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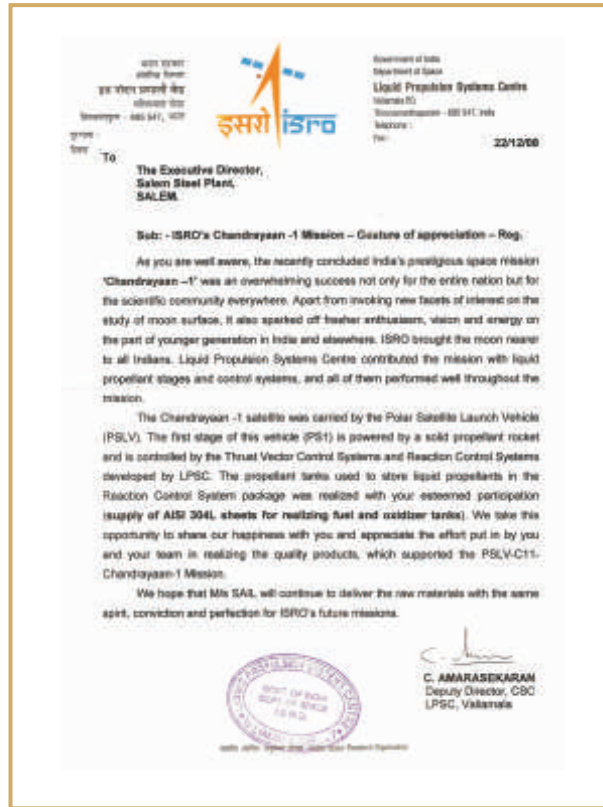
SAIL – Resilient. Committed.

It has been more than a year, that countries across the world, including India, are undergoing one of the toughest global economic crisis. This depressed economic and industrial scenario has initiated a process of litmus test to measure the resilience of business entities and expose the foundation of organisations.

SAIL didn't remain untouched by these developments. It chose to meet the challenge of tough times by reflecting upon its established practices and modifying them in the light of this changed environment. Steadily pushing towards the goal of

maximising yield from physical and human capital, SAIL reinforced its commitment towards building strong systems and resilient attitudes.

With soaring input prices, fluctuating market and the world economy in a state of flux, SAIL remained undeterred in placing greater emphasis on all-round cost efficiency and going forward with its modernisation and expansion plans. SAIL's achievements in these turbulent times are a proof, that while the clouds on the horizon of SAIL changed colours, its feet on the ground definitely grew firmer.



SAIL supplied steel for tanks used to store liquid propellants in Reaction Control System package of the Polar Satellite launch Vehicle (PSLV) - C 11 which carried the Chandrayaan -1 satellite into space.

SAIL's ascent in terms of productivity and performance, irrespective of unfavourable situations, is not a matter of chance. It's a consequence of decades of deliberate action, geared towards instilling strength and flexibility in SAIL's physical resources and human potential.

The year 2008-09 marks yet another milestone for SAIL, dotted with challenging tasks and rewarding actions. At this juncture, we once again commit ourselves to evolving time-tested and resilient practices, and deepen our resolve to fulfill our commitments to the Nation.

ON BOARD THE SHIVALIK

Ajai Shukla gets a tour of the first stealth frigate India has built, days ahead of its commissioning

...the Shivalik is the first Indian warship to be built... with Indian steel.

The Steel Authority of India Limited has finally mastered the art of mass-producing specially toughened, warship-grade steel; no longer will India shop abroad for thousands of tons of steel for each warship it builds.

An excerpt from the article 'On Board the Shivalik', Business Standard (Weekend), March 21, 2009



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 2008-09

- ▶ Highest ever Turnover of Rs. 48,681 crore - a growth of 7%.
- ▶ EBIDTA of Rs. 10,942 crore.
- ▶ Profit Before Tax (PBT) of Rs. 9,403 crore.
- ▶ Profit After Tax (PAT) of Rs. 6,175 crore.
- ▶ Highest ever Net Worth of Rs. 27,984 crore - a growth of 22%.
- ▶ Total Dividend payout (including interim dividend of 13%) at 26% (Rs. 1,074 crore).
- ▶ Produced 14.4 million tonnes of Hot Metal, 13.4 million tonnes of crude steel and 12.5 million tonnes of saleable steel.
- ▶ Cost Reduction initiatives resulted in savings of around Rs. 834 crore.
- ▶ Share of value-added steel in overall production grew to 30% compared to 27% in 2007-08 and best-ever sales of value added steel - a growth of 8%.
- ▶ Best ever coke rate at 521 kg/thm (2% improvement).
- ▶ Best ever specific energy consumption at 6.74 Gcal/Tcs (3% improvement).
- ▶ Highest ever labour productivity of 215 tonnes / man / year.
- ▶ National record of lining life achieved for top blown converter, with converter 'A' at BSP achieving a landmark of 10,115 heats.
- ▶ Best-ever sales of 4.45 million tonnes of long products, with total sales of 11.32 million tonnes.
- ▶ Distribution network expanded to 625 districts of the country with around 2400 dealers in place.
- ▶ Record supplies to projects of national importance - sales to the power sector, telecom sector, DMRC and the railways grew 41%, 58%, 49% and 4% respectively.
- ▶ To enhance customer satisfaction about a million tonnes of steel products delivered at customers premises - up by 61%.

Awards & Accolades



The performance of SAIL has been widely recognized by all stakeholders including leading financial institutions/ rating agencies and industry bodies, winning several awards/ accolades in various fields. Some are :

- President of India, Her Excellency, Smt. Pratibha Devisingh Patil conferred the first prize to SAIL's in-house Rajbhasha journal "Ispat Bhasha Bharti". The award was received by Chairman SAIL, Shri S.K. Roongta on the occasion of the Hindi Day on September 14, 2008. The publication has the unique honour of securing the first prize among all PSUs under the All-India House Journal Award Scheme of the Ministry of Home Affairs, Government of India, for the second consecutive year.
- SAIL has won six Prime Minister's Shram Awards for the year 2006 - 42% of total awards in the country - Bhilai Steel Plant (BSP) won one PM's Shram Bhushan, one PM's Shram Vir and one PM's Shram Shri Award. Durgapur Steel Plant (DSP) won two PM's Shram Vir Awards and RSP won one PM's Shram Shri Award. The break-up of awards is as under :

PM Shram Awards	Total No. of awards (No. of workers)	Plant	No. of awards per plant (workers)
Shram Bhushan	1 (5)	BSP	1 (5)
Shram Vir	4 (19)	BSP DSP RSP	1 (5) 2 (13) 1 (1)
Shram Shree	1 (1)	BSP	1 (1)
Total	6 (25)		6 (25)

- Highest No. of Vishwakarma Rashtriya Puraskar 2007 amongst both public & private sectors bagged by SAIL employees - 15 out the total 28 awards (54% of the total awards). These were for the performance year 2006, involving total 68 employees of five plants. The break-up of awards is as under:

Class	No. of VRPs won	No. of employees	Plant-No. of awards (No. of employees)
A	2	10	BSP-1 (5) & BSL-1 (5)
B	6	29	BSP-2 (10), DSP-2 (13), RSP-1 (1) & BSL-1 (5)
C	7	29	BSP-1 (5), DSP-1 (1), RSP-3 (16), BSL-1 (5) & SSP - 1 (2)
Total	15	68	

- SAIL has won the "ICWAI National Award for Excellence in Cost Management-2007" of the Institute of Cost and Works Accountants of India (ICWAI) in the category /Public sector manufacturing organisation with turnover more than Rs. 1000 crore.
- Commendation certificate from SCOPE under the award category "SCOPE Meritorious Award for Good Corporate Governance" for the year 2006-07.
- SAIL received the "Best Turnaround Award" from Smt. Sheila Dikshit, Hon'ble Chief Minister of Delhi, in the first 'Dalal Street Investment Journal PSU Awards 2009' ceremony held on March 27, 2009 at New Delhi.
- SAIL Quality Circle teams won highest number of awards in the country at the International QC Meet in Bangladesh held in the last week of Oct'08; seven Excellent, seven Extra Ordinary & one Meritorious Awards.
- Indian Institute of Metals conferred awards to 4 SAIL professionals viz. OP Jindal Award. 3 SAIL executives also declared Metallurgist of the Year-Young Metallurgist of the Year.
- SAIL is among the 'top companies' selected for National Award for Excellence in Corporate Governance 2008 by the Institute of Company Secretaries of India.
- Institute of Chartered Accountants of India conferred ICAI Awards for Excellence in Financial Reporting under the category of Manufacturing & Trading Enterprises.
- CII ITC Sustainability Award – 2008 'Certificate for Strong Commitment' conferred on SAIL amongst large business organisations.
- Adjudged as the top Indian company under the Iron and Steel Sector in the Dun & Bradstreet - Rolta Corporate Awards 2008.
- Adjudged Best PSU and conferred with Business & Economy Leadership and Excellence Awards 2008 by Planman Media.
- Runner-up in the NIPM National Award for 'Best HR Practices 2008' competition organised by the National Institute of Personnel Management (NIPM) during December 2008- January 2009.
- "Global HR Excellence Award 2008-09" under the award category "Outstanding Contribution to the cause of Education".

- Good Performance Award "ICWAI National Award for Excellence in Cost Management -2008" of the Institute of Cost and Works Accountants of India (ICWAI).

SAIL's plants and units also won various awards/accolades. A few are :

Bhilai Steel Plant (BSP)

- CII-ITC Sustainability Award 2008 in the independent unit category.
- "Golden Peacock National Training Award" for the year 2008 from the World Council for Corporate Governance through the Institution of Directors (IOD), New Delhi.
- Awarded the "Golden Peacock Award - 2008" in recognition of its initiatives and efforts in the corporate social responsibility front in Portugal.
- "Golden Peacock Climate Change Award" for the year 2008 from the World Environmental Foundation, New Delhi, in recognition of its excellent efforts for the preservation of environment.
- "Green Tech Platinum Award" for the year 2008 from the Green Tech Foundation, New Delhi, in recognition of excellent efforts in the environment front.
- "Greentech Safety Gold Award" by Greentech Foundation for outstanding achievement in Safety Management.

Durgapur Steel Plant (DSP)

- "Greentech Environment Excellence Award-Gold" presented on September 5-7, 2008 from the Greentech Foundation at Goa in recognition of its excellent efforts for environmental preservation.
- Received "Ispat Suraksha Puraskar Award" on August 12, 2008 from the Joint Committee on Safety, Health and Environment in the Steel Industry at Ranchi in recognition of the fact that there was no fatal accident during 2007.
- DSP has received the "Business Excellence Award" on December 19, 2008 from the Indian Economic Development and Research Association (IEDRA) in recognition of its strong commitment for Business Excellence during the year 2008.

Rourkela Steel Plant (RSP)

- Received the coveted Best Organisation Gold Award under the "Rajiv Gandhi Memorial National Awards-2008" for Excellence in Indian Industries. The award was presented to RSP at a glittering function organised at the Institution of Engineers (India) Ltd., Khairatabad, Hyderabad on July 13, 2008.
- Received "Business Excellence Award" from the Confederation of Indian Industry (CII) and Export - Import (Exim) Bank of India on November 8, 2008 in recognition of its strong commitment for Business Excellence during the year 2007-08.

Bokaro Steel Plant (BSL)

- "Rajiv Gandhi National Quality Award - 2007" to BSL in "Best of All" category by Bureau of Indian Standards.
- "Enterprise Excellence Award" for the year 2007 from the Indian Institute of Industrial Engineering in recognition of its outstanding operational and financial achievements.
- "Golden Peacock Award" for Occupational Health & Safety 2008.

IISCO Steel Plant (ISP)

- Received "Green Tech Excellence Award (Silver)" in July 2008 from the Green Tech Consultancy Services awarding body in recognition for maintaining specified norms for environmental protection for the year 2007-08.

Raw Materials Division (RMD)

- Two iron ore mines (Kiriburu & Kalta) and one limestone mine (Kuteshwar) of SAIL, RMD have received five National Safety Awards for their commendable performance in maintaining the safety standard in the mines. Hon'ble President of India, Smt. Pratibha Devi Singh Patil, gave away the awards in a function held at Vigyan Bhavan, New Delhi on May 5, 2008.

Salem Steel Plant (SSP)

- Declared winner of Greentech Safety Award (Silver) in Metal & Mining Sector for extra-ordinary performance and achievement in Safety Management.
- Golden Peacock Occupational Health & Safety Award - Special Commendation Certificate from the Institute of Directors (IOD) New Delhi, in recognition for effective occupational health and safety performance during the year 2007-08.
- Awarded the "CSR Award" by the Tamil Nadu government for the year 2008-09 for its valuable contribution towards socio-economic upliftment of neglected sections of society through CSR initiatives.
- Won the National Sustainability Award - 2007 (First Prize) amongst the Secondary Steel Plants / Alloy Steel Plants category by Indian Institute of Metals.

Research and Development Centre for Iron & Steel (RDCIS)

- Received "Golden Peacock National Quality Award - 2008" from the Institute of Directors for the year 2008.

Environment Management Division (EMD)

- "Golden Peacock Finalist Certificate" for the year 2008 from the Institute of Directors (IOD) in recognition for eco-renovation.



Board of Directors

Chairman

Shri S.K. Roongta

Functional Directors

Personnel

Shri G. Ojha

Finance

Shri Soiles Bhattacharya

Commercial

Shri S.S. Ahmed

Technical

Shri V.K. Gulhati

Managing Directors

Durgapur Steel Plant

Shri V. Shyamsundar

Bokaro Steel Plant

Shri V.K. Srivastava

Bhilai Steel Plant

Shri R. Ramaraju

IISCO Steel Plant

Shri S.P. Rao

Rourkela Steel Plant

Shri S.N. Singh

Government Directors

Shri B.S. Meena

Special Secretary & Financial Adviser
Ministry of Steel, Government of India

Shri G. Elias

Joint Secretary

Ministry of Steel, Government of India

Independent Directors

Prof. Javaid Akhtar

Shri P.K. Sengupta

Dr. Vinayshil Gautam

Secretary

Shri Devinder Kumar

Bankers

- Allahabad Bank
- Andhra Bank
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Canara Bank
- Central Bank of India
- Corporation Bank
- Dena Bank
- IDBI Bank
- Indian Bank
- Indian Overseas Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- Punjab National Bank
- State Bank of Bikaner & Jaipur
- State Bank of Hyderabad
- State Bank of India
- State Bank of Indore
- State Bank of Mysore
- State Bank of Patiala
- State Bank of Travancore
- Syndicate Bank
- UCO Bank
- Union Bank of India
- United Bank of India
- Vijaya Bank
- Jammu & Kashmir Bank Ltd.
- HDFC Bank Ltd.
- ICICI Bank Ltd.
- AXIS Bank Ltd.
- Karnataka Bank Ltd.
- ING Vysya Bank Ltd.
- Indusind Bank Ltd.
- The Karur Vysya Bank Ltd.
- Kotak Mahindra Bank Ltd.
- Federal Bank Ltd.
- South Indian Bank
- Yes Bank Limited

Statutory Auditors

M/s. Dass Maulik Mahendra K. Agrawala & Co.

Chartered Accountants

M/s. T.R. Chadha & Co.

Chartered Accountants

M/s. Chaturvedi & Co.

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@sailex.com

Board of Directors



Shri S.K. Roongta



Shri B. S. Meena



Shri G. Elias



Shri V. Shyamsundar



Shri V. K. Srivastava



Shri G. Ojha



Shri R. Ramaraju



Shri Soiles Bhattacharya



Shri S. S. Ahmed



Shri V. K. Gulhati



Shri S.P. Rao



Shri S.N. Singh



Prof. Javaid Akhtar



Shri P. K. Sengupta



Dr. Vinayshil Gautam

Directors' Report



Dr. Manmohan Singh, Hon'ble Prime Minister, laying the foundation stone for Modernisation & Expansion of SAIL's Salem Steel Plant on September 5, 2008, in the august presence of Smt. Sonia Gandhi, Hon'ble Chairperson, UPA. Also seen in the picture are other prominent dignitaries (from left to right): Shri GK Vasan, the then Hon'ble Minister of State for Statistics and Programme Implementation; Smt. Subbulakshmi Jagadeesan, the then Hon'ble Minister of State for Social Justice and Empowerment; Shri Mani Shankar Aiyar, the then Hon'ble Union Minister for Panchayati Raj and Development of North East Region; Shri KV Thangka Balu, the then Hon'ble Member of Parliament, Salem; Shri Ram Vilas Paswan, the then Hon'ble Union Minister for Chemicals & Fertilizers and Steel; Shri PK Rastogi, Secretary (Steel), Govt of India; Shri SK Roongta, Chairman, SAIL; Dr. Anbumani Ramadoss, the then Hon'ble Union Minister for Health and Family Welfare; Shri TR Balu, the then Hon'ble Union Minister for Shipping, Road Transport and Highways; Shri Jitin Prasada, the then Hon'ble Union Minister of State for Steel; Shri Veerapandi S. Arumugam, Hon'ble Minister for Agriculture, Tamil Nadu; Dr. K. Ponmudi, Hon'ble Minister for Higher Education, Tamil Nadu and Shri BB Singh, Executive Director, SAIL's Salem Steel Plant.

To,

The Members,

The Directors have pleasure in presenting the 37th Annual Report of the company together with audited accounts for the year ended 31st March, 2009.

FINANCIAL REVIEW

The Financial Year 2008-09 started on a positive note with steel demand and prices reaching historic peaks. However, this upward trend for the global steel industry was halted by the impact of a downswing in economic activities and got reflected in the sharp decline in production by almost all the major steel producers of the world in the second half. The steel sector in India also witnessed sudden wane in demand and sharp dip in prices in second half due to worldwide decline in economic activities.

SAIL re-oriented its production in line with the market demand, which resulted in achieving saleable steel production of 12.5 million tonnes with improved product-mix. Several capital schemes, mainly related to improvement in quality, upgradation of existing facilities and replacement etc., were completed during the year which helped in overall improvement in operational areas, substantial improvement in the net worth of the Company as well as generating internal resources for funding expansion plan.

Your Company set a new record in achieving turnover of Rs.48,681 crore during 2008-09 registering a growth of 7% over previous year. Various initiatives taken by the company and buoyancy in steel market enabled your company to make record best ever first half profit during 2008-09. However, the second half of the financial year witnessed steep fall in steel prices. This coupled with substantially high price of imported coking coal affected the profitability adversely. Though steel demand in the country, which slid downward from September, 2008, picked up from January, 2009 but prices continued to remain low. As a result of this, the profit before tax of Rs.9,403 crore (the profit after tax during the current year stood at Rs.6,175 crore) was affected due to re-orientation of production in second half of 2008-09 in line with lower demand and sales volume of saleable steel. Decrease in total production, sales volume and fall in steel prices in the second half, escalation in input prices, particularly of indigenous and imported coal, adverse foreign exchange parity, increase in the provision for wage revision adversely affected the profitability of the company. However, this was partially offset by early strategic actions taken by the management, viz. increase in production and sales of value added products, better product-mix, improved techno-economic parameters (coke rate, blast furnaces productivity, specific energy consumption etc.), optimization in procurement, continuous emphasis on cost reduction and prudent funds management etc. Advancing part shipment of imported

coking coal for 2009-10 delivery period, which was at substantially lower price as compared to price for 2008-09 delivery period, to Feb-March, 2009 also impacted the profitability favourably. The major financial parameters are given as under:

	Rupees in crore	
	2008-09	2007-08
Sales Turnover	48,681.39	45,555.34
Profit before interest, depreciation and tax (EBIDTA)	10,941.81	12,955.15
Less: Interest and Finance Charges	253.24	250.94
Less: Depreciation	1,285.12	1,235.48
Profit before tax (PBT)	9,403.45	11,468.73
Less: Provision for taxation	3,228.64	3,931.95
Profit after tax (PAT)	6,174.81	7,536.78
Key ratios :- EBIDTA to Net sales (%)	25.4	32.8
Return (PAT) on Net worth (%)	22.1	32.8
EBIDTA to average capital employed (%)	34.7	48.0
Earning per share (Rupee 10/- each)	14.95	18.25
Debt Equity Ratio	0.27:1	0.13:1

The Company continued its thrust on better fund management. This included replacement of high cost short term loans with low cost debts, strategic parking of surplus funds with scheduled banks, actions for future fund raising etc. to meet our growth objectives. M/s FITCH Ratings and M/s CARE, RBI approved credit rating agencies, have assigned "AAA" ratings indicating the highest safety, to SAIL's long term borrowing programme. The company had liquid assets of Rs.17,714 crore as at 31st March 2009 invested in short term deposits with scheduled banks and considering borrowings of Rs.7,539 crore maintained its virtual debt free status.

The Company has paid interim dividend @ 13% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 13% subject to approval of shareholders, thus making the total dividend @ 26% of the paid up equity share capital for the year 2008-09.



Shri Ram Vilas Paswan, the then Hon'ble Minister of Chemicals & Fertilizers and Steel and Shri S.K. Roongta, Chairman, SAIL, handing over a cheque for Rs. 638.04 crore on November 6, 2008, as a final dividend for 2007-08 to Dr. Manmohan Singh, Hon'ble Prime Minister of India, in the presence of Shri P.K. Rastogi, Secretary (Steel) and Shri Soiles Bhattacharya, Director (Finance), SAIL.

SAIL is among the twenty five companies selected for National Award for Excellence in Corporate Governance 2008 by the Institute of Company Secretaries of India. Institute of Chartered Accountants of India also conferred ICAI Awards for Excellence in Financial Reporting under the category of Manufacturing and Trading Enterprises. The Institute of Cost & Works Accountants of India (ICWAI) under its National Award for Excellence in Cost Management-2008, also conferred upon SAIL the 'Good Performance Award', as a recognition to company's efforts in the areas of cost management practices and attainment of cost consciousness in the organization. The ICWAI also conferred upon Bhilai Steel Plant and Rourkela Steel Plant 'Third Award' and 'Good Performance Award' respectively in the category of Public Sector manufacturing units (Large) for the year 2008.

PRODUCTION REVIEW

The year 2008-09 has been unprecedented for steel industry. Initially, the steel market showed increased demand and buoyancy in prices along with sharp rise in input prices, followed by a sudden drop in the demand since October, 2008 due to overall slow down in the economy. This situation posed complex challenges for SAIL to re-orient its production when plants were geared for high growth. With a pro-active approach, SAIL has tried to convert challenges into opportunities for further improving operational efficiency.

Action plans were drawn up for aligning production with market requirement taking into account the finished products inventories, sales potential, in-process inventory, status of existing assets in operation & potential for optimizing operations for reducing cost of production and to utilize the opportunity for the improving the health of equipment. Two blast furnaces, one each at BSP and BSL, were taken down for repairs. In spite of this, production in the second half was 4% higher than first half. SAIL plants produced 12.5 million tonnes of saleable steel, achieving 113% capacity utilisation during the year. Highest ever production of saleable steel has been achieved at Bhilai and Durgapur during the year. Production of hot metal at 14.4 million tonnes and crude steel at 13.4 million tonnes also exceeded the rated capacity.

Product-mix improved significantly during the year with thrust on re-orienting production as per market. Best ever annual production of finished products like, Wire rods at 6.55 lakh tonnes with a growth of 5% over previous best of 6.26 lakh tonnes achieved in 2007-08 and Rails at 9.82 lakh tonnes with a growth of 7% over previous best of 9.19 lakh tonnes in 2007-08. Production of Light structurals also went up by 2%, Medium structurals by 5%, and Electrolytic Tin plate by 37% over the previous year.

Production of special quality & value added products was highest ever at 3.73 million tonnes during the year, with a growth of 11 % over previous year. Best ever production was achieved during the year in case of UTS-90 Rails at 8.15 lakh tonnes with a growth of 3%, high corrosion resistant (HCR) TMT bars in Fe-500 grade at 85,000 T with a growth of 38% and SAILCOR quality HR & CR products at 44,000 T with a growth of 8% over previous year.

Several new products were developed during the year to expand the portfolio of special products as per market requirement, which include - high strength chromium-vanadium alloyed 110 UTS Rails, Ultra-high strength SAILMA 600 plates, high tensile ship building quality plates in NV E36 grade, high tensile weather resistant plates in IRS M-41 grade in 8 & 10 mm for Indian Railways (BSP), earthquake resistant TMT bars (DSP). WTCR HR Coils with Boron for better formability, 130 mm plates for T-90 Battle Tank, 'SAIL Abhed' steel for bullet proof rail wagon for defence (RSP), thinner gauge (1.2 mm) Cold rolled SAILCOR, high strength LPG EN 10120, high strength formable grade for load

bearing members, high strength wear resistant - SAIL MC 60, air hardening strapping steel and API 5L X 70 (BSL). SAIL supplied steel for tanks used to store liquid propellant in the Reaction Control System package of the Polar Satellite Launch Vehicle (PSLV) which carried the Chandrayaan-1 satellite into space. Specially toughened warship grade SAIL steel was used in the Shivalik, the first Indian warship to be made with Indian steel.

SAIL plants enhanced operational efficiency by improving techno-economic parameters. Best ever performance was achieved in case of coke rate at 521 kg/Thm with improvement of 2.4% and Specific energy consumption at 6.74 Gcal/Tcs with an improvement of 3% over previous year. Coal Dust Injection (CDI) rate in blast furnace improved by 36% over the previous year. Proportion of crude steel through energy efficient concast route was increased to 66%, highest ever achieved so far. BSP achieved new landmark of converter lining life of 10,115 heats in converter 'A', which is highest achieved for any top blown converter in the country. Lowest ever wagon detention time of 21.7 hrs/wagon was achieved leading to reduction of 14% over previous year.

Raw Materials

During the year 2008-09, the prices of raw materials were at unprecedented peak. The prices of imported coking coal under long term agreements trebled as compared to prices in the previous year. Besides, the market price of Iron Ore in 2008-09 also almost doubled in the above period. In order to reduce the adverse impact of high imported coking coal prices, your company took measures which included reduction of imported coking coal in the coal blend and advancing part shipment of imported coking coal for 2009-10 delivery period, which was at substantially lower price as compared to price for 2008-09 delivery period, to February-March, 2009. As regards Iron Ore, the company has fulfilled the requirement of iron ore from its captive mines for its steel plants by producing about 24.43 million tonnes during 2008-09. The production of limestone and dolomite from captive mines was at 2.45 million tonnes. The production of coking and non-coking coal was at 1.015 million tonnes during 2008-09.

The iron ore requirement is expected to go up to about 42 million tonnes after completion of modernization and expansion plan of SAIL. Delay in renewal of leases for Chiria, statutory clearances for existing mines and also delay in grant of Prospecting License for Thakurani mines are affecting the enhanced requirement of steel plants. As a mid-course correction, steps have been initiated during 2008-09 for expansion of existing mines with beneficiation facilities



A view of SAIL's Chiria Mines.

After rigorous follow-up with the state government of Jharkhand, the company has been able to pursue with the state government to 'in principle' consider transfer of leases of Chiria mines from the erstwhile IISCO to SAIL. The matter for the grant of forest clearances is also being actively pursued with the respective state governments of Jharkhand as well as Orissa.

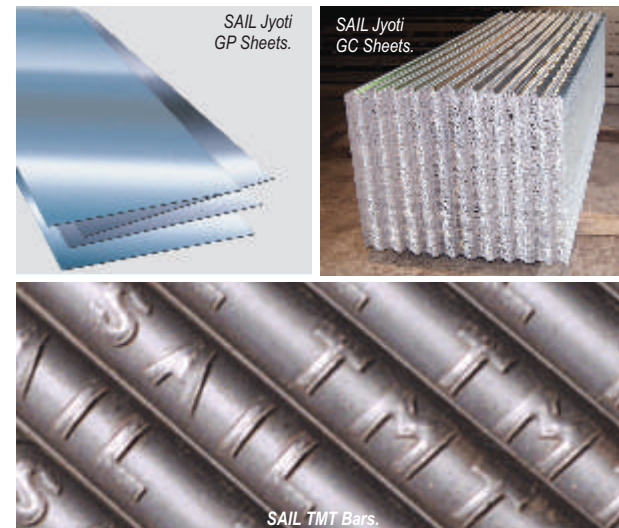
Towards development of Rowghat deposit as an alternative source of iron ore to Bhilai Steel plant (BSP), the company has been granted 'in-principle' forest clearance after rigorous follow-up with various agencies. The land acquisition and construction of rail link between Dalli-Rajhara and Rowghat are also under progress.

The company has taken several steps to enhance production of both coking coal and thermal coal in captive collieries at Chasnalla, Ramnagore and Jitpur. Grant of statutory clearances are in progress for development of new coking coal mines at Tasra and Sitanala blocks.

The company has formed a new Joint Venture (JV) company with Tata Steel Ltd.; namely "S&T Mining Company Pvt. Ltd." for joint acquisition & development of coal blocks/mines. New indigenous opportunities for coking coal development are being explored by the JV company for securing coking coal supplies.

SALES & MARKETING REVIEW

- During the financial year 2008-09, company achieved sales of 11.315 million tonne steel in spite of steep decline in demand from Sept'08. Exports of steel were limited to 2.5 lakh tonnes to improve availability of steel in the domestic market during Apr-Aug'08 when steel prices were very high. Sales of special steel which constituted 29% of total domestic sales recorded 8% growth over last year. Major categories recording growth over previous year were TMT bars - 14%, Medium Structurals - 3% and Heavy Structurals - 88%.



Record supply of rails was made to Indian Railways (including RVNL) at 7.90 lakh tonnes, a growth of 5.5% over previous year. During the year, record supply of long rails (130/260 meter) was made to Indian railways at 1.06 lakh tonnes registering a growth of 5.1% over previous year. Supply of 26 meter Rails was also increased by 9% over previous year at 2.14 lakh tonnes.

- SAIL distribution network was expanded by establishing warehouses at 7 new locations during the year. SAIL has now established warehouses at all the State capitals and Union Territories. With this, SAIL's marketing network has expanded to 37 Branch Sales Offices, 24 Customer Contact offices and 65 Warehouses. SAIL has the widest network of branches and warehouses in the country among steel producers, which helps it in meeting requirements of wide range of customers at their doorstep in time. Distribution through dealers' network was extended to cover 625 districts. Strength of dealers has gone up to 2406 as on 1st April, 2009. Sales to dealers at 5.15 lakh tonnes grew by 56% over previous year. Towards improving customer satisfaction and greater logistics support, door delivery to customers was also stepped up. Around one million tonne steel was delivered to customers at their premises, recording a growth of 61% over previous year.
- The company maintained its presence in neighbouring and traditional markets and exported about 2.5 lakh tonnes steel during the year. The products exported were primarily Billets, Wire Rods, Plates, HR Coils and CRNO Coils. For the first time, exports of Plates were made to African and Gulf countries. Some of the other new markets where exports were undertaken for GP Sheets were Kuwait, Uganda, South Africa, Bangladesh and Myanmar. Boiler Quality Plates and GC sheets were added to the export basket for the first time.

HUMAN RESOURCES MANAGEMENT REVIEW

The Company has always believed that human resource is its most important asset and continues to work for its development and realization of its potential. To achieve growth and to foster motivational climate, several initiatives were undertaken in the HR area during the year. The thrust on optimal utilization of manpower with focus on improvement in productivity continued. With a reduction of 7,509 during the year, manpower strength of SAIL as on 31st March, 2009 was 121295 comprising 15,621 executives and 1,05,674 non-executives. Labour productivity touched a new peak of 215 Tonne/Man/Year in year 2008-09.

Presidential Directives on Schedule Castes (SC) and Schedule Tribes (ST) continued to be implemented. As on 31st March 2009, out of total manpower, 15.24% were SC and 12.54 % were ST. During the year 2009, out of total recruitments of 2063 employees made by the company, 281 candidates (13.63%) and 361 (17.50%) candidates belonged to SC and ST categories respectively.

Other initiatives undertaken for the welfare for SC/STs: SAIL steel plants and units including mines are located in economically backward regions of the country with predominant SC/ST population. Therefore, SAIL has contributed to the overall development of civic, medical, educational and other facilities in these regions.

Besides, your Company has also undertaken several initiatives for the welfare of SC/ST and other weaker sections of the society, such as:

- 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. This has benefited around 19,000 students. The number of non-employees' wards getting this benefit is around 8000.
- Your company has awarded 132 scholarships to encourage meritorious and deserving SC/ST students

- SAIL plants have adopted 124 SC/ST students belonging to BPL families/ primitive tribes. They are being provided free education, boarding, lodging and medical facilities for their overall growth.
- An ITI has been opened at Gua Mines on 13/09/07. As the local population comprises of mainly SC/STs, this initiative will benefit them in acquiring the employment oriented essential technical skills.
- 51 tribal students are taught free of cost in company sponsored DAV school at Chiria.



Students of Birhor Tribes adopted by SAIL.

- At each of the main integrated steel plant location, one school has been opened to provide free primary education to the children of economically weaker section living below poverty line. They are being provided free uniforms, books and other stationary items besides mid-day meal to encourage them to attend the school.
- SAIL plants organize free medical camps for the welfare of villagers living in the peripheral villages of steel townships.
- Your Company has constructed roads in and around steel plant and mine locations for the benefit of the peripheral population. These initiatives help in making a meaningful difference in the lives of the local SC/ST population.

Your company continued with the thrust on implementation of Official Languages Policy of Government of India. The Company won the first prize in the area of promoting the usage of Hindi in official work from Government of India, Ministry of Steel. The in-



Shri S.K. Roongta, Chairman, SAIL, receiving the First Prize from President of India, Her Excellency, Smt. Pratibha Devisingh Patil for its Rajbhasha House Magazine "Ispat Bhasha Bharti" under the All India House Journal Award Scheme of the Ministry of Home Affairs, Govt. of India, on September 14, 2008 at Vigyan Bhawan New Delhi.

house Hindi magazine 'Ispat Bhasha Bharati' bagged two first prizes for best Hindi journal - one at the national level from Government of India, Ministry of Home Affairs given by Hon'ble, President of India to Chairman SAIL and another from TOLIC-Delhi, constituted by Government of India. The company has also organized a two day National Seminar in Hindi on "Role of HR in enhancing business competitiveness" in which faculty from top management institutes like IIM, FMS, MDI, etc. participated.

Grievance Redressal Machinery in SAIL

An effective internal grievances redressal machinery exists in all SAIL Plants/Units, separately for executives and non-executives. The grievance procedure/machinery in SAIL Plants/Units have been evolved after sustained deliberations and consent of employees, trade union representatives/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 pay irregularities, working conditions, transfers, leave, work assignments and welfare amenities etc. All such issues are effectively settled through the grievance redressal machinery. In fact, several grievances are settled at informal level itself in view of participative nature of environment existing in Steel Plants. The system is very comprehensive and has proved effective in promoting harmonious relationship between employees and management.



Chairman, SAIL Shri S.K. Roongta interacting with the employees at shop floor in SAIL's Bhilai Steel Plant.

Implementation of RTI Act, 2005

Right to Information Act 2005 (RTI) empowers the common citizen by providing access to information held by the Public authorities pertaining to any period, in any form, including inspection of records. SAIL has always endeavoured to see that various enabling provisions of the Act are implemented in letter and spirit. During 2008-09, your Company has received nearly 1800 requests. Different types of information as sought by the applicants have been given within the set timelines and only 43 cases were referred to CIC and disposed off satisfactorily. Like in past, this year too, workshops/programs were organized for creating mass awareness for promoting use of the Act in the right earnest. One half-a-day program for general public and one day workshop for dealing officers on RTI Act were organized at Corporate Office, Delhi. In addition, a programme of two weeks was organized by the Officers' Association of Bhilai Steel Plant in collaboration with the Plant management for the benefit of general public.

AWARDS AND ACCOLADES

The Company's excellent performance got recognition from several quarters during the year 2008-09. 68 employees have won 15 Nos. of "Vishwakarma Rashtriya Puraskar-2007" (Performance year 2006) in recognition of their extraordinary contribution. 25 employees have won total 6 Prime Minister's Shram Awards for the



SAIL employees who were awarded the Vishwakarma Rashtriya Puraskar.

year 2006, which includes one Shram Bhushan Award, four Shram Vir Awards & one Shram Shree Award. Major awards received by the company include "ICWAI National Award for Excellence in Cost Management for the year 2007 & 2008"; "SCOPE Meritorious Award for Good Corporate Governance"; "Best Turnaround"



Shri Soiles Bhattacharya, Director (Finance), SAIL receiving the ICWAI Award from Shri P.C. Gupta, the then Hon'ble Minister of Corporate Affairs.

Award in the first 'Dalal Street Investment Journal PSU Awards 2009'. "NIPM National Award for 'Best HR Practices-2008"; "Global HR Excellence Award-2008-09 for outstanding contribution to the cause of education"; "Golden Peacock Finalist Certificate-2008 for Eco-renovation.

In addition, BSP has won the prestigious "CII-ITC Sustainability Award-2008"; "Golden Peacock National Training Award-2008"; Golden Peacock Award-2008 for CSR initiatives and efforts;



Shri Virbhadra Singh, Hon'ble Union Steel Minister dedicating Slab Caster to the nation at SAIL's Bhilai Steel Plant on July 11, 2009. Also seen in the picture are Shri S.K. Roongta, Chairman, SAIL, (3rd from left), Shri George Elias, Joint Secretary, Ministry of Steel (2nd from right) and Shri R. Ramaraju, Managing Director, Bhilai Steel Plant (2nd from left).

"Golden Peacock Climate Change Award for environmental performance; "Greentech Platinum Award" for environmental performance; DSP has won the prestigious "Greentech Environment Excellence Award-Gold" for environmental performance; "Ispat Suraksha Puraskar Award" for no fatal accident-2007; RSP has won the "Rajiv Gandhi Memorial National Awards-2008" for excellence in Indian Industries; "Business Excellence Award" for Strong commitment for Business Excellence-2007-08; BSL has won the "Rajiv Gandhi National Quality Award for the year-2007"; "Enterprise Excellence Award-2007" for outstanding operational and financial achievements; ISP has won "Greentech Excellence Award (Silver)" for environmental protection during 2007-08; RMD has won five "National Safety



Shri S.K. Roongta, Chairman, SAIL receiving the "Best Turnaround" Award for SAIL from Smt. Sheila Dikshit, Hon'ble Chief Minister, Delhi, in the first Dalal Street Investment Journal PSU Awards, 2009.

Awards" for maintaining the safety standard in the mines; SSP has won "CSR Award" from Tamilnadu Govt. for socio-economic upliftment of neglected section of society; RDCIS has won "Golden Peacock National Quality Award-2008.

GROWTH PLAN

Considering the fast growing demand for steel, the Company is currently implementing growth plan to enhance its Hot Metal capacity from the level of 13.8 million tonnes progressively to 26.2 million tonnes. Under the ongoing phase-I of modernization and expansion plan, hot metal production capacity will get expanded to 23.46 million tonnes by 2012. 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.

As per the study of the World Steel Association (formerly, IISI), steel demand in India is projected to grow to a level of 150-180 million tonnes by 2020. To maintain its current dominance in the domestic market and to meet the future challenges, SAIL is working on a long term strategic plan 'Lakshya 2020', which will steer the company towards meeting its strategic objectives of achieving profitability through growth and customer satisfaction.

MODERNISATION & EXPANSION PROJECTS

SAIL has undertaken modernisation & expansion plan to expand its production capacity. Modernisation and expansion plan of SAIL comprises capital projects relating to 'Expansion', 'Value Additions/Product-mix improvement', 'Technological Upgradation/Modernisation of existing assets' and 'Sustenance including Debottlenecking, Additions, Modifications, Replacements & Environment related projects'.

The implementation of growth plans is being done simultaneously in all the plants including mines and requires matrix planning,

involvement/ coordination with a large number of agencies, prudent fund management, selection of right technology etc. SAIL has already initiated actions in all these areas to prepare the organization accordingly. SAIL Board gave 'in-principle' approval during the year for enhancement of production capacity at Kiriburu Iron Ore Mine, Meghataburu Iron Ore Mine and Bolani Iron Ore Mine with an estimated outlay of about Rs.541 crore.

The modernization & expansion plans include installation of new Coke Oven Batteries, new Sinter Plants, new Blast Furnaces of higher capacity with upgradation of existing blast furnaces, new Steel Melting Shops/ addition of Converter in old shop, installation of new Mills etc. which will increase share of finished steel in saleable steel from current level of 80% to almost 100%. Along with the addition of new facilities, most of the existing facilities are also being upgraded to enable production of value added steels, reduce energy consumption and improvement in productivity, etc.

AMR SCHEMES

A number of capital projects have been commissioned during the year and several major projects valuing above Rs.100 crore are under implementation at various Plants which include Main Step Down Station-V, 700 tpd Air Separation Unit at BSP; Rebuilding of Coke oven Battery no.4, New Coke Oven Gas Holder, Oxygen Plant, Simultaneous Blowing at SMS-II at RSP; Coal Dust Injection in Blast Furnaces-2 & 3, Augmentation of Coking coal storage facilities, New Turbo Blower, Upgradation of Blast Furnace no.2, Rebuilding of Coke Oven Batteries-1&2 at BSL, Rebuilding of Coke Oven Battery no.10 at ISP and enhancement of loading capacity at Bolani Iron Ore mines.

STRATEGIC INITIATIVES OF THE COMPANY

During the year 2008-09, the company continued to give impetus towards taking new business initiatives including incorporation / formation of new JVs, mergers & acquisitions, entering into Memorandum of Understandings for its long term strategic objectives etc. Your company is continuously adopting the path of entering into Joint Ventures (JV) with public / private parties to attain its strategic goals of maximizing gains with optimal utilization of resources. These include:

- ❖ Incorporation of new Joint Ventures: As part of such initiatives, SAIL made special endeavour towards achieving self-sufficiency in the area of critical steel making raw materials. Towards this end, new joint venture companies namely "SAIL & MOIL Ferro Alloys Pvt. Ltd." and "S&T Mining Co. Pvt. Limited" have been incorporated.
- ❖ Towards achieving the Government's decision of making PSUs self-reliant in the area of coking coal, after entering into an agreement amongst five PSUs namely Steel Authority of India Limited, Coal India Limited, Rashtriya Ispat Nigam Limited, National Mineral Development Corporation and NTPC Limited, a joint venture company, namely International Coal Ventures Private Limited has been incorporated. This company is scouting for coal properties in Australia, Mozambique and other countries.
- ❖ A Joint Venture Agreement signed with Govt. of Kerala (GoK) to acquire equity stake in Steel Complex Ltd. (SCL), Kozhikode, a Govt. of Kerala Undertaking. The SCL will be managed by SAIL as a Joint Venture Company (JVC).
- ❖ MoU signed with Shipping Corporation of India (SCI) for incorporation of a Joint Venture Company for carrying out transportation of imported coking coal & dry bulk shipping trade.

- ❖ MOU signed with Larsen & Toubro Ltd. (L&T) for setting up captive / independent power plants(s) under joint venture using super-critical technology alongwith opportunities to own captive thermal coal blocks



Shri S.K. Roongta, Chairman, SAIL, and Shri A.M. Nayak, CMD, L&T, exchanging greetings at the MoU signing ceremony. Also seen in the picture (from left to right) are: Shri A.K. Jain, ED (CP), SAIL, Shri V.K. Gulhati, Director (Technical), SAIL, Shri R.K. Sharma, Vice President & Head (Thermal Project Development), L&T and Shri K.R. Palta, Vice President, L&T.

- ❖ SAIL has entered into an MOU with M/s. Rajasthan State Mines & Minerals Ltd. (RSMML) - A Govt. of Rajasthan Undertaking, to ensure supply of Low Silica Limestone for a period of 10 years i.e. from 1st July, 2008 to 30th June, 2018.
- ❖ MOU has been entered into with M/s. Bharat Earth Movers Ltd. (BEM), Bangalore - a Ministry of Defence Undertaking for a period of 3 years from 2008-2011, for supply of Heavy Earth Moving Equipment.
- ❖ Strategic decision taken to acquire assets of Malvika Steel Limited located at Jagdishpur in the state of Uttar Pradesh.



Shri Ram Vilas Paswan, the then Hon'ble Union Minister for Chemicals & Fertilizers and Steel, Shri Jitin Prasada, the then Hon'ble Union Minister of State for Steel, Shri S.K. Roongta, Chairman, SAIL, presenting a memento to Shri Rahul Gandhi, Hon'ble MP and General Secretary, Indian National Congress, on February 27, 2009, on the occasion of launching the project for Rebuilding of Steel Plant (erstwhile Malki Steel) at Jagdishpur Industrial Area, UP.

- ❖ Clearances for the scheme of amalgamation of Bharat Refractories Limited (BRL) with SAIL obtained from multifarious agencies viz. BIFR/Stock Exchanges, shareholders of SAIL and BRL in their respective Annual General Meetings, Ministry of Steel etc. The proposal for merger of BRL with SAIL is being processed by Ministry of Corporate Affairs for issue of final orders u/s 396 of the Companies Act, 1956.

- ❖ The Enterprise Risk Management (ERM) frame-work developed with an approach to formulate mitigation plans for risks with proposed timeframe for taking corrective action.

Apart from above, following strategic initiatives have been taken to augment technological interventions on a long term basis:

- ❖ Discussions are in progress with M/s. POSCO for exploring areas of joint research and development projects as well as Engineer Exchange Programme for exchange of professionals.
- ❖ Dialogue on technology intervention in steel with Hismelt Corporation as well as Thyssen Krupp initiated.
- ❖ Understanding reached with M/s. ONGC Limited for sourcing Coal Bed Methane (CBM) gas as an alternative fuel in blast furnace operations from their coal block at Parbatpur (Jharia).

ENVIRONMENT MANAGEMENT

- ❖ Corporate Environmental policy of SAIL emphasizes on "conducting operations in an environmentally responsible manner to comply with applicable legal and other requirements related to its environmental aspects and strive to go beyond".
- ❖ SAIL recognizes its responsibility and its commitment towards Corporate Responsibility of Environment Protection (CREP) compliance to continuously improve its energy efficiency and optimize resource consumption through various measures, viz. improvement in process technology in the areas of raw materials, coke, iron and steel making, reuse/re-cycle of the by-products generated and conservation of energy and water. Areas of improvements during 2008-09 over 2007-08 are:
- ❖ Air emission reduced to 1.6 kg/tcs, an improvement of 27% ,
- ❖ Solid waste utilization increased to 78.6%, an improvement of 2%,

- ❖ Water consumption reduced to 3.95 m3/tcs, an improvement of 1%,
- ❖ Energy consumption reduced to 6.74 Gcal/tcs, an improvement of 2.7%

Besides above, around 2.9 lakh trees have been planted during 2008-09 and about 92,000 saplings of different species have been planted in more than 100 acres of degraded areas of Purnapani, Barsua and Kalta Mines during 2008-09 for eco-restoration under a MoU between Delhi University, Deptt. of Biotechnology and SAIL. Pisciculture has been done in the abandoned quarries at Purnapani and 5 lakh fishlings have been released in the quarry water during the year.

- ❖ Under Clean Development Mechanism (CDM) efforts, validation of 6 VER projects has been completed with an accumulated carbon credits earning of 1.236 Million Tonnes of CO2 with retrospective effect (from the start date of project). Host Country Approval has been obtained for 17 CER projects out of which 7 CER projects are at different stages of validation and registration with UNFCCC.
- ❖ Actions have been initiated for the enabling facilities under the UNDP aided project of "Phasing out of Carbon Tetrachloride (CTC)", an Ozone Depleting Substances (ODS) at six units of SAIL which are under advanced stage of commissioning.
- ❖ Efforts have been made towards maintenance and implementation of ISO 14001 across SAIL. During the year, ERW Pipe Plant, SW Pipe Plant, Special Plate Plant and Steel Township of RSP have been accredited to ISO 14001.
- ❖ Overseas Technical Cooperation/ Partnership : Under the initiative of Ministry of Steel, Govt. of India, SAIL is actively associated in the Asia Pacific Partnership amongst 7 countries. Other 6 countries are Japan, South Korea, Australia, China, USA and Canada. The aim of this partnership is to reduce the global CO2 emission by technology transfer of energy and environment friendly technologies amongst the member countries.



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

- ❖ SAIL has been associated in promotion of renewable energy by facilitating installation of solar lights at various locations in and around Bhawanathpur and Tulsidamar Mines.

IT RELATED INITIATIVES

SAIL is continuously moving ahead in innovative usage of Information Technology (IT). Enterprise Resource Planning (ERP) is being implemented in SAIL. At BSP, ERP has gone live from 1st April, 2009. ERP implementation is in progress at Bokaro & Durgapur Steel Plants and will be implemented during the fiscal 2009-10. SAIL is having a SAIL WAN connecting all the 'Plants/Units' Offices and various Marketing offices using BSNL/MTNL leased lines, VPN network backed up by ISDN and VSATs. All Plants are having Fiber Optic based Local Area Network (LAN). Commissioned in May 2006, multi-point Video conferencing across SAIL was successfully implemented and stabilized for clarity and performance on IP and ISDN platform. It is being used to conduct important meetings to speed up decision making, improve use of executive time and reduce travel cost. Video conferencing service which was originally implemented in 13 locations has been extended to 20 more locations at MTI, RDCIS, CET & CMO offices.

Other IT initiatives include :

- ❖ Freight Operation Information System (FOIS) implemented for accessing wagon information on the Internet with the given username and password by all plants and units.
- ❖ Password based system developed for Suppliers to view their bill details on the SAIL Homepage www.sail.co.in.

E-commerce

E-procurement System (EPS) was implemented initially at BSP & RSP in 2006-07 & subsequently at all other plants to facilitate reduction in lead time of acceptance of tender and expedite exchange of information between SAIL and vendors in a secured and transparent manner. With the benefit of transparency in negotiation and purchasing at best available market price, SAIL was the first PSU to implement e-procurement through Reverse Auction in 200102. The transaction has grown steadily from Rs. 19 crore in 2001-02 to Rs. 3306 crore in 2008-09. E-selling started in SAIL in 2002-03 and has increased from Rs. 53 crore in 2002-03 to Rs 3260 crore in 2008-09. Tenders & related information are being published on website for easy access & download by interested vendors for wider advertisement & increased competition.

Project Monitoring

SAIL has embarked on a major expansion programme to almost double the current capacities in all the Plants simultaneously, by making massive investment. Most of the SAIL Plants have either tendered out the projects or have already selected the supplier for implementation. The next challenging phase is process of monitoring and controlling the execution of all the projects within time and budget. To meet this requirement, SAIL has procured & installed 119 licenses of Primavera software at Plants & Corporate Office, which will provide an integrated system wherein progress related to projects at each Plant/Unit can be viewed/monitored on-line and on real-time basis. The system development according to requirement of SAIL is under progress. Primavera training has been imparted to Project personnel of SAIL.

CORPORATE SOCIAL RESPONSIBILITY

SAIL, since its inception, has been a good neighbour, serving its communities by providing facilities for health, education, roads, water, electricity, etc. The economic, environmental and social



SAIL's Director (Personnel), Shri G. Ojha handing over the keys of the training van for war wounded army personnel to Lt. Gen. (Retd.) Vijay Oberoi

dimensions are well-entrenched in the company's vision which has spurred SAIL's journey so far. It is with the underlying philosophy and a credo "To make a meaningful difference in people's lives" that SAIL has been structuring and implementing its various initiatives that contribute to its communities. The vision of SAIL clearly encompasses a triple bottom line approach, addresses the aspirations and needs of its various stakeholders. These efforts have seen the obscure villages of yesterday, where SAIL plants are located, turn into large industrial centres today.

SAIL has established 61 Primary Health Centres and various Reproductive and Child Health Centres, Hospitals and Super-Specialty Hospitals to provide specialized healthcare to more than 26.5 million people. It has opened more than 130 schools in the steel townships to provide modern education to more than 73,000 children. In this endeavour, 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 90% in SAIL schools.



Students at SAIL's Bhilai Ispat Vikas Vidyalaya.

SAIL has provided access to more than 56 Lakh people since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing 4714 water sources, thereby providing drinking water access to around more than 37 lakh people.

The efforts of SAIL in the development of society have been well appreciated and have been ratified during the year. SAIL bagged CII-ITC Sustainability Award- 2008, was adjudged a finalist of 'Stivie Award 2009', Bhilai Steel Plant (BSP) -SAIL has been awarded "Golden Peacock Award-2008" for CSR and Salem Steel Plant (SSP)-SAIL has been awarded "CSR Award" by Tamil Nadu

Government for the year 2008-09 for its valuable contribution towards socio-economic upliftment of neglected section of society through CSR initiatives.

SAIL had adopted 79 villages as Model Steel Villages (MSVs) across eight states. The developmental activities being undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc. In 2008-09, 30 Model Steel villages (MSVs) have been completed. With this, at the end of this fiscal, the total number of MSVs completed by SAIL has reached 43, including 13 MSVs in 2007-08.

The Company is also working towards preserving culture and heritage. Some of the key activities include assistance to maintenance of monuments in Lodhi Garden, New Delhi, Rs. 25 lakh contributed by Bokaro Steel Plant to ASI towards development of infrastructural facilities and amenities etc. at Archeological sites of Lauria Nanandargarh and Chankigarh in West Champaran district of Bihar. In order to preserve the tribal culture of Chhatisgarh, Lok Kala Mahotsav was held on 5 days at Rajhara mines, Nandini mines and at Bhilai. In the Lok Kala Mahotsav the folk music and dance of Chhatisgarh attracted around 20,000 people. Statue of Poet Kazi Nazrul at Churulia village (the birth place of the poet), Dist. Burdwan, West Bengal, was inaugurated.

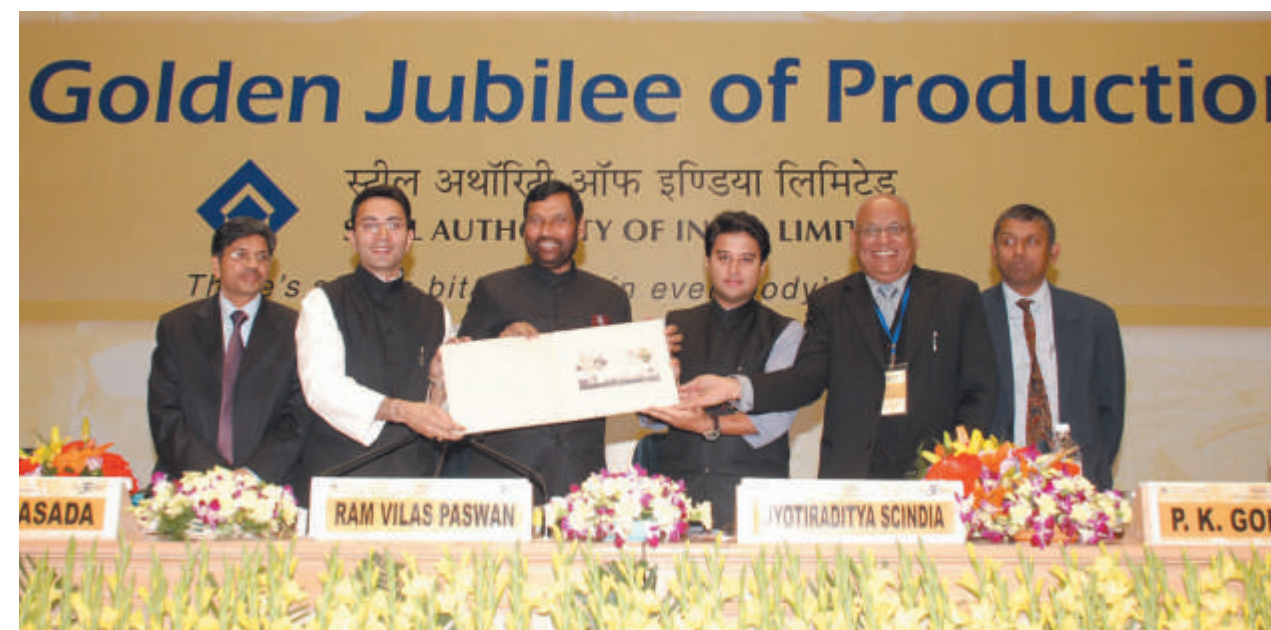
SAIL is working in tandem with State Government of Chattisgarh for establishing a Technical University at Bhilai, Chattisgarh & State Government of Jharkhand. Foundation stone has been laid for setting up an ITI at Samastipur, Bihar. Besides these, Special Schools have been started exclusively for poor, underprivileged children at five integrated steel plant locations viz Bhilai, Durgapur, Rourkela, Bokaro & Burnpur. The facilities provided in these schools include free education, mid-day meals, uniform including shoes, text books, stationary items, school bag, water bottles and transportation in some cases. A number of benefits are being provided to the SC/ST

children, such as scholarships to deserving SC/ST undergraduate engineering students, adoption of 114 tribal children at Bhilai, 4 Girl students for Nursing course and another 14 at Bokaro to provide free education, boarding and lodging facilities, etc. In BSP, no tuition fee is charged by the company schools from SC/ST students irrespective of their parents economic status. A special programme, namely 'Learn to Read' (L2R) has been started by Rourkela Steel Plant, in association with Orissa Government, for improving standard of education in primary classes



Durgapur Handicapped Happy Home, a crèche-cum-home for disabled people supported by the SAIL's Durgapur Steel Plant.

In the field of health care, free medical health centres for poor have been set up at Bhilai, Bokaro, Rourkela, Burnpur (Gutgutpara) providing free medical consultation, medicines, etc. Over 2200 Health Camps have been organised in 2008-09 by all the plants and units, benefitting around 10 Lakh people providing free health check-up, path lab treatment, medicines, immunization, surgical



Release of the Commemorative SAIL Golden Jubilee Stamp at Vigyan Bhawan, New Delhi, on February 3, 2009. From Left: Shri P. K. Rastogi, Secretary (Steel), the then Hon'ble Minister of State for Steel Shri Jitin Prasada, the then Hon'ble Union Minister of Chemicals & Fertilizers and Steel, Shri Ram Vilas Paswan, the then Hon'ble Minister of State for Communication & IT Shri Jyotiraditya Scindia, and Shri S.K. Roongta, Chairman, SAIL, and Shri P.K. Gopinath, Chief Post Master General, New Delhi.

cases referred to plant hospitals (free stay, to & fro transport & food with 1 attendant each), post operative check up etc. Seven (7) number Mobile Medicare units have also been provided to different NGOs like Deepalaya, Sri Ramakrishna Mission etc. during 2008-09. Massive flood relief operations were also undertaken in 3



A medical camp in a peripheral village of SAIL's Meghahatuburu Iron Ore Mine.

(three) states namely Uttar Pradesh, Bihar and Orissa in 2008-09.

In the field of income generating schemes, vocation training has been provided to villagers in SMART Model for vegetable cultivation, WADI, Amrapali Drip watering, Teak plantation, Poultry farming, Water harvesting, Mobile Artificial Insemination, Vermiculture etc. A special project namely Backyard poultry scheme has been started by Bhilai Steel Plant in its 8 Model Steel Villages for sustainable development of the Backyard poultry.

CORPORATE COMMUNICATION

Generating confidence amongst stakeholders and enhancing the corporate image of SAIL through internal and external communication were the main focus areas of Corporate Affairs Division. With 2008-09 being celebrated as the golden jubilee year of production, major initiatives were undertaken to publicise this landmark. These included release of a commemorative postage stamp by the Government, national-level quiz, special publication, films and institution of 'SAIL HR Award for Excellence' etc. The media was constantly updated on the future goals of the



Representatives of the companies which won the SAIL HR Excellence Award (in the front row) with their trophies. In the row behind are (from left) IIM-A Director Dr. Samir Barua, SAIL Director (Personnel) Shri. G. Ojha, Secretary, Ministry of Steel, Shri P.K. Rastogi, Hon'ble Union Minister of Steel Shri Virbhadr Singh, Hon'ble Union Minister of State for Steel, Shri A. Sai Prathap, NMCC Chairman, Dr. V. Krishnamurthy, SAIL Chairman Shri S.K. Roongta, Economic Times Editor (Delhi) Shri T.K. Arun and IIM-AA Adjunct Prof. Dr. T.V. Rao.

company, including expansion & modernization programme and interactions with the top management were arranged in electronic and print media for wide public awareness of SAIL's strategies and achievements. Besides outdoor and print media advertisements, brand building measures included participation in exhibitions, sponsorships of various sports and cultural events, etc. Your company continued to disseminate vital information related to performance, growth plans, Safety, Vigilance activities, etc., using various communication tools.

VIGILANCE ACTIVITIES

The Vigilance Department of the Company has received the coveted ISO 9001:2000 certificate. Vigilance Department is playing a proactive role for continuous simplification of systems and procedures to facilitate faster and effective decision making in a transparent manner.



Shri S.K. Roongta, Chairman SAIL addressing the gathering during the concluding function of the Vigilance Week at Ispat Bhawan, New Delhi.

More than 130 training workshops involving 3,574 participants were held with the objective of enhancing Vigilance Awareness among the employees. These programmes also included developing Resource Persons for further conducting training/awareness programmes on SAIL CDA Rules, Disciplinary

Proceedings, RTI Act and Purchase/Contract Procedure-2006 at Plants/Units. Two training programmes on "Comprehensive Vigilance Management" for enhancing competency of all non-executives of Vigilance departments of Plants/Units were also organized at Bokaro and Bhilai.

Vigilance launched intranet page "Suvidha" during Vigilance Awareness Week-2008 held during 3rd to 7th November, 2008 through which employees can access the Vigilance site for browsing the procedures/guidelines issued by Vigilance department. Important sites like CVC, CIC etc. can also be accessed through Suvidha. Vigilance Awareness Programmes and Customer/Vendors meets were also organized during the Vigilance Awareness Week.

To ensure compliance of laid-down system and procedures, around 3712 surprise checks, including 351 joints checks, were conducted during the year and based on their outcome, preventive/administrative actions and system improvements were initiated. During 2008-09, over 22 system improvement projects had been implemented in various plants/units.

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 31st March, 2009 along with Management's replies thereon is enclosed at Annexure-I. The Comptroller & Auditor General of India (C&AG) vide its letter dated 1st July, 2009 has given 'nil' comments on the accounts of the company for the year ended 31st March, 2009, under Section 619 (4) of the Companies Act, 1956. A copy of the above letter of C&AG is enclosed at Annexure - II.

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:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements 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;
- that the directors had 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 Exchanges, the duly audited consolidated financial statements are placed at Annexure-VI.

SUBSIDIARY

The Maharashtra Elektrosmet Limited (MEL) recorded a turnover of Rs. 425.06 crore. The Net Profit after Tax (PAT) for the year was Rs. 40.88 crore after charging depreciation of Rs.2.19 crore, interest/finance charges of Rs. 0.26 crore and tax of Rs. 21.19 crore. MEL produced 68789 tonnes of High Carbon Ferro Manganese and 35640 tonnes of Silico Manganese during the year. Audited Accounts of Maharashtra Elektrosmet Limited for the year ended 31st March, 2009 are enclosed as Annexure-VII.

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.

DIRECTORS

Shri S.C. Jain, Prof. R.P. Sengupta, Dr. Velu Annamalai and Shri Siddharth Kak ceased to be Directors w.e.f. 28.12.2008 (A.N.)

Shri B.N. Singh, Managing Director, RSP ceased to be Director w.e.f. 30.11.2008 on attaining the age of superannuation.

Shri S.N. Singh, has been appointed as Managing Director, RSP w.e.f. 6.12.2008.

Shri Shyamal Ghosh, Shri Mohammad Yusuf Khan and Dr. Deepak Nayyar ceased to be Directors w.e.f. 9.7.2009 (A.N.).

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


(S.K. Roongta)
Chairman

New Delhi
Dated: 30th July '09