

Balance Sheet

As at 31st March, 2009

	Schedule No.	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1.1	4130.40	4130.40
Reserves and Surplus	1.2	27984.10	23063.57
		27984.10	
Loan Funds			
Secured Loans	1.3	1473.60	925.31
Unsecured Loans	1.4	7538.79	3045.24
		7538.79	
Deferred Tax Liability (Net)		1332.15	1568.60
		36855.04	27677.41
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1.5	32728.69	30922.73
Less: Depreciation		20459.86	19351.42
Net Block		12268.83	11571.31
Capital Work-in-Progress	1.6	6544.24	13960.86
		18813.07	
Investments			
	1.7	652.70	538.20
Current Assets, Loans & Advances			
Inventories	1.8	10121.45	6857.23
Sundry Debtors	1.9	3024.36	3048.12
Cash & Bank Balances	1.10	18228.53	13759.44
Other Current Assets	1.11	1014.47	273.08
Loans & Advances	1.12	2122.06	2379.75
		34510.87	26317.62
Less: Current Liabilities & Provisions			
Current Liabilities	1.13	7713.39	6400.92
Provisions	1.14	9408.21	6797.83
		17121.60	13118.87
Net Current Assets			
		17389.27	13118.87
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	1.15	0.00	59.48
		36855.04	27677.41
Significant Accounting Policies and Notes on Accounts 3 Schedules 1 and 3 annexed hereto, form part of the Balance Sheet.			

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

Sd/-
(Soiles Bhattacharya)
Director (Finance)

Sd/-
(S.K. Roongta)
Chairman

In terms of our report of even date

For Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants
Sd/-
(Mahendra K Agrawala)
Partner

For Chaturvedi & Co.
Chartered Accountants
Sd/-
(S.C. Chaturvedi)
Partner

For T.R. Chadha & Co.
Chartered Accountants
Sd/-
(Ajesh Tuli)
Partner

Place : New Delhi
Dated : May 28, 2009

Profit & Loss Account

For the year ended 31st March, 2009

	Schedule No.	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
INCOME			
Sales	2.1	48681.39	45555.34
Less : Excise duty		5531.31	6045.19
		43150.08	39510.15
Finished products internally consumed		568.70	490.81
Interest earned	2.2	1828.96	1184.76
Other revenues	2.3	579.03	646.27
Provisions no longer required written back	2.4	121.84	60.62
		46248.61	41892.61
EXPENDITURE			
Accretion(-) to stocks	2.5	-1934.53	-337.60
Raw materials consumed	2.6	20076.92	13931.64
Purchase of finished / semi-finished goods		6.77	3.63
Employees' Remuneration & Benefits	2.7	8401.51	7919.02
Stores & Spares Consumed		3536.90	3313.55
Power & Fuel	2.8	3119.42	2825.56
Repairs & Maintenance	2.9	617.38	532.50
Freight outward		766.67	717.85
Other expenses	2.10	2649.94	1836.32
Interest & finance charges	2.11	253.24	250.94
Depreciation		1285.12	1235.48
Total		38779.34	32228.89
Less : Inter Account Adjustments	2.12	1930.40	1803.72
		36848.94	30425.17
Adjustments pertaining to earlier years	2.13	9399.67	11467.44
		3.78	1.29
Profit before tax			
Less : Provision for taxation			
Current tax		3468.67	3745.81
Deferred tax		-236.45	155.94
Fringe benefit tax		52.06	32.90
Earlier years		-55.64	-2.70
		3228.64	3931.95
Profit after tax			
Transferred from Bonds Redemption Reserve (Net)		6174.81	7536.78
Balance brought forward from last year		35.58	86.39
Amount available for appropriation		15877.66	10811.65
		22088.05	18434.82
APPROPRIATIONS			
Amount Transferred to General Reserve		625.00	770.00
Interim dividend		536.95	784.78
Proposed dividend (Final)		536.95	743.47
Tax on Interim dividend		90.00	133.37
Tax on Proposed dividend (Final)		91.26	125.54
Balance carried to Balance Sheet		20207.89	15877.66
		22088.05	18434.82
Earnings per Share (Face value Rupees 10/- each)			
Profit after tax		6174.81	7536.78
Average Number of equity shares		4130400545	4130400545
Basic and Diluted Earnings per share (Rupees)		14.95	18.25
Significant Accounting Policies and Notes on Accounts 3 Schedules 2 and 3 annexed hereto, form part of the Profit & Loss Account.			

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

Sd/-
(Soiles Bhattacharya)
Director (Finance)

Sd/-
(S.K. Roongta)
Chairman

In terms of our report of even date

For Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants
Sd/-
(Mahendra K Agrawala)
Partner

For Chaturvedi & Co.
Chartered Accountants
Sd/-
(S.C.Chaturvedi)
Partner

For T.R. Chadha & Co.
Chartered Accountants
Sd/-
(Ajesh Tuli)
Partner

Place : New Delhi
Dated : May 28, 2009

Cash Flow Statement for the Year	2008-09	2007-08
	(Rupees in crore)	
A. Cash flow from Operating Activities		
Net Profit / Loss (-) before taxation	9403.45	11468.73
Add / (Less) Adjustments for :		
Depreciation	1287.32	1234.33
Interest and Finance Charges	253.24	250.94
Bad debts written-off	68.54	2.15
Unrealised Foreign Exchange Fluctuation	(26.14)	(22.89)
Provision for diminution in value of investments	(0.40)	0.00
Provision for Others	2525.35	1146.55
Deferred revenue expenditure (Charged during the year)	59.48	73.34
Profit on sale of Fixed Assets	(46.94)	(49.78)
Interest Income	(1828.96)	(1184.76)
Dividend Income	(13.86)	(14.45)
Operating cash flow before working capital change	11681.08	12904.16
Adjustments for :-		
(Increase) / Decrease in Inventories	(3264.22)	(205.76)
(Increase) / Decrease in Sundry Debtors	(44.78)	(735.52)
(Increase) / Decrease in Loans and Advances	248.98	(734.35)
Increase / (Decrease) in Current Liabilities	642.46	935.90
Deferred revenue expenditure (Additions)	0.00	(3.67)
Cash generated from Operations	9263.52	12160.76
Direct Taxes Paid	(3139.26)	(3782.58)
Net Cash from Operating Activities	6124.26	8378.18
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(5486.40)	(2293.18)
Proceeds from sale of Fixed Assets	83.89	94.40
Loans to Subsidiary & Other Companies	8.71	4.61
Purchase/Sale of investments (Net)	(114.10)	(24.41)
Interest received	1087.57	1064.24
Dividend received	13.86	14.45
Net Cash from / (used in) Investing Activities	(4406.47)	(1139.89)

Cash Flow Statement for the Year	2008-09	2007-08
	(Rupees in crore)	
C. Cash flow from Financing Activities		
Increase in Reserve & Surplus	0.87	0.80
(Decrease) in Borrowings (Net)	4519.69	(1112.39)
Interest and Finance Charges Paid	(273.30)	(334.09)
Dividend Paid	(1280.42)	(1404.34)
Tax on Dividend	(215.54)	(238.66)
Net Cash from / (used in) Financing Activities	2751.30	(3088.68)
Net Increase in Cash & Cash Equivalents (A+B+C)	4469.09	4149.61
Cash & Cash Equivalents (Opening) (Refer Schedule 1.10)	13759.44	9609.83
Cash & Cash Equivalents (Closing) (Refer Schedule 1.10)	18228.53	13759.44
(Represented by Cash & Bank Balances)	4469.09	4149.61

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 (Schedule 3) form an integral part of the Cash Flow Statement.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to current years classification.
- Cash & Cash Equivalents:
 - Includes Rs. 7.55 Crores (As on 31st March 2008 Rs. 5.88 crores) for unpaid dividend account
 - Includes Rs. 139.87 Crores (As on 31st March 2008 Rs. 122.51 crores) for term deposits against TDS deducted on house perks but not deposited

Sd/- (Devinder Kumar) Secretary	For and on behalf of Board of Directors Sd/- (Soiles Bhattacharya) Director (Finance)	Sd/- (S.K. Roongta) Chairman
In terms of our report of even date		
For Dass Maulik Mahendra K Agrawala & Co. Chartered Accountants Sd/- (Mahendra K Agrawala) Partner	For Chaturvedi & Co. Chartered Accountants Sd/- (S.C.Chaturvedi) Partner	For T.R. Chadha & Co. Chartered Accountants Sd/- (Ajesh Tuli) Partner

Place : New Delhi
Dated : May 28, 2009

1.1 : SHARE CAPITAL

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Authorised		
5,00,00,00,000 equity shares of Rs. 10 each	<u>5000.00</u>	<u>5000.00</u>
Issued, Subscribed & Paid-up		
4,13,04,00,545 equity shares of Rs.10/- each fully paid.	<u>4130.40</u>	<u>4130.40</u>

Note : 1,24,43,82,900 equity shares of Rs. 10 each (net of adjustments on reduction of capital) were allotted as fully paid-up for consideration other than cash.

1.2 : RESERVES AND SURPLUS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Capital Reserve	3.14	3.14
Prime Minister's Trophy Award Fund		
As per last Balance Sheet	<u>12.13</u>	<u>11.33</u>
Additions	<u>1.37</u>	<u>1.28</u>
	<u>13.50</u>	<u>12.61</u>
Less: Utilisation	<u>0.50</u>	<u>0.48</u>
	13.00	12.13
Securities Premium	235.29	235.29
Bond Redemption Reserve		
As per last Balance Sheet	<u>262.44</u>	<u>348.83</u>
Additions	<u>29.34</u>	<u>31.82</u>
Transferred to Profit & Loss Account	<u>64.92</u>	<u>118.21</u>
	226.86	262.44
General Reserve		
As per last Balance Sheet	<u>2542.51</u>	<u>1772.51</u>
Additions during the year	<u>625.01</u>	<u>770.00</u>
	3167.52	2542.51
Surplus in Profit & Loss Account	20207.89	15877.66
	<u>23853.70</u>	<u>18933.17</u>

1.3 : SECURED LOANS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Working Capital Borrowings from Banks	(a) 0.00	260.81
Term Loans from Banks	(a) 800.00	0.00
Non Convertible Bonds	(b)	
Interest Rate	Date of Redemption	
11.60 %	1st June 2008	0.00
7.80 %	1st September 2008	0.00
11.85%	30th March 2010	43.50
11.50%	1st December 2008	0.00
11.50%	20th July 2009	48.65
10.25%	1st February 2010	88.35
11.50%	15th April 2010	21.00
8%	1st September 2010	0.70
13.05 %	1st December 2010	59.80
12.10 %	1st June 2011	91.30
12%	1st December 2011	76.90
12%	20th July 2012	109.90
10.75%	1st February 2013	75.30
8.20%	1st September 2013	58.20
	<u>673.60</u>	<u>664.50</u>
	<u>1473.60</u>	<u>925.31</u>

(a) Secured by hypothecation of all current assets

(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)

Note : Amount repayable within one year as at 31.03.2009, Rs.980.50 crore (previous year : Rs. 34.40 crore)

1.4 : UNSECURED LOANS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Government of India	0.00	0.27
Interest accrued and due thereon	<u>0.00</u>	<u>0.58</u>
	0.00	0.85
Steel Development Fund	204.16	204.16
Interest accrued and due thereon	<u>862.62</u>	<u>907.37</u>
	1066.78	1111.53
Foreign Currency Loans		
Long Term	@ 528.50	515.65
Short Term	882.01	0.00
Term Loans From Banks	1410.51	515.65
Non Convertible Bonds	2440.00	0.00
Interest Rate	Date of Redemption	
10.50%	1st August2008	0.00
11.50%	30th March 2010	0.00
12.55%	1st September 2010	39.40
12.10%	12th March 2011	195.00
11%	1st August 2011	115.00
6.4%	15th October 2010	64.00
	<u>413.40</u>	<u>491.90</u>
Others		
Bond Application Money @ 8.9%	* 734.50	0.00
	<u>6065.19</u>	<u>2119.93</u>

(@) Guaranteed by Government of India /State Bank of India

11.50% Non Convertible Bonds earlier guaranteed by Government of India, have been converted into 11.85% Non convertible secured bonds w.e.f. 01.04.2008

* Allotted on1st April 2009

Note : Amount repayable within one year as at 31.03.2009, Rs. 4231.01 crore (Previous Year : Rs. 994.24 crore)

1.5 : FIXED ASSETS

Description	GROSS BLOCK (AT COST)			
	As at 31st March, 2008	Additions/ Adjustments	Deductions	As at 31st March, 2009
(Rupees in crore)				
A. PLANTS, MINES, OTHERS				
Land (including cost of development)				
-Freehold Land	158.11	12.19	0.01	170.29
-Leasehold Land	42.23	1.07	0.00	43.30
Railway Lines & Sidings	225.67	8.28	3.48	230.47
Roads, Bridges & Culverts	155.69	13.76	0.00	169.45
Buildings	1707.11	20.25	0.63	1726.73
Plant & Machinery				
-Steel Plant	24202.91	1454.85	151.78	25505.98
-Others	1680.73	138.25	35.18	1783.80
Furniture & Fittings	81.63	7.75	0.15	89.23
Vehicles	577.96	132.87	7.67	703.16
Water Supply & Sewerage	297.38	10.73	0.01	308.10
EDP Equipment's	213.95	38.57	5.75	246.77
Software (Intangible)	21.33	2.25	0.16	23.42
Mining Rights (Intangible)	292.29	84.88	0.00	377.17
Miscellaneous Articles	243.88	31.81	5.05	270.64
Sub-total 'A'	29900.87	1957.51	209.87	31648.51
Figures for the previous year	28920.13	1212.72	231.98	29900.87
B. SOCIAL FACILITIES				
Land (including cost of development)				
-Freehold Land	9.99	0.00	0.04	9.95
-Leasehold Land	7.09	0.00	0.00	7.09
Roads, Bridges & Culverts	50.40	1.06	0.02	51.44
Buildings	566.43	6.33	0.94	571.82
Plant & Machinery - Others	92.24	8.69	0.26	100.67
Furniture & Fittings	16.21	5.33	0.53	21.01
Vehicles	9.78	1.57	0.15	11.20
Water Supply & Sewerage	116.03	0.18	0.53	115.68
EDP Equipment's	12.50	4.84	0.66	16.68
Software (Intangible)	0.63	0.03	0.00	0.66
Miscellaneous Articles	115.04	34.82	1.72	148.14
Sub-total 'B'	996.34	62.85	4.85	1054.34
Figures for the previous year	968.62	33.29	5.57	996.34
C. ASSETS RETIRED FROM ACTIVE USE				
Unserviceable / Obsolete Assets	25.52	2.81	2.49	25.84
Figures for the previous year	23.96	6.94	5.38	25.52
Total ('A'+ 'B'+ 'C')	30922.73	2023.17	217.21	32728.69
Figures for the previous year	29912.71	1252.95	242.93	30922.73

1.5 : FIXED ASSETS

Description	DEPRECIATION			NET BLOCK	
	Up to 31st March, 2008	For the year	Less : On Sales / Adjustments	Up to 31st March, 2009	As at 31st March, 2009
(Rupees in crore)					
A. PLANTS, MINES, OTHERS					
Land (including cost of development)					
-Freehold Land	0.71	0.03	0.00	0.74	169.55
-Leasehold Land	18.03	2.40	0.00	20.43	22.87
Railway Lines & Sidings	168.20	5.84	3.31	170.73	59.74
Roads, Bridges & Culverts	47.68	2.67	0.00	50.35	119.10
Buildings	950.59	48.14	0.49	998.24	728.49
Plant & Machinery					
-Steel Plant	15387.60	1040.17	123.19	16304.58	9201.40
-Others	1211.49	80.52	32.64	1259.37	524.43
Furniture & Fittings	67.20	4.73	0.03	71.90	17.33
Vehicles	371.37	21.25	7.21	385.41	317.75
Water Supply & Sewerage	230.38	12.65	0.00	243.03	65.07
EDP Equipment's	168.99	13.18	5.22	176.95	69.82
Software (Intangible)	17.26	1.48	0.16	18.58	4.84
Mining Rights (Intangible)	71.75	15.64	0.57	86.82	290.35
Miscellaneous Articles	162.96	12.43	4.17	171.22	99.42
Sub-total 'A'	18874.21	1261.13	176.99	19958.35	11690.16
Figures for the previous year	17858.47	1210.03	194.29	18874.21	11026.66
B. SOCIAL FACILITIES					
Land(including cost of development)					
-Freehold Land	-	-	-	-	9.95
-Leasehold Land	4.86	0.13	0.00	4.99	2.10
Roads, Bridges & Culverts	18.85	1.45	0.02	20.28	31.16
Buildings	199.88	9.31	0.91	208.28	363.54
Plant & Machinery - Others	64.14	3.29	0.16	67.27	33.40
Furniture & Fittings	12.66	0.93	0.23	13.36	7.65
Vehicles	6.34	0.52	0.11	6.75	4.45
Water Supply & Sewerage	93.12	3.21	0.46	95.87	19.81
EDP Equipment's	5.27	2.20	0.27	7.20	9.48
Software (Intangible)	0.43	0.06	0.00	0.49	0.17
Miscellaneous Articles	71.66	6.47	1.11	77.02	71.12
Sub-total 'B'	477.21	27.57	3.27	501.51	552.83
Figures for the previous year	456.53	24.70	4.02	477.21	519.13
C. ASSETS RETIRED FROM ACTIVE USE					
Unserviceable / Obsolete Assets	-	-	-	-	25.84
Figures for the previous year	-	-	-	-	25.52
Total ('A'+ 'B'+ 'C')	19351.42	1288.70	180.26	20459.86	12268.83
Figures for the previous year	18315.00	1234.73	198.31	19351.42	11571.31

Note : Allocation of Depreciation

	Current year	Previous year
(a) Charged to Profit & Loss Account	1285.12	1235.48
(b) Charged to expenditure during construction	1.38	0.40
(c) Adjustments pertaining to earlier years	2.20	-1.15
Total	1288.70	1234.73

1.6 : CAPITAL WORK-IN-PROGRESS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Expenditure during construction pending allocation (Schedule 1.6.1)	0.84	16.66
Capital Work-in-progress		
Steel Plants & Units	4890.05	1389.22
Township	52.67	16.89
Ore Mines and Quarries	22.91	3.72
	<u>4965.63</u>	<u>1409.83</u>
Less: Provisions	58.10	56.74
	<u>4907.53</u>	<u>1353.09</u>
Capital equipments pending erection, installation and commissioning	931.24	267.20
Construction Stores and Spares	52.78	33.17
Less: Provision for non-moving items	2.27	2.18
	<u>50.51</u>	<u>30.99</u>
Advances	659.15	722.63
Less: Provision for doubtful advance	5.03	1.02
	<u>654.12</u>	<u>721.61</u>
	<u>6544.24</u>	<u>2389.55</u>
Particulars of Advances		
Unsecured, Considered Good	654.12	721.61
including advances backed by Bank Guarantees Rs. 103.80 crore (Previous Year : Rs. 59.11 crore)		
Unsecured, Considered Doubtful	5.03	1.02
	<u>659.15</u>	<u>722.63</u>

1.6.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Opening Balance (a)	16.66	5.51
Expenditure incurred during the year		
Employees' Remuneration & Benefits		
Salaries & Wages	88.84	47.01
Company's contribution to Provident Fund	5.37	3.68
Travel Concession	3.88	2.86
Welfare Expenses	0.39	0.35
Gratuity	3.91	4.76
	<u>102.39</u>	<u>58.66</u>
Technical Consultants' fees & know-how	33.94	25.36
Repairs & Maintenance	0.99	1.48
Stores and Spares	1.19	1.43
Power & Fuel	29.07	10.19
Other expenses	23.60	8.09
Interest & Finance charges	73.09	1.68
Depreciation	1.38	0.40
	<u>265.65</u>	<u>107.29</u>
Less: Recoveries		
Interest Earned	10.52	1.11
Liquidated Damages	0.05	1.53
Hire Charges	1.69	1.25
Sundries	1.59	0.80
	<u>13.85</u>	<u>4.69</u>
Net expenditure during the year (b)	<u>251.80</u>	<u>102.60</u>
Total (a)+(b)	<u>268.46</u>	<u>108.11</u>
Less : Amount allocated to Fixed Assets/		
Capital Work-in-progress	267.62	91.45
Balance carried forward	0.84	16.66
Total		

1.7 : INVESTMENTS AT COST – LONG TERM

	Number of Fully Paid-up Equity Shares	Face Value per Share (Rs.)	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
(A) Unquoted				
Trade Investments				
Subsidiary Companies				
Maharashtra Elektros melt Limited	2,37,87,935 (2,37,87,935)	10	23.79	23.79
IISCO Ujjain Pipe & Foundry Company Limited (under liquidation)	30,00,000 (30,00,000)	10	3.00	3.00
			26.79	26.79
Joint Venture Companies				
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 (39,02,50,050)	10	475.25	390.25
Bokaro Power Supply Company Pvt Limited	8,40,25,000 (8,40,25,000)	10	84.02	84.02
Bhilai Jaypee Cement Limited	4,64,09,350 (2,44,07,500)	10	46.41	24.41
Bokaro Jaypee Cement Limited	65,70,000 (-)	10	6.57	0.00
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	5,25,000 (-)	10	0.53	0.00
Romelt SAIL (India) Limited	63,000 (63,000)	10	0.06	0.06
			621.20	507.10
Others				
Tata 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 *
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	0.00 *	0.00 *
Bhilai Power Supply Company Limited	5 (5)	10	0.00 *	0.00 *
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 (Schedule 1.7.1)			0.18	0.18
			12.13	12.13
Total (A)			<u>660.12</u>	<u>546.02</u>
(B) Quoted				
HDFC Limited	12,000 (12,000)	10	0.01	0.01
HDFC Bank Limited	500 (500)	10	0.00 *	0.00 *
ICICI Bank Limited	28600 (28600)	10	0.05	0.05
			0.06	0.06
Total (B)			<u>0.06 @</u>	<u>0.06 @</u>
Total (A+B)			<u>660.18</u>	<u>546.08</u>
Less : Provision for diminution in value of investments			7.48	7.88
			<u>652.70</u>	<u>538.20</u>
@ Market value of quoted investments			2.70	5.12
* Cost being less than Rs. 50,000/-, figures not given.				

Schedules

(Forming part of the Balance Sheet)

1.7.1: SHARES IN CO-OPERATIVE SOCIETIES

	Number of Fully Paid-up Shares	Face Value per Share (Rs.)	As at 31st March, 2009	As at 31st March, 2008
<i>(In Rupees)</i>				
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

Schedules

(Forming part of the Balance Sheet)

1.8 : INVENTORIES*

	As at 31st March, 2009	As at 31st March, 2008
<i>(Rupees in crore)</i>		
Stores & spares		
-- Production	1622.55	1418.67
-- Fuel Stores	73.56	82.15
-- Others	15.10	20.22
	1711.21	1521.04
Add: In-transit	147.33	137.05
	1858.54	1658.09
Less: Provision for Non Moving/Obsolete items	150.05	158.16
Raw materials	1535.64	758.79
Add: In-transit	1061.72	656.25
	2597.36	1415.04
Less: Provision for unusable materials	2.24	2.71
Finished / Semi-finished products (including scrap)	5817.84	3944.97
	10121.45	6857.23
* As certified by the Management and valued as per Accounting Policy No. 1.7 of Schedule 3		

1.9 : SUNDRY DEBTORS

	As at 31st March, 2009	As at 31st March, 2008
<i>(Rupees in crore)</i>		
Debts over six months	268.88	284.37
Other debts	2934.69	2980.44
	3203.57	3264.81
Less: Provision for doubtful debts	179.21	216.69
	3024.36	3048.12
Particulars		
Unsecured, considered good	3024.36	3048.12
Including debts backed by bank guarantees Rs. 832.28 crore (Rs. 864.83 crore)		
Unsecured, considered doubtful	179.21	216.69
	3203.57	3264.81

1.10 : CASH & BANK BALANCES

	As at 31st March, 2009	As at 31st March, 2008
<i>(Rupees in crore)</i>		
Cash and Stamps on hand	1.58	1.57
Cheques on hand	190.32	400.50
With Scheduled Banks		
Current Account	148.49	62.22
Unpaid Dividend Account	7.55	5.88
Term Deposits	17880.59	13289.27
	18228.53	13357.37
		13759.44

1.11 : OTHER CURRENT ASSETS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Interest Receivable/Accrued		
Loans to Subsidiary Company	0.00	0.58
Term Deposits	980.54	232.78
Employees	24.52	31.25
Others	13.24	12.88
	<u>1018.30</u>	<u>277.49</u>
Less: Provision for doubtful interest	3.83	4.41
	<u>1014.47</u>	<u>273.08</u>
Particulars		
Secured, considered good	14.19	24.42
Unsecured, considered good	1000.28	248.66
Unsecured, considered doubtful	3.83	4.41
	<u>1018.30</u>	<u>277.49</u>

1.12 : LOANS & ADVANCES

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Loans		
Employees	404.48	339.46
Subsidiary Company	1.11	2.38
Stores issued	6.63	0.00
Others	22.12	30.83
	<u>434.34</u>	<u>372.67</u>
Advances recoverable in cash or in kind or for value to be received		
Claims	860.70	779.26
Contractors & Suppliers	102.87	158.99
Employees	7.79	26.99
Income tax paid in advance / recoverable	67.07	11.62
For purchase of shares *	20.15	18.93
Export Incentive	16.27	58.56
Subsidiary Company	9.67	14.04
Others	356.99	404.20
	<u>1441.51</u>	<u>1472.59</u>
Deposits		
Port Trust, Excise Authorities, Railways, etc.	126.30	220.67
Others	248.88	478.11
	<u>375.18</u>	<u>698.78</u>
	<u>2251.03</u>	<u>2544.04</u>
Less : Provision for Doubtful Loans & Advances	128.97	164.29
	<u>2122.06</u>	<u>2379.75</u>
Particulars of Loans & Advances		
Secured, considered good	288.15	254.96
Unsecured, considered good	1833.91	2124.79
Unsecured, considered doubtful	128.97	164.29
	<u>2251.03</u>	<u>2544.04</u>
Amount due from -Directors	0.00	0.01
Maximum amount due at any time during the year from -Directors	0.01	0.01

* Includes Rs. 15.00 crore (Rs. 16.43 crore) for Joint Venture Companies

1.13 : CURRENT LIABILITIES

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Sundry Creditors		
Micro and small enterprises	5.92	3.69
Sundry creditors other than micro and small enterprises		
Capital works	1202.24	512.16
Subsidiary Company	26.70	9.24
Others	2921.91	2462.16
	<u>4150.85</u>	<u>2983.56</u>
Advances from Customers		
Others	507.84	548.02
	<u>57.80</u>	<u>95.47</u>
	<u>565.64</u>	<u>643.49</u>
Security Deposits		
Less : Investments received as security deposit	431.21	243.14
	<u>0.01</u>	<u>0.05</u>
	<u>431.20</u>	<u>243.09</u>
Interest accrued but not due on Loans	95.58	115.64
Stores received on loan Including Rs. 30.06 crore from subsidiary company, (Rs. 11.60 crore)	30.06	11.69
Liability towards Investor Education and Protection Fund, not due		
Unpaid Dividends	7.55	5.88
Unclaimed Matured Deposits	1.60	1.80
Unclaimed Matured Bonds	0.25	0.55
Interest Accrued on unclaimed Deposits / Bonds	0.63	0.66
	<u>10.03</u>	<u>8.89</u>
Other liabilities *	<u>2424.11</u>	<u>2390.87</u>
	<u>7713.39</u>	<u>6400.92</u>

* Includes an amount of Rs. 0.02 crore credited to Investor's Education & Protection Fund. (Rs. 0.01 crore)

1.14 : PROVISIONS

	As at 31st March, 2009	As at 31st March, 2008 (Rupees in crore)
Gratuity	573.17	718.16
Accrued Leave	1602.08	1346.70
Employee Defined Benefit Schemes	1048.75	832.06
Taxation	364.01	38.18
Pollution Control & Peripheral Development	99.73	89.05
Proposed Dividend	536.95	743.47
Tax on Proposed Dividend	91.26	125.54
Voluntary Retirement Scheme	21.43	40.15
Wage Revision	4552.94	2459.66
Mines Afforestation/ restoration / closure etc.	467.29	351.05
Others	50.60	53.81
	<u>9408.21</u>	<u>6797.83</u>

1.15 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

	Balance as at 31st March, 2008	Additions during the year	Total	Amount Charged Off during the year	Balance as at 31st March, 2009
<i>(Rupees in crore)</i>					
Deferred Revenue Expenditure					
Voluntary Retirement Compensation	59.48	0.00	59.48	59.48	0.00
Previous year	129.15	3.67	132.82	73.34	59.48
				Current year	Previous year
Charged to:				59.48	73.34
Other Expenses					

2.1 : SALES

	Year ended 31st March, 2009	Year ended 31st March, 2008 <i>(Rupees in crore)</i>
Domestic	47857.41	44260.14
Exports	807.58	1234.41
Export Incentives	16.40	60.79
	48681.39	45555.34

2.2 : INTEREST EARNED

	Year ended 31st March, 2009	Year ended 31st March, 2008 <i>(Rupees in crore)</i>
Customers	73.35	55.02
Employees	18.10	15.04
Term Deposits *	1704.64	1105.33
Others	32.87	9.37
	1828.96	1184.76
* Tax deducted at source Rs. 0.00 crore (Rs. 3.41 crore)		

2.3 : OTHER REVENUES

	Year ended 31st March, 2009	Year ended 31st March, 2008 <i>(Rupees in crore)</i>
Social amenities-recoveries	156.46	133.81
Sale of empties etc.	52.20	64.19
Liquidated damages	32.22	26.26
Service charges (Gross) *	16.40	11.36
Subsidy, relief and concession	12.56	53.89
Dividend from Subsidiaries	7.37	4.76
Dividend from other investments	6.49	9.69
Profit on sale of fixed assets (net)	46.94	49.78
Foreign Exchange Fluctuation (net)	0.00	112.12
Sundries *	248.39	180.41
* Tax deducted at source Rs.0.27 crore (Rs.0.04 crore)	579.03	646.27

2.4 : PROVISIONS NO LONGER REQUIRED WRITTEN BACK

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Loans & Advances	55.94	15.45
Sundry Debtors	41.69	12.49
Stores & Spares	13.68	10.09
Others	10.53	22.59
	<u>121.84</u>	<u>60.62</u>

2.5 : ACCRETION(-) TO STOCK OF FINISHED / SEMI-FINISHED PRODUCTS

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Opening stock	3944.97	3508.69
Less : Closing stock	5817.84	3944.97
Accretion (-) to stock (a)	(-) 1872.87	(-) 436.28
Less : Excise Duty on accretion to stock (b)	61.66	(-) 98.68
Net accretion (-) to stock (a-b)	<u>(-) 1934.53</u>	<u>(-) 337.60</u>

2.6 : RAW MATERIALS CONSUMED

	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Quantity Tonnes	Value Rs./crore	Quantity Tonnes	Value Rs./crore
Iron ore	23281716	1791.95	25443849	1725.38
Coal	13837735	14087.48	13953945	8242.98
Coke	247880	500.79	638572	819.28
Limestone	3152643	595.69	4048296	627.08
Dolomite	2930822	263.11	2637143	206.94
Ferro Manganese	71746	578.53	67562	349.30
Ferro Silicon	22336	136.46	21329	96.67
Silico Manganese	119593	703.99	122174	510.15
Hot Rolled Stainless Steel Coils	16210	121.07	20061	96.06
Intermediary Products	28079	371.31	22543	293.19
Zinc	7286	71.10	7005	112.62
Aluminium	15363	189.89	17185	206.03
Others		665.55		645.96
		<u>20076.92</u>		<u>13931.64</u>

2.7 : EMPLOYEES' REMUNERATION & BENEFITS

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Salaries & Wages	6625.67	6048.57
Company's contribution to Provident Fund	374.68	335.59
Travel Concession	201.58	700.87
Welfare Expenses	473.95	336.93
Gratuity	725.85	497.32
	<u>8401.73</u>	<u>7919.28</u>
Less : Grants in Aid received from Government of Karnataka	0.22	0.26
	<u>8401.51</u>	<u>7919.02</u>

Note :

Expenditure on Employees' Remuneration and Benefits not included above and charged to:

a) Expenditure during Construction	102.39	58.66
b) Deferred Revenue Expenditure	59.48	73.34
c) Net expenditure on Social Amenities charged to various primary revenue heads	377.95	344.20
	<u>539.82</u>	<u>476.20</u>

2.8 : POWER & FUEL

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Purchased power	2309.69	2097.00
Duty on own generation	18.07	15.60
Boiler Coal/Middlings	190.88	176.42
Furnace Oil/Steam etc.	600.78	536.54
	<u>3119.42</u>	<u>2825.56</u>

Note :

Expenditure on Power & Fuel not included above & charged to:

- Expenditure during Construction	29.07	10.19
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Schedules

(Forming part of the Profit & Loss Account)

2.9 : REPAIRS & MAINTENANCE

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Buildings	136.75	101.86
Plant & Machinery	330.16	292.60
Others	150.47	138.04
	<u>617.38</u>	<u>532.50</u>
Note :		
Expenditure on Repairs & Maintenance not included above and charged to:		
a) Employees' Remuneration & Benefits		
Buildings	85.90	69.07
Plant & Machinery	1188.05	996.91
Others	133.95	119.59
	<u>1407.90</u>	<u>1185.57</u>
b) Stores & Spares		
Buildings	36.74	30.56
Plant & Machinery	1284.89	1264.36
Others	66.05	59.98
	<u>1387.68</u>	<u>1354.90</u>
c) Expenditure during Construction	0.99	1.48
Total (a+b+c)	<u>2796.57</u>	<u>2541.95</u>

Schedules

(Forming part of the Profit & Loss Account)

2.10 : OTHER EXPENSES

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Handling expenses		
- Raw Material	211.01	181.59
- Scrap recovery	<u>83.85</u>	<u>79.69</u>
Royalty and cess	57.10	59.01
Conversion charges	256.09	120.92
Excise Duty on inter-plant transfer / internal consumption	63.24	73.31
Demurrage & Wharfage	48.95	53.54
Water charges & Cess on water pollution	48.10	35.19
Insurance	4.64	6.30
Postage, Telegram & Telephone	20.37	18.90
Printing & Stationery	11.53	11.02
Rates & Taxes	33.88	39.36
Rent	23.60	21.07
Security expenses	224.74	184.42
Travelling expenses	229.10	205.56
Training expenses	22.15	17.87
Foreign Exchange Fluctuation (Net)	224.38	0.00
Directors' Fees	0.25	0.29
Remuneration to Auditors		
- Audit Fees	0.98	0.88
- Tax Audit Fees	0.34	0.31
- Out of pocket expenses	0.97	0.90
- In other capacities	<u>0.86</u>	<u>0.61</u>
Cost Audit Fees	0.02	0.02
Provisions		
- Doubtful Debts, Loans and Advances	28.30	30.07
- Stores, Spares and Sundries	<u>30.49</u>	<u>27.65</u>
Write-offs		
- Deferred Revenue Expenditure	59.48	73.34
- Miscellaneous	<u>68.54</u>	<u>2.15</u>
Voluntary Retirement Compensation	99.68	0.00
Handling expenses - Finished goods	75.59	71.64
Cash Discount (Net)	63.15	74.03
Commission to selling agents	4.31	4.44
Export sales expenses	25.96	14.66
Miscellaneous	628.29	427.58
	<u>2649.94</u>	<u>1836.32</u>

2.11 : INTEREST & FINANCE CHARGES

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Foreign Currency Loans	52.74	48.33
Non Convertible Bonds	124.44	149.49
Bank Borrowings - working capital	60.63	16.14
Steel Development Fund Loans	6.71	22.95
Others	0.55	0.20
Finance Charges	8.17	13.83
	<u>253.24</u>	<u>250.94</u>
Note :		
Expenditure on Interest & Finance charges not included above & charged to:		
Expenditure During Construction		
Steel Development Fund loans - Interest	1.45	1.36
Others	71.38	0.00
Finance Charges	0.26	0.32
	<u>73.09</u>	<u>1.68</u>

2.12 : INTER ACCOUNT ADJUSTMENTS

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Raw materials	1340.27	1302.72
Departmentally manufactured stores	515.81	449.12
Services transferred to capital works	64.33	45.50
Power and Fuel	4.79	3.31
Others(Net)	5.20	3.07
	<u>1930.40</u>	<u>1803.72</u>

2.13 : ADJUSTMENTS PERTAINING TO EARLIER YEARS

	Year ended 31st March, 2009	Year ended 31st March, 2008 (Rupees in crore)
Sales	0.00	2.37
Other Revenues	1.02	0.44
Raw materials consumed	-0.40	0.06
Stores & Spares consumed	-5.68	-2.48
Power & Fuel	0.00	0.26
Employee Remuneration and Benefits	-7.81	0.00
Repair & Maintenance	-1.31	0.25
Excise Duty	0.00	0.16
Other Expenses	8.20	-1.24
Depreciation	2.20	-1.15
Interest	0.00	0.04
	<u>-3.78</u>	<u>-1.29</u>
Net Debit		
(-) indicate credit		

3: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
1. SIGNIFICANT ACCOUNTING POLICIES
1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the relevant provisions of the Companies Act, 1956 including accounting standards notified thereunder.

1.2 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.

1.3 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. Expenditure on construction/development of assets owned by Government / Semi-Government authorities is capitalised under appropriate asset accounts and amortised in five years.

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

Assets retired from active use are shown separately under fixed assets at lower of net book value and estimated realisable value.

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.

1.4 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.

1.5 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.

1.6 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.

1.7 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. 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 and Stores & Spares – weighted average cost

Materials in-transit - at cost

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

1.8 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.

1.9 Voluntary Retirement Compensation

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

1.10 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 profit and loss account. 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 profit and loss account over the period of the contract.

Exchange differences (including arising out of forward exchange contracts) in respect of liabilities relating to fixed assets, are adjusted in the carrying amount of such assets.

1.11 Employees' Benefits

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 profit and loss account after considering along with actuarial gains/losses.

1.12 Adjustments pertaining to earlier years and prepaid expenses

Income / expenditure relating to prior period and prepaid expenses, which do not exceed Rs. 5 lakhs in each case, are treated as income/expenditure of current year.

1.13 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. 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 recognised as income in the year of actual shipment at estimated realisable value/actual credit earned.

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

1.14 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 profit and loss account, 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.

1.15 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.

NOTES ON ACCOUNTS

2. CONTINGENT LIABILITIES

	As at 31st March, 2009	As at 31st March, 2008
	(Rupees in crore)	
(i) Claims against the Company pending appellate/judicial decisions :		
a) Excise Duty	1662.90	1277.39
b) Sales Tax on inter-state stock transfers from plants to stockyards*	960.91	1095.48
c) Other sales tax matters	215.07	160.50
d) Income Tax	62.44	0.75
e) Other duties, cess and levies	287.15	188.20
f) Civil Matters **	193.68	201.09
g) Miscellaneous **	215.03	251.21
* No liability is expected to arise, as sales tax has been paid on eventual sales.		
** includes claims of Rs. 24.31 crore (Rs. 19.01 crore),		
against which there are counter-claims of Rs. 26.12 crore (Rs. 25.82 crore).		
(ii) Other claims against the Company not acknowledged as debt:		
a) Sales Tax	1.87	9.33
b) Duties, cess and levies	11.59	8.26
c) Civil Matters	30.82	35.86
d) Miscellaneous \$	341.54	285.69
\$ includes claims of Rs. 11.80 crore (Rs. 11.80 crore),		
against which there are counter-claims of Rs. 8.98 Crore		
(Rs. 8.98 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	140.38	121.70
(iv) Guarantees/counter-guarantees given to banks/excise authorities on behalf of a subsidiary company and a joint venture company. As at 31 st March, 2009, the guarantees to the extent utilised amounted to Rs. 1.05 crore (Rs. 3.14 crore)	28.85	31.40
(v) Bills drawn on customers and discounted with banks	52.45	72.96
(vi) Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-

3. FIXED ASSETS

3.1 Land:

- Includes 62093.53 acres (62111.39 acres) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- Includes 1844.33 acres (1854.23 acres) in respect of which title is under dispute.
- 10507.07 acres (10082.99 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.
- 6186.05 acres (5999.73 acres) given on lease to various agencies/employees/ex-employees.

3.2 Buildings include net block of Rs. 24.22 crore (Rs. 24.67 crore) for which conveyance deed is yet to be registered in the name of the Company.

3.3 Foreign exchange variations aggregating to Rs. 26.14 crore (net debit) [Rs. 22.87 crore (net debit)] have been adjusted in the carrying amount of fixed assets during the year.

3.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 27988.45 crore (Rs. 13522.90 crore).

4. INVESTMENT, CURRENT ASSETS, LOANS & ADVANCES AND CURRENT LIABILITIES & PROVISIONS

4.1 The Central Board of Direct Taxes vide its Notification dated 25th 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 Rs. 139.87

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. 1st October 2001, upto 31st March 2005, pending final decision of the Hon'ble Court. Such deductions and deposits after 31st 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.

- 4.2 The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Schedule 1.13 – Current liabilities) 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 31st March, 2009 are as under:

(Rs. in crore)			
Sl. No.	Description	As at 31st March, 2009	As at 31st March, 2008
1.	The principal amount remaining unpaid to supplier as at the end of accounting year	5.92	3.69
2.	The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-
3.	The amount of interest paid in terms of section 16, alongwith the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
4.	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.	-	-
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	-	-
6.	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.	-	-

- 4.3 Balances shown under creditors, debtors, claims recoverable and advances 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.

- 4.4 The Company has stock of iron ore fines of 42.01 million tonnes at various mines of the Company. Since the usage/sale of such iron ore fines, not being readily usable /saleable, 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.

- 4.5 Ministry of Steel, Government of India, vide letter dated 2nd May, 2008 approved the scheme of amalgamation of Bharat Refractories Limited, a Government Company, with the Company with appointed date being 1st April 2007. Pending approval of the Ministry of Corporate Affairs, under section 396 and the relevant provisions of the Companies Act, 1956, the effect of the said scheme of amalgamation has not been given in the accounts.

5. PROFIT & LOSS ACCOUNT

- 5.1 The long-term agreement for wage revision expired on 31st December, 2006. Pending finalisation of fresh agreement w.e.f 1st January 2007, provision towards salaries and wages revision of Rs. 5236.54 crore (Rs. 2638.42 crore for the year) and Rs. 51.12 crore (Rs. 39.73 crore for the year) have been charged to Profit & Loss Account and Expenditure during construction respectively, on estimated basis. Against the provision made, ad-hoc adjustable advance amount of Rs. 492.30 crore has been paid and adjusted in the accounts. Further, payments of Rs. 584.94 crore during the year to the employees, on account of merger of dearness allowance with basic pay, have been adjusted against the provision made.

- 5.2 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.

- 5.3 The Research and Development expenditure charged to Profit & Loss Account and allocated to Fixed Assets, during the year, amount to Rs. 112.48 crore (previous year - Rs. 99.62 crore) and Rs. 5.72 crore (previous year - Rs. 2.24 crore) respectively.

- 5.4 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 31st March, 2009, no provision is required to be made, as the net realisable value thereof, assessed by an independent agency as at 31st March, 2008 for Visvesvaraya Iron & Steel Plant, IISCO Steel Plant and internal technical valuation as at 31st March, 2009 for Alloy Steels Plants, is more than the carrying amount.

- 5.5 During the year, the inventory of process scrap has been valued at lower of cost or net realisable value, as against the past practice of valuing at net realisable value. As a result, the profit for the year is lower by Rs. 10.96 crore.

- 5.6 Pursuant to the Companies (Accounting Standards) Amendment Rules, 2009 notified on 31st March, 2009, the Company, on exercise of the option, has accounted for the exchange differences arising on reporting of Long-term foreign currency monetary items at the rates different from those at which they were initially recorded during the year or reported in the previous financial statement in so far as they relate to acquisition of depreciable capital assets, by adding exchange differences upto 31st March, 2009

of Rs. 5.63 crore to the cost of asset and adding Rs. 0.01 crore, to General Reserve in respect of exchange differences upto 31st March, 2008. The cost of the capital assets thus changed shall be depreciated over the balance life of the assets. There are no other long term foreign currency monetary items. As a result, the profit for the year is higher by Rs. 5.41 crore (Net).

- 5.7 Voluntary retirement compensation, hitherto treated as deferred revenue expenditure upto 31st March, 2008 to be written off in five years not beyond 31st March, 2010, has been charged off to the Profit and Loss account during the year. As a result of the change in the policy, the profit for the year is lower by Rs. 70.09 crore.

- 5.8 Pending issuance of accounting and disclosure practices on emission trading by the Institute of Chartered Accountants of India, carbon credit earned by the Company upto 31st March, 2009 in the form of VER (Voluntary Emission Reduction) has not been considered in the accounts.

- 5.9 Pending finalisation of new long term rate contract for imported coal effective from 1st April 2009, supply of the same advanced during February – March' 2009 has been accounted for at ad-hoc rates, as communicated by the suppliers. The implication, if any, will be known on finalisation of rates.

6. GENERAL

6.1 Employee Benefits

6.1.1. 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 Rs.10 lakh has been considered for actuarial valuation for executives based on the office memorandum dated 26.11.2008, issued by Department of Public Enterprises, for revision of scales of pay of executives of Central Public Sector Enterprises.

Leave Encashment : Payable on separation to eligible employees who have accumulated earned and 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 Benefits : 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.

- 6.1.2 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 :

(Rs. 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.	2936.10 (2468.21)	1346.70 (1371.43)	524.00 (447.95)	73.81 (65.78)	22.83 (20.46)	211.41 (202.06)
ii)	Service Cost	115.93 (97.85)	120.50 (123.42)	7.96 (6.69)	3.25 (3.22)	1.12 (0.68)	0.00 (0.00)
iii)	Interest Cost	224.71 (187.40)	103.21 (100.99)	40.66 (35.21)	5.55 (5.00)	1.72 (1.51)	15.31 (14.57)
iv)	Actuarial gains(-) / losses(+)	567.51 (434.75)	297.82 (-28.43)	125.55 (49.91)	34.32 (5.70)	5.93 (3.54)	47.08 (34.76)
v)	Past Service Cost	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
vi)	Benefits paid	374.74 (252.11)	266.15 (220.71)	18.37 (15.76)	6.74 (5.89)	2.94 (3.36)	43.70 (39.98)
vii)	Present value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	3469.51 (2936.10)	1602.08 (1346.70)	679.80 (524.00)	110.19 (73.81)	28.66 (22.83)	230.10 (211.41)

(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:

(Rs. in crore)			
Sl. No.	Particulars	2008-09	2007-08
i)	Fair Value of plan assets as at the beginning of the year	2217.94	750.00
ii)	Acquisition adjustment	0.00	0.00
iii)	Expected return on plan assets	177.44	159.98
iv)	Actual Company's contribution	874.71	1502.05
v)	Actuarial gain/(loss)	1.00	57.95
vi)	Benefits payments	374.75	252.04
vii)	Fair value of plan assets as at the end of the year	2896.34	2217.94
viii)	Present value of defined benefit obligation [6.1.2 (a)(vii)]	3469.51	2936.10
ix)	Net liability recognised in the Balance Sheet (viii)-(vii) *	573.17	718.16

* The company expects to contribute the amount to the Gratuity Fund during the year 2009-10 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 fund are recognised in the Profit & Loss Account. 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 the actuary.

(d) Expenses recognised in the statement of Profit & Loss Account for the year ended 31st March, 2009 :

(Rs. 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	115.93	120.50	7.96	3.25	1.12
		(97.85)	(123.42)	(6.70)	(3.22)	(0.68)
ii)	Interest Cost	224.71	103.21	40.66	5.55	1.72
		(187.40)	(100.99)	(35.21)	(5.01)	(1.51)
iii)	Actuarial gains (-)/losses	566.51	297.82	125.55	34.32	5.93
		(376.81)	(-28.45)	(49.87)	(5.70)	(34.76)
iv)	Past Service Cost	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
v)	Expected return on plan assets	177.45	0.00	0.00	0.00	0.00
		(159.98)	(0.00)	(0.00)	(0.00)	(0.00)
vi)	Total (i+ii+iii+iv-v)	729.70	521.53	174.17	43.12	8.77
		(502.08)	(195.96)	(91.78)	(13.93)	(49.33)
vii)	Employees' Remuneration and Benefits					
a)	Charged to Profit & Loss Account (Schedule 2.7)	725.80	517.88	174.17		8.77
		(497.32)	(195.73)	(91.78)		(49.33)
b)	Charged to Expenditure during construction	3.90	3.65			
		(4.76)	(0.23)			
	Other Expenses					
	- Charged to Profit & Loss Account (Schedule 2.10)				43.12	
					(13.93)	
viii)	Actual return on plan assets	178.39				
		(217.95)				

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

(Rs. 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	4.37	(3.66)
ii)	Increase/(decrease) on present value of defined benefit obligations as at 31st March, 2009	37.05	(30.86)

(f) Actuarial assumptions

Sl. No.	Description	As at 31st March, 2009	As at 1st April, 2008
i)	Discount Rate (per annum)	7.5%	8%
ii)	Mortality Rate	Indian assured lives mortality (1994-96) (modified) Ultimate	Indian assured lives mortality (1994-96) (modified) 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%	8%
vi)	The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors.		

6.2 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.

6.3 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 are given below: -

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 S.K.Roongta Shri V.Shyam Sunder Shri B.N.Singh (upto 30 th November 2008) 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 (w.e.f. 06.12.2008) Shri A.J. Viji Shri B.B. Singh Shri M.K.Bhattacharya Shri S.P. Patnaik Shri Jagdish Singh Shri Kiran Kapoor Shri R.K.Agarwal Shri A.S. Mathur Shri M. Singh (upto 31 st January 2009) Shri S.R. Subhedar (w.e.f. 1 st March 2009)

The details of transactions between the Company and the related parties, as defined in the Accounting Standard, during the year, are given below:

(Rs. in crore)					
Sl. No.	Nature of Transaction	Joint Ventures		Key Management Personnel	
		As at 31 st March '2009	As at 31 st March '2008	As at 31 st March '2009	As at 31 st March '2008
i)	Investments	60.95	31.85	-	-
ii)	Provision for Investment	3.44	3.44	-	-
iii)	Other Loans/ Advances	1.39	2.08	0.02	0.03
iv)	Advance for purchase of Shares	-	1.43	-	-
v)	Provision for Loans and Advances	1.39	1.39	-	-
		For the year ended		For the year ended	
		31 st March 2009	31 st March 2008	31 st March 2009	31 st March 2008
vi)	Sale of Goods	73.90	-	-	-
vii)	Dividends received	0.00	2.80	-	-
viii)	Services given by the Company	0.81	0.31	-	-
ix)	Managerial remuneration	-	-	2.72	2.57
x)	Services received by the Company	22.75	15.14	-	-
		0.35	0.00	-	-

6.4 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:

(Rs. in crore)		
	As at 31 st March, 2009	As at 31 st March, 2008
Deferred Tax Liability		
Difference between book and tax depreciation	2488.12	2559.99
Total	2488.12	2559.99
Deferred Tax Assets		
Retirement Benefits	194.82	244.10
Others	961.15	747.29
Total	1155.97	991.39
Net Deferred Tax Liability	1332.15	1568.60

6.5 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:

(Rs. in crore)							
Sl. No.	Name of the Joint Venture Company	% of Company's ownership interest	Assets	Liabilities	Income	Expenditure	Capital Commitments
1.	NTPC SAIL Power Company Pvt. Limited (*)	50	1661.41	1119.13	149.14	114.89	141.28
2.	Bokaro Power Supply Co. Pvt. Ltd. (@@)	50	371.25	191.52	280.01	242.74	53.94
3.	Mjunction Services Limited (@)	50	60.29	30.24	36.34	21.39	-
4.	SAIL Bansal Service Centre Limited (@)	40	9.82	8.94	8.03	8.02	-
5.	Romelt SAIL (India) Limited (\$)	15	-	0.04	0.01	0.01	-

6. UEC SAIL Information Technology Limited (\$)	40	0.21	2.21	-	0.07	-	-
7. North Bengal Dolomite Limited (@)	50	0.21	0.22	-	0.01	-	-
8. N.E Steel & Galvanising Pvt. Limited (\$)	49	1.51	0.05	-	-	-	-
9. Bhilai Jaypee Cement Limited (*)	26	120.07	73.67	-	-	25.93	56.78
10. Bokaro Jaypee Cement Limited (*)	26	7.82	0.06	-	-	4.56	39.86
11. S & T Mining Co. Pvt. Limited (@)	50	0.45	0.10	0.01	0.18	-	-

* Based on audited Accounts for the year 2008-09
\$ Based on unaudited Accounts for the year 2007-08
@ Based on unaudited Accounts for the year 2008-09
@@ Based on audited Accounts for the year 2007-08

6.6 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.

(Rs. in crore)				
Movement of Provisions	Mines afforestation costs	Mines closure costs	Overburden removal costs	Total
Balance as at 1 st April, 2008	210.77	52.10	88.18	351.05
Additions during the year	86.17	13.76	26.60	126.53
Amounts utilised during the year	0.00	5.16	4.77	9.93
Unused amount reversed during the year	0.00	0.36	0.00	0.36
Balance as at 31 st March, 2009	296.94	60.34	110.01	467.29

6.7 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:

i) In respect of subsidiary company:

(Rs. in crore)		
Name of the subsidiary Company	Loans and Advances in the nature of loans outstanding as on 31 st March 2009	Maximum amount of loans and advances in the nature of loans outstanding during the year 2008-09
IISCO Ujjain Pipe and Foundry Co. Limited	10.78*	16.42
(under liquidation)	(16.42)*	(16.42)

* Out of outstanding amount, Rs.10.78 crore (16.42 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.

7(a). Licensed Capacity, Installed Capacity, Production

Own Products	Installed Capacity	Production
		(Quantity : Tonnes)
Main Steel Plants		
Pig Iron	2397000	259064
	(2397000)	(410303)
Crude Steel (i)	12487000	13147650
	(12487000)	(13648705)
Saleable Steel	10740000	12051827
	(10740000)	(12531293)

Alloy Steels Plants		
Pig Iron	58000	8190
	(58000)	(29418)
Crude Steel	352000	263837
	(352000)	(314894)
Saleable Steel	457000	441904
	(457000)	(512891)

Notes:

- i) Crude Steel installed capacity is in terms of solid steel as per International Iron & Steel Institute .
ii) "Licensed Capacity" Not applicable (N.A.) in terms of Government of India Notification No.S.O.477(E) dated 25th July, 1991.

7(b). Opening Stock, Purchases, Turnover and Closing Stock

Class of Products	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
								(Quantity : Tonnes) (Value : Rs./crore)
OWN PRODUCTS								
Main Steel Plants								
Pig Iron	50529	72.72	-	-	168545	419.89	52377	88.10
	(71041)	(94.24)	(-)	(-)	(307719)	(622.82)	(50529)	(72.72)
Steel Ingots	197961	377.65	-	-	1184	3.07	86122	161.92
	(143287)	(234.27)	(-)	(-)	(2921)	(6.77)	(197961)	(377.65)
Saleable Steel - Finished	605282	1472.56	-	-	10990050	43884.22	1041025	3019.51
	(685270)	(1457.36)	(-)	(-)	(11871956)	(40770.19)	(605282)	(1472.56)
Saleable Steel - Semi Finished	249010	510.85	-	-	-	-	269188	663.05
	(263540)	(504.29)	(-)	(-)	(-)	(-)	(248950)	(510.85)
ALLOY STEELS PLANTS								
Pig Iron	5021	10.02	-	-	8218	25.50	4564	9.63
	(2628)	(4.47)	(-)	(-)	(24292)	(49.95)	(5021)	(10.02)
Steel Ingots	15605	52.12	-	-	0	0.00	14839	51.84
	(11992)	(49.78)	(-)	(-)	(0)	(0.00)	(15605)	(52.12)
Saleable Steel - Finished	79297	544.58	-	-	325250	2287.99	110773	748.58
	(64190)	(401.08)	(-)	(-)	(442575)	(2534.32)	(79297)	(544.58)
Saleable Steel - Semi Finished	34345	242.13	-	-	-	-	26767	240.00
	(24633)	(183.79)	(-)	(-)	(-)	(-)	(34345)	(242.13)
SUNDRIES								
Calcium Ammonium Nitrate(in terms of 25% N)	1023	0.00	-	-	0	0.00	1023	0.00
	(1023)	(0.00)	(-)	(-)	(0)	(0.00)	(1023)	(0.00)
Middlings/Rejects	294503	6.12	-	-	201226	25.13	398956	8.90
	(175273)	(5.70)	(-)	(-)	(131472)	(10.50)	(294503)	(6.12)
Others (By-products etc.)		654.42	-	-		2026.37		826.31
		(573.70)	(-)	(-)		(1558.32)		(654.42)
TRADING ACTIVITIES								
Saleable Steel	479	1.80	1660	6.77	2139	9.22	0	0.00
	(0)	(0.01)	(1132)	(3.63)	(653)	(2.47)	(479)	(1.80)
		3944.97		6.77		48681.39		5817.84
		(3508.69)		(3.63)		(45555.34)		(3944.97)

Note:

- i) The classification of the company's own products for the purpose of quantitative data is in accordance with the Company Law Board's Order No.3/19/80-CL VI dated 16th July 1980.

7(c). Pig Iron and Saleable Steel Quantitative Reconciliation

	Pig Iron		Saleable Steel	
	(Main Steel Plants)	(Alloy Steels Plants)	(Main Steel Plants)	(Alloy Steels Plants)
				(Quantity : Tonnes)
Opening Stock	50529	5021	605282	79297
	(71041)	(2628)	(685270)	(64190)
Production	259064	8190	12051827	441904
	(410303)	(29418)	(12531293)	(512891)
Total	309593	13211	12657109	521201
	(481344)	(32046)	(13216563)	(577081)
Sales	168545	8218	10990050	325250
	(307719)	(24292)	(11871956)	(442575)
Inter Plant Transfers	11262	0	412891	89263
	(20544)	(0)	(535836)	(52554)
Internal Consumption (incl. for capital works)	70216	37	72805	1805
	(86159)	(2418)	(79177)	(385)
Assorted Length/Cuttings/Ingot etc.	1000	0	92628	2800
	(1171)	(0)	(69799)	(4957)
Depletion/Accretion (-) in In-process stock (including of inter plant transfers)	3695	0	-7165	-9410
	(13081)	(0)	(16963)	(-4152)
Shortages/excesses(-) due to sectional weight variation transportation, handling etc.	2498	392	54875	720
	(2141)	(315)	(37550)	(1465)
Closing Stock	52377	4564	1041025	110773
	(50529)	(5021)	(605282)	(79297)
Total	309593	13211	12657109	521201
	(481344)	(32046)	(13216563)	(577081)

Opening and closing stock of Saleable Steel pertain to finished products

	Current Year	Previous Year
<i>(Rupees in crore)</i>		
8. Expenditure incurred in foreign currency on account of		
Know-how	14.76	35.41
Interest	45.88	40.32
Training expenses & payments to Foreign Technicians	13.64	11.98
Others	4.96	1.53
Total	79.24	89.24
9. Earnings in foreign exchange on account of		
Export of goods(Calculated on FOB basis)	807.53	1233.99
	807.53	1233.99
10. Value of imports (Calculated on CIF basis)		
Raw materials	12376.97	6192.93
Capital goods	911.34	355.88
Stores, Spares and Components	455.07	279.97
Total	13743.38	6828.78
11. Value of raw materials consumed		
	Rs/crore	%
Imported	12722.71	63.37
Indigenous	7354.21	36.63
	20076.92	100.00
12. Value of stores/spares & components consumed		
	Rs/crore	%
Imported	331.89	9.38
Indigenous	3206.20	90.62
	3538.09	100.00
13. 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 2007-08 and interim dividend for the year 2008-09 on account of non-resident shareholders are as under :-		
	Current Year	Previous Year
Final Dividend (2007-08)		
a) Number of non-resident shareholders	2755	1315
b) Number of ordinary shares held by them	162699361	277967646
c) Amount of Dividend (Rs.'crore)	29.29	41.70
Interim Dividend (2008-09)		
a) Number of non-resident shareholders	3151	1879
b) Number of ordinary shares held by them	158262221	227336520
c) Amount of Dividend (Rs.'crore)	20.57	43.19
14. Particulars of Directors' Remuneration *		
Salaries	1.02	0.76
Company's contribution to provident Fund & other funds	0.09	0.08
Leave Travel Concession	0.01	0.03
Medical benefits	0.15	0.06
Provision for gratuity / accrued Leave	0.18	0.47
Sitting Fees to independent directors	0.25	0.29
Estimated value of perquisites (Excluding facilities provided in Company's hospitals the value of which is not readily ascertainable).	0.09	0.10
Total	1.79	1.79
* Excluding provision for wage revision		

15. Figures in brackets pertain to previous year and have been re-arranged / re-grouped / re-cast, wherever necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code

Balance Sheet Dated

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Lakhs)

Public Issue Rights Issue

Bonus Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rs. Lakhs)

Total Liabilities Total Assets

Source of Funds

Paid-up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs. Lakh)

Turnover/Other Income Total Expenditure

Profit Before Tax Profit After Tax

Earnings per share (Rs.) Dividend Rate (%)

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per Monetary Terms)

Item Code No. (ITC Code):

Product Description HOT ROLLED COILS

Item Code No. (ITC Code):

Product Description: PLATES

Item Code No. (ITC Code):

Product Description: RAILS

Segment Information for the year ended 31st March, 2009

Annexure - I

A. BUSINESS SEGMENT

											(Rs. in crore)
PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	Others	Inter Segment Sales	SAIL
REVENUE											
- External Sales											
Current year	18496.70	6206.55	7623.17	11857.69	2025.78	544.83	1254.49	589.45	82.73		48681.39
Previous year	(16517.81)	(5274.73)	(7321.66)	(12037.57)	(1715.82)	(551.14)	(1374.27)	(732.61)	(29.73)		(45555.34)
- Inter Segment Sales											
Current year	419.43	420.08	118.57	427.03	325.33	587.92	10.55	60.90	779.75	-3149.56	0.00
Previous year	(191.43)	(368.10)	(63.19)	(719.47)	(124.44)	(500.31)	(22.86)	(53.53)	(677.42)	(-2720.75)	(0.00)
- Total Revenue											
Current year	18916.13	6626.63	7741.74	12284.72	2351.11	1132.75	1265.04	650.35	862.48	-3149.56	48681.39
Previous year	(16709.24)	(5642.83)	(7384.85)	(12757.04)	(1840.26)	(1051.45)	(1397.13)	(786.14)	(707.15)	(-2720.75)	(45555.34)
RESULT											
- Operating Profit / (-) Loss (Before Interest expenses)											
Current year	5030.44	783.64	1099.73	1345.55	-178.59	-106.94	7.12	-148.45	1824.19		9656.69
Previous year	(5425.28)	(1036.34)	(1480.98)	(2870.84)	(-280.06)	(8.35)	(107.69)	(-52.05)	(1122.30)		(11719.67)
- Interest Expenses											
Current year											253.24
Previous year											(250.94)
- IncomeTax											
Current year											3228.64
Previous year											(3931.95)
- Net Profit / Loss (-)											
Current year											6174.81
Previous year											(7536.78)
OTHER INFORMATION											
- Segment Assets											
Current year	7182.66	3795.56	5556.18	5736.79	3605.07	755.28	1704.06	700.26	24940.78		53976.64
Previous year	(5289.51)	(3587.01)	(4335.81)	(4509.56)	(1602.14)	(868.88)	(861.17)	(697.32)	(19124.76)		(40876.16)
- Segment Liabilities											
Current year	4303.80	1511.76	2250.16	3578.49	2094.90	361.77	278.60	304.38	2437.74		17121.60
Previous year	(3078.15)	(1177.00)	(1612.00)	(2895.37)	(1519.90)	(325.69)	(172.42)	(250.28)	(2167.94)		(13198.75)
- Capital Expenditure											
Current year	991.44	156.99	1181.08	1023.42	1981.07	24.85	577.53	53.19	188.29		6177.86
Previous year	(566.09)	(134.95)	(332.16)	(471.76)	(665.28)	(25.88)	(72.86)	(8.33)	(166.67)		(2443.98)
- Depreciation											
Current year	245.60	309.64	309.06	246.74	34.85	12.54	43.54	12.59	70.56		1285.12
Previous year	(216.68)	(301.26)	(304.37)	(246.70)	(29.42)	(10.66)	(43.65)	(11.21)	(71.53)		(1235.48)
- Non Cash expenses other than depreciation											
Current year	6.48	2.27	5.84	21.75	4.14	0.74	0.11	1.68	15.78		58.79

B. GEOGRAPHICAL SEGMENT

Particulars	Current year	Previous year
Sales Revenue		(Rupees in crore)
India	47873.81	44320.93
Foreign Countries	807.58	1234.41
Total	48681.39	45555.34

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.

SOCIAL AMENITIES

							(Rupees in crore)	
Expenses	Township	Education	Medical	Social & Cultural Activities	Co-operative Societies	Transport & Dairy	Total	Previous Year
Employees' Remuneration & Benefits								
– Salaries & Wages	181.80	124.20	214.45	6.61	2.99	20.38	550.43	481.80
– Company contribution to Provident Fund	12.28	8.35	14.87	0.49	0.29	1.38	37.66	33.62
– Travel concessions	8.62	8.17	9.34	0.41	0.01	1.41	27.96	52.58
– Welfare expenses	24.08	12.92	41.31	2.16	0.00	1.49	81.96	57.74
– Consumption of medicines	0.00	0.00	71.02	0.86	0.00	0.00	71.88	52.56
– Gratuity	19.91	10.84	14.93	0.45	0.29	2.13	48.55	31.92
Total	246.69	164.48	365.92	10.98	3.58	26.79	818.44	710.22
Stores & Spares	24.54	0.43	2.69	0.44	0.00	2.20	30.30	28.04
Repair & Maintenance	128.32	0.52	7.47	0.30	0.00	3.11	139.72	93.58
Power & Fuel	242.73	2.08	6.32	2.03	0.45	0.35	253.96	262.49
Miscellaneous expenses	43.37	8.03	18.95	3.88	0.00	8.63	82.86	69.20
Depreciation	22.70	0.80	3.43	0.27	0.02	0.35	27.57	24.70
Total	708.35	176.34	404.78	17.90	4.05	41.43	1352.85	1188.23
Less: Income	113.05	5.20	37.16	0.20	0.00	0.85	156.46	133.81
Net Deficit	595.30	171.14	367.62	17.70	4.05	40.58	1196.39	1054.42

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 31st March 2009, the Profit & 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 & 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>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>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 & 5 of the said Order.</p> <p>Further to our comments in the Annexure referred to above, we report that:</p> <ol style="list-style-type: none"> 1. 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. 2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our 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. 3. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited returns from the branches. 4. In our opinion, the Balance Sheet, the Profit & 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. 5. In terms of Government of India, Department of Company Affairs Notification No. GSR 829(E) dated 21st October, 2003, Government companies are exempt from the applicability of provisions of section 274(1)(g) of the Companies Act, 1956. 	

COMMENTS	MANAGEMENT'S REPLIES
<p>In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts appearing in Schedule 3, 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> <ol style="list-style-type: none"> i) in case of Balance Sheet, of the state of affairs of the Company as on 31st March 2009; ii) in case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date. 	
<p>For Dass Maulik Mahendra K Agrawala & Co. <i>Chartered Accountants</i> Sd/- (Mahendra K. Agrawala) <i>Partner</i> (M. No.51764)</p>	<p>For Chaturvedi & Co. <i>Chartered Accountants</i> Sd/- (S.C.Chaturvedi) <i>Partner</i> (M. No. 12705)</p>
<p>For T.R. Chadha & Co. <i>Chartered Accountants</i> Sd/- (Ajesh Tuli) <i>Partner</i> (M.No. 86424)</p>	<p>For and on behalf of the Board of Directors Sd/- (S.K. Roongta) Chairman</p>
<p>Place : New Delhi Dated : 28th May, 2009</p>	<p>Place : New Delhi Dated : 30th July, 2009</p>

COMMENTS	MANAGEMENT'S REPLIES
1. a) The Company has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets. 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. In few cases of fixed assets, verified but not reconciled, the discrepancies are yet to be ascertained. 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.	Physical verification of fixed assets and its reconciliation with the books is a continuous process.
2. 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. 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. 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 for the Company as a whole, have been dealt with in the books of account.	
3. According to information and explanations given to us: a) The Company has not granted any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. b) The Company has not taken any loans, secured or unsecured, from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.	
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.	
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section. 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, and aggregating during the year to Rs.5,00,000 or more with any party.	
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.	
7. In our opinion, the Company's internal audit system is generally commensurate with the size and nature of its business.	
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.	
9. According to the information and explanations given to us in respect of statutory and other dues: 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, Customs Duty, Excise Duty, Cess and other statutory dues, with appropriate authorities. 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 st March, 2009. c) According to the information and explanations given to us, there are disputed statutory dues which have not been deposited as given herein below:	

COMMENTS			MANAGEMENT'S REPLIES
Statutes	Nature of Dues	Amount (Rs. In crore)	Forum where disputes are pending
Sales Tax	Demand by Appellate Authorities	107.26 322.89 595.38 1025.53	High Courts Sales Tax Tribunals Sales Tax Departments
Central Excise Act, 1944	Excise duty	842.76 28.47 581.04 210.77 0.32 1663.36	Supreme Court High Courts CESTAT Department of Excise Settlement Commission
Income Tax Act, 1961	TDS on perks	141.49	High Courts
Other Statutes	Other statutory dues (including cess)	7.62 698.92 7.67 35.99 750.20	Supreme Court High Courts Lower Courts Concerned Department
TOTAL		3580.58	
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>16. To the best of our knowledge and belief, and according to the information and explanations given to us, the Company has not raised any term-loans during the year under audit. Hence, paragraph 4 (xvi) of the Order is not applicable.</p> <p>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.</p> <p>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.</p> <p>19. According to the information and explanations given to us and records examined by us, securities have been created in respect of secured bonds issued.</p> <p>20. The company has not raised any money by public issue during the year.</p> <p>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.</p>			
For Dass Maulik Mahendra K Agrawala & Co. <i>Chartered Accountants</i> Sd/- (Mahendra K. Agrawala) <i>Partner</i> (M.No.51764)		For Chaturvedi & Co. <i>Chartered Accountants</i> Sd/- (S.C.Chaturvedi) <i>Partner</i> (M.No. 12705)	
For T.R. Chadha & Co. <i>Chartered Accountants</i> Sd/- (Ajesh Tuli) <i>Partner</i> (M.No. 86424)		For and on behalf of the Board of Directors Sd/- (S.K. Roongta) Chairman	
Place : New Delhi Dated : 28th May, 2009		Place : New Delhi Dated : 30th July, 2009	

COMMENTS OF THE COMPTROLLER AND 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 MARCH, 2009

The preparation of financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31st March, 2009 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 28th May, 2009.

I on the behalf of the Controller 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 31st March, 2009. 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/-
(Rakesh Mohan)
Principal Director of Commercial Audit

Place: Ranchi
Date: 1st July, 2009

A. Conservation of Energy
(a) Measures taken

The overall specific energy consumption in SAIL (5 integrated steel plants) during 2008 - 09 has been 6.74 Gcal/tcs, which is less than previous year figure of 6.95 Gcal/tcs. Some of the important energy conservation schemes implemented during the year 2008 - 09 are listed below:

(i) Bhilai Steel Plant (BSP)

- Installation of Hot metal Desulphurisation unit at SMS-II
- Multi-slit burners commissioned in Machines # 3 & 4 of SP- II
- 10000 meter steam pipe line insulation
- Use of electronic blasts in place of conventional blasts

(ii) Durgapur Steel Plant (DSP)

- Steam injection in Nodulising Drum of Sinter Plant #2.
- BOO oxygen plant & CDI commissioned
- Patch repairs of CO & BOF Gas holders
- Hearth & Flue tunnel repair of furnaces in Merchant Mill, Skelp Mill, Wheel Plant and Section Mill.
- Replacement: top 2 segments of Skelp Mill Fce. recuperator.

(iii) Rourkela Steel Plant (RSP)

- Phase – II computerization of Energy Centre to facilitate more signals to enable better monitoring and control of fuel gases & utilities
- Maintaining LD Gas recovery above 100 Nm3/TCS after commissioning of the LD gas holder
- Avoidance of continuous bleeding of 'CO' gas for maintaining grid safety after re-commissioning of 'CO' gas holder
- Provision of high emissivity coating in W.B. furnace of Plate Mill
- Commissioning of new coke oven battery # I with zero leak doors, on-main charging and computerized combustion control

(iv) Bokaro Steel Plant (BSL)

- Dry gunniting of ovens @ 17 ovens /month
- Running of one exhaustor at BPP with steam
- Repair of stoves of BF#3 & BF#4
- Installation of Amano scope in BF # 1 & 4
- Optimisation of soaking pits as per daily production schedule (10 – 12 pit in place of 18 earlier)
- Modification of Pit no. 32 with LC – 70 casting
- Use CO gas in one rotary kiln on continuous basis
- Replacement of damaged recuperator in RH#4 of HSM
- Repair of 10 nos. base FAN in Annealing I
- Replacement of 3 km damaged water line
- Replacement of 3000 sq. meter damaged insulation
- Installation of 15 nos. steam traps
- 1250 TDP Oxygen Plant (BOO basis)
- Computerised Process Control System at SMS-II
- Commissioning of lump ore screening

(v) IISCO Steel Plant (ISP)

- Capital repair of Blast Furnace # 3
- Phased out BF#4
- Cleaning of BF gas line to soaking pits
- Repair of Battery # 8
- Capital repair of Reheating furnace of Heavy Structural Mill
- Installation of reactive power compensation on device in iron section
- Arresting steam leakages by on-line sealing
- Cleaning of boiler heating surface

(b) Additional investment and proposal, if any
(i) Bhilai Steel Plant (BSP)

- New Slab Caster, RH Degasser and Ladle Furnace

- Re-building of Coke Oven Battery #5
 - Waste heat recovery from sinter cooler for hot water generation at SP # III
 - Electro-magnetic Stirrer for Bloom Caster in SMS-II
 - Thyristorisation of Plate Mill stands (Replacement of MG sets)
 - Modernisation and Augmentation of capacity of Plate Mill
 - Rebuilding of Coke Oven Battery # 6
- (ii) Durgapur Steel Plant (DSP)**
- Introduction of Multi Slit burner in SP # I
 - Stabilization of CDI in BF#3 & BF#4
- (iii) Rourkela Steel Plant (RSP)**
- CDI in BF – IV
 - Tar injection in BF – I
 - Commissioning of Batt-IV
- (iv) Bokaro Steel Plant (BSL)**
- Provision for parallel blowing in SMS-II
 - Use of Coal tar injection in BF # 1
 - Installation of 2nd LHF & Extension bay in CCS
 - Commissioning of 3rd BF gas bleeder & laying of ND 1400 BF gas line to 3rd bleeder
 - Gunniting of BF#1
 - Gunniting and fixing of over burden probe in BF #5
 - Installation of CDI in BF # 2 & BF # 3
 - Installation of 8 nos. Sinter screens & Coke screens
 - Upgradation of BF # 2
 - Modernisation of GCP # 2
 - Additional BF gas pipe line to Captive Power Plant
- (v) IISCO Steel Plant (ISP)**
- Introduction of BF gas in boiler -A unit
 - Thermal insulation of steam pipelines & hot air ducts
- (c) Impact of measures on energy consumption**
- The overall energy consumption for the year decreased by about 2.7 % compared to previous year.
- (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

	(Rs. in crore)
i) Foreign exchange earned from exports and other activities	807.53
ii) Foreign exchange used:	
a) CIF Value of import	13,743.38
b) Other expenditure in foreign currency	79.24

For and on behalf of Board of Directors

Sd/-
(S.K.Roongta)
Chairman

Place: New Delhi
Dated: 30th July, 2009

FORM 'A'
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY

Particulars	2008-09	2007-08
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a) Total Power Purchased (including JV Power)*		
Units (Million KWH)	6495	6483
Total Amount (Rs. crore)	2227	2032
Average Rate per Unit (Rs./KWH)	3.43	3.13
b) Own Generation		
Through Steam Turbine/Generator		
Units (Million KWH)	902	895
Units per Gega Calories of energy input	220	229
Average Rate per Unit (Rs./KWH)	4.15	3.67
2. COAL		
i) Coking Coal		
Quantity (Million Tonne)	13.84	13.95
Total Cost (Rs. crore)	14088	8243
Average Rate (Rs. per tonne)	10181	5907
ii) Non-Coking Coal		
Quantity (Million Tonne)	0.968	0.976
Total Cost (Rs. crore)	191	176
Average Rate (Rs. per tonne)	1971	1807
3. FUEL OILS		
Quantity ('000 Kilo Litres)	47	65
Total Cost (Rs. crore)	152	154
Average Rate (Rs./Kilo Litres)	32640	23801
4. OTHERS		
i) Coke		
Quantity ('000 Tonnes)	248	639
Total Cost (Rs. Crore)	501	819
Average Rate (Rs. Per tonne)	20203	12830
ii) Misc. (LPG, Gases, Process Steam etc.)	443	377
Total Cost (Rs. crore)		

B. CONSUMPTION PER TONNE OF SALEABLE STEEL PRODUCTION

	2008-09	2007-08
Purchased Electricity (KWH)	500	498
Fuel Oils (litres)	4	5
Coking Coal (kgs)	1108	1087
Coke (kgs.)	20	50
Non-coking Coal (kgs)	76	76

Note: 1. Purchased Electricity quantity includes power from Joint Venture also.
2. Proportionate pig iron production is added to saleable steel production for above calculation.

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 (2008-2009)

Cost Reduction

- **Development of Systems for Steam Addition in Balling & Nodulising Drum and Air Humidification over Sinter Bed of SP#2 at DSP**

Systems for pre-heating of sinter mix in balling drum above the dew point and air humidification over sinter bed were developed and retrofitted at sinter plant # 2 for the first time in SAIL. A marked improvement was attained in the critical process parameters e.g. air filtration velocity from 0.28 to 0.36 m/sec, sinter productivity from 1.25 to 1.29 t/m²/hr. Besides, the total coke addition reduced from 70.6 to 66.6 kg/ts and in-plant return fines from 471 to 411 kg/t.

- **Improvement in Life of Decks of Cold Sinter Screen at Sinter Plant # 2 at BSP**

Screens, made through deposition of thin chrome-boride/carbide layers over the mild steel, have resulted in reduction of return sinter from BF from ~90 to ~20 t/hr and enhancement of screen-life by more than 12 months as against earlier life of 3-4 months.

- **Improvement in Performance of BF # 2 at ISP**

Improvements in the salient operating parameters like increase in production from 478 to 529 t/day; increase in no. of casts / month from 229 to 238; and reduction in coke rate from 809 to 738 kg/thm were achieved through the process intensification measures e.g. increase in hot blast temperature (HBT) to 950 C; use of auto RAFT operation; optimisation of burden distribution; coke degradation studies; and periodic alkali flushing.

- **Stabilization of Coal Dust Injection in BF # 7 at BSP**

Combined effect of efforts like, raising of HBT from 960 C to ~1050 C on a regular basis, auto control of RAFT at an optimised level, central working of furnace, and improvement in screening efficiency of sinter, resulted in an increase in CDI rate to 57 kg/thm and decrease in coke rate from 502 to 470 kg/thm. On many instances, CDI rate has crossed a level of 80 kg/thm.

- **Stabilization of Free Opening Performance of Steel Ladle Nozzles in SMS-I at BSL**

Existing well-fill mix was modified with purer quality (milky white) quartzite of low iron level (< 0.1%) and certain amount of graphite was replaced by carbon black, which helped in better coating of the grains with its higher purity and fineness. Free opening to the tune 95% was achieved on a regular basis.

- **Improvement in Steel Ladles Lining Life with In-house Bricks at SMS-II at RSP**

With an aim to enhance the average lining life (90 heats) of 150t steel ladles, new bricks were developed for the weakest lining areas for the first time in SAIL with resin bonded Alumina Magnesia Carbon (AMC) brick for 'bottom impact pad', and improved bricks with "98% MgO containing fused magnesia" mixed with "97% MgO sea water magnesia" in the ratio of 1:1 for the 'metal zone'. Lining design was modified using the above bricks and four trials were conducted resulting in a highest-ever lining life of 129 heats in SAIL plants.

- **Enhancement of Steel Ladle Lining Life at SMS-II at BSP**

With an innovative approach i.e. use of new additives, Magnesia Aluminate Spinel for metal zone and 99% FC graphite for slag zone, desired improvement in brick quality was achieved. Lining design was also modified. A new record life of 100 heats with 55 secondary heats was attained and the average ladle life could be enhanced from 60 heats to 82 heats with 52 secondary heats.

- **Stabilisation of Roll Bite Lubrication in Hot Strip Mill at BSL**

Application of RBL resulted in an appreciable reduction in wear rate of work rolls as well as occurrence of peeling and banding of rolls. It enabled increase in campaign length of rolling by minimum 10% from average 101 km (Feb-Jul'08) to 112 km (Aug'08-Jan'09). Besides, there had been decrease in grinding off-take of rolls of F6-F8 stands by 0.18 mm (from average 0.60 mm to 0.42 mm).

Roll force and power consumption also reduced by 5-10% facilitating ease of rolling of high strength special steels viz. high strength LPG steel (SG295 and P310 grades), which could be rolled first time at the hot strip mill in thinner gauge of 2.2 mm. RBL had also helped in suppressing the generation of rolled-in-scale in the HR coils.

- **Application of Portable Ultrasonic and Eddy Current Systems for Inspection of HSM Rolls at BSL**

With an aim to prevent this catastrophic roll failures, a new roll inspection methodology was adopted involving non destructive testing (NDT) of work and back up rolls in roll grinding shop of HSM with portable Ultrasonic and Eddy Current Flaw Detectors. Number of work roll failure cases reduced from 31 to 13 and duration of unscheduled work roll as well as back-up roll changing reduced from 67 to 40 hrs and from 67 to 43 hrs respectively.

- **Enhancement in the Performance of Work Roll Bearings in Cold Rolling Mill at BSL**

To take care of the lubricant deficiency in the work roll bearing, superior seals with metal embedded on both the sides were tried. Two air-oil lubrication systems were commissioned in the mill to lubricate the work roll bearings with ISO VG 320 grade of lubricant in stands 4 and 5. Dual-line air-oil lubrication system was introduced which brought down the number of failures to 1 from 8.

Quality Improvement

- **Improvement in Steelmaking Practice to Achieve Lower Rejection Level at Heavy Section Mill (HSM) at ISP**

Steel defect at HSM was brought down from an average level of 6.4 to 3.29% through development of a nomogram to adjust the cold charge in the furnace and also introduction of a modified deoxidation practice to avoid over-deoxidation of steel. Trials in different phases resulted in desired final bath 'P'- level ~ 0.03-0.045% which in turn resulted in reduction of steel defects. Desired 'Si' - level of 0.04 to 0.06% and dissolved 'O' in the range of 60-80 ppm were also attained.

- **Optimisation of VAD Process Parameters for Sulphur bearing CSQ Grades at ASP**

Slag composition was optimised and the methodology of Iron Pyrite addition was modified to get consistent sulphur recovery during refining operation. Other benefits were reductions in: average treatment time by 27% (from 206 min. to 150 min.); sulphide capacity of modified slag from 0.009 to 0.006; slag basicity from 3.03 to 2.23; and standard deviation in sulphur analysis at different stages of refining from 0.013% to 0.003%.

- **Optimisation of Steel Refining Practice for Production of Special Steel through LF Route at DSP**

De-oxidation practice, slag composition and gas flow rate was optimised. A remarkable improvement in process parameters was achieved in terms of reduction in: slag viscosity; melting point (from 1510 to 1449 C); specific gas consumption by ~ 30%; noise level during arcing operation due to introduction of stirring gas in ladle at controlled flow rate coupled with fluid slag. An improvement in de-sulphurisation by ~10% was also attained.

- **Casting of Al-killed Grade through Bloom Caster at DSP**

In order to cast grades with low dissolved oxygen, where aluminium requirement is $\geq 0.02\%$, a system for argon purging through mono block stopper was indigenously conceptualised, designed and installed in the bloom caster to flush out the deposition of alumina during casting. Besides, steel making practice was also modified to maintain dissolved oxygen ≤ 5 ppm with low alumina content in steel to reduce stopper erosion. Incorporating above measures, it was possible to cast steel grades containing Aluminium $\geq 0.02\%$. This would facilitate casting of value added products with increased sequence length.

- **Quality Improvement of Stainless Steel Processed through ASP-SSP Route at ASP**

Genesis of defects in coils was identified through detailed metallurgical investigation and the remedial measures e.g. control of chemistry in AISI-304; use of AMLC; and sequencing of more number of heats were taken. As a result, the average prime yield of CR coils in thinner gauges could be increased to ~ 66%, and in higher thickness (>1-4mm) to ~ 80 %.

- **Improvement of Coating Adherence of Galvanized Products at BSL**

Analysis at Bare Spot, quality deficiency of galvanized sheets from BSL, revealed an undesired level of carbon residue at the coating interface, which led to the incomplete burn-off of rolling emulsion at Direct Fired Furnace (DFF). The constraint in coke oven gas supply at DFF was removed and its supply was raised from 3100 to 4000 m³/hr and the furnace insulation was also improved. These measures resulted in improved strip heating and thereby prevention of Bare Spots. The average diversion due to this defect came down from an earlier level of 1.8 to 0.3%.

Uniformly distributed iron oxides in a matrix of carbon residues underneath the coating was found to be the genesis of Zinc coating peel-off, another defect in galvanised sheet, as it impairs the coating adhesion, leading to formation of edge flakes.

Reduced seal roll gap, rectification of burners, increased DFF temperature, repair of radiant tubes and moisture free protective gas in RTF led to reduction in zinc peel-off diversion from 0.6 to 0.2%.

- **Improvement in Productivity and Quality of CR Coils through PL 1–CR1 Route, CRM at RSP**

Towards improvement in surface quality of pickled coils from PL1, modified hot water rinsing system for top & bottom surface rinsing and new air wiper system were installed for increasing coil brightness and eliminating water carry-over from the line respectively. As a result of the above installations and their regular usage, % reflectance of the pickled strips increased from 67 to 77%. An efficient air wiping system installed at CR 1 eliminated emulsion carry-over and thereby reduced the diversions due to 'black patch' from 4.60 to 1.25% and a modified roll cooling system improved the strip shape; attributing reduction in 'bad shape' from 0.6 to 0.4%.

Energy Conservation

- **Introduction of Curtain Flame Ignition System in Sinter Machines # 2, 4 & 3 of Sinter Plant-2 at BSP**

The curtain flame ignition system, a completely new ignition system for sintering operation was designed in-house and introduced

at three sintering machines of SP-2 at BSP. The system is in regular operation in all three machines and a remarkable reduction in the specific gas consumption (34% avg.) has been achieved. In addition, improvement in suction and productivity are of the order of 20% and 17% respectively.

- **Improvement in Performance of Combustion System of Annealing Furnace of CAL, CRM at BSL**

To enhance the efficiency of small capacity burners of the continuous annealing line (CAL), a number of hardwares like gas filling units, pressure regulation valves, orific plates etc were installed and burner choking was completely eliminated and required annealing temperature i.e. 650-750 C could be attained. The furnace productivity was increased by more than 5% and it is operating at 110-115% of the monthly target.

- **Improvement in the Performance of Reheating Furnace of Wire & Rod Mill at BSP**

To overcome the problem of incomplete combustion of fuel, all the injection burners were modified to increase combustion air availability by increased gas velocity. Provision of additional combustion air was also made by installing blower and air pipe line network incorporating flow / pressure control & measurement facilities. These modifications led to reduction in burner backfiring and increase in combustion air availability and thereby, reduction in specific fuel consumption by 5% and increase in furnace productivity by 5%. Now, the furnace is capable of delivering soaked billets at the desired rate of 110-120 billets/hr.

Product Development and Application

- **ASTM 537 Cl.1 Steel Plates at RSP**

To meet the growing demand of the steel plates used for manufacturing of fusion welded pressure vessels and for other structural applications like manufacturing of penstocks, tankers and storage containers for oil and natural gas, ASTM 537 Cl.1 steel plates with specified properties were developed at RSP by designing a suitable steel chemistry and formulating rolling and normalizing parameters. Plates supplied to M/s Texmaco, Kolkata, were successfully fabricated into penstocks.

- **Earthquake Resistant TMT Rebars at DSP**

To ensure the desired strength level and UTS / YS ratio of 1.18 min., which is essential to improve the seismic resistance property of the rebars, right volume fraction of martensite (~20%) in the rim was achieved through implementation of modified cooling parameters. More than 2,00,000 tonnes of rebars in 16, 20 and 25 mm diameters have been rolled and dispatched to various customers during 2008-09, facilitating an extra revenue generation in terms of 'quality extra' to the tune of Rs. 28 crores.

- **SUP 9 Grade Billets for Leaf Springs at DSP**

In view of substantial demand of SUP 9 grade spring steel billets in the auto sector (~50,000 t / annum), this product was developed. All the metallurgical requirements of the grade were met at different stages of leaf spring making. Commercial production has started at DSP.

- **Value Added TMT Rebars and Structural at ISP**

EQR grade TMT rebars of plain C-Mn variety in Fe 500 grade with increased bond strength have been developed through optimisation of chemistry and processing parameters at Merchant Mill. During 2008-09, about 50,000 tonnes of rebars were rolled in 16, 20 & 25mm diameters. With regard to structural, micro-alloyed HITEN variety Z bar section was rolled at Heavy Structural Mill, mainly for the Indian Railways. The steel was micro-alloyed with 'V' instead of 'Nb' which resulted in reduction in mill load and increased yield. More than 3,000 tonnes of HITEN Z bar was rolled in 2008-09.

- **MC 40, MC55 and C30 Grades at RSP**

Three difficult-to-cast grades i.e. MC40, MC55 & C30 have now been fully commercialised at RSP through SMS-I route. In case of MC 55, altogether 22 heats were processed and 1,419 tonnes were dispatched to various customers in the Northern & Eastern Regions. MC 55 grade has a good market for applications like hacksaw blade, drop pin for textile industry, dowel pins, circlips etc. and C 30 grade steel with higher Mn (> 1.2%) is used for strapping application.

In all ~8,600 tonnes of all three grades of medium carbon steel were dispatched during 2008-09, facilitating an extra revenue generation in terms of 'quality extra' to the tune of Rs. 1.46 crores.

- **High Strength Formable Quality and High Strength LPG (EN P 310) Grades at BSL**

High strength formable quality steel, both in hot & cold rolled quality, with yield strength up to 525 MPa and 430 MPa respectively were produced. Higher category of LPG steel (EN P 310) was developed in thinner gauge (2.2 x 1070 mm) with YS > 435 MPa by microalloying with reduced Nb (0.01-0.015 %) content and optimising hot rolling parameters. This steel was used for production of export quality LPG cylinders.

Automation

- **Auto Control of BF Charging Conveyors and Monitoring of Vibrators at Blast Furnace Charging Complex at BSL**

An auto control system has been introduced to facilitate the auto start of the series of conveyors in a section and thereby to reduce the delay in manual operation of conveyors start up of charging section. A centralised mimic has also been introduced to incorporate the running status of the vibrators (40 nos.) of all five blast furnaces for an easy monitoring of all the vibrators from one place. The scheme is in operation since January, 2009 and has reduced section start-up time from 30 minutes to 10 minutes.

- **Introduction of Digital Field Control System in Skelp Mill at DSP**

In order to minimise inter-stand tension / looping, a digital closed loop control system was designed, developed and successfully commissioned in Skelp Mill. The control system software was developed in-house. The system is functioning satisfactorily since

Jan'09 and is expected to reduce cobble generation by 0.3%, annual delay of the mill by 1 % of installed calendar hour and off-dimension skelp generation by 1%.

- **Automatic Tail End Cutting System of Bar at Crop Shear before Entry of Finishing Stands of HSM at RSP**

To facilitate the precise cutting of the tail end for all the transfer bars, the tail end cutting system at the crop shear has been modified with a special type fibre optic hot metal detector (HMD), Pulse Tacho and a PLC. The system, functioning since 1st week of November, 2008, has eliminated the fishtail cutting in the coil finishing area and thereby reduced the processing cost. Length of crop end has reduced to 250 mm from earlier 500 mm resulting in a remarkable material saving. Mill delays at crop shear have also been brought down by the new system.

3. Future Plan of Action

R&D programmes identified for the next five years are as follows:

Technology Areas	Objectives
Coal, Coke & Chemicals	<ul style="list-style-type: none"> • Improvement in coal carbonization practice and coke quality and yield of by-product.
Iron & Sinter	<ul style="list-style-type: none"> • Maximising of BF productivity with Indian iron ore through in-furnace investigation. • Reduction in coke rate and assimilation of new iron making technologies. • Improvement in sintering technology to achieve performance of sinter plant to international level.
Steel Making & Casting	<ul style="list-style-type: none"> • Reduction in cost of liquid steel through improved productivity and reduced level of inputs in BOF and secondary refining units. • Enhancement in caster productivity.
Refractories	<ul style="list-style-type: none"> • Improvement of manufacturing technology for MgO-C bricks for BOF converter lining. • Application of self flowing castables for ladle lining.
Rolling Technology	<ul style="list-style-type: none"> • Improvement in the operational efficiency of Rolling Mills • Improvement in the productivity and quality of hot and cold rolled products.
Product Development	<ul style="list-style-type: none"> • Development of special steel grades for oil & gas, railways, defence, construction, agriculture, engineering & fabrication segments. • Development of corrosion resistant rail steel.
Energy Conservation	<ul style="list-style-type: none"> • Development and introduction of fuel efficient burners.
Automation & Computerization	<ul style="list-style-type: none"> • Introduction of automation and control systems for productivity, yield and quality improvement in steel plant production units.
Environment & Pollution Control	<ul style="list-style-type: none"> • Assessment of PAH and NOX and improving effluent treatment in coke oven area of different steel plants.

4. Expenditure on R&D

(Rs. in crore)

Capital	5.72
Revenue	112.48
Total	118.20
% 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 modernization/continuous improvement. These area-wise include:

Area: Coke Making

- A new 7 m tall environment friendly Coke Oven Battery No.6 of RSP
- Rebuilding of environment friendly Coke Oven Battery No.1 & 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 of DSP

- Coke Dry Quenching in new 7 m tall batteries at ISP, BSP and 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 Furnace 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. This technology is further being extended to other Blast Furnaces.
- Coal Tar injection facilities are being installed at two Blast Furnaces of BSP and one Blast Furnace each at BSL, DSP and RSP.
- Two stage Gas Cleaning Plant in Blast Furnaces at BSP, RSP, ISP and BSL (for improvement in quality of BF gas).
- Introduction of INBA Cast House Slag Granulation technology in two Blast Furnaces each of BSP & RSP, one Blast Furnace of DSP and four Blast Furnaces of BSL for improving productivity, reduce environmental pollution and gainful utilization of BF Slag.
- Introduction of High Hot Blast technology in Blast Furnace stoves.
- Closed Loop Cooling System with DM water in Blast Furnaces at BSP, BSL, RSP and ISP for enhancement of campaign life of furnaces.
- Cast House Fume Extraction Process in three Blast Furnaces at BSP, BSL, RSP & ISP as a pollution control measure.
- Flat Cast House design in three Blast Furnaces each at BSP and BSL and one each at RSP & ISP for use of mobile equipment in Cast House and easy maintainability.
- Top Recovery Turbine in Blast Furnace of BSL (1 No.) & BSP (1 No.), RSP (1 No.) & ISP (1 No.) for generation of power.
- Under burden probe in Blast Furnaces of BSL (1 No.) & BSP (1 No.), RSP (1 No.) & ISP (1 No.).
- 4000 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 and 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 of plates in Plate Mill (for quality assurance of plates) at BSP.
- Ultrasonic testing and Eddy current testing and laser based straightness checking 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.
- Hydraulic Automatic Gauge Control in Plate Mill (for achieving close thickness tolerances) at BSP.
- State of the art Medium Structural Mill at DSP, Universal Rail Mill at BSP and 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 & RSP.
- Installation of Walking Beam Reheating Furnaces (for improved product quality yield and reduction 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.

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

(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 31st March, 2009, the Board of Directors comprised a full time Chairman, 9 whole time Directors (WTD) and 8 non-executive Directors (Non-ED) (including 6 independent directors). During the year, 15 Board meetings were held on 28.04.2008, 16.05.2008, 18.06.2008, 27.06.2008, 21.07.2008, 25.07.2008, 31.07.2008, 13.08.2008, 10.09.2008, 21.10.2008, 27.11.2008, 27.01.2009, 20.02.2009, 25.02.2009 and 31.03.2009.

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 2008-09	Attendance at last AGM	No. of other directorship held as on 31.3.2009 *
Shri S.K. Roongta	WTD	15	Yes	--
Dr. S.C. Jain (upto 28.12.2008)	Non-ED	-	--	--
Prof. R.P. Sengupta (upto 28.12.2008)	Non-ED	10	Yes	--
Dr. Velu Annamalai (upto 28.12.2008)	Non-ED	9	Yes	--
Shri Siddharth Kak (upto 28.12.2008)	Non-ED	6	--	--
Shri G. Elias	Non-ED	15	--	1
Shri V. Shyamsundar	WTD	15	Yes	1
Shri B.N. Singh (upto 30.11.2008)	WTD	11	Yes	--
Shri V.K. Srivastava	WTD	15	Yes	4
Shri G. Ojha	WTD	12	Yes	2
Shri Shyamal Ghosh	Non-ED	14	Yes	7
Shri Mohammad Yusuf Khan	Non-ED	8	--	6
Prof. Deepak Nayyar	Non-ED	10	--	1
Shri R. Ramaraju	WTD	15	Yes	4
Prof. Javaid Akhtar	Non-ED	14	--	--
Shri P.K. Sengupta	Non-ED	14	Yes	1
Dr. Vinayshil Gautam	Non-ED	15	--	1
Shri Soiles Bhattacharya	WTD	15	Yes	1
Shri S.S. Ahmed	WTD	15	Yes	--
Shri V.K. Gulhati	WTD	15	Yes	--
Shri B.S. Meena	Non-ED	13	--	6
Shri S.P. Rao	WTD	15	Yes	--
Shri S.N. Singh (w.e.f. 06.12.2008)	WTD	4	N.A.	1

* Includes Directorship in Private companies.

(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 and 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 21st March, 2001 with only Non-Executive Directors as members. The Audit Committee was reconstituted on 11.06.2007 and as on 31.03.2009 consisted of Shri Mohd. Yusuf Khan, Shri P.K. Sengupta and Dr. Vinayshil Gautam as members. On expiry of term of Shri Mohd. Yusuf Khan on 9th July, 2009, Prof. Javaid Akhtar has been inducted as a member of Audit Committee.

During the last year, the committee met 8 times and attendance of the members at the meetings was as follows:

Name of the Director	Status	No. of meetings attended
Shri Mohammad Yusuf Khan (w.e.f. 11.6.07)	Chairman	8
Shri Siddharth Kak (upto 28.12.2008)	Member	4
Shri P.K. Sengupta	Member	8
Dr. Vinayshil Gautam	Member	8

(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.

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

Name of the Director	Salary	Retirement & other Benefits	Total
Shri S.K. Roongta	1141229	463251	1604480
Shri V. Shyamsundar	970993	328914	1299907
Shri B.N. Singh (upto 30.11.2008)	700619	59386	760005
Shri V.K. Srivastava	947018	399163	1346181
Shri G. Ojha	2244108	462469	2706577
Shri R. Ramaraju	893702	384485	1278187
Shri Soiles Bhattacharya	1129709	460513	1590222
Shri S.S. Ahmed	1041969	459986	1501955
Shri V.K. Gulhati	1142436	460246	1602682
Shri S.P. Rao	1041629	269381	1311010
Shri S.N. Singh (w.e.f. 06.12.2008)	315245	92521	407766
Total	11568657	3840315	15408972

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 Meetings attended by them w.e.f. 27.11.2008.

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 another independent director, namely Prof. Javaid Akhtar, and two Whole Time Directors, i.e. Director (Personnel) and Director (Finance), 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.

(ii) Name of compliance officer: Shri Devinder Kumar, Company Secretary

(iii) There was one complaint pending redressal as on 31.03.2008. Number of shareholders complaints received during the period from 01.04.2008 to 31.03.2009 were 62. During the year, 63 complaints (including pending at the beginning of the year) were resolved and no complaint was pending for redressal as on 31.03.2009.

(f) General Body Meetings:

Location and time where last three AGMs held:

Financial Year	Date	Time	Location
2007-2008	10.09.2008	10.30 a.m.	Air Force Auditorium Subroto Park, New Delhi.
2006-2007	20.09.2007	10.30 a.m.	Air Force Auditorium Subroto Park, New Delhi.
2005-2006	22.09.2006	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi.

i) In the last 3 years, only one Special Resolution has 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:

There were no transactions by the company of material nature with Promoters, Directors or the Management, their Subsidiaries or 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-à-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 Directors held any share/convertible instrument of the company.

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.

The Central Vigilance Commission (CVC) has 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 has not permitted SAIL to formulate the Whistle Blower Policy at this stage. Accordingly, the company has not adopted Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management on any issues.

MONTH & YEAR	SENSEX		SAIL at BSE		NIFTY		SAIL at NSE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Apr-08	17,480.74	15,297.96	188.40	152.75	5,230.75	5,155.85	189.95	152.30
May-08	17,735.70	16,196.02	191.00	155.80	4,908.85	4,833.45	190.95	155.60
Jun-08	16,632.72	13,405.54	170.40	136.55	4,163.00	4,021.70	170.40	136.60
Jul-08	15,130.09	12,514.02	150.00	117.55	4,342.00	4,285.55	150.00	117.35
Aug-08	15,579.78	14,002.43	158.30	136.00	4,368.80	4,230.60	160.00	136.30
Sep-08	15,107.01	12,153.55	159.40	121.30	3,966.85	3,715.05	159.40	110.00
Oct-08	13,203.86	7,697.39	129.70	62.00	2,921.35	2,696.30	129.60	61.70
Nov-08	10,945.41	8,316.39	103.00	55.25	2,779.00	2,690.30	102.80	55.25
Dec-08	10,188.54	8,467.43	90.40	61.15	3,002.65	2,937.35	90.60	61.15
Jan-09	10,469.72	8,631.60	97.25	70.00	2,881.00	2,774.10	97.05	70.05
Feb-09	9,724.87	8,619.22	92.25	73.15	2,787.20	2,708.45	92.30	73.05
Mar-09	10,127.09	8,047.17	103.75	70.00	3,054.30	2,966.40	103.65	69.50

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 except those relating to composition of Board of Directors, presence of Chairman Audit Committee in the AGM and pre-approval of related party transaction by Audit Committee Further, the company has not adopted non-mandatory requirement of the said clause 49.

(h) Means of Communication:

Quarterly results have been published in prominent daily newspapers as per requirements on the following dates.

Quarter ending	30.06.2008	30.09.2008	31.12.2008
Date of publication	22.07.2008	22.10.2008	28.01.2009

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

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

(i) General Shareholders Information:

i) Annual General Meeting is proposed to be held on 10th September, 2009 at Air Force Auditorium, Subroto Park, New Delhi-110010.

ii) Financial year : 1st April, 2008 – 31st March, 2009.

iii) Date of Book Closure: 1st August, 2009 to 21st August, 2009 (Both days inclusive).

iv) The Board of Directors of the Company has recommended payment of final Dividend of Rs.1.3/share for the Financial Year ended March 31st, 2009 in addition to the Interim Dividend of Rs.1.3/share paid on 4th February, 2009. The Final Dividend, if approved by the members at the ensuing AGM, will be paid to those Shareholders whose names appear in the Company's Register on the record date i.e. 31st July, 2009 (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 2008-09 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 Ltd. (BSE) and National Stock Exchange (NSE) during the year 2008-09 are indicated below:

vii) Registrar and Share Transfer Agent

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

viii) Share Transfer System:

The equity shares of the company are mandatorily to be traded in the dematerialized form at stock exchanges. 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 Shareholdings as on 31st March, 2009

Shareholding	Shareholders		Amount	
	Number	% to Total	In Rupees	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	334059	93.16	386519960	0.93
501-1000	13788	3.85	114070410	0.28
1001-2000	5597	1.56	86628490	0.21
2001-3000	1716	0.48	44555850	0.11
3001-4000	767	0.21	27912460	0.07
4001-5000	703	0.20	33646880	0.08
5001-10000	942	0.26	69310570	0.17
10001- 50000	631	0.18	132969900	0.32
50001- 100000	110	0.03	78339920	0.19
Above 100000	269	0.07	40330051010	97.64
Total	358582	100.00	41304005450	100.00

x) Shareholding pattern as on 31st March, 2009

Category	No. of Shares held	%age of Shareholding
A. Promoters' Holding		
1. Promoters		
- Indian Promoters viz, the Govt. of India	3,544,690,285	85.82
- Foreign Promoters	-	
2. Persons acting in Concert	-	
Sub-Total	3,544,690,285	85.82
B. Non-Promoters Holding		
3 Institutional Investors		
a. Mutual Funds and UTI	3,13,91,984	0.76
b. Banks, Financial Institutions	1,62,26,276	0.39
c. Insurance Companies	26,63,41,385	6.45
d. Foreign Institutional Investors (FIIs)	15,54,91,955	3.76
Sub-Total	46,94,51,600	11.36
4 Others		
a.Private Corporate Bodies	2,87,17,588	0.70
b.Indian Public	8,44,52,764	2.04
c.NRIs/OCBs	24,44,963	0.06
d.Any other (Please specify) - GDR	6,43,345	0.02
Sub-Total	11,62,58,660	2.82
GRAND TOTAL	4,130,400,545	100.00

xi) Status of dematerialization as on 31.03.2009

Particulars	No. of Shares	% of capital	No. of Accounts
NSDL	56,17,75,207	13.60	225280
CDSL	1,61,71,793	0.39	84569
Total Dematerialised	57,79,47,000	13.99	309849
Physical - Government of India	3,54,46,90,285	85.82	4
Physical - Other Shareholders	77,63,260	0.19	48729
Total	4,13,04,00,545	100.00	358582

The Government of India holds shares in physical form. Out of the balance equity capital of the company, 98.67% have already been dematerialised by 31.03.2009.

xii) CODE OF CONDUCT

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management 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 31st March, 2009.

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

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, (5th Floor), Kolkata-700013, West Bengal.
- Growth Division, 97, Park Street, Calcutta-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.

SUBSIDIARIES

- Maharashtra Elektros melt Limited, Chandamul Road, Chandrapur-442401, Maharashtra.
- IISCO-Ujjain Pipe & Foundry Company Limited (under liquidation).

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

M/s. MCS Limited,
F-65, Ist 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 31st March, 2009, 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 except that *there were 6 independent directors on the Board of Directors of the company as against the requirement of 12, the Chairman of the Audit Committee did not attend the Annual General Meeting held on 10th September, 2008; and the company is submitting the details of related party transactions for review by the Audit Committee on half yearly basis, instead of pre-transaction approval by the Audit Committee as required by the DPE 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 Dass Maulik Mahendra
K Agrawala & Co.**
Chartered Accountants

For Chaturvedi & Co.
Chartered Accountants

For T.R. Chadha & Co.
Chartered Accountants

Sd/-
(Mahendra K. Agrawala)
Partner
(M. No.51764)

Sd/-
(S.C.Chaturvedi)
Partner
(M. No. 12705)

Sd/-
(Ajesh Tuli)
Partner
(M.No. 86424)

Place : New Delhi

Dated : 29th July, 2009

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

NAME OF THE SUBSIDIARY COMPANY	MAHARASHTRA ELEKTROSMELT LIMITED
1. Financial year of the subsidiary ended on	31st March, 2009
2. Date from which they became subsidiary	18th October, 1986
3. Share of the subsidiary held by the Company as on 31st March, 2009	
a) Number & face value	2,37,87,935 equity shares of Rs.10/- each fully paid up
b) Extent of holding	99.12%
4. The Net aggregate amount of the subsidiary Company profit/(loss) so far as it concerns the member of the holding company:	(Rupees in Crore)
a) Not dealt with in the holding Company's accounts	
i) For the financial year ended 31st March, 2009	40.53
ii) Upto the previous financial years of the subsidiary company	63.74
b) Dealt with in the holding Company's accounts	
i) For the financial year ended 31st March, 2009	Nil
ii) For the previous financial years of the subsidiary company since they became the holding company's subsidiaries	Nil

Note:

The Company holds 30,00,000 equity shares of Rs.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 10th 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 10th July'97 was Rs.17.05 crore.

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

Sd/-
(Soiles Bhattacharya)
Director (Finance)

Sd/-
(S.K. Roongta)
Chairman

Place : New Delhi
Date : 30th July, 2009

Consolidated Balance Sheet

As at 31st March, 2009

Annexure-VI to the Directors' Report

	Schedule No.	As at 31st March, 2009	As at 31st March, 2008
<i>(Rupees in crore)</i>			
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	1.1	4130.40	4130.40
Reserves and Surplus	1.2	24153.91	19157.56
Share Application Money pending allotment		16.28	0.00
Loan Funds			
Secured Loans	1.3	2601.06	1767.05
Unsecured Loans	1.4	6065.41	2120.32
Deferred Tax Liability (Net)		1327.69	1568.51
Minority Interest	1.16	0.70	0.43
		38295.45	28744.27
APPLICATION OF FUNDS			
Fixed Assets	1.5		
Gross Block		33511.24	31679.84
Less: Depreciation		20896.88	19739.02
Net Block		12614.36	11940.82
Capital Work-in-Progress	1.6	7894.92	3427.12
Investments	1.7	36.99	35.79
Current Assets, Loans & Advances			
Inventories	1.8	10243.16	6953.85
Sundry Debtors	1.9	3095.19	3070.25
Cash & Bank Balances	1.10	18486.28	13933.04
Other Current Assets	1.11	1018.64	276.45
Loans & Advances	1.12	2340.80	2547.04
		35184.07	26780.63
Less: Current Liabilities & Provisions			
Current Liabilities	1.13	7879.56	6597.58
Provisions	1.14	9555.43	6902.13
		17434.99	13499.71
Net Current Assets		17749.08	13280.92
Miscellaneous Expenditure	1.15	0.10	59.62
(to the extent not written off or adjusted)			
		38295.45	28744.27

Significant Accounting Policies and Notes on Accounts 3
Schedules 1 and 3 annexed hereto , form part of the Consolidated Balance Sheet.

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

Sd/-
(Soiles Bhattacharya)
Director (Finance)

Sd/-
(S.K.Roongta)
Chairman

In terms of our report of even date

For Dass Maulik Mahendra K Agrawala & Co.
Chartered Accountants

For Chaturvedi & Co
Chartered Accountants

For T.R.Chadha & Co.
Chartered Accountants

Sd/-
(Mahendra K Agrawala)
Partner

Sd/-
(S.C.Chaturvedi)
Partner

Sd/-
(Ajesh Tuli)
Partner

Place : New Delhi
Dated : July 8, 2009



Consolidated Profit & Loss Account

For the year ended 31st March, 2009

	Schedule No.	Year ended 31st March, 2009	Year ended 31st March, 2008
			(Rupees in crore)
IINCOME			
Sales	2.1	48779.68	45661.99
Less : Excise Duty		5602.92	6085.48
Finished products internally consumed		577.72	490.81
Interest earned	2.2	1841.18	1190.65
Other revenues	2.3	591.80	662.61
Provisions no longer required written back	2.4	122.40	61.30
		46309.86	41981.88
EXPENDITURE			
Accretion (-) in stocks	2.5	(-) 1979.30	(-) 328.86
Raw materials consumed	2.6	20164.09	14003.73
Purchase of finished / semi-finished products		6.77	3.63
Employees' Remuneration & Benefits	2.7	8502.24	8016.75
Stores & Spares Consumed		3577.96	3336.35
Power & Fuel	2.8	3022.08	2702.12
Repairs & Maintenance	2.9	670.67	576.33
Freight outward		766.67	717.85
Other expenses	2.10	2687.11	1881.14
Interest & finance charges	2.11	257.56	259.40
Depreciation		1331.55	1283.51
Total		39007.40	32451.95
Less : Inter Account Adjustments	2.12	2237.57	2061.13
		36769.83	30390.82
Adjustments pertaining to earlier years	2.13	9540.03	11591.06
		4.30	-1.48
Profit before tax		9544.33	11589.58
Less : Provision for taxation :			
- Current tax		3536.05	3811.11
- Deferred tax		-240.84	151.60
Fringe benefit tax		52.67	33.66
- Earlier years adjustments		-56.67	-2.71
Profit after tax		6253.12	7595.92
Share of profit of associate		0.06	0.09
Less : Minority Interest		0.27	0.25
		6252.91	7595.76
Balance brought forward		16087.59	10968.58
Amount transferred from Bonds Redemption Reserve (net)		35.58	86.39
Amount Available for Appropriation		22376.08	18650.73
APPROPRIATIONS			
Transferred to General Reserve		629.10	773.65
Interim Dividend		536.95	784.78
Proposed Dividend		537.02	743.54
Tax on Interim Dividend		90.00	133.62
Tax on Proposed Dividend		93.46	127.54
Balance carried to Balance Sheet		20489.55	16087.60
		22376.08	18650.73
Earnings per Share (Face value Rupees 10/- each)			
Profit after tax		6252.91	7595.76
Average Number of equity shares		4130400545	4130400545
Basic and Diluted Earnings per share (Rupees)		15.14	18.39

Significant Accounting Policies and Notes on Accounts 3
Schedules 2 and 3 annexed hereto, form part of the Consolidated Profit & Loss Account.

For and on behalf of Board of Directors

Sd/- (Devinder Kumar) Secretary	Sd/- (Soiles Bhattacharya) Director (Finance)	Sd/- (S.K.Roongta) Chairman
In terms of our report of even date		
For Dass Maulik Mahendra K Agrawala & Co. Chartered Accountants	For Chaturvedi & Co Chartered Accountants	For T.R.Chadha & Co. Chartered Accountants
Sd/- (Mahendra K Agrawala) Partner	Sd/- (S.C.Chaturvedi) Partner	Sd/- (Ajesh Tuli) Partner

Place : New Delhi
Dated : July 8, 2009



Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the Year	2008 - 09	2007 - 08
		(Rupees in crore)
A. Cash flow from Operating Activities		
Net Profit before taxation	9544.33	11589.58
Add / (Less) Adjustments for :		
Minority Interest	(0.27)	(0.25)
Share of profit of Associate	0.06	0.09
Depreciation	1333.81	1282.36
Interest Expenses	257.56	259.40
Bad debts written-off	71.11	2.30
Unrealised Foreign Exchange Fluctuation	(26.14)	(22.87)
Provision for Others	2548.68	1178.05
Deferred revenue expenditure (Charged during the year)	59.61	73.70
Profit on sale of Fixed Assets	(47.10)	(48.72)
Interest Income	(1841.18)	(1190.65)
Dividend Income	(2.84)	(3.48)
Operating cash flow before working capital change	11897.63	13119.51
Adjustments for :-		
(Increase) / Decrease in Inventories	(3289.31)	(197.71)
(Increase) / Decrease in Sundry Debtors	(96.05)	(758.97)
(Increase) / Decrease in Loans and Advances	226.28	(728.14)
Increase / (Decrease) in Minority Interest	0.27	0.25
Increase / (Decrease) in Current Liabilities	617.67	950.49
Deferred revenue expenditure (Additions)	(0.10)	(3.68)
Cash generated from Operations	9356.39	12381.75
Direct Taxes Paid	(3187.08)	(3832.92)
Net Cash from Operating Activities	6169.31	8548.83
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(5832.44)	(2842.49)
Fixed Assets sold /discarded	88.30	82.46
Loans to Other Companies	6.10	4.54
Purchase/Sale of investments (net)	(0.95)	1.60
Interest received	1098.99	1069.68
Dividend received	2.84	3.48
Net Cash used in Investing Activities	(4637.16)	(1680.73)
C. Cash flow from Financing Activities		
Share Application Money	16.28	(10.40)
Increase / (Decrease) in Reserve & Surplus	0.87	0.80
Increase / (Decrease) in Borrowings (net)	4779.10	(751.26)
Interest and Finance Charges paid	(277.13)	(340.08)
Dividend Paid	(1280.49)	(1404.15)
Tax on Dividend	(217.54)	(240.72)
Net Cash used in Financing Activities	3021.09	(2745.81)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	4553.24	4122.29
Cash & Cash Equivalents (Opening)	13933.04	9810.75
Cash & Cash Equivalents (Closing)	18486.28	13933.04
(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 (Schedule 3) form an integral part of the Cash Flow Statement.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to current years classification.
- Cash & Cash Equivalents:
 - Includes Rs. 7.59 crores (As on 31st March 2008 Rs. 5.91 crores) for unpaid dividend account
 - Includes Rs. 139.87 crores (As on 31st March 2008 Rs. 122.51 crores) for term deposits against TDS deducted on house perks but not deposited

For and on behalf of Board of Directors

Sd/- (Devinder Kumar) Secretary	Sd/- (Soiles Bhattacharya) Director (Finance)	Sd/- (S.K.Roongta) Chairman
In terms of our report of even date		
For Dass Maulik Mahendra K Agrawala & Co. Chartered Accountants	For Chaturvedi & Co. Chartered Accountants	For T.R.Chadha & Co. Chartered Accountants
Sd/- (Mahendra K Agrawala) Partner	Sd/- (S.C.Chaturvedi) Partner	Sd/- (Ajesh Tuli) Partner

Place : New Delhi
Dated : July 8, 2009

Schedules

(Forming part of the Consolidated Balance Sheet)

1.1 : SHARE CAPITAL

	As at 31st March, 2009	As at 31st March, 2008
		(Rupees in crore)
Authorised		
5,00,00,00,000 equity shares of Rs. 10 each	<u>5000.00</u>	<u>5000.00</u>
Issued, Subscribed & Paid-up		
4,13,04,00,545 equity shares of Rs. 10/- each fully paid.	<u>4130.40</u>	<u>4130.40</u>

Note : 1,24,43,82,900 equity shares of Rs.10 each (net of adjustments on reduction of capital) were allotted as fully paid up for consideration other than cash.

1.2 : RESERVES AND SURPLUS

	As at 31st March, 2009	As at 31st March, 2008
		(Rupees in crore)
Capital Reserve	3.29	3.29
Prime Minister's Trophy Award Fund		
As per last Balance Sheet	12.13	11.33
Additions	<u>1.37</u>	<u>1.28</u>
	13.50	12.61
Utilisations	<u>0.50</u>	<u>0.48</u>
	13.00	12.13
Securities Premium	235.29	235.29
Bond Redemption Reserve		
As per last Balance Sheet	262.44	348.83
Transferred from Profit & Loss Account	29.34	31.82
Transferred to Profit & Loss Account	<u>64.92</u>	<u>118.21</u>
	226.86	262.44
General Reserve		
As per last Balance Sheet	2556.81	1783.07
Add: Transferred from Profit & Loss Account	629.11	773.65
Add: Adjustment during the year	<u>0.00</u>	<u>0.09</u>
	3185.92	2556.81
Surplus as per Profit & Loss Account	20489.55	16087.60
	<u>24153.91</u>	<u>19157.56</u>

Schedules

(Forming part of the Consolidated Balance Sheet)

1.3 : SECURED LOANS

	As at 31st March, 2009	As at 31st March, 2008
		(Rupees in crore)
Working Capital Borrowings from Banks (Including Foreign currency demand loans of Rs.0.00 crores ; Previous year Rs. 28.02 crores)	4.79	267.74
Term Loan from Banks	1922.53	834.62
Interest accrued and due thereon	<u>0.14</u>	<u>0.19</u>
	1922.67	834.81
Non Convertible Bonds		
Interest Rate	Date of Redemption	
11.60 %	1st June 2008	0.00
7.80 %	1st September 2008	0.15
11.85%	30th March 2010	0.00
11.50 %	1st December 2008	0.30
11.50 %	20th July 2009	48.65
10.25 %	1st Feburary 2010	88.35
11.50%	15th April 2010	21.00
8.00%	1st September 2010	0.70
13.05 %	1st December 2010	59.80
12.10 %	1st June 2011	91.30
12.00 %	1st December 2011	76.90
12.00 %	20th July 2012	109.90
10.75 %	1st Feburary 2013	75.30
8.20%	1st September 2013	<u>58.20</u>
	673.60	58.20
	<u>2601.06</u>	<u>1767.05</u>

(a) Secured by hypothecation of all current assets

(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)

Note : Secured Loans repayable within one year as at 31.03.2009, Rs. 1077.80 crore (31.03.2008 : Rs. 54.64 crore)

1.4 : UNSECURED LOANS

		As at 31st March, 2009		As at 31st March, 2008 (Rupees in crore)
Government of India		0.00		0.27
Interest accrued and due thereon		0.00	0.00	0.58
Steel Development Fund		204.16		204.16
Interest accrued and due thereon		862.62	1066.78	907.37
				1111.53
Foreign Currency Loans				
Long Term (@)		528.50		515.65
Short Term		882.01	1410.51	0.00
				515.65
Term Loans From Government of Maharashtra (Interest free)			2440.22	0.39
Non Convertible Bonds (@)				
Interest Rate (%)	Date of Redemption			
10.50 %	1st August, 2008	0.00		35.00
11.50 %	30th March 2010	0.00	#	43.50
12.55 %	1st September 2010	39.40		39.40
6.4%	15th October 2010	64.00		64.00
12.10 %	12th March 2011	195.00		195.00
11.00 %	1st August, 2011	115.00		115.00
			413.40	491.90
Others				
Bond Application Money @ 8.9%	*	734.50		0.00
		6065.41		2120.32

@ Guaranteed by Government of India /State Bank of India

11.50% Non Convertible bonds earlier guaranteed by Government of India, have been converted into 11.85% Non convertible secured bonds w.e.f. 01.04.2008

* Allotted on 1st April 2009

Note : Unsecured Loans repayable within one year as at 31.03.2009, Rs.4231.01 crore (31.03.2008 : Rs. 994.41 crore)

1.5 : FIXED ASSETS

Description	As at 31st March, 2008	GROSS BLOCK (AT COST)		As at 31st March, 2009 (Rupees in crore)
		Additional/ Adjustments	Deduction	
A. PLANTS, MINES, OTHERS				
Goodwill *	27.11	0.00	0.00	27.11
Land (including cost of development)				
-Freehold	158.89	12.93	0.01	171.81
-Leasehold	97.80	12.18	6.28	103.70
Railway Lines & Sidings	227.34	8.39	3.48	232.25
Roads, Bridges & Culverts	158.83	13.79	0.00	172.62
Buildings	1808.96	21.76	0.91	1829.81
Plant & Machinery				
-Steel Plant	24743.24	1465.79	149.21	26059.82
-Others	1689.37	139.67	35.25	1793.79
Furniture & Fittings	87.23	8.33	0.31	95.25
Vehicles	579.86	133.21	7.80	705.27
Water Supply & Sewerage	298.19	10.74	0.01	308.92
EDP Equipment's	218.17	40.24	6.06	252.35
Software (Intangible)	21.77	2.42	0.16	24.03
Mining Rights (Intangible)	292.29	84.88	0.00	377.17
Miscellaneous Articles	245.47	32.12	5.09	272.50
Sub-total 'A'	30654.52	1986.45	214.57	32426.40
Figures for the previous year	29623.70	1248.64	217.82	30654.52
B. SOCIAL FACILITIES				
Land (including cost of development)				
-Freehold	9.99	0.00	0.04	9.95
-Leasehold	7.09	0.00	0.00	7.09
Roads, Bridges & Culverts	50.49	1.09	0.02	51.56
Buildings	568.91	7.41	0.94	575.38
Plant & Machinery- Others	92.24	8.69	0.26	100.67
Furniture & Fittings	16.25	5.39	0.55	21.09
Vehicles	9.78	1.57	0.15	11.20
Water Supply & Sewerage	116.19	0.18	0.53	115.84
EDP Equipment's	12.55	4.87	0.68	16.74
Software (Intangible)	0.63	0.03	0.00	0.66
Miscellaneous Articles	115.66	34.88	1.73	148.81
Sub-total 'B'	999.78	64.11	4.90	1058.99
Figures for the previous year	975.13	33.42	8.77	999.78
C. ASSETS RETIRED FROM ACTIVE USE				
Unserviceable / Obsolete Assets	25.54	2.81	2.50	25.85
Figures for the previous year	23.98	6.93	5.37	25.54
Total ('A'+ 'B'+ 'C')	31679.84	2053.37	221.97	33511.24
Total - previous year	30622.81	1288.99	231.96	31679.84

* Arising out of consolidation of subsidiary accounts

1.5 : FIXED ASSETS

Description	Up to 31st March 2008	DEPRECIATION		Up to 31st March 2009	NET BLOCK	
		For Less : On Sales / the year	Adjustments		As at 31st March 2009	As at 31st March 2008
A. PLANTS,MINES,OTHERS						(Rupees in crore)
Goodwill *	27.11	0.00	0.00	27.11	0.00	0.00
Land(including cost of development)						
-Freehold	0.71	0.03	0.00	0.74	171.07	158.18
-Leasehold	21.08	3.81	0.52	24.37	79.33	76.72
Railway Lines & Sidings	169.79	5.84	3.31	172.32	59.93	57.55
Roads, Bridges & Culverts	47.99	2.73	-0.01	50.73	121.89	110.84
Buildings	991.64	54.17	0.47	1045.34	784.47	817.32
Plant & Machinery						
-Steel Plant	15689.05	1080.08	122.56	16646.57	9413.25	9054.19
-Others	1216.03	80.99	32.87	1264.15	529.64	473.34
Furniture & Fittings	69.41	5.24	0.05	74.60	20.65	17.82
Vehicles	372.26	21.43	7.27	386.42	318.85	207.60
Water Supply & Sewerage	230.90	12.70	0.00	243.60	65.32	67.29
EDP Equipment's	171.69	13.99	5.53	180.15	72.20	46.48
Software (Intangible)	17.55	1.61	0.14	19.02	5.01	4.22
Mining Rights (Intangible)	71.75	15.64	0.57	86.82	290.35	220.54
Miscellaneous Articles	163.68	12.63	4.22	172.09	100.41	81.79
Sub-total 'A'	19260.64	1310.89	177.50	20394.03	12032.37	11393.88
Figures for the previous year	18193.69	1260.58	193.63	19260.64	11393.88	
B. SOCIAL FACILITIES						
Land(including cost of development)						
-Freehold	-	-	-	-	9.95	9.99
-Leasehold	4.86	0.13	0.00	4.99	2.10	2.23
Roads,Bridges & Culverts	18.88	1.45	0.02	20.31	31.25	31.61
Buildings	200.57	9.36	0.91	209.02	366.36	368.34
Plant & Machinery-Others	64.14	3.29	0.16	67.27	33.40	28.10
Furniture & Fittings	12.67	0.93	0.23	13.37	7.72	3.58
Vehicles	6.34	0.52	0.11	6.75	4.45	3.44
Water Supply & Sewerage	93.14	3.21	0.46	95.89	19.95	23.05
EDP Equipment's	5.29	2.21	0.28	7.22	9.52	7.26
Software (Intangible)	0.43	0.06	0.00	0.49	0.17	0.20
Miscellaneous Articles	72.06	6.58	1.10	77.54	71.27	43.60
Sub-total 'B'	478.38	27.74	3.27	502.85	556.14	521.40
Figures for the previous year	458.09	24.88	4.59	478.38	521.40	
C. ASSETS RETIRED FROM ACTIVE USE						
Unserviceable / Obsolete Assets						
	-	-	-	-	25.85	25.54
Figures for the previous year	-	-	-	-	25.54	
Total ('A'+ 'B'+ 'C')	19739.02	1338.63	180.77	20896.88	12614.36	11940.82
Total - previous year	18651.78	1285.46	198.22	19739.02	11940.82	

* Arising out of consolidation of subsidiary accounts

Note : Allocation of depreciation

- (a) Charged to Profit & Loss Account
(b) Charged to expenditure during construction
(c) Debited to adjustments pertaining to earlier years
Total

Current Year	Previous Year
1331.55	1283.51
4.82	3.10
2.26	-1.15
1338.63	1285.46

1.6 : CAPITAL WORK-IN-PROGRESS

	As at 31st March, 2009	As at 31st March, 2008
Expenditure during construction pending allocation (Schedule 1.6.1)	33.76	35.49
Capital Work-in-progress		
Steel Plants & Units	6060.00	2215.65
Township	52.67	23.42
Ore Mines and Quarries	22.91	3.72
	6135.58	2242.79
Less: Provisions	58.87	57.50
	6076.71	2185.29
Capital equipments pending erection, installation, commissioning and adjustments	931.24	280.18
Construction Stores and Spares	75.21	86.74
Less: Provisions	2.27	2.18
Advances	785.30	842.62
Less: Provisions	5.03	1.02
	7894.92	3427.12
Particulars of advances		
Secured, Considered Good	0.01	1.41
Unsecured, Considered Good	771.79	848.37
(including advances backed by Bank Guarantees Rs.103.80 crores) (Previous year Rs.59.11 crores)		
Unsecured, Considered Doubtful	5.03	1.02
	776.83	850.80

1.6.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

	As at 31st March, 2009	As at 31st March, 2008
Opening Balance	(a)	35.49
Expenditure incurred during the year		
Employees' Remuneration & Benefits		
Salaries & Wages	89.88	47.16
Company's contribution to Provident and other Funds	5.37	3.68
Travel Concession	3.88	2.88
Welfare Expenses	0.41	0.39
Gratuity	3.91	4.76
Technical Consultants' fees & know-how	33.94	25.36
Repairs & Maintenance	1.02	1.50
Stores and Spares	1.19	1.43
Power & Fuel	29.24	10.23
Rent	0.10	0.02
Rates & Taxes	0.20	0.30
Insurance	0.07	0.00
Other expenses	104.26	58.35
Interest & Finance charges	78.02	1.82
Depreciation	4.82	3.10
	356.31	160.98
Less: Income		
Interest Earned	10.63	1.14
Liquidated Damages	0.05	1.53
Hire Charges	1.69	1.25
Sundries	1.59	0.80
Net expenditure during the year	(b)	342.35
Total	(a)+(b)	377.84
Amount allocated to Fixed Assets/ Capital Work-in-progress		
	344.08	138.31
Balance carried forward	33.76	35.49

1.7 : INVESTMENTS AT COST - Long Term

	Number of Fully paid-up Equity Shares	Face Value per Share (Rs.)	As at 31st March, 2009	As at 31st March, 2008
<i>(Rupees in crore)</i>				
(A) Unquoted				
Trade Investments				
Subsidiary Companies				
IISCO Ujjain Pipe & Foundry Company Limited (Refer Note No. 3.6)	30,00,000	10	<u>3.00</u>	<u>3.00</u>
Others				
Almora Magnesite Limited	40,000	100	<u>0.40</u>	<u>0.40</u>
Add : Share of post acquisition profit			<u>0.15</u>	<u>0.09</u>
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10.00	<u>0.18</u>	<u>0.18</u>
Tata Refractories Limited	22,03,150	10	<u>11.35</u>	<u>11.35</u>
Indian Potash Limited	360000	10	<u>0.18</u>	<u>0.18</u>
Cement & Allied Products (Bihar) Limited	2	10	<u>0.00 *</u>	<u>0.00 *</u>
Chemical & Fertilizer Corporation (Bihar) Limited	1	10	<u>0.00 *</u>	<u>0.00 *</u>
MSTC Limited	20,000	10	<u>0.01</u>	<u>0.01</u>
Bihar State Financial Corporation	500	100	<u>0.01</u>	<u>0.01</u>
Shares in Co-operative Societies (1.7.1)			<u>0.18</u>	<u>0.18</u>
Unquoted Current Investments				
Units of Mutual Fund			<u>24.46</u>	<u>23.57</u>
Total (A)			<u>39.92</u>	<u>38.97</u>
(B) Quoted				
HDFC Limited	12000	10	<u>0.01</u>	<u>0.01</u>
HDFC Bank Limited	500	10	<u>0.00</u>	<u>0.00 *</u>
ICICI Bank Ltd	28600	10	<u>0.05</u>	<u>0.05</u>
Total (B)			<u>0.06</u>	<u>0.06</u>
Total (A +B)			<u>39.98</u>	<u>39.03</u>
Less : Provision for diminution in value of investments			<u>2.99</u>	<u>3.24</u>
			<u>36.99</u>	<u>35.79</u>
@ Market value of quoted investments			<u>2.70</u>	<u>5.12</u>

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

1.7.1: SHARES IN CO-OPERATIVE SOCIETIES

	Number of Fully Paid Shares	Face Value per Share (Rs.)	As at 31st March, 2009	As at 31st March, 2008
<i>(In Rupees)</i>				
Bokaro Steel Employees' Co-operative Credit Society Limited	116500	10	1165000	1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250	10	2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25	100	2500	2500
DSP Employees' Co-operative Society Limited	1377	100	137700	137700
Bolani Ores Employees' Consumer Co-operative Society Limited	200	25	5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000	20	460000	460000
			<u>1772700</u>	<u>1772700</u>

1.8 : INVENTORIES*

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Stores & Spares			
-- Production	1672.77	1474.37	
-- Fuel Stores	73.56	82.15	
-- Others	15.10	20.22	
	1761.43	1576.74	
Add: In-transit	161.28	139.29	
	1922.71	1716.03	
Less: Provision for Non moving/Obsolete items	150.38	1772.33	1557.54
		158.49	
Raw materials	1504.06	746.62	
Add: In-transit	1055.25	656.10	
	2559.31	1402.72	
Less: Provision for Unusable materials	2.24	2557.07	1400.01
		2.71	
Finished / Semi-finished products (including scrap)	5913.76	3996.30	
	10243.16	6953.85	

* As certified by the Management and Valued as per Accounting Policy No. 1.7 in schedule No. 3

1.9 : SUNDRY DEBTORS

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Debts over six months	270.08	285.15	
Other debts	3004.52	3001.81	
	3274.60	3286.96	
Less: Provision for doubtful debts	179.41	216.71	
	3095.19	3070.25	
Particulars			
Unsecured,considered good	3095.19	3070.25	
(Including debts backed by bank guarantees Rs.832.28 crores)			
Previous year Rs.864.83 crores)			
Unsecured, considered doubtful	179.41	216.71	
	3274.60	3286.96	

1.10 : CASH & BANK BALANCES

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Cash and Stamps on hand	1.59	1.59	
Cheques on hand	190.54	400.81	
With Scheduled Banks			
Current Account	171.63	71.08	
Unpaid Dividend Account	7.59	5.91	
Margin Money Account	0.00	0.00	
Term Deposits	18114.37	18293.59	13449.94
		13526.93	
Remittances-in-transit	0.56	3.71	
	18486.28	13933.04	

1.11 : OTHER CURRENT ASSETS

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Interest Receivable / Accrued			
Loans to subsidiary company (Refer Note No.3.6 of Schedule 3)	0.00	0.58	
Loans to other companies	0.00	0.00	
Deposits	984.39	234.21	
Employees	24.80	31.59	
Others	13.28	14.48	
	1022.47	280.86	
Less Provision for Doubtful Interest	3.83	4.41	
	1018.64	276.45	
Particulars			
Secured, considered good	14.47	24.42	
Unsecured, considered good	1004.17	252.03	
Unsecured, considered doubtful	3.83	4.41	
	1022.47	280.86	

1.12 : LOANS & ADVANCES

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Loans			
Employees	410.85	346.40	
Stores issued	6.63	0.00	
Subsidiary company (Refer Note No. 3.6 of Schedule 3)	1.11	2.38	
Others	22.95	441.54	29.05
		377.83	
Advances recoverable in cash or in kind or for value to be received			
Claims recoverable	867.49	784.51	
Contractors & Suppliers	161.15	216.49	
Employees	13.58	30.73	
Income tax paid in advance/ recoverable	182.38	101.29	
For purchase of shares	20.15	3.93	
Export Incentive	16.27	58.56	
Subsidiary company (Refer Note No. 3.6 of Schedule 3)	9.67	14.04	
Others	381.22	1651.91	425.65
		1635.20	
Deposits			
Port Trust, Excise	131.88	220.78	
Authorities, Railways, etc.			
Others	249.13	381.01	482.31
		703.09	
		2716.12	
Less : Provision for doubtful Loans & Advances	133.66	169.08	
	2340.80	2547.04	

Particulars of Loans & Advances-Others		
Secured, considered good	290.56	258.21
Unsecured, considered good	2050.24	2288.83
Unsecured, considered doubtful	133.66	169.08
	2474.46	2716.12

Amount due from		
-Directors	0.44	0.01
-Officers	0.00	0.20
Maximum amount due at any time during the year from		
-Directors	0.49	0.01
-Officers	0.00	0.23

1.13 : CURRENT LIABILITIES

	As at 31st March, 2009	As at 31st March, 2008	
	(Rupees in crore)		
Sundry creditors			
Micro and small enterprises	6.01	3.76	
Sundry creditors other than micro and small enterprises			
Capital works	1280.15	596.24	
Others	2898.61	4178.76	2432.90
		3029.14	
Advances from			
Customers	563.58	599.32	
Others	56.24	619.82	95.47
		694.79	
Security Deposits	468.00	270.08	
Less : Investments received as Security Deposit	0.01	467.99	0.05
		270.03	
Interest accrued but not due on Loans	98.48	118.05	
Stores received on loan	0.00	0.09	
Liability towards Investor Education and			
Protection Fund, not due			
Unpaid Dividends	7.58	5.91	
Unclaimed Matured Deposits	1.60	1.80	
Unclaimed Matured Bonds	0.25	0.55	
Interest Accrued on Unclaimed Deposits / Bonds	0.63	0.66	
Other Liabilities *	2498.44	2472.80	
	7879.56	6597.58	

* Includes an amount of Rs. 0.01 crore credited to Investor's Education & Protection Fund (Previous year Rs. 0.02 crore)

Schedules

(Forming Part of the Consolidated Balance Sheet)

1.14 : PROVISIONS

	As at 31st March, 2009	As at 31st March, 2008
		(Rupees in crore)
Gratuity	600.97	741.39
Accrued Leave	1613.29	1355.50
Employee Defined Benefit Schemes	1076.38	851.74
Taxation	417.62	72.65
Pollution Control & Peripheral Development	99.73	89.05
Proposed Dividend	537.02	743.54
Tax on Proposed Dividend	93.46	127.54
Voluntary Retirement Scheme	21.73	40.58
Wage Revision	4577.34	2474.06
Mines afforestation / restoration / closure etc.	467.29	351.05
Others	50.60	55.03
	9555.43	6902.13

1.15 : MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

	Balance as at 31st March, 2008	Additions during the year	Total	Amount Charged Off during the year	Balance as at 31st March, 2009
					(Rupees in crore)
(i) Development Expenditure					
(a) On Mines	0.00	0.00	0.00	0.00	0.00
(b) On New Projects	0.01	0.09	0.10	0.00	0.10
Total (i)	0.01	0.09	0.10	0.00	0.10
(ii) Deferred Revenue Expenditure					
(a) Voluntary Retirement Compensation	59.61	0.00	59.61	59.61	0.00
(b) Others	0.00	0.01	0.01	0.01	0.00
Total (ii)	59.61	0.01	59.62	59.62	0.00
Total (i+ii)	59.62	0.10	59.72	59.62	0.10
Previous year	129.64	3.68	133.32	73.70	59.62

Charged Off to:

Other Expenses & Provisions	59.61	73.70
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1.16 : MINORITY INTEREST

Balance of Equity as on the date of Investment	-0.43	-0.43
Add : Movement in Equity and proportionate share of Profit / losses from the date of investment up to 31.03.2009	1.13	0.86
	0.70	0.43

Schedules

(Forming part of the Consolidated Profit & Loss Account)

2.1 : SALES

	Year ended 31st March, 2009	Year ended 31st March, 2008
		(Rupees in crore)
Domestic - Iron & Steel ,		
By-products,others	47895.61	44359.19
Exports - Iron & Steel	807.58	1234.41
Export Incentives	16.40	60.79
Energy & Steam	59.71	7.51
Conversion charges	0.38	0.09
	48779.68	45661.99

2.2 : INTEREST EARNED

	Year ended 31st March, 2009	Year ended 31st March, 2008
		(Rupees in crore)
Customers	73.36	55.02
Employees	18.48	15.34
Term Deposits	1716.44	1110.85
Others *	32.90	9.44
	1841.18	1190.65

* (Tax deducted at source Rs.1.34 crore)
(previous year Rs.3.89 crore)

2.3 : OTHER REVENUES

	Year ended 31st March, 2009	Year ended 31st March, 2008
		(Rupees in crore)
Social amenities-recoveries	156.56	133.88
Sale of empties etc.	52.99	65.82
Liquidated damages	32.48	26.30
Service charges (Gross)*	39.03	36.69
Subsidy	12.79	15.27
Hire charges etc.	0.00	0.02
Claims for finished products (Shortages & missing wagons)	0.00	0.00
Dividend (gross) from investments	2.84	3.48
Profit on sale of fixed assets (Net)	47.10	48.72
Profit on sale of current Investment	1.24	0.55
Foreign Exchange Fluctuation (Net)	0.00	112.12
Waivers of Dues	0.00	38.62
Sundries *	246.77	181.14
	591.80	662.61

* (Tax deducted at source Rs. 0.04 crore,
Previous year : Rs. 0.03 crore)

2.4 : PROVISIONS NO LONGER REQUIRED WRITTEN BACK

	Year ended 31st March, 2009	Year ended 31st March, 2008
		(Rupees in crore)
Loans & Advances	55.95	15.45
Sundry Debtors	41.69	12.49
Stores & Spares	13.80	10.12
Others	10.96	23.24
	122.40	61.30

2.5 : ACCRETION(-) TO STOCK OF FINISHED/ SEMI - FINISHED PRODUCTS

	Year ended 31st March, 2009	Year ended 31st March, 2008
		(Rupees in crore)
Opening Stock	3996.14	3571.12
Less : Closing Stock	5913.60	3996.15
Accretion (-) to Stock	(-) 1917.46	(-) 425.03
Less : Excise Duty on accretion(-) to Stock	61.84	(-) 96.17
Net accretion (-) to Stock	(-) 1979.30	(-) 328.86

2.6 : RAW MATERIALS CONSUMED

	Year ended 31st March, 2009	Year ended 31st March, 2008
	Quantity Tonnes	Value Rs./crore
	Quantity Tonnes	Value Rs./crore
Iron Ore	23281716	1791.95
Coal	13837735	14087.48
Coke	247880	500.79
Limestone	3152643	595.69
Dolomite	2930822	263.11
Ferro Manganese	118644	661.15
Ferro Silicon	22336	136.46
Silico Magenese	119593	703.99
Hot Rolled Stainless		
Steel Coils	16210	121.07
Intermediary Products	28079	371.31
Zinc	7286	71.10
Aluminium	15363	189.89
Others	670.10	718.05
	20164.09	14003.73

Schedules

(Forming part of the Consolidated Profit & Loss Account)

2.7 : EMPLOYEES' REMUNERATION & BENEFITS

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Salaries & Wages	6701.49	6111.86
Company's contribution to provident fund & other funds	382.54	340.88
Travel concession	201.60	703.88
Welfare expenses	484.49	350.42
Gratuity	732.34	509.97
	<u>8502.46</u>	<u>8017.01</u>
Less : Grants in Aid received from Government of Karnataka	0.22	0.26
	<u>8502.24</u>	<u>8016.75</u>

Note :

Expenditure on Employees' Remuneration and Benefits not included above and charged to:

a) Expenditure During Construction	103.45	58.87
b) Deferred Revenue Expenditure	59.61	73.70
c) Net expenditure on Social Amenities charged to various primary revenue heads	377.99	344.20
	<u>541.05</u>	<u>476.77</u>

2.8 : POWER & FUEL

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Purchased power	2047.18	1819.69
Duty on own generation	18.07	15.60
Boiler Coal/Middlings	340.35	319.71
Furnace Oil/Steam etc.	616.48	547.12
	<u>3022.08</u>	<u>2702.12</u>

Note :

Expenditure on Power & Fuel not included above & charged off to:

- Expenditure During Construction	29.24	10.23
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2.9 : REPAIRS & MAINTENANCE

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Buildings	138.05	103.01
Plant & Machinery	380.09	333.27
Others	152.53	140.05
	<u>670.67</u>	<u>576.33</u>
Note :		
Expenditure on repairs & maintenance not included above and charged to:		
a) Employees' Remuneration & Benefits		
Buildings	85.90	69.07
Plant & Machinery	1188.05	996.91
Others	133.95	119.59
	<u>1407.90</u>	<u>1185.57</u>

b) Stores & Spares

Buildings	36.74	30.56
Plant & Machinery	1284.89	1264.36
Others	66.05	59.98
	<u>1387.68</u>	<u>1354.90</u>

c) Expenditure during Construction

	1.02	1.50
	<u>1.02</u>	<u>1.50</u>
Total (a+b+c)	<u>2796.60</u>	<u>2541.97</u>

Schedules

(Forming part of the Consolidated Profit & Loss Account)

2.10 : OTHER EXPENSES

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Commission to selling agents	4.33	4.46
Directors' Fees	0.27	0.30
Export sales expenses	25.96	14.66
Excise Duty on IPT / Internal Consumption	63.24	73.31
Handling expenses		
- Raw Material	213.01	183.04
- Finished goods	81.24	75.33
- Scrap recovery expenses	83.85	79.69
Insurance	5.23	7.23
Postage,telegram & telephone	21.87	20.22
Printing & stationery	11.89	11.57
Provisions		
- Doubtful debts, loans and advances	28.47	34.65
- Stores, Spares and Sundries	31.34	27.69
	<u>59.81</u>	<u>62.34</u>
Rates & Taxes	34.78	40.72
Remuneration to Auditors		
- Audit fees	1.04	0.92
- Tax Audit fees	0.35	0.32
- Out of pocket expenses	0.98	0.91
- In other capacities	0.86	0.62
	<u>3.23</u>	<u>2.77</u>
Cost Audit Fees	0.02	0.02
Rent	25.17	22.02
Royalty and cess	57.10	59.02
Security expenses	227.21	186.73
Travelling expenses	232.88	209.70
Write Offs		
- Miscellaneous & Deferred Revenue Expenditure	59.61	73.70
- Doubtful debts, advances etc.	71.11	2.30
	<u>130.72</u>	<u>76.00</u>
Voluntary Retirement Compensation	101.04	0.00
Cash Discount	63.15	74.03
Training expenses	23.41	18.77
Conversion charges	255.40	120.29
Foreign Exchange Fluctuation (Net)	224.38	0.00
Water Charges & Cess on water pollution	68.38	39.92
Miscellaneous	669.54	499.00
	<u>2687.11</u>	<u>1881.14</u>

2.11 : INTEREST & FINANCE CHARGES

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Foreign Currency Loans	52.74	48.33
Non Convertible Bonds	124.44	149.49
Bank borrowings - working capital	60.92	16.61
Steel Development Fund (SDF) Loans	6.71	22.95
Others	4.14	8.04
Finance Charges	8.61	13.98
	<u>257.56</u>	<u>259.40</u>

Note :

Expenditure on interest not included above & charged to:

Expenditure During Construction		
Steel Development Fund loans	1.45	1.36
Others	71.38	0.00
Finance Charges	0.26	0.32
	<u>73.09</u>	<u>1.68</u>

2.12 : INTER ACCOUNT ADJUSTMENTS

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Raw Materials	1647.44	1560.13
Departmentally manufactured stores	515.81	449.12
Services transferred to capital works	64.33	45.50
Power and Fuel	4.79	3.31
Others(Net)	5.20	3.07
	<u>2237.57</u>	<u>2061.13</u>

2.13 : ADJUSTMENTS PERTAINING TO EARLIER YEARS

	Year ended 31st March, 2009	Year ended 31st March, 2008
	<i>(Rupees in crore)</i>	
Sales	-2.23	2.37
Other revenues	0.50	0.36
Raw materials consumed	-0.40	0.06
Employees' remuneration & benefits	-7.81	0.00
Stores & Spares consumed	-5.68	-2.48
Power & Fuel	0.00	0.26
Repairs & Maintenance	-1.27	0.23
Excise Duty	0.00	0.16
Other Expenses & Provisions	10.33	1.63
Interest	0.00	0.04
Depreciation	2.26	-1.15
	<u>-4.30</u>	<u>1.48</u>
Net Debit		
(-) indicate credit items		

3 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
1. SIGNIFICANT ACCOUNTING POLICIES
1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles in India, and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

1.2 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.

1.3 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 leasehold land is amortised over the period of lease. Expenditure on construction/development of assets owned by Government / Semi-Government authorities is capitalised under appropriate asset accounts and amortised in five years (four years in case of NTPC-SAIL Power Company Private Limited).

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

Assets retired from active use are shown separately under fixed assets at lower of net book value and estimated realisable value.

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 charged to revenue in the year of incurrence. In case of NTPC-SAIL Power Company Private Limited, software is amortised over licence period or 3 years, whichever is less.

1.4 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.

1.5 Depreciation

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 except for certain assets depreciated at different rates in case of NTPC-SAIL Power Company Private Limited. 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 Bokaro Power Supply Company Private Limited, depreciation is charged on straight-line method as per the rates prescribed under The Electricity Act, 2003.

1.6 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.

1.7 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. 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 and Stores & spares - 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.

1.8 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.

1.9 Voluntary Retirement Compensation

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

1.10 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 profit and loss account. 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 profit and loss account over the period of the contract.

Exchange differences (including arising out of forward exchange contracts) in respect of liabilities relating to fixed assets, are adjusted in the carrying amount of such assets.

1.11 Employees' Benefits

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 profit and loss account after considering along with actuarial gains/losses.

1.12 Adjustments pertaining to earlier years and prepaid expenses

In case of SAIL and MEL, income / expenditure relating to prior period and prepaid expenses, which do not exceed Rs.5 lakhs (Rs.1 lakh in case of NTPC-SAIL Power Company Private Limited) in each case, are treated as income/expenditure of current year.

1.13 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. 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 recognised as income in the year of actual shipment at estimated realisable value/actual credit earned.

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

1.14 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 profit and loss account, 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.

1.15 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.

NOTES ON ACCOUNTS

2. The Subsidiary company, Joint Venture Companies and Associate Company, all incorporated in India, considered in the consolidated financial statements, are as follows:

Sl. No.	Name of the Company	Proportion (%) of Company's ownership interest (As on 31st March, 2009)
A. Subsidiary Company		
	Maharashtra Elektrosnelt Ltd. (MEL)	99.12
B. Joint Venture Companies		
	NTPC SAIL Power Company Private Limited (NSPCL)	50
	Bokaro Power Supply Company Private Limited (BPSCL)	50
	Mjunction Services Limited (MSL)	50
	SAIL Bansal Service Centre Limited (SBSCL)	40
	North Bengal Dolomite Limited	50
	Romelt SAIL (India) Limited	15

Bhilai Jaypee Cement Limited	26
Bokaro Jaypee Cement Limited	26
S&T Mining Company Private Limited	50

C. Associate Company

Almora Magnesite Limited (AML)	20
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3. Principles of consolidation of Financial Statements

3.1 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" issued by the Institute of Chartered Accountants of India (ICAI) and are presented to the extent possible in the same manner as the Company's separate financial statement.

3.2 The financial statements of SAIL and MEL 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.

3.3 The interest in the Joint Venture Companies has been accounted by using the proportionate consolidation method as per AS-27, issued by ICAI.

3.4 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 Rs. 0.56 crores, arising out of acquisition.

3.5 The excess of cost to SAIL, of its investment in its Subsidiary, Associate Companies 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.

3.6 The accounts of IISCO-Ujjain Pipe & Foundry Company Limited, a wholly owned subsidiary company of SAIL have not been consolidated, being under liquidation.

3.7 The accounts of UEC SAIL Information Technology Limited (USIT) and N.E. Steel & Galvanising Private Limited, joint venture companies of SAIL have not been consolidated as the same are not yet prepared.

4. CONTINGENT LIABILITIES

(Rs. in crore)		
	As at 31st March, 2009	As at 31st March, 2008
(i) Claims against the Group pending appellate/judicial decisions against which the Group has counter claims of Rs.26.12 crores (Rs.25.82 crores)	3609.11*	3185.05 *
* includes sales tax on inter-state stock transfers from SAIL plants		

	to stockyards - Rs. 960.91 crores (Rs.1095.48 crores) for which no liability is expected to arise, as sales tax has been paid on eventual sales		
(ii)	Other claims against the Group not acknowledged as debts against which the Group has counter-claims of Rs.8.98 crores (Rs.8.98 crores)	399.80	350.74
(iii)	Disputed income tax/service tax/other demand on joint venture company for which company may be contingently liable under the joint venture agreement	140.38	121.70
(iv)	Guarantees/counter-guarantees given to banks/ excise authorities on behalf of a subsidiary company and a joint venture company. As at 31st March, 2009, the guarantees to the extent utilised amounted to Rs. 1.05 crore (Rs.3.14 crore)	28.85	31.40
(v)	Guarantees given to third parties	0.28	0.25
(vi)	Bills drawn on customers and discounted with banks	52.45	72.96
(vii)	Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable		

5. FIXED ASSETS
5.1 In case of SAIL and NTPC-SAIL Company Private Limited, land includes:

- Includes 62448.53 acres (62382.39 acres) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- Includes 1844.33 acres (1854.23 acres) in respect of which title is under dispute.
- 10596.07 acres (10082.99 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.
- 6186.05 acres (5999.73 acres) given on lease to various agencies/employees/ex-employees.

5.2 In respect of SAIL, buildings include net block of Rs.24.22 crore (Rs.24.67 crore) for which conveyance deed is yet to be registered in the name of the Company.

5.3 In respect of SAIL, Foreign exchange variations aggregating to Rs.26.14 crore (net debit) [Rs.22.87 crore (net debit)] have been adjusted in the carrying amount of fixed assets during the year.

5.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.28282.49 crore (Rs.13954.49 crore).

6. INVESTMENT, CURRENT ASSETS, LOANS & ADVANCES AND CURRENT LIABILITIES & PROVISIONS

6.1 The Central Board of Direct Taxes vide its Notification dated 25th 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) by SAIL and MEL amounting to Rs.139.98 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. 1st October 2001, upto 31st March 2005, pending final decision of the Hon'ble Court. Such deductions and deposits after 31st 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.

6.2 The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Schedule 1.13-Current liabilities) 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 31st March, 2009 are as under:

<i>(Rs. in crore)</i>			
Sl. No.	Description	As at 31st March, 2009	As at 31st March, 2008
1.	The principal amount remaining unpaid to supplier as at the end of accounting year	5.92	3.69
2.	The interest due thereon remaining unpaid to supplier as at the end of accounting year	-	-
3.	The amount of interest paid in terms of section 16, alongwith the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
4.	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.	-	-
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	-	-
6.	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.	-	-
6.3	Balances shown under creditors, debtors, claims recoverable and advances 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.		
6.4	In respect of SAIL, the Company has stock of iron ore fines of 42.01 million tonnes at various mines of the Company. Since the usage/sale of such iron ore fines, not being readily useable /saleable, 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.		
6.5	Ministry of Steel, Government of India, vide letter dated		

2nd May, 2008 approved the scheme of amalgamation of Bharat Refractories Limited, a Government Company, with SAIL with appointed date being 1st April 2007. Pending approval of the Ministry of Corporate Affairs, under section 396 and the relevant provisions of the Companies Act, 1956, the effect of the said scheme of amalgamation has not been given in the accounts.

7. PROFIT & LOSS ACCOUNT

7.1 In respect of SAIL, MEL and NTPC-SAIL Company Private Limited, the long-term agreement for wage revision expired on 31st December, 2006. Pending finalisation of fresh agreement w.e.f. 1st January 2007, provision towards salaries and wages revision of Rs.5277.37 crore (Rs.2656.13 crore for the year) and Rs.51.12 crore (Rs.39.73 crore for the year) have been charged to Profit & Loss Account and Expenditure during construction respectively, on estimated basis. Against the provision made, ad-hoc adjustable advance amount of Rs.495.35 crore has been paid and adjusted in the accounts. Further, payments of Rs.588.63 crore during the year to the employees, on account of merger of dearness allowance with basic pay, have been adjusted against the provision made.

7.2 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.

7.3 In case of SAIL, the Research and Development expenditure charged to Profit & Loss Account and allocated to Fixed Assets, during the year, amount to Rs.112.48 crore (Rs. 99.62 crore) and Rs.5.72 crore (Rs.2.24 crore) respectively.

7.4 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 31st March, 2009, 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 31st March, 2008 for Visvesvaraya Iron & Steel Plant, IISCO Steel Plant and internal technical valuation as at 31st March, 2009 for Alloy Steels Plant, is more than the carrying amount.

7.5 In case of SAIL, during the year, the inventory of process scrap has been valued at lower of cost or net realisable value, as against the past practice of valuing at net realisable value. As a result, the profit for the year is lower by Rs. 10.96 crore.

7.6 Pursuant to the Companies (Accounting Standards) Amendment Rules, 2009 notified on 31st March, 2009, SAIL, on exercise of the option, has accounted for the exchange differences arising on reporting of Long-term foreign currency Monetary items at the rates different from those at which they were initially recorded during the year or reported in the previous financial statement in so far as they relate to acquisition of depreciable capital assets, by adding exchange differences upto 31st March, 2009 of Rs.5.63 crore to the cost of asset and adding Rs.0.01 crore, to General Reserve in respect of exchange differences upto 31st March, 2008. The cost of the capital assets thus changed shall be depreciated over the balance life of the assets. There are no other long term foreign currency monetary items. As a result, the profit for the year is higher by Rs. 5.41 Crore (net).

7.7 In respect of SAIL, Voluntary retirement compensation, hitherto treated as deferred revenue expenditure upto 31st March, 2008 to be written off in five years not beyond 31st March, 2010, has been charged off to the Profit and Loss Account during the year as a result of the change in the policy, the profit for the year is lower by Rs.70.09 crore.

7.8 In respect of SAIL, Pending issuance of accounting and disclosure practices on emission trading by the Institute of Chartered Accountants of India, carbon credit earned by the Company upto 31st March, 2009 in the form of VER (Voluntary Emission Reduction) has not been considered in the accounts.

7.9 In respect of SAIL, pending finalisation of new long term rate contract for imported coal effective from 1st April 2009, supply of the same advanced during February March' 2009 has been accounted for at ad-hoc rates as communicated by the suppliers. The implication, if any, will be known on finalisation of rates.

7.10 The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except certain policies such as period of amortization of software development expenditure, depreciation/amortization on fixed assets, valuation of inventories, adjustments pertaining to earlier years and prepaid expenses, the impact of which on the accounts has not been ascertained and is not likely to be material.

8. GENERAL

8.1 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 6.1 and 6.6 respectively of Schedule 3 : 'Significant Accounting Policies and Notes on Accounts' forming part of the independent financial statements of SAIL.

8.2 Segment Reporting

i) Business Segments: The five integrated steel plants and three alloy steel plants of SAIL, MEL, 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 AS-17 on '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.

8.3 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 are given below: -

Nature of Relationship	Name of the related party
Key Management Personnel	Shri S. K. Roongta
	Shri V.Shyam Sunder
	Shri B.N.Singh (upto 30th November 2008)
	Shri V.K.Srivastava
	Shri G.Ojha
	Shri R.Ramaramaju
	Shri Soiles Bhattacharya
	Shri S.S.Ahmed
	Shri V.K.Gulhati
	Shri S.P. Rao
	Shri S.N. Singh (w.e.f. 06.12.2008)
	Shri A.J. Viji
	Shri B.B. Singh
	Shri M.K.Bhattacharya
	Shri S.P. Patnaik
	Shri Jagdish Singh

Shri Kiran Kapoor
Shri R.K. Agarwal
Shri A.S. Mathur
Shri M. Singh (upto 31st January 2009)
Shri S.R. Subhedar (w.e.f. 1st March 2009)
Shri D. Pal
Shri Viresh Oberoi
Shri Manoj Gaur
Shri R.K. Singh

The details of transactions with the related parties during the year in respect of the SAIL Group, as defined in the Accounting Standard, are given below:

(Rs. in crore)					
Sl. No.	Nature of transaction	Joint Ventures	Key Management Personnel	Schedule No. and Account head	
		As at 31st March 2009	As at 31st March 2008	As at 31st March 2009	As at 31st March 2008
i)	Other Loans/Advances	1.37	1.88		1.12: Loans & Advances- Others
ii)	Provision for Loans and Advances	1.37	1.37		
		For the year ended	For the year ended		
		31st March 2009	31st March 2008	31st March 2009	31st March 2008
iii)	Sale of Goods	53.30	-	-	2.1 : Sales
iv)	Services given by the company	0.60	0.23	-	2.3 : Other Revenues
v)	Managerial remuneration	-	-	3.42	2.7: Employees' Remuneration and Benefits
vi)	Services received by the Company	11.55	7.57	-	2.10: Other Expenses
		0.18	0.00	-	1.6 Capital WIP

8.4 In accordance with AS-22 on 'Accounting for taxes on income' by ICAI, net deferred tax as on 31st March 2009, has been accounted for, as detailed below:

(Rs. in crore)		
Particulars	As on 31st March, 2009	As on 31st March, 2008
Deferred Tax Liability		
Difference between book and tax depreciation	2488.12	2559.99
Total	2488.12	2559.99
Deferred Tax Assets		
Retirement Benefits	194.82	244.10
Others	961.15	747.29
Total	1155.97	991.39
Net Deferred Tax Liability	1332.15	1568.60

MEL

(Rs. in crore)		
Particulars	As on 31st March, 2009	As on 31st March, 2008
Deferred Tax Liability		
Difference between Book and Tax Depreciation	4.08	3.55
Total	4.08	3.55
Deferred Tax Assets		
Others	21.19	17.18
Total	21.19	17.18
Net Deferred Tax Assets	17.01	13.63

NSPCL

(Rs. in crore)		
Particulars	As on 31st March, 2009	As on 31st March, 2008
Deferred Tax Liability		
Difference between Book and Tax Depreciation	17.54	22.33
Deferred Tax Assets		
Retirement Benefit	0.50	1.94
	17.04	20.39
Less : Recoverable from Customer	17.04	20.39
Net Deferred Tax Liability	NIL	NIL

MSL

(Rs. in crore)			
Particulars	Deferred tax assets as at 01.04.2008	Current Year Charge/ (Credit)	Deferred Tax Assets as at 31.03.2009
Deferred Tax Liability			
Difference between Book and Tax Depreciation	0.13	(0.49)	0.62
Provision for Leave Salary	0.04	(0.06)	0.10
Provision for Doubtful Debts	0.01	(0.06)	0.07
Provision for Doubtful Claims receivable	1.55	(0.03)	1.58
Provision for Gratuity	-	-	-
Provision for diminution in value of investment	-	(0.05)	0.05
Others	-	(0.22)	0.22
Total	1.73	(0.91)	2.64

In respect of other Joint Venture Companies, the details of deferred Tax Assets/Liabilities have not been disclosed in the accounts of respective companies.

8.5 The previous year figures considered this year are not same as those of the figures considered in the consolidated financial statements for the year 2007-08 due to unaudited financial statements of certain joint venture companies being audited during the year, joint venture company considered last year but not considered this year, joint venture company not considered last year but considered this year.

8.6 Figures in brackets pertain to previous year. Previous years' figures have been re-arranged/re-grouped/re-cast, wherever necessary.

Segment Information for the year ended 31st March, 2009

Annexure - I

A. BUSINESS SEGMENT

(Rs. in crore)													
PARTICULARS	BSP	DSP	RSP	BSL	IISCO	ASP	SSP	VISL	MEL	Power Companies	Others	Inter Segment Adjustments	SAIL Group
REVENUE													
- External Sales													
Current year	18496.70	6206.55	7623.17	11857.69	2025.78	544.83	1254.49	589.45	46.96	59.71	74.35		48779.68
Previous year	(16517.81)	(5274.73)	(7321.66)	(12037.57)	(1715.82)	(551.14)	(1374.27)	(732.61)	(88.18)	(7.51)	(40.69)		45661.99
- Internal Segment Sales													
Current year	419.43	420.08	118.57	427.03	325.33	587.92	10.55	60.90	378.10	393.64	796.71	-3938.26	0.00
Previous year	(191.43)	(368.10)	(63.19)	(719.47)	(124.44)	(500.31)	(22.86)	(53.53)	(308.23)	(390.12)	(677.42)	(-3419.10)	(0.00)
- Total Revenue													
Current year	18916.13	6626.63	7741.74	12284.72	2351.11	1132.75	1265.04	650.35	425.06	453.35	871.06	-3938.26	48779.68
Previous year	(16709.24)	(5642.83)	(7384.85)	(12757.04)	(1840.26)	(1051.45)	(1397.13)	(786.14)	(396.41)	(397.63)	(718.11)	(-3419.10)	(45661.99)

RESULT

- Operating Profit / (-) Loss (Before Interest Expenses)													
Current year	5030.44	783.64	1099.73	1345.55	-178.59	-106.94	7.12	-148.45	62.34	76.01	1831.04		9801.89
Previous year	(5425.28)	(1036.34)	(1480.98)	(2870.84)	(-280.06)	(8.35)	(107.69)	(-52.05)	(55.98)	(77.77)	(1117.86)		(11848.98)
- Interest Expenses													
Current year													257.56
Previous year													(259.40)
- Net Profit / Loss (-)													
Current year													9544.33
Previous year													11589.58

OTHER INFORMATION

- Segment Assets													
Current year	7182.66	3795.56	5556.18	5736.79	3605.07	755.28	1704.06	700.26	231.65	2102.57	24360.35		55730.43
Previous year	(5289.51)	(3587.01)	(4335.81)	(4509.56)	(1602.14)	(868.88)	(861.17)	(697.32)	(206.06)	(1724.67)	(18561.84)		(42243.97)
- Segment Liabilities													
Current year	4303.80	1511.76	2250.16	3578.49	2094.90	361.77	278.60	304.38	121.33	293.01	2336.79		17434.99
Previous year	(3078.15)	(1177.00)	(1612.00)	(2895.37)	(1519.90)	(325.69)	(172.42)	(250.28)	(123.94)	(246.89)	(2098.06)		(13499.70)
- Capital Expenditure													
Current year	991.44	156.99	1181.08	1023.42	1981.07	24.85	577.53	53.19	10.43	249.09	272.08		6521.17
Previous year	(566.09)	(134.95)	(332.16)	(471.76)	(665.28)	(25.88)	(72.86)	(8.33)	(5.43)	(1008.75)	(165.54)		(3457.03)
- Depreciation													
Current year	245.60	309.64	309.06	246.74	34.85	12.54	43.54	12.59	2.19	43.20	71.60		1331.55
Previous year	(216.68)	(301.26)	(304.37)	(246.70)	(29.42)	(10.66)	(43.65)	(11.21)	(1.90)	(45.22)	(72.44)		(1283.51)

A. GEOGRAPHICAL SEGMENT

Particulars	Current year	Previous year
Sales Revenue		(Rs. in crore)
India	47972.10	44427.58
Foreign Countries	807.58	1234.41
Total	48779.68	45661.99

Note :

- Others include Raw Material Division and Central Units of SAIL, Metal junction.com (P) Ltd., UEC-SAIL Information Technology Limited, Bhilai Jaypee Cement Limited, SAIL-Bansal Service Centre Limited, N.E. Steel & Gal. (P) Ltd. and Romelt SAIL (I) Limited.
- 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 examined the attached Consolidated Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, and its Subsidiary Company, Associate and Joint Venture Companies (together referred to as SAIL group) as on 31st March 2009 and the annexed Consolidated Profit & Loss Account 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. These 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 :

1. The audit of the following entities in the SAIL group has been carried out by the other auditors whose reports have 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.

<i>(Rupees in crore)</i>			
Name of the Company	Assets	Revenues	Cash Flow
A. Subsidiary			
Maharashtra Elektrosnelt Limited	248.76	341.72	(-) 26.20
B. Joint Ventures			
NTPC SAIL Power Company Private Limited	1661.42	134.83	82.42
Bhilai Jaypee Cement Limited	120.06	-	6.33
Bokaro Jaypee Cement Limited	7.82	-	0.50

2. In respect of the following Joint Ventures, 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 Joint Ventures, is based solely on the provisional financial statements as furnished to us by the management. Since the financial statements of these joint ventures for the financial year ended 31st March 2009 were not audited, any subsequent adjustment to the balances in the course of audit could have consequential effects on the attached consolidated financial statements.

<i>(Rupees in crore)</i>			
Name of the Company	Assets	Revenues	Cash Flow
SAIL Bansal Service Centre Limited	9.32	8.26	0.01
Mjunction Services Limited	60.29	35.61	15.53
Bokaro Power Supply Company Private Limited	441.15	309.38	5.10
North Bengal Dolomite Limited	0.20	-	-
Romelt-SAIL (India) Limited	-	-	-
S&T Mining Company Private Limited	0.45	0.01	0.45

3. The Accounts of IISCO-Ujjain Pipe & Foundry Company Limited, a 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 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. Bokaro Power Supply Company Private Limited, a Joint Venture Company is governed by the Electricity Act, 2003. The provisions of the said Act read with rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
6. 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" issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of Steel Authority of India Limited and its Subsidiary, Joint Ventures and Associate included in the consolidated financial statements.

7. Subject to paras 2 to 4 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 31st March 2009;

ii) in case of Consolidated Profit & Loss Account, 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 Dass Maulik Mahendra
Chartered Accountants

Sd/-
(Mahendra K Agrawala)
Partner
(M.No. 51764)

For Chaturvedi & Co.
Chartered Accountants

Sd/-
(S.C. Chaturvedi)
Partner
(M.No.12705)

T.R. Chadha & Co.
Chartered Accountants

Sd/-
(Ajesh Tuli)
Partner
(M. No.86424)

Place : New Delhi
Dated : 8th July, 2009