & Kashmir Bank Ltd.
- JP Chase Morgan
- Kotak Mahindra Bank Ltd.
- Mizuho Corporate Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- Punjab National Bank
- Royal Bank of Scotland
- Standard Chartered Bank
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of India
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore
- Sumitomo Mitsui Banking Corporation
- Syndicate Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank
- Yes Bank Limited

### Statutory Auditors

#### M/s. S.K. Mittal & Co.

Chartered Accountants

#### M/s. O.P. Totla & Co.

Chartered Accountants

#### M/s. Tej Raj & Pal

Chartered Accountants

### Registered Office

Ispat Bhawan, Lodi Road, New Delhi-110003

Phone:24367481; Fax-24367015

Gram: STEELINDA

Internet: www.sail.co.in

E.Mail: secy.sail@sailco.com



# Board of Directors



**Shri C.S. Verma**



Shri E.K. Bharat Bhushan



Shri Upendra Prasad Singh



Shri S. Mukherjee



Shri Anil Kumar  
Chaudhary



Shri S.S. Mohanty



Shri H.S. Pati



Shri T.S. Suresh



Shri A.K. Pandey



Prof. Deepak Nayyar



Shri A.K. Goswami



Dr. Jagdish Khattar



Prof. Subrata Chaudhuri



Shri P.C. Jha



Shri P.K. Sengupta



Dr. Isher Judge Ahluwalia



Shri Sujit Banerjee



Shri Arun Kumar  
Srivastava

# DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the 40<sup>th</sup> Annual Report of the Company together with audited accounts for the year ended 31<sup>st</sup> March, 2012.

## FINANCIAL REVIEW

Your Company set a new record by achieving the highest ever sales turnover of ₹50348 crore during 2011-12, a growth of 7% over previous year. The Company earned Profit before Tax of ₹5150.87 crore and Profit after Tax of ₹3542.72 crore for the year 2011-12. The profit of your Company for the year 2011-12 was affected adversely, mainly due to adverse impact of higher prices of inputs with the average price of imported Hard Coking Coal going up to US \$ 288/T (FOB) in FY'12 as compared to US \$ 213/T (FOB) in corresponding period of last year (CPLY). Another key factor affecting the profitability was the impact of foreign exchange variation to the tune of about ₹900 crore during the year due to the US \$ appreciating from a level of ₹44.68 as on 31.3.2011 to ₹50.88 as on 31.3.2012. However, the adverse impact on profitability was partially offset by several initiatives taken by the Company. The comparative position of major financial parameters is given as under:

(₹ in crore)

Particulars	2011-12	2010-11
Sales Turnover	<b>50,348.40</b>	47,040.50
Profit before interest, depreciation, exceptional items and tax (EBIDTA)	<b>7,657.62</b>	9,029.63
Less: Interest and Finance Charges	<b>677.70</b>	474.95
Less: Depreciation	<b>1,567.03</b>	1,485.80
Profit before tax (PBT) and exceptional items	<b>5,412.89</b>	7,068.88
Exceptional items : Loss(-)/Gain(+)	<b>-262.02</b>	125.43
Profit before tax (PBT)	<b>5,150.87</b>	7,194.31
Less: Provision for taxation	<b>1,608.15</b>	2,289.57
Profit after tax (PAT)	<b>3,542.72</b>	4,904.74
Dividend (as a % of Equity) :		
Interim Dividend (%)	<b>12</b>	12
Final Dividend proposed (%)	<b>8</b>	12
Net Worth	<b>39,811</b>	37,069
EBIDTA to Net sales (%)	<b>16.8</b>	21.1
Return (PAT) on Net worth (%)	<b>8.9</b>	13.2
EBIDTA to average capital employed (%)	<b>21.0</b>	21.7
Earning per share (₹ 10/- each)	<b>8.6</b>	11.9
Debt Equity Ratio	<b>0.41:1</b>	0.52:1



SAIL Chairman, Shri C.S. Verma receiving the "MoU Excellence Award" from Hon'ble Prime Minister Dr. Manmohan Singh at Vigyan Bhawan, New Delhi on 31<sup>st</sup> January, 2012, in the presence of Hon'ble Minister of Heavy Industries & Public Enterprises Shri Praful Patel.

Your Company continued its thrust on optimum utilisation of funds by better fund management. This included replacement of high cost short term loans with low cost debts, timely repayment of loans including interest, strategic parking of surplus funds with scheduled banks, actions for future fund raising, etc. to meet growth objectives. Further, the Company hedged the foreign currency risk on short-term Buyer's Credit and External Commercial Borrowings depending upon market conditions. The Company had liquid assets of ₹5900 crore as on 31<sup>st</sup> March, 2012 invested in short term deposits with scheduled banks against borrowings of ₹17107 crore as on 31<sup>st</sup> March, 2012. The debt equity ratio of the Company reduced to 0.41:1 as on 31<sup>st</sup> March, 2012 from 0.52:1 as on 31<sup>st</sup> March, 2011 mainly on account of decrease in borrowings during the year. The net worth of the Company improved from ₹37069 crore as on 31<sup>st</sup> March, 2011 to ₹39811 crore as on 31<sup>st</sup> March, 2012. During the year 2011-12, the capital expenditure incurred was ₹11021 crore, which was financed by a mix of internal resources (including proceeds from maturity of deposits) and borrowings from the market.

The Company paid interim dividend @ 12% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 8% subject to approval of the shareholders, thus making the total dividend @ 20% of the paid up equity share capital for the year 2011-12. A sum of ₹275 crore has been transferred to the General Reserves during the year (previous year ₹500 crore).

#### Credit Rating:

M/s FITCH and M/s CARE, RBI approved credit rating agencies, have assessed and accorded 'AAA' ratings indicating the highest safety on principal and interest for SAIL's long term borrowing programme. To facilitate international borrowing, long term corporate credit rating

has been obtained from FITCH and Standard & Poor, international rating agencies. Based on SAIL's competitive position, Sovereign rating ['BBB-' outlook stable (investment grade)] was granted to the company. However, stable outlook has since been downgraded to negative outlook in line with the Sovereign Rating.

#### PRODUCTION REVIEW

In the year 2011-12, the SAIL Plants took various initiatives to deal with the impending challenges by optimizing operations, better value addition in downstream units, taking measures to reduce coke consumption by enhancing alternate fuels like Coal Dust Injection (CDI) in blast furnaces, etc. Record CDI of about 51 kg/tonne of Hot Metal (thm) was achieved during 2011-12 as against 34 kg/thm in last year. Further, your Company, in its endeavour to become energy and cost efficient in the year 2011-12, increased production of crude steel through continuous casting route and achieved production of 9.4 million tonnes with a growth of 1% over corresponding period of last year. Production of hot metal at 14.1 million tonnes, crude steel at 13.4 million tonnes and saleable steel at 12.4 million tonnes was 102%, 104% and 112% of the rated capacity respectively. Lower availability of Coke Ovens at BSP, DSP and BSL and resultant Coke Oven gas shortage, however, affected production during the year adversely.

Your Company produced value added products to the tune of 4.83 million tonnes thus increasing the share of value-added products in its product basket to around 39 per cent in the current year. During the year, your Company has taken various measures to improve processes, including marketability of products through improved packaging. Higher production of special quality & value added products resulted in further improvement of the product-mix. Several new products were developed which have significant demand, ready market, and good contribution



SAIL Chairman Shri C.S. Verma presenting "Interim dividend cheque of ₹425.36 crore for financial year 2011-12" to Hon'ble Prime Minister Dr. Manmohan Singh in the august presence of Hon'ble Steel Minister Shri Beni Prasad Verma and Steel Secretary, Shri D.R.S. Chaudhary on 3<sup>rd</sup> April 2012.



margin. Some of the major new products developed to meet the customers' requirement and enhance market share are End Forged Thick Web Asymmetric Rail for Indian Railways, Atmospheric corrosion resistance steel plates in JIS 3114 SMA 490BWN for manufacture of bogie frame by BEML for use in Delhi Metro Project, ASTM A 537 class 1 plates with impact test in transverse direction for petro chemical industry, SAIL-TMT Fe 550 EQR/IS 1786 Fe 550 D – High Strength Earth Quake Resistance Quality Bars for construction of tall towers, BSEN 10025-2 S 275J2+N-Moderate strength with low temperature impact toughness for railway passenger bogie, DIN EN 10028-3: P355 NL1 - Weldable fine grain Pressure Vessel Plates for manufacturing of light wagon, 5mm thick 2 Pie Grade Steel Plates for defense application, etc. A large number of innovations were also carried out in Plants for process improvements and cost competitiveness.

An exhaustive Master Plan for R&D has been prepared aiming at integrating R&D activities towards business and operational goals of your Company. The implementation of this Master Plan; besides giving a competitive advantage to SAIL by improving efficiencies, reducing costs, meeting market demands and upgrading current steel technologies; will also help in gradually increasing R&D expenditure to a level of 1% of sales turnover, which is an international benchmark.

R&D Master Plan will have positive impact on the existing operations through implementation of centralised and decentralised projects. Centralised projects consist of High Impact Projects (HIP) and Technology Mission Projects (TMP). The projects which are of common interest of all integrated steel Plants viz. coal & coke beneficiation, pelletisation, environmental projects etc. will come in the category of HIP. Development/acquisition of radically new technologies which are of strategic importance for SAIL viz. thin strip casting and inline rolling, CRGO etc. will be pursued through TM Projects. Under the decentralized category, all the Plants/Units of SAIL will have Centre of Excellence (CoE)

in selected areas/products. Centre of Excellence projects will mainly focus on augmenting product volume and product attribute. Nine Units of SAIL have selected 14 nos. of projects in different areas with the aim to be the Centre of Excellence in the particular field.

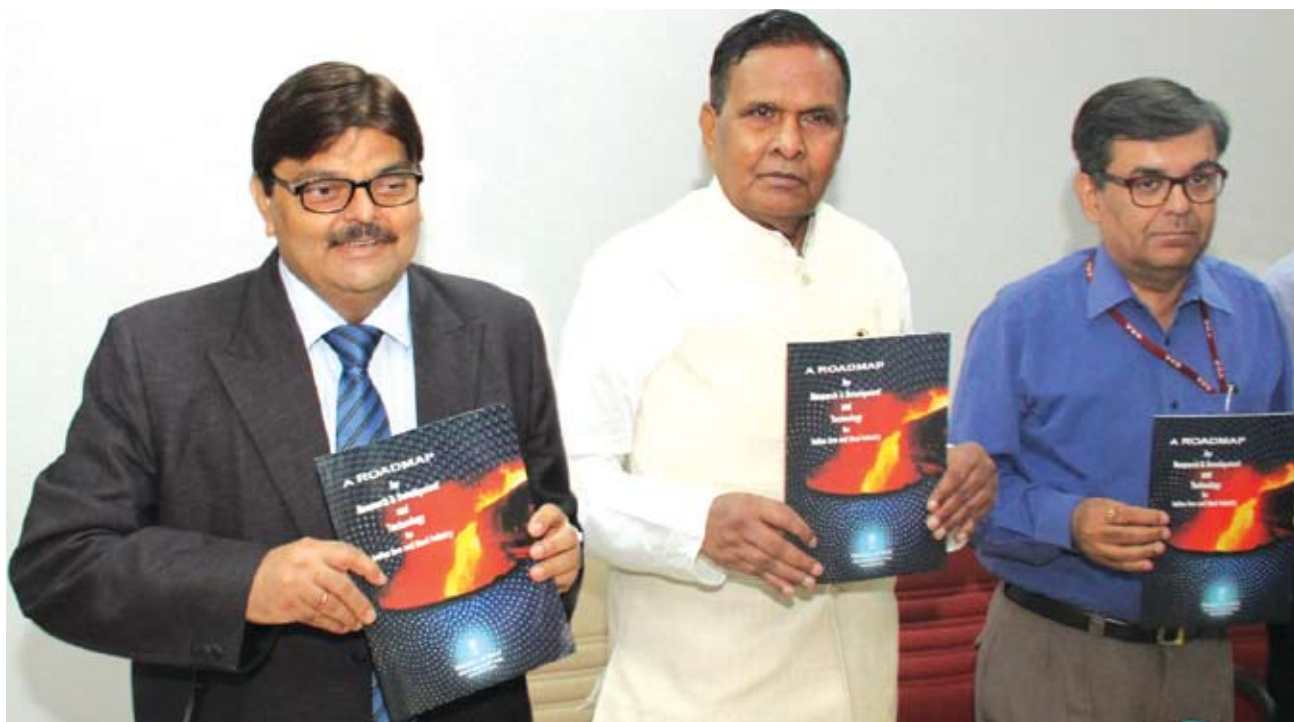
Champions of the projects, who are the key drivers, and Research Councils (RC), the approving authority of CoE projects, are already in place. In order to facilitate faster communication and sharing of information, a dedicated web portal in respect of R&D Master Plan has already been launched on SAIL Net.

#### Raw Materials:

During 2011-12, total requirement of iron ore was met from captive sources. The Company's captive iron ore mines produced about 22.35 million tonnes. However, in case of coking coal, around 25% requirement was met from indigenous sources and balance through imports. During 2011-12, production in captive collieries of the Company was about 0.64 million tonnes. In case of fluxes, around 1.15 million tonnes of limestone and 0.95 million tonnes of dolomite was produced resulting in total production of 2.10 million tonnes fluxes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited (CIL) except small quantity produced from captive mines.

To develop a state-of-art mine at Chiria, your Company is in the process of compliance of Stage I forest clearance conditions. The Company has deposited the Net Present Value of the forest land and has acquired the certificate required under the Forest Rights Act, 2006. During 2011-12, your Company got the final environment clearance for the Dhobil Lease of the Manoharpur Iron Ore Mines, Chiria.

During the year, Ministry of Mines, Government of India reserved 140 ha of area having iron ore reserves of 11 million tonnes in NEB range in Bellary District of Karnataka for undertaking prospecting / mining operations. Further, Government of Rajasthan has forwarded the proposal for grant of iron ore mining lease covering an area of



Hon'ble Union Minister for Steel Shri Beni Prasad Verma, along with Secretary (Steel) Shri D.R.S. Chaudhary and SAIL Chairman Shri C.S. Verma at the release of "A Roadmap for Research & Development and Technology for Indian Iron and Steel Industry".

871.38 ha in Bhilwara District of Rajasthan in favour of your Company to Ministry of Mines, Government of India.

S&T Mining Company Pvt. Ltd., a Joint Venture Company of SAIL and Tata Steel Limited, is making efforts to develop Bhutgoria mine of BCCL. The mine is estimated to produce 0.36 Mtpa coking coal at full capacity which will be shared between SAIL and Tata Steel. The Joint Venture Company is also making efforts for establishment of stand alone coal washery of 1.8 Mtpa at Bhelatand.

Your Company is also making attempts for obtaining allocation of coking coal and thermal coal blocks under Government dispensation route for captive mining to enhance indigenous coal availability.

#### SALES & MARKETING REVIEW

Your Company achieved a total sales volume of 11.8 million tonnes during FY'11-12. Exports during the year at 0.33 million tonnes were maintained at previous year's level. Major categories where growth was recorded in home sales included: HR Coils - 7.1%, Plates>20mm - 4.7%, Heavy Structural - 3% and Tin Plates - 10.8%. New records were also set in supplies of Long Rails, "S" Profile BG Loco Wheels and Loose Axles to Indian Railways during the year.

During the year 2011-12, your Company started operations at a new Warehouse at Gorakhpur. With this, SAIL's marketing network has expanded to 37 Branch Sales Offices (BSOs), 27 Customer Contact Offices (CCOs) and 67 Warehouses.

A new "SAIL Rural Dealership Scheme" was launched during FY'11-12 with the primary objective of meeting the steel demands of the small rural consumers at block, tahsils and taluka levels. Under this scheme, LOIs were issued to 476 rural dealers during 2011-12. Process for more such appointments is under progress. Your Company expanded its dealer network by 517 numbers (including rural dealers) during the year. As on 1<sup>st</sup> April, 2012, your Company has a wide network of 3138 dealers spread over 629 districts of the country.

Your Company maintained its presence in neighbouring and traditional markets and exported 0.33 million tonnes steel during the year. Exports of Plates were 5% higher as compared to the previous year. Highest ever quantity of Rails of 28,700 tonnes was also exported during FY'11-12.

#### GROWTH PLAN

Keeping in view the acceleration in demand for steel in the country, your Company is currently implementing growth plan to enhance its hot metal production from the level of 14.1 million tonnes during 2011-12 in a phased manner. Under the ongoing modernization and expansion plan, hot metal production capacity will get expanded to 23.46 million tonnes. The growth plan, besides targeting higher production, also addresses the need for eliminating technological obsolescence, achieving energy savings, enriching product-mix, reducing pollution, developing mines and collieries, introducing customer centric processes and developing matching infrastructure facilities.

To maintain its current dominance in the domestic market and to meet the future challenges, your Company is working on a long term strategic plan 'Vision 2020', which will steer the Company towards meeting its strategic objectives of achieving profitability through organic and inorganic growth.

#### MODERNISATION & EXPANSION PROGRAMME

Steel Industry requires continuous capital investments for technological up-gradation and addition/modification/replacement of its capital assets which are essential to maintain market competitiveness and meet the challenging need of customers. The market is becoming increasingly competitive making it imperative for your Company to make determined efforts to bring about substantial improvement in production, techno-economic parameter and profitability.

Accordingly, the Modernization & Expansion Programme of the Company aims towards almost doubling the production capacity with



SAIL Chairman Shri C.S. Verma and Hon'ble Governor of Virginia, U.S.A. Shri Robert F. McDonell in a meeting held on 21<sup>st</sup> November, 2011 at Ispat Bhawan, New Delhi for ICVL to "forge strategic relationship for coal mining" in Virginia, U.S.A.

energy efficient and environment friendly technology and a wider product range.

The current modernization & expansion programme of the Company is being implemented simultaneously in all Plants/Units, through various schemes. These include new Raw Material Handling Plants, Sinter Plants, Coke Oven Batteries, Blast Furnaces, Steel Melting Shops and Finishing Mills, etc. All the Schemes are at various stages of implementation and are planned to be completed largely by 2012-2013. At Salem Steel Plant, the production facilities envisaged under Expansion Programme have already been installed.

SAIL Board accorded 'in-principle' approval during the year for various new projects with an estimated total outlay of around ₹2,187 crore.

The proposal for development of Tasra Coal Block has been approved 'in-principle' along with the option of setting up of a Power Plant in joint venture for utilization of the secondary products from Tasra Washery. Orders for about ₹56,605 crore have been placed under current Modernisation & Expansion Programme of SAIL. A capital expenditure of ₹11,021 crore has been made during 2011-12 on Modernisation and Expansion Programme and till March'12, the total capital expenditure incurred was ₹35,120 crore. The capital expenditure planned to be incurred during 2012-13 has been kept at ₹12,000 crore. The current status of completion of facilities at various Steel Plants is as under:

At **IISCO Steel Plant**, 220 KV DVC Power Supply has commenced in Jul'11. Radhanagar Loop line for receipt of Raw Materials and Up-graded West Yard for dispatch of Coke, Sinter, and Finished Steel & Granulated Slag has been completed in Nov/Dec'11. Power & Water Supply to major completed facilities has been started. For Oxygen Plant, hot trials have been started in Jan'12. For Coke Oven Battery #11 Complex, after start of Heating of Chimney in Mar'12, Battery heating has also been started on 30<sup>th</sup> May, 2012. Unit Functional Test at Wire Rod Mill and Firing of first Boiler at Power Blowing Station has also started in Mar'12.

Raw Material Handling System, Sinter Plant and Blast Furnace have been completed and are ready for commissioning.

At **Rourkela Steel Plant**, HT power for Ore Bedding & Blending Plant (OBBP) has been received and hot trials of main units have been completed. The base mix is being transported regularly from OBBP to Sinter Plant-3. For Sinter Plant-3, after lighting-up of the Ignition Furnace, hot trial with sinter making on bed was successfully started in Apr'12. Other facilities like Coal Handling Plant, New Coke Oven Battery-6, BF-5, 3<sup>rd</sup> BOF Converter, 3<sup>rd</sup> Single Strand Slab Caster, and New Plate Mill are at various stages of implementation.

At **Bhilai Steel Plant**, Online Eddy Current Testing (ECT) M/c & Optico-Visual Inspection System(OVIS) in RSM have been commissioned in Nov'11. Coke Oven Battery-6, has been commissioned in Jun'11. For Ore Handling Plant- Part A, Wagon Tippler erection and trial run has been completed in Dec'11. Installation of 700 TPD Air Separation Unit at Oxygen Plant-II has been completed. Other facilities like Coke Oven Battery-11, Coke Dry Cooling Plant, Blast Furnace-8, Steel Melting Shop-III and finishing mills are under various stages of implementation.

At **Bokaro Steel Plant**, Coke Oven Battery No.1 and Coke Oven Battery No.2 have been commissioned in Jun'11 and Feb'12 respectively. Installation of new Turbo-blower-8 has been completed in Jan'12 & hooked-up with BF-2. For Cold Rolling Mill-III, in Pickling Line Tandem Cold Mill, Manual Strip Threading has been done in Dec'11, Coil Packaging Line-2 has been completed. For BF-5, after completion of Cold repair, blowing has been started with up-graded stoves in Mar'12.

At **Durgapur Steel Plant**, the major packages envisaged under Modernisation & Expansion Plan, like Bloom-cum-round Caster, Medium Structural Mill & Reheating Furnace for Medium Structural Mill, New Dolomite Plant, Re-building of COB-2, De-bottlenecking of Coal Handling Plant & Raw Material Handling Plant, Ladle Furnace, New Slag Yard and Civil & Structural works for Medium Structural Mill, are at various stages of implementation.



An aerial view of the newly constructed Coke Oven Battery 11 of SAIL's IISCO Steel Plant.



At **Alloy Steels Plant**, the 60 T Ladle Furnace No.2 has been commissioned in Mar'12.

At **Kiriburu Iron Ore Mines**, the project for Installation of Bucket Wheel Re-claimer and Slime Beneficiation has been completed in Aug'11.

For development of **Chiria** Iron Ore Deposits to 7.0 Mtpa of finished product, DPER has been submitted by the Consultant M/s Hatch. For **Taldih** and **Rowghat** Iron Ore Deposits, Consultants have been appointed for preparation of DPER.

#### AMR SCHEMES

A number of AMR Schemes costing around ₹676 crore are under implementation, which include augmentation of Grinding Facilities for Coal Dust Injection Unit in BF-6 & 7, installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant at BSP; Coal Dust Injection in BF-4 at RSP; Installation of Bell Less Top charging System (BLT) in BF-3 at DSP; Installation of one 1x45 Sub-merged Arc Furnace at CFP and projects for Development of Mines.

#### HUMAN RESOURCE MANAGEMENT REVIEW

Your Company recognizes the potential of human resources in providing competitive advantage and considers its employees as most valuable resource. The Company has achieved its present level of excellence through investing in its human resource, which are at the back of every activity, every technology and every innovation. Your Company continues to work for developing capabilities and realization of best potential of its people.

The thrust on achieving higher growth coupled with optimal utilization of manpower continued. The focus on improving productivity and adoption of best practices in every area are being pursued relentlessly. Efforts for active participation by employees, implanting a conducive ambience for exhibiting creativity and innovation by employees and ensuring a climate that reflects synergy and contagious enthusiasm has

been at the core of Human Resource (HR) initiatives and interventions. Strategic alignment of Human Resource Management (HRM) to business priorities and objectives facilitated steps for ensuring a smooth transition for upcoming new facilities in the Modernization and Expansion Programme. HR initiatives also aided in building competent teams with cross functional expertise leading to further enriching of the repositories of competencies in the Company.

#### Enhanced Productivity with Rationalized Manpower:

Your Company achieved its highest ever labour productivity of 241 tonnes of crude steel (tcs) /man/year in 2011-12 with all the five integrated steel Plants recording their best ever labour productivity for the year. Bhilai Steel Plant achieved highest ever labour productivity at 346 tcs/man/year in the month of March'12. The manpower of SAIL reached a level of 1,06,004 as on 31.3.2012 from 1,11,475 as on 1.4.2011, thereby achieving rationalization of 5471 during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitment, correct deployment and redeployment strategies, multi-skilling and zeal of employees to go beyond and excel.

#### Developing Employee Capabilities & Competencies :

In order to develop its human resources for harnessing their potential to the fullest and for according ample opportunity for realizing individual as well as organizational goals, your Company has been making sustained efforts through various training and development activities with focus on preservation of skills, transfer of skills and knowledge, training in specialized/advanced skills and technology in collaboration with reputed organizations and development of effective managerial competencies through association with premier institutes. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 52,967 employees were trained against target of 39,016 employees during



Blast Furnace no. 8 project site work in progress in SAIL's Bhilai Steel Plant as part of mega modernization & expansion plan of SAIL.

the year on various contemporary technical and managerial modules and 141 employees were trained against target of 100 employees on Project Management. Your Company once again achieved Level –I of performance evaluation in the two parameters under Memorandum of Understanding (MoU) with Government of India for the Financial Year 2011-12.

#### **Harmonious Employee Relations:**

- Your Company has a glorious tradition of conducive employee relations scenario. There has been a healthy tradition of settling the issues through discussions with trade unions/workers' representatives and this has helped in establishing a peaceful IR climate. The Company has an established system of workers' participation at different levels right from National level upto shop-floor level. Some of these forums are functioning since early seventies and are sufficiently empowered to address different issues related to wage, safety, and welfare of workers, arising from time to time thus helping in conducive work environment.
- Bipartite forums, like National Joint Committee for Steel Industry (NJCS), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI), etc. with representation from major central trade unions as well as representative unions of Plants/Units meet on a periodic basis and jointly evolve recommendations/ action plans for ensuring a safe & harmonious work culture which gets substantiated from the harmonious industrial relations enjoyed over the years by SAIL Plants/Units, marked with diverse work culture at multi-locations.
- In addition, Quality Circles, Suggestion Schemes, Shop Improvement Workshops also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought thereon through structured / interactive workshops.

#### **Grievance Redressal Mechanism:**

- Effective internal grievances redressal machinery exists in SAIL Plants and Units, separately for executives and non-executives. The grievance procedure in SAIL has been evolved after sustained deliberations and consent of employees, trade unions and associations.
- The grievances in SAIL Plants/Units are dealt in 3 stages and employees are given an opportunity at every stage to raise grievances relating to wage irregularities, working conditions, transfers, leave, work assignments and welfare amenities, etc. Such issues are effectively settled through the time-tested system of grievance management. However, majority of grievances are redressed informally in view of the participative nature of environment existing in the steel Plants. The system is comprehensive, simple and flexible and has proved effective in promoting harmonious relationship between employees and management.
- The Company disposed off 2650 Staff Grievances during 2011-12.

#### **Initiatives for Socio-Economic Development of SCs/STs & Other Weaker Sections of Society:**

Presidential Directives on Reservation for Scheduled Castes and Scheduled Tribes in Appointments in Public Enterprises are continued to be implemented. As on 31<sup>st</sup> March, 2012, out of total manpower of 1,06,004, 15.77% were SC and 13.19% were ST. During the year 2011, out of total recruitments of 1929 made by your Company, 394 belonged to SC category and 201 belonged to ST category.

SAIL Steel Plants and Units including mines are located in economically backward regions of the Country with predominant SC/ST population. Therefore, your Company has contributed to the overall development of civic, medical, educational and other facilities in these regions.



Panoramic view of new Steel Melting Shop of SAIL's Steel Plant at Salem.





Prime Minister Shram Awardees of SAIL with Hon'ble Prime Minister, Dr. Manmohan Singh on 13<sup>th</sup> October, 2011 at Vigyan Bhawan, New Delhi.

Your Company has undertaken several initiatives for the socio-economic development of SCs/STs and other weaker sections of the society, which are mainly as under:

- Special Schools have been started exclusively for poor, underprivileged children at five Integrated Steel Plant locations. The facilities provided include free education, mid-day meals, uniforms including shoes, text books, stationery items, school bags, water bottles and transportation in some cases. The schools now provide education to nearly 1500 children.
- SAIL Plants have adopted 188 SC/ST students belonging to BPL families/ primitive tribes. They are being provided free education, boarding, lodging and medical facilities for their overall growth.
- No tuition fee is being charged from SC/ST students studying in the Company run schools, whether they are SAIL employees' wards or non-employees' wards.
- Free medical health centers for poor have been set up at Bhilai, Durgapur, Rourkela, Bokaro, Burnpur (Gutgutpara) providing free medical consultation, medicines, etc. to the peripheral population mainly comprising SC/ST and weaker sections of society.
- Villagers are given free treatment – outdoor and indoor–in the mines hospitals of Kiriburu, Gua & Chiria when recommended by Manki / Munda (Local Tribal Village Heads) of the peripheral villages which mainly helps the ST community people and other weaker sections of society.

#### IMPLEMENTATION OF RTI ACT, 2005

Your Company has implemented Right to Information (RTI) Act, 2005, which empowers the common citizen by providing access to information with a view to maintain accountability and transparency. The Company has always endeavoured to ensure that various enabling provisions of the RTI Act, 2005 are implemented in letter and spirit. The manual of 17 items, details of Appellate Authority, Public Information Officer and

Assistant Public Information Officer have been updated and hosted on SAIL website. A total of 3775 applications were received under RTI Act, 2005 in the Company during the financial year 2011-12, all of which have been disposed off within the stipulated timeline under the Act. SAIL has also organized Workshop on "Obligation of Public Authorities under RTI" and conducted several programmes for spreading awareness.

#### AWARDS AND ACCOLADES

The excellent performance of Company as well as that of employees won laurels and appreciation from several quarters during the year 2011-12. Some of the Awards won by your Company are mentioned below:

- Your Company has been conferred with "MoU Excellence Award" for the year 2010-11 for the 9<sup>th</sup> consecutive year. Chairman, SAIL received the Award from Hon'ble Prime Minister on 31<sup>st</sup> January, 2012.
- SAIL bagged 11 out of 33 Prime Minister's Shram Awards conferred in the country to both public & private sector organizations in July'11. In terms of no. of employees, 59% of the total awardees in the country were from SAIL.
- 14 out of total 28 Vishwakarma Rashtriya Puraskar given in the country were bagged by SAIL employees in 2011. In terms of number of employees, 62% (73 Award winner out of 117) were from SAIL family.
- 10 teams involving 63 SAIL employees participated in International Convention on Quality Circle 2011 held at Yokohama, Japan in September, 2011. 7 teams won Excellent and 3 won Distinguished QC Award, which was the highest for any single organisation.
- 57 teams from SAIL Plants/Units participated in National Convention on Quality Concepts-2011 held at Hyderabad in December, 2011. 33 teams won Par Excellence, 2 teams won Excellent and 3 teams won Distinguished Award.
- SCOPE Meritorious Award-2010-11 for "Corporate Governance"

has been conferred upon SAIL. Chairman SAIL received the award from Her Excellency Smt. Pratibha Devisingh Patil, the then President of India, on 13<sup>th</sup> April'2012 at Vigyan Bhawan in New Delhi.

- 13 Awards (6 winners and 7 runner up) out of total 123 "National Safety Awards-2009" announced by Ministry of Labour and Employment.
- "SCOPE Meritorious Award for Environment Excellence & Sustainable Development" for the Year 2009-10. Chairman received the Award from the then President of India, Her Excellency Smt. Pratibha Devisingh Patil on 11<sup>th</sup> April, 2011.
- Indian Institution of Industrial Engineering's "Performance Excellence Awards - 2010" and received a Gold plaque with certificate of excellence. The Awards were presented by Hon'ble Minister of Goa on 16<sup>th</sup> May, 2011.
- "Golden Peacock Environment Management Award 2011" in recognition of initiatives and achievements in the field of environment management. Chairman received the Award from Shri P. Chidambaram, Hon'ble Union Minister for Home Affairs, Govt. of India on 24<sup>th</sup> June, 2011.
- Prestigious 'Randstad Award -2011' under 'Manufacturing Industries' category. Director (Personnel) received the award from Dr. Bimal Jalan, former RBI Governor on 29<sup>th</sup> June, 2011.
- "Dainik Bhaskar India Pride Gold Award-2011" in the category "Metals & Minerals & Trade including Mining, for Central PSUs". Chairman received the Award from Dr. Montek Singh Ahluwalia, Dy. Chairman, Planning Commission, GOI, on 21<sup>st</sup> October, 2011.
- 'IEI Industry Excellence Award 2011'. Chairman received the Award on 16<sup>th</sup> December, 2011 at Bangalore during the Inaugural Session of the 26<sup>th</sup> Indian Engineering Congress.
- In promoting use of Rajbhasha, SAIL's efforts have been recognized in the form of 1<sup>st</sup> prize at Town Level by TOLIC for Best Official Language implementation by Govt. of India.
- Your Company has been awarded with the Skoch Award for Financial inclusion under the category of "Women Empowerment" in recognition of multifold initiatives for inclusive growth. Chairman, SAIL received the Award from Shri C. Rangarajan, ex-Governor RBI on 5<sup>th</sup> January, 2012.

In addition to above, SAIL Plants/Units have also excelled in various areas and have won Awards for excellent performance; salient ones are listed as under:

#### **Bhilai Steel Plant (BSP)**

- "Golden Peacock Eco Innovation Award - 2011" from World Environment Foundation, New Delhi.
- "Golden Peacock HR Excellence Award for the Year 2011" from Institute of Directors, New Delhi.
- Prime Minister's Trophy for the Best Integrated Plant in India for the Year 2009-10.
- "Greentech HR Excellence Award - 2011" under the award category "Employee Services" from Greentech Foundation.

#### **Durgapur Steel Plant (DSP)**

- "Greentech Safety Award (Gold) - 2009" in Metals and Mining Sector from Greentech Foundation, New Delhi on 29<sup>th</sup> April, 2011.
- "Indian Achiever's Award - 2010" on Corporate Leadership from Indian Achievers Forum, New Delhi.
- "Greentech Environment Excellence Award (Gold) - 2010" in Metals and Mining Category for environmental preservation from Greentech Foundation, New Delhi.
- "Greentech CSR Award (Gold)-2010" in Metals & Mining Category by Greentech Foundation, New Delhi on 19<sup>th</sup> October, 2011.
- "Golden Peacock National Quality Award-2011". The Award has been conferred by the Institute of Directors.

#### **Rourkela Steel Plant (RSP)**

- "Rajbhasha Gaurav Samman" from the Bhartiya Rajbhasha Vikas Sansthaan, Dehradun for its outstanding contribution in implementing Rajbhasha. The Award was conferred during the Akhil Bharatiya Rajbhasha Sangosthi held at Madurai from 12<sup>th</sup> to 14<sup>th</sup> October, 2011.
- "Greentech Environment Excellence (Gold) Award" in the Environment Management front. The Award was given during the 12<sup>th</sup> Annual Greentech Environment & CSR Global Conference, 2011 at Srinagar, Jammu & Kashmir on 20<sup>th</sup> October, 2011.



73 SAIL employees won 14 out of 28 "Vishwakarma Rashtriya Puraskar (VRP)" in three different categories - 1 in class 'A', 5 in class 'B' and 8 in class 'C' on 30<sup>th</sup> November, 2011 in New Delhi. The winners under these categories received cash prizes of ₹75,000, ₹50,000 and ₹25,000, respectively, along with certificates of merit.



### Bokaro Steel Plant (BSL)

- "Golden Peacock Award – 2011" for Innovative Product/ Services from Institute of Directors.

### Salem Steel Plant (SSP)

- 2<sup>nd</sup> Prize of National Sustainability Award in the Secondary Steel Plants / Alloy Steel Plant Category from Indian Institute of Metals, Kolkata for the Year 2010-11.

### RDCIS

- "Most Innovative Energy Saving Product" Award institutionalized by CII for Curtain Flame Ignition System.
- "NRDC Meritorious Invention Award-2010" for Curtain Flame Ignition Technology for Sinter Machine in Steel Plants from NRDC.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company's focus on social responsibility remains unwavering. The pivotal role of education, health, income generation and sustainable development is the cornerstone of our Corporate Social Responsibility.

On the health front, your Company is operating 54 Primary Health Centres, 12 Reproductive and Child Health Centres, 17 Hospitals and 7 Super-Specialty Hospitals which provide specialized healthcare to more than 30 million people living in the vicinity of its Plants and Units. In the year 2011-12, in order to reach to the underprivileged, over 2400 camps have been organized across the Country benefiting around 1.80 Lakh people providing free health check-up, path-lab treatment, medicine, immunization, etc. To help the poor and downtrodden, 12 numbers of MMUs /Ambulances, etc. provided to various NGOs like Wockhardt, HelpAge India, Bharat Sewashram Sangha, etc. in 2011-12. Special project AKSHAYA for providing free investigation to TB patients of under privileged section of society and Project CHETNA for the treatment of Sick Cell & Anemia are being run at Rourkela.

In the field of education, your Company has opened over 146 schools in the Steel Townships to provide modern education to about 70,000 children. Besides adopting and providing free education and facilities to tribal children, SAIL is providing assistance to over 286 schools. In

this endeavor, SAIL has achieved a Girl: Boy ratio of 1:1 for all levels of education and a survival rate, i.e. rate of retaining enrolled students of 93% in SAIL Primary Schools and 90% in SAIL Secondary Schools. Seven Special Schools for BPL (Kalyan Vidyalaya) at five steel Plants with facilities of free education, mid-day meals, uniform including shoes, text books, stationery items, school bags, water bottles and transportation in some cases are running under CSR. Scholarships to deserving undergraduate & postgraduate engineering students, adoption of 180 tribal children at Bhilai & fourteen of nearly extinct Birhore Tribes at Bokaro, 4 girl students for Nursing Course, etc. are the major steps taken for uplifting poor, OBC & SC, ST. With the help of Akshay Patra Foundation, SAIL is providing Mid-Day Meal to more than 18000 students in different schools of Bhilai everyday.

SAIL has provided access to around 75 lakh people across 450 villages since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing over 6000 water sources, thereby providing drinking water access to around 50 lakh people.

In order to bridge the gap between rural and urban areas and to provide comprehensive development of both physical and social infrastructure, 79 villages have been identified as "Model Steel Villages" across the country (in eight states). The developmental activities being undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centers, livelihood generation, sports facilities, etc. Work at 71 villages have been completed till 2011-12.

Vocational training has been provided to in areas such as improved Agriculture, Mushroom Cultivation, Goatery, Poultry, Fishery, Piggery, Achar / Papad/ Agarbati making, Welder, Fitter & Electrician Training, Sewing and Embroidery, Smoke less Chullah Making, etc. Vocational Training centre for rural and unemployed youths – 'Bhilai Ispat Kaushal Kutir' at Bhilai, Skill Development and Self Employment Training Institute (SDSETI) for the benefit of the women and girls at Durgapur and Self employment centre "KIRAN" at Kiriburu Ore Mines are benefiting common masses by way of financial inclusion/ SHG and then empowering them to be part of main stream.



"SAIL Kanya Shiksha Niketan" fully supported by SAIL's Durgapur Steel Plant under its Corporate Social Responsibility (CSR) Project.



SAIL Chairman Shri C.S. Verma (left) receiving the Skoch award for Financial Inclusion under the category of **"Women Empowerment"** in recognition of multifold initiatives for inclusive growth from Shri C. Rangarajan, Chairman of PM's Economic Advisory Council (right) in the presence of CEO, Skoch Group, Shri Sameer Kochhar on 5<sup>th</sup> January, 2012.

For promoting the tribal culture, a 5 day Chattisgarh Lok Kala Mahotsav was celebrated in which around 600 artists participated and more than 10,000 people attended. To promote local culture and games, various Gramin Lokotsavas and Gramin Athletics Competitions were organised by SAIL at different locations throughout the year.

Your Company's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. In year 2011-12, SAIL won **Global CSR Awards 2012** for Education and Health, by World CSR Day Organization and **Financial Inclusion Award-2012** for "Women Empowerment" by SKOCH Foundation.

#### CITIZEN CHARTER

SAIL's Citizen Charter has outlined commitment of SAIL towards its stakeholders thereby empowering them to demand better products and services. The Citizen's Charter of SAIL may be summarized in four objectives as given below:

- Ensuring citizen-centric focus across all its processes by adopting Total Quality Management principles for improvement of products and services.
- Ensuring effective citizen communication channels.
- Demonstrating transparency and openness of its business operations by hosting the Citizen's Charter on the corporate web site.
- Working towards delight of citizens by fail-safe processes and in case of exigencies leveraging its service recovery processes, like Grievance Redressal, Handling Complaints, etc.

The Management of your Company is totally committed to excellence in public service delivery through good governance by a laid down process of identifying citizens, our commitment to them in meeting their expectations and our communication to them of our key policies in order

to make the service delivery process more effective. The Citizen Charter is a dynamic commitment which is reviewed continually to improve the effectiveness of the Document.

#### STRATEGIC INITIATIVES OF THE COMPANY

During the Year 2011-12, your Company continued to give impetus towards taking new business initiatives including incorporation/formation of new Joint Ventures (JVs), mergers & acquisitions and entering into Memorandum of Understandings (MOUs) for its long term strategic objectives. Your Company has established communication channels with renowned international technology providers for forging strategic alliances for production of value added products. The Company is continuously adopting the path of entering into Joint Ventures with public / private entities to attain its strategic goals of maximizing gains with optimal utilization of resources. These include:

##### (A) Mergers & Acquisitions (M&As) :

- Merger of Maharashtra Elecktosmelt Limited (MEL) with Steel Authority of India Limited (SAIL):** The Ministry of Corporate Affairs (MCA), New Delhi vide its letter dated 14.6.2011 forwarded the Order of the Central Government sanctioning the Scheme of amalgamation of Maharashtra Elecktosmelt Ltd (MEL) with Steel Authority of India Limited (SAIL) under Section 391-394 of the Companies Act, 1956. The appointed date of amalgamation was 01.04.2010. Consequent to amalgamation, MEL became a Unit of SAIL and renamed as Chandrapur Ferro Alloy Plant (CFP).



- (ii) **Transfer of Salem Refractory Unit of Burn Standard Company Limited (BSCL) to SAIL Refractory Company Limited (SRCL), a wholly owned subsidiary of SAIL:** The process of transfer of BSCL's Salem Refractory Unit as a subsidiary of SAIL was initiated on 10<sup>th</sup> June, 2010, when the Cabinet Committee on Economic Affairs (CCEA) approved the financial restructuring of BSCL and also authorised the Department of Heavy Industries and Ministry of Steel to work out operational steps for the transfer. Subsequently, SAIL Refractory Company Limited (SRCL), a wholly owned subsidiary of SAIL was incorporated at Coimbatore, Tamil Nadu on 23<sup>rd</sup> August, 2011 for this purpose. A Deed of Transfer was signed on 16th December'2011 with Burn Standard and Co. Ltd. (BSCL) for the transfer of BSCL's Refractory Unit at Salem to the newly formed subsidiary of SAIL, namely SAIL Refractory Company Limited (SRCL).

Your Company has already initiated action towards manpower deployment and undertaken operational improvement projects, capex plans, etc., at the newly acquired refractory unit. A previously declared non-operational Shaft Kiln has also been brought under operation.

#### (B) Joint Ventures:

- (i) A Joint Venture Company **"SAIL RITES Bengal Wagon Industry Pvt. Ltd."** has been incorporated to manufacture 1500 wagons per annum (manufacture of 1200 wagons and rehabilitation of 300 wagons) which will include BOXN-type

wagons, specialized high-end wagons and modern stainless steel wagons at Kulti, West Bengal. Construction activities and procurement of machinery are in progress.

- (ii) The Steel Complex Limited (SCL), a Government of Kerala undertaking, was converted into a Joint Venture Company between your Company and Government of Kerala in February' 2011 by acquisition of 50% of the shares held by the Government of Kerala (GoK) in SCL. Management Control of the Joint Venture Company (JVC) was vested with SAIL for synergizing the resources and optimizing production process at SCL. Towards accomplishing the intent to bring an early turnaround and revival of the JVC, your Company has sanctioned working capital assistance to the JVC and GoK has issued directives to the State PSUs to provide necessary raw material (i.e. scrap) and order for the finished product (TMT 500 and above grade) to SCL. These interventions have resulted in improving the performance of the Joint Venture Company.
- (iii) Power: Power requirement of SAIL Plants and Mines is expected to increase from present 1000 MW to nearly 1800 MW after completion of the ongoing expansion plan. Feasibility Report is under preparation by NTPC SAIL Power Company Private Limited (NSPCL), a 50:50 JV of SAIL and NTPC, for setting up of 2x250 MW Power Plant at Bhilai & 1x250 MW Power Plant at RSP to meet enhanced power requirement post completion of expansion schemes.
- (iv) Renewable Energy Purchase: In line with Electricity Act,



SAIL Chairman Shri C.S. Verma (standing 2<sup>nd</sup> from right) and Railway Board Member (Mechanical) Shri Keshav Chandra holding copies of the JV document in the presence of (seated from left) Hon'ble Union Minister for Railways Shri Mukul Roy and West Bengal's Hon'ble Chief Minister Ms. Mamata Banerjee, Hon'ble Finance Minister Shri Amit Mitra and Hon'ble Industries & Commerce Minister Shri Partho Chatterjee at Writers' Buildings in Kolkata on 25<sup>th</sup> May, 2012.

2003 and National Electricity Policy, various State Electricity Regulatory Commissions have notified that certain minimum percentage of electricity consumed by various users of captive power should come from renewable energy sources. Your Company is taking action to meet this obligation by having long term arrangements for such power from renewable energy based power plants in Joint Venture. A long term strategy to meet renewable energy purchase obligation has been worked out for installing captive power generation through Joint Venture route based on renewable energy sources.

- (v) **Titanium Project:** Your Company is contemplating to diversify into new and related areas as its growth strategy and as a step towards this direction has accepted Government of Kerala's offer to jointly explore the possibility of working on a Titanium Sponge Project. A joint committee of senior officials of both SAIL & GoK shall undertake a feasibility study for setting up a 10,000 tpa project in collaboration with Govt. of Kerala at Kollam, Kerala.

#### (C) Strategic Alliances:

- (i) **Kobe Steel Limited, Japan:** In pursuance to signing of Memorandum of Understanding between SAIL and M/s Kobe Steel Limited, Japan (KSL) in March, 2010, a pre-feasibility study has been jointly carried out to assess the economic and technical viability for setting up an ITmk3 (Iron making Technology mark Three) Plant in Joint Venture for production of Iron Nuggets from Iron Ore Fines. SAIL has signed a Term Sheet with M/s Kobe Steel for preparing DPR for setting up a 0.5 million tonnes ITmk3 technology based plant at ASP, Durgapur for which a Joint Venture Company "SAIL-Kobe Iron India Private Limited" has been incorporated on 25<sup>th</sup> May, 2012.
- (ii) **Revival of Sindri Project:** Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 4<sup>th</sup> August, 2011 has approved the proposal for revival of the closed unit of Fertilizer Corporation of India Limited (FCIL) with the stipulation that the BIFR proceedings be expedited and, thereafter, the matter including changes, if any, required in bid parameters, be placed before the Committee for a final decision. As per the Cabinet approval, the consortium of SAIL and National Fertilizers Limited (NFL) has been nominated for revival of the Sindri Unit of FCIL. A new Special Purpose Vehicle (SPV) Company namely "SAIL-Sindri Projects Ltd" has already been incorporated on November 8, 2011 as a subsidiary of the Company. A firmed-up proposal on revival of Sindri Unit has been submitted to Ministry of Fertilizer (MOF) detailing the business plan & structure for the SPV.
- (iii) **Hajigak Iron Ore Deposits owned by Government of Afghanistan:** The SAIL-led consortium AFISCO (Afghan Iron & Steel Consortium), which had submitted its bid for mining exploration rights at Hajigak, has won the status of 'Preferred

Bidder' for Blocks B, C and D of the mines with an estimated reserve of 1.28 billion tonnes of high-grade magnetite iron ore (with 62-64% Fe content). The Consortium will now have the opportunity to enter into a Hajigak Project Contract with the Ministry of Mines of the Islamic Republic of Afghanistan after formal negotiations, and to receive a licence to further explore, develop and exploit the Hajigak iron ore deposits.

#### (D) Memorandum of Understanding (MOU) / Commercial Agreements entered into with various companies:

- (i) On 16<sup>th</sup> June, 2011, SAIL signed an MOU with M/s Mishra Dhatu Nigam Limited (MIDHANI) for exploring synergetic business opportunities in production of value-added products, enhanced research & development activities, exchange of technical know-how and joint investment between the two companies. A Joint Task Force Team (TFT) has been constituted to identify special steel products which can be jointly developed by utilizing the R&D facilities of both companies based on assessment of market demand and subject to techno-economic viability and commercial prudence.
- (ii) On 23<sup>rd</sup> May 2011, SAIL and Burn Standard Co. Ltd. (BSCL), a PSU under the Ministry of Railways, entered into an MOU for setting up a Wagon Components Manufacturing Facility (WCMF) as a 50:50 Joint Venture (JV) for the manufacture of Cast Steel Bogies, Couplers and related products for use on the Wagons running on Indian Railways. The project is planned to be set up on leasehold land under the possession of M/s Burn Standard Co. Ltd. (BSCL) at Jellingham, West Bengal. The Techno Economic Feasibility Report (TEFR) has been prepared by M/s RITES (Consultant) & the project activities have commenced.

#### ENTERPRISE SCORE CARD (ESC)

First Enterprise Score Card (ESC) of SAIL was prepared for 2011-12. Enterprise Score Card not only brought integration with Memorandum of Understanding (MoU) with the Government of India and Annual Business Plan (ABP) of the Company but also facilitated deployment of these across various leadership levels. It facilitated deployment of organisational strategy. ESC 2011-12 was aligned upwards with Vision, ABP & MOU; deployed downwards through Unit Score Cards, Functional Score Cards and Departmental Score Cards and addressed the long term and short term issues. Process for formulation of Enterprise Score Card for 2012 -13 has also been initiated.

#### IT RELATED INITIATIVES

Your Company has been moving ahead in innovative usage of Information Technology (IT). As a step towards this, Enterprise Resource Planning (ERP) has been implemented stage wise at BSP, DSP, BSL and CMO during 2008-2011. RSP went live on ERP on 01/04/2012 and is in the process of stabilization.



The lush green environment at SAIL's IISCO Steel Plant.

Manufacturing Execution System (MES) has been implemented at BSP's 3 shops, namely SMS 2, Plate Mill and Rail Mill with the help of M/s POSDATA. The system is getting stabilized. MES implementation would enable detailed planning, scheduling and status monitoring of orders at these shops.

Your Company is currently revisiting its IT Strategy for alignment of IT to achieve One SAIL IT Vision and for better IT & business synergy.

## ENVIRONMENT MANAGEMENT

SAIL is committed to a sustainable environment and is continuously enhancing its environmental performance as an integral part of its business philosophy and values. A number of environmental initiatives have been taken by your Company during the year yielding positive results. The highlights of this area are as under:

- Best ever achievements were made during the year 2011-12 in respect of the following Environmental Indices:
  - Particulate Matter (PM) emission load has reduced from 2.3 kg/tcs in 2006-07 to 1.01 kg/tcs in the year 2011-12, a reduction of 56% in the last 6 years.
  - Specific Water Consumption has reduced from 4.58 m<sup>3</sup>/tcs in 2006-07 to 3.86 m<sup>3</sup>/tcs in the year 2011-12; a reduction of more than 15% in the last 6 years.
  - Specific effluent discharge from SAIL Plants has reduced from 2.73 m<sup>3</sup>/tfs in 2006-07 to 2.26 m<sup>3</sup>/tfs in the year 2011-12; a reduction of more than 17% over the last 6 years.
  - Utilisation of Blast Furnace (BF) Slag and LD Slag was 91%

and 85% respectively in 2011-12. An enhancement of 15% utilisation of the BF and 19 % utilisation of the LD slag has been achieved over the last 6 years.

- 2.81 lakh saplings have been planted in and around SAIL Plants and Mines during the year.
- VISL, Bhadravati has been accredited to ISO 14001 Environment Management System.
- As a part of Greening of Warehouses Initiative, to start with, Warehouses of CMO at Faridabad, Chennai, Kalamboli and Dankuni were accredited to ISO 14001 Environment Management System.
- Sustainable Development Policy for the Company has been formulated and released.
- "Golden Peacock Environment Management Award, 2011" was conferred upon SAIL in recognition of SAIL's initiatives and achievements in the field of environment management.

## CORPORATE COMMUNICATION

Corporate Communication across SAIL has played a key role in enhancing the brand image and brand equity of the organisation. Internal communication through print, electronic and web tools enabled better employee engagement and motivation. External communication aimed at information-sharing with the stakeholders and brand building for the Company. Media was leveraged in the best possible manner to this end. Online medium was harnessed to spread brand awareness. SAIL website popularity increased as evidenced by more than one lakh average hits per day. Extensive efforts were made for positive communication about





(2<sup>nd</sup> From L to R): SAIL Chairman Shri C.S. Verma, Secretary (Steel) Shri D.R.S. Chaudhary, Hon'ble Union Minister for Steel Shri Beni Prasad Verma, wrestlers Sushil Kumar and Yogeshwar Dutt (Proud winners of silver & bronze medals respectively at London Olympics) with their coach in the office of Steel Minister at a send-off event held in Udyog Bhavan, New Delhi on 17<sup>th</sup> July, 2012.

the Company. Through such initiatives, brand visibility has increased significantly.

For regular media interaction, structured press conferences and Chairman interviews were organised, coupled with sustained communication with the media through press releases. Focus on major sports events was strengthened during the year. The 5th version of SAIL Open Golf Tournament organized in Feb.'12 as part of Asian Tour of Professional Golf Tournament received wide publicity. Validating the branding potential of the event, State Bank of India (SBI) and Ministry of Tourism joined as partners this year.

## VIGILANCE ACTIVITIES

SAIL Vigilance has been focusing on preventive and proactive vigilance activities to facilitate a conducive environment for enabling people to work with integrity, impartiality and efficiency, in a fair and transparent manner, upholding highest ethical standards to enhance reputation and create value for the organization.

SAIL Vigilance has undertaken the following major activities during the year:

To enhance awareness amongst employees, vigilance awareness sessions and workshops on systems and procedures followed in SAIL were regularly held at various Plants and Units. A total of 140 such workshops involving 2937 participants were held on Purchase/Contract procedures, Conduct & Discipline Rules, RTI Act, etc.

A total of 3755 periodic checks, including surprise checks and the file scrutiny were conducted in the vulnerable areas / departments

of different Plants & Units. Further, 21 major system improvement projects were undertaken over and above the system improvements recommended on the basis of vigilance investigations and checks. Savings of ₹2361.97 lakh approx. has accrued from Vigilance measures taken during the period April 2011 to March 2012.

Various initiatives have been taken by SAIL Vigilance to increase leveraging of technology in vigilance function. These include provision for on-line submission of Property Returns, provision for generating on-line Vigilance Status, augmentation of on-line submission of Management Information System reports by vigilance departments of Plants & Units of SAIL, online File Tracking System, Knowledge Portal, Vigilance Blog for discussions relating to vigilance related issues etc.

For effective implementation of the Integrity Pact, review meetings were conducted periodically with the Independent External Monitors (IEMs).

To inculcate ethics amongst the Children at their formative stage, an initiative has been taken by SAIL Vigilance for nurturing ethics amongst the School Children. As a part of this initiative, Ethics Club have been launched in BSP, BSL and RSP. To propagate above activities, a committee comprising senior executives has been formed at Plants / Units level.

A case study forwarded by SAIL Vigilance on "Use of Sub-Standard Grade Roofing Sheets in Construction of Bloom Caster Shop" has been awarded the "National Vigilance Excellence Award 2011" by Vigilance Study Circle, Hyderabad.

## CONSULTANCY SERVICES

Based on its large and varied expertise and experience acquired over the last five decades, SAIL, through SAIL Consultancy Division (SAILCON),



SAIL Chairman, Shri C.S. Verma receiving the “**SCOPE Meritorious Award for Corporate Governance**” from the then President Her Excellency, Smt. Pratibha Devisingh Patil, in presence of Hon'ble Minister of Heavy Industries & Public Enterprises, Shri Praful Patel on 13<sup>th</sup> April, 2012 in Vigyan Bhawan, New Delhi.

provides design, engineering, training, technical & management consultancy services in Iron & Steel and related areas and offers a wide range of services to clients Globally. Technical and Management Training services are its forte and these services have been availed of by several organisations in private and public sector within India and abroad. To scale up the activities and to further reinforce the brand image of SAIL as a consultant, SAILCON is continuously exploring the market, both within and outside the Country for possible business opportunities as well as joint ventures with Global consultants for commercialization of SAIL's expertise.

During the Financial Year 2011-12, SAILCON, an ISO: 9001:2008 certified quality organization and the single window consultancy division of the Company recorded the highest ever order booking.

'SAILCON' has executed assignments within India and abroad covering countries like Egypt, Saudi Arabia, Iran, Qatar, Thailand, Nepal, Philippines, etc.

#### MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report covering the performance and outlook of the Company is enclosed.

#### AUDITORS' REPORT

The Statutory Auditors' Report on the Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2012 along with Management's replies thereon is placed at Annexure-I. The Comptroller & Auditor General of India (C&AG) vide its letter dated 26<sup>th</sup> June, 2012 has given "nil" comments on the accounts of the Company for the year ended 31<sup>st</sup> March, 2012 under Section 619(4) of the Companies Act, 1956. A copy of the above letter of C&AG is placed at Annexure-II.

#### COST AUDITORS

Pursuant to the direction of the Central Government for audit of cost accounts, your Company has appointed M/s Jugal K Puri & Associates, Gurgaon for Rourkela Steel Plant (RSP) & Bokaro Steel Plant (BSL), M/s K.C. Kohli & Co, Delhi for Bhilai Steel Plant (BSP), Durgapur Steel Plant (DSP) & IISCO Steel Plant (ISP) and M/s Mani & Co, Kolkata for Alloy Steels Plant (ASP), Salem Steel Plant (SSP) & Visvesvaraya Iron & Steel Plant (VISP) as Cost Auditor(s) for the financial year 2011-12. The report of the Cost Auditors is under finalization and will be submitted to the Ministry of Corporate Affairs within the prescribed period.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure-III to this Report.

#### PARTICULARS OF EMPLOYEES

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts, the applicable

Accounting Standards have been followed along with proper explanation relating to material departures;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

### CORPORATE GOVERNANCE

In terms of listing agreement with the Stock Exchanges, a compliance report on Corporate Governance is given at Annexure-IV. A certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is placed at Annexure-V. In terms of Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

### CONSOLIDATED FINANCIAL STATEMENTS

In terms of listing agreement with the Stock Exchange(s), the duly audited Consolidated Financial Statements are placed at Annexure-VI.

### SUBSIDIARIES

IISCO-Ujjain Pipe & Foundry Company Limited, a wholly owned subsidiary of the erstwhile Indian Iron & Steel Company Limited (IISCO), was ordered to be wound up by BIFR. The Official Liquidator is continuing its liquidation process. The assets of the Company have been realized and the settlement of claims is in process.

During the year, three new wholly owned subsidiary companies were incorporated namely, SAIL Refractory Company Limited (SRCL), SAIL Jagadishpur Power Plant Limited and SAIL Sindri Projects Limited as Special Purpose Vehicles. SRCL has taken over the Salem Refractory Unit of Burn Standard Company Limited on 16th December, 2011. While SAIL Jagadishpur Power Plant Limited has been incorporated for setting up of Gas based power plant at Jagadishpur, the SAIL Sindri Projects Limited has been incorporated for revival of Sindri Unit of Fertilizer Corporation of India Limited. These two companies are yet to commence operations pending relevant approvals.

A Statement pursuant to Section 212 of the Companies Act, 1956 is attached to the Accounts. In terms of general exemption granted by Ministry of Corporate Affairs vide Circular No.5/12/2007-CL-III dated 8.2.2011, under Section 212(8) of the Companies Act, 1956, the Audited Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of our subsidiaries need not be attached with the Balance Sheet of the Company as the Company has satisfied the conditions stipulated in the Circular. However, the requisite information

as prescribed in the above Circular of Ministry of Corporate Affairs in respect of the subsidiary companies has been disclosed in the Statement.

The Annual Accounts of the subsidiary companies and related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. Further, the Annual Accounts of the subsidiary companies are available for inspection by any shareholder in the Registered Office of the Company and of the subsidiary companies concerned during the office hours between 11 AM to 1 PM. A hard copy of the details of accounts of subsidiaries shall be furnished to the shareholders on receipt of written request.

### DIRECTORS

Shri Soiles Bhattacharya, Director (Finance) ceased to be Director w.e.f. 31.08.2011 (A.N.) on attaining the age of superannuation.

Shri Anil Kumar Chaudhary has been appointed as Director (Finance) w.e.f. 01.09.2011.

Dr. Isher Judge Ahluwalia, Shri Sujit Banerjee and Shri Arun Kumar Srivastava have been appointed as Independent Directors on 16.01.2012.

Shri S.S. Mohanty has been appointed as Director (Technical) w.e.f. 15.03.2012.

Shri B.B. Singh, Director (Personnel) ceased to be Director w.e.f. 30.04.2012 (A.N.) on attaining the age of superannuation.

Shri H.S. Pati has been appointed as Director (Personnel) w.e.f. 01.05.2012.

Shri T.S. Suresh has been appointed as Director (Projects & Business Planning) w.e.f. 04.05.2012.

Shri A.K. Pandey has been appointed as Director (Raw Material & Logistics) w.e.f. 24.05.2012.

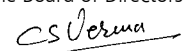
Shri S. Machendra Nathan, Additional Secretary & Financial Advisor (AS & FA), Ministry of Steel ceased to be Director w.e.f. 16.07.2012.

Shri E.K. Bharat Bhushan, AS&FA, Ministry of Steel has been appointed as Director w.e.f. 23.07.2012.

### ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the support and cooperation extended by every member of the SAIL family. The Directors are thankful to the State Governments, Electricity Boards, Railways, Banks, Suppliers, Customers and Shareholders for their continued cooperation. The Directors also wish to acknowledge the continued support and guidance received from the different wings of the Government of India, particularly from the Ministry of Steel.

For and on behalf of the Board of Directors

  
(C.S. Verma)  
Chairman

New Delhi

Dated: 9<sup>th</sup> August, 2012



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Steel Authority of India Limited (SAIL) presents its Analysis Report covering the performance and outlook of the Company.

## A. INDUSTRY STRUCTURE & DEVELOPMENTS

### World Economic Environment

IMF, in its April 2012 update, has projected a World output growth of 3.5% for 2012 against a growth of 3.9% during 2011. However, projected growth of 3.9% for 2013 indicates a mild recovery. Slight recovery in the major advanced economies, coupled with the solid growth in most emerging and developing economies presents a positive outlook for the Global economy on the whole.

While US economy appears to be on recovery path with a growth of 1.7% in 2011 and projected growth rates of 2% and 2.3% for 2012 and 2013 respectively, the Euro Zone continues to be an area of concern. Its projected growth for 2012 is -0.3% against a growth of 1.5% during 2011. The projection for 2013 is also for a flat growth at 0.7%. In the Euro Zone, Greece which had contracted by 6.9% in 2011, is projected to contract by another 4.7% in 2012, before starting recovery in 2013 along with Portugal and Spain.

Growth in the advanced economies will be slow, projected at 1.4% for 2012 and 1.9% for 2013, primarily because of the ongoing problems in Europe.

As per IMF, the emerging and developing economies would also experience a lower growth of 5.6% into 2012 against a growth of 6.2% in 2011. In developing Asia, China which had grown at 9.2% in 2011 is expected to slow down to 8% in 2012 before recovering to 8.5% in 2013.

Given the overall dampening in economic activity, the trade growth is expected to slow down for both developed as well as developing world.

Risk in 2012 is in the form of continued hardening of oil prices. China and India, which together account for around 80% of the incremental oil demand, would continue to push the demand given the pace of their economic expansion. Further, any geo-political uncertainty could trigger a sharp increase in oil prices.

### World Steel Scenario

The Global Steel Industry is going through a rough phase with demand declining and the major steel economies like USA and Europe running into oversupply. The World crude steel production in 2011 stood at 1518 million tonnes, growing at 6.2% over 2010, with China contributing as high as 52% to the incremental production. The growth rate however, was considerably lower as compared to 16% in 2010.

The Global steel demand during 2012 is expected to grow by 3.6% to 1422 Million Tonnes, moderating slightly as compared to a 5.6% growth in 2011. It is expected to grow further by 4.5% to around 1486 million tonnes in 2013, as per WSA forecasts.

Demand in major steel producing nations, viz. Japan and Europe is projected to decrease in 2012 as compared to the demand in 2011. In the US, demand is forecast to grow by 5.7% in 2012 and 5.6% in 2013. China's growth in steel demand in 2012 and 2013 is expected

to moderate to 4.0% following 6.2% growth in 2011. The continuing slowdown of Chinese steel demand is mainly driven by the Chinese Government's efforts to restructure the economy. However, part of China's projected slower growth is offset by improvement in other emerging markets and the recovery in US.

India is expected to resume its high growth trend after a sluggish performance in 2011. In 2012, India's steel use is forecast to grow by 6.9% to reach 72.5 MT and is projected to grow further by 9.4% in 2013, driven by increased infrastructure investment and higher pace of urbanisation.

WSA forecast suggests that in 2013, the emerging and developing economies will account for 73% of World steel demand.

### Indian Economic Scenario

The GDP growth of the Indian economy was estimated at 6.5% for the Fiscal 2011-12. Reduction in gross fixed capital formation and slow down in industrial production have been the cause of concern. No change in the growth rate is expected in the coming fiscal, with RBI projecting a growth of 6.5% for 2012-13.

The Union Budget has announced a number of measures to boost the investment climate, with special focus on infrastructure and manufacturing sectors. For the Steel Industry, the key measures are in the form of increasing custom duty on flat carbon steel products from the level of 5% to 7.5%. This along with measures to bring back industrial growth should allow for accommodation of additional supply on capacities likely to be commissioned in 2012-13.

The announcements with regard to reduction in customs duty on machinery imports for mining and mineral sector, specially for iron ore beneficiation and pelletisation, will lead to reduction of overall capital cost.

### Indian Steel Scenario

India maintained its ranking as the 4th largest steel producer in the World with a production of 71.3 million tonnes in 2011, registering a growth rate of 4.4% over 2010, as per WSA.

According to JPC estimates, domestic finished steel consumption posted a growth of 6.8% during 2011-12 to 70.92 Million Tonnes. The World Steel Association has projected a growth of 6.9% for steel consumption for India during 2012, which is higher than the growth in steel consumption projected for China (4%). In 2013, the growth rate is forecast to accelerate to 9.4%.

A growth rate of 8-9% in the next few years is expected to be sustained mainly by factors such as the 1 trillion USD investment envisaged for the infrastructure sector in the 12th Five Year Plan, greater emphasis on increasing growth rate of the manufacturing sector, higher rates of urbanization, rising middle class population and tapping the potential of the rural market. Also, in terms of per capita consumption of finished steel, India at 57 kg lags behind the world average of 214.7 kg, indicating a huge potential for growth.

In terms of imports and exports, India has become a net importer of steel since 2007-08, with the net imports at 3 million tonnes during 2011-12. An important reason for the high level of imports has been

the domestic non-availability or limited availability of sophisticated/specialized steel products.

## B. OPPORTUNITIES & THREATS FOR SAIL

### Opportunities :

- India's medium term demand prospects continue to be strong allowing for capacity expansion of domestic players. SAIL's ongoing expansion plan will be able to bridge the gap in demand and supply.
- There is a growing demand of steel emerging from non metro and rural centres. SAIL with a nation wide dealers network is ideally placed to tap the emerging demand of quality steel in these areas.

### Threats :

- A number of capacities, specifically in flat products category are expected to be commissioned in 2012 and 2013, which may lead to surplus over domestic demand in a few product categories.
- Past years have seen very high volatility in steel making input prices. This has led to uncertainties with respect to margin for steel producers and raw materials sourcing.
- Indian economy for some time has been dealing with high rate of inflation. Fiscal deficit along with current account deficit has resulted in high inflation, high interest rate and depreciating rupee. This may impact the investment sentiments leading to lower than potential growth for the Economy and Steel Sector.

## C. RISKS AND CONCERNS

- Demand not growing as per expectation, where as increase in domestic capacities is resulting into intense competition amongst domestic suppliers.
- Delayed Projects implementation
- Constant depreciation of Rupee
- Higher interest rates
- Raw Material Securitization
- Inadequate infrastructure for movement of imported inputs/distribution of output

## D. OUTLOOK

- Railways expansion including freight corridor & Metro is likely to augment steel demand.
- 1 trillion USD investment in infrastructure in the 12th Five Year Plan to push the steel demand.
- Quality production to help in Import substitution

## E. STRENGTHS & WEAKNESSES

### Strengths

The diversified product mix and multi location production units are an area of strength for the company. SAIL as a single source is able to cater to the entire steel requirement of any customer. Also, it has a nation wide distribution network with a presence in every district in India. This makes quality steel available throughout the length and breadth of the country.

SAIL has the largest captive iron ore operations in India, which takes care of its entire requirement. With plans in place to expand the mining operations, the company will continue to be self sufficient in iron ore after completion of the on-going phase of expansion.

SAIL's large skilled manpower base is a source of strength. With continuous emphasis on skill based and multi-skill training, SAIL has achieved Labour Productivity of 241 tonnes of crude steel per man per

year during 2011-12. With emphasis on selective skilled recruitment for manning of upcoming facilities & recoupment against superannuating manpower, the manpower profile as well as the labour productivity will improve gradually over the years.

SAIL's captive power plants take care of about 70% of its total power need. With augmentation of capacities of power plants operated under Joint Venture, the company will continue to have security in this key input in future as well.

The company has one of the biggest in-house research and development centres in Asia. SAIL's RDCIS (Research & Development Centre for Iron & Steel) is a source of regular product and process innovation.

Low overall borrowings lend strength to the company's balance sheet as it can mobilize resources while keeping the leveraging at manageable levels.

### Weaknesses

SAIL is dependent on the market purchase for a key input – coking coal. As India does not have sufficient coking coal deposits, most of the supply is from external sources. As international practice in purchase of coking coal is through annual/quarterly/monthly price contracts, it exposes the Company to market risk if the steel prices crash but input prices remain unchanged.

Regular superannuations, over the years, have resulted into skill depletion largely in the technical areas. Besides, technological up-gradations and modernization also call for consistent efforts towards competency development.

A part of the 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 products are in the form of semi-finished steel, resulting in lower value addition. This will continue till new rolling mills planned under expansion plan contribute to value addition as almost all semis will be converted to finished steel.

## F. REVIEW OF FINANCIAL PERFORMANCE

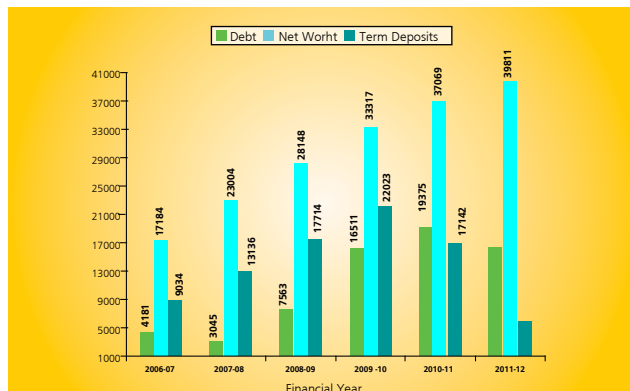
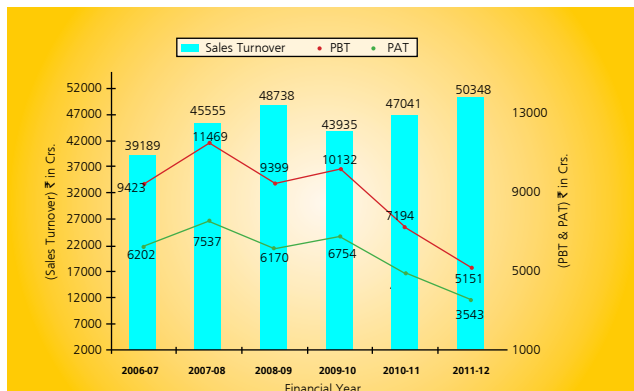
### 1. FINANCIAL OVERVIEW OF SAIL

With the Indian Economy reeling under the collateral impact of a sovereign debt crisis in Europe and frequent increases in domestic interest rates to rein in inflation this Fiscal, the growth rate of real consumption of domestic steel in the current Fiscal also witnessed a slow down as compared to last year. SAIL achieved the saleable steel production of 12.4 Million Tonne representing 112% of capacity utilisation. Sales volume of saleable steel decreased by 3% at 11.42 Million Tonne as against 11.72 Million Tonne in 2010-11.

#### 1.1 Financial Performance

Particulars	2011-12 (₹ crore)	% Increase(+)/ Decrease (-) over Previous Year
Sales Turnover	50348	7 %
PBDIT Before Exceptional Items	7658	-15.2 %
Profit Before Tax (PBT)	5151	-28.4 %
Profit After Tax (PAT)	3543	-27.7%

SAIL achieved the turnover of ₹50,348 crore which was higher by 7% as compared to previous year, mainly due to increase in average net sales realisation of saleable steel during 2011-12. The profit of your Company



for the year 2011-12 was affected adversely, mainly due to adverse impact of higher prices of inputs with the average price of imported Hard Coking coal going up to US \$ 288/T (FOB) in FY'12 as compared to US \$ 213/T (FOB) in corresponding period of last year (CPLY). Another key factor affecting the profitability was the impact of foreign exchange variation to the tune of about ₹900 crore during the year due to the US dollar appreciating from a level of ₹44.68 as on 31.3.2011 to ₹50.88 as on 31.3.2012. However, the adverse impact on profitability was partially offset by the initiatives taken by the Company such as increase in net sales realisation of saleable steel, interest earned on term deposits and higher value added steel production. The profit after tax of ₹3543 crore was lower by ₹1362 crore over last year (₹4905 crore).

## 1.2 Initiatives taken by the SAIL management

### Cost Control Measures

- Emphasis on cost reduction and productivity improvement continued during the year through systematic application of new technology, process improvement through R&D efforts and strong awareness to control cost at all levels of operation.
- Continuous monitoring of procurement of high value items, maximising use of in-house engineering shops and optimisation in procurement including negotiations with suppliers for price reduction.
- Several strategic actions were taken to achieve cost control savings in major areas of operation viz. optimisation of coal blend, higher yield, higher CC production and improvement in revenue maximisation areas.

### 1.3 Funds Management

During the year, the Company continued its thrust on better funds management. The high cost short term loans were replaced with low cost debts. Also, the Company earned interest of ₹1305 crore through short-term deposits with scheduled banks. The Company has maintained term deposits with Banks of ₹5900 crore against of borrowings of ₹16320 crore as at the year-end. The total debt during the current year was reduced by ₹3055 crore. The Company hedged the foreign currency risk on Buyers' Credit and repayment of External Commercial Borrowings (ECBs) depending on market conditions. M/s FITCH and M/s CARE, RBI approved credit rating agencies, maintained "AAA" ratings indicating the highest safety, to SAIL's long term borrowing programme. Standard and Poor's, an International Rating Agency and M/s. FITCH have maintained rating of "BBB-" for SAIL based on the sovereign rating of India. The trend of Debt, Net Worth and Term Deposits is given as under:-

### 1.4 Contribution to SAIL Gratuity Trust

The total contribution made by the Company to the SAIL Gratuity

Trust upto 31.03.2012 was ₹3349.09 crore. The fund size has grown to ₹4114.33 crore as on 31.03.2012, net of settlement done towards payment of gratuity.

## 1.5 Capital Investments

The Company has undertaken modernization and expansion plan to increase capacity of Hot Metal production from 13.80 MTPA to 23.46 MTPA progressively in the current phase.

During the year capital expenditure of ₹11,021 crore has been incurred (₹11,280 crore in previous year). The same has been funded by a mix of borrowings and internal accruals.

## 1.6 Marketing

At SAIL, it is our continuous endeavor to work towards improving customer satisfaction and strengthen our position in the steel market through new initiatives. Some of the measures taken during FY '11-12 are given as under –

- 27 new products were developed for a wide variety of application. Some of the products developed are-
  - SAIL Forming 350 / 450 HR Coil (Bokaro) for auto components which has resulted in weight reduction of the component to the tune of 13 %, Ultra high Strength MnB Steel (BSL) for auto sectors, with UTS > 1600 MPa achieved in the formed component.
  - Z Ductility Guaranteed Special Plates (Bhilai)- special quality plates equivalent to EN 10025 S 355 grade and ASTM 537 Cl 1.
  - Micro Alloyed Al-Killed CC Blooms for rolling into thicker section (>20 mm) TLT members (DSP).
  - Soft Iron Plates (BSP)- development taken up in association with BARC for use in the country's first underground experimental laboratory to be setup at Pottipuram Village in Bodi West Hills for detection and study of neutrinos, the smallest particles known to humans.
  - High seismic resistant TMT Rebars (IISCO, Durgapur, Bhilai) with UTS/YS ratio of 1.25.
- Supplies of Long Rails to Indian Railways registered 24% growth over the previous year. Supply of 'S' profile BG Loco Wheels was at a record high of 6500 numbers.
- 28,700 tonnes 60 Kg. Rails were exported to Sri Lanka during the year. Exports of Plates increased to 1.9 lac tonnes registering 5% growth over the previous year.
- SAIL Dealership network was further expanded with appointment of new dealers under the existing scheme and introduction of a new

“SAIL Rural Dealership Scheme” during FY’11-12. The number of SAIL dealers has risen to 3138 (including rural dealers) as on 01.04.12, an increase of 517 during the year 2011-12. SAIL Dealers are spread across 629 districts of the country. Items of mass consumption like Re-bars, GP/GC sheets and small quantities of Structural, Plates and Sheets are being sold through our dealer network.



- During the year, your Company sold 1852 thousand tonnes of branded products (Viz., SAIL TMT, SAIL Jyoti (GP/GC), Salem Stainless, SAILCOR).
- SAIL undertook Greening of four warehouses (Faridabad, Mumbai, Kolkata and Chennai) during FY’12 under the Environment Management Plan for the year.
- As a step towards improving customer service level, ERP was implemented in the Central Marketing Organisation (CMO) of SAIL.

## 2. ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE COMPANY

### 2.1 Revenue from Operations

#### a) Sale of Products

(₹ crore)

Particulars	FY 2011-12	FY 2010-11	Change (%)
Sales of Saleable Steel Products	48087.67	44860.12	7.2%
Sales of Other Products	2260.73	2180.38	3.7%
Total Sales Turnover	50348.40	47040.50	7.0%
Less: Excise Duty	4694.37	4321.79	8.6%
Net Sales Turnover	45654.03	42718.71	6.8%

#### TREND OF DOMESTIC SALES AND EXPORTS



Sales turnover increased to ₹50348 crore, mainly due to increase in average net sales realisation during 2011-12. Saleable steel sales constitute about 96% of total turnover and were higher by 7% over CPLY. Sales of other products like coal chemicals, pig iron were also 3.7% higher over CPLY. The Company’s main business arena continued to be the domestic market, which provided about 97% of its total sales turnover. Saleable steel export at 3.34 lakh tonne during 2011-12, was higher by about 1%. Export incentives of ₹34 crore were earned during the year.

The Company catered to almost the entire gamut of the mild steel business – Flat Products in the form of Plates, HR Coils/Sheet, CR Coils/Sheets, Galvanised Plain / Corrugated Sheets and Long Products comprising Rails, Structural, Wire-rods and Merchant Products. In addition, Electric Resistance Welded Pipes, Spiral Welded Pipes, Electric Tin Plates and Silicon Steel Sheets formed part of the Company’s rich product-mix. The product category-wise sales turnover during 2011-12 was as follows:

Products Category	% of Sales value
Saleable Steel:	
Flat Products and PET (Pipes, Electrical sheets, Tin plates) Products	52
Long Products	39
Integrated Steel Plants – Mild Steel	91
Alloy & Special Steel Plants - Alloy & Special Steel	5
Total Saleable Steel	96
Secondary Products (Pig Iron, Scrap, Coal Chemicals etc.)	4
Total	100

#### b) Sale of Services - Service Charges

(₹ in crore)

FY 2011-12	FY 2010-11	Change %
26.62	32.20	-17.3%

Revenue on account of sale of services reduced by ₹5.58 crore during the current year.

### c) Other Operating Revenues

(₹ in crore)

FY 2011-12	FY 2010-11	Change %
661.14	556.45	18.8%

Other operating revenues increased by ₹105 crore over previous year primarily on account of recoveries against social amenities, liquidated damages and sundries.

### 2.2 Other Income

(₹ in crore)

FY 2011-12	FY 2010-11	Change %
1622.98	1485.88	9.2%

Other income increased by ₹137 crore over previous year mainly due to increase in interest income from term deposits (₹43 crore), interest income from customers (₹38 crore) and dividend income (₹31 crore) etc.

### 2.3 Expenditure

(₹ in crore)

Particulars	FY 2011-12	FY 2010-11	Change %
Raw Materials Consumed	23025	20252	14%
Employee Remuneration & Benefits	7932	7623	4%
Finance Cost	678	475	43%
Depreciation	1567	1486	5%
Other Expenses	10707	9345	15%

The increase in raw materials cost was mainly on account of increase in input prices, particularly of imported coal, indigenous coal, purchased BF coke, limestone, dolomite, ferro alloys, copper, aluminium, etc. During the year, the employees' cost increased due to increase in leave encashment, leave travel allowance and provision for wage revision for non-executives for the quarter January–March 2012. The increase in other expenses was on account of increase in the cost of stores & spares, power & fuel, repairs & maintenance, royalty on iron ore, etc.

### 2.4 Contribution to Exchequer

During the year, SAIL contributed ₹11008 crore to the national exchequer by way of payment of taxes and duties to various government agencies.

### 2.5 Non-Current / Current Assets

(₹ in crore)

Particulars	2011-12	2010-11	Change %
<b>a Non Current Assets</b>			
Fixed Assets			
- Tangible	15717.45	13689.07	15%
- Intangible	1409.93	1369.44	3%
Capital Work-in-Progress	28049.14	22075.31	27%
Non Current Investments	684.94	684.14	0%

	Long Term Loans & Advances	2003.40	1691.54	18%
	Other Non- Current Assets	40.87	29.84	37%
<b>b Current Assets</b>				
	Inventories	13742.37	11302.79	22%
	Trade Receivables	4761.32	4130.27	15%
	Cash & Bank Balances	6415.70	17480.09	-63%
	Short Term Loans & Advances	1385.77	1246.09	11%
	Other Current Assets	2126.13	2384.41	-11%
		76337.02	76082.99	

- The capital work-in-progress increased by ₹5974 crore on account of the expenditure incurred on various capital schemes under implementation in various steel plants.
- Long term loans and advances increased by ₹312 crore. The increase was on account of deposits with other agencies.
- The inventories increased by ₹2440 crore mainly on account of increase in stores & spares inventory by ₹125 crore, raw materials inventory by ₹800 crore and finished/semi-finished products inventory by ₹1514 crore.
- Increase in trade receivables was by ₹631 crore mainly on account of increase in dues of Public Sector Undertakings like Bharat Heavy Electricals Limited, Railways, etc.
- The cash & bank balances decreased by ₹11064 crore on account of re-payment of borrowings and on account of capital expenditure.
- Short term loans and advances increased by ₹140 crore. The increase was mainly on account of advances recoverable from contractors and suppliers.

### 2.6 Non Current/ Current Liabilities

(₹ in crore)

Particulars	2011-12	2010-11	Change %
<b>a Non Current Liabilities</b>			
Long term Borrowings	11586.66	9052.56	28%
Deferred Tax Liability	1644.48	1491.07	10%
Other Long Term Liabilities	1089.90	1096.52	-1%
Long term Provisions	3513.44	3191.68	10%
<b>b Current Liabilities</b>			
Short term Borrowings	4510.55	10003.24	-55%
Trade Payables	3190.42	3186.54	0%
Other Current Liabilities	8681.46	8308.46	4%
Short Term Provisions	2308.79	2683.45	-14%
Total	36525.70	39013.52	-6%

- The increase in long term borrowings by 28% was due to issue of non-convertible bonds and raising of foreign currency loans.



- The increase in long term provisions was mainly on account of increase in the provision for accrued leave liability and Employee Defined Benefit Schemes.
- The short term borrowings decreased on account of repayment of loans from banks & foreign currency loans.

### 3. PLANT-WISE FINANCIAL PERFORMANCE

(₹ in crore)

Plant/Unit	2011-12	2010-11
Bhilai Steel Plant (BSP)	2495.66	3443.49
Durgapur Steel Plant (DSP)	608.36	421.49
Rourkela Steel Plant (RSP)	762.89	848.52
Bokaro Steel Plant (BSL)	903.82	1229.76
IISCO Steel Plant (ISP)	-353.92	13.76
Alloy Steels Plant (ASP)	-53.19	-8.45
Salem Steel Plant (SSP)	-154.59	11.70
Visvesvaraya Iron & Steel Plant (VISP)	-130.74	-129.92
SAIL Refractory Unit (SRU)	11.41	20.67
Chandrapur Ferro Alloys Plant (CFP)*	9.59	
Central Units/RMD	1313.60	1217.86
Profit before Exceptional Item and Tax	5412.89	7068.88
Add/Less (-) : Exceptional Items		
-Foreign Exchange Fluctuation Gain/Loss(-)	(-)773.22	125.43
-Write Back of Entry Tax Liability	511.20	-
SAIL: Profit Before Tax (PBT)	5150.87	7194.31
SAIL: Profit After Tax (PAT)	3542.87	4904.74

\*CFP (Consequent upon merger of Maharashtra Elektrosmet Limited with SAIL w.e.f. 13<sup>th</sup> July, 2011)

The profit before tax of most of the Plants/Units during 2011-12 was lower as compared to CPLY except at Durgapur Steel Plant and Central Units/RMD. The Profit after Tax (PAT) of SAIL during 2011-12 has declined by ₹1362 crore.

### G. MATERIALS MANAGEMENT

Major highlights in the Materials Management for the year 2011-12 are given below:

- The items under centralized procurement have increased from 32 last year to 38 now. The new items added are – Tyres and Tubes, Sulphuric Acid, Steel Scrap, Calcined Petroleum Coke, Desulphurisation Compound and Graphite Flakes and Powder. Cables and Conveyor Belts were de-centralised for strategic reasons. Centralised procurement now constitutes about 70% by value of total purchases.
- Reduction in purchase cost of centralized items was by about ₹200 crore.
- 13 Essentiality Certificates for importing modernization/expansion related equipments at a concessional customs duty of 5% were obtained. The expected customs duty savings is about ₹38 crore.
- E-commerce (e-procurement and e-sales) increased by 17% from ₹8,379 crore to ₹9,823 crore.

- System improvement measures taken were:
  - (i) Revision of Guidelines for Centralized Procurement.
  - (ii) Revision of Guidelines for Reverse Auction.
  - (iii) Issue of Guidelines for placement of orders under DGS&D Rate Contracts.
  - (iv) Issue of Guidelines for Participation in Auctions (sale of products) by PSUs.
  - (v) Fixing of timeline for disposal of idle assets.
- MOU is under finalization with Indian Railways for procurement of 140T Rail Cranes.

### H. FOREIGN EXCHANGE CONSERVATION

The Company endeavors to procure equipments, raw materials and other inputs from indigenous sources to the extent they become available to the Company at the commercially acceptable prices/costs and meet the requirements of the technologies being used in the Company. For incurrence of expenditure in foreign currency, besides exercising the requisite control, it is ensured that it is in the commercial interest of the Company. Further, the Company has also taken reasonable steps to ensure that all receivables in foreign exchange, which are due to the Company, are realized within contractual period.

### I. PROJECT MANAGEMENT

With a view to increase market share, to enhance the production capacity and to introduce state-of-the-art technologies to produce steel of international quality at competitive price, the Company is currently implementing Modernization & Expansion Plan of its five Integrated Steel Plants (ISPs) at Bhilai, Bokaro, Rourkela, Durgapur and Burnpur and Special Steel Plant at Salem. The Modernization and Expansion of ISPs is at advanced stage of completion and at Salem Steel Plant facilities envisaged have already been installed and units are under regular production. The Modernization & Expansion Plan envisages increase in production capacity of crude steel from 12.84 million tonnes per annum to 21.4 million tonnes per annum.

The Modernization and Expansion Plan also addresses the issues of technological obsolescence, energy savings, enriching product mix, pollution control, and includes mines & collieries development to meet higher requirement of key raw materials, introduction of customer centric processes and create matching infrastructure facilities in the Plant to support higher production volumes.

The Company incurred a Capital Expenditure of ₹11,021 crore during 2011-12 and ₹ 35109 crore upto March, 2012. Cumulatively, so far orders have been placed for about ₹56,605 crore under Modernisation and Expansion Plan.

The brief status of Modernization and Expansion is as follows:

- At Salem Steel Plant, all major production facilities envisaged under Expansion Plan including Electric Arc Furnace, Ladle Furnace, AOD Converter, Slab Caster, Slab Grinder, Skin Pass Mill, Annealing & Pickling Line, Coil Preparation Line, Acid Recovery System, Slitting Line, Tension Levelling Line and the auxiliary facilities like Ladle Cranes, DG EOT Crane, MRSS and LCSS have been installed. The first heat was produced on 01.08.10 and the units are now in regular production.
- At IISCO Steel Plant, the facilities like Raw Material Handling System, Coke Oven Battery Complex, Sinter Plant complex and Oxygen Plant under the expansion program are ready for commissioning. Steel Melting Shop Complex and Rolling Mill are at advanced stages of implementation. The Coke Oven Battery-10 has already



been re-built earlier and is under regular production. The auxiliary and supporting infrastructure like 220 kV DVC Power Supply and Main Receiving Station for supply of power to the expansion units, Water Supply System, Upgraded West Railway Yard for dispatch of finished steel, coke, sinter and granulated slag from expansion project, Radhanagar Loop Link connecting Damodar Railway Station to new ISP Railway Yard for raw material supply, Diesel Locomotives for receipt and dispatch of Raw Material have been completed during 2011-12. Recently, unloading of 1<sup>st</sup> rake through CHQ has been done successfully. Heating of new COB started on 30th May, 2012.

- At Bhilai Steel Plant, Up-gradation of facilities under Plate Mill and the linked facilities like Compressed Air Station-4 and installation of CNC Roll Grinding Machine have been completed. Further, Coke Oven Battery-6, Lime Dosing System in Sinter Plant-II, Online Eddy Current Testing M/c & Optico-Visual Inspection System in Rail & Structural Mill have been completed during 2011-12. 700 TPD Air Separation Unit has also been completed.

Further, Coke Oven Battery-11 complex, Ore Handling Plant Complex, Blast Furnace-8 Complex, Sinter Plant Complex, BRM & URM are at various stages of implementation.

- At Rourkela Steel Plant, the Sinter Plant-3 and the linked facilities like Ore Bedding & Blending Plant have been completed in Apr'12. 700 TPD Oxygen Plant and Simultaneous Blowing of Converters in SMS-II have already been completed. The other facilities envisaged under Modernisation & Expansion Plan like Coke Oven Battery-6 Complex, Blast Furnace-5 Complex, 3rd BOF Converter & 3rd Single Strand Slab Caster in SMS complex are at advanced stage of completion. The Plate Mill Project is also being expedited for early completion.
- At Bokaro Steel Plant, under CRM-III Complex, Manual Strip Threading has been done in Pickling Line Tandem Cold Mill. Also, the Coil Packaging Line-2 has been completed. For power supply from MSDS-9, the Switchyard, Transformer & Control Room have been commissioned. The linked facilities like, re-building of Coke Oven Battery 1 & 2, Installation of new Turbo-blower-8 for BF-2 and Blast Furnace-5 with up-graded two stoves has also been completed. The up-gradation of Blast Furnace No. 2 has earlier been completed.
- At Durgapur Steel Plant, Barrel Re-claimer for Raw Material Handling Plant has been commissioned in Feb'12. The other major packages envisaged under Modernisation & Expansion Plan, like, Bloom-cum-round Caster, Medium Structural Mill & Reheating Furnace for Medium Structural Mill, New Dolomite Plant, Re-building of COB-2, De-bottlenecking of Coal Handling Plant & Raw Material Handling Plant, Ladle Furnace, New Slag Yard and Civil & Structural works for Medium Structural Mill, are at various stages of implementation.
- At Alloy Steel Plant, New 60 T Ladle furnace No.2 has been commissioned in Mar'12.
- Under Installation of Steel Processing Unit at Bettiah, Hot trial for Slitting Line and Tube Mill has been conducted. Regular operation will start after obtaining necessary clearances from State Authorities. This will expand the market base and increase the market share and will also serve the purpose of Corporate Social Responsibility by employment generation and up-liftment of rural areas.
- For Raw Material Projects, the status is as follows:
  - The project for Installation of Bucket Wheel Re-claimer and Slime Beneficiation at Kiriburu Iron Ore Mines has been completed in Aug'11.
  - For development of Chiria Iron Ore Deposits to 7.0 Mtpa of finished product, DPER has been submitted by the Consultant M/s Hatch.

- For development of Taldih Iron Ore Deposit to 3.75 Mtpa of finished product along with 2 Mtpa Pellet Plant and for development of Rowghat Iron Ore Deposit Consultants have been appointed for preparation of DPER.
- The efforts have also been initiated for development of Tasra Chasnalla Coal Block through Mine Development cum Operator Route along with the option of setting up of Power Plant in JV for utilization of the secondary products from Tasra Washery.
- Projects for enhancement of production capacity for existing mines at Kiriburu, Meghathaburu & Bolani are under execution. For enhancement of loading capacity at Bolani, all major facilities for line No.1 has been completed. Line No.2 is planned by December, 2012.

In addition to above, the on going Major Capital (AMR) Schemes are:

#### **Bhilai Steel Plant (BSP)**

- Installation of Grinding Facilities to enhance the production of Coal required for Coal Dust Injection in BF-6 & 7.
- Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant.

#### **Rourkela Steel Plant (RSP)**

- Installation Coal Dust injection in Blast Furnace No. 4 for enhanced production, reduction in coke rate and improvement of the furnace productivity.

#### **Durgapur Steel Plant (DSP)**

- Installation of Bell Less Top Charging (BLT) System in Blast Furnace-3. This will enable improved burden distribution; better sealing to reap the optimal benefits of high top pressure operation and increased furnace availability due to reduced BF stoppages and longer BF campaigns.

#### **Chandrapur Ferro Alloy Plant (CFP)**

- Installation of 1x45 MVA Sub merged Arc Furnace (SAF).

### **J. IN-HOUSE DESIGN & ENGINEERING**

Centre for Engineering & Technology (CET) is providing its services in the areas of modernisation, technological upgradation and Additions, Modifications & Replacement (AMR) schemes to Plants and Units within SAIL and clients outside SAIL - both in India and abroad.

### **K. RESEARCH & DEVELOPMENT CENTRE**

Research & Development Centre for Iron and Steel (RDCIS) has provided innovative technological inputs to different units of SAIL, with special emphasis on cost reduction, quality improvement, product development, energy conservation and automation. In the year 2011-12, RDCIS had pursued altogether 107 R&D projects, out of which 69 projects were planned for completion. Achieving a target compliance of 104%, RDCIS completed 72 projects.

During the year, the Centre has filed 34 patents and 34 copyrights. As many as 85 technical papers (34 international) were published and 161 papers (95 international) were presented. In addition, RDCIS undertook contract research work and provided significant consultancy services and know-how to organizations outside SAIL, yielding external earning of ₹280.27 lakhs.

In recognition of the contributions made by the Centre, RDCIS has bagged several prestigious awards in 2011 like Metallurgist of the Year, Young Metallurgist, Good Green Governance (G-cube) Award,

Excellence in Energy Management by CII, etc. Our engineers also bagged the prestigious ISA Transactions Best Paper Award 2011, which is incidentally the first time by an Indian team.

## L. ENVIRONMENTAL PROTECTION AND CONSERVATION

The Environment Management Division, as nodal agency, facilitates the environment management and pollution control activities in and around the Plants and Units of SAIL and co-ordinates with the Central Regulatory Agencies and Ministries regarding environmental matters. The major initiatives taken towards environment management during the 2011-12 are narrated below:

### (i) Green Belt Development and Ecological Restoration

Green belts act as effective barrier to dust, noise and as sink for carbon dioxide and every year, SAIL carries out extensive plantation programmes. During the year 2011-12 more than 2.8 lakhs saplings were planted in and around SAIL Plants and Mines. Since the initiation of such programmes, a total of more than 179 lakhs saplings have been planted.

Under an agreement with Department of Bio-technology (DBT), Government of India and Centre for Environment for Degraded Eco-system (CEMDE), University of Delhi for ecological restoration of degraded eco-system, mined out areas of 159.57 acres at Purnapani, 11.36 acres at Kalta and 27.79 acres at Barsua mines of SAIL have been restored so far.

### (ii) Major pollution control facilities implemented

- Replacement of Old BF gas burners of Boiler#3 with new fuel efficient burners at PP-I of BSP.
- Implementation of an innovative project of secondary suction system to control furnace door emission in THF-2 left side at BSP. Its subsequent introduction in remaining THFs will considerably reduce secondary/roof top emissions at SMS-1 of BSP.
- Installation of Dry Fog Dust Suppression System at Blast Furnace #2 and #4 at DSP.
- Construction of Sludge Drying Bed in Biological Oxidation Dephenolisation (BOD) Plant at DSP.
- Re-building of Coke Oven Batteries #1 and #2 at BSL with state-of-the-art pollution control facilities.
- Installation of Dry Fog Dust Suppression system in Coal Handling Plant and Coke Sorting Plant of Coke Ovens and in Blast Furnace#2 at BSL.
- Installation of Electro Static Precipitator (ESP) for air pollution control at new Boiler at SSP.
- Installation of Acid Recovery System for recovery of Hydrofluoric Acid and Nitric Acid in new Cold Rolling Mill (CRM) at SSP.
- Installation of Oil Skimmers in CRM Water Recycling System at SSP.
- Installation of Dry Fog Dust suppression system at Raw Material Charging System at CFP.

### (iii) Implementation of Environment Management System (EMS) as per ISO 14001

- A new initiative of Greening of Warehouses was taken up at four warehouses of CMO at Faridabad, Chennai, Kalamboli and Dankuni. At all of these warehouses, Environment Management System (EMS) as per ISO 14001 has been implemented and certified during the year.
- Environment Management System (EMS) as per ISO 14001 has also been implemented and certified for works at VISL, Bhadravati.

### (iv) Sustainable Development

- Two interactive workshops on Sustainable Development were organized at MTI, Ranchi during the year to improve awareness on the subject in the Company.
- A new initiative was taken to publish the first Corporate Sustainability Report of SAIL for the year 2010-11, following the guidelines of Global Reporting Initiative covering economic, environmental and societal performance of the Company.
- In line with the guidelines for Sustainable Development (SD) issued by the Department of Public Enterprises (DPE) Govt. of India, a Sustainable Development Policy has been formulated and released. Seven Sustainable Development (SD) projects have also been identified for implementation during 2012-13.

### (v) LCA Study for Steel Re-rolling Mills Sector

EMD executed a UNDP assignment for carrying out the Life Cycle Analysis (LCA) study for Steel Re-Rolling Mills (SRRM) Sector in India.

### (vi) Management and Disposal of PCBs

The MoEF, SAIL and UNIDO have joined hands to implement a (Polychlorinated Biphenyls (PCB) management and disposal project at Bhilai Steel Plant of SAIL. Under this project the PCB in electrical transformers of Bhilai Steel Plant will be neutralized by setting up a facility at Bhilai.

## M. TECHNOLOGICAL CONSERVATION

Besides above, the following activities undertaken by the Company have also contributed towards conservation of natural resources through:

- Reclamation and processing of 88,754 tonnes generated iron ore fines/sub grade mineral of old dumps of Dalli (Manual & Mech.) Mines recovered through the Crushing, Screening and Washing (CSW) plant of Dalli (Mech.) Mines.
- Re-circulation of overflow water from Hitkasa Tailing Pond of Dalli (Mech.) Mines done to the tune of 55 lakh m<sup>3</sup> water as a measure towards conservation of water and also to minimize surface water pollution through less discharge into the surrounding environment.
- Desilting of 4.75 lakh m<sup>3</sup> have been done from Hitkasa Tailing pond of Dalli (Mech.) Mines.

## **N. CORPORATE SOCIAL RESPONSIBILITY**

SAIL's socio-economic objectives are echoed in its credo that includes commitment to uphold highest ethical standards in conduct of business and valuing the opportunity and responsibility to make a meaningful difference in people's lives as well as it is reflected in one of its core values, concern for people.

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. In year 2011-12 SAIL won Global CSR awards 2012 for Education and health, by World CSR Day organization and Financial Inclusion Award-2012 for "Women Empowerment" by SKOCH Foundation.

## **O. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY**

The Company has an efficient system of internal controls for achieving the following business objectives of the Company.

- Efficiency of operations
- Protection of resources
- Accuracy and promptness of financial reporting
- Compliance with the laid down policies and procedures
- Compliance with various laws and regulations.

In SAIL, Internal Audit is a multi-disciplinary function which reviews, evaluates and appraises the various systems, procedures/policies of the Company and suggests meaningful and useful improvements. It helps management to accomplish its objectives by bringing a systematic and disciplined approach to improve the effectiveness of risk management towards good corporate governance.

The Company has taken a number of steps to make the audit function more effective. The Internal Audit is subjected to overall control environment supervised by Board Level Audit Committee, providing independence to the Internal Audit function, emphasizing transparency in the systems and internal controls with appropriate skill-mix of internal audit personnel etc. Annual Audit Plan based on identification of key-risk areas with thrust on system/process audits and benchmarking of the best practices followed in the Plants/Units is made and approved by the Audit Committee so as to achieve overall efficiency improvement including cost reduction in operations of the Company. Development of Internal Audit executives, bringing awareness amongst auditees, converging on the pro-active role of internal audit remained other focus areas during the year. The Audit Committee in its meetings with the Company's Statutory Auditors also ascertained their views on the adequacy of Internal Control Systems in the Company and their observations on financial reports. The Audit Committee's observations are acted upon by the Management.

The Internal Audit System is supplemented by well-documented policies, guidelines and procedures and regular reviews are being carried out by our Internal Audit Department. The reports containing significant audit findings are periodically submitted to the Management and Audit Committee of the Company.

## **CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis, describing the Company's objective, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.



# Ten Years at a Glance

## FINANCIALS

(₹ in crore)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Gross Turnover	50348	47041	43935	48738	45555	39189	32280	31805	24178	19207
Net Turnover	45654	42719	40551	43204	39508	33923	27860	28523	21297	16837
Earnings before depreciation, interest, exceptional item & tax (EBIDTA)	7658	9030	11871	10946	12955	10966	7381	11097	4652	2165
Depreciation	1567	1486	1337	1288	1235	1211	1207	1127	1123	1147
Interest & Finance charges	678	475	402	259	251	332	468	605	901	1334
Profit before exceptional items	5413	7069	-	-	-	-	-	-	-	-
Exceptional items- Gain/loss (-)	-262	125	-	-	-	-	-	-	-	-
<b>Profit/Loss(-) before tax (PBT)</b>	<b>5151</b>	<b>7194</b>	<b>10132</b>	<b>9399</b>	<b>11469</b>	<b>9423</b>	<b>5706</b>	<b>9365</b>	<b>2628</b>	<b>-316</b>
Provision for tax/Income Tax Refund (-)	1608	2289	3378	3228	3932	3221	1693	2548	116	-12
<b>Profit/Loss (-) after tax (PAT)</b>	<b>3543</b>	<b>4905</b>	<b>6754</b>	<b>6170</b>	<b>7537</b>	<b>6202</b>	<b>4013</b>	<b>6817</b>	<b>2512</b>	<b>-304</b>
Dividends	826	991	1363	1074	1528	1280	826	1363	-	-
Equity Capital	4131	4130	4130	4130	4130	4130	4130	4130	4130	4130
Reserves & Surplus (net of DRE)	35680	32939	29186	24018	18874	13054	8255	5881	529	-2141
<b>Net Worth</b>	<b>39811</b>	<b>37069</b>	<b>33317</b>	<b>28148</b>	<b>23004</b>	<b>17184</b>	<b>12386</b>	<b>10011</b>	<b>4659</b>	<b>1989</b>
(Equity Capital and Reserves & Surplus)										
<b>Total Loans</b>	<b>16320</b>	<b>19375</b>	<b>16511</b>	<b>7563</b>	<b>3045</b>	<b>4181</b>	<b>4298</b>	<b>5770</b>	<b>8690</b>	<b>12928</b>
Net Fixed Assets	17127	15059	13615	12305	11571	11598	12162	12485	13168	14036
Capital Work-in-progress	28205	22226	14953	6550	2390	1199	758	366	382	361
Current Assets (including short term deposits)	28431	36544	39154	34676	26318	20379	17384	14187	8075	7282
Current Liabilities & Provisions	12225	12172	11073	12277	9439	6500	8108	6608	6025	4777
Working Capital	16206	24372	28081	22398	16879	13879	9276	7579	2050	2505
(Current Assets less Current liabilities)										
Capital Employed	33333	39431	41696	34704	28450	25476	21438	20064	15218	16541
(Net Fixed Assets + Working Capital)										
Market price per share (In ₹)	94	170	253	96	185	113	83	63	32	9
(As at the end of the year)										
Key Financial Ratios										
EBDITA to average capital employed (%)	21.05	21.66	31.11	34.66	48.05	46.41	35.28	62.91	29.30	12.89
PBT to Net Turnover (%)	11.28	16.84	24.99	21.75	29.03	27.78	20.48	32.83	12.34	-1.88
PBT to average capital employed (%)	14.16	17.26	26.56	29.77	42.54	39.88	27.27	53.09	16.55	-1.88
Return on average net worth (%)	9.22	13.94	21.98	24.13	37.51	41.95	35.84	92.94	75.57	-14.35
Net worth per share of Rs. 10 (₹)	96.38	89.75	80.66	68.15	55.69	41.60	29.99	24.24	11.28	4.82
Earnings per share of Rs. 10 (₹)	8.58	11.87	16.35	14.94	18.25	15.02	9.72	16.50	6.08	-0.74
Price - earning ratio (times)	10.97	14.32	15.44	6.46	10.12	7.53	8.56	3.81	5.31	-11.94
Dividend per share of ₹10 (₹)	2.00	2.40	3.30	2.60	3.70	3.10	2.00	3.30	-	-
Effective dividend rate (%)	2.13	1.41	1.31	2.70	2.00	2.74	2.41	5.24	-	-
Debt - Equity (times)	0.41	0.52	0.50	0.27	0.13	0.24	0.35	0.58	1.87	6.50
Current ratio (times)	2.33	3.00	3.54	2.80	2.79	3.14	2.14	2.15	1.34	1.52
Capital employed to turnover ratio (times)	1.51	1.19	1.05	1.40	1.60	1.54	1.48	1.59	1.59	1.16
Working capital turnover ratio (times)	3.11	1.93	1.56	2.18	2.70	2.82	3.48	4.20	11.79	7.67
Interest coverage ratio (times)	3.77	7.06	14.44	29.00	46.39	29.29	13.07	16.43	3.88	0.76

## PRODUCTION

(Thousand Tonnes)

Item	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06*	2004-05	2003-04	2002-03
<b>Main Integrated Steel Plants</b>										
- Hot Metal	13998	14757	14379	14317	14981	14368	14398	12351	12749	12080
- Crude Steel	12961	13453	13199	13148	13649	13194	13177	11827	11828	11087
- Pig Iron	97	258	319	259	410	452	558	147	278	288
<b>Saleable Steel</b>										
- Semi Finished Steel	2527	2394	2392	2206	2243	2278	2273	1751	2146	2057
- Finished Steel	9328	9931	9736	9846	10288	9849	9351	8900	8581	8029
<b>Saleable Steel</b>	<b>11855</b>	<b>12325</b>	<b>12128</b>	<b>12052</b>	<b>12531</b>	<b>12127</b>	<b>11624</b>	<b>10651</b>	<b>10727</b>	<b>10086</b>
<b>Alloy &amp; Special Steel Plants (ASP, SSP &amp; VISP)</b>	<b>544</b>	<b>562</b>	<b>504</b>	<b>442</b>	<b>513</b>	<b>454</b>	<b>427</b>	<b>379</b>	<b>298</b>	<b>266</b>
<b>Total Saleable Steel</b>	<b>12400</b>	<b>12887</b>	<b>12632</b>	<b>12494</b>	<b>13044</b>	<b>12581</b>	<b>12051</b>	<b>11030</b>	<b>11026</b>	<b>10352</b>

\* Includes IISCO from 2005-06 as merged with SAIL

## VALUE ADDED STATEMENT

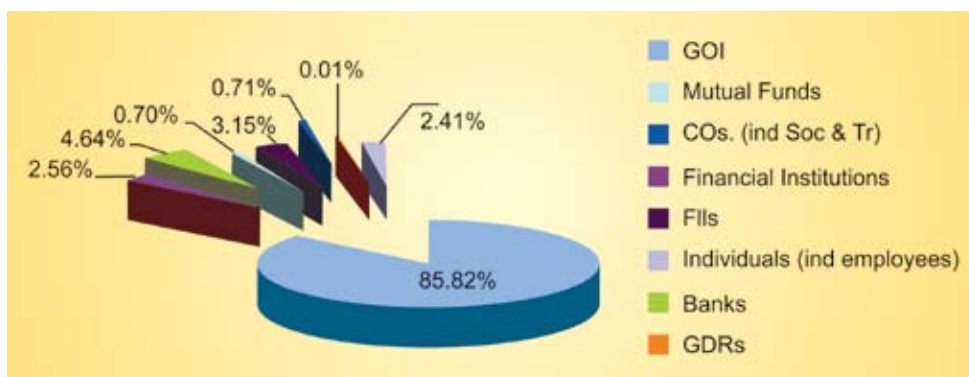
(₹ in crore)

For the year	2011-12	2010-11
Value of own production	52791	49138
Other Revenues	2244	2029
Less: Cost of Raw Materials	23026	20252
Stores and Spares	2827	2395
Power and Fuel	4470	3558
Excise Duty	4694	4322
Freight Outward	696	705
Other Operating Cost	3994	3157
Total Value Added	15328	16778
Establishment Cost	7932	7623
Financing Cost	678	475
Dividend Provision	826	991
Corporate Income Tax	1608	2289
Dividend Tax	134	161
<b>Income Retained in Business</b>		
Depreciation	1567	1486
Retained in Business	2583	3752
Total Value Applied	15328	16778

## SHAREHOLDING PATTERN

(As on 31.03.2012)

CATEGORY	NUMBER OF EQUITY SHARES HELD	NUMBER OF HOLDERS	AMOUNT (₹ IN CRORE)	% OF EQUITY
Government of India	3544690285	1	3544.69	85.82
Financial Institutions/Banks	105380004	73	105.38	2.55
Insurance Companies	184565173	22	184.57	4.47
Mutual Funds	29472697	96	29.47	0.71
Foreign Institutional Investors (FIIs)	143413528	209	143.42	3.48
Global Depository Receipts (GDRs)	590345	2	0.59	0.01
Companies (including Trusts & Clearing Members)	23632323	3291	23.63	0.68
Individuals (including Employees & NRIs)	98780934	396493	98.78	2.28
<b>TOTAL</b>	<b>4130525289</b>	<b>400187</b>	<b>4130.53</b>	<b>100.00</b>



## Balance Sheet

as at 31<sup>st</sup> March, 2012

(₹ in crore)

	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	4130.53	4130.40
(b) Reserves and surplus	2	35680.79	32939.07
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	11586.66	9052.56
(b) Deferred tax liabilities (Net)		1644.48	1491.07
(c) Other Long term liabilities	4	1089.90	1096.52
(d) Long-term provisions	5	3513.44	3191.68
<b>Current liabilities</b>			
(a) Short-term borrowings	6	4510.55	10003.24
(b) Trade payables	7	3190.42	3186.54
(c) Other current liabilities	8	8681.46	8308.46
(d) Short-term provisions	9	2308.79	2683.45
<b>TOTAL</b>		<b>76337.02</b>	<b>76082.99</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	15717.45	13689.07
(ii) Intangible assets	10B	1409.93	1369.44
(iii) Capital work-in-progress	11	28049.14	22075.31
(iv) Intangible assets under development			
(b) Non-current investments	12	684.94	684.14
(c) Deferred tax assets (net)			
(d) Long-term loans and advances	13	2003.40	1691.54
(e) Other non-current assets	14	40.87	29.84
<b>Current assets</b>			
(a) Current investments			
(b) Inventories	15	13742.37	11302.79
(c) Trade receivables	16	4761.32	4130.27
(d) Cash and Bank Balances	17	6415.70	17480.09
(e) Short-term loans and advances	18	1385.77	1246.09
(f) Other current assets	19	2126.13	2384.41
<b>TOTAL</b>		<b>76337.02</b>	<b>76082.99</b>

### Significant Accounting Policies

### Other Notes to Financial Statements

28-41

The Notes referred to above form integral part of these financial statements

Sd/-  
(Devinder Kumar)  
Secretary

For Tej Raj & Pal  
Chartered Accountants

Sd/-  
(Dinakar Mohanty)  
Partner  
M. No. 59390

For and on behalf of Board of Directors  
Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

In terms of our report of even date  
For S.K.Mittal & Co.  
Chartered Accountants

Sd/-  
(S.K.Mittal)  
Partner  
M. No. 8506

Sd/-  
(C.S. Verma)  
Chairman

For O.P. Totla & Co.  
Chartered Accountants

Sd/-  
(S.R. Totla)  
Partner  
M. No. 71774

Place : New Delhi

Dated : May 29, 2012



## Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in crore)

	Note No.	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2011
<b>Revenue from Operations</b>	20	<b>51036.16</b>	47629.15
Less : Excise duty		<b>4694.37</b>	4321.79
<b>Other Income</b>	21	<b>1622.98</b>	1485.88
Total Revenue		<b>47964.77</b>	44793.24
<b>Expenses</b>			
Cost of materials consumed	22	<b>23020.82</b>	20247.91
Purchase of stock in trade		<b>4.88</b>	4.22
Changes in inventories of finished goods, work-in-progress	23	<b>-1368.51</b>	-1352.67
Employee Benefits expense	24	<b>7932.05</b>	7623.33
Finance Cost	25	<b>677.70</b>	474.77
Depreciation and Amortisation expense		<b>1567.03</b>	1485.80
<b>Other expenses</b>	26	<b>10707.37</b>	9344.70
		<b>5423.43</b>	6965.18
Add: Adjustments pertaining to earlier years	27	<b>-10.54</b>	103.70
<b>Profit before tax and exceptional items</b>		<b>5412.89</b>	7068.88
<b>Less: Exceptional items</b>			
Foreign Exchange Loss (+)/ Gain(-)		<b>466.93</b>	-125.43
Exchange variation treated as interest cost		<b>306.29</b>	0.00
Write back of entry tax liability		<b>-511.20</b>	0.00
<b>Profit before tax</b>		<b>5150.87</b>	7194.31
Less : Provision for taxation			
Current tax		<b>1501.03</b>	2367.38
Deferred tax		<b>113.42</b>	-63.04
Earlier years		<b>-6.30</b>	-14.77
<b>Profit for the year</b>		<b>3542.72</b>	4904.74
Amount transferred on amalgamation of MEL with the Company			
Balance of Profit and Loss Account as on 1 <sup>st</sup> April, 2010		<b>123.14</b>	-
Profit after tax for the financial year 2010-11		<b>27.58</b>	-
Less:			
Unrealised Profit on closing stock of erstwhile MEL held by the Company		<b>8.76</b>	-
Amount Transferred to General Reserve		<b>2.76</b>	-
Dividend on new shares issued		<b>0.03</b>	-
		<b>3681.89</b>	4904.74
<b>Earnings per Share</b>			
Profit after tax		<b>3542.72</b>	4904.74
Average Number of equity shares ( Face value ₹10/- each )		<b>4130525289</b>	4130400545
Basic and Diluted Earnings per share (₹)		<b>8.58</b>	11.87

### Significant Accounting Policies

Other Notes to Financial Statements

28-41

The Notes referred to above form integral part of these financial statements

For and on behalf of Board of Directors

Sd/-  
(Devinder Kumar)  
Secretary

Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

Sd/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For Tej Raj & Pal  
Chartered Accountants

For S.K.Mittal & Co.  
Chartered Accountants

For O.P. Totla & Co.  
Chartered Accountants

Sd/-  
(Dinakar Mohanty)  
Partner  
M. No. 59390

Sd/-  
(S.K.Mittal)  
Partner  
M. No. 8506

Sd/-  
(S.R. Totla)  
Partner  
M. No. 71774

Place : New Delhi  
Dated : May 29, 2012

## Cash Flow Statement

(₹ in crore)

	2011-12	2010-11
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit before taxation</b>	<b>5150.87</b>	<b>7194.31</b>
Add / ( Less ) Adjustments for :		
Depreciation	1573.74	1483.43
Interest and Finance Charges	677.70	474.77
Bad debts written-off	1.03	1.12
Unrealised Foreign Exchange Fluctuation	127.85	12.85
Provision for Others	78.80	(104.15)
Profit on sale of Fixed Assets	(20.11)	(19.88)
Interest Income	(1464.22)	(1381.17)
Dividend Income	(57.48)	(26.91)
<b>Operating cash flow before working capital change</b>	<b>6068.18</b>	<b>7634.37</b>
Adjustments for :-		
(Increase) / Decrease in Inventories	(2439.58)	(2275.33)
(Increase) / Decrease in Sundry Debtors	(632.08)	(668.52)
(Increase) / Decrease in Loans and Advances	(452.14)	(1246.54)
Increase / (Decrease) in Current Liabilities	259.65	927.88
(Increase) / Decrease in Other Current Assets	-178.56	-
<b>Cash generated from Operations</b>	<b>2625.47</b>	<b>4371.86</b>
Direct Taxes Paid	(1455.79)	(2214.61)
<b>Net Cash from Operating Activities</b>	<b>1169.68</b>	<b>2157.25</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(9525.63)	(10671.46)
Proceeds from sale of Fixed Assets	38.22	50.67
Loans to Subsidiary & Other Companies	5.78	6.19
Purchase/Sale of investments (net)	(0.80)	(15.31)
Interest received	1890.03	1669.72
Dividend received	57.48	26.91
<b>Net Cash from / (used in) Investing Activities</b>	<b>(7534.92)</b>	<b>(8933.28)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	0.13	-
Increase in Reserve & Surplus	159.12	0.48
Increase/(Decrease) in Borrowings (net)	(3086.44)	3641.39
Interest and Finance Charges paid	(619.81)	(429.19)
Dividend Paid	(991.33)	(1197.82)
Tax on Dividend	(160.82)	(197.34)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(4699.15)</b>	<b>1817.52</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(11064.39)</b>	<b>(4958.51)</b>
<b>Add: Balance at the beginning of the year</b>	<b>17480.49</b>	<b>22439.00</b>
<b>Cash &amp; Cash Equivalents at the close of the year (Refer note 17)</b>	<b>6416.10</b>	<b>17480.49</b>
(Represented by Cash & Bank balances)		

### Notes :

- The above Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchanges and under the indirect method set out in Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Significant Accounting Policies and Notes to Accounts form an integral part of the Cash Flow Statement.
- Previous year's figures have been rearranged/regrouped wherever necessary.
- The figures for the current year include the figures of the erstwhile MEL arising out of amalgamation with the Company during the year, hence not comparable with those of the previous year.

Sd/-  
(Devinder Kumar)  
Secretary

For and on behalf of Board of Directors  
Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

Sd/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For Tej Raj & Pal  
Chartered Accountants

For S.K.Mittal & Co.  
Chartered Accountants

For O.P. Totla & Co.  
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Sd/-  
(Dinakar Mohanty)  
Partner  
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Sd/-  
(S.K.Mittal)  
Partner  
M. No. 8506

Sd/-  
(S.R. Totla)  
Partner  
M. No. 71774

Place : New Delhi  
Dated : May 29, 2012

## SIGNIFICANT ACCOUNTING POLICIES

### A. 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.

### B. Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

### C. Fixed Assets

Fixed assets are stated at cost of acquisition less depreciation, except land gifted by the State Governments, which is stated at notional/nominal value with corresponding credit to capital reserve.

Expenditure on development of land, including leasehold land, is capitalised as part of cost of land. Cost of Lease hold land is amortised over the period of lease.

Cost includes all identifiable expenditure including trial-run expenses, net of revenue.

Mining rights are treated as intangible assets and all the related costs thereof are amortised over the period (including deemed renewal) of the lease.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period of five years or its licence period, whichever is less.

### D. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which these are incurred.

### E. Depreciation

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. However, where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortised depreciable amount is provided over the residual useful life of the asset. Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly. Depreciation on addition/deletion during the year is provided on pro-rata basis with reference to the month of addition/deletion.

### F. Investments

Long-term investments (including investments in subsidiary companies and joint ventures) are carried at cost, after providing for diminution, other than temporary, in value. Current investments are carried at lower of cost and market value.

### G. Inventories

Raw materials, stores & spares and finished / semi - finished products (including process scrap) are valued at lower of cost and net realisable value of the respective plants/units. In case of identified obsolete / surplus / non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

Residue products and other scrap are valued at estimated net realisable value.

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials - Moving weighted average cost

Stores & spares - Moving weighted average cost

Materials in-transit - at cost

Finished / Semi - finished products - Material cost plus appropriate share of labour, related overheads and duties.

### H. Grants

Grants relating to the acquisition of a specific asset are adjusted against the cost of the concerned asset. Grants relating to the revenue expenditure are adjusted against the related expenses.

### I. Voluntary Retirement Compensation

Expenditure on voluntary retirement compensation, is charged off in the year, in which it is incurred.

### J. Foreign Currency Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year-end rates.

The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets, are recognised in the Statements of Profit and Loss. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognised in the Statement of Profit and Loss over the period of the contract.

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31<sup>st</sup> March, 2009. Accordingly, exchange differences



(including arising out of forward exchange contracts) relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

**K. Employees' Benefits**

Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due. The provisions/liabilities towards gratuity, accrued leave, long term service awards, post-retirement medical and settlement benefits, future payments to the disabled employees/legal heirs of deceased employees under the Employees' Family Benefit Scheme, are made based on the actuarial valuation as at the end of the year and charged to the statement of Profit and Loss after considering along with actuarial gains/losses.

**L. Adjustments pertaining to earlier years and prepaid expenses**

Income / expenditure relating to prior period and prepaid expenses, which do not exceed ₹10 lakhs in each case, are treated as income/expenditure of current year.

**M. Revenue recognition**

Sales include excise duty and are net of rebates and price concessions. Sales are recognised at the time of dispatch of materials to the buyers including the cases where delivery documents are endorsed in favour of the buyers. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

- i) the issue of bill of lading, or

- ii) negotiation of export bills upon expiry of laycan period, in cases where 'realisation of material value without shipment' is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognized as income on certainty of realisation.

The iron ore fines not readily usable/saleable included in inventory, are recognised on disposal.

**N. Claims for Liquidated Damages/Price Escalation**

Claims for liquidated damages are accounted for as and when these are deducted and/or considered recoverable by the Company. These are adjusted to the capital cost or recognised in Statement of Profit and Loss, as the case may be, on final settlement.

Suppliers'/Contractors' claims for price escalation are accounted for, to the extent such claims are accepted by the Company.

**O. Deferred Tax**

The deferred tax on timing differences between book profit and taxable profit for the year is accounted for applying the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a reasonable certainty that the assets can be realised in future.

**P. Overburden Removal**

The expenditure on removal of backlog of overburden is charged to revenue, based on stripping ratio as per 5 year mining plan for mines except collieries which is based on project report.

## Notes (Forming Part of the Balance Sheet)

### 1: SHARE CAPITAL

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Authorised</b>		
5,00,00,00,000 equity shares of ₹10 each	5000.00	5000.00
(5,00,00,00,000 equity shares of ₹10 each)		
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
4,13,05,25,289 equity shares of ₹10 each fully paid.	4130.53	4130.40
(4,13,04,00,545 equity shares of ₹10 each fully paid.)		

#### (i) Reconciliation of equity shares at the end of the year

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number	Amount (in ₹)	Number	Amount (in ₹)
<b>– Equity shares with voting rights</b>				
Shares outstanding at the beginning of the year	4130400545	41304005450	4130400545	41304005450
Shares Issued during the year	124744	1247440	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4130525289	41305252890	4130400545	41304005450
<b>– Equity shares without voting rights*</b>				
Shares outstanding at the beginning of the year	614245	6142450	639445	6394450
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	590345	5903450	614245	6142450

\* Represented by one Global Depository Receipt (GDR) issued @ US\$ 29.55 each for an aggregate amount of US \$ 125 million

(ii) All shares rank equally with regard to the repayment of capital in the event of liquidation of the company.

(iii) The Company does not have a holding company.

#### (iv) Details of the shareholders holding more than 5% of the shares in the company

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Government of India	3544690285	85.82	3544690285	85.82

(v) 1,24,43,82,900 equity shares of

₹10 each (net of adjustments on reduction of capital) were allotted as fully paid up for consideration other than cash.

(vi) The company has neither issued bonus shares nor the company has bought back any shares during the last 5 years.

## Notes (Forming Part of the Balance Sheet)

### 2: RESERVES AND SURPLUS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Capital Reserve</b>				
As per last Balance Sheet	2.99		2.99	
Additions pursuant to amalgamation of MEL.	0.15		0.00	
	<u>3.14</u>		<u>2.99</u>	
Less: Utilisation	0.15	2.99	–	2.99
	<u>0.15</u>		<u>–</u>	
<b>Securities Premium Account</b>				
As per last Balance Sheet	235.29		235.29	
Less : Adjustment towards Share/Bond Issue Expenses	0.08	235.21	–	235.29
	<u>0.08</u>		<u>–</u>	
<b>Bond Redemption Reserve</b>				
As per last Balance Sheet	353.73		281.44	
Additions during the year	163.27		158.63	
Deductons during the year	76.89	440.11	86.34	353.73
	<u>76.89</u>		<u>86.34</u>	
<b>General Reserve</b>				
As per last Balance Sheet	4374.48		3874.48	
Addition pursuant to amalgamation of MEL	18.65		–	
Additions during the year	275.00	4668.13	500.00	4374.48
	<u>275.00</u>		<u>500.00</u>	
<b>Prime Minister's Trophy Award Fund*</b>				
As per last Balance Sheet	18.29		17.81	
Additions	1.85		1.24	
	<u>20.14</u>		<u>19.05</u>	
Less: Utilisation	0.47	19.67	0.76	18.29
	<u>0.47</u>		<u>0.76</u>	
<b>Surplus/Debit balance (-) in the statement of Profit &amp; Loss</b>				
Add: Surplus of Current Year	27954.29		24774.29	
Add: Transfer from Bond Redemption Reserve	3681.89		4904.74	
Less: Proposed Dividend	330.44		495.65	
Less: Dividend Paid	495.66		495.65	
Less: Tax on Proposed Dividend	53.61		80.41	
Less: Tax on Dividend Paid	80.41		80.74	
Less: Transfer to Bond Redemption Reserve	86.38		72.29	
Less: Transfer to General Reserve	275.00	30314.68	500.00	27954.29
	<u>275.00</u>	<u>30314.68</u>	<u>500.00</u>	<u>27954.29</u>
		<u>35680.79</u>		<u>32939.07</u>

\*The Fund has been created out of award conferred by the Prime Minister of India to the Bhilai Steel Plant as best integrated steel plant in India and the earnings from the Fund are utilised for the welfare of employees in Bhilai.



## Notes (Forming Part of the Balance Sheet)

### 3. Long Term Borrowings

(₹ in crore)

					As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sl. No.	Interest (%)	Maturity Date	Call/Put Option year	Security Ref.		
<b>Secured</b>						
<b>A. Taxable Redeemable Non-Convertible Bonds</b>						
1	9.35%	9 <sup>th</sup> September, 2026	12/nil		455.00	-
2	8.70%	25 <sup>th</sup> August, 2024			300.00	300.00
3	9.30%	23 <sup>rd</sup> August, 2021			400.00	-
4	8.55%	11 <sup>th</sup> August, 2021			700.00	700.00
5	8.72%	30 <sup>th</sup> April, 2020			660.00	660.00
6	8.75%	23 <sup>rd</sup> April, 2020		(a)	545.00	545.00
7	8.65%	1 <sup>st</sup> February, 2020	5/nil		242.00	242.00
8	8.65%	30 <sup>th</sup> December, 2019			450.00	450.00
9	8.00%	7 <sup>th</sup> December, 2019	5/nil		30.00	30.00
10	8.50%	7 <sup>th</sup> December, 2019			120.00	120.00
11	8.60%	19 <sup>th</sup> November, 2019			335.00	335.00
12	8.80%	22 <sup>nd</sup> June, 2019			825.00	825.00
13	7.70%	11 <sup>th</sup> May, 2019	5/5	(b)	525.00	525.00
14	8.90%	1 <sup>st</sup> May, 2019	5/nil	(b)	950.00	950.00
15	8.80%	26 <sup>th</sup> October, 2014		(b,c)	168.00	168.00
16	8.75%	15 <sup>th</sup> September, 2014		(b,d)	150.00	150.00
17	8.20%	1 <sup>st</sup> September, 2013	5/nil		58.20	58.20
18	10.75%	1 <sup>st</sup> February, 2013		(b)	-	75.30
19	12.00%	20 <sup>th</sup> July, 2012			-	109.90
					6913.20	6243.40
<b>B. Term Loans from Banks</b>						
1.		30 <sup>th</sup> September, 2014		(e) Axis Bank	450.00	600.00
2.		30 <sup>th</sup> September, 2014		(e) United Bank of India	-	650.00
					450.00	1250.00
<b>C. UNSECURED</b>						
<b>Taxable Redeemable Non-convertible bonds</b>						
6.40		15 <sup>th</sup> October, 2010		(f)	16.00	32.00
<b>D. Term Loans</b>						
1				(g) KFW Germany	416.67	407.16
2		11 <sup>th</sup> March, 2015		(h) Bank of Tokyo Mitshubishi	1017.60	892.00
3				(i) Bank of Tokyo Mitshubishi	1017.60	-
4				(j) Sumitomo Mitshubishi Banking Corp	1527.60	-
5	2.00%			(k) Natexis Banque	23.68	23.84
				(l) Steel Development Fund (SDF)	204.16	204.16
				(m) Others	0.15	204.16
					11586.66	9052.56

- (a) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to IISCO Steel Plant (ISP)
- (b) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to Durgapur Steel Plant. (DSP)
- (c) Redeemable in 12 equal yearly instalments of ₹14 crore each starting w.e.f. 26<sup>th</sup> October, 2014
- (d) Redeemable in 3 equal instalments of ₹50 crore each on 15<sup>th</sup> September of 2014, 2019 and 2024
- (e) The loan availed for 7 years is secured by charges ranking pari-passu inter-se, over movable properties pertaining to Rourkela Steel Plant. the loan is repayable anytime within 15 days notice and no prepayment penalty. The interest rate is Benchmark Prime lending rate (BPLR) (-) 4.25% for B1 (Base Rate w.e.f. 1.10.2010) and BPLR (-) 4.50 % for B2
- (f) Guaranteed by Government of India, Redeemable in 4 equal instalments of 16 crore each starting w.e.f 15<sup>th</sup> October, 2010
- (g) The soft basis of the loan was drawn in 3 tranches stated as 1(a), 1(b) and 1(c) at an interest rate 8.75% p.a. The interest on 1(a) is 0.75% p.a. and balance 8% p.a. is towards exchange fluctuation (4%) and Pollution control Schemes (4%). In case of 1(b), the interest is @ 3.66% p.a. and balance 5.09% p.a. is towards periphery development. The interest on 1(c) is 0.75% p.a. and balance 8% p.a. is towards periphery development. The principal and interest is repayable half yearly.
- (h) The loan is repayable in 3 equal instalments on 11<sup>th</sup> March starting from 2015 at an interest rate of 6 month London Inter Bank Operating Rate (LIBOR) +1%. Interest is paid half yearly
- (i) The loan is repayable in 3 equal instalments on 11<sup>th</sup> August starting from 2015 at an interest rate of 6 month LIBOR +1%. Interest is paid half yearly
- (j) The loan is repayable in 3 equal instalments on 16<sup>th</sup> November starting from 2015 at an interest rate of 6 month LIBOR +1.06%. Interest is paid half yearly
- (k) The loan is repayable in 2030 and Interest is paid half yearly, guaranteed by Government of India
- (l) Terms of repayment to be decided by SDF Management Committee
- (m) Interest free loan from Government of Maharashtra

## Notes (Forming Part of the Balance Sheet)

### 4: OTHER LONG TERM LIABILITIES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest accrued and not due on borrowings	751.61	783.92
Trade payables	0.71	1.04
Others	337.58	311.56
	<u>1089.90</u>	<u>1096.52</u>

### 5: LONG TERM PROVISIONS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Gratuity	20.28	72.31
Accrued Leave	1926.14	1595.04
Employee Defined Benefit Schemes	1429.98	1398.61
Mines closure	90.31	79.87
Others	46.73	45.85
	<u>3513.44</u>	<u>3191.68</u>

### 6: Short Term Borrowings Secured

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Loans repayable on demand</b>		
- From banks (a)	118.71	83.81
- From other parties		
<b>Other loans and advances</b>		
From Banks (b)	–	4068.50
<b>Unsecured</b>		
<b>Other loans and advances</b>		
Other Loans	640.07	1600.00
Commercial Paper	667.58	–
Foreign currency loans	3084.19	4250.93
	<u>4510.55</u>	<u>10003.24</u>

(a) Secured by hypothecation of all current assets

(b) Secured by lien/pledge on fixed deposits of ₹ Nil ( previous year : ₹ 4515 crore)

(c) The company does not have any continuing default in repayment of loans and interest on the balance sheet date.

### 7: Trade Payables

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Micro and small enterprises	12.08	24.80
Sundry creditors - Subsidiary company	6.50	5.20
Others	<u>3171.84</u>	<u>3156.54</u>
	<u>3178.34</u>	<u>3161.74</u>
	<u>3190.42</u>	<u>3186.54</u>

## Notes (Forming Part of the Balance Sheet)

### 8: OTHER CURRENT LIABILITIES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Current maturities of long term debts</b>	<b>222.29</b>	318.90
<b>Interest accrued but not due on borrowings</b>	<b>543.95</b>	453.75
<b>Income received in advance from</b>		
Customers	<b>881.37</b>	641.99
Others	<b>25.08</b>	<u>33.90</u>
	<b>906.45</b>	675.89
<b>Liability towards Investor Education and Protection Fund, not due</b>		
Unpaid Dividends	<b>11.29</b>	10.12
Unclaimed Matured Deposits and interest accrued thereon	<b>1.49</b>	1.93
Unclaimed Matured Bonds and interest accrued thereon	<b>0.00</b>	<u>0.00</u>
	<b>12.78</b>	12.05
<b>Security Deposits</b>	<b>580.57</b>	481.86
Less : Investments received as security deposit	<b>0.01</b>	<u>0.01</u>
	<b>580.56</b>	481.85
<b>Other payables</b>		
Sundry creditors for Capital works	<b>1733.59</b>	1687.49
Other payables*	<b>4681.84</b>	<u>4678.53</u>
	<b>8681.46</b>	<u>8308.46</u>

\* Includes amount of ₹1.17 crore ( ₹0.24 crore ) credited to Investors' Education and Protection Fund

### 9: SHORT TERM PROVISIONS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Accrued Leave	<b>204.92</b>	409.69
Employee Defined Benefit Schemes	<b>176.44</b>	173.58
Taxation	<b>0.47</b>	1.52
Pollution Control & Peripheral Development	<b>118.75</b>	121.56
Exchange Fluctuation	<b>3.18</b>	17.20
Proposed Dividend	<b>330.45</b>	495.65
Tax on Dividend	<b>53.65</b>	80.43
Wage Revision	<b>1085.75</b>	871.10
Mines Afforestation/Overburden removal	<b>250.93</b>	437.44
Others	<b>84.25</b>	75.28
<b>Total</b>	<b>2308.79</b>	<u>2683.45</u>

## Notes (Forming Part of the Balance Sheet)

### 10A: TANGIBLE FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
	As at 31 <sup>st</sup> March, 2011	Acquired assets of MEL	Additions / Adjustments	Deductions	As at 31 <sup>st</sup> March, 2012	Up to 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2012
<b>A. PLANTS, MINES &amp; OTHERS</b>							
Land (including cost of development)							
-Freehold Land	174.11	0.30	8.01	-	182.42	0.81	173.30
-Leasehold Land	61.73		20.90	-	82.63	34.15	27.58
Buildings	1871.45	10.03	347.54	0.07	2228.95	1104.33	767.12
Plant & Machinery							
-Steel Plant	28769.30	48.93	2633.57	158.35	31293.45	18334.24	10435.06
-Others	2143.53	7.26	275.71	30.62	2395.88	1470.32	673.21
Furniture & Fittings	95.43	0.75	4.56	0.18	100.56	74.7	20.66
Vehicles	972.41	1.21	73.98	2.36	1045.24	448.48	523.93
Office Equipments							
Miscellaneous Articles	299.39	0.79	12.71	2.00	310.89	186.42	112.97
Roads, Bridges & Culverts	201.41	1.93	2.85	-	206.19	58.18	143.23
Water Supply & Sewerage	351.54	0.56	31.14	0.02	383.22	261.47	90.07
EDP Equipments	305.64	0.95	37.56	11.85	332.30	212.66	92.98
Railway Lines & Sidings	258.52	1.19	13.98	5.19	268.50	183.62	74.90
Sub-total 'A'	35504.46	73.90	3462.51	210.64	38830.23	22369.45	13135.01
Figures for the previous year	32838.12	-	2763.90	97.56	35504.46	21088.06	13135.01
<b>B. SOCIAL FACILITIES</b>							
Land (including cost of development)							
-Freehold Land	10.24	-	-	-	10.24	-	10.24
-Leasehold Land	6.89	-	-	-	6.89	5.27	1.62
Buildings	578.65	3.81	1.91	1.27	583.10	228.50	350.15
Plant & Machinery-Others	115.17		5.46	0.54	120.09	73.39	41.78
Furniture & Fittings	23.81	0.08	1.30	0.60	24.59	15.17	8.64
Vehicles	12.01		0.38	0.41	11.98	7.71	4.30
Office Equipments							
Miscellaneous Articles	176.07	0.15	10.44	3.05	183.61	87.63	88.44
Roads, Bridges & Culverts	50.97	0.13	3.22	-	54.32	22.33	28.64
Water Supply & Sewerage	116.03	0.19	0.04	-	116.26	101.10	14.93
EDP Equipment's	16.20	0.05	0.46	0.76	15.95	10.88	5.32
Sub-total 'B'	1106.04	4.41	23.21	6.63	1127.03	551.98	554.06
Figures for the previous year	1082.10	-	29.38	5.44	1106.04	527.52	554.06
Total ('A'+ 'B')	36610.50	78.31	3485.72	217.27	39957.26	22921.43	13689.07
Figures for the previous year	33920.22	-	2793.28	103.00	36610.50	21615.58	13689.07



## Notes (Forming Part of the Balance Sheet)

### 10B : INTANGIBLE FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK(AT COST)					DEPRECIATION		NET BLOCK				
	As at 31 <sup>st</sup> March, 2011	Acquired assets of MEL	Additions / As adjustments	Deduct- As at 31 <sup>st</sup> March, 2012	On Acquired assets of MEL	For the year	Less:On sales/ Adjustments	Up to 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011			
<b>A. PLANTS, MINES &amp; OTHERS</b>												
Computer Software	80.44	0.29	8.99	-	89.72	38.99	0.12	14.31	-	53.42	36.30	41.45
Mining Rights	1544.83	-	135.70	-	1680.53	216.96	-	90.01	-	306.97	1373.56	1327.87
Sub-total 'A'	1625.27	0.29	144.69	-	1770.25	255.95	0.12	104.32	-	360.39	1409.86	1369.32
Figures for the previous year	1438.37	-	198.10	11.20	1625.27	159.19	-	96.81	0.05	255.95	1369.32	
<b>B. SOCIAL FACILITIES</b>												
Computer Software	0.68	-	-0.04	-	0.64	0.56	-	0.01	-	0.57	0.07	0.12
Sub-total 'B'	0.68	-	-0.04	-	0.64	0.56	-	0.01	-	0.57	0.07	0.12
Figures for the previous year	0.67	-	0.01	-	0.68	0.52	-	0.04	-	0.56	0.12	
Total ('A'+ 'B')	1625.95	0.29	144.65	-	1770.89	256.51	0.12	104.33	-	360.96	1409.93	1369.44
Figures for the previous year	1439.04	-	198.11	11.20	1625.95	159.71	-	96.85	0.05	256.51	1369.44	

#### Note : Allocation of depreciation

- (a) Charged to Statement of Profit & Loss  
(b) Charged to expenditure during construction  
(c) Adjustments pertaining to earlier years

	Current year	Previous year
(a)	1567.03	1485.80
(b)	3.65	2.48
(c)	6.71	-2.37
Total	1577.39	1485.91

## Notes (Forming Part of the Balance Sheet)

### 11: CAPITAL WORK-IN-PROGRESS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Expenditure during construction pending allocation (Note 11.1)	1.12	–
<b>Capital Work-in-progress</b>		
Steel Plants & Units	27852.77	21864.72
Township	53.39	30.68
Ore Mines and Quarries	153.59	185.39
	<u>28059.75</u>	<u>22080.79</u>
Less: Provisions	62.22	60.13
Construction Stores and Spares	52.60	56.69
Less: Provision for non-moving items	2.11	2.04
	<u>28049.14</u>	<u>22075.31</u>

### 11.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Opening balance arising on account of amalgamation of MEL (a)	0.20	–
<b>Expenditure incurred during the year</b>		
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries & Wages	122.06	114.73
Company's contribution to Provident Fund	10.97	9.31
Travel Concession	3.08	2.69
Welfare Expenses	0.34	0.08
Gratuity	2.68	2.72
Technical Consultants' fees & know-how	15.61	16.03
Repairs & Maintenance	0.76	0.65
Stores and Spares	21.72	27.45
Power & Fuel	105.95	76.82
Rent	0.03	0.02
Insurance	0.19	0.16
Other expenses	506.48	323.43
Interest & Finance charges	868.49	608.06
Depreciation	3.65	2.48
Less: Recoveries	1662.01	1184.63
Interest Earned	1.39	4.03
Liquidated Damages	1.28	1.83
Hire Charges	0.66	0.80
Sundries	679.13	86.49
	<u>682.46</u>	<u>93.15</u>
Net expenditure during the year (b)	979.55	1091.48
Total (a)+(b)	<u>979.75</u>	<u>1091.48</u>
Less : Amount allocated to Fixed Assets/ Capital Work-in-progress	978.63	1091.48
Balance carried forward	<u>1.12</u>	<u>–</u>

## Notes (Forming Part of the Balance Sheet)

### 12 : Non Current Investments (At Cost)

(₹ in crore)

	Number of Fully Paid up Equity Shares	Face Value per Shares (₹)	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>( A ) Unquoted</b>				
<b>Trade Investments</b>				
<b>Subsidiary Companies</b>				
SAIL Refractory Company Limited	50000		0.05	0.00
	(0)			
Maharashtra Elektros melt Limited	0	10	0.00	23.79
	(2,37,87,935)			
IISCO Ujjain Pipe & Foundry Company Limited (under liquidation)	30,00,000 (30,00,000 )	10	<u>3.00</u>	<u>3.05</u> <u>3.00</u> 26.79
<b>Joint Venture Companies</b>				
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10	0.18	0.18
North Bengal Dolomite Limited	97,900 (97,900)	100	0.98	0.98
NTPC- SAIL Power Company Pvt Limited	47,52,50,050 (47,52,50,050)	10	475.25	475.25
Bokaro Power Supply Company Pvt Limited	8,40,25,000 (8,40,25,000)	10	84.02	84.02
Bhilai Jaypee Cement Limited	5,25,09,600 (5,25,09,600)	10	52.51	52.51
Bokaro Jaypee Cement Limited	34,749,000 (1,99,79,997)	10	34.75	19.98
SAIL- Bansal Service Centre Limited	32,00,000 (32,00,000)	10	3.20	3.20
Mjunction Services Limited	40,00,000 (40,00,000)	10	4.00	4.00
S&T Mining Company Private Limited	45,35,700 (31,25,000)	10	5.95	3.13
SAIL MOIL Ferro Alloy Pvt. Ltd.	1,00,000 (1,00,000)	10	0.10	0.10
International Coal Ventures Pvt. Ltd.	28,00,000 (8,50,000)	10	2.80	0.85
Steel Complex Ltd.	30,65,850 (30,65,850)	10	8.38	8.38
Romelt SAIL ( India ) Limited	63,000 (63,000)	10	0.06	0.06
SAIL RITES Bengal Wagon Industry Pvt. Ltd.	50,00,000 (0)	10	<u>5.00</u>	<u>677.18</u> <u>0.00</u> 652.64
<b>Others</b>				
TRL Krozaki Refractories Limited	22,03,150 (22,03,150)	10	11.35	11.35
Almora Magnesite Limited	40,000 (40,000)	100	0.40	0.40
Indian Potash Limited	3,60,000 (3,60,000)	10	0.18	0.18
Cement & Allied Products (Bihar) Limited	2 (2)	10	0.00*	0.00*

Contd.../

## Notes (Forming Part of the Balance Sheet)

### 12 : Non Current Investments (At Cost) (Contd.)

Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	—*	—*		
Bhilai Power Supply Company Limited	5 (5)	10	—*	—*		
MSTC Limited	20,000 (20,000)	10	0.01	0.01		
Bihar State Finance Corporation	500 (500)	100	0.01	0.01		
Shares in Co-operative Societies (12.1)			0.18	12.13	0.18	12.13
Total (A)				692.36		691.56
<b>(B) Quoted</b>						
HDFC Limited	60,000 (60,000)	10 (10)	0.01	0.01		
HDFC Bank Limited**	2500 (2500)	2 (2)	—*	—*		
ICICI Bank Limited	28600 (28600)	10 (10)	0.05	0.06	0.05	0.06
Total (B)				0.06@		0.06
Total (A+B)				692.42		691.62
Less : Provision for diminution in value of investments				7.48		7.48
				684.94		684.14
@ Market value of quoted investments				6.71		7.49

\* Cost being less than ₹ 50,000/-, figures not given.

\*\* Shares of face value ₹10 sub-divided into shares of ₹2 each w.e.f. 14/07/2010

### 12.1: SHARES IN CO-OPERATIVE SOCIETIES

(in ₹)

	Number of Fully Paid-up Shares	Face value per Share (₹)	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Bokaro Steel Employees' Co.-operative Credit Society Limited	116500 (116500)	10	1165000	1165000
Bokaro Steel City Central Consumers' Co.-operative Stores Limited	250 (250)	10	2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	2500	2500
DSP Employees'Co-operative Society Limited	1377 (1377)	100	137700	137700
Bolani Ores Employees' Consumer Co.-operative Society Limited	200 (200)	25	5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	460000	460000
			1772700	1772700



## Notes (Forming Part of the Balance Sheet)

### 13: LONG TERM LOANS AND ADVANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Capital Advances	163.11		158.01	
Less: Provision for doubtful capital advances	<u>7.49</u>	155.62	<u>7.57</u>	150.44
<b>Security Deposits</b>		83.71		94.12
Loans and advances to related parties	10.53		7.59	
Less: Provision for doubtful related party advances	<u>–</u>	10.53	<u>2.53</u>	5.06
<b>Other loans and advances</b>				
Loans to Employees		467.91		493.03
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Contractors & suppliers	0.08		0.22	
Employees	1.39		20.26	
Others	<u>3.16</u>	4.63	<u>2.16</u>	22.64
<b>Deposits</b>				
Port trust, Excise Authorities, Railways etc.	176.74		202.75	
Others	<u>1136.76</u>	1313.50	<u>750.36</u>	953.11
		2035.90		1718.40
Less : Provision for other Loans & Advances		32.50		26.86
		<u>2003.40</u>		<u>1691.54</u>
<b>Particulars of long term loans and advances</b>				
Secured, Considered Good		344.04		368.78
Unsecured, Considered Good		1659.36		1322.76
Doubtful		<u>32.50</u>		<u>26.86</u>
		<u>2035.90</u>		<u>1718.40</u>

### 14: OTHER NON CURRENT ASSETS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
LONG TERM CLAIMS RECEIVABLES		5.75		–
<b>Particulars</b>				
Unsecured, considered good		<u>5.75</u>		<u>–</u>
		<u>5.75</u>		<u>–</u>
<b>Interest Receivable/Accrued</b>				
Employees		4.23		5.69
<b>OTHERS</b>				
– Fixed Assets retired from active use		30.89		24.15
		<u>40.87</u>		<u>29.84</u>

## Notes (Forming Part of the Balance Sheet)

### 15: INVENTORIES\*

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Stores &amp; Spares</b>				
– Production	2136.11		2000.37	
– Fuel Stores	97.84		65.15	
– Others	23.42		23.56	
	2257.37		2089.08	
Add: In-transit	140.28		177.37	
	2397.65		2266.45	
Less: Provision for Non Moving/Obsolete items	167.13	2230.52	161.30	2105.15
 Raw materials	2298.57		1662.82	
Add: In-transit	1574.49		1409.37	
	3873.06		3072.19	
Less: Provision for unusable materials	7.66	3865.40	6.63	3065.56
 Finished / Semi-finished products				
– Finished Goods	5489.35		5210.49	
– Work-in-Progress	2004.75		838.50	
	7494.10		6048.99	
Add: In-transit	152.35	7646.45	83.09	6132.08
		13742.37		11302.79

\*Valued as per accounting policy (G)

### 16: TRADE RECEIVABLES- CURRENT

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Trade Receivables over six months	371.09		240.41	
Less : Provision	148.10	222.99	142.55	97.86
Trade Receivables less than six months	4538.33		4032.41	
Less : Provision	–	4538.33	–	4032.41
		4761.32		4130.27
<b>Particulars</b>				
Secured, considered good		14.33		21.98
Unsecured, considered good		4746.99		4108.29
Doubtful		148.10		142.55
		4909.42		4272.82

## Notes (Forming Part of the Balance Sheet)

### 17: CASH & BANK BALANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>(i) Cash and Cash Equivalents</b>				
<b>Balance with Banks *</b>				
Current account	10.97		21.55	
Term Deposit with maturity upto 3 months	48.95		461.23	
Term Deposit as per court orders with maturity upto 3 months	44.41		41.73	
Term Deposit - PM Trophy with maturity upto 3 months	18.77		18.05	
Unpaid Dividend account	<u>11.29</u>	134.39	<u>10.12</u>	552.68
Cheques on hand		243.71		107.78
Cash and Stamps on hand		<u>1.20</u>		<u>1.61</u>
		<u>379.30</u>		<u>662.07</u>
<b>(ii) Other Bank Balances *</b>				
Margin Money	0.07		-	
Term Deposit with maturity more than 3 months	5944.74		16739.28	
Term Deposit as per court orders	<u>91.59</u>	6036.40	<u>78.74</u>	16818.02
		<u>6415.70</u>		<u>17480.09</u>
<b>* Includes</b>				
- maturity period less than 12 months	6148.53		17336.38	
- maturity period more than 12 months	-	6148.53	2.65	17339.03

### 18: SHORT TERM LOANS AND ADVANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Loans and advances to related parties	148.61		117.23	
Less: Provision for doubtful related party advances	1.39	147.22	1.39	115.84
<b>Other loans and advances</b>				
<b>Loans</b>				
Employees	117.22		132.35	
Others	7.10	124.32	12.88	145.23
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Contractors & Suppliers	247.31		150.09	
Employees	3.64		17.56	
Income tax paid in advance / recoverable	358.04		322.51	
For purchase of shares*	52.05		32.09	
Others	334.88	995.92	358.37	880.62
<b>Security Deposits</b>				
Deposits	3.35		3.18	
	184.72	188.07	160.14	163.32
		1455.53		1305.01
Less : Provision for other Loans & Advances		69.76		58.92
		1385.77		1246.09
<b>Particulars of short term loans and advances</b>				
Secured, Considered Good		41.22		48.23
Unsecured, Considered Good		1344.55		1197.86
Doubtful		71.15		60.31
		1456.92		1306.40

## Notes (Forming Part of the Balance Sheet)

### 19: OTHER CURRENT ASSETS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Gold Coins on hand</b>		<b>0.40</b>		<b>0.40</b>
<b>Interest Receivable/Accrued</b>				
Term Deposits	<b>28.30</b>		463.27	
Employees	<b>5.57</b>		9.00	
Others	<b>27.42</b>		12.62	
	<b>61.29</b>		484.89	
Less Provision for doubtful interest	<b>3.39</b>	<b>57.90</b>	2.64	482.25
<b>Others</b>				
Receivables other than Trade	<b>73.48</b>		59.62	
Claims recoverable	<b>1999.90</b>		1866.96	
Export Incentive	<b>34.40</b>		34.31	
	<b>2107.78</b>		1960.89	
Less : Provision	<b>39.95</b>	<b>2067.83</b>	59.13	1901.76
		<b>2126.13</b>		<b>2384.41</b>

## Notes (Forming Part of the Statement of Profit & Loss)

### 20: REVENUE FROM OPERATIONS

(₹ in crore)

		Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>SALE OF PRODUCTS</b>			
Domestic		49084.36	46028.30
Exports		1230.10	980.54
Export Incentives		33.94	31.66
Sub Total (a)		<u>50348.40</u>	<u>47040.50</u>
<b>SALE OF SERVICES</b>			
Service charges ( Gross )		26.62	32.20
Sub Total (b)		<u>26.62</u>	<u>32.20</u>
<b>Other Operating Revenues</b>			
Social amenities-recoveries		208.50	192.27
Sale of empties etc.		55.38	70.87
Liquidated damages`		28.87	21.81
Write back of liabilities		72.21	88.69
Sundries		296.18	182.81
Sub Total (c)		<u>661.14</u>	<u>556.45</u>
Total ( a+b+c )		<u>51036.16</u>	<u>47629.15</u>



## Notes (Forming Part of the Statement of Profit & Loss)

### 21: OTHER INCOME

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>INTEREST INCOME</b>		
Customers	106.22	68.44
Employees	33.96	28.97
Term Deposits	1304.73	1261.39
Others	19.31	22.37
Sub Total (a)	1464.22	1381.17
<b>Dividend income</b>		
Dividend from Subsidiaries	—	9.52
Dividend from other investments	57.48	17.39
Sub Total (b)	57.48	26.91
<b>Other Non-operating income</b>		
Subsidy, relief and concession	13.92	12.68
Profit on sale of fixed assets (net)	20.11	19.88
Sub Total (c)	34.03	32.56
<b>PROVISIONS NO LONGER REQUIRED WRITTEN BACK</b>		
Loans & Advances	20.96	2.67
Sundry Debtors	10.52	8.18
Stores & Spares	7.62	7.50
Others	28.15	26.89
Sub Total (d)	67.25	45.24
Total (a+b+c+d)	1622.98	1485.88

### 22: RAW MATERIALS CONSUMED

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Iron Ore	2666.96	2337.79
Coal	16663.11	15359.98
Coke	1848.23	525.02
Limestone	718.50	666.70
Dolomite	324.22	325.16
Ferro Manganese	499.37	533.34
Ferro Silicon	174.62	171.39
Silico Manganese	688.21	700.45
Hot Rolled Stainless Steel Coils	1.02	92.36
Intermediary Products	404.02	0.37
Zinc	69.77	75.51
Aluminum	230.61	197.99
Others	1269.99	1090.34
	25558.63	22076.40
Less : Inter Account adjustment for Raw materials	2537.81	1828.49
	23020.82	20247.91

## Notes (Forming Part of the Statement of Profit & Loss)

### 23 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS

(₹ in crore)

	Year ended 31 <sup>st</sup> March, 2012		Year ended 31 <sup>st</sup> March, 2011	
<b>Opening stock</b>				
– Finished Goods	<b>4641.57</b>		3943.84	
– Work-in-Progress	<b>1490.51</b>	<b>6132.08</b>	<u>716.55</u>	4660.39
<b>Less : Closing stock</b>				
– Finished Goods	<b>5641.69</b>		5294.00	
– Work-in-Progress	<b>2004.76</b>	<b>7646.45</b>	<u>838.08</u>	6132.08
		<b>-1514.37</b>		-1471.69
Less : Variation in Excise Duty on opening and closing stock of finished goods		<b>-145.86</b>		-119.02
Net Accretion(-) to stock		<b>-1368.51</b>		<u>-1352.67</u>

### 24: EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Salaries & Wages	<b>5843.08</b>	5773.72
Leave Encashment	<b>555.36</b>	393.65
Company's contribution to provident & other funds	<b>531.50</b>	505.71
Travel concession	<b>330.66</b>	58.57
Welfare expenses	<b>440.63</b>	670.68
Gratuity	<b>231.07</b>	221.26
	<b>7932.30</b>	7623.59
Less : Grants-in-Aid received from Government of Karnataka	<b>0.25</b>	0.26
	<b>7932.05</b>	<u>7623.33</u>

### 25: FINANCE COST

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>Interest Cost</b>		
– Foreign Currency Loans	<b>91.87</b>	69.48
– Non Convertible Bonds	<b>89.42</b>	92.81
– Bank Borrowings - working capital	<b>9.02</b>	101.59
– Steel Development Fund Loans	<b>4.32</b>	5.41
– Others	<b>461.54</b>	196.07
Other Borrowing Cost	<b>21.53</b>	9.41
	<b>677.70</b>	<u>474.77</u>

#### Note :

**Expenditure on Interest & Finance charges not included above & charged to:**

**Expenditure During Construction**

#### Interest Cost

Foreign currency loans	<b>68.33</b>	68.22
Non Convertible Bonds	<b>515.73</b>	448.63
Steel Development Fund Loans - Interest	<b>3.84</b>	2.77
Others	<b>76.08</b>	75.93
Other Borrowing Cost	<b>94.03</b>	12.51
Exchange Loss treated as Interest	<b>110.48</b>	–
	<b>868.49</b>	<u>608.06</u>

## Notes (Forming Part of the Statement of Profit & Loss)

### 26 : OTHER EXPENSES

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Consumption of Stores & Spares Parts	1779.07	1660.14
Power and Fuel	4469.74	3558.12
<b>REPAIRS &amp; MAINTENANCE</b>		
Buildings	160.84	127.50
Plant & Machinery	424.32	398.58
Others	159.15	143.96
Freight outward	696.03	705.33
<b>Handling expenses</b>		
- Raw Material	235.22	244.51
- Scrap recovery	146.23	143.35
Royalty and Cess	851.30	580.44
Conversion charges	339.67	330.98
Excise Duty on inter-plant transfer / internal consumption	237.27	181.14
Demurrage & Wharfage	61.84	51.79
Water charges & Cess on water pollution	63.97	63.39
Insurance	8.08	7.14
Postage, Telegram & Telephone	22.73	17.39
Printing & Stationery	10.57	10.76
Rates & Taxes	44.97	46.94
Rent	12.65	17.67
Security expenses	283.83	226.44
Travelling expenses	191.42	185.99
Training expenses*	19.67	17.71
Directors' Fees	0.37	0.22
<b>Remuneration to Auditors</b>		
- Audit fees	1.22	1.21
- Tax Audit fees	0.39	0.38
- In other Services	0.98	1.95
- Out of pocket expenses	0.73	0.68
Cost Audit Fee and reimbursement expenses	0.30	0.12
Provisions		
- Doubtful debts, loans and advances	22.53	16.87
- Investments	0.00	0.00
- Stores , Spares and Sundries	28.48	31.96
Write-offs	1.03	1.12
Handling expenses - Finished goods	100.34	85.98
Cash Discount (net)	48.89	40.69
Commission to selling agents	6.39	6.92
Export sales expenses	24.34	14.26
Miscellaneous	252.81	423.07
	<b>10707.37</b>	<b>9344.70</b>
* Training expenses not included above and charged to primary heads of accounts	63.04	56.20

## Notes (Forming Part of the Statement of Profit & Loss)

### 27: ADJUSTMENTS PERTAINING TO EARLIER YEARS

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Sales	1.20	3.90
Other revenues	0.25	0.15
Raw materials consumed	-0.12	0.19
Stores & Spares consumed	0.52	-
Excise duty	-	-7.05
Other expenses	1.98	-101.19
Depreciation	6.71	-2.37
Interest	-	2.67
Net Debit	10.54	-103.70
(-) indicate credit		

## OTHER NOTES TO FINANCIAL STATEMENTS

### 28. CONTINGENT LIABILITIES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
(i) Claims against the Company pending appellate/judicial decisions :		
a) Excise Duty	1925.47	1947.97
b) Sales Tax on inter-state stock transfers from plants to stockyards*.	761.91	836.31
c) Other sales tax matters	992.94	282.73
d) Income Tax	518.68	256.56
e) Other duties, cess and levies	716.42	428.19
f) Civil matters **	287.84	266.77
g) Miscellaneous **	365.91	300.01
* No liability is expected to arise, as sales tax has been paid on eventual sales. ** includes claims of ₹24.14 crore (₹22.54 crore), against which there are counter-claims of ₹18.41 crore (₹17.24 crore).		
(ii) Other claims against the Company not acknowledged as debt:		
a) Sales Tax	10.38	10.52
b) Duties, cess and levies	115.47	14.73
c) Civil Matters	22.20	14.58
d) Miscellaneous \$	875.57	525.67
\$ includes claims of ₹73.16 crore (₹73.16 crore), against which there are counter-claims of ₹62.42 crore (₹62.42 crore).		
(iii) Disputed income tax/service tax/other demand on joint venture company for which company may be contingently liable under the joint venture agreement	36.19	147.85
(iv) Bills drawn on customers and discounted with banks.	110.95	10.53
(v) Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-



29. i) The Ministry of Corporate Affairs, vide order dated 10<sup>th</sup> June, 2011, approved the amalgamation of Maharashtra Elektrosmet Limited (MEL), with the Company under sections 391 to 394 of the Companies Act, 1956. As per order, the amalgamation is operative from the appointed date of 1<sup>st</sup> April, 2010 and has come into effect (effective date) on 13<sup>th</sup> July, 2011.
- ii) The operation of MEL includes production of manganese based ferro-alloys, used as raw materials in the Company.
- iii) As per order of amalgamation, the amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS) -14, issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of MEL as at 1<sup>st</sup> April, 2010 have been taken over at their book values. As stipulated in the Scheme of Amalgamation, all reserves of the transferor Company have been transferred to the respective reserve account of the Company except for balance lying in the Statement of Profit and Loss as on 31<sup>st</sup> March, 2010 which has been credited to the Statement of Profit and Loss Account of the Company. Accordingly, all the assets, liabilities, reserves of the said company as on 1st April 2010 have been merged with those of the Company under the respective heads as follows:

Particulars	Amount
<b>Assets</b>	
Fixed Assets (including Capital Work-in-Progress)	38.63
Current Assets, Loans and Advance	226.86
Deferred Tax Assets	12.45
<b>Total</b>	<b>277.94</b>
<b>Liabilities</b>	
Current Liabilities and Provisions	114.63
Loan Funds	0.22
<b>Total</b>	<b>114.85</b>
<b>Net Assets Transferred (A-B)</b>	<b>163.09</b>
<u>Consideration for Amalgamation :</u>	
Issue of 1,24,744 equity shares in the ratio of 1 equity share of SAIL for every 1.7 equity share of MEL)	0.12
2,37,87,935 equity shares already held by SAIL in MEL stand extinguished as per scheme of amalgamation	23.79
<b>Net Balance</b>	<b>139.18</b>
<b>Less:</b>	
Transfer of Capital Reserve of MEL to Capital Reserve	0.15
Transfer of General Reserve of MEL to General Reserve	15.80
Transfer of Profit of MEL to Statement of Profit and Loss	123.14
<b>Balance Transferred to General Reserve</b>	<b>0.09</b>

- iv) The exchange ratio, at which the shareholders of the erstwhile MEL have been offered Shares in SAIL, has been worked out based on the independent valuation of shares of the companies as per the accepted methods of valuation.

- v) In terms of the Scheme of amalgamation, the equity shares in SAIL issued by the Company to the shareholders of MEL on 30<sup>th</sup> September 2011, rank pari passu in all respects to the existing equity shares of SAIL with effect from the appointed date and upon the Scheme of amalgamation becoming effective. Accordingly, the appropriation for the dividend includes dividend on 1,24,744 Equity Shares, which have been issued to the shareholders of MEL.
- vi) The income accruing and expenses incurred by erstwhile MEL during the period 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 have also been incorporated in these accounts. During the period between the appointed date and the effective date as MEL carried on the existing business in "trust" on behalf of the Company, all vouchers, documents, etc., for the period are in the name of MEL.
- vii) The accounts of erstwhile MEL have been consolidated in the accounts of the Company for the Financial Year 2011-12. The accounts of Company for the year Financial year 2010-11, do not include the figures of the erstwhile MEL and hence, are not comparable with those of the current year,

### 30. FIXED ASSETS

#### 30.1 Land:

- (i) Includes 62152.52 acres (62101.12 acres) owned/possessed/taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- (ii) Includes 1917.06 acres (1845.71 acres) in respect of which title is under dispute.
- (iii) 10594.22 acres (10615.66 acres) transferred/agreed to be transferred or made available for settlement to various Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- (iv) 6162.74 acres (6204.60 acres) given on lease to various agencies/employees/ex-employees.

30.2 Buildings include net block of ₹25.71 crore (₹23.71 crore) for which conveyance deed is yet to be registered in the name of the Company.

30.3 The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Notification dated 31<sup>st</sup> March, 2009 issued by Ministry of Corporate Affairs on Accounting Standard 11. During the year ended 31<sup>st</sup> March, 2012, the net foreign exchange variations of ₹127.85 crore (net debit) [₹8.09 crore (net credit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets/capital work-in-progress. Out of the exchange differences adjusted from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2012, an amount of ₹81.13 crore (net debit) [₹33.14 crore (net credit)] is yet to be depreciated/amortised as at 31<sup>st</sup> March, 2012. Further, exchange variations amounting to ₹334.85 crore have been treated as interest cost in accordance with paragraph 4(e) of AS-16 - 'Borrowings Costs'.

30.4 Estimated amount of contracts remaining to be executed and not provided for (net of advances) on capital account are ₹23860.45 crore (₹25477.01 crore) and on revenue account are ₹1236.54 crore (₹841.18 crore).

### 31. INVESTMENT, CURRENT ASSETS, LOANS & ADVANCES AND CURRENT LIABILITIES & PROVISIONS

31.1 The Central Board of Direct Taxes vide its Notification dated

25<sup>th</sup> September 2001 revised the rules for computation of certain perquisites. The Employees' Union/Association filed writ petitions with the Hon'ble High Court at Kolkata challenging the above Notification. In pursuance of Hon'ble Court's orders, the term deposits (including interest earned thereon) amounting to ₹177.90 crore (₹161.74 crore) have been kept separately with bank(s) in respect of tax deducted on house perquisite w.e.f. 1st April 2003 and other perquisites w.e.f. 1<sup>st</sup> October 2001, upto 31<sup>st</sup> March 2005, pending final decision of the Hon'ble Court. Such deductions and deposits after 31<sup>st</sup> March 2005, have been made in accordance with amended law/judicial decisions. However, there is no impact on accounts of the company as the additional tax, if required, shall be recoverable from the employees.

- 31.2** The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Note No. 7- Trade Payables ) has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31<sup>st</sup> March, 2012 are as under:

(₹ in crore)

No.	Description	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
i.	The principal amount remaining unpaid to supplier as at the end of the accounting year	12.08	24.80
ii.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	-	-
iii.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
iv.	The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
		<b>For the year ended</b>	
		<b>31<sup>st</sup> March 2012</b>	<b>31<sup>st</sup> March 2011</b>
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-

vi.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
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- 31.3** Balances shown under 'Other Current Liabilities', 'Short term Loans & Advances' and 'Claims Recoverable' include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.

- 31.4** The Company has stock of iron ore fines of 41.18 (41.21) million tonnes at various mines of the Company. Since the usage/sale of such iron ore fines, involves elements of uncertainties, as a matter of prudence, no valuation of such fines has been made in the accounts. However, the revenue earned from actual disposal thereof during the year has been recognised in the books of accounts.

- 31.5** i) An amount of ₹51.34 crore has been given to Chhattisgarh State Power Transmission Company Limited out of total amount of ₹51.34 crore payable as per demand letter No. CE/Trans./PL-HTC-31/0461 and 0462 dated 04<sup>th</sup> May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances - Deposits". The transmission lines will not be owned by the Company. The MOU has been signed on 12<sup>th</sup> May, 2011.

ii) An amount of ₹132.91 crore has been given to Railways, out of total amount of ₹844.23 crore payable as per MOU dated 11<sup>th</sup> December, 2007 and revised estimate by M/s. RVNL dated 17<sup>th</sup> July, 2009, for construction of railway line for movement of ore from upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances – Deposits". As per the Agreement, the Railways will pay at the end of every year to the Company cash @ 7% per annum for 37 years on total contribution towards redemption of Company's contribution, commencing from the 1<sup>st</sup> year after commissioning of the Phase-I of the Project, subject to fulfillment of certain conditions. The underlying assets will not be owned by the Company.

The accounting treatment of above mentioned issues has been referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) for opinion. The accounting of the above referred issues and similar cases will be done as per the opinion of the EAC of ICAI.

## 32. STATEMENT OF PROFIT & LOSS

- 32.1** Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31<sup>st</sup> March 2012: ₹3479.04 crore (Previous year: ₹3466.59 crore) and upto 31<sup>st</sup> March, 2012: ₹14642.06 crore (Previous year: ₹11272.27 crore).

- 32.2** Power & Fuel does not include expenses for generation of power and consumption of certain fuel elements produced by the Plants which have been included under the primary heads of account.

- 32.3** The Research and Development expenditure charged to Statement of Profit & Loss and allocated to Fixed Assets, during the year, amount to ₹129.08 crore (₹127.06 crore) and ₹5.37 crore (₹5.08 crore) respectively. The aggregate amount of

revenue expenditure incurred on Research and Development is shown in the respective head of accounts. The break-up of the amount is as under:

(₹ in crore)

Head of Account	For the year ended	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Employees Remuneration & Benefits	<b>87.04</b>	93.35
Stores & Spares Consumed	<b>11.15</b>	4.74
Power & Fuel	<b>1.55</b>	1.57
Repairs & Maintenance	<b>2.34</b>	1.81
Other expenses & provisions	<b>23.44</b>	21.81
Interest & finance charges	<b>0.33</b>	0.34
Depreciation	<b>3.39</b>	3.60
Sub-total	<b>129.24</b>	127.22
Less : Transferred to Inter Account Adjustments	<b>0.16</b>	0.16
Total	<b>129.08</b>	127.06

- 32.4** The Company reviews the carrying amount of its fixed assets on each balance sheet date for the purpose of ascertaining impairment, if any, by considering assets of entire one plant as Cash Generating Unit. On such review as at 31<sup>st</sup> March, 2012, no provision for the loss making units is required to be made, as the net realisable value thereof, assessed by an independent agency as at 31<sup>st</sup> March, 2011 for IISCO Steel Plant, Alloy Steels Plant, Visvesvaraya Iron & Steel Plant and as at 31<sup>st</sup> March, 2012 for Salem Steel Plant, is more than the carrying amount.
- 32.5** During the year, the basis of valuation of scrap has been revised, resulting in higher profit of ₹164.34 crore for the year.
- 32.6** The long-term agreement for wage revision for non-executives expired on 31<sup>st</sup> December 2011. Pending finalisation of fresh agreement w.e.f. 1<sup>st</sup> January 2012, provision towards salaries and wages revision of ₹61.08 crore and ₹0.19 crore have been charged to Statement of Profit & Loss and Expenditure during construction respectively, on an estimated basis.
- 32.7** Provision for pension under superannuation benefits has been made for executives as per DPE Guidelines and approval of the Board. As the issue remains to be discussed at later date for non-executives and as on date is undecided and there exists no liability, no provision has been made.
- 32.8** During the year, the unspent carried forward amount of ₹25.73 crore on account of Corporate Social Responsibility (CSR) activities pertaining to the year 2010-11, was incurred in full. Against the approved budgeted amount of ₹64 crore towards the CSR activities for the year 2011-12, the Company incurred ₹35.52 crore. The balance budgeted amount of ₹28.48 crore, will be spent in due course. Since the Company does not have any contractual obligation/liability as on 31<sup>st</sup> March, 2012, the unspent amount has not been provided in the books and would be accounted for as and when spent/incurred.
- 32.9** Information on leases as per Accounting Standard 19 on 'Leases':
- (a) The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on

lease are treated as income in the year of receipt.

(b) In respect of assets taken on lease/rent :

- (i) The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit and Loss during the year is ₹11.92 crore (₹14.66 crore).
- (ii) Sub-lease recoveries recognised in the accounts are ₹Nil crore (₹0.02 crore).

**32.10** The matter with regard to imposition of Entry Tax on Coking Coal and Iron Ore in Bhilai Steel Plant (BSP), Bhilai of the Company is pending in the Hon'ble Supreme Court of India and is sub-judice. As per the Court's Order dated 9<sup>th</sup> Feb, 2010, BSP is paying Entry Tax @3% adhoc on Coking Coal and Iron Ore, on month to month basis and as per the same order, the payments towards Entry Tax are being treated as deposits. Till previous year, liability towards Entry Tax (including interest) was provided @6% on Coking Coal and Iron Ore. During the year, based on the legal opinion, the liability towards Entry Tax on Coking Coal and Iron Ore has been retained in the books to the extent of 3% adhoc payments made and the balance liability alongwith interest amount of ₹511.20 crore provided till previous year, has been written back. The same has been disclosed as contingent liability and shown as Exceptional Item in the Statement of Profit & Loss for the year resulting in increase of Profit by ₹511.20 crore.

**32.11** Pending final decision by the Hon'ble Supreme Court of India on levy of entry tax in Uttar Pradesh, the entry tax demand of ₹62.58 crore during the year in Uttar Pradesh, under dispute, has been treated as contingent liability.

**32.12** During the year, the amount of income/expenditure relating to prior period and prepaid expenses, which do not exceed ₹10 lakhs in each case, as against ₹5 lakhs considered upto previous year, have been treated as income/expenditure of current year. As a result, the prior period income/expenditure and prepaid expenses of ₹0.22 crore (net debit) and of ₹07 crore respectively have been charged to normal heads of revenue and expenditure during the year.

### 33. GENERAL

#### 33.1 Defined Benefit Schemes

##### 33.1.1 General Description of Defined Benefit Schemes:

**Gratuity:** Payable on separation @15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more. Maximum amount of ₹10 lakhs for executives and without any monetary limit for non-executives has been considered for actuarial valuation.

**Leave Encashment :** Payable on superannuation to eligible employees who have accumulated earned and half pay leave, subject to maximum limit of 300 days for earned leave and 240 days of half pay leave. Encashment of accumulated earned leave is also allowed upto 30 days once in a financial year.

**Provident Fund :** 12% of Basic Pay Plus Dearness Allowance, contributed to the Provident Fund Trusts by the company.

**Post Retirement Medical Benefit :** Available to retired employees at company's hospitals and/or under the health insurance policy.

**Post Retirement Settlement Benefits :** Payable to retiring employees for settlement at their home town.

**Employees' Family Benefit Scheme :** Monthly payments to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation.

**Long Term Service Award :** Payable in kind on rendering minimum 25 years of service and also on superannuation.

**33.1.2** Other disclosures, as required under Accounting Standard (AS)-15 (revised) on 'Employees Benefits', in respect of defined benefit obligations are :

**(a) Reconciliation of Present Value of Defined Benefit Obligations :**

(₹ in crore)

Sl. No.	Particulars	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Post Retirement Settlement Benefit	Long Term Service Award	Employees' Family Benefit Scheme
i)	Present Value of projected benefit obligations, as at the beginning of the year.	4147.96 (4126.66)	2016.46 (1979.66)	1178.00 (870.90)	107.02 (107.70)	28.45 (30.54)	264.83 (257.03)
ii)	Service Cost	145.50 (161.73)	107.07 (89.83)	10.18 (12.25)	5.07 (5.95)	1.20 (1.89)	– (–)
iii)	Interest Cost	329.34 (313.29)	158.04 (147.87)	93.82 (67.38)	8.89 (8.54)	2.33 (2.41)	19.29 (18.46)
iv)	Actuarial Gains(-) / Losses(+)	107.68 (97.67)	298.65 (139.71)	18.53 (291.55)	-7.96 (-8.36)	-9.39 (-3.99)	58.48 (39.20)
v)	Past Service Cost	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
vi)	Benefits Paid	595.86 (582.88)	449.14 (352.34)	100.51 (68.96)	7.75 (7.60)	2.52 (2.59)	61.55 (52.66)
vii)	Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	4134.62 (4116.47)	2131.08 (2004.73)	1200.02 (1173.12)	105.27 (106.23)	20.07 (28.26)	281.05 (262.03)

**(b) Reconciliation of Fair Value of Assets and Obligations:**

The Company has partly funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investments have been made by the Fund. The reconciliation of fair value of assets of the Gratuity Fund and defined benefit gratuity obligations is as under:

(₹ in crore)

Sl. No.	Particulars	2011-12	2010-11
i)	Fair Value of plan assets as at the beginning of the year	<b>4044.16</b>	4037.44
ii)	Acquisition adjustment	–	–
iii)	Expected return on plan assets	<b>312.33</b>	308.97
iv)	Actual Company's contribution	<b>312.78</b>	232.16
v)	Actuarial gain/(loss)	<b>37.86</b>	48.47
vi)	Benefits payments	<b>592.79</b>	582.88
vii)	Fair value of plan assets as at the end of the year	<b>4114.34</b>	4044.16
viii)	Present value of defined benefit obligation [6.1.2 (a)(vii)]	<b>4134.62</b>	4116.47
ix)	Net liability recognised in the Balance Sheet (viii)-(vii) *	<b>20.28</b>	72.31

\* The company does not expect to contribute any amount to the Gratuity Fund during the year 2012-13, after considering the return on the investments.

The defined benefit obligations, other than gratuity, are unfunded.

**(c) Provident Fund :** Company's contribution paid/payable during the year to Provident Funds are recognised in the Statement of Profit & Loss. The Company's Provident Fund Trusts are exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trusts vis-à-vis statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the funds and return on investment, as confirmed by actuary.

(d) Expenses recognised in the Statement of Profit & Loss for the Year :

(₹ in Crore)

Sl. No.	Particulars	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Post Retirement Settlement Benefit	Long Term Service Award	Employees' Family Benefit Scheme
i)	Service Cost	145.50 (161.73)	107.07 (89.83)	10.18 (12.25)	5.07 (5.95)	1.20 (1.89)	0.00 (0.00)
ii)	Interest Cost	329.34 (313.29)	158.04 (147.87)	93.82 (67.38)	8.89 (8.54)	2.33 (2.41)	19.29 (18.46)
iii)	Actuarial Gains (-)/Losses	69.82 (49.20)	298.65 (139.71)	18.54 (291.55)	-7.96 (-8.36)	-9.39 (-3.99)	58.48 (39.20)
iv)	Past Service Cost	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
v)	Expected Return on Plan Assets	312.33 (308.97)	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Total (i+ii+iii+iv-v)	232.33 (215.25)	563.76 (377.41)	122.54 (371.18)	6.00 (6.13)	-5.86 (0.31)	77.77 (57.66)
vii)	Employees' Benefits Expenses :						
	a) Charged to Profit & Loss Account (Note 24)	231.07 (214.30)	555.36 (374.07)	122.60 (371.25)	- (-)	-5.85 (0.31)	77.77 (57.66)
	b) Charged to Expenditure During Construction (Note 11.1)	1.26 (0.95)	8.40 (3.34)	-0.06 (-0.07)	- (-)	-0.01 (-)	- (-)
	c) Other Expenses - Charged to Profit & Loss Account (Note 26)	-	-	-	6.00 (6.13)	-	-
viii)	Actual Return on Plan Assets	350.17 (357.46)					

(e) Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under post-retirement medical benefits scheme:

(₹ in crore)

Sl. No.	Particulars	One percentage point increase in medical inflation rate	One percentage point decrease in medical inflation rate
i)	Increase/(decrease) on aggregate service and interest cost of post retirement medical benefits	0.69	(0.60)
ii)	Increase/(decrease) on present value of defined benefit obligations as at 31 <sup>st</sup> March, 2012	27.36	(23.54)

(f) Actuarial Assumptions :

(₹ in crore)

Sl. No.	Description	As at 31 <sup>st</sup> March, 2012	As at 1 <sup>st</sup> April, 2011
i)	Discount Rate (per annum)	8.90%	8.25%
ii)	Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
iii)	Withdrawal Rates (per annum)	Executives & Non-executives- 0.10% to 0.50% depending upon the age	Executives & Non-executives- 0.10% to 0.50% depending upon the age
iv)	Medical Cost Trend Rates (per annum)	5% for hospital cost and Nil for Medi-claim premium.	5% for hospital cost and Nil for Medi-claim premium.
v)	Estimated Rate of Return on Plan Assets	8% p.a.	8% p.a.
vi)	Salary Escalation	Executives-7% p.a. Non –executives- 6% p.a. All employees- 7.5% step up after every 10 years of service starting 2017	Executives-7% p.a. Non –executives- 6% p.a.
		The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors	



### 33.2 Segment Reporting :

- i) Business Segments: The five Integrated Steel Plants and three Alloy Steel Plants, being manufacturing units, have been considered as primary business segments for reporting under 'Accounting Standard-17 - Segment Reporting' issued by the Institute of Chartered Accountants of India.
- ii) Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.

The disclosure of segment-wise information is given at Annexure-I.

### 33.3 Related Party :

As per Accounting Standard - 18 - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties, excluding Government controlled enterprises, are given below: -

<b>A.</b>	
<b>Nature of Relationship</b>	<b>Name of the related party</b>
<b>Joint Venture</b>	SAIL Bansal Service Centre Limited
	Mjunction Services Limited
	UEC-SAIL Information Technology Limited
	Romelt SAIL (India) Limited
	N.E Steel & Galvanising Pvt. Limited
	Bhilai Jaypee Cement Limited
	Bokaro Jaypee Cement Limited
	S & T Mining Co. Pvt. Limited
<b>Nature of Relationship</b>	<b>Name of the related party</b>
<b>Key Management Personnel</b>	Shri C.S.Verma
	Shri Soiles Bhattacharya (upto 31st August 2011)
	Shri Shuman Mukherjee
	Shri S.N. Singh (Upto 30th September 2011)
	Shri P.K. Bajaj
	Shri B.B. Singh
	Shri Anil Kumar Chaudhary (w.e.f. 1st September 2011)
	Shri S.S. Mohanty
	Shri V.K. Arora
	Shri A.S. Mathur
	Shri S.R. Subhedar
	Shri V.G. Shankar
	Shri P.C. Tibrewal
	Shri H.K. Jain
	Shri S. Hanumantha Rao
	Shri Pankaj Gautam
	Shri S. Chandrasekaran
	Shri Ranen Nag
	Shri N.K. Jha
	Shri M.N. Rai
	Shri M.R. Panda
	Shri G.S. Prasad (w.e.f. 1 <sup>st</sup> October 2011)
	Dr. D. Mukerjee (w.e.f. 1 <sup>st</sup> August 2011)
	Shri P.K. Mishra (From 1 <sup>st</sup> May, 2011 to 31 <sup>st</sup> December 2011)
	Shri G.S. Gill

**B. Details of transactions between the Company and the Related Parties for the year**

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Note No. and Account Head
i)	Purchase of Investment	17.59 (6.28)	- ( - )	17.59 (6.28)	12 : Non-Current Investment
ii)	Other Loans and Advances	- ( - )	0.01 ( 0.03 )	0.01 ( 0.03 )	13 : Long term Loans and Advances
iii)	Services rendered	0.87 ( 0.95 )	- ( - )	0.87 ( 0.95 )	21 : Other income
iv)	Rental Income	0.18 ( 0.07 )	- ( - )	0.18 ( 0.07 )	
v)	Sale of Goods	17.49 ( 13.48 )	- ( - )	17.49 ( 13.48 )	20 : Revenue from Operations
vi)	Services received	27.09 ( 27.50 )	- ( - )	27.09 ( 27.50 )	26 : Other Expenses
		2.34 ( 1.79 )	- ( - )	2.34 ( 1.79 )	11 : Capital WIP
vii)	Managerial remuneration	- (-)	5.28 (7.32)	5.28 (7.32)	24 : Employees' Benefits Expenses

**C. Balances with Related Parties as at the end of the year**

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Note No. and Account Head
i)	Investments	100.65 ( 83.06 )	12 : Non-Current Investment
ii)	Provision for investments	3.44 ( 3.44 )	
iii)	Other Loans and Advances	1.39 ( 1.41 )	13 : Long Term Loans and Advances
iv)	Provision for Loans and Advances	1.39 ( 1.39 )	
v)	Sundry Debtors	0.50 ( 1.00 )	16 : Trade Receivables
vi)	Sundry Creditors	4.34 ( 4.85 )	7 : Trade Payables
vii)	Security Deposit	0.38 ( 0.38 )	4 : Other long Term Liabilities

**D. Disclosure of Material Transactions with Related Parties**

(₹ in crore)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011	Note No. and Account Head
<b><u>Investment</u></b>			
Bokaro Jaypee Cement Limited	14.77	4.08	12 : Non-Current Investment
S & T Mining Co. Pvt. Limited	2.82	2.20	
<b><u>Sale of Goods</u></b>			
Bhilai Jaypee Cement Limited	15.58	7.86	20 : Revenue from Operations
Bokaro Jaypee Cement Limited	1.91	5.62	
<b><u>Services Rendered</u></b>			
Bhilai Jaypee Cement Limited	0.87	0.95	21 : Other Income
Bokaro Jaypee Cement Limited	0.18	0.07	
<b><u>Auction Services</u></b>			
Mjunction Services Limited	27.84	27.62	26 : Other Expenses
<b><u>Conversion Charges</u></b>			
SAIL-Bansal Services Centre Ltd.	1.59	1.67	

- 33.4** In accordance with AS-22 on 'Accounting for Taxes on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below:

(₹ in crore)

	As on 31 <sup>st</sup> March 2012	As on 31 <sup>st</sup> March 2011
<b><u>Deferred tax liability</u></b>		
Difference between book and tax depreciation	<b>2667.84</b>	2519.47
<b>Total</b>	<b>2667.84</b>	2519.47
<b><u>Deferred tax assets</u></b>		
Retirement Benefits	<b>4.61</b>	21.48
Others	<b>1018.75</b>	1006.92
<b>Total</b>	<b>1023.36</b>	1028.40
<b>Net Deferred tax liability</b>	<b>1644.48</b>	1491.07

- 33.5** As per Accounting Standard - 27 - 'Financial Reporting of Interest in Joint Ventures' issued by the Institute of Chartered Accountants of India, the Company's share of ownership interest, assets, liabilities, income, expenses, contingent liabilities and capital commitments in the joint venture companies, all incorporated in India, are given below:

(₹ in crore)

Sl. No.	Name of the Joint Venture Company	% of Company's ownership interest	Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
1.	NTPC SAIL Power Company Pvt. Ltd. (*)	50	1730.08	1097.01	890.03	734.06	29.17	-
2.	Bokaro Power Supply Co. Pvt. Ltd. (@@)	50	480.34	263.79	320.12	290.02	-	23.34
3.	Mjunction Services Limited (**)	50	146.04	56.90	68.14	32.68	-	-
4.	SAIL Bansal Service Centre Limited (@@)	40	17.30	16.18	28.22	28.10	-	-
5.	Romelt SAIL (India) Limited (\$)	15	-	-	-	-	-	-
6.	UEC SAIL Information Technology Limited (\$)	40	-	-	-	-	-	-
7.	North Bengal Dolomite Limited (@@)	50	0.20	0.21	-	-	-	-
8.	N.E Steel & Galvanising Pvt. Limited (\$)	49	-	-	-	-	-	-
9.	Bhilai Jaypee Cement Limited (@)	26	263.21	192.58	89.27	109.56	-	-
10.	Bokaro Jaypee Cement Limited (@)	26	103.86	83.97	-	0.09	-	20.37
11.	S& T Mining Co. Pvt. Limited (@)	50	1.81	0.52	0.03	1.19	-	0.04
12.	International Coal Ventures Private Limited (@@)	28.57	1.94	0.34	0.05	-	-	-
13.	SAIL-MOIL Ferro Alloys Private Limited(@)	50	7.13	7.03	-	-	-	3.80
14.	SAIL SCI Shipping Pvt. Limited (@)	50	0.10	0.12	-	0.02	-	-
15.	Steel complex Limited (**)	43.8	4.29	12.16	8.36	6.17	-	-
16.	SAIL RITES Bengal Industry Pvt. Limited (\$\$)	50	-	-	-	-	-	-

\* Based on audited Accounts for the year 2011-12

\*\* Based on unaudited Accounts for the year 2011-12

@ Based on audited Accounts for the year 2010-11

@@ Based on unaudited Accounts for the year 2010-11

\$ Information not available

\$\$ Operation yet to be started.

### 33.6 Disclosures of provisions required by Accounting Standard (AS) 29 'Provisions, Contingent Liabilities and Contingent Assets:

#### Brief Description of Provisions :

**Mines afforestation costs** - Payable on renewal (including deemed renewal) / forest clearance of mining leases to Government authorities, towards afforestation cost at mines for use of forest land for mining purposes.

**Mines closure costs** - Estimated liability towards closure of mines, to be incurred at the time of cessation of mining activities.

**Overburden backlog removal costs** - To be incurred towards removal of overburden backlog at mines over the future years.

(₹ in crore)

Movement of provisions	Mines afforestation costs	Mines closure costs	Over burden removal costs	Total
Balance as at 1 <sup>st</sup> April, 2011	380.61	79.87	56.83	517.31
Additions during the year	81.31	10.44	6.46	98.21
Amounts utilised during the year	244.73	-	27.20	271.93
Unused amount reversed during the year	-	-	2.00	2.00
Balance as at 31 <sup>st</sup> March, 2012	217.19	90.31	34.09	341.59

### 33.7 As per requirement of the listing agreements with the stock exchanges, the requisite details of loans and advances in the nature of loans, given by the Company are given below:

(₹ in crore)

Name of the subsidiary Company	Loans and advances in the nature of loans outstanding as at the end of the year	Maximum amount of loans and advances in the nature of loans outstanding during the year
IISCO Ujjain Pipe and Foundry Co. Limited (under liquidation)	2.53* (2.53)*	2.53 (2.53)

\* Out of outstanding amount, ₹2.53 crore ( ₹2.53 crore), being doubtful of recovery, has been provided for.

- ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and
- iii) There are no loans and advances in the nature of loans, to firms/companies, in which directors are interested.

## 34. Opening Stock, Purchase, Turnover and Closing Stock

(Quantity : Tonnes)

(₹ in crore)

Class of Products	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
<b>OWN PRODUCTS</b>								
<b>Main Steel Plants</b>								
Pig Iron	108808	205.63	–	–	115457	306.39	47998	120.70
	(72528)	(114.43)	(–)	(–)	(154488)	(353.26)	(108808)	(205.63)
Steel Ingots	174304	420.71	–	–	98	0.27	120483	356.72
	(96944)	(206.97)	(–)	(–)	(–)	(–)	(174304)	(420.71)
Saleable Steel	979064	2986.96	–	–	11007984	45597.90	815911	2916.40
	(778467)	(2065.66)	(–)	(–)	(11338637)	(42424.58)	(979064)	(2986.96)
In process material	211761	577.65	–	–	–	–	226653	881.25
	(273543)	(668.73)	(–)	(–)	(–)	(–)	(211761)	(577.65)
<b>ALLOY STEELS PLANTS</b>								
Pig Iron	8357	22.58	–	–	7798	23.17	26860	151.62
	(8185)	(21.58)	(–)	(–)	(1477)	(4.04)	(8357)	(22.58)
Steel Ingots	22713	98.59	–	–	–	–	26091	102.99
	(12360)	(50.71)	(–)	(–)	(–)	(–)	(22713)	(98.59)
Saleable Steel	120287	812.45	–	–	414807	2489.77	111237	789.58
	(83614)	(631.21)	(–)	(–)	(385429)	(2435.54)	(120287)	(812.45)
In process material	33394	205.93	–	–	–	–	70367	574.24
	(44113)	(315.60)	(–)	(–)	(–)	(–)	(33394)	(205.93)
<b>SUNDRIES</b>								
Calcium Ammonium	1023	–	–	–	48915	156.35	1023	–
Nitrate(in terms of) 25% N)	(1023)	(–)	(–)	(–)	(–)	(–)	(1023)	(–)
<b>SUNDRIES</b>								
Middlings/Rejects	583914	12.85	–	–	133868	28.91	554351	12.92
	(506308)	(8.85)	(–)	(–)	(139345)	(26.68)	(583914)	(12.85)
Others (By-products etc.)		788.73		1.20		1741.93		1740.03
		(576.65)		(2.04)		(1794.03)		(788.73)
<b>TRADING ACTIVITIES</b>								
Saleable Steel	–	–	1617	3.68	1617	3.71	–	–
	(–)	(–)	(1106)	(2.18)	(1106)	(2.37)	(–)	(–)
		6132.08		4.88		50348.40		7646.45
		(4660.39)		(4.22)		(47040.50)		(6132.08)

## 35. Expenditure incurred in foreign currency on account of

(₹ in crore)

	Current Year	Previous Year
Know-how	126.38	90.49
Interest	–	3.64
Professional and consultation fees	28.32	30.34
Others	6.78	5.26
Total	161.48	129.73



	Current Year	Previous Year
<b>36. Earning in foreign exchange on account of</b>		
Export of goods (Calculated on FOB basis)	1230.01	980.46

### 37. Value of imports (Calculated on CIF basis)

Raw materials	16073.80	12677.39
Capitals goods	1226.96	2352.02
Stores, Spares and Components	425.13	456.62
Total	17725.89	15486.03

### 38. Value of raw materials consumed

	₹/crore	%	₹/crore	%
Imported	15169.03	59.35	13633.39	61.76
Indigenous	10389.60	40.65	8443.01	38.24
	25558.63	100.00	22076.40	100.00
Less : Inter Account Adjustments	2537.81		1828.49	
	23020.82		20247.91	

### 39. Value of stores/spares & components consumed

	₹/crore	%	₹/crore	%
Imported	407.05	10.56	343.18	10.28
Indigenous	3448.63	89.44	2994.02	89.72
	3855.68	100.00	3337.20	100.00
Less : Inter Account Adjustments	2054.89		1649.61	
	1800.79		1687.59	

### 40. Remittance in foreign currencies for dividends :

The Company has not remitted any amount in foreign currencies on account of interim / final dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of interim / final dividends have been made by/ on behalf of non-resident shareholders. The particulars of final dividend for the year 2010-11 and interim dividend for the year 2011-12 on account of non-resident shareholders are as under :-

	Current Year	Previous Year
<b>Final Dividend (2010-11)</b>		
a) Number of non-resident shareholders	3545	3593
b) Number of ordinary shares held by them	177856328	185000273
c) Amount of Dividend (₹ 'crore)	21.34	31.45
<b>Interim Dividend (2011-12)</b>		
a) Number of non-resident shareholders	3754	3797
b) Number of ordinary shares held by them	146773591	179164831
c) Amount of Dividend (₹ 'crore)	17.61	21.50

41. The financial statements for the year ended 31<sup>st</sup> March, 2011 had been prepared as per the then applicable, pre- revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31<sup>st</sup> March, 2012 are prepared under the revised Schedule VI. Accordingly, the previous year's figures have been re-arranged/re-grouped/re-cast, wherever necessary. Figures in brackets pertain to previous year.

## Segment Information for the year ended 31<sup>st</sup> March, 2012

### A. BUSINESS SEGMENT

(₹ in crore)

Particulars	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	OTHERS	INTER SEGMENT SALES	SAIL
<b>REVENUE</b>											
- External Sales											
Current year	17909.50	6983.48	8556.08	12474.93	1699.03	570.32	1551.78	440.31	162.97		<b>50348.40</b>
Previous year	(17236.04)	(6232.87)	(7452.19)	(11672.70)	(1878.06)	(447.64)	(1544.82)	(467.33)	(108.85)		<b>(47040.50)</b>
- Inter Segment Sales											
Current year	1180.88	480.13	190.36	390.10	1232.56	497.55	9.13	102.14	2168.63	-6251.48	-
Previous year	(631.32)	(346.70)	(156.56)	(152.84)	(569.26)	(635.72)	(5.84)	(50.75)	(1066.76)	(-3615.75)	<b>(0.00)</b>
- Total Revenue											
Current year	19090.38	7463.61	8746.44	12865.03	2931.59	1067.87	1560.91	542.45	2331.60	-6251.48	<b>50348.40</b>
Previous year	(17867.36)	(6579.57)	(7608.75)	(11825.54)	(2447.32)	(1083.36)	(1550.66)	(518.08)	(1175.61)	(-3615.75)	<b>(47040.50)</b>
<b>RESULT</b>											
- Operating profit / (-) loss (Before Interest expenses and exceptional item)											
Current year	2643.04	655.47	879.40	1019.77	-324.13	-45.98	-96.59	-130.59	1490.20		<b>6090.59</b>
Previous year	(3550.55)	(461.90)	(967.77)	(1313.01)	(9.34)	(-14.88)	(22.14)	(-129.07)	(1363.07)		<b>(7543.83)</b>
- Interest expenses											
Current year											<b>677.70</b>
Previous year											<b>(474.77)</b>
Exceptional items											
Current year											<b>262.02</b>
Previous year											<b>(-125.43)</b>
- Income Tax											
Current year											<b>1608.15</b>
Previous year											<b>(2289.57)</b>
- Net Profit / Loss (-)											
Current year											<b>3542.72</b>
Previous year											<b>(4904.92)</b>
<b>OTHER INFORMATION</b>											
- Segment Assets											
Current year	13632.45	3712.14	11756.96	10689.07	14204.60	688.98	3908.60	732.86	17011.36		<b>76337.02</b>
Previous year	(10939.01)	(3210.61)	(9447.19)	(8800.05)	(12034.13)	(621.43)	(3379.25)	(709.41)	(26941.91)		<b>(76082.99)</b>
- Segment Liabilities											
Current year	4082.10	1271.95	2062.22	2622.05	1310.37	270.81	483.81	199.27	10991.98		<b>23294.56</b>
Previous year	(5098.64)	(1455.84)	(2486.30)	(3111.82)	(1712.95)	(320.35)	(465.59)	(248.09)	(13570.31)		<b>(28469.89)</b>
- Capital Expenditure											
Current year	2695.63	664.74	2582.20	1057.94	2101.82	33.48	38.88	2.61	426.90		<b>9604.20</b>
Previous year	(1497.19)	(223.52)	(2501.46)	(1346.82)	(3503.23)	(17.16)	(664.69)	(7.22)	(422.49)		<b>(10183.78)</b>
- Depreciation											
Current year	321.33	293.57	331.98	298.88	56.72	14.01	99.99	13.58	136.97		<b>1567.03</b>
Previous year	(307.25)	(314.28)	(332.77)	(295.21)	(49.62)	(13.70)	(42.92)	(14.32)	(115.73)		<b>(1485.80)</b>
- Non Cash expenses other than depreciation											
Current year	6.86	4.18	12.08	5.17	1.04	6.40	0.02	3.75	11.51		<b>51.01</b>
Previous year	(1.92)	(2.37)	(7.04)	(5.17)	(10.41)	(10.21)	(0.14)	(1.31)	(10.26)		<b>(48.83)</b>

### B. GEOGRAPHICAL SEGMENT

(₹ in crore)

Particular	Current Year	Previous Year
<b>Sales Revenue</b>		
India	<b>49118.30</b>	46059.96
Foreign Countries	<b>1230.10</b>	980.54
<b>Total</b>	<b>50348.40</b>	47040.50

(1) Segment assets/liabilities exclude inter-unit balances

(2) Total carrying amount of segment assets by geographical location of assets, for the Company's overseas operations are below 10% of the total assets of all segments, and hence not disclosed.

## SOCIAL AMENITIES

(₹ in crore)

Expenses	Township	Education	Medical	Social & Co-operative cultural activities	societies	Transport & Dairy	Total	Previous Year
<b>Employees' Remuneration &amp; Benefits</b>								
-Salaries & Wages	176.65	105.02	255.33	7.80	5.06	13.34	563.20	576.14
-Company contribution to Provident Fund	17.02	10.16	23.06	0.71	0.46	1.22	52.63	47.29
-Travel concessions	11.71	6.12	11.77	0.28	0.02	1.25	31.15	5.62
-Welfare expenses	7.30	8.96	56.19	2.32	0.00	0.66	75.43	68.95
- Consumption of medicines	0.00	0.00	59.73	0.78	0.00	0.00	60.51	62.53
-Gratuity	14.94	10.56	14.81	0.47	0.65	0.94	42.37	41.18
Total	227.62	140.82	420.89	12.36	6.19	17.41	825.29	801.71
Stores & Spares	17.44	0.15	1.73	0.82	0.16	0.88	21.18	17.72
Repair & Maintenance	98.92	0.43	10.19	1.07	0.08	0.21	110.90	106.46
Power & Fuel	315.67	2.83	5.85	1.90	0.00	0.40	326.65	274.22
Miscellaneous expenses	32.92	5.07	14.89	0.91	0.25	6.31	60.35	61.52
Depreciation	22.01	1.03	4.52	0.14	0.01	0.05	27.76	27.57
Total	714.58	150.33	458.07	17.20	6.69	25.26	1372.13	1289.20
Less: Income	151.02	5.67	51.22	0.10	0.00	0.49	208.50	190.41
Net Deficit	563.56	144.66	406.85	17.10	6.69	24.77	1163.63	1098.79

# Auditors' Report

Comments	Management's Replies
<p>To</p> <p>The Members of Steel Authority of India Limited</p> <p>We have audited the attached Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, as on 31<sup>st</sup> March 2012, the Statement of Profit &amp; Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto, in which are incorporated the accounts of Plants, Units, Branches and other Offices audited by the Branch Auditors in accordance with the letter of appointment of Comptroller &amp; Auditor General of India. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.</p> <p>2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.</p> <p>3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the Order") issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 &amp; 5 of the said Order.</p> <p>4. Since the matter regarding provision of pension under superannuation benefits for non executives remains undecided and the amount also not ascertained, we are therefore unable to express our opinion on the same and the effect on the accounts, if any (Refer Note No.32.7).</p> <p>5. Without qualifying our opinion, we draw attention to Note Numbers 32.1 &amp; 32.11 of notes to financial statements.</p> <p>6. Further to our comments in the Annexure referred to above, we report that:</p> <p>i). We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.</p> <p>ii). In our opinion, proper books of account as required by law have been kept by the company so far as appears from our</p>	<p>The position has been adequately explained in Note No. 32.7 forming part of the financial statements.</p>

Comments	Management's Replies
<p>examination of the books, and proper returns adequate for the purpose of our audit have been received from the plants/ units/ branches/other units not visited by us. The branch auditors' reports have been forwarded to us and have been appropriately dealt with.</p> <p>iii). The Balance Sheet, the Statement of Profit &amp; Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches.</p> <p>iv). In our opinion, the Balance Sheet, the Statement of Profit &amp; Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.</p> <p>v). In terms of Government of India, Department of Company Affairs Notification No. GSR 829(E) dated 21<sup>st</sup> October, 2003, Government companies are exempt from the applicability of provisions of Section 274(1)(g) of the Companies Act, 1956.</p>	
<p>In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our observation given in point no.4 above and read with significant accounting policies and notes on accounts appearing in Note 28-41, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:</p> <p>i) in case of Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March 2012;</p> <p>ii) in case of Statement of Profit &amp; Loss Account, of the Profit of the Company for the year ended on that date; and</p> <p>iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p>	
<p><b>For Tej Raj &amp; Pal</b>      <b>For S.K. Mittal &amp; Co.</b>      <b>For O.P. Totla &amp; Co.</b>  Chartered AccountantsChartered AccountantsChartered Accountants</p> <p>Firm Registration      Firm Registration      Firm Registration  No.304124E      No.001135N      No.000734C</p> <p>Sd/-      Sd/-      Sd/-</p> <p><b>[Dinakar Mohanty]</b>      <b>[S. K. Mittal]</b>      <b>[S.R. Totla]</b>  Partner      Partner      Partner  (M. No. 059390)      (M. No. 8506)      (M. No. 071774)</p>	<p><b>For and on behalf of the Board of Directors</b></p> <p>Sd/-</p> <p><b>(C. S. Verma)</b>  Chairman</p>

Place : New Delhi  
Dated : 29<sup>th</sup> May, 2012

Place : New Delhi  
Dated : 9<sup>th</sup> August, 2012



# Annexure to the Auditors' Report

(Referred to in our report of even date)

Comments	Management's Replies
<ol style="list-style-type: none"> <li>1. <ol style="list-style-type: none"> <li>a) The Company has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets.</li> <li>b) The fixed assets of the Company have been physically verified by the management at reasonable intervals in a phased manner so as to generally cover all the assets once in three years. As informed to us, no material discrepancies have been noticed on such verification wherever reconciliation has been carried out.</li> <li>c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.</li> </ol> </li> <li>2. <ol style="list-style-type: none"> <li>a) The inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/estimates.</li> <li>b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.</li> <li>c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.</li> </ol> </li> <li>3. According to information and explanations given to us, the Company has not granted or taken any secured or unsecured loans, to or from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (iii)(g) of paragraph 4 are not applicable.</li> <li>4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major failures in the internal control system.</li> <li>5. <ol style="list-style-type: none"> <li>a) According to the information and explanations given to us, we are of the opinion that there are no contract or arrangement of the Company, referred to in section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section.</li> <li>b) According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, exceeding the value of Rs.5,00,000 in respect of any party.</li> </ol> </li> <li>6. The Company has not accepted any public deposits during the year. In respect of public deposits accepted in earlier years, there are no unmatured outstanding deposits.</li> <li>7. In our opinion, the Company's internal audit system is generally commensurate with the size and nature of its business.</li> <li>8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of the applicable products. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.</li> <li>9. According to the information and explanations given to us in respect of statutory and other dues: <ol style="list-style-type: none"> <li>a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues, with appropriate authorities.</li> <li>b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31<sup>st</sup> March, 2012.</li> <li>c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31<sup>st</sup> March, 2012, as given herein below:</li> </ol> </li> </ol>	

Comments	Management's Replies
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Statutes	Nature of Dues	Amount (₹ in crore)	Forum where disputes are pending.
Sales Tax	Demand by Appellate Authorities	149.00 509.40 138.64 <b>797.04</b>	High Courts Sales tax tribunals Sales tax departments
Central Excise Act, 1944	Excise duty	1055.09 69.44 607.52 224.00 0.32 <b>1956.37</b>	Supreme Court High Courts CESTAT Department of Excise Settlement Commission
Income Tax Act, 1961	TDS on perks Income Tax	175.37 200.13 <b>375.50</b>	High Courts Department of Income Tax
Other Statutes	Other statutory dues (including cess)	646.63 464.24 48.98 177.59 <b>1337.44</b>	Supreme Court High Courts Lower Courts Concerned Department
<b>TOTAL</b>		<b>4466.35</b>	

10. There are no accumulated losses of the company as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or bond holder.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a Nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order, are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.
15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prima-facie prejudicial to the interest of the Company.
16. To the best of our knowledge and belief, and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained other than temporary deployment pending application.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment of the company.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and records examined by us, charges have been created in respect of secured bonds issued.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year except for frauds on the Company for an amount of ₹0.77 crore by employees of the Company, out of which ₹0.52 crore have been recovered and for the balance amount of ₹0.25 crore, as informed, necessary action has been taken for recovery.

The matter has been investigated by Management and action for recovery of balance amount of ₹0.25 crore is being continued. Internal control systems have been further strengthened to avoid recurrence of such cases.

**For and on behalf of the Board of Directors**

Sd/-

**(C. S. Verma)**  
Chairman

**For Tej Raj & Pal**  
Chartered Accountants  
Firm Registration  
No.304124E  
Sd/-  
**[Dinakar Mohanty]**  
Partner  
(M. No. 059390)  
Place : New Delhi  
Dated : 29<sup>th</sup> May, 2012

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Registration  
No.001135N  
Sd/-  
**[S. K. Mittal]**  
Partner  
(M. No. 8506)

**For O.P. Totla & Co.**  
Chartered Accountants  
Firm Registration  
No.000734C  
Sd/-  
**[S.R. Totla]**  
Partner  
(M. No. 071774)

Place : New Delhi  
Dated : 9<sup>th</sup> August, 2012

## Comments of C&AG (Annexure-II to the Directors' Report)

### COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF STEEL AUTHORITY OF INDIA LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

The preparation of financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31<sup>st</sup> March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29<sup>th</sup> May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31<sup>st</sup> March, 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619 (4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller & Auditor General of India

Sd/-

**(Manoj Sahay)**

Principal Director of Commercial Audit

Place : Ranchi

Dated: 26<sup>th</sup> June, 2012

## Annexure-III to the Directors' Report

### A. Energy Conservation

#### (a) Measures Taken

Important energy conservation schemes implemented in SAIL during 2011-12 are listed below:

##### (i) Bhilai Steel Plant (BSP)

- (a) LD Gas Holder repair along with in-situ repair of the roof structure with in-house resources
- (b) Rebuilding of Coke oven Battery No. 6
- (c) Impedance heating of tar carrying pipe upto 95-110°C
- (d) Commissioning of VVVF Drives in Aluminium wire feeder of Argon Rinsing Unit- 2
- (e) Metallic recuperator developed in-house and installed in Furnace 1 of R&S Mill
- (f) Installation & Commissioning of 14 nos. VVVF drives in different areas of RSM
- (g) VVVF drives commissioned for energy conservation and reduction of torque jerks at 5 nos. Roller Table sections and for disc rotation motor and tilting motor in Merchant Mill
- (h) Optimum capacity utilization of machines of Compressed Air Station (CAS-4) by modification in IPPL network and redistribution of consumer load.

##### (ii) Durgapur Steel Plant (DSP)

- (a) Modification of Combustion System of Reheating Furnaces #1 & #2 of Section Mill
- (b) Installation of Photo Sensors in the bay lights (133 nos.) of Wheel & Axle Plant
- (c) Installation of on-line Oxygen Analyzers in Power Plant Boiler #1 & Blast Furnace # 2 Stoves
- (d) On-line sealing of steam and blast leakages (1633 nos.)
- (e) Thermal insulation of steam line and other hot surfaces (3941 m<sup>2</sup>)

##### (iii) Rourkela Steel Plant (RSP)

- (a) Thyristorization of CTS drive in Plate Mill & that of RTS drive in Hot Strip Mill
- (b) Replacement of 2 nos. Primary Gas Coolers in CCD
- (c) Commissioning of 2 nos. of ETPs in CCD expansion site
- (d) Mixed gas firing in MP Boiler #1 of CPP-1
- (e) Replacement of recuperator in Re-Heating Furnace #6 of Hot Strip Mill
- (f) Thermal Insulation of steam lines covering (2000 m<sup>2</sup>)
- (g) Commissioning of High Top Pressure operation of BF #3

##### (iv) Bokaro Steel Plant (BSL)

- (a) Dry Gunning @ 20 ovens per month and cleaning of doors and door frames @ 50 ovens/day in CO Batteries
- (b) Changeover from CO gas firing to mixed gas firing in Battery No.1.
- (c) Replacement of GCM Controller by Electro Hydraulic Controller

in Battery No. 6.

- (d) Introduction of Ceramic Welding in Battery No. 7 to prevent cross leakage
- (e) Rebuilding and commissioning of Battery No. 2
- (f) Increase in hot blast temperature from 917°C to 948°C through systematic repair of stoves and optimization of stove heating
- (g) Increase in oxygen enrichment from 1.55 % to 2.19 %
- (h) Increase in nut coke rate from 19.9 to 24.2 kg/thm
- (i) Increase in Coal Dust Injection rate from 11.5 to 30.2 kg/thm
- (j) Upgradation of BF no. 5 along with its stoves
- (k) Capital Repair of 3 nos. of Ceramic Recuperators at Soaking Pits
- (l) Revisioning of BF Gas Valves & BF Gas Firing System to maximize BF gas consumption in Power Plant to 174 tcm/hr from previous average of 158 tcm/hr
- (m) Approx. 11km of damaged process water line changed
- (n) About 3600 m<sup>2</sup> insulation of steam line replaced along with 22 nos. of new steam traps

##### (v) IISCO Steel Plant (ISP)

- (a) Closure of BF #3 of capacity 1200 t/ day
- (b) Cold Repair of Battery No. 8
- (c) Running of only one Twin Hearth Furnace
- (d) Introduction of Air Blaster at Battery No. 10 coal service bunker for smooth flow of coal
- (e) Introduction of PLC System in Coal Handling Plant of Battery No.10.
- (f) Introduction of BF Gas Firing System in Boiler Unit – A
- (g) Installation of new BF Ladle Heating System near BF area

#### (b) Important energy conservation schemes under implementation in the year 2012-13 are listed below:

##### (i) Bhilai Steel Plant (BSP)

- (a) Repair of Battery No.9.
- (b) Waste heat recovery from sinter cooler for hot water generation at SP # 2 & SP #3 (RDCIS)
- (c) Modernization of BF #4 Stoves
- (d) Modification of BF Gas Burners in remaining four Russian Boilers of PBS to utilize surplus BF Gas (RDCIS)
- (e) Introduction of new Combustion System and Furnace Insulation System in Normalising Furnace of Plate Mill (RDCIS)
- (f) Replacement of Air Preheater blocks in 2 nos. Russian Boilers at Power and Blowing Station.
- (g) Repair of stove nos. 14 and 17 of BF-5
- (h) Installation of metallic recuperators in Merchant Mill and Rail & Structural Mill Reheating Furnaces

##### (ii) Durgapur Steel Plant (DSP)

- (a) Old gas collecting main pressure controllers of Battery Nos. 1, 3 & 6 to be replaced by electronic based controllers (Reineke) for

- better control of GC main pressure
- (b) Replacement of existing Suction Controller of 1.8 MT exhauster by Reineke make electronic control based compact electro hydraulic actuator for better suction control
  - (c) Commissioning of Battery No.2.
  - (d) Installation of new Benzol Plant with benzol and naptha scrubber for improvement in coke oven gas quality
  - (e) Replacement of stream 2 of steam main from plunger platform to 1.6 MT exhauster house to reduce steam leakages
  - (f) Change of top few layers of chequer bricks in BF #3 stoves during its capital repair
  - (g) Installation of new Gas Cleaning Plant in BF #3 to obtain cleaner gas to feed BF stoves at higher pressure
  - (h) Installation of Bell Less Top (BLT) charging system in BF # 3 for better burden distribution & gas utilization in furnace
  - (i) Installation of automatic blow down system in one of the boilers of Old Power Plant to reduce blow down losses
  - (j) Revamping of BOF Gas Holder to improve BOF gas yield

**(iii) Rourkela Steel Plant (RSP)**

- (a) CDI in BF #4
- (b) Installation of VVVF drive in HPLA pump motor in Coke Ovens
- (c) Commissioning of ETPs in CCD MT site
- (d) Replacement of recuperator in reheating furnace # 5 of Hot Strip Mill
- (e) Thermal insulation of steam lines covering about 1500 m<sup>2</sup>
- (f) Coke drying in BF #4 for reduction of coke moisture (RDCIS)
- (g) Commissioning of energy efficient new sinter complex
- (h) Conversion of 5 nos. of CT fans Aluminium blades to FRP blades
- (i) Re-building of coke oven battery No.3.

**(iv) Bokaro Steel Plant (BSL)**

- (a) Replacement of GCM controller by Electro Hydraulic controller in Battery No.7.
- (b) Changeover from CO gas firing to mixed gas firing in CO Battery No.2.
- (c) Modernisation of stoves of BF #1
- (d) Use of LC castables in soaking pits
- (e) Replacement of damaged recuperator of reheating furnace-3
- (f) Provision of BOF gas holder
- (g) Commissioning of separate BF gas line to CPP

- (h) Installed of Soft starters in 6.6 KV /1500KW exhauster motor of converter 4 at SMS-1
- (i) Installation of VVVF drive in 11KV/3300 KW exhauster motor 1& 2 of Band #1 at Sinter Plant
- (j) Installation of VVVF drive in 11 KV/2700 KW ID fan motor 1&2 of SMS-2

**(v) IISCO Steel Plant (ISP)**

- (a) Dry quenching of coke in CO Battery No. 11
- (b) Top Pressure Recovery Turbine in BF # 5
- (c) Waste Heat Recovery Unit in Sinter Plant
- (d) Waste Heat Recovery System in BF #5
- (e) Walking Beam Furnaces in Rolling Mill
- (f) Near net shape Beam Blank Casting in Casting area
- (g) Waste Heat Recovery in By-product Plant of CO Battery No.-11

**(c) Impact of measures on energy consumption**

The measures implemented during 2011-12 resulted in decrease in the energy consumption in the respective areas.

**(d) Total Energy Consumption & Energy Consumption per unit of Production.**

Form 'A' enclosed.

**B. Technology Absorption**

Efforts made in Technology Absorption are given in Form 'B'

**C. Foreign Exchange Earnings and Outgo**

	(₹ in crore)
i) Foreign Exchange earned from Exports and other activities	1230.01
ii) Foreign Exchange used:	
a) CIF Value of imports	17725.89
b) Other expenditure in foreign currency	282.23

For and on behalf of Board of Directors

Sd/-

**(C.S. Verma)**

Chairman

Place : New Delhi

Dated :9<sup>th</sup> August, 2012



## FORM 'A'

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Unit	2011-12	2010-11
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>a) Total Power Purchased (including JV Power)</b>			
Units	Million KWH	<b>6946</b>	6777
Total Amount	₹ Crore	<b>2994</b>	2371
Average Rate per Unit	₹/ KWH	<b>4.31</b>	3.50
<b>b) Own Generation</b>			
Through Steam Turbine/Generator			
Units	Million KWH	<b>619</b>	724
Units per Gega Calories of Energy Input	G Cal.	<b>233</b>	246
Average Rate per Unit	₹/KWH	<b>7.72</b>	5.75
<b>2. COAL</b>			
i) Coking Coal			
Quantity	Million Tonne	<b>12.63</b>	13.94
Total Cost	₹/ Crore	<b>16663</b>	15360
Average Rate	₹ /Ton	<b>13197</b>	11021
ii) Non-Coking Coal			
Quantity	Million Tonne	<b>0.688</b>	0.700
Total Cost	₹/ Crore	<b>300</b>	217
Average Rate	₹ /Ton	<b>4360</b>	3099
<b>3. FUEL OILS</b>			
Quantity	000 kilo litres	<b>57</b>	36
Total Cost	₹/Crore	<b>240</b>	115
Average Rate	₹/kilo litres	<b>41806</b>	32142
<b>4. OTHERS</b>			
i) Coke			
Quantity	000 Tonne	<b>708</b>	226
Total Cost	₹ Crore	<b>1848</b>	525
Average Rate	₹/tonne	<b>26116</b>	23279
ii) Miscellaneous. (Oxygen, LPG, Gases, Process Steam etc.)	₹/Crore	<b>969</b>	778
Total Cost			
<b>B. CONSUMPTION PER TONNE OF SALEABLE STEEL (SS) PRODUCTION</b>			
	Unit	2011-12	2010-11
Purchased Electricity	Kwh/tss	505	497
Fuel oils	KL/tss	4	2
Coking Coal	Kg/tss	1036	1089
Coke	Kg/tss	58	18
Non-coking Coal	Kg/tss	55	52

**Notes:**

1. Purchase Electricity quantity includes power from Joint Ventures also.
2. Proportionate pig iron production is added to saleable steel production for above calculation.
3. Previous year figures have been regrouped, wherever required.

# FORM 'B'

## DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

### 1. Specific areas in which R & D activities were carried out by the Company

- Cost Reduction
- Quality Improvement
- Energy Conservation
- Product Development and Application
- Automation

### 2. Benefits Derived as a result of R & D Efforts (2011-12)

#### Cost Reduction

##### • Performance Improvement of Coal Crushing System at DSP

Coal Handling Plant of DSP is following blend crushing practice for carbonization. Due to inconsistency in incoming coal quality and irregular receipt pattern, consistency in coal blend quality has gone down. Maintaining crushing level at 80-85% becomes difficult. Consistency in the crushing index additionally gets affected due to poor life of hammers (40,000 – 50,000 tons) and improper working of crusher adjustment mechanism.

Modifications in the hammer materials were made. Hammers fabricated from 50CrMo4 plates of ASP and heat-treated at DSP have resulted in two-fold (90,000–1,00,00 tons) increase in life. Modifications in the crusher adjustment mechanism have also helped the operators in maintaining crushing parameters more effectively.

With the implementation of these measures, consistency in crushing has improved. Standard deviation of crushing index has come down from 3.1 in 2010-11 to 2.3 during Apr – Nov'11. The success rate of maintaining the – 3.2 mm fraction within 80 – 85 % has improved from the average 71 % during 2010-11 to 80 % in the current year.

##### • Improvement in overall coke quality of COB # 10 w.r.t. coke strength and moisture at ISP

To improve coke quality in COB #10 at ISP, coal samples were tested in pilot coke oven of RDCIS in March'11 and recommendations were formulated to improve coke quality. Towards implementation of these recommendations, following measures were undertaken:

- Mechanism for the gap (between hammer and grate bar) adjustment was made operational through the supplier, M/s HEC for improving crushing index of coal blend;
- Regular use of hammers made at Kulti resulting in improvement in crushing;
- A study was made on the heating parameters e.g. control vertical temperatures and regenerator top & bottom temperatures and recommendation was made to maintain temperature gradient from pushing side to coke side and reduce variation in coking time;
- After carrying out a detailed investigative study on the deterioration in coke quality in Sept'11, an industrial trial was carried out in the month of Sep'11 by replacing Chasnala coal with Moonidih coal in the blend of COB#10. It was recommended that care should be taken so that fire-affected coal from West Query and Jogta are not fed to Chasnala washery;
- Characterization of incoming coal to ISP and coal blend from charging car was carried out and blends were suggested as per available resources at ISP;
- For controlling coke moisture, quenching parameters have been optimized time to time;
- Flapper gates of coke car have been changed.

- One coke dryer has been installed in coke testing lab for preheating of coke to reduce moisture before Micum testing as per standard; and

- Regular monitoring of coke quality has been carried out.

With the above investigations and recommendations coke quality has improved.

##### • Enhancement of Coal Dust Injection rate in BF # 4 at DSP

Coal injection rate of 92 kg/thm was achieved in BF # 4, DSP in May'11. Joint efforts have been continuously put for increasing CDI rate in the furnace for the last few years. Major contributing factors for increasing CDI rate in the furnace are given below:

- 1) Slag rate of the furnace has come down to a level of 330-335 from 365-370 kg/thm during April & May, 2012 after improvement in iron ore quality.
- 2) Furnace blowing has been consistent as check blast period has significantly come down & % of not dry casts has been reduced to less than 1 %.
- 3) Screening efficiency of coke has improved as coke screening time has been increased from 35-40 to 120-130 seconds. This has resulted in less fines input in the furnace.
- 4) No. of lances for injecting CDI rate was increased from 13-14 to 18-19 lances.
- 5) Cleaner and mill scale charging, as & when required, has been started to improve furnace operation.
- 6) BF slag chemistry has been optimized to bring down  $Al_2O_3$  below 20 % by maintaining the MgO level at 10.5-11.0% for better fluidity of slag.
- 7) Bosh level temperature in some points (16.0 M & 20.0 M level) has started rising to the level of 700-800 C after increasing CDI rate. Temperature rise has been arrested by increasing water flow to the maximum level & by charging iron bearing material at the periphery. Temperature has come down to ~ 600 C.

##### • Oxygen Enrichment in BF # 2 & 3 at RSP

The blast furnaces no.2 & 3 at RSP had produced at a rate of 1332 & 1362 t/day respectively with a coke rate of about 530 kg/thm along with an oxygen enrichment rate of about 0.5 % during 2010-11. Efforts were made to increase the production rate of BF through enhancement of oxygen enrichment to a higher level.

Oxygen enrichment couldn't be raised more than a level of 900-1100 Nm<sup>3</sup>/hr in BF # 2 due to poor health of cooling & inconsistent operation. Hence the improvement measures were intensified in BF # 3 and the oxygen enrichment at a level of 1600-1800 Nm<sup>3</sup>/hour (about 2 % oxygen enrichment of blast) was achieved. Oxygen enrichment was gradually increased along with optimization of blowing parameters by maintaining a RAFT in the range of 1950-2050 C with the use of hot blast temperature of 950-975 C and adding adequate quantity of steam (4-5 ton/hr) to increase the hydrogen level of blast and thereby increasing indirect reduction of iron ore and sinter. The peripheral flow of the gases was optimized in the furnace. To enhance the gas utilization, stock level was maintained at about 1.5 m along with modified charging sequence by selection of BLT matrix.

As a result of the measures taken, production level improved to a level of about 1500 tonnes per day in BF-3.

##### • Control of Steel Making & Casting Process Technology for Production of Non-oriented Silicon Steel at SMS-I at RSP

Different grades of Non-oriented silicon (CRNO) steels are regularly being produced at RSP through BOF-VOR-LF-CC route. The present assignment was undertaken to improve steel cleanliness with improvement in de-sulphurisation and reduction in aluminium consumption by modification in steel refining and casting process. Experimental work was carried out by modification of slag by addition of lime and calcined bauxite at Vacuum Oxygen Refining unit (VOR) to achieve desired slag chemistry for effective de-sulphurisation. Addition of aluminium as well as other deoxidizers were carried out based on prepared process chart.

Basic tundish cover powder was used in tundish during casting of trial heats for improved cleanliness. In more than 90% of the trial heats, final sulphur was within 0.015% with average desulphurization of 72.4%. Cleanliness of steel improved through use of flotation/soft-purging at Ladle Heating Furnace (LHF) and use of basic tundish cover powder during casting. Inclusion level was reduced to 0.4% in trial heats as compared to 1% in other heats. The inclusions were predominantly silicates and alumina. This is expected in view of the high silicon aluminium content in the CRNO steel. Average aluminium consumption reduced to 4.8 kg/t in trial heats from 6 kg/t by following modified deoxidation practice. The average coil up-gradation increased from 51 to 60% due to decrease in final sulphur as well as improvement in cleanliness of steel.

- **Modification of De-oxidation & Steel Refining Practice for Reduction in Ferro-alloy Input Cost at DSP**

Durgapur Steel Plant is producing mostly Si-killed and semi-killed variety of steels using HCFMn, FeSi and SiMn. Frequent change in ferro-alloy prices increases the input cost. Analysis of existing practices revealed that re-designing of de-oxidation and refining practices with low cost de-oxidisers and ferro-alloys is necessary to control the input cost without affecting the end quality.

Present work establishes the optimum control of de-oxidation and alloying practices for processing of steel based on market prices of de-oxidisers and ferro-alloys by:

- Introduction of initial de-oxidation practice with addition of pet coke in ladle bottom for partial replacement of FeSi and improved cleanliness of product; and
- Development of grade specific low cost ferro-alloy model based on the dynamic market prices of de-oxidisers and ferro-alloys to appropriately select the cost effective de-oxidisers and ferro-alloys.

Extensive plant trials with modified de-oxidation and alloying practice were carried out without any technical and operational problem.

The modified de-oxidation and alloying practice based on model output helped to fully replace costly HCFMn by SiMn and partial replacement of FeSi by Carbon and SiMn and thereby, achieved a reduction in ferro-alloy input cost by 5.33%.

- **Enhancement of lining life of steel ladles at SMS-II, RSP**

Both the in-house and purchased bricks are used for lining the steel ladles at RSP. Average lining life of 150T steel ladles of SMS-II was 101 heats during 2009-10. With an aim to enhance lining life through improvement in quality of in-house bricks, trials were conducted in two phase. In the 1st phase, three trials were conducted with sintered natural magnesite (96% MgO) procured from Queensland Australia (Q-Mag) as an alternative to sea water magnesite (97% MgO) to reduce cost. Average lining life of trial ladles with Q-Mag-based MgO-C was 107 heats as compared to 107.6 heats achieved with sea water magnesite-based MgO-C. Sintered natural magnesite (Q-mag) was cheaper by ₹7138/T compared to sea water magnesite but performance was similar.

In the 2nd phase, three more trials were conducted with modified zonal lining using spinel added sea water magnesite based MgO-C in metal zone, tabular alumina-based  $Al_2O_3$ -MgO-C in bottom impact area and special antioxidant added high carbon MgO-C bricks in porous plug side of slag zone and high carbon MgO-C on the opposite

side of slag zone. The modified design of lining pattern has yielded a maximum life of 131 heats with an average lining life of 120 heats.

- **Improvement in performance of Reheating Furnace at HSM at BSL**

Old refractory lining in the preheating zone of the reheating furnace causes frequent failure of the lining leading to burning of shell and increase in energy consumption. Burner blocks are also one of the critical items in the furnace. There are altogether 128 burner blocks in roof and 28 in side walls of heating and soaking zones. These blocks are made of 70% alumina castable. Due to low thermal shock resistance of this castable, these blocks were getting cracked/ spalled within 3-4 months of operation, disturbing the thermal regime of the furnace and also creating problems like falling of roof hanger bricks and thereby burning of mechanical structures of roof.

In order to improve the performance of the furnace, lining design was modified with ceramic fibre blankets and modules embedded with SS-310 anchors along with other accessories during the shutdown in April'11. Also for improved quality, burner block was developed with superior quality 60% alumina containing low moisture castable using andalusite as main ingredient. One experimental burner block of 130kg weight was manufactured at the premises of M/s Refcom (I) Pvt. Ltd. and installed in soaking zone of RHF-3. Based on satisfactory performance of 7 months of operation, 11 more blocks were manufactured and installed in same furnace in Nov'11. All the 12 blocks are still running satisfactorily. Benefits achieved are as under:

- An energy saving of 10%;
- Substantial increase in availability of furnace thereby increases in production; and
- Reduction in failure of roof bricks and other mechanical structures.

Subsequently, based on RDCIS recommendation, SRU (IFICO) has procured requisite raw materials and 6 burner blocks were made with developed composition and installed in furnaces 2 & 3. The performance of these blocks is being evaluated.

- **Introduction of Superior Roll Cooling System at Reversing Mill and Strip Cooling System at Tandem Anneal Line of Silicon Steel Mill at RSP**

For improved productivity and quality of CRNO coils at SSM, RSP, the areas which needed immediate attention were: Roll Cooling System at Reversing Mill which being outdated resulted in increased roll consumption, bad shape of coils and loss in productivity; and Strip Cooling System at Tandem Anneal (TA) line which being ineffective led to lower line speed, non-uniform coating and loss in productivity. With an aim to reduce specific roll consumption by 20%, an improved roll cooling system was installed and commissioned in 4-Hi Reversing Mill. The main features of the new system were: In-house design with headers divided into zones depending on the intensity of cooling required as per the roll thermal gradient; Increased flow density of roll coolant system by 25%; Provision of flushing arrangement to prevent nozzle clogging; and Installation and commissioning of on-line wedge type self-cleaning filter for uninterrupted supply of clean emulsion to the headers. The new system has been in operation since July, 2011. With its regular use, premature failure of rolls has been eliminated and reduction in specific roll consumption from 1.0 to 0.78 kg/t has been achieved.

A modified strip cooling system was also installed and commissioned at TA line during Oct'11 to reduce strip temperature after TA line by 25-30 °C. The new system essentially consists of a 10t Chiller unit having cooling capacity of 30000 kcal/hr, heat exchanger unit and air ducts for spraying cold air on the strip surface. With the introduction of this system, following results have been achieved:

- Quicker heat extraction from strip surface resulting in reduction of strip temp. by 30-35 °C;
- Increase in line speed from the existing 20.0 to 24.0 m/min; and
- Improvement in coating quality and uniformity of coating at both top and bottom surfaces.

- **Improvement in bath condition at PL#2, CRM, RSP**

At Pickling Line 2 (PL-2), CRM, RSP, graphite block heat exchangers are used for maintenance of pickling bath temperature. Poor efficiency of these heat exchangers has resulted in deterioration of pickling quality and line speed.

To maintain the desired bath temperature and pickling conditions, a new generation heat exchanger viz. "Tantalum Shell & Tube" heat exchanger with automatic temperature control system has been introduced in Tank-4 of PL-2. This type of heat exchanger is being used for the first time in any pickling line in India and has the features like: High corrosion resistance property of Tantalum (twice that of steel) to take care of the high acidic environment of PL-2; Higher diameter (four times that of graphite block) of tube to facilitate higher flow rate leading to improved pickling efficiency. Being a fully welded material, it is maintenance-friendly and offers improved resistance to thermal and mechanical shock.

With commissioning of this system during Oct'11, improved performance of PL-2 has been observed and the benefits achieved are: Increased line productivity by 3.5% (from 42.3 to 43.7 tons/hr); Reduction in under pickling of coils; Reduction in operational delay due to poor bath condition by 20%; and Temperature control of bath within  $\pm 2$  C of 85 C

#### Quality Improvement

- **Control of Rhomboidity in Bloom Caster at DSP**

Bloom caster at DSP was experiencing severe problem of rhomboidity in grades (C ~ 0.18 – 0.25%) while casting blooms of 230x160 mm and 210x160 mm sections leading to down gradation/ de-classification of blooms at Section Mill. The total de-classification/ down gradation during the period of 2010-11 was in the order of 11,000 tons. In addition to this, frequent customer complaint was also faced due to rhomboidity resulting in down gradation. An investigative was therefore, undertaken and the reasons of rhomboidity were identified as: non-symmetric cooling of solidifying strand in mould; non-symmetric cooling in upper zone of secondary cooling; and poor mould-footroll alignment. The non-symmetric cooling of solidifying strand in mould was mainly due to absence of water channel gap adjustment in mould during tube changing. Frequent chocking of secondary cooling nozzles particularly in footroll led to asymmetric cooling of solidifying strand. The quality of water was also poor in terms of presence of iron bearing scales, which was responsible for frequent choking of secondary cooling nozzles. In view of above, the technological measures implemented to control rhomboidity were: Periodic water channel gap adjustment in mould; Introduction of high capacity nozzles in footroll to avoid nozzle clogging and effecting high cooling water spray; Improvement in alignment of footroll; Revamping of sand filter to reduce nozzle clogging; and Periodic checking, cleaning and replacement of strainer in duplex filter.

The above technological measures led to reduction of rhomboidity by ~ 55%.

#### Energy Conservation

- **Modification of combustion system in RHF, Section Mill at DSP**

The Section Mill of DSP has been provided with two continuous pusher type furnaces of rated capacity of 40t/hr. The blooms of 160mm x 230mm x 4600mm are heated for rolling into joists, channels, & angles. The weight of bloom is 1.3t. There are total 12 nos. of dual fuel burners in soaking, top heating and lower heating zones for firing furnace oil or mixed gas of calorific value 2650 Kcal/Nm<sup>3</sup>.

Due to stoppage of oil firing, central oil gun along with atomizing air pipe have been removed long back. Moreover, present use of coke oven gas (CV~ 4200 Kcal/Nm<sup>3</sup>) in place of mixed gas has reduced gas volume requirement for the same heat load. The above two factors have reduced the gas exit velocity through the gas nozzle leading to low flame thrust and at times flame lift up affecting the heat flux and localized heating of blooms. The average production in mill is 25t/hr

(20 blooms/hr). The campaign life of furnace is less than a month due to high rate of scale formation.

To tackle these issues, all the 12 burners of both the furnaces were modified to increase the gas exit velocity. A suitable central dummy pipe for all the burners were designed, fabricated and installed in both the furnaces. Resultant benefits, which have been achieved, are given below:

- Improvement in the flame configuration and flame thrust;
- Reduction in the time required to heat up freshly lined furnace from 12-15 hours to 10 hours;
- Increase in average furnace campaign life from 25 days to 50 days; and
- Uniform heating of blooms thereby increase in production by about 1700 ton/month as compared to average production achieved previously.

- **Reduction of furnace oil consumption at Plate Mill, BSP**

Trials were conducted to operate the normalizing furnace of Plate Mill at a CV of 1200 kcal/Nm<sup>3</sup> against the present CV of 2600 kcal/Nm<sup>3</sup> to reduce the energy cost at BSP. The furnace operation at this low CV has resulted in reduction of coke oven gas consumption by about 3000 Nm<sup>3</sup>/hr thereby improving coke oven (CO) gas availability. This will reduce furnace oil consumption by 6400 kl/annum resulting in an annual saving of about ₹ 35 crores.

#### Product Development & Application

RDCIS plays a lead role in the product development activities of SAIL. The criteria for selection of products for development are significant demand, ready market, good contribution margin and plant capability. RDCIS, in close association with the SAIL plants, developed the following products:

- SAIL Forming 350 HR Coil at BSL for auto component through hot forming process
- SAIL Forming 450 HR Coil at BSL for auto component through hot forming process
- Ultra High Strength HR Steel (YS > 1200 MPa) with Mn-B at BSL for crashworthy auto component through Hot Stamping Process
- Ultra High Strength CR Steel (YS > 1200 MPa) with Mn-B at BSL for crashworthy auto component through Hot Stamping Process
- HSFQ 350 HR Coil at RSP for auto component through cold forming process
- HSFQ 450 HR Coil at RSP for auto component through cold forming process
- ASTM A 53 / IS 1161 ERW Pipe at RSP for water transportation
- API – 2H Plates (equivalent to ASTM 537 Cl. I with guaranteed ductility) at BSP for use in Offshore platform / Petrochemical
- High Seismic Resistant TMT Rebars (8 mm) at BSP for Construction
- EN 10025 S 355 Plates with guaranteed Z direction ductility at BSP for use in Metro Railways, Offshore platform, Petrochemical etc.
- JIS 3114 SMA 490 BWN Plates at BSP Earth Moving Equipment
- ASTM A 537 Cl. I Plates with improved toughness at BSP for use in Petrochemical
- Micro alloyed Al-killed CC blooms for thicker section (>20 mm) TLT members at DSP for Transmission tower
- High Seismic Resistant TMT Rebars (20 mm) at DSP for Construction
- Special Quality Roll Threaded Bolts at DSP for Underground mines/ Construction
- ASTM A 572 Gr. 50 Billets at DSP for TLT segment
- 25 mm dia roll threaded rock bolts at DSP for Underground mines/ Construction
- JIS 3101 SS 400 Grade Billets at DSP for Transmission tower
- JIS 3101 SS 540 Grade Billets at DSP for Transmission tower
- High Seismic Resistant TMT Rebars (20 MM) at ISP for Construction
- Spring Steel Billets at ISP for Automotive leaf spring / Elastic railway clip

- IS 2062 (AI Killed) Structural at ISP for Angles/ Channels in Construction
  - HCR-EQR TMT Rebars at ISP for Construction in Coastal Area
- Significant achievements on a few of the above products are enumerated below:

- **Development of SAIL Forming grade HR coil at BSL**

Depending on market opportunity, new grades of special steel products were developed by BSL in association with RDCIS and CMO. 10000 ts (40 heats) of SAIL Forming 350 & 250 ts (1 heat) of SAIL Forming 450 material rolled successfully and dispatched to M/s RSB Transmission, Jamshedpur. Performance feedback is good.

- **Development of Ultra High Strength HR/ CR Steel (YS > 1200 MPa) with Mn-B at BSL for crashworthy auto component through Hot Stamping Process**

One heat made & successfully rolled to 2.5 mm HR and 0.8, 1.0, 1.2, 1.6, 1.8 & 2.0 mm CR coils for detailed evaluation. Samples of 1.8 & 2.5 mm thickness in 300x300 mm subjected to water quench using B pillar dummy die at Diede Bilbao, Spain. Tensile strength using flat die on SAIL samples (> 1500 MPa) was found better compared to that of POSCO material (> 1400 MPa).

- **Development of HSFQ grade HR coil at RSP**

HSFQ 350 & 450 grades were developed by RSP in association with RDCIS and CMO for application in truck chassis long members. 216 ts of HSFQ 350 & 963 ts of HSFQ 450 grades produced and supplied to various customers. The developed materials were well accepted by the customers.

- **Development of Z Guaranteed Plates at BSP**

API – 2H Plates (equivalent to ASTM 537 Cl. I) & EN 10025 S 355 grades of special quality plates developed for application in Offshore Platform, Petrochemical and Metro Railways. About 780 ts of these quality plates supplied.

- **Development of Special Quality Billets at DSP**

ASTM A 572 Gr. 50, JIS 3101 SS 400 and JIS 3101 SS 540 grade of special quality billets were developed at DSP in close association with RDCIS & CMO. 2273 ts of billets supplied to various customers for application in Transmission Line Tower.

- **Process technology established for certain new products**

Process technology established for several grades of special quality new products aiming for future market opportunities are listed below:

- High seismic resistant TMT rebars and wire rods (UTS/YS > 1.25) at BSP, DSP & ISP for Nuclear Power Corporation of India limited (NPCIL)
- Special Quality Roll Threaded Bolts at DSP for Underground mines/ Construction
- Spring Steel Billets at ISP for Automotive leaf spring / Elastic railway clip
- IS 2062 (AI Killed) Structural at ISP for Angles/ Channels used in Construction

## Automation

- **Development of a display system for Horizontal Looper Storage at Pickling Line-1, CRM at BSL**

Pickling line-1 is a continuous processing line with three independent sub-units viz. 'Entry', 'Process' (de-scaling using H<sub>2</sub>SO<sub>4</sub>) and 'Exit' sections. In 'Entry' and 'Exit' sections, 300 & 200 m length of coil is stored respectively in horizontal loopers. The storage of coils in each looper is utilised to maintain the line speed during Welding and Shearing at 'Entry' & Coiling at 'Exit' sections.

The existing looper display was based on Russian Selsyn system. This system was complex & obsolete in nature and behaves erratic at times and spares were also not available. The incorrect information about the storage in the loopers leads to reduction in line speed and derailment of the looper trolley.

As a remedial measure, an improved measurement and display system

was designed based on distance measurement of looper trolley both at 'Entry' and 'Exit' sections. State of the art LASER sensor capable of measuring distance up to 200 m with pilot light for alignment, and diamond grade reflector for high sensitivity has been used. The system has been introduced which has effected distinct indication on actual status of looper trolleys resulting in prevention of derailment. Line synchronisation between 'Process' & 'Exit' section has improved and thereby, led to better pickling and less no. of line stoppages. This facility has improved the productivity by 4 coils/day.

- **Automation of Charging & Furnace Area control drives and Industrial Process Controller for increasing equipment availability at Merchant Mill at DSP**

Merchant mill of DSP is a continuous mill comprising 13 stands for reduction of billets to different sizes and shapes. Any breakdown in any of the control mechanism leads to mill stoppage / generation of cobbles. The operations and controls are distributed from several pulpits and motor rooms. In addition, mill is supported by several facilities that are critical for operation of mill as well as maintaining quality.

A centralized monitoring and control system has been conceived, designed and implemented to monitor and control all major equipments, mechanisms and parameters of charging area, furnace area, motor oil cellar, mill oil cellar, Ashlow system, furnace exit side operation of all solenoids and water pump controls. The system is PLC and Remote I/O based, interconnected over Ethernet network backbone with four display boards of different designs and HMI stations.

With the installation of the new system, information regarding status of equipment and drives for furnace area is instantaneously available at all strategic places for co-ordinated operation and control. The system also provides status of important utilities across the shop such as hydraulic and lubrication systems of the mill and motor area.

The electrical delay in Furnace Area has been reduced by 82% on monthly average basis from 5.91 to 1.05 hrs.

- **Process monitoring, cobble detection and analysis system for Merchant Mill at DSP**

A 'Cobble Detection & Analysis System' has been recently commissioned in Merchant Mill for continuous online visual monitoring as well as video recording of rolling process and early detection of reasons for cobble formation if any, through retrieval, replay & analysis of related video clippings. The system comprises CCD (Charge-Coupled-Device) based, P-T-Z (Pan-Tilt-Zoom) & Industrial Grade Colour Cameras (6 Nos.), installed at strategic locations of Merchant Mill and LCD displays at Control Pulpits 4 & 10 to facilitate the operators therein. A DVR (Digital Video Recorder)-Matrix Switcher-Joy Stick Controller & LCD Monitor based centralized monitoring & analysis system has been installed in Shift Room for analysis of cobbles by supervisors / engineers.

The system is in continuous operation since December 1st, 2011. Introduction of above facility enabled early detection of cobbles as well as post operation diagnostics /analysis of cobbles.

Already a trend towards reduction in delay due to cobble from earlier average value of 36.7 hr (Apr to Nov'11 - before Implementation) to recent average of 34.9 hr (after implementation) has been observed. The installed system has also connectivity with the existing plant LAN system for process monitoring from specified remote locations. Utilization of such a state-of-the-art facility will improve mill availability, leading to overall improvement in productivity. The system is also quite inexpensive as compared to the cost of mill delay due to cobble formation.

## 3. Future Plan of Action

An exhaustive Master Plan for R&D in SAIL has been prepared aiming at integrating R&D activities towards business and operational goals of SAIL. This has been approved by SAIL Board on 26th August, 2011. The implementation of this Master Plan, besides giving a competitive



advantage to SAIL by improving efficiencies, reducing costs, meeting market demands and upgrading current steel technologies, will also help in gradually increasing R&D expenditure to a level of 1% of sales turnover, which is an international bench mark.

R&D Master Plan will have intervention in the existing operations through implementation of centralised and decentralised projects. Centralised projects consist of High Impact Projects (HIP) and Technology Mission Projects (TM). The projects which are of common interest of all integrated steel plants viz. coal & coke beneficiation, pelletisation, environmental projects etc. will come in the category of HIP projects. Development/acquisition of radically new technologies which are of strategic importance for SAIL viz. thin strip casting and inline rolling, CRGO etc. will be pursued through TM projects. Under the decentralized category, all the plants/units of SAIL will be Centre of Excellence (COE) in selected area/product. Centre of Excellence projects will mainly focus on augmenting product volume and product attribute. Nine units of SAIL have selected 13 nos. of projects in different areas with the aim to be the Centre of Excellence in the particular field.

A high level committee had been constituted to oversee the activities of the R&D Master Plan. Champions of the projects, who are the key drivers, and research councils (RC), the approving authority of COE projects, are already in place. In order to facilitate faster communication and sharing of information, a dedicated web portal in respect of R&D Master Plan has already been launched on SAIL net.

#### 4. Expenditure on R&D

(₹ In crore)

Capital	5.37
Revenue	129.08
Total	134.45
% of Turnover	0.27

#### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Technology development, absorption, adaptation and further improvement are continuously taking place in SAIL in different areas of steel plant operation through a definitive technology strategy and intensive R & D efforts. A number of new technologies are installed/ being installed as a part of modernisation/ continuous improvement. These area-wise include:

##### Area: Coke Making

- A new 7 m tall environment friendly Coke Oven Battery No.6 (with Coke Dry Quenching) of RSP
- Rebuilding of environment friendly Coke Oven Battery No.1, 3 & 4 of RSP
- Rebuilding of environment friendly Coke Oven Battery No. 5, 1 & 2 of BSL
- Rebuilding of environment friendly Coke Oven Battery No. 5 & 6 of BSP
- Rebuilding of environment friendly Coke Oven Battery No. 2 & 5 of DSP
- Coke Dry Quenching in new 7 m tall Batteries at ISP, BSP & RSP
- Selective crushing of Coal (for improved coke quality) at DSP
- Partial Briquetting of Coal Charge for improving coke strength at BSP & RSP

##### Area: Sinter Making

- Base Blending for Sinter mix (for improved sinter quality)
- System for recovery of sensible heat from sinter for increased energy efficiency in ignition furnace at the new Sinter plants of BSP, DSP & RSP
- Modern automation & control for improved and consistent quality of sinter by optimization of sintering process

##### Area: Iron Making

- Coal Dust Injection (CDI) in four Blast Furnaces at BSP, two Blast Furnaces at DSP, four Blast Furnaces at BSL and one Blast Furnace at RSP for reducing Coke rate and cost of production of hot metal.
- Two stage Gas Cleaning Plant in eight Blast Furnaces, two each at RSP, BSP, & ISP and one each at DSP & BSL (for improvement in quality of BF gas)

- Introduction of INBA Cast House Slag Granulation technology in three Blast Furnaces of BSP, two Blast Furnaces of RSP, one Blast Furnace of DSP and four Blast Furnaces of BSL for improving productivity, reducing environmental pollution and gainful utilization of BF Slag
- Introduction of High Hot Blast technology in Blast Furnaces stoves
- Closed Loop Cooling System with De-Mineralised water in one BF at BSP and one BF at BSL for enhancement of campaign life of furnaces
- Cast House Fume Extraction System in one Blast Furnace at BSP, two Blast Furnaces at BSL, one Blast Furnace at RSP and one Blast Furnace at ISP as a pollution control measure
- Flat Cast House design in two Blast Furnaces of BSP and one Blast Furnace each of BSL, RSP & ISP for use of mobile equipment in Cast House and easy maintainability
- Top Recovery Turbine in one Blast Furnace each of RSP, ISP & BSP for generation of power
- Under burden probe in two Blast Furnaces each of BSL & BSP and one Blast Furnace each of RSP & ISP
- 4060 m3 Blast Furnaces at BSP, ISP & RSP

##### Area: Steel Making

- Hot Metal Desulphurisation system after mixer for charging low sulphur hot metal in the BOF converters for improved steel quality at RSP & BSP
- New state of the art steel melting and casting facilities at ISP, BSL, BSP & RSP
- Introduction of combined blowing technology (for improved product quality) in SMS-II, BSL
- Introduction of RH Degassing for improved rail steel product quality in SMS-II of BSP
- Introduction of Electro-magnetic stirring (for improved product quality) in the continuous casting machines at VISL, DSP, ASP and BSP.

##### Area: Rolling & Finishing (Long Products)

- Ultrasonic testing and Eddy current testing facilities (for quality assurance of rails) at BSP
- Long rail finishing technology at Rail & Structural Mill, BSP
- Slit rolling in Merchant Mill (for increased productivity and broader product range) in Merchant Mill of DSP
- State of the art Bar & Rod Mill and Universal Rail Mill at BSP, Medium Structural Mill at DSP, Wire Rod Mill, Bar Mill and Heavy Section Mill at ISP
- Installation of Walking Beam Reheating Furnace (for improved product quality, yield and reductions in energy consumption) in Blooming Mill of DSP

##### Area: Rolling & Finishing (Flat Products)

- Laminar Strip Cooling, Hydraulic Automatic Gauge Control, Work Roll Bending (all for improved product quality) in the Hot Strip Mill of BSL
- Installation of Walking Beam Reheating Furnaces (for improved product quality, yield and reductions in energy consumption) in the Hot Strip Mills of BSL & RSP and Plate Mills of RSP & BSP
- State of the art Cold Rolling Mill complex at BSL
- Hydraulic Automatic Gauge Control in Plate Mill (for achieving close thickness tolerances) at BSP
- Ultrasonic testing of plates in Plate Mill (for quality assurance of plates) at BSP
- Hydrochloric Acid Turbulent Pickling facilities in old CRM of BSL & RSP
- State of art Quenching & tempering facilities for Plates for special applications at RSP

These technologies have been adopted /being adopted and are being gradually absorbed by the plants. No major technologies were imported by the Company during the last five years.



## Corporate Governance

Annexure-IV to the Directors' Report

### (a) Company's Philosophy

The philosophy of the Company in relation to corporate governance is to ensure transparency, disclosures and reporting that conforms fully with laws, regulations and guidelines, and to promote ethical conduct throughout the Organization, with the primary objective of enhancing shareholders value, while being a responsible corporate citizen. The Company is committed to conforming to the highest standards of corporate governance in the Country. It recognizes that the Board is accountable to all shareholders and that each member of the Board owes his/her first duty for protecting and furthering the interest of the Company.

### (b) Board of Directors

As on 31<sup>st</sup> March, 2012, the Board of Directors comprised a full time Chairman, 4 whole time Directors (WTD) and 11 non-executive Directors (Non-ED) (including 9 independent Directors). During the year, 11 Board meetings were held on 29.04.2011, 23.05.2011, 24.06.2011, 29.07.2011, 26.08.2011, 22.09.2011, 03.11.2011, 29.11.2011, 13.02.2012, 21.02.2012 and 28.03.2012.

The composition of directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships, as disclosed, are as follows:

Name of the Director	Category of Directorship	No. of Board Meetings attended during 2011-12	Attendance at last AGM	No. of other Directorships held as on 31.3.2012 *	No. of Board Committee (s) as Chairman/Member as on 31.3.2012**
Shri C.S. Verma, Chairman	Executive	11	Yes	1	-
Shri Soiles Bhattacharya (upto 31.08.2011)	Executive	5	-	-	-
Prof. Deepak Nayyar	Non-Executive Independent	7	-	2	2-C
Shri A.K. Goswami	Non-Executive Independent	10	Yes	3	1-M
Shri B.B. Singh	Executive	11	Yes	2	1-M
Shri S. Machendra Nathan	Non-Exe. (Govt. Nominee)	10	-	4	-
Dr. Jagdish Khattar	Non-Executive Independent	10	Yes	8	1-M
Prof. Subrata Chaudhuri	Non-Executive Independent	8	Yes	1	1-M
Shri Shuman Mukherjee	Executive	11	Yes	1	-
Shri P.K. Sengupta	Non-Executive Independent	10	-	-	-
Shri P.C. Jha	Non-Executive Independent	9	Yes	-	-
Shri Upendra Prasad Singh (from 04.05.2011)	Non-Exe. (Govt. Nominee)	10	Yes	1	-
Shri Anil Kumar Chaudhary (from 01.09.2011)	Executive	6	Yes	1	1-M
Dr. Isher Judge Ahluwalia (from 16.01.2012)	Non-Executive Independent	2	-	-	-
Shri Sujit Banerjee (from 16.01.2012)	Non-Executive Independent	3	-	-	-
Shri Arun Kumar Srivastava (from 16.01.2012)	Non-Executive Independent	3	-	-	1-M
Shri S.S. Mohanty (from 15.03.2012)	Executive	1	-	2	-

\* Includes Directorship in Private companies.

M= Member, C= Chairman

\*\* Only Audit Committee and Shareholders / Investors Grievance Committee are considered for this purpose.

### (c) Audit Committee:

#### 1. Terms of reference:

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports; the Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Company's auditing, accounting and financial reporting process generally.

The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors, discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee reviews with management, the quarterly and annual financial statements before their submission to the Board.

The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

## 2. Composition:

The Audit Committee of the Board was formed in 1998. However, in pursuance to SEBI's requirements, the Audit Committee was reconstituted on 21<sup>st</sup> March, 2001 with only Non-Executive Directors as members. The Audit Committee was reconstituted from time to time and as on 31.03.2012 consisted of Prof. Deepak Nayyar, Shri A.K. Goswami, Dr. Jagdish Khattar, Prof. Subrata Chaudhuri and Shri Arun Kumar Srivastava.

During the last year, the committee met 9 times and attendance of the members at the meetings was as follows:

Name of the Director	Status	No. of meetings attended
Prof. Deepak Nayyar	Chairman	6
Shri A.K. Goswami	Member	9
Dr. Jagdish Khattar	Member	9
Prof. Subrata Chaudhuri	Member	8
Shri Arun Kumar Srivastava (from 9.3.2012)	Member	1

### (d) Nomination & Compensation Committee :

- i) Being a Government Company, the nomination and fixation of terms and conditions for appointment as Director is made by Government of India. As such, the Nomination and Compensation Committee has not been constituted. However, the Board has constituted a Remuneration Committee comprising of three independent Directors for the purpose of finalization of Performance Related Pay (PRP) for the executives of the Company in terms of Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises.

- ii) The details of remuneration to whole time directors are given below:

(₹)

Name of the Director	Salary	Retirement & other Benefits	Total
Shri C.S. Verma	2560558	431388	2991946
Shri Soiles Bhattacharya (upto 31.08.2011)	1220403	254933	1475336
Shri B.B. Singh	2375747	120226	2495973
Shri Shuman Mukherjee	2184929	162452	2347381
Shri Anil Kumar Chaudhary (from 01.09.2011)	1303782	75470	1379252
Shri S.S. Mohanty (from 15.03.2012)	102277	10796	113073
Total	9747696	1055265	10802961

- iii) The Non-Executive Directors (other than Government Nominee Directors) are paid only sitting fee of Rs.20,000/- for each Board/Board Sub-Committee Meeting attended by them.
- iv) The salary of the Whole Time Directors is governed by pay scales and Rules of the Government.

### v) Terms & Conditions

The Whole Time Directors are nominated by Government of India for appointment as Director for a period of 5 years or till the age of Superannuation or until further order, whichever is the earliest. They are initially appointed by the Board of Directors as Additional Directors and thereafter by the Shareholders in the Annual General

Meeting in terms of the provisions of the Companies Act, 1956.

The appointment may, however, be terminated by either side on three months notice or on payment of three months salary in lieu thereof.

### (e) Shareholders/Investors Grievance Committee:

- (i) A Shareholders/Investors Grievance Committee under the Chairmanship of an Independent Director namely Prof. Deepak Nayyar and comprising two Whole Time Directors, i.e. Director (Finance) and Director (Personnel), as members is functioning to look into the redressal of shareholders and investors complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. One meeting of the Committee was held during the year 2011-12.
- (ii) Name of compliance officer: Shri Devinder Kumar, Executive Director (F&A) & Company Secretary.
- (iii) There was no complaint pending redressal as on 31.03.2011. Number of shareholders complaints received during the period from 01.04.2011 to 31.03.2012 were 30. All of these complaints were resolved during the year and no complaint was pending for redressal as on 31.03.2012.

### (f) General Body Meetings:

Location and time where last three AGMs held:

Financial Year	Date	Time	Location
2010-2011	22.09.2011	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
2009-2010	30.09.2010	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010
2008-2009	10.09.2009	10.30 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010

- i) In the last 3 years, three Special Resolutions have been passed in the AGMs and none through Postal Ballot.
- ii) No Special Resolution is proposed to be conducted through Postal Ballot upto the ensuing AGM.

### (g) Disclosures:

- i) There were no transactions by the Company of material nature with Promoters, Directors or the Management, their Subsidiaries, relatives etc. that may have potential conflict with the interests of Company at large. The Non-Executive Directors had no pecuniary relationships or transactions vis-a-vis the Company during the year except receipt of sitting fee for attending the meetings of the Board/Board Sub-Committee. None of the Non-Executive Director held any share/convertible instrument of the Company.
- ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii) The Central Vigilance Commission (CVC) had earlier

informed that as per the Hon'ble Supreme Court orders and Government of India Resolution on "Public Interest Disclosure & Protection of Informer", only CVC can act as the designated agency to receive Whistle Blower Complaint. No other agency is empowered/can be nominated to deal with the matter. As such, CVC had not permitted SAIL to formulate the Whistle Blower Policy. Accordingly, the Company had not adopted Whistle Blower Policy. Recently, the CVC has allowed the Public Sector Companies to formulate the Whistle Blower Policy. In view of this, a Whistle Blower Policy is being framed by the Company. However, the Company has not denied access to any personnel to approach the Audit Committee/Management on any issues.

- iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchange and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India. Further, the Company has not adopted non-mandatory requirements of the said Clause 49.
- v) Presidential Directives for revision of pay scales of Board level and below board level executives in SAIL were issued by the Ministry of Steel vide file No.7(12)/2008-SAIL(PC) dated 5<sup>th</sup> October, 2009. The Company has complied with the same and also the Presidential Directives on reservation for SC/ST/OBC.

#### (h) Means of Communication:

Quarterly results have been published in prominent daily newspapers as per the requirement on the following dates:

Quarter Ending	30.06.2011	30.09.2011	31.12.2011	31.03.2012
Date of Publication	30.07.2011	04.11.2011	14.02.2012	30.05.2012/ 31.05.2012
Name of the Newspapers	Business Bhaskar (H), Business Standard (H) & (E), Economic Times, Mint, Business Line (E)	Business Standard (H) & (E)	Business Bhaskar (H), Business Standard (H), Financial Chronicle (E), Business Line (E).	Business Standard (E), Financial Chronicle (E), Business Standard (H), Financial Express (E) Business Bhaskar (H)

The Quarterly/Annual results are also made available at the website of the Company ([www.sail.co.in](http://www.sail.co.in)). The Company displays official news releases also on its website.

The Management Discussion & Analysis Report forms part of the Annual Report.

#### (i) General Shareholders Information:

- i) Annual General Meeting is proposed to be held on 21<sup>st</sup> September, 2012 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
- ii) Financial year : 1<sup>st</sup> April, 2011 – 31<sup>st</sup> March, 2012.
- iii) Date of Book Closure: 11<sup>th</sup> August, 2012 to 1<sup>st</sup> September, 2012 (Both days inclusive).
- iv) The Board of Directors of the Company has recommended payment of final Dividend of Rs.0.80 per share for the Financial Year ended March 31<sup>st</sup>, 2012 in addition to the Interim Dividend of Rs.1.20 per share paid on 21<sup>st</sup> February, 2012. The Final Dividend, if declared at the ensuing AGM, will be paid to those Shareholders whose names appear in the Company's Register on the record date i.e. 10<sup>th</sup> August, 2012 (end of business hours).
- v) The shares of the Company are listed at the following stock exchanges:  
Bombay Stock Exchange Ltd.,  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort  
Mumbai-400001  
(Stock Code No.500113)  
The National Stock Exchange of India Limited,  
Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E).  
Mumbai- 400051  
(Code: SAIL)  
The London Stock Exchange,  
10 Paternoster Square, London EC4M 7LS, UK  
The Annual Listing Fee for 2011-12 has been paid to each of the Stock Exchanges.
- vi) The monthly high and low quotes of the Company's shares during each month in the last Financial Year at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) during the year 2011-12 are indicated below:

MONTH & YEAR	SENSEX		SAIL at BSE		NIFTY		SAIL at NSE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APR '11	19811.14	18976.19	177.30	158.50	5944.45	5693.25	177.30	158.40
MAY '11	19253.87	17786.13	162.95	138.10	5775.25	5328.70	162.85	138.40
JUN '11	18873.39	17314.38	151.00	128.20	5657.90	5195.90	150.95	128.75
JUL '11	19131.70	18131.86	143.80	125.80	5740.40	5453.95	143.70	125.80
AUG '11	18440.07	15765.53	127.50	101.10	5551.90	4720.00	127.45	101.05
SEP '11	17211.80	15801.01	123.00	101.75	5169.25	4758.85	123.00	101.65
OCT '11	17908.13	15745.43	117.00	98.10	5399.70	4728.30	117.00	98.05
NOV '11	17702.26	15478.69	114.10	80.20	5326.45	4639.10	114.40	79.90
DEC '11	17003.71	15135.86	88.50	73.00	5099.25	4531.15	88.45	73.20
JAN '12	17258.97	15358.02	107.40	79.75	5217.00	4588.05	107.45	79.70
FEB '12	18523.78	17061.55	115.90	95.90	5629.95	5159.00	115.90	95.90
MAR '12	18040.69	16920.61	104.85	89.80	5499.40	5135.95	104.75	89.60

vii) **Registrar and Share Transfer Agent**

M/s. MCS Limited,  
F-65, 1st Floor, Okhla Industrial Area  
Phase-I, New Delhi-110020  
Phone No.011-41406149

viii) **Share Transfer System:**

The equity shares of the Company is mandatory traded in the dematerialized form. The Share Transfer Committee of the Board meets at regular intervals, to expedite the process of transfer of shares well within the time limit prescribed in this respect under the listing agreements.

ix) **Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

Shareholding	Shareholders		Amount	
	Number	% to Total	In ₹	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	371469	92.82	421668360	1.02
501 - 1000	16407	4.10	132209570	0.32
1001 - 2000	6723	1.68	102311920	0.25
2001 - 3000	2015	0.50	51915130	0.12
3001 - 4000	881	0.22	31727910	0.08
4001 - 5000	751	0.19	35555270	0.09
5001 - 10000	952	0.24	69755090	0.17
10001 - 50000	644	0.16	133140340	0.32
50001 - 100000	105	0.03	75287300	0.18
Above 100000	240	0.06	40251682000	97.45
<b>Total</b>	<b>400187</b>	<b>100.00</b>	<b>41305252890</b>	<b>100.00</b>

x) **Shareholding Pattern as on 31<sup>st</sup> March, 2012**

Category	No. of Shares Held	%age of Shareholding
<b>A. Promoters' Holding</b>		
1 Promoters		
- Indian Promoters viz, the Govt of India	3,54,46,90,285	85.82
- Foreign Promoters	-	-
2 Persons acting in Concert	-	-
<b>Sub-Total</b>	<b>3,54,46,90,285</b>	<b>85.82</b>
<b>B. Non-Promoters Holding</b>		
3 Institutional Investors		
a Mutual Funds and UTI	2,94,72,697	0.71
b Banks & Financial Institutions	10,53,80,004	2.55
c Insurance Companies	18,45,65,173	4.47
d Foreign Institutional Investors (FIIs)	14,34,13,528	3.47
<b>Sub-Total</b>	<b>46,28,31,402</b>	<b>11.21</b>
4 Others		
a Private Corporate Bodies	2,73,46,081	0.65
b Indian Public	9,15,49,765	2.22
c NRIs/OCBs	35,17,411	0.09
d Any other (Please specify) - GDR	5,90,345	0.01
<b>Sub-Total</b>	<b>12,30,03,602</b>	<b>2.97</b>
<b>GRAND TOTAL</b>	<b>4,13,05,25,289</b>	<b>100.00</b>

xi) **Status of Dematerialization as on 31.03.2012**

Particulars	No. of Shares	% of Capital	No. of Accounts
NSDL	4,10,33,36,164	99.34	252253
CDSL	2,05,40,346	0.50	102938
<b>Total Dematerialised</b>	<b>4,12,38,76,510</b>	<b>99.84</b>	<b>355191</b>
Physical- Government of India*	0	0	0
Physical - Other shareholders	66,48,779	0.16	44996
<b>Total</b>	<b>4,13,05,25,289</b>	<b>100.00</b>	<b>400187</b>

xii) **CODE OF CONDUCT**

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31<sup>st</sup> March, 2012.

xiii) **The Company's Plants/Units/Subsidiaries are located at: STEEL PLANTS**

- Bhilai Steel Plant, Bhilai-490001, Chhattisgarh
- Durgapur Steel Plant, Durgapur-713203, West Bengal
- Rourkela Steel Plant, Rourkela-769011, Orissa
- Bokaro Steel Plant, Bokaro Steel City-827001, Jharkhand.
- IISCO Steel Plant, Burnpur-713325, West Bengal
- Alloy Steels Plant, Durgapur-713208, West Bengal
- Salem Steel Plant, Salem-636013, Tamil Nadu
- Visvesvaraya Iron & Steel Plant, Bhadravati-577031, Karnataka
- Chanderpur Ferro Alloy Plant, Chandrapur, Maharashtra

**UNITS**

- Central Coal Supply Organisation, Dhanbad-828127, Jharkhand
- Central Marketing Organisation, Ispat Bhawan, 40, Jawahar Lal Nehru Road, Kolkata-700071, West Bengal.
- Centre for Engineering & Technology, Ranchi-834002, Jharkhand.
- Environment Management Division, 6, Ganesh Chandra Avenue, (5<sup>th</sup> Floor), Kolkata-700013, West Bengal.
- Growth Division, 97, Park Street, Kolkata-700016, West Bengal.
- Management Training Institute, Ranchi-834002, Jharkhand.
- Raw Materials Division, 10, Camac Street, Industry House, Kolkata-700017, West Bengal.
- Research & Development Centre for Iron & Steel, Ranchi-834002, Jharkhand.
- SAIL Consultancy Division, 16-20 Floor, SCOPE Minar, North Tower, Laxmi Nagar Distt. Centre, Delhi-110092.
- SAIL Safety Organisation, Ranchi-834002, Jharkhand.
- SAIL Refractory Unit, Bokaro, Jharkhand

**SUBSIDIARIES**

- IISCO-Ujjain Pipe & Foundry Company Limited (under liquidation).
- SAIL Jagdishpur Power Plant Limited, New Delhi-110003
- SAIL Refractory Company Limited, Salem-636013, Tamilnadu
- SAIL Sindri Projects Limited, Chasnala-828135, Jharkhand

xiv) **Address for correspondence from shareholders for queries/complaints, if any:**

**M/s. MCS Limited,**

F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi-110020  
Phone No.91-11-41406149 Fax No. 91-11-41709881  
E-mail:admin@mcsdel.com

## Corporate Governance Certificate

Annexure–V to the Directors' Report

To  
The Members of  
**Steel Authority of India Limited**

We have examined the compliance of the conditions of Corporate Governance by Steel Authority of India Limited for the year ended 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreements of the said company with the various stock exchanges and the Guidelines on Corporate Governance for Central Public Sector Enterprises, issued by the Government of India, Department of Public Enterprises (DPE), New Delhi.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements and DPE's guidelines.

We state that no investor grievance is pending for a period exceeding one month against the company, as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Tej Raj & Pal**

Chartered Accountants  
Firm Registration No.:304124E

Sd/-

**[P. Venugopala Rao]**

Partner  
(M. No. 10905)

**For S.K. Mittal & Co.**

Chartered Accountants  
Firm Registration No.: 001135N

Sd/-

**[S.K. Mittal]**

Partner  
(M. No. 8506)

**For O.P. Totla & Co.**

Chartered Accountants  
Firm Registration No.: 000734C

Sd/-

**[Rajendra P Totla]**

Partner  
(M. No. 400658)

**Place :** New Delhi

**Dated :** 22<sup>nd</sup> June, 2012

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Sl. No.	NAME OF THE SUBSIDIARY COMPANY	SAIL Refractory Company Limited	SAIL Jagdishpur Power Plant Limited
1.	Financial year of the subsidiary ended on	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012
2.	Date from which it became subsidiary company	23 <sup>rd</sup> August, 2011	26 <sup>th</sup> May, 2011
3.	Shares of the subsidiary held by the Company as on 31 <sup>st</sup> March, 2012		
	a) Number & face value	50,000 equity shares of ₹10/- each fully paid up	50,000 equity shares of ₹10/- each fully paid up
	b) Extent of holding	100%	100%
4.	The Net aggregate amount of the subsidiary Company profit/(loss) so far as it concerns the member of the holding company:		(₹ in crore)
	a) Not dealt with in the holding Company's accounts.		
	i) For the period		
	- 23 <sup>rd</sup> August, 2011 to 31 <sup>st</sup> March, 2012	2.46	
	- 26 <sup>th</sup> May, 2011 to 31 <sup>st</sup> March, 2012		*
	ii) For the previous financial years and upto		
	- 23 <sup>rd</sup> August, 2011 of the subsidiary company since it became the holding company's subsidiary.	43.75	
	- 26 <sup>th</sup> May, 2011 to 31 <sup>st</sup> March, 2012		*
	b) Dealt with in the holding Company's accounts.		
	i) For the financial year ended 31 <sup>st</sup> March, 2012.	Nil	Nil
	ii) For the previous financial years and upto 23 <sup>rd</sup> August, 2011 of the subsidiary company since it became the holding company's subsidiary.	Nil	Not applicable being the 1 <sup>st</sup> year of the Subsidiary Company.
5.	Material changes, if any between the end of the financial year of the subsidiary company and that of the Holding Company	Not applicable	Not applicable
6.	Additional information on subsidiary companies		
	i Share Capital	0.05	0.05
	li Reserves	46.20	*
	lii Total Assets	77.25	0.05
	Iv Total Liabilities	31.00	*
	V Investment (except in case of investment in subsidiaries)	—	—
	Vi Turnover	32.14	—
	Vii Profit before Taxation	3.53	*
	Viii Provision for Taxation	1.07	—
	Ix Profit after Taxation	2.46	2.46
	X Proposed Dividend (including Dividend Distribution Tax thereon)	0.57	—

\*Amount less than ₹50,000/-.

### Notes:

- The Company holds 30,00,000 equity shares of ₹10/- each in IISCO Ujjain Pipe & Foundry Co. Ltd. The Hon'ble High Court of Calcutta had directed winding-up of the Company with effect from 10<sup>th</sup> July, 1997 and the official liquidator has taken over the possession of the assets of the Company. The liquidator, after disposing the assets of the Company, is in the process of settling the outstanding dues. The cumulative loss of IISCO Ujjain Pipe & Foundry Co. Ltd. upto 10<sup>th</sup> July, 97 was ₹17.05 crore.
- SAIL Sindri Projects Limited, incorporated on 8<sup>th</sup> November, 2011, as wholly owned subsidiary company is yet to start its operations.

For and on behalf of Board of Directors

Sd/-  
(Devinder Kumar)  
Secretary

Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

Sd/-  
(C.S. Verma)  
Chairman

Place : New Delhi  
Dated : 9<sup>th</sup> August, 2012



## Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2012

(₹ in crore)

	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	4130.53	4130.40
(b) Reserves and surplus	2	36140.31	33470.48
<b>Share application money pending allotment</b>		2.32	11.78
<b>Non-current liabilities</b>			
(a) Long-term borrowings	3	12398.25	9970.86
(b) Deferred tax liabilities (Net)		1781.74	1556.73
(c) Other Long term liabilities	4	1090.69	1100.87
(d) Long-term provisions	5	3621.75	3327.40
<b>Current liabilities</b>			
(a) Short-term borrowings	6	4600.57	10069.27
(b) Trade payables	7	3323.63	3265.08
(c) Other current liabilities	8	9031.42	8455.04
(d) Short-term provisions	9	2374.40	2738.04
Minority Interest	9(A)	–	1.20
<b>TOTAL</b>		<b>78495.61</b>	<b>78097.15</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	17344.22	15232.13
(ii) Intangible assets	10B	1420.08	1376.92
(iii) Capital work-in-progress	11	28315.67	22421.99
(iv) Intangible assets under development			
(b) Non-current investments	12	21.64	12.75
(c) Deferred tax assets (net)			
(d) Long-term loans and advances	13	2211.45	1867.51
(e) Other non-current assets	14	44.58	44.17
<b>Current assets</b>			
(a) Current investments		46.90	48.07
(b) Inventories	15	13898.93	11506.88
(c) Trade receivables	16	4847.81	4079.94
(d) Cash and Bank Balances	17	6662.28	17748.98
(e) Short-term loans and advances	18	1459.69	1287.43
(f) Other current assets	19	2222.36	2470.38
<b>TOTAL</b>		<b>78495.61</b>	<b>78097.15</b>

### Significant Accounting Policies

### Other Notes to Financial Statements

28-35

The Notes referred to above form integral part of these financial statements

Sd/-  
(Devinder Kumar)  
Secretary

For Tej Raj & Pal  
Chartered Accountants

Sd/-  
(B. Ganga Raju)  
Partner  
M. No. 7605

Place : New Delhi  
Dated : 7<sup>th</sup> August, 2012

For and on behalf of Board of Directors

Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

In terms of our report of even date

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Gaura Mittal)  
Partner  
M. No. 99387

Sd/-  
(C.S. Verma)  
Chairman

For O.P. Totla & Co.  
Chartered Accountants

Sd/-  
(S.K. Acharya)  
Partner  
M. No. 078371

## Consolidated Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in crore)

	Note No.	Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2011
<b>Revenue from Operations</b>	20	<b>51427.98</b>	47842.93
Less : Excise duty		<u>4769.82</u>	<u>4443.54</u>
		<b>46658.16</b>	43399.39
<b>Other Income</b>	21	<b>1604.60</b>	1492.29
Total Revenue		<u>48262.76</u>	<u>44891.68</u>
<b>Expenses</b>			
Cost of materials consumed	22	<b>23744.28</b>	20586.24
Purchase of stock in trade		<b>14.46</b>	30.95
Changes in inventories of finished goods, work-in-progress	23	<b>-1357.41</b>	-1411.49
Employee Benefits expense	24	<b>8033.84</b>	7765.43
Finance Cost	25	<b>778.17</b>	572.36
Depreciation and Amortisation expense		<b>1685.90</b>	1602.96
Other expenses	26	<u>9806.68</u>	<u>8588.35</u>
		<b>5556.84</b>	7156.88
Add: Adjustments pertaining to earlier years	27	<u>-12.21</u>	<u>102.81</u>
<b>Profit before tax and exceptional items</b>		<b>5544.63</b>	7259.69
<b>Less: Exceptional items</b>			
Foreign Exchange Loss (+)/ Gain(-)		<b>466.93</b>	-123.88
Exchange variation treated as interest cost		<b>306.29</b>	0.00
Write back of entry tax liability		<u>-511.20</u>	<u>0.00</u>
		<b>262.02</b>	-123.88
<b>Profit before tax</b>		<b>5282.61</b>	7383.57
Less : Provision for taxation			
Current tax		<b>1523.36</b>	2429.32
Deferred tax		<b>172.76</b>	-58.85
Earlier years		<u>-6.46</u>	<u>-0.90</u>
		<b>1689.66</b>	2369.57
<b>Profit for the year</b>		<b>3592.95</b>	5014.00
Minorities Interest		-	0.18
Share of profit of associate		<b>0.14</b>	0.09
		<u>3593.09</u>	<u>5013.91</u>
<b>Earnings per Share</b>			
Profit after tax		<b>3592.95</b>	5014.00
Average Number of equity shares ( Face value ₹10/- each )		<b>4130525289</b>	4130400545
Basic and Diluted Earnings per share (₹)		<b>8.70</b>	12.14

Significant Accounting Policies

Other Notes to Financial Statements

28-35

The Notes referred to above form integral part of these financial statements

Sd/-  
(Devinder Kumar)  
Secretary

For Tej Raj & Pal  
Chartered Accountants

Sd/-  
(B. Ganga Raju)  
Partner  
M. No. 7605

Place : New Delhi  
Dated : 7<sup>th</sup> August, 2012

For and on behalf of Board of Directors

Sd/-  
(Anil Kumar Chaudhary)  
Director (Finance)

In terms of our report of even date

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Gaura Mittal)  
Partner  
M. No. 99387

Sd/-  
(C.S. Verma)  
Chairman

For O.P. Totla & Co.  
Chartered Accountants

Sd/-  
(S.K. Acharya)  
Partner  
M. No. 078371

## Consolidated Cash Flow Statement

(₹ in crore)

For the Year	2011-12	2010-11
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit / loss (-) before taxation</b>	<b>5282.61</b>	<b>7383.57</b>
Add / (Less) Adjustments for :		
Minority Interest	—	(0.18)
Share of profit of Associate	0.14	0.09
Depreciation	1693.49	1601.42
Interest and Finance Charges	778.17	572.36
Bad debts written-off	1.09	1.20
Unrealised Foreign Exchange Fluctuation	127.85	(2.20)
Brought forward loss of Steel complex limited	—	(2.18)
Provision for Others	128.26	(100.46)
Profit on sale of Fixed Assets	(23.21)	(18.76)
Interest Income	(1489.43)	(1407.86)
Dividend Income	(7.59)	(3.35)
<b>Operating cash flow before working capital change</b>	<b>6491.38</b>	<b>8023.65</b>
Adjustments for :-		
(Increase) in Inventories	(2392.05)	(2345.18)
(Increase) in Sundry Debtors	(768.96)	(448.69)
(Increase) in Loans and Advances	(519.54)	(754.75)
Increase / (Decrease) in Minority Interest	(1.20)	0.18
Increase in Current liabilities	635.13	758.17
(Increase) in Other Current Assets	(179.53)	(495.13)
<b>Cash generated from Operations</b>	<b>3265.23</b>	<b>4738.25</b>
Direct Taxes Paid	(1469.87)	(2300.01)
<b>Net Cash from Operating Activities</b>	<b>1795.36</b>	<b>2438.24</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(9760.23)	(10852.20)
Proceeds from sale of Fixed Assets	42.57	39.95
Loans to Other Companies	3.29	(4.85)
Purchase of investments (net)	(7.72)	(16.15)
Interest received	1916.57	1698.42
Dividend received	7.59	3.35
<b>Net Cash from / (used in) Investing Activities</b>	<b>(7797.93)</b>	<b>(9131.48)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	0.13	—
Increase/(Decrease) in Share application money pending allotment	(9.46)	11.78
Increase in Reserve & Surplus	46.14	5.51
Increase/(Decrease) in borrowings (net)	(3242.33)	3662.08
Interest and Finance Charges paid	(716.88)	(558.62)
Dividend Paid	(991.33)	(1197.90)
Tax on Dividend	(170.40)	(201.38)
<b>Net Cash from / ( used in ) Financing Activities</b>	<b>(5084.13)</b>	<b>1721.47</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(11086.70)</b>	<b>(4971.77)</b>
<b>Cash &amp; Cash Equivalents (Opening) (Refer note 17)</b>	<b>17749.38</b>	<b>22721.15</b>
<b>Cash &amp; Cash Equivalents (Closing) (Refer note 17)</b>	<b>6662.68</b>	<b>17749.38</b>
(Represented by Cash & Bank Balances)		

### Notes :

- The above Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchanges and under the indirect method set out in Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Significant Accounting Policies and Notes to Financial Statements form an integral part of the Cash Flow Statement.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

Sd/-  
(Devinder Kumar)  
Secretary

For Tej Raj & Pal  
Chartered Accountants

Sd/-  
(B. Ganga Raju)  
Partner

M. No. 7605

Place : New Delhi

Dated : 7<sup>th</sup> August, 2012

For and on behalf of Board of Directors  
Sd/-

(Anil Kumar Chaudhary)  
Director (Finance)

In terms of our report of even date

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Gaura Mittal)  
Partner

M. No. 99387

Sd/-  
(C.S. Verma)  
Chairman

For O.P. Totla & Co.  
Chartered Accountants

Sd/-  
(S.K. Acharya)  
Partner

M. No. 078371

## SIGNIFICANT ACCOUNTING POLICIES

### A. 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.

### B. Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

### C. Fixed Assets

Fixed assets are stated at cost of acquisition less depreciation, except land gifted by the State Governments, which is stated at notional/nominal value with corresponding credit to capital reserve.

Expenditure on development of land, including leasehold land, is capitalised as part of cost of land. Cost of Lease hold land is amortised over the period of lease.

Cost includes all identifiable expenditure including trial-run expenses, net of revenue.

Mining rights are treated as intangible assets and all the related costs thereof are amortised over the period (including deemed renewal) of the lease.

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period of five years or its licence period, whichever is less.

In case of Mjunction Services Limited, software development expenditure is amortised over a period of 3 years. In case of NTPC-SAIL Power Company Private Limited, software is amortised over licence period or 3 years, whichever is less.

### D. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which these are incurred.

### E. Depreciation

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. However, where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortised depreciable amount is provided over the residual useful life of the asset. Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly. Depreciation on addition/deletion during the year is provided on pro-rata basis with reference to the month of addition/deletion.

In case of Mjunction Fixed Assets are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on estimated useful life which ever is higher.

In case of Bokaro Power Supply Company Private Limited depreciation is charged on straight-line method as per the rates prescribed under The Electricity Act, 2003. NTPC SAIL Power Company Private Limited has during the year adopted depreciation rates as prescribed by CERC, for CERC Regulated plants, w.e.f. 01.04.2009. Further, in case of NTPC SAIL Power Company Private Limited, Depreciation on the following assets is provided based on their estimated useful life :

a) Kutcha Roads	2 Years
b) Enabling works	
o residential buildings including their internal electrification.	15 Years
o non-residential buildings including their internal electrification, water supply, sewerage & drainage works, railway sidings, aerodromes, helipads and airstrips.	5 Years
c) Personal Computers and Laptops including peripherals	5 Years
d) Photocopiers and Fax Machines	5 Years
e) Water coolers and Refrigerators	12 Years
f) Air conditioners w.r.t. CPP-II	12 Years

In case of the CPP-II assets whose residual life has been determined on the basis of technical assessment, the depreciation is provided at a rate such that 95% of the gross block is depreciated over the residual life of those assets.

In case of Bhilai Jaypee Cement Limited, Premium paid on leased land is being amortised over the balance period of lease after commissioning.

### F. Investments

Long-term investments (including investments in subsidiary companies and joint ventures) are carried at cost, after providing for diminution, other than temporary, in value. Current investments are carried at lower of cost and market value.

### G. Inventories

Raw materials, stores & spares and finished/semi-finished products (including process scrap) are valued at lower of cost and net realisable value of the respective plants/units. In case of identified obsolete/ surplus/ non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

Residue products and other scrap are valued at estimated net realisable value.

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials – Moving weighted average cost

Stores & spares – Moving weighted average cost

Materials in-transit - at cost

Finished/Semi-finished products – material cost plus appropriate share of labour, related overheads and duties.

In case of Bokaro Power Supply Company Private Limited, inventories, other than scrap are valued at cost.

Cost is arrived on weighted average basis, except in case of SAIL Bansal Service Centre Limited and Bhilai Jaypee Cement Limited, in which cost is arrived on First in first out basis.

#### H. Grants

Grants relating to the acquisition of a specific asset are adjusted against the cost of the concerned asset. Grants relating to the revenue expenditure are adjusted against the related expenses.

#### I. Voluntary Retirement Compensation

Expenditure on voluntary retirement compensation, is charged off in the year, in which it is incurred.

#### J. Foreign Currency Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year-end rates.

The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets, are recognised in the Statement of Profit and Loss. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognised in the Statement of Profit and Loss over the period of the contract.

The Group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31<sup>st</sup> March, 2009. Accordingly, exchange differences (including arising out of forward exchange contracts) relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

#### K. Employees' Benefits

Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due. The provisions/liabilities towards gratuity, accrued leave, long term service awards, post-retirement medical and settlement benefits, future payments to the disabled employees/legal heirs of deceased employees under the Employees' Family Benefit Scheme, are made based on the actuarial valuation as at the end of the year and charged to the Statement of Profit and Loss after considering along with actuarial gains/losses.

#### L. Adjustments pertaining to earlier years and prepaid expenses

Income / expenditure relating to prior period and prepaid expenses, which do not exceed ₹10 lakhs (₹1 lakh in case of NTPC-SAIL Power Company Private Limited and ₹5 lakh in case of SAIL & MOIL Ferro Alloys Private Limited) in each case, are treated as income/expenditure of current year.

#### M. Revenue recognition

Sales include excise duty and are net of rebates and price concessions. Sales are recognised at the time of dispatch of materials to the buyers including the cases where delivery documents are endorsed in favour of the buyers. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

- the issue of bill of lading, or
- negotiation of export bills upon expiry of laycan period, in cases where 'realisation of material value without shipment' is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognized as income on certainty of realisation.

The iron ore fines not readily useable/saleable included in inventory, are recognised on disposal.

#### N. Claims for Liquidated Damages/Price Escalation

Claims for liquidated damages are accounted for as and when these are deducted and/or considered recoverable by the Company. These are adjusted to the capital cost or recognised in Statement of Profit and Loss, as the case may be, on final settlement.

Suppliers'/Contractors' claims for price escalation are accounted for, to the extent such claims are accepted by the Company.

#### O. Deferred Tax

The deferred tax on timing differences between book profit and taxable profit for the year is accounted for applying the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a reasonable certainty that the assets can be realised in future.

#### P. Overburden Removal

The expenditure on removal of backlog of over burden is charged to revenue, based on stripping ratio as per 5 year mining plan for mines except collieries which is based on project report.

#### Q. Others

In case of NTPC-SAIL Power Company Private Limited, Capital expenditure on assets not owned by the Company is amortized over a period of 4 years from the month in which the first unit of project concerned comes into commercial operation and thereafter from the month in which the relevant asset becomes available for use. However, such expenditure for community development in case of stations under operation is charged off to revenue.

## Notes (Forming Part of the Consolidated Balance Sheet)

### 1: SHARE CAPITAL

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Authorised</b>		
5,00,00,00,000 equity shares of ₹10 each	5000.00	5000.00
(5,00,00,00,000 equity shares of ₹10 each)		
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
4,13,05,25,289 equity shares of ₹10 each fully paid.	4130.53	4130.40
(4,13,04,00,545 equity shares of ₹10 each fully paid.)		

#### (i) Reconciliation of equity shares at the end of the year

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Number	Amount (in ₹)	Number	Amount (in ₹)
<b>-- Equity shares with voting rights</b>				
Shares outstanding at the beginning of the year	4130400545	41304005450	4130400545	41304005450
Shares Issued during the year	124744	1247440	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	4130525289	41305252890	4130400545	41304005450
<b>-- Equity shares without voting rights *</b>				
Shares outstanding at the beginning of the year	614245	6142450	639445	6394450
Shares Issued during the year	–	–	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	590345	5903450	614245	6142450

\* Represented by one Global Depository Receipt (GDR) issued @ US\$ 29.55 each for an aggregate amount of US \$ 125 million

(ii) All shares rank equally with regard to the repayment of capital in the event of liquidation of the company.

(iii) The Company does not have a holding company.

#### (iv) Details of the shareholders holding more than 5% of the shares in the company

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Government of India	3544690285	85.82	3544690285	85.82

(v) 1,24,43,82,900 equity shares of ₹10 each (net of adjustments on reduction of capital) were allotted as fully paid up for consideration other than cash.

(vi) The company has neither issued bonus shares nor the company has bought back any shares during the last 5 years.



## Notes (Forming Part of the Consolidated Balance Sheet)

### 2: RESERVES AND SURPLUS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Capital Reserve</b>				
As per last Balance Sheet	48.48		41.26	
Additions during the year	44.90		9.99	
	93.38		51.25	
Less: Utilisation	0.15	93.23	2.77	48.48
<b>Securities Premium Account</b>				
As per last Balance Sheet	235.29		235.29	
Less : Adjustment towards Bond Issue Expenses	0.08	235.21	–	235.29
<b>Bond Redemption Reserve</b>				
As per last Balance Sheet	353.73		281.44	
Additions during the year	163.27		158.63	
Deductons during the year	76.89	440.11	86.34	353.73
<b>General Reserve</b>				
As per last Balance Sheet	4530.15		4008.89	
Additions on account of issue of shares on amalgamation of MEL with the Company	0.09		0.00	
Additions during the year	277.43	4807.67	521.26	4530.15
<b>Prime Minister's Trophy Award Fund*</b>				
As per last Balance Sheet	18.29		17.81	
Additions	1.85		1.24	
	20.14		19.05	
Less: Utilisation	0.47	19.67	0.76	18.29
<b>Surplus/Debit balance (-) in Statement of Profit &amp; Loss</b>				
Balance as per last account	28284.54		25026.18	
Add:Surplus	3593.09		5013.91	
Less: Proposed Dividend	330.47		495.65	
Less: Dividend Paid	495.66		495.65	
Less: Tax on Proposed Dividend	62.86		89.10	
Less: Tax on Dividend Paid	80.41		81.60	
Less: Transfer to Bond Redemption Reserve	86.38		72.29	
Less:Transfer to General Reserve	277.43	30544.42	521.26	28284.54
		36140.31		33470.48

\*The Fund has been created out of award conferred by the Prime Minister of India to the Bhilai Steel Plant as best integrated steel plant in India and the earnings from the Fund are utilised for the welfare of employees in Bhilai.

## Notes (Forming Part of the Consolidated Balance Sheet)

### 3. LONG TERM BORROWINGS

(₹ in crore)

					As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	
Sl. No.	Interest (%)	Maturity Date	Call/Put Option year	Security Ref.			
<b>SECURED</b>							
<b>A. Taxable Redeemable Non-Convertible Bonds</b>							
1	9.35	9/Sep/2026	12/nil		455.00	–	
2	8.70	25/Aug/2024			300.00	300.00	
3	9.30	23/Aug/2021			400.00	–	
4	8.55	11/Aug/2021			700.00	700.00	
5	8.72	30/Apr/2020			660.00	660.00	
6	8.75	23/Apr/2020		(a)	545.00	545.00	
7	8.65	1/Feb/2020	5/nil		242.00	242.00	
8	8.65	30/Dec/2019			450.00	450.00	
9	8.00	7/Dec/2019	5/nil		30.00	30.00	
10	8.50	7/Dec/2019			120.00	120.00	
11	8.60	19/Nov/2019			335.00	335.00	
12	8.80	22/Jun/2019			825.00	825.00	
13	7.70	11/May/2019	5/5		525.00	525.00	
14	8.90	1/May/2019	5/nil	(b)	950.00	950.00	
15	8.80	26/Oct/2014		(b,c)	168.00	168.00	
16	8.75	15/Sep/2014		(b,d)	150.00	150.00	
17	8.20	1/Sep/2013	5/nil		58.20	58.20	
18	10.75	1/Feb/2013		(b)	–	75.30	
19	12.00	20/Jul/2012			–	109.90	6243.40
<b>B. Term Loans from Banks/Other Parties</b>							
1.		30/Sep/2014		(e) Axis Bank	450.00	600.00	
				(e) United Bank of India	–	650.00	
2.		30/Sep/2014		(e) Others	770.18	872.71	2122.71
<b>UNSECURED</b>							
<b>C. Taxable Redeemable Non-convertible Bonds</b>							
6.40		15/Oct/2010		(f)		16.00	32.00
<b>D. Term Loans</b>							
1				(g) KFW, Germany	416.67	407.16	
2		11 <sup>th</sup> March, 2015		(h) Bank of Tokyo Mitsubishi	1017.60	892.00	
3				(i) Bank of Tokyo Mitsubishi	1017.60	0.00	
4				(j) Sumitomo Mitsubishi Banking Corp	1527.60	0.00	
5	2.00			(k) Natexis Banque	23.68	23.84	
				Others	39.84	45.37	1368.37
<b>E.</b>							
				(l) Steel Development fund (SDF)	204.16	204.16	
				(m) Others	1.72	0.22	204.38
					<b>12398.25</b>	<b>9970.86</b>	

- (a) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to IISCO Steel Plant.
- (b) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to Durgapur Steel Plant.
- (c) Redeemable in 12 equal yearly instalments of ₹14 crore each starting w.e.f 26<sup>th</sup> October 2014.
- (d) Redeemable in 3 equal instalments of ₹50 crore each on 15<sup>th</sup> September of 2014, 2019 and 2024.
- (e) The loan availed for 7 years is secured by charges ranking pari-passu inter-se, over movable properties pertaining to Rourkela Steel Plant. The loan is repayable anytime with 15 days notice and no prepayment penalty. The interest rate is Benchmark Prime Lending Rate (BPLR) (-)4.25% for B1 and BPLR (-)4.0% for B2.
- (f) Guaranteed by Government of India, redeemable in 4 equal instalments of 16 crore each starting w.e.f. 15<sup>th</sup> October, 2010.
- (g) The soft basis of the loan was drawn in 3 tranches stated as 1(a), 1(b) and 1(c) at an interest rate of 8.75% p.a.. The Interest rate on 1(a) is 0.75% p.a and balance 8 % p.a. is towards Exchange Fluctuation (4% p.a.) and Pollution Control Schemes (4% p.a.). In case of 1 (b), the Interest rate is 3.66% p.a and balance 5.09% p.a. is towards pheriphery development. The Interest rate on 1(c) is 0.75% p.a and balance 8% p.a. is towards pheriphery development. The principal and interest is repayable half yearly.
- (h) The loan is repayable in 3 equal instalments on 11<sup>th</sup> March starting from 2015 at an interest rate of 6 months London Inter Bank Operating Rate (LIBOR) +2%. Interest is paid half yearly.
- (i) The loan is repayable in 3 equal instalments on 11<sup>th</sup> August starting from 2015 at an interest rate of 6 months LIBOR +1%. Interest is paid half yearly.
- (j) The loan is repayable in 3 equal instalments on 16<sup>th</sup> November starting from 2015 at an interest rate of 6 months LIBOR +1.06%. Interest is paid half yearly.
- (k) The loan is repayable in 2030 and interest is paid half yearly.
- (l) Terms of repayment to be decided by SDF Management Committee.
- (m) Interest free loan from Government of Maharashtra.

## Notes (Forming Part of the Consolidated Balance Sheet)

### 4: OTHER LONG TERM LIABILITIES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest accrued and not due on borrowings	751.61	783.92
Trade payables	1.06	1.22
Others	338.02	315.73
	<b>1090.69</b>	<b>1100.87</b>

### 5: LONG TERM PROVISIONS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Gratuity	33.78	112.32
Accrued Leave	1936.41	1613.86
Employee Defined Benefit Schemes	1431.17	1407.04
Mines closure	90.35	79.87
Others	130.04	114.31
	<b>3621.75</b>	<b>3327.40</b>

### 6: SHORT TERM BORROWINGS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Secured</b>		
<b>Loans repayable on demand</b>		
- From banks (a)	173.80	142.39
- From other parties		
<b>Other loans and advances</b>		
From Banks (b)	27.95	4074.18
Loans and advances from related parties	1.97	1.77
<b>Unsecured</b>		
<b>Other loans and advances</b>		
Other Loans	645.08	1600.00
Commercial Paper	667.58	-
Foreign currency loans	3084.19	4250.93
	<b>4600.57</b>	<b>10069.27</b>

(a) Secured by hypothecation of all current assets

(b) Secured by lien/pledge on fixed deposits of ₹ Nil ( previous year : ₹ 4515 crore)

(c) The company does not have any continuing default in repayment of loans and interest on the balance sheet date.

### 7: TRADE PAYABLES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Micro and small enterprises	17.66	29.55
Others	3305.97	3235.53
	<b>3323.63</b>	<b>3265.08</b>

## Notes (Forming Part of the Consolidated Balance Sheet)

### 8: OTHER CURRENT LIABILITIES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Current maturities of long term debts	361.77	434.94
Interest accrued but not due on borrowings	549.06	455.46
<b>Income received in advance from</b>		
Customers	909.08	646.69
Others	31.61	40.54
<b>Liability towards Investor Education and Protection Fund, not due</b>		
Unpaid Dividends	11.29	10.21
Unclaimed Matured Deposits and intt. Accrued thereon	1.49	1.93
<b>Security Deposits</b>	633.28	522.86
Less : Investments received as security Deposit	0.01	0.01
<b>Other payables</b>		
Sundry creditors for Capital works	1758.94	1757.44
Other payables*	4774.91	4584.98
	<b>9031.42</b>	<b>8455.04</b>

\* Includes amount of ₹1.17 crore ( ₹0.24 crore ) credited to Investors' Education and Protection Fund

### 9: SHORT TERM PROVISIONS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Accrued Leave	205.96	411.86
Employee Defined Benefit Schemes	176.53	174.95
Taxation	13.42	18.64
Pollution Control & Peripheral Development	118.75	121.56
Exchange Fluctuation	3.18	17.20
Proposed dividend	330.45	495.65
Tax on Dividend	62.90	90.03
Wage Revision	1096.11	882.88
Mines Afforestation/Overburden removal	250.95	437.44
Others	116.15	87.83
<b>Total</b>	<b>2374.40</b>	<b>2738.04</b>

### 9(A): MINORITY INTEREST

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Balance of Equity as on the date of Investment	-	-0.43
Add : Movement in Equity and proportionate share of Profit / losses from the date of investment up to 31 <sup>st</sup> March, 2011	-	1.63
	<b>-</b>	<b>1.20</b>

## Notes (Forming Part of the Consolidated Balance Sheet)

### 10A: TANGIBLE FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As at 31 <sup>st</sup> March, 2011	Additions / Adjustments	Deductions	As at 31 <sup>st</sup> March, 2012	Up to 31 <sup>st</sup> March, 2011	Less: On Sales/ Adjustments	Up to 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A. PLANTS, MINES &amp; OTHERS</b>								
Land (including cost of development)								
-Freehold Land	182.39	7.63	0.00	190.02	1.11	0.02	0.83	181.28
-Leasehold Land	122.29	30.36	0.00	152.65	41.22	4.90	46.12	81.07
Buildings	2106.24	369.91	0.07	2476.08	1170.41	66.22	1236.56	935.83
Plant & Machinery								
-Steel Plant	28822.62	2635.75	158.35	31300.02	18364.73	1185.07	19397.62	10457.89
-Others	3857.52	452.55	33.60	4276.47	1966.41	202.97	2145.75	1891.11
Furniture & Fittings	111.56	7.92	0.38	119.10	79.20	3.68	82.54	32.36
Vehicles	975.13	74.45	2.49	1047.09	449.91	42.41	490.02	525.22
Office Equipments								
Miscellaneous Articles	313.30	16.87	2.16	328.01	191.24	10.86	199.14	122.06
Roads, Bridges & Culverts	210.50	5.54	0.01	216.03	59.02	4.05	63.07	151.48
Water Supply & Sewerage	355.28	37.46	0.02	392.72	262.27	9.70	271.95	93.01
EDP Equipments	315.72	39.46	12.35	342.83	218.04	26.01	232.55	97.68
Railway Lines & Sidings	293.64	20.49	5.19	308.94	187.97	9.72	193.04	105.67
Sub-total 'A'	37666.19	3698.39	214.62	41149.96	22991.53	1565.61	24359.19	16790.77
Figures for the previous year	34828.48	2928.87	91.16	37666.19	21591.69	1483.26	22991.53	14674.66
<b>B. SOCIAL FACILITIES</b>								
Land (including cost of development)								
-Freehold Land	10.24	0.00	0.00	10.24	-	-	-	10.24
-Leasehold Land	6.89	0.00	0.00	6.89	5.27	0.12	5.39	1.62
Buildings	582.45	5.16	1.27	586.34	229.35	10.44	238.74	353.10
Plant & Machinery-Others	115.17	5.46	0.54	120.09	73.39	3.92	77.01	41.78
Furniture & Fittings	23.89	1.30	0.60	24.59	15.20	0.91	15.96	8.69
Vehicles	12.01	0.38	0.41	11.98	7.71	0.70	8.08	4.30
Office Equipments								
Miscellaneous Articles	176.23	10.43	3.05	183.61	87.66	7.40	93.46	88.57
Roads, Bridges & Culverts	51.10	3.22	0.00	54.32	22.37	0.80	23.17	28.73
Water Supply & Sewerage	116.22	0.04	0.00	116.26	101.13	1.81	102.94	15.09
EDP Equipments	16.25	0.46	0.76	15.95	10.90	1.68	12.07	5.35
Sub-total 'B'	1110.45	26.45	6.63	1130.27	552.98	27.78	576.82	557.47
Figures for the previous year	1086.37	29.53	5.45	1110.45	528.43	27.70	552.98	557.47
Total ('A'+B)	38776.64	3724.84	221.25	42280.23	23544.51	1593.39	24936.01	17344.22
Figures for the previous year	35914.85	2958.40	96.61	38776.64	22120.12	1510.96	23544.51	15232.13

## Notes (Forming Part of the Consolidated Balance Sheet)

### 10B : INTANGIBLE FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK(AT COST)			DEPRECIATION		NET BLOCK As at 31 <sup>st</sup> March, 2011
	As at 31 <sup>st</sup> March, 2011	Additions/ Deductions / Adjust- ments	As at 31 <sup>st</sup> March, 2012	Up to 31 <sup>st</sup> March, 2011	For the less: On sales/ year Adjustments March, 2012	As at 31 <sup>st</sup> March, 2012
<b>A. PLANTS, MINES &amp; OTHERS</b>						
Good will	32.42	0.00	26.54	5.88	27.11	0.00
Computer Software	80.82	9.63	0.00	90.45	39.19	14.83
Mining Rights	1544.83	135.70	0.00	1680.53	216.96	90.01
Sub-total 'A'	1658.07	145.33	26.54	1776.86	283.26	104.84
Figures for the previous year	1465.86	203.41	11.20	1658.07	186.45	96.86
<b>B. SOCIAL FACILITIES</b>						
Computer Software	4.43	4.16	0.00	8.59	2.32	1.49
Sub-total 'B'	4.43	4.16	0.00	8.59	2.32	1.49
Figures for the previous year	3.93	0.50	0.00	4.43	1.15	1.17
Total ('A'+ 'B')	1662.50	149.49	26.54	1785.45	285.58	106.33
Figures for the previous year	1469.79	203.91	11.20	1662.50	187.60	98.03
					0.05	285.58

#### Note : Allocation of depreciation

	Current Year	Previous Year
(a) Charged to Statement of Profit & Loss	1685.90	1602.96
(b) Charged to expenditure during construction	4.14	2.79
(c) Adjustments pertaining to earlier years	7.59	-1.54
(d) Charged to Others	2.09	4.78
Total	1699.72	1608.99



## Notes (Forming Part of the Consolidated Balance Sheet)

### 11: CAPITAL WORK-IN-PROGRESS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Expenditure during construction pending allocation (Note 11.1)	33.33	100.00
<b>Capital Work-in-progress</b>		
Steel Plants & Units	28070.17	22108.64
Township	67.31	30.68
Ore Mines and Quarries	154.11	185.83
	<b>28291.59</b>	<b>22325.15</b>
Less: Provisions	62.22	60.88
Construction Stores and Spares	55.09	59.77
Less: Provision for non-moving items	2.12	2.05
	<b>28315.67</b>	<b>22421.99</b>

### 11.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Opening balance (a)	0.12	1.52
<b>Expenditure incurred during the year</b>		
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries & Wages	152.73	203.82
Company's contribution to Provident Fund	10.97	9.31
Travel Concession	3.08	2.69
Welfare Expenses	0.34	0.08
Gratuity	2.68	2.72
Technical Consultants' fees & know-how	16.41	16.65
Repairs & Maintenance	0.76	0.65
Stores and Spares	21.72	27.45
Power & Fuel	105.95	76.82
Rent	0.20	0.12
Insurance	0.19	0.16
Other expenses	513.29	323.52
Interest & Finance charges	871.03	617.97
Depreciation	4.14	2.79
	<b>1703.49</b>	<b>1284.75</b>
<b>Less: Recoveries</b>		
Interest Earned	1.39	5.67
Liquidated Damages	1.28	1.83
Hire Charges	0.66	0.80
Sundries	679.13	86.49
	<b>682.46</b>	<b>94.79</b>
Net expenditure during the year (b)	<b>1021.03</b>	<b>1189.96</b>
Total (a)+(b)	<b>1021.15</b>	<b>1191.48</b>
Less : Amount allocated to Fixed Assets/ Capital Work-in-progress	<b>987.82</b>	<b>1091.48</b>
Balance carried forward	<b>33.33</b>	<b>100.00</b>

## Notes (Forming Part of the Consolidated Balance Sheet)

### 12 : Non Current Investments (At Cost)

(₹ in crore)

		As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
(A) Unquoted	Number of Fully Paid up Equity Shares	Face Value per Share (₹)			
<b>Trade Investments</b>					
<b>Subsidiary Companies</b>					
IISCO Ujjain Pipe & Foundary Company Limited (under liquidation)	30,00,000 (30,00,000)	10	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
<b>Joint Venture Companies</b>					
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10	<u>0.18</u>	<u>0.18</u>	
Romelt SAIL ( India ) Limited	63,000 (0)	10	<u>0.06</u>	<u>0.24</u>	<u>0.24</u>
<b>Others</b>					
TRL Krozaki Refractories Limited	22,03,150 (22,03,150)	10	<u>11.35</u>	<u>11.35</u>	
Almora Magnesite Limited	40,000 (40,000)	100	<u>0.76</u>	<u>0.62</u>	
Indian Potash Limited	3,60,000 (3,60,000)	10	<u>0.18</u>	<u>0.18</u>	
Cement & Allied Products (Bihar) Limited	2 (2)	10	<u>—*</u>	<u>—*</u>	
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	<u>—*</u>	<u>—*</u>	
Bhilai Power Supply Company Limited	5 (5)	10	<u>—*</u>	<u>—*</u>	
MSTC Limited	20,000 (20,000)	10	<u>0.01</u>	<u>0.01</u>	
Bihar State Finance Corporation	500 (500)	100	<u>0.01</u>	<u>0.01</u>	
Investment in Mutual Funds			<u>8.75</u>	<u>0.00</u>	
Shares in Co-operative Societies (12.1)			<u>0.18</u>	<u>0.18</u>	<u>12.35</u>
Total (A)			<u>24.48</u>	<u>15.59</u>	
<b>(B) Quoted</b>					
HDFC Limited	60,000 (60,000)	10 (10)	<u>0.01</u>	<u>0.01</u>	
HDFC Bank Limited**	2500 (2500)	2 (2)	<u>—*</u>	<u>—*</u>	
ICICI Bank Limited	28600 (28600)	10 (10)	<u>0.05</u>	<u>0.06</u>	<u>0.06</u>
Total (B)			<u>0.06@</u>	<u>0.06</u>	
Total (A+B)			<u>24.54</u>	<u>15.65</u>	
Less : Provision for diminution in value of investments			<u>2.90</u>	<u>2.90</u>	
			<u>21.64</u>	<u>12.75</u>	
@ Market value of quoted investments			<u>6.71</u>	<u>7.49</u>	

\* Cost being less than ₹ 50,000/-, figures not given.

\*\*Shares of face value ₹ 10/- sub divided into shares of ₹ 2/- each w.e.f. 14.7.2010

### 12.1: SHARES IN CO-OPERATIVE SOCIETIES

(in ₹)

	Number of Fully Paid-up Shares	Face value per Share (₹)	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Bokaro Steel Employees' Co-operative Credit Society Limited	116500 (116500)	10	1165000	1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250 (250)	10	2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	2500	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100	137700	137700
Bolani Ores Employees' Consumer Co-operative Society Limited	200 (200)	25	5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	460000	460000
			<u>1772700</u>	<u>1772700</u>

## Notes (Forming Part of the Consolidated Balance Sheet)

### 13: LONG TERM LOANS AND ADVANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Capital Advances	167.93		168.06	
Less: Provision for doubtful capital advances	7.49	160.44	7.57	160.49
<b>Security Deposits</b>		87.96		94.54
Loans and advances to related parties	7.02		7.59	
Less: Provision for doubtful related party advances	–	7.02	2.53	5.06
<b>Other loans and advances</b>				
Loans to Employees		469.06		500.47
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Contractors & suppliers	34.97		41.17	
Employees	5.58		20.26	
Income tax paid in advance / recoverable	159.94		111.48	
Others	3.33	203.82	2.52	175.43
<b>Deposits</b>				
Port trust, Excise Authorities, Railways etc.	178.84		202.99	
Others	1136.81	1315.65	750.41	953.40
		2243.95		1894.39
Less : Provision for other Loans & Advances		32.50		26.88
		2211.45		1867.51
<u>Particulars of long term loans and advances</u>				
Secured, Considered Good	344.04			370.85
Unsecured, Considered Good	1867.41			1496.66
Doubtful	39.99			34.45
	2251.44			1901.96
Amount due from				
-Officers		–		0.04
Maximum amount due at any time during the year from				
-Officers		0.09		–

### 14: OTHER NON CURRENT ASSETS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
LONG TERM CLAIMS RECEIVABLES	5.75	13.00
<b>Interest Receivable/Accrued</b>		
Employees	4.23	5.69
<b>OTHERS</b>		
– Pre operative expenses	3.71	0.00
– Fixed Assets retired from active use	30.89	25.48
	44.58	44.17

## Notes (Forming Part of the Consolidated Balance Sheet)

### 15: INVENTORIES\*

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Stores &amp; spares</b>				
– Production	2144.29		2012.44	
– Fuel Stores	142.12		125.99	
– Others	47.20		27.66	
	<u>2333.61</u>		<u>2166.09</u>	
<b>Add: In-transit</b>	143.80		178.99	
	<u>2477.41</u>		<u>2345.08</u>	
Less: Provision for Non Moving/Obsolete items	167.72	2309.69	161.61	2183.47
Raw materials	2352.44		1647.39	
Add: In-transit	1574.82		1410.42	
	<u>3927.26</u>		<u>3057.81</u>	
Less: Provision for unusable materials	7.66	3919.60	6.63	3051.18
Finished / Semi-finished products				
– Finished Goods	5505.05		5329.90	
– Work in Progress	2012.14		859.14	
– Stock in Trade	0.10		0.09	
	<u>7517.29</u>		<u>6189.13</u>	
Add: In-transit	152.35	7669.64	83.10	6272.23
*Valued as per Accounting Policy (G)		<u>13898.93</u>		<u>11506.88</u>

### 16: TRADE RECEIVABLES – CURRENT

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Trade Receivables over six months	376.47		242.94	
Less : Provision	151.83	224.64	142.55	100.39
Trade Receivables less than six months	4624.96		3979.79	
Less : Provision	1.79	4623.17	0.24	3979.55
		<u>4847.81</u>		<u>4079.94</u>
<b>Particulars</b>				
Secured, considered good		14.33		21.98
Unsecured, considered good		4833.48		4057.96
Doubtful		153.62		142.79
		<u>5001.43</u>		<u>4222.73</u>

### 17: CASH & BANK BALANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>(i) Cash and Cash Equivalents</b>				
<b>Balance with Banks *</b>				
Current account	57.98		65.66	
Term Deposit with maturity upto 3 months	11.29		10.21	
Term Deposit as per court orders with maturity upto 3 months	44.41		41.73	
Term Deposit - PM Trophy with maturity upto 3 months	18.77		18.05	
Unpaid Dividend account	216.19	348.64	526.22	661.87
Cheques on hand		1.32		1.69
Cash and Stamps on hand		243.87		107.89
Sub-Total		<u>593.83</u>		<u>771.45</u>
<b>(ii) Other Bank Balances *</b>				
Margin Money	0.07		0.07	
Term Deposit with maturity more than 3 months	5976.79		16898.72	
Term Deposit as per court orders	91.59	6068.45	78.74	16977.53
<b>Total</b>		<u>6662.28</u>		<u>17748.98</u>
<b>* Includes</b>				
- maturity period less than 12 months	6138.52		17044.87	
- maturity period more than 12 months	4.40	6142.92	2.65	17047.52

## Notes (Forming Part of the Consolidated Balance Sheet)

### 18: SHORT TERM LOANS AND ADVANCES

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Loans and advances to related parties	79.03		114.23	
Less: Provision for doubtful related party advances	1.39	77.64	1.39	112.84
<b>Other loans and advances</b>				
Loans				
Employees	118.60		134.95	
Others	7.14	125.74	10.43	145.38
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Contractors & suppliers	347.10		121.94	
Employees	5.21		17.64	
Income tax paid in advance / recoverable	571.56		505.93	
Bills Receivable	0.00		4.54	
For purchase of shares	5.86		4.94	
Others	339.53	1269.26	367.03	1022.02
<b>Security Deposits</b>	3.48		3.26	
<b>Deposits</b>	184.99	188.47	160.29	163.55
		1661.11		1443.79
Less : Provision for other Loans & Advances		201.42		156.36
		1459.69		1287.43
<b>Particulars of short term loans and advances</b>				
Secured, Considered Good		41.22		48.64
Unsecured, Considered Good		1418.47		1238.79
Doubtful		202.81		157.75
		1662.50		1445.18
Amount due from -Officers		0.03		0.02

### 19: OTHER CURRENT ASSETS

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
<b>Gold Coins on hand</b>		0.40		0.40
<b>Interest Receivable/Accrued</b>				
Loans to other companies	0.01		0.02	
Term Deposits	31.90		467.95	
Employees	5.57		9.18	
Others	27.67		12.93	
	65.15		490.08	
Less Provision for doubtful interest	3.39	61.76	2.64	487.44
<b>Others</b>				
Receivables other than Trade	163.61		125.13	
Claims recoverable	2002.14		1882.23	
Export Incentive	34.40		34.31	
	2200.15		2041.67	
Less : Provision	39.95	2160.20	59.13	1982.54
		2222.36		2470.38

## Notes (Forming Part of the Consolidated Statement of Profit & Loss)

### 20: REVENUE FROM OPERATIONS

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012		Year Ended 31 <sup>st</sup> March, 2011	
<b>SALE OF PRODUCTS</b>				
Domestic		49411.81		46196.64
Exports		1230.15		980.54
Export Incentives		33.94		31.66
Sub Total (a)		50675.90		47208.84
<b>SALE OF SERVICES</b>				
Service charges ( Gross )		90.24		83.33
Sub Total (b)		90.24		83.33
<b>Other Operating Revenues</b>				
Social amenities-recoveries		208.52		192.43
Sale of empties etc.		55.38		72.08
Liquidated damages`		28.87		21.94
Write back of liabilities		72.23		88.72
Sundries		296.84		175.59
Sub Total (c)		661.84		550.76
Total (a+b+c)		51427.98		47842.93

## Notes (Forming Part of the Consolidated Statement of Profit & Loss)

### 21: OTHER INCOME

		(₹ in crore)	
		Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>INTEREST INCOME</b>			
Customers		106.47	68.55
Employees		34.26	29.40
Term Deposits		1318.94	1282.11
Others		29.76	27.80
Sub Total	(a)	1489.43	1407.86
<b>Dividend income</b>			
Dividend from other investments		7.59	3.35
Sub Total	(b)	7.59	3.35
<b>Other Non-operating income</b>			
Subsidy, relief and concession		16.60	14.07
Grant-in-aid		0.00	2.02
Profit on sale of fixed assets (net)		23.21	18.76
Sub Total	(c)	39.81	34.85
<b>PROVISIONS NO LONGER REQUIRED WRITTEN BACK</b>			
Loans & Advances		20.96	2.67
Sundry Debtors		10.52	8.18
Stores & Spares		7.62	7.57
Others		28.67	27.81
Sub Total	(d)	67.77	46.23
Total	(a+b+c+d)	1604.60	1492.29

### 22: RAW MATERIALS CONSUMED

		(₹ in crore)	
		Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Iron ore		2666.96	2338.56
Coal		17261.40	15806.37
Coke		1853.91	541.23
Limestone		718.50	675.92
Dolomite		324.22	326.45
Ferro Manganese		499.37	533.34
Ferro Silicon		174.62	171.39
Silico Manganese		688.21	700.45
Hot Rolled Stainless Steel Coils		1.02	92.36
Intermediary Products		404.02	0.37
Zinc		69.77	75.51
Aluminum		230.61	197.99
Others		1394.66	1223.60
		26287.27	22683.54
Less : Inter Account adjustment for Raw materials		2542.99	2097.30
		23744.28	20586.24

### 23 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS

		(₹ in crore)	
		Year ended 31 <sup>st</sup> March, 2012	Year ended 31 <sup>st</sup> March, 2011
<b>Opening stock</b>			
- Finished Goods		4649.67	4022.73
- Work in Progress		1492.24	716.55
- Stock in Trade		16.04	0.00
		6157.95	4739.28
<b>Less : Closing stock</b>			
- Finished Goods		5652.05	5432.31
- Work in Progress		2005.91	838.11
- Stock in Trade		0.02	0.01
		7657.98	6270.43
		-1500.03	-1531.15
Less : Variation in Excise Duty on opening and closing stock of finished goods		-142.62	-119.66
Net Accretion(-) to stock		-1357.41	-1411.49

### 24: EMPLOYEE BENEFIT EXPENSE

		(₹ in crore)	
		Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Salaries & Wages		5927.69	5886.02
Leave Encashment		555.43	394.21
Company's contribution to provident & other funds		538.91	516.56
Travel concession		330.68	59.04
Welfare expenses		449.46	681.97
Gratuity		231.92	227.89
		8034.09	7765.69
Less : Grants-in-Aid received from Government of Karnataka		0.25	0.26
		8033.84	7765.43



## Notes (Forming Part of the Consolidated Statement of Profit & Loss)

### 25: FINANCE COST

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>Interest Cost</b>		
- Foreign Currency Loans	91.87	69.48
- Non Convertible Bonds	89.42	92.82
- Bank Borrowings - working capital	29.35	136.71
- Steel Development Fund Loans	4.32	5.41
- Others	531.37	258.14
Other Borrowing Cost	31.84	9.80
	<u>778.17</u>	<u>572.36</u>

#### Note :

**Expenditure on Interest & Finance charges not included above & charged to:**

#### Expenditure During Construction

##### Interest Cost

Foreign Currency Loans	68.33	68.22
Non Convertible Bonds	515.73	448.63
Steel Development Fund Loans - Interest	3.84	2.77
Others	78.62	76.44
Other Borrowing Cost	94.03	12.51
Exchange Loss treated as Interest	110.48	-
	<u>871.03</u>	<u>608.57</u>

### 26 : OTHER EXPENSES

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Consumption of Stores & Spares Parts	1810.59	1684.94
Power and Fuel	3300.01	2707.40
<b>REPAIRS &amp; MAINTENANCE</b>		
Buildings	161.93	130.68
Plant & Machinery	486.64	461.39
Others	<u>165.64</u>	<u>149.18</u>
	814.21	741.25
Freight outward	754.86	724.99
<b>Handling expenses</b>		
- Raw Material	237.19	244.51
- Scrap recovery	<u>146.23</u>	<u>143.35</u>
Royalty and Cess	851.56	580.44
Conversion charges	339.67	330.98
Excise Duty on inter-plant transfer / internal consumption	237.45	141.34
Demurrage & Wharfage	61.84	0.00
Water charges & Cess on water pollution	85.97	82.99
Insurance	9.90	8.12
Postage, Telegram & Telephone	23.64	18.28
Printing & Stationery	10.92	11.14
Rates & Taxes	47.42	48.34
Rent	14.84	20.42
Security expenses	293.82	234.48
Travelling expenses	196.49	191.24
Training expenses*	20.32	18.46
Directors' Fees	0.40	0.26
<b>Remuneration to Auditors</b>		
- Audit fees	1.31	1.31
- Tax Audit fees	0.40	0.39
- In other Services	1.00	1.98
- Out of pocket expenses	<u>0.75</u>	<u>0.70</u>
Cost Audit Fee and reimbursement expenses	0.30	0.12
Provisions		
- Doubtful debts, loans and advances	22.50	16.94
- Stores, Spares and Sundries	<u>43.47</u>	<u>32.48</u>
Write-offs	1.09	1.20
Handling expenses - Finished goods	100.88	90.72
Cash Discount (net)	60.88	52.80
Commission to selling agents	6.39	6.92
Export sales expenses	24.34	14.26
provision for wealth tax	0.00	0.04
Sales expenses	0.43	0.36
Miscellaneous	<u>285.61</u>	<u>435.20</u>
	<u>9806.68</u>	<u>8588.35</u>

\* Training expenses not included above and charged to primary heads of accounts

63.04

56.20

## Notes (Forming Part of the Consolidated Statement of Profit & Loss)

### 27: ADJUSTMENTS PERTAINING TO EARLIER YEARS

(₹ in crore)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Sales	1.20	3.90
Other revenues	-1.01	0.15
Raw materials consumed	-0.12	0.19
Stores & Spares consumed	0.52	0.03
Repair & Maintenance	-0.04	0.00
Excise duty	0.00	-7.05
Other expenses	4.07	-101.16
Depreciation	7.59	-1.54
Interest	0.00	2.67
Net Debit	12.21	-102.81

(-) indicate credit

### Other Notes to Consolidated Financial Statements

28. The Subsidiary Company, Joint Venture Companies and Associate Company, all incorporated in India, considered in the consolidated financial statements, are as follows:

(₹ in crore)

		Proportion (%) of Company's ownership interest	
Sl. No.	Name of the Company	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
A. Subsidiary Company			
	SAIL Refractory Company Limited (SRCL)	100	-
	SAIL-Jagdishpur Power Plant Limited (SJPL)	100	-
B. Joint Venture Companies			
	NTPC SAIL Power Company Private Limited (NSPCL)	50	50
	Bokaro Power Supply Company Private Limited (BPSCL)	50	50
	Mjunction Services Limited (MSL)	50	50
	SAIL Bansal Service Centre Limited (SBSC)	40	40
	North Bengal Dolomite Limited	50	50
	Bhilai Jaypee Cement Limited	26	26
	Bokaro Jaypee Cement Limited	26	26
	S&T Mining Company Private Limited	50	50
	SAIL & MOIL Ferro Alloys Private Limited	50	50
	International Coal Ventures Private Limited	28.57	28.57
	SAIL-SCI Shipping Private Limited	50	50
	Steel Complex Limited	43.8	43.8
	SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL)	50	50
C. Associate Company			
	Almora Magnesite Limited (AML)	20	20

### 29. Principles of consolidation of Financial Statements

- 29.1 The consolidated financial statements of Steel Authority of India Ltd. (SAIL) and its Subsidiary, Joint Ventures and Associate Companies are prepared in accordance with Accounting Standard (AS) - 21 on "Consolidated financial statements", AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 on "Financial reporting of interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and are presented to the extent possible in the same manner as the Company's separate financial statement.
- 29.2 The financial statements of SAIL and SRCL are consolidated as per AS - 21 issued by ICAI on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances/transactions and any unrealised profit/loss included therein. However, materials lying in stock against intra-group transfers

and profit margins included therein, the quantum whereof is insignificant, have been accounted for based on the management certificates.

- 29.3 The interest in the Joint Venture Companies has been accounted by using the proportionate consolidation method as per AS-27, issued by ICAI.
- 29.4 Investment in Associate Company has been accounted for using "equity method" as prescribed by AS - 23 issued by ICAI whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the Associate.
- The carrying amount of investment in Associate Company includes capital reserve of ₹0.56 crore, arising out of acquisition.
- 29.5 The excess of cost to SAIL, of its investment in its Subsidiary, Associate Company and Joint Ventures, over its portion of equity is recognised in the financial statements as Goodwill. The excess of SAIL portion of equity of the Subsidiary, Associate Companies

and Joint Ventures over cost of its investment is treated as Capital Reserve. This has been calculated, presuming such acquisitions to be on the last date of the respective years, irrespective of the actual date of such acquisition.

- 29.6 The accounts of IISCO-Ujjain Pipe & Foundry Company Limited, a wholly owned subsidiary company of SAIL have not been consolidated, being under liquidation.
- 29.7 The accounts of UEC SAIL Information Technology Limited (USIT), Romelt SAIL (India) Limited and N.E. Steel & Galvanising Private Limited, joint venture companies of SAIL have not been consolidated as the same have not been prepared yet.

### 30. CONTINGENT LIABILITIES

(₹ in crore)

		As at 31st March, 2012	As at 31st March, 2011
(i)	Claims against the Group pending appellate/judicial decisions against which the Group has counter claims of ₹18.41 crores (₹17.24 crores) * includes sales tax on inter-state stock transfers from SAIL plants to stockyards ₹761.91 crores (₹836.31 crores) for which no liability is expected to arise, as sales tax has been paid on eventual sales.	5571.31	4318.70
(ii)	Other claims against the Group not acknowledged as debts against which the Group has counter-claims of ₹62.42 crores (₹62.42 crores)	1066.38	653.72
(iii)	Disputed income tax/ service tax / other demand on joint venture company for which company may be contingently liable under the joint venture agreement	36.19	147.85
(iv)	Bills drawn on customers and discounted with banks.	110.95	10.53
(v)	Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	–	–

31. i) The Ministry of Corporate Affairs, vide order dated 10th June, 2011, approved the amalgamation of Maharashtra Elektrosmit Limited (MEL), with the SAIL under sections 391 to 394 of the Companies Act, 1956. As per order, the amalgamation is operative from the appointed date of 1<sup>st</sup> April, 2010 and has come into effect (effective date) on 13<sup>th</sup> July, 2011.
- ii) In terms of the Scheme of amalgamation, the equity shares in SAIL issued by the Company to the shareholders of MEL on 30<sup>th</sup> September 2011, rank pari passu in all respects to the existing equity shares of SAIL with effect from the appointed date and upon the Scheme of amalgamation becoming effective. Accordingly, the appropriation for the dividend includes dividend on 1,24,744 Equity Shares, which have been issued to the shareholders of MEL.

### 32. FIXED ASSETS

#### 32.1 Land:

- (i) Includes 62152.52 acres (62101.12 acres) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- (ii) Includes 1917.06 acres (1845.71 acres) in respect of which title is under dispute.
- (iii) 10594.22 acres (10615.66 acres) transferred/agreed to be transferred or made available for settlement to various Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- (iv) 6162.74 acres (6204.60 acres) given on lease to various agencies/employees/ex-employees.
- 32.2 In respect of SAIL, Buildings include net block of ₹25.71 crore (₹23.71 crore) for which conveyance deed is yet to be registered in the name of the Company. In case of Bhilai Jaypee Cement

Limited, proportionate depreciation on Fixed Assets created against capital Reserve was adjusted in the Statement of Profit and Loss till 31.03.2011. No proportionate depreciation on such Fixed Assets has been adjusted in the Statement of Profit and Loss in 2011-12.

- 32.3 SAIL has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Notification dated 31<sup>st</sup> March, 2009 issued by Ministry of Corporate Affairs on Accounting Standard 11. During the year ended 31<sup>st</sup> March, 2012, the net foreign exchange variations of ₹127.85 crore (net debit) [₹8.09 crore (net credit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets/capital work-in-progress. Out of the exchange differences adjusted from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2012, an amount of ₹81.13 crore (net debit) [₹33.14 crore (net credit)] is yet to be depreciated/amortised as at 31<sup>st</sup> March, 2012. Further, exchange variations amounting to ₹334.85 crore have been treated as interest cost in accordance with paragraph 4(e) of AS-16 - 'Borrowings Costs'.
- 32.4 Estimated amount of contracts remaining to be executed and not provided for (net of advances) on capital account are ₹23942.72 crore (₹25599.78 crore) and on revenue account are ₹1237.74 crore (₹842.38 crore).

### 33. INVESTMENT, CURRENT ASSETS, LOANS & ADVANCES AND CURRENT LIABILITIES & PROVISIONS.

- 33.1 The Central Board of Direct Taxes vide its Notification dated 25<sup>th</sup> September 2001 revised the rules for computation of certain perquisites. The Employees' Union/Association filed writ petitions with the Hon'ble High Court at Kolkata challenging the above Notification. In pursuance of Hon'ble Court's orders, the term deposits (including interest earned thereon) amounting to ₹177.90 crore (₹161.74 crore) have been kept separately with bank(s) in respect of tax deducted on house perquisite w.e.f. 1<sup>st</sup> April 2003 and other perquisites w.e.f. 1<sup>st</sup> October 2001, upto 31<sup>st</sup> March 2005, pending final decision of the Hon'ble Court. Such deductions and deposits after 31<sup>st</sup> March 2005, have been made in accordance with amended law/judicial decisions. However, there is no impact on accounts of the company as the additional tax, if required, shall be recoverable from the employees.
- 33.2 The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Note No. 7- Trade Payables) has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31<sup>st</sup> March, 2012 are as under:

(₹ in crore)

No.	Description	As at 31st March, 2012	As at 31st March, 2011
i.	The principal amount remaining unpaid to supplier as at the end of the accounting year	12.08	24.80
ii.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	–	–
iii.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	–	–
iv.	The interest due thereon remaining unpaid to supplier as at the end of the accounting year	–	–

		For the year ended	
		31st March, 2012	31st March, 2011
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
vi.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-

33.3 Balances shown under 'Other Current Liabilities', 'Short term Loans & Advances' and 'Claims Recoverable' include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.

33.4 SAIL has stock of iron ore fines of 41.18 (41.21) million tonnes at various mines of the Company. Since the usage/sale of such iron ore fines, involves elements of uncertainties, as a matter of prudence, no valuation of such fines has been made in the accounts. However, the revenue earned from actual disposal thereof during the year has been recognised in the books of accounts.

33.5 i) An amount of ₹51.34 crore has been given to Chhattisgarh State Power Transmission Company Limited out of total amount of ₹51.34 crore payable as per demand letter No. CE/Trans./PL-HTC-31/0461 and 0462 dated 04<sup>th</sup> May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances - Deposits". The transmission lines will not be owned by the Company. The MOU has been signed on 12<sup>th</sup> May, 2011.

ii) An amount of ₹132.91 crore has been given to Railways, out of total amount of ₹844.23 crore payable as per MOU dated 11<sup>th</sup> December, 2007 and revised estimate by M/s. RVNL dated 17<sup>th</sup> July, 2009, for construction of railway line for movement of ore from upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances - Deposits". As per the Agreement, the Railways will pay at the end of every year to the Company cash @ 7% per annum for 37 years on total contribution towards redemption of Company's contribution, commencing from the 1<sup>st</sup> year after commissioning of the Phase - I of the Project, subject to fulfillment of certain conditions. The underlying assets will not be owned by the Company.

The accounting treatment of above mentioned issues has been referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) for opinion. The accounting of the above referred issues and similar cases will be done as per the opinion of the EAC of ICAI.

#### 34. STATEMENT OF PROFIT & LOSS

34.1 In respect of SAIL, Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31<sup>st</sup> March 2012: ₹3479.04 crore (Previous year: ₹3466.59 crore) and upto 31<sup>st</sup> March, 2012: ₹14642.06 crore (Previous year: ₹11272.27 crore).

34.2 Power & Fuel does not include expenses for generation of power and consumption of certain fuel elements produced by the Plants which have been included under the primary heads of account.

34.3 In respect of SAIL, the research and development expenditure

charged to Statement of Profit & Loss and allocated to fixed assets, during the year, amount to ₹129.08 crore (₹127.06 crore) and ₹5.37 crore (₹5.08 crore) respectively. The aggregate amount of revenue expenditure incurred on research and development is shown in the respective head of accounts. The break-up of the amount is as under:

(₹ in crore)

Head of Account	For the year ended	
	31st March, 2012	31st March, 2011
Employees Remuneration & Benefits	87.04	93.35
Stores & Spares Consumed	11.15	4.74
Power & Fuel	1.55	1.57
Repairs & Maintenance	2.34	1.81
Other expenses & provisions	23.44	21.81
Interest & finance charges	0.33	0.34
Depreciation	3.39	3.60
Sub-total	129.24	127.22
Less : Transferred to Inter Account Adjustments	0.16	0.16
Total	129.08	127.06

34.4 SAIL reviews the carrying amount of its fixed assets on each balance sheet date for the purpose of ascertaining impairment, if any, by considering assets of entire one plant as Cash Generating Unit. On such review as at 31<sup>st</sup> March, 2012, no provision for the loss making units is required to be made, as the net realisable value thereof, assessed by an independent agency as at 31<sup>st</sup> March, 2011 for IISCO Steel Plant, Alloy Steels Plant, Visvesvaraya Iron & Steel Plant and as at 31<sup>st</sup> March, 2012 for Salem Steel Plant, is more than the carrying amount.

34.5 In respect of SAIL, during the year, the basis of valuation of scrap has been revised, resulting in higher profit of ₹164.34 crore for the year.

34.6 In respect of SAIL, the long-term agreement for wage revision for non-executives expired on 31<sup>st</sup> December 2011. Pending finalisation of fresh agreement w.e.f. 1<sup>st</sup> January 2012, provision towards salaries and wages revision of ₹61.08 crore and ₹0.19 crore have been charged to Statement of Profit & Loss and Expenditure during construction respectively, on an estimated basis.

34.7 In respect of SAIL, Provision for pension under superannuation benefits has been made for executives as per DPE Guidelines and approval of the Board. As the issue remains to be discussed at later date for non-executives and as on date is undecided and there exists no liability, no provision has been made.

34.8 During the year, the unspent carried forward amount of ₹25.73 crore on account of Corporate Social Responsibility (CSR) activities of SAIL pertaining to the year 2010-11, was incurred in full. Against the budgeted amount of ₹64 crore approved by the SAIL Board towards the CSR activities for the year 2011-12, the Company incurred ₹35.52 crore. The balance budgeted amount of ₹28.48 crore, will be spent in due course. Since the Company does not have any contractual obligation/liability as on 31<sup>st</sup> March, 2012, the unspent amount has not been provided in the books and would be accounted for as and when spent/incurred.

34.9 In respect of SAIL, information on leases as per Accounting Standard 19 on 'Leases':

(a) The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on

lease are treated as income in the year of receipt.

(b) In respect of assets taken on lease/rent :

(i) The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit and Loss during the year is ₹11.92 crore (₹14.66 crore).

(ii) Sub -lease recoveries recognised in the accounts are ₹Nil crore (₹0.02 crore).

34.10 In respect of SAIL, The matter with regard to imposition of Entry Tax on Coking Coal and Iron Ore in Bhilai Steel Plant (BSP), Bhilai of the Company is pending in the Hon'ble Supreme Court of India and is sub-judice. As per the Court's Order dated 9<sup>th</sup> Feb,2010, BSP is paying Entry Tax @3% adhoc on Coking Coal and Iron Ore, on month to month basis and as per the same order, the payments towards Entry Tax are being treated as deposits. Till previous year, liability towards Entry Tax (including interest) was provided @6% on Coking Coal and Iron Ore. During the year, based on the legal opinion, the liability towards Entry Tax on Coking Coal and Iron Ore has been retained in the books to the extent of 3% adhoc payments made and the balance liability alongwith interest amount of ₹511.20 crore provided till previous year, has been written back. The same has been disclosed as contingent liability and shown as Exceptional Item in the Statement of Profit & Loss for the year resulting in increase of Profit by ₹511.20 crore.

34.11 In respect of SAIL, pending final decision by the Hon'ble Supreme Court of India on levy of entry tax in Uttar Pradesh, the entry tax demand of ₹62.58 crore during the year in Uttar Pradesh, under dispute, has been treated as contingent liability.

34.12 During the year, the amount of income/expenditure of SAIL, relating to prior period and prepaid expenses, which do not exceed ₹10 lakhs in each case, as against ₹5 lakhs considered upto previous year, have been treated as income/expenditure of current year. As a result, the prior period income/expenditure and prepaid expenses of ₹0.22 crore (net debit) and of ₹0.07 crore respectively have been charged to normal heads of revenue and expenditure during the year.

34.13 In case of Steel complex Limited, S.B.I. continues to be the Monitoring Agency in the matter of SCL (BIFR) under Case No.614/92. In case of SBSCL, the Sales Tax Authorities carried out a Search and Seizure proceedings at the Registered Office of the company on 15<sup>th</sup> / 16<sup>th</sup> July, 2011. Various documents were seized in the process. Hence, certain documents relating to sales and purchases could not be provided to the auditors in the previous year. The authorities have not raised any show cause / demand notice till date. Pending final outcome in this matter, no provision is considered necessary as at the year end.

### 35. GENERAL

35.1 Disclosures as required under Accounting Standard (AS) – 15 (revised) on 'Employee Benefits' and AS – 29 on 'Provisions, Contingent Liabilities and Contingent Assets' in respect of SAIL are given in paragraphs 33.1 and 33.6 respectively of Schedule 3 : 'Significant Accounting Policies and Notes on accounts' forming part of the independent financial statements of SAIL.

### 35.2 Segment Reporting

i) Business Segments: The five integrated steel plants and three alloy steel plants of SAIL, SRCL, two power joint venture companies being NTPC-SAIL Power Company Pvt. Ltd. and Bokaro Power Supply Co. Pvt. Ltd. have been considered as primary business segments for reporting under 'Accounting Standard-17 - Segment Reporting' issued by the Institute of Chartered Accountants of India.

ii) Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.

The disclosure of segment-wise information is given at Annexure-I.

### 35.3 Related Party

As per Accounting Standard - 18 - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties, excluding Government controlled enterprises, are given below: -

#### A.

Nature of Relationship	Name of the related party
Joint Venture	SAIL Bansal Service Centre Limited Mjunction Services Limited UEC-SAIL Information Technology Limited Romelt SAIL (India) Limited N.E Steel & Galvanising Pvt. Limited Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited S & T Mining Co. Pvt. Limited
Nature of Relationship	Name of the related party
Key Management Personnel	Shri C.S.Verma Shri Soiles Bhattacharya (upto 31st August 2011) Shri Shuman Mukherjee Shri S.N. Singh (Upto 30th September 2011) Shri P.K. Bajaj Shri B.B. Singh Shri Anil Kumar Chaudhary (w.e.f. 1st September 2011) Shri S.S. Mohanty Shri V.K. Arora Shri A.S. Mathur Shri S.R. Subhedar Shri V.G. Shankar Shri P.C. Tibrewal Shri H.K. Jain Shri S. Hanumantha Rao Shri Pankaj Gautam Shri S. Chandrasekaran Shri Ranen Nag Shri N.K. Jha Shri M.N. Rai Shri M.R. Panda Shri G.S. Prasad (w.e.f. 1st October 2011) Dr. D. Mukerjee (w.e.f. 1st August 2011) Shri P.K. Mishra (From 01/05/2011 to 31/12/2011) Shri G.S. Gill Shri Sandeep Kumar Shri Viresh Oberoi Shri R.K. Singh Shri Rahul Kumar Shri Neeraj Kr. Mishra Shri Pius Thomas

#### B. Details of transactions between the Company and the Related Parties for the year

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Note No. and Account Head
i)	Other Loans and Advances	-	0.01 (0.03)	0.01 (0.03)	13 : Long term Loans and Advances
ii)	Services rendered	0.87 (0.95)	-	0.87 (0.95)	21 : Other income
iii)	Rental Income	0.18 (0.07)	-	0.18 (0.07)	20 : Revenue from Operations
iv)	Sale of Goods	17.49 (13.48)	-	17.49 (13.48)	

v)	Services received	27.09 (27.50)	- (-)	27.09 (27.50)	26 : Other Expenses
		2.34 (1.79)	- (-)	2.34 (1.79)	11 : Capital WIP
vi)	Managerial remuneration	- (-)	6.29 (8.07)	6.29 (8.07)	24 : Employees' Benefits Expenses

### C. Balances with Related Parties as at the end of the year

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Note No. and Account Head
i)	Other Loans and Advances	1.39 (1.41)	13 : Long term Loans and Advances
ii)	Provision for Loans and Advances	1.39 1.39	16 : Trade Receivables
iii)	Sundry Debtors	0.50 (1.00)	7 : Trade Payables
iv)	Sundry Creditors	4.34 (4.85)	
v)	Security Deposit	0.38 (0.38)	4 : Other long Term Liabilities

### D. Disclosure of Material Transactions with Related Parties

(₹ in crore)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011	Note No. and Account Head
<b>Sale of Goods</b>			
Bhilai Jaypee Cement Limited	15.58	7.86	20 : Revenue from Operations
Bokaro Jaypee Cement Limited	1.91	5.62	
<b>Services Rendered</b>			
Bhilai Jaypee Cement Limited	0.87	0.95	21 : Other income
Bokaro Jaypee Cement Limited	0.18	0.07	
<b>Auction Services</b>			
Mjunction Services Limited	27.84	27.62	26 : Other Expenses
<b>Conversion Charges</b>			
SAIL-Bansal Services Centre Ltd.	1.59	1.67	

- 35.4 In accordance with AS-22 on 'Accounting for Taxes on Income' by the Institute of Chartered Accountants of India, net deferred tax, has been accounted for, as detailed below:

#### SAIL

(₹ in crore)

	As on 31 <sup>st</sup> March 2012	As on 31 <sup>st</sup> March 2011
<b>Deferred tax liability</b>		
Difference between book and tax depreciation	2667.84	2519.47
Total	2667.84	2519.47
<b>Deferred tax assets</b>		
Retirement Benefits	4.61	21.48
Others	1018.75	1006.92
Total	1023.36	1028.40
<b>Net Deferred tax liability</b>	1644.48	1491.07

#### SRCL

	As on 31 <sup>st</sup> March 2012
<b>Deferred Tax Liability</b>	
Difference of Book and tax depreciation	0.18
<b>Deferred Tax Assets</b>	
Retirement Benefits	0.05
Others	0.01
<b>Total Deferred Tax Assets</b>	0.06
Net Deferred Tax Liability	0.12

#### NSPCL

Deferred Tax Liability	2011-12	2010-11
Difference of Book depreciation and tax depreciation	196.12	181.05
Less : Deferred Tax Assets		
Unabsorbed Depreciation/Loss & other disallowances	51.38	95.18
	144.74	85.87
Less : Recoverable from customer	17.05	17.05
Net Deferred Tax Liability	127.69	68.82

#### MSL

Particulars	Deferred tax assets/ (liabilities) as at 01.04.2011	Current year Charge / (Credit)	Deferred tax assets/ (Liabilities) as at 31.03.2012
<b>Deferred Tax Liabilities</b>			
Difference between book and tax depreciation	1.10	0.36	1.46
<b>Total Deferred Tax Liability</b>	1.10	0.36	1.46
<b>Deferred Tax Assets</b>			
Difference between book and tax depreciation			
Provision for Leave Salary	0.17	-0.06	0.23
Provision for Doubtful Debts	0.07	0.02	0.05
Provision for Gratuity	0.06	-0.05	0.11
Provision for diminution in value of investment	-	-	-
Others	0.34	0.05	0.29
<b>Total Deferred Tax Assets</b>	0.64	-0.04	0.68
<b>Net Deferred Tax Assets</b>	-0.46	0.32	-0.78

#### BJCL

Sl. No.	Particulars	2011-12	2010-11
1.	Deferred Tax liability on account of - Depreciation	(19.79)	(12.17)
2.	Deferred Tax Assets on account of : - Employees' Benefits - Unabsorbed Business Loss - Unabsorbed Depreciation - Others	0.16 3.98 13.64 0.03	0.08 - 5.45 1.04
	<b>Net Deferred Tax Assets/(Liabilities) as per Balance Sheet</b>	<b>(1.98)</b>	<b>(5.60)</b>

#### BOJCL

Sl. No.	Particulars	2011-12	2010-11
1.	Deferred Tax liability on account of - Timing difference in WDV of Fixed Assets	7.78	-
2.	Deferred Tax Assets on account of : - Employees' Benefits - Others	0.05 0.06 0.11	- - -
	<b>Net Deferred Tax Liability/(Assets)</b>	<b>7.67</b>	<b>-</b>

- 35.5 The first accounts of SRCL and SRBWIP have been consolidated for period from 23.08.2011 to 31.03.2012 and from 30.12.2010 to 31.03.2012 respectively. The previous year figures considered this year are not same as those of the figures considered in the consolidated financial statements for the year 2010-11 due to unaudited financial statements of certain joint venture companies being audited during the year.

- 35.6 The financial statements for the year ended 31<sup>st</sup> March, 2011 had been prepared as per the then applicable pre-revised Schedule-VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31<sup>st</sup> March, 2012 have been prepared under the revised Schedule-VI. Accordingly, the previous year figures have been re-arranged/re-grouped/re-cast, wherever necessary. Figures in brackets pertain to previous year.



## Segment Information for the year ended 31st March, 2012

### A. BUSINESS SEGMENT

(₹ in crore)

Particulars	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	POWER COMPA- NIES	OTHERS	INTER SEGMENT SALES	SAIL
<b>REVENUE</b>												
- External Sales												
Current year	17909.50	6983.48	8556.08	12474.93	1699.03	570.32	1551.78	440.31	–	490.47		<b>50675.90</b>
Previous year	(17236.04)	(6232.87)	(7452.19)	(11672.70)	(1878.06)	(447.64)	(1544.82)	(467.33)	(–)	(277.19)		<b>(47208.84)</b>
- Inter Segment Sales												
Current year	1180.88	480.13	190.36	390.10	1232.56	497.55	9.13	102.14	1236.38	2168.63	-7487.86	–
Previous year	(631.32)	(346.70)	(156.56)	(152.84)	(569.26)	(635.72)	(5.84)	(50.75)	(1052.60)	(1399.88)	(-5001.47)	<b>(0.00)</b>
- Total Revenue												
Current year	19090.38	7463.61	8746.44	12865.03	2931.59	1067.87	1560.91	542.45	1236.38	2659.10	-7487.86	<b>50675.90</b>
Previous year	(17867.36)	(6579.57)	(7608.75)	(11825.54)	(2447.32)	(1083.36)	(1550.66)	(518.08)	(1052.60)	(1677.07)	(-5001.47)	<b>(47208.84)</b>
<b>RESULT</b>												
- Operating profit / (-) loss (Before Interest expenses and exceptional item)												
Current year	2643.04	655.47	879.40	1019.77	-324.13	-45.98	-96.59	-130.59	251.10	1471.31		<b>6322.80</b>
Previous year	(3550.55)	(461.90)	(967.77)	(1313.01)	(9.34)	(-14.88)	(22.14)	(-129.07)	(248.80)	(1402.49)		<b>(7832.05)</b>
- Interest expenses												
Current year												<b>778.17</b>
Previous year												<b>(572.36)</b>
- Exceptional items												
Current year												<b>262.02</b>
Previous year												<b>(-123.88)</b>
- Income Tax												
Current year												<b>1689.66</b>
Previous year												<b>(2369.57)</b>
- Net Profit / Loss (-)												
Current year												<b>3592.95</b>
Previous year												<b>(5014.00)</b>
<b>OTHER INFORMATION</b>												
- Segment Assets												
Current year	13632.45	3712.14	11756.96	10689.07	14204.60	688.98	3908.60	732.86	2256.61	16913.33		<b>78495.60</b>
Previous year	(10939.01)	(3210.61)	(9447.19)	(8800.05)	(12034.13)	(621.43)	(3379.25)	(709.41)	(2159.23)	(26796.83)		<b>(78097.14)</b>
- Segment Liabilities												
Current year	4082.10	1271.95	2062.22	2622.05	1310.37	270.81	483.81	199.27	576.19	11163.68		<b>24042.45</b>
Previous year	(5052.36)	(1448.37)	(2484.24)	(3030.12)	(1707.74)	(319.30)	(452.09)	(248.09)	(519.76)	(13693.62)		<b>(28955.69)</b>
- Capital Expenditure												
Current year	2695.63	664.74	2582.20	1057.94	2101.82	33.48	38.88	2.61	65.56	506.14		<b>9749.00</b>
Previous year	(1497.19)	(223.52)	(2501.46)	(1346.82)	(3503.23)	(17.16)	(664.69)	(7.22)	(66.60)	(441.94)		<b>(10269.83)</b>
- Depreciation												
Current year	321.33	293.57	331.98	298.88	56.72	14.01	99.99	13.58	99.81	156.03		<b>1685.90</b>
Previous year	(307.25)	(314.28)	(332.77)	(295.21)	(49.62)	(13.70)	(42.92)	(14.32)	(101.44)	(131.45)		<b>(1602.96)</b>
- Non Cash expenses other than depreciation												
Current year	6.86	4.18	12.08	5.17	1.04	6.40	0.02	3.75	14.99	11.48		<b>65.97</b>
Previous year	(1.92)	(2.37)	(7.04)	(5.17)	(10.41)	(10.21)	(0.14)	(1.31)	(0.52)	(10.33)		<b>(49.42)</b>

### B. GEOGRAPHICAL SEGMENT

(₹ in crore)

Particular	Current Year	Previous Year
<b>Sales Revenue</b>		
India	<b>49445.75</b>	46228.30
Foreign Countries	<b>1230.15</b>	980.54
<b>Total</b>	<b>50675.90</b>	47208.84

#### Note :

- (1) Segment assets/liabilities exclude inter-unit balances
- (2) Total carrying amount of segment assets by geographical location of assets, for the Company's overseas operations are below 10% of the total assets of all segments, and hence not disclosed.

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF STEEL AUTHORITY OF INDIA LIMITED AND ITS SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES.

We have audited the attached Consolidated Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, and its Subsidiary Companies, Associate and Joint Venture Companies (together referred to as SAIL group) as on 31<sup>st</sup> March, 2012 and the annexed Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- The audit of the financial statements of the following entities in the SAIL group has been carried out by the other auditors whose report has been furnished to us by the management, and our opinion, in so far as it relates to the assets and revenues of these entities included in the consolidated financial statements, is based solely on the reports of the other auditors.

(₹ in crore)

Name of the Joint Venture Company	Assets	Revenues
NTPC SAIL Power Company Private Limited	1730.10	890.03
Mjunction Services Limited	146.06	68.39
Bokaro Jaypee Cement Limited	144.67	71.04
S&T Mining Company Private Limited	3.25	0.10
SAIL SCI Shipping Pvt. Ltd.	0.11	0.01

(₹ in crore)

Name of the Associate Company	Share of Profit
Almora Magnesite Limited	0.14

- In respect of the following companies, we did not carry out the audit. Our opinion, in so far as it relates to the assets and revenues included in respect of these Subsidiaries and Joint Ventures, is based solely on the provisional financial statements as furnished to us by the management as mentioned against each. Since the financial statements of these joint ventures for the year ended 31<sup>st</sup> March, 2012 were not audited, any subsequent adjustment to the balances in the course of audit could have consequential effects on the attached consolidated financial statements.

(₹ in crore)

Name of the Subsidiary Company	Assets	Revenues	Authenticated by
SAIL Refractory Company Limited	77.25	31.12	Subsidiary's Management
SAIL-Jagdishpur Power Plant Limited	0.05	-	Subsidiary's Management
<b>Name of the Joint Venture Company</b>			
Bokaro Power Supply Company Private Limited	526.51	335.38	SAIL Management
SAIL Bansal Service Centre Limited	11.93	9.68	SAIL Management
SAIL & MOIL Ferro Alloys Pvt. Ltd.	8.11	-	JV Management
International Coal Ventures Private Limited	52.00	-	JV Management
Bhilai Jaypee Cement Limited	243.77	162.51	JV Management
North Bengal Dolomite Limited @	0.19	-	SAIL Management
Steel Complex Limited	5.56	20.47	JV Management
SAIL-RITES Bengal Wagon Industry Private Limited @	10.29	0.03	JV Management

@ These accounts have not been prepared in accordance with revised Schedule VI to the Companies Act, 1956. The Current Assets, Loans and Advances have been taken as current assets in consolidation; similarly Current Liabilities & Provisions have been taken as Other Current Liabilities.

3. The Accounts of IISCO-Ujjain Pipe & Foundry Company Limited, another Subsidiary Company of SAIL have not been consolidated as the said company is under liquidation.
4. The Accounts of UEC SAIL Information Technology (USIT) Limited, Romelt-SAIL(India) Limited and N.E. Steel & Galvanising Private Limited, Joint Venture Companies of SAIL have not been consolidated as the accounts of these companies are not made available.
5. In respect of SAIL, since the matter regarding provision of pension under superannuation benefits for non executives remains undecided and the amount also not ascertained, we are therefore unable to express our opinion on the same and the effect on the accounts, if any (Refer note no. 34.7).
6. In respect of Associate Company, Almora Magnesite Limited, in the case of AS-18 of related party disclosures, provision made towards retirement benefit to key managerial person has not been disclosed and in case of AS-28, loss due to impairment of assets has not been worked out.
7. Without qualifying our opinion, we draw attention to Note Numbers 34.1 & 34.11 of notes to Consolidated Financial Statements.
8. Bokaro Power Supply Company Private Limited is also governed by the Electricity Act, 2003 and NTPC SAIL Power Company Private Limited has during the year adopted depreciation rates as prescribed by CERC, for CERC Regulated plants, w.e.f. 01.04.2009. The provisions of the said Act/Commission read with rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
9. In respect of SAIL SCI Shipping Private Limited, the Directors have not provided the written representations to whether the public companies, if any, in which they are directors as on March 31, 2012, have not defaulted in terms of Section 274(1)(g) of the Companies Act, 1956. In the absence of these representations, we are unable to comment whether any of Directors are disqualified from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956.
10. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", AS-23, "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27, "Financial reporting of interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Steel Authority of India Limited and its Subsidiaries, Joint Ventures and Associate included in the consolidated financial statements.
11. Subject to paras 2 to 6 above, we report that on the basis of the information and explanations given to us and on the consideration of the individual audited financial statements as stated in para 1 above, and provisional financial statements as stated in para 2 above, of the SAIL group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in case of Consolidated Balance Sheet, of the state of affairs of the SAIL Group as at 31<sup>st</sup> March, 2012;
  - ii) in case of Consolidated Statement of Profit & Loss, of the profit of the SAIL Group for the year ended on that date; and
  - iii) in case of the Consolidated Cash Flow Statement, of the cash flows of the SAIL Group for the year ended on that date.

**For Tej Raj & Pal**  
Chartered Accountants  
Firm Registration No.:304124E

Sd/-  
**[B. Ganga Raju]**  
Partner  
(M. No. 7605)

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 001135N

Sd/-  
**[Gaurav Mittal]**  
Partner  
(M. No. 99387)

**For O.P. Totla & Co.**  
Chartered Accountants  
Firm Registration No.: 000734C

Sd/-  
**(S.K. Acharya)**  
Partner  
(M. No. 078371)

**Place :** New Delhi

**Dated :** 7<sup>th</sup> August, 2012

## PRINCIPAL EXECUTIVES

As on 27.07.2012

### CORPORATE OFFICE

#### NEW DELHI

##### **Chairman**

C. S. Verma

##### **Directors**

*Commercial*

S. Mukherjee

*Finance*

Anil Kumar Chaudhary

*Technical*

S. S. Mohanty

*Personnel*

H. S. Pati

*Projects & Business Planning*

T. S. Suresh

*Raw Materials & Logistics*

A. K. Pandey

##### **Executive Directors**

*Vigilance*

N. Kothari

*Projects*

S. C. Dangayach

SAILCON

D. Rath

*Steel Processing Unit*

S. K. Dey

*Internal Audit*

D. P. Bajaj

*Corporate Planning*

Rakesh Kulshreshtha

*Coal Import Group*

D. Ranjan

*Personnel & Administration*

B. Dhal

*Operations*

R. K. Vijayavergia

*Law & PLO*

Adwaita Kumar Panda

*Fin. & Accts. and Company Secretary*

Devinder Kumar

*Collieries*

P.C. Tibrewal

CMMG

S. Dasgupta

*Logistics & Infrastructure*

K.K. Pahuja

*Corporate Affairs*

Arti Luniya

ICVL

A.K. Mathur

##### **Safety**

*Executive Director*

V. G. Shanker

##### **Environment Management Division**

*Executive Director*

A. J. Malhotra

##### **Growth Division**

*Executive Director*

T. K. Das

##### **Management Training Institute**

*Executive Director*

M. R. Panda

### STEEL PLANTS / UNITS

#### **Bhilai Steel Plant**

*Chief Executive Officer*

Pankaj Gautam

*Executive Directors*

*Personnel & Administration*

M. Akhouri

*Works*

Y. K. Degan

*Projects*

S. B. Jagdale

*M&HS*

Dr. Subodh Hiran – Dir I/c

*Materials Management*

S. R. Rai

#### **Durgapur Steel Plant**

*Chief Executive Officer*

P. K. Singh

*Executive Directors*

*Personnel & Administration*

Jeevesh Mishra

*Projects*

Amit Kumar Ray

*Works*

Madhusudan

*Materials Management*

Shantanu Chakravarty

#### **Rourkela Steel Plant**

*Chief Executive Officer*

G. S. Prasad

*Executive Directors*

*Personnel & Administration*

D. Basu

*Works*

S. N. Roy

*Materials Management*

R. K. Nehru

#### **Bokaro Steel Plant**

*Chief Executive Officer*

A. Maitra

*Executive Directors*

*Projects*

Umesh Kumar

*Works*

S. Shekar

#### **IISCO Steel Plant**

*Chief Executive Officer*

N. K. Jha

*Executive Directors*

*Personnel & Administration*

P. Sahay

*Finance & Accounts*

Sudhir Kumar

*Projects*

R. N. Das

*Materials Management*

R. Verma

*Works*

I. C. Sahu

#### **Alloy Steels Plant**

*Executive Director*

P.K. Mishra

#### **Salem Steel Plant**

*Executive Director*

S. Chandrasekaran

#### **Visvesvaraya Iron & Steel Plant**

*Executive Director*

S. S. Verma

### UNITS

#### **Research & Development Centre for Iron & Steel**

*Executive Director*

S. Varadarajan

#### **Raw Materials Division**

*Executive Directors*

M. N. Rai – I/c

Kalyan Maity

#### **Centre for Engineering & Technology**

*General Manager I/c*

U. C. M. Gupta

#### **Central Marketing Organisation**

*Executive Directors*

*Marketing*

Binod Kumar

*Finance & Accounts*

A. K. Ghosh

*Marketing – Long Product*

Dr. Anil Dhawan

*Marketing – Flat Product*

V.K. Ameta

*Marketing – Commercial*

T. K. Sahu

#### **Transport & Shipping**

*Executive Director*

P. Raychaudhary

#### **SAIL Refractory Unit**

*Executive Director*

S. Hanumantha Rao

#### **Chandrapur Ferro Alloy Plant**

*General Manager*

P. S. Bhadauria looking after the work of ED, CFP



सेल SAIL

## Notice

### STEEL AUTHORITY OF INDIA LIMITED

REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD, NEW DELHI - 110003

NOTICE IS HEREBY GIVEN THAT the 40th Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Friday, the 21<sup>st</sup> September, 2012 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001 to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2012, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Dr. Jagdish Khattar, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Prof. Subrata Chaudhuri, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Shuman Mukherjee, who retires by rotation and is eligible for re-appointment.
5. To fix the remuneration of the Auditors of the company appointed by the Comptroller & Auditor General of India for the year 2012-2013.
6. To declare dividend for the financial year 2011-2012.

#### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

8. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

9. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

10. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

11. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

12. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

13. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

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

14. To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

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

#### Article 30.a

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

(Devinder Kumar)

Executive Director (F&A) &  
Secretary

New Delhi

Dated: 9<sup>th</sup> August, 2012

Registered Office:

Ispat Bhawan, Lodi Road, New Delhi-110003.

## Notes:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item Nos.7 to 14 above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.
3. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
4. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
5. The Register of Members of the Company will remain **closed from 11<sup>th</sup> August, 2012 to 1st September, 2012 (both days inclusive)**.
6. M/s. MCS Limited are acting as the Registrar and Transfer Agent (R&TA) for carrying out the company's entire share related activities viz. Transfer / transmission / transposition / dematerialisation / rematerialisation / split / consolidation of shares, change of address, bank mandate, filing of nomination, dividend payment and allied activities. Shareholders are requested to make all future correspondence related to share transfer and allied activities with this agency only at the following address:  
M/s. MCS Limited,  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I,  
New Delhi-110020  
Phone No.011-41406149 e-mail: admin@mcsdel.com

### 7.(i) Dematerialisation

Securities and Exchange Board of India (SEBI) Regulations provide that equity shares of SAIL are to be compulsorily delivered in the dematerialized form, for the purpose of trading. Though most of the shareholders have converted their holdings into demat form, it is seen that some shareholders still hold their shares in paper form (Physical). In this connection it is advised in their interest, to open a demat account with any depository participant authorized by either National Securities Depository Ltd. or Central Depository Services Ltd and dematerialize their shares.

- ii) Members holding shares in the physical form should notify change in their addresses, if any, to the R&TA specifying full address in block letters with **PIN CODE** of their post offices, which is mandatory. Members holding shares in the Electronic Form (Demat), should inform the change of address to their Depository Participant.

### iii) ECS MANDATE

Shareholders holding shares, whether in Physical or Demat form are advised to opt for Electronic Clearing Services (ECS) for any future payouts from the company. Under the ECS, the payment instruction is issued by the banker (Payer's banker) electronically to the clearing authority (RBI or SBI). The clearing authority provides

credit reports to the payee's Bank, who credits the amount to their respective accounts. It becomes inevitable that the shareholders opting for ECS should provide details of their Bank Name, A/c no., A/c Type, Branch name, 9 digit MICR no. along with their Name and Folio Number (DP-ID/Client ID) to the Company if their holding is in Physical form and to the Depository participant, if their holding is in demat form.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Shares Department/R&TA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
9. The Company has transferred to Investor Education and Protection Fund, unclaimed dividends till financial year 2004-05 (Interim). The Company has, thereafter, paid/declared the following dividends:

Year	Interim Dividend (%)	Final Dividend (%)
2004-2005	-	18.00
2005-2006	12.50	7.50
2006-2007	16.00	15.00
2007-2008	19.00	18.00
2008-2009	13.00	13.00
2009-2010	16.00	17.00
2010-2011	12.00	12.00
2011-2012	12.00	-

Shareholders who have not encashed their dividend warrants as above are requested to make their claims to the Company.

10. Members seeking further information on the Accounts or any other matter contained in the Notice, are requested to write to the Company atleast 7 days before the meeting so that relevant information can be kept ready at the meeting.
11. **Green Initiative in Corporate Governance of Ministry of Corporate Affairs.**

The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the circulars issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents (including notice(s) calling General Meeting(s), Audited Financial Statements, Directors' Report, Auditors' Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders.

Members are requested to opt for receipt of the above notices/ documents through electronic mode. They are requested to register their e-mail ID for this purpose with their respective depository participant or with the Company's Registrar and Transfer Agent i.e. M/s. MCS Limited at the address given above or e-mail at [gogreensail@mcsdel.com](mailto:gogreensail@mcsdel.com).

Please note that these documents will also be available on the Company's website [www.sail.co.in](http://www.sail.co.in) and physical copies of the same will also be available at the registered office as mentioned herein above for inspection during office hours.

12. **Entry to the Auditorium will be strictly against Entry Slip available at the counters, at the venue and against exchange of Attendance Slip.**
13. **No Brief case or Bag or mobile phone will be allowed to be taken inside the auditorium.**



## ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

### Item No. 7

On nomination by the President of India vide Government's Notification No.6(3)/2011-SAIL-PC dated 10<sup>th</sup> January, 2012, Dr. Isher Judge Ahluwalia was appointed as an Additional Director of the Company with effect from 16<sup>th</sup> January, 2012 and vacates her office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Dr. Isher Judge Ahluwalia as a candidate for the office of Director of the Company.

Dr. Isher Judge Ahluwalia has done Ph.D. in Economics. She is an eminent Economist and is presently Chairperson of ICRIER. She was earlier also on the Board of Directors of SAIL.

Board considers it desirable that the Company should continue to avail itself of her services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Dr. Isher Judge Ahluwalia, to the extent of her appointment as Director, is concerned or interested in the above resolution.

### Item No. 8

On nomination by the President of India vide Government's Notification No.6(3)/2011-SAIL-PC dated 10<sup>th</sup> January, 2012, Shri Sujit Banerjee was appointed as an Additional Director of the Company with effect from 16<sup>th</sup> January, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri Sujit Banerjee as a candidate for the office of Director of the Company.

Shri Sujit Banerjee is MA (Economics) and an MBA. He has rich experience primarily in the Government sector. He belonged to the Indian Administrative Service and functioned in various capacities in the Government of India such as Secretary and Chairman, National Authority on Chemical Weapons Convention, Cabinet Secretariat; Secretary, Central Vigilance Commission and retired as Secretary (Tourism) to the Government of India.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri Sujit Banerjee, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No. 9

On nomination by the President of India vide Government's Notification No.6(3)/2011-SAIL-PC dated 10<sup>th</sup> January, 2012, Shri Arun Kumar Srivastava was appointed as an Additional Director of the Company with effect from 16<sup>th</sup> January, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri Arun Kumar Srivastava as a candidate for the office of Director of the Company.

Shri Arun Kumar Srivastava is M.Com (Applied Economics) and Fellow Member of Institute of Chartered Accountants of India. His field of specialization is Finance.

Board considers it desirable that the Company should continue to avail

itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri Arun Kumar Srivastava, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.10

On nomination by the President of India vide Government's Notification No.6(11)/2008-SAIL (PC) Vol.II dated 14<sup>th</sup> March, 2012, Shri S.S. Mohanty was appointed as an Additional Director of the Company with effect from 15<sup>th</sup> March, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri S.S. Mohanty as a candidate for the office of Director of the Company.

Shri S.S. Mohanty is M.Sc. Engg (Mechanical) and also holds PG Diploma in Industrial Engineering. He has experience and expertise in the production, planning and management of Steel Plants. He is presently on the Board of S&T Mining Company Private Limited. He was also on the Board of SAIL earlier as Managing Director, Bokaro Steel Plant from 01.10.2010 to 27.10.2010.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri S.S. Mohanty, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.11

On nomination by the President of India vide Government's Notification No.6(2)/2011-SAIL-PC-Vol.II dated 13<sup>th</sup> March, 2012, Shri H.S. Pati was appointed as an Additional Director of the Company with effect from 1<sup>st</sup> May, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri H.S. Pati as a candidate for the office of Director of the Company.

Shri H.S. Pati is MA (Economics) and also holds Diploma in Social Welfare. His area of specialization and experience is Human Resource Management.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri H.S. Pati, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.12

On nomination by the President of India vide Government's Notification No.6(5)/2011-SAIL-PC-Vol.II dated 4<sup>th</sup> May, 2012, Shri T.S. Suresh was appointed as an Additional Director of the Company with effect from 4<sup>th</sup> May, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri T.S. Suresh as a candidate for the office of Director of the Company.

Shri T.S. Suresh is B.Tech (Electrical Engineering). He has experience and expertise in the production, planning and projects management in Steel Plants.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri T.S. Suresh, to the extent of his appointment as Director, is concerned or interested in the above resolution.

#### Item No.13

On nomination by the President of India vide Government's Notification No.6(4)/2011-SAIL-PC-Vol.II dated 24<sup>th</sup> May, 2012, Shri A.K. Pandey was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> May, 2012 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri A.K. Pandey as a candidate for the office of Director of the Company.

Shri A.K. Pandey is BE/B.Tech.(Mechanical) and also holds PG Diploma in Management. He has experience and expertise in the issues relating to Raw Materials management for steel plants. He is presently on the Board of S&T Mining Company Private Limited and SAIL SCI Shipping Company Private Limited.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri A.K. Pandey, to the extent of his appointment as Director, is concerned or interested in the above resolution.

#### Item No.14

The Government of India, Department of Public Enterprises (DPE) vide its Office Memorandum dated 26<sup>th</sup> March, 2012 has issued Guidelines regarding buy back of shares. It states that listed Central Public Sector Enterprises (CPSEs) are not exercising the option to buy back their shares as private companies do to provide for sustained investor interest in the company and protect their market capitalization in the long term interest of the company's ability to raise funds from the market. DPE

has also directed that CPSEs will amend their Article of Association to provide for buy back of shares.

In terms of the provisions of the Companies Act, 1956, buy back of shares can be made by a Company provided a provision to this effect is contained in the Articles of Association (AoA) of the Company. The AoA of SAIL at present do not contain provision for buy back of shares and, as such, are required to be amended to provide for the same. In view of this, the Articles of Association of the Company are proposed to be amended to make provision for buy back of shares by inserting the Article 30.a as proposed below:

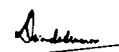
#### Article 30.a

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

The Directors, therefore, recommend the Special Resolution. None of the Directors of the company is interested or concerned in the resolution.

By order of the Board of Directors



**(Devinder Kumar)**

Executive Director (F&A) & Secretary

New Delhi

Dated: 9<sup>th</sup> August, 2012

Registered Office: Ispat Bhawan, Lodi Road, New Delhi-110003

#### Details of Directors seeking re-appointment in forthcoming Annual General Meeting furnished in terms of Clause 49 of Listing Agreement:

Name of the Director	Dr. Jagdish Khattar	Prof. Subrata Chaudhuri	Shri Shuman Mukherjee
Date of Birth	18.02.1942	16.12.1947	13.10.1954
Date of Appointment	21.08.2010	21.08.2010	23.12.2010
Expertise in Specific functional areas	Administration	Coal Mining	Marketing
Qualifications	BA, L.L.B	BE (Min), M.Tech, FCC (Coal)	BA(Hons.), CA
List of Companies in which outside Directorship is held.	<ul style="list-style-type: none"> <li>Carnation Auto India Pvt. Ltd. - CMD</li> <li>Genpact Ltd. - Director</li> <li>Hindalco Industris Ltd. Director in casual vacancy.</li> <li>Fullerton India Credit Co. Ltd. - Director</li> <li>HDFC Ergo General Insurance Co. Ltd. - Director</li> <li>Khattar Auto India Pvt. Ltd. - Director</li> <li>Carnation Realty Pvt. Ltd. - Director</li> <li>Metro Valley Business Park Pvt. Ltd. - Director</li> </ul>	<ul style="list-style-type: none"> <li>Eastern Coal Fields Ltd. - non-official Director</li> </ul>	
Chairman/Member of the Committees of the Board of the Companies on which he is a Director.	<b>SAIL</b> <ul style="list-style-type: none"> <li>Audit Committee - Member</li> </ul>	<b>SAIL</b> <ul style="list-style-type: none"> <li>Audit Committee - Member</li> </ul>	

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### ATTENDANCE SLIP

Folio No:

Name and Address \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 40<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on 21<sup>st</sup> September, 2012 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.

Member's/Proxy's Name (In Block Letters) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

#### NOTE:

1. Please sign this attendance slip and hand over at the Attendance Verification Counter at the Entrance of the Meeting Hall.
2. This attendance slip is valid only in case shares are held on the date of meeting.
3. The members holding shares in Dematerialised (D Mat) form are advised to bring with them their DP ID and Client ID Numbers.
4. REGRET NO GIFTS.

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### PROXY FORM

I/We .....of .....

in the district of .....

(Write full address)

hereby appoint .....of .....

(Write full address)

or failing him .....of .....

(Write full address)

as my/our proxy and to vote for me/us or my/our behalf at the 40<sup>th</sup> Annual General Meeting of the Company to be held on 21<sup>st</sup> September, 2012 at 1030 hours and at any adjournment thereof.

Signed this .....day of .....2012

Signature(s) .....

Ledger Folio/DP ID & Client ID No. ....

No. of Shares held .....

Please affix  
Re. 1  
Revenue  
Stamp

#### NOTE:

1. The Proxy need NOT be a member.
2. The Proxy Form signed across Re.1 revenue stamp should reach the Company's Registered Office atleast 48 hours before the scheduled time of meeting.
3. Please fill in full particulars.

# STEEL AUTHORITY OF INDIA LIMITED

Ispat Bhawan, Lodi Road, New Delhi - 110 003

Ph. 011-24367481, Fax : 011-24367015, Website : [www.sail.co.in](http://www.sail.co.in)

Ref No : SAIL/B&CA/AR/2012

Date : 09.08.2012

Dear Shareholder,

## RE : Green Initiative in Corporate Governance : Go Paperless

The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can send various notices/documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered e-mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

This is also a golden opportunity for every shareholder of Steel Authority of India Limited (the Company) to contribute to the Corporate Social Responsibility initiative of the Company. All you have to do is to register your e-mail id with the company to receive communication through electronic mode.

### ADVANTAGES OF REGISTERING FOR E-COMMUNICATION :

• Receive communication promptly • Reduce paper consumption and save trees • Eliminate wastage of paper • Avoid loss of document in postal transit • Save costs on paper and postage.

We, therefore, invite you to contribute to the cause by filling up the form given alongwith for registering your e-mail ID and send it back to us.

Kindly note that if you still wish to get a hard copy/physical copy of all the communications, the Company undertakes to provide the same at no extra cost to you. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to [investor.relation@sail.co.in](mailto:investor.relation@sail.co.in) or send a letter at the following address.

MCS Limited, Unit : SAIL, F-65, Okhla Industrial Area, Phase-I, New Delhi - 110020

OR COMPANY ADDRESS as mentioned above.

You can also download the attached registration form from our website : [www.sail.co.in](http://www.sail.co.in)

Best Regards,

For Steel Authority of India Ltd.

Sd/-

(Devinder Kumar)

Exec. Dir. (F&A) & Secretary

## E-COMMUNICATION REGISTRATION FORM

To  
MCS Limited  
Unit : SAIL  
F-65 Okhla Industrial Area, Phase-I,  
New Delhi - 110020  
Dear Sir/Madam

### RE: Green Initiative in Corporate Governance

I agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. / DP ID & Client ID : .....  
Name of 1st Registered Holder : .....  
Name of Joint Holder (s) : .....  
Registered Address : .....  
E-mail ID : .....

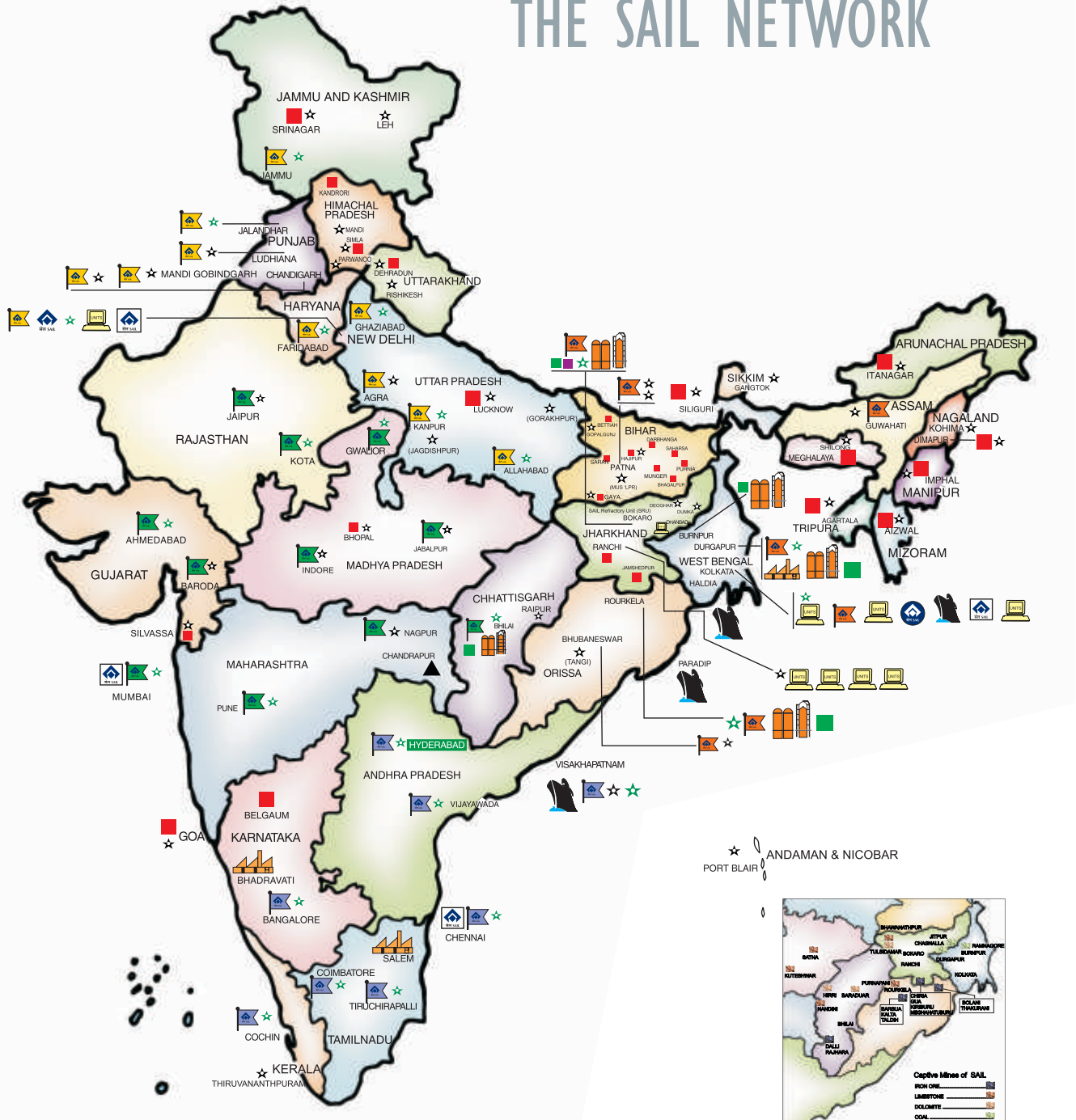
Date : .....


















Signature of the first holder .....

### Important Notes :

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio/DP ID & Client ID.
- 2) The form is also available on the website of the company [www.sail.co.in](http://www.sail.co.in)
- 3) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email ID given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned e-mail ID.
- 4) If shares held in electronic mode, kindly register your e-mail id with your DP.

## THE SAIL NETWORK



CORPORATE OFFICE .....		CMO HEAD HEADQUARTERS .....		BRANCH SALES OFFICES	
INTEGRATED STEEL PLANTS .....		REGIONAL OFFICES .....		1. NORTHERN REGION .....	
ALLOY AND SPECIAL STEEL PLANTS .....		DEPARTMENTAL WAREHOUSE .....		2. EASTERN REGION .....	
FERRO ALLOY PLANT .....		CONSIGNMENT AGENCY YARD .....		3. WESTERN REGION .....	
UNITS .....		SHIPPING OFFICE .....		4. SOUTHERN REGION .....	
		Sales Resident Manager .....		CUSTOMER CONTACT OFFICE .....	
				SAIL Refractory Unit (SRU) .....	

There's a little bit of SAIL in everybody's life

## BOOK POST

Permitted to post on prepayment of postage in cash at BPC, SJ Stg. Office, New Delhi - 110003, under CPMG, Delhi Circle,  
Licence No. DEL/BDM/BPC SJ STG/SAIL/08/20-8-12 to 25-8-12/180000/13 dated 14-08-2012

To,



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड

STEEL AUTHORITY OF INDIA LIMITED

Ispat Bhawan, Lodi Road, New Delhi-110 003

website : [www.sail.co.in](http://www.sail.co.in)

*There's a little bit of SAIL in everybody's life*