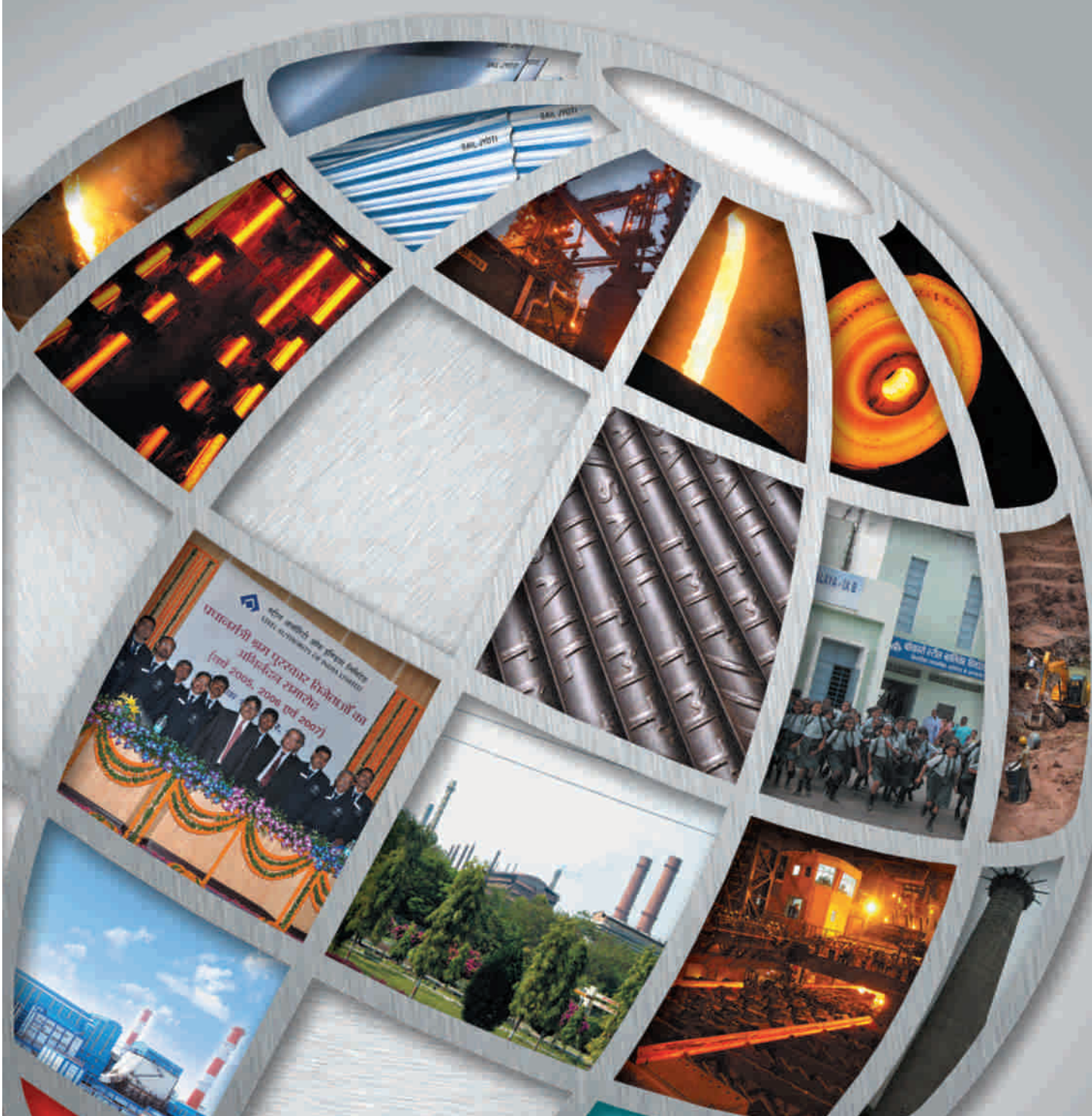
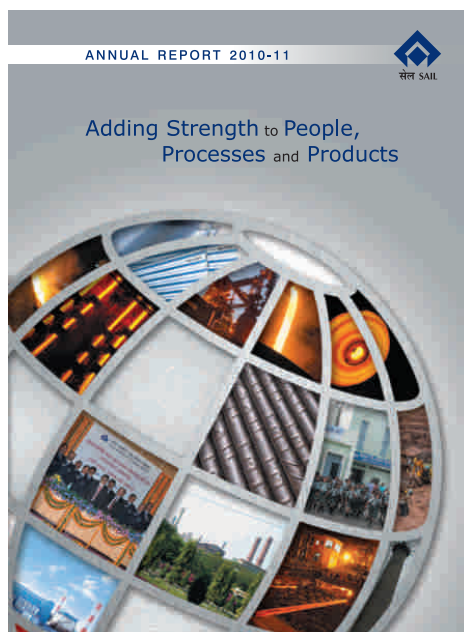


# Adding Strength to People, Processes and Products





*SAIL, a Maharatna company, is India's largest steel producer, holding 20 per cent market share of domestic crude steel production.*

*In 2010-11, the company achieved a turnover of more than ₹ 47,000 crore. SAIL produces both basic and value-added steels for various user segments. The company is currently implementing a mega Modernisation & Expansion (M&E) plan to enhance its hot metal production capacity in a phased manner.*

*The M&E plan will not only help strengthen the company's market position but also contribute to economic growth of the country. Under the ongoing phase-I of the M&E plan, SAIL's hot metal production capacity will get expanded from the present 13.8 million tonnes (MT) to 23.46 MT by 2012-13. We at SAIL are endeavouring to contribute towards shaping the future of India by adding Strength to People, Processes and Products.*

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## Adding Strength to People, Processes and Products



Hon'ble Union Minister of Steel, Shri Beni Prasad Verma addressing the 5<sup>th</sup> India Steel Summit in New Delhi on 26<sup>th</sup> July, 2011 organised by ASSOCHAM.

SAIL, a Maharatna company, is India's largest steel producer, holding 20 per cent market share of domestic crude steel production. In 2010-11, the company achieved a turnover of more than ₹ 47,000 crore. SAIL produces both basic and value-added steels for various user segments. The company is currently implementing a mega Modernisation & Expansion (M&E) plan to enhance its hot metal production capacity in a phased manner. The M&E plan will not only help strengthen the company's market position but also contribute

to economic growth of the country. Under the ongoing phase-I of the M&E plan, SAIL's hot metal production capacity will get expanded from the present 13.8 million tonnes (MT) to 23.46 MT by 2012-13. The growth plan, besides targeting higher production, also addresses the need for eliminating technological obsolescence, achieving energy savings, enriching product-mix, reducing pollution, developing mines and collieries, introducing customer-centric processes and developing matching infrastructure facilities.

SAIL recognises the potential of human resources in providing a competitive edge and considers its human resources as its most valuable asset. SAIL has been continuously investing in this asset through systematic and well-planned programmes to make it current with latest technologies and processes. The company's 1.1-lakh-strong manpower is the backbone of every activity at SAIL. Our innovative manpower will help in ensuring



*Maharatna SAIL to emerge as a leader in Indian Steel Industry.*

*SAIL has been producing world-class quality products. The demand for value-added products has been continuously growing and SAIL has been changing its product-mix accordingly. Its value-added products like wire rods, CR coils, pipes, electrical steels, railway materials, etc., as well as branded items such as SAIL-TMT and SAIL-JYOTI have made a mark for themselves in the market.*

*Steel is fundamental for the growth of our nation. Over the past few years, consumption has been primarily driven by the continuous increase in infrastructure related investment, leading to higher demand for steel. However, presently country's per capita consumption is around 52 kg per capita compared to 427 kg for China and a global average of approx. 203 kg. This reflects a huge potential for increasing steel consumption in India in various segments*



*A dedicated SAILMAN at work.*

*like Defence, Railways, Transportation, Construction, Automobiles, Agriculture, Heavy Engineering, Power & Energy, etc., essential for development of the nation. SAIL's M&E plan will be a step forward in attaining this goal.*

*We at SAIL are endeavouring to contribute towards shaping the future of India by adding Strength to People, Processes and Products.*



*Blast Furnace Complex at SAIL's IISCO Steel Plant, Burnpur.*

## VISION

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

## CREDO

We build lasting relationships with customers based on trust and mutual benefit.

We uphold highest ethical standards in conduct of our business.

We create and nurture a culture that supports flexibility, learning and is proactive to change.

We chart a challenging career for employees with opportunities for advancement and rewards.

We value the opportunity and responsibility to make a meaningful difference in people's lives.

## Highlights 2010-11

- Turnover of ₹ 47,041 crore compared to ₹ 43,935 crore last year, showing 7% year on year growth.
- Produced 12.89 MT of saleable steel, growth of 2% over previous year, with capacity utilisation at 116%.
- Maintaining its thrust on production of value-added & special steels, achieved best-ever annual production of 4.8 MT, growth of 3% over last year.
- Significant growth recorded in production of items such as electrode quality wire rods (37%), high tensile plates (29%), TMT-HCR wire rods & rounds (34%), LPG HR coils/sheets (12%), SAILCOR HR/CR products (69%), 90-UTS rails (2%), etc.
- Total dividend payout of 24% (₹ 2.40 per share), including interim dividend of 12%.
- As on 31.3.2011, company's cash reserves in term deposits stood at over ₹ 17,000 crore and the company's total borrowings stood at ₹ 20,165 crore taking its debt-equity ratio to 0.54:1.
- Net worth as on 31.3.11 was ₹ 37,069 crore compared to ₹ 33,317 crore last year.
- Capex touched a record ₹ 11,280 crore, 6% higher than the previous year.
- All major facilities under expansion plan of Salem Steel Plant completed on schedule in September 2010 and are under stabilisation for regular production.
- Blast Furnace#2 at Bokaro Steel Plant upgraded & commissioned in July 2010.
- Upgradation of Plate Mill at Bhilai Steel Plant, installation of 700 tonne per day Oxygen Plant & simultaneous blowing of converters in SMS-II at Rourkela Steel Plant, and rebuilding of Coke Oven Battery#10 at IISCO Steel Plant, Burnpur completed.
- Labour productivity in SAIL plants increased to 241 tonnes/per man/year, the highest since inception, from the previous best of 226 tonnes/per man/year achieved last year.



## Awards & Accolades in 2010-11

The performance of SAIL has been widely recognized by all its stakeholders including Government of India, financial institutions, leading rating agencies and several industry bodies who have conferred several awards & accolades in various fields during the financial year 2010-11. Some of them are:

- Employees of SAIL once again proved their mettle. Of the 33 Prime Minister's Shram Awards announced for 2010 by the Ministry of Labour, Government of India, 17 of which went to PSUs, SAIL employees bagged 11 awards. Of the total number of 76 awardees for the year, 45 belong to SAIL - a remarkable distinction for any organisation. Adding to SAIL's jubilation, all the 7 Shram Vir/ Veerangana Awards announced in the PSU category have been bagged by its employees. In 2009 also 34 SAIL employees won Prime Minister's Shram Awards out of the total 45 awardees from PSUs. With this, SAIL employees have broken their own record of bagging 24 of the 35 Shram Awards given to PSU employees for the year 2008 last year. Even earlier, in the joint award ceremony for the years 2005, 2006 and 2007, 56 out of 179 awardees who won the Prime Minister's Shram Awards were from SAIL.
- Out of a total 128 awardees who have won the prestigious Vishwakarma Rashtriya Puraskar (VRP), 74 are from SAIL. The 15 out of 28 awards won by SAIL went to our 74 employees for the performance year 2008. Bhilai Steel Plant won 7 such awards involving 36 employees, Bokaro Steel Plant won 6 awards involving 29 employees. Durgapur Steel Plant

and Salem Steel Plant both won 1 award each involving five and four employees respectively. SAIL employees have bagged 4 out of 5 awards of Class A, which is the highest number of A Class awards won by any PSU in India. It is estimated that annual savings resulting from implementation of works mentioned in the Award Winning Projects of SAIL are over ₹ 135 crores on a recurring basis.

- Maharatna SAIL has received the prestigious Golden Peacock Environment Management Award for the year 2011. The award, in recognition of SAIL's initiatives and achievements in the field of environment management, was presented by Union Minister for Home Affairs Shri P. Chidambaram on 24<sup>th</sup> June, 2011
- SAIL was awarded SCOPE Meritorious Award for Environment Excellence & Sustainable Development for FY 2010.
- SAIL bagged Randstad Award for HR Practices & Employer Branding for 2011 under 'Manufacturing Industries' category.
- SAIL received the maiden Wockhardt Shining Star CSR Award in the Iron & Steel Sector category in 2011.
- Chairman, SAIL Shri C.S. Verma received the prestigious 'Icon of the Year' award of the Institute of Cost and Works Accountants of India (ICWAI).
- SAIL was conferred award for financial and operational strength by Indian Institute of Industrial Engineering (IIIE) for the year 2009-10.



SAIL Chairman Shri C.S. Verma at a function organised to felicitate the recipients of Prime Minister's Shram Awards at SAIL Corporate Office, New Delhi on 20<sup>th</sup> September 2010.



SAIL Chairman Shri C.S. Verma (1<sup>st</sup> from right) receiving the All India House Journal Award from H.E. Vice President of India, Mohd. Hamid Ansari at Vigyan Bhawan, New Delhi on 14<sup>th</sup> September, 2010.

- The Rajbhasha Journal of SAIL - Ispat Bhasha Bharati has been awarded with the first prize under the All India House Journal Award Scheme for the year 2008-09 by the Ministry of Home Affairs, Government of India.
- Golden Peacock Award for Corporate Social Responsibility won by Bhilai Steel Plant (BSP) for the third year in a row in 2009.
- Golden Peacock Award for Eco-innovation and Greentech Safety Gold Award won by BSP.
- Greentech Safety Gold Award 2010 was bagged by BSP.
- BSP the HR Excellence Award by the Greentech Foundation in September, 2010.
- National Safety Award for 2008 to BSP announced by the Ministry of Labour & Employment, Government of India.
- Greentech HR Excellence Award for the year 2009 bagged by Durgapur Steel Plant (DSP).
- DSP won the 2nd Prize in the ABCI Awards, 2008.
- Quality Summit New York Gold Trophy 2007 (International Award for Excellence & Business Prestige) and Award of Excellence Maintenance for Sumitomo Heavy Industry & TSUBKIMOTO-KOGIO, Japan won by ASP.
- Bokaro Steel Plant (BSL) won the AIMA Management Simulation Games at National level and in their maiden representation of SAIL at Asian Level and bagged the runner's up title.
- For the third year in a row BSL won the Greentech Environment Gold Award.
- BSL bagged Silver Shield in IIIE for performance Excellence.
- The steel township of Rourkela Steel Plant (RSP) has been ranked 14<sup>th</sup> in sanitation and cleanliness for the year 2009-10 by Union Urban Development Ministry.
- RSP bagged the prestigious Srishti Good Green Governance (G-Cube) Award 2009.
- RSP won the National Cost Excellence Award from ICWAI.
- For the 7<sup>th</sup> consecutive year RSP bagged the Greentech Environment Excellence Gold Award.
- RSP won the Rajbhasha Vishistata Samman for contribution in implementing and promoting the Official Language from Bharatiya Rajbhasha Vikas Sansthan, Dehradun.
- CEO, RSP felicitated with 'Eminent Engineer Award' by Institution of Engineers (India), Jharkhand State Centre.
- In the International Convention on Quality Circles (ICQCC-2010) held at Hyderabad in October'10, two Quality Circles of RSP got Gold awards, while two others bagged the Silver awards.
- Salem Steel Plant (SSP) has won the prestigious National Sustainability Award for the 6<sup>th</sup> time in succession and 13<sup>th</sup> time since inception of the award from Indian Institute of Metals (IIM).
- SSP received the prestigious Greentech Gold Award 2010 in Metal and Mining Sector for the year 2008-09.
- SSP has won the prestigious Greentech Silver Award in Training Category of Greentech HR Excellence Awards 2010.

## Board of Directors

### Chairman

Shri C.S. Verma

### Functional Directors

#### Finance

Shri Soiles Bhattacharya

#### Personnel

Shri B.B. Singh

#### Commercial

Shri S. Mukherjee

### Government Directors

Shri S. Machendra Nathan,  
Additional Secretary & Financial Adviser  
Ministry of Steel, Government of India

Shri Upendra Prasad Singh  
Joint Secretary  
Ministry of Steel, Government of India

### Independent Directors

Prof. Deepak Nayyar

Shri A.K. Goswami

Dr. Jagdish Khattar

Prof. Subrata Chaudhuri

Shri P.K. Sengupta

Shri P.C. Jha

### Chief Executive Officers (Permanent Invitees)

#### Rourkela Steel Plant

Shri S.N. Singh

#### Durgapur Steel Plant

Shri P.K. Bajaj

#### Bokaro Steel Plant

Shri S.S. Mohanty

#### IISCO Steel Plant

Shri N.K. Jha

#### Bhilai Steel Plant

Shri Pankaj Gautam

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

Shri Devinder Kumar

### Bankers

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

### Statutory Auditors

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

Chartered Accountants

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

Chartered Accountants

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

Chartered Accountants

### Registered Office

Ispat Bhawan, Lodi Road, New Delhi-110003

**Phone:** 24367481; **Fax:** 24367015

**Gram:** STEELINDA

**Internet:** [www.sail.co.in](http://www.sail.co.in)

**E.Mail:** [secy.sail@sailco.in](mailto:secy.sail@sailco.in)



## Board of Directors



Shri C.S. Verma



Shri S. Machendra Nathan



Shri Upendra Prasad Singh



Shri Soiles Bhattacharya



Shri B.B. Singh



Shri S. Mukherjee



Prof. Deepak Nayyar



Shri A.K. Goswami



Dr. Jagdish Khattar



Prof. Subrata Chaudhuri



Shri P.K. Sengupta



Shri P.C. Jha

## Directors' Report

To,

The Members,

The Directors have pleasure in presenting the 39th Annual Report of the company together with audited accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL REVIEW

Your company increased production of value added steel and achieved the saleable steel production of 12.9 MT representing 116% of capacity utilisation. With the help of various management initiatives taken, your company achieved a turnover of ₹ 47,041 crore during 2010-11, which is higher by 7% over last year. Your company has also undertaken expansion and modernisation plan, which is expected to be completed by 2012-13, with focus on higher production of value added products.

The profit of your company for the year 2010-11 was affected adversely, mainly due to adverse impact of input prices consisting of imported coal, indigenous coal, limestone, nickel, ferro alloys, aluminium, boiler coal, purchase power, increase in royalty on minerals, salaries & wages, higher interest & depreciation. However, the adverse impact on profitability was partially off set by higher volume of saleable steel production, increase in net sales realisation of saleable steel, better product mix and higher value added steel production. The comparative performance of major financial parameters is given as under:

(₹ in crore)

	2010-11	2009-10
Sales Turnover	47,040.50	43,934.70
Profit before interest, depreciation and tax (EBIDTA)	9,155.06	11,871.28
Less: Interest and Finance Charges	474.95	402.01
Less: Depreciation	1,485.80	1,337.24
Profit before tax (PBT)	7,194.31	10,132.03
Less: Provision for taxation	2,289.57	3,377.66
Profit after tax (PAT)	4,904.74	6,754.37
Net Worth	37,069	33,317
EBIDTA to Net sales (%)	21.4	29.3
Return (PAT) on Net worth (%)	13.2	20.3
EBIDTA to average capital employed (%)	22.0	31.1
Earning per share (₹ 10/- each)	11.9	16.4
Debt Equity Ratio	0.54:1	0.50:1

The continued thrust on optimum utilisation of funds by better fund management included replacement of high cost short term loans with low cost debts, strategic parking of surplus funds with



SAIL Chairman Shri C.S. Verma (extreme right) receiving the SCOPE Meritorious Award for Environmental Excellence & Sustainable Development from President of India Her Excellency Smt. Pratibha Devisingh Patil at Vigyan Bhawan in New Delhi on 11<sup>th</sup> April 2011. The Hon'ble Minister of Heavy Industries and Public Enterprises, Shri Praful Patel (2<sup>nd</sup> from right) and the then Minister of State for Heavy Industries Shri A. Sai Prathap (1<sup>st</sup> from left) are also present on the dais.



SAIL Chairman Shri C.S. Verma presenting an Interim Dividend Cheque to Hon'ble Prime Minister Dr. Manmohan Singh (Centre) in the presence of Hon'ble Union Minister of Steel, Shri Beni Prasad Verma (2<sup>nd</sup> from left), Secretary (Steel), Shri P.K. Misra (1<sup>st</sup> from left) and SAIL Director (Finance), Shri Soiles Bhattacharya (1<sup>st</sup> from right) on 28<sup>th</sup> February, 2011.

scheduled banks, actions for future fund raising etc. to meet our growth objectives. The company had liquid assets of ₹17,142 crore as on 31<sup>st</sup> March, 2011 invested in short term deposits with scheduled banks against borrowings of ₹ 20,165 crore as on 31<sup>st</sup> March, 2011. The debt equity ratio of the company increased to 0.54:1 as on 31.03.2011 from 0.50:1 as on 31.03.2010 mainly on account of increase in borrowings for capital expenditure. The net worth of company improved substantially and this helped in generation of internal resources for funding expansion plans of SAIL.

The company paid interim dividend @ 12% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 12% subject to approval of shareholders, thus making the total dividend @ 24% of the paid up equity share capital for the year 2010-11. A sum of ₹ 500 crore has been transferred to the general reserves during the year (previous year ₹ 680 crore).

#### Credit Rating:

M/s FITCH and M/s CARE, RBI approved credit rating agencies, maintained "AAA" ratings indicating the highest safety, to your company's long term borrowing programme. Standard and Poor's, an International Rating Agency, has reaffirmed Rating of "BBB-" with stable outlook for the company.

#### PRODUCTION REVIEW

In the year 2010-11, the plants of the company continued with their journey of relentless improvement in production, product-mix and efficiency parameters. Your company recorded higher

volume of saleable steel production at 12.9 million tonnes, registering a growth of 2% over corresponding period of last year (CPLY), with capacity utilization of 116% during the year. Production of hot metal at 14.9 million tonne and crude steel at 13.8 million tonne, registered a growth of 3% and 2% respectively over CPLY. In line with market demand, SAIL produced 10.5 million tonne of finished steel which also registered a growth of 4% over CPLY. The production growth was achieved with better utilization of existing facilities since your company has not added any capacity in the year 2010-11.

Higher production of special quality and value added products at 4.8 million tonnes, a growth of 3% over CPLY, resulted in further improvement of the product-mix. Several new products were developed which have significant demand, ready market, and good contribution margin. Improvement in quality of products has remained an important imperative. Some of the major new products developed to meet the customer's requirement and enhance market share were - High Tensile thicker plates in Normalized condition with sub-zero impact toughness and Ultra-sonic soundness for construction of sluice gate for Hydel Power Project in Uttaranchal, HT plates in grade 450E with improved toughness and corrosion resistance for steel super-structure of rail-cum-road bridge for the construction of steel super-structure of the two rail-cum-road bridges being built over the river Ganges at Patna and Munger, 45E1 Grade R260 Rails in Euronorm Specification (EN 13674-4) for export to Sri Lanka, Killed quality structurals with low temperature impact toughness for construction of the superstructure of the rail-cum-road bridges of Ganges, High Strength 100 mm thick pressure vessel quality



SA537CI-1 plates with ultrasonic soundness for hydel power projects, for the first time, EMU wheels for Indian Railways.

The Research & Development wing of your company provided innovative technological inputs to different units of your company, with special emphasis on productivity and quality improvement, product development and commercialization, energy conservation and automation. The major projects completed are: Improvement of cast structure in blooms through optimization of EMS parameters at Bhilai Steel Plant (BSP); Development of a reliable position display system of screw down in Tandem Mill #1, CRM at Bokaro Steel Plant (BSL); Improving processing of low Nickel stainless steel through simulation studies at Salem Steel Plant (SSP).

Your company in its endeavor to become energy and cost efficient, in the year 2010-11 increased production of crude steel through continuous casting route and achieved highest ever crude steel production through continuous casting route at 9.32 MT with a growth of 3% over CPLY. A large number of innovations are being carried out in plants for process improvements and cost competitiveness. In the area of Specific Energy Conservation, the projects completed were: Introduction of Energy Efficient Ignition System in machine #2, SP-1 and the single machine in SP-2 at Durgapur Steel Plant (DSP); Improving thermal efficiency of ladle heating system of BF at BSL; Selection and design of combustion system for new in-house built normalizing furnace of Plate Mill at BSP; Introduction of new BF gas burner in place of existing old BF gas burner in one Russian boiler of PBS and Power Plant-I at BSP. Your company witnessed highest ever Power Generation from captive and JV power plants at 671 MW during 2010-11 registering a growth of 1% over CPLY.

#### Raw Materials

During 2010-11 almost total requirement of iron ore was met from captive sources, the company's captive iron ore mines have

produced about 24.45 million tonne. However, in case of coking coal, around 25% requirement was met from indigenous sources and balance through imports. During 2010-11, production in captive collieries of Steel Authority of India Limited (SAIL) resulted in annual production of about 1.10 million tonne. In case of flux, around 35% requirement of limestone and 41% requirement of dolomite were met through captive sources resulted in production of fluxes from captive sources of about 2.33 million tonnes. For thermal coal, SAIL depends entirely on purchases from Coal India Limited (CIL) except small quantity produced from captive mine.

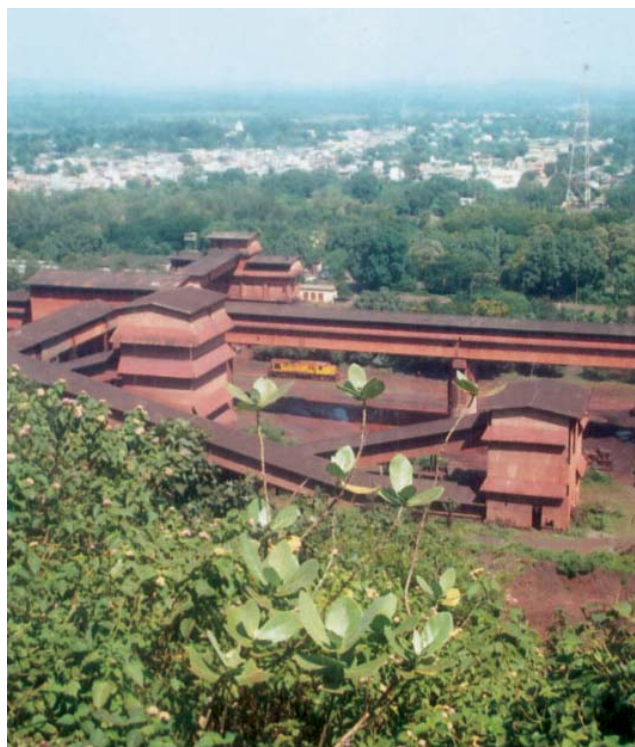
Grant of Stage-I forest clearance & final environment clearances for the Ajitaburu & Budhaburu leases of Manoharpur Iron Ore Mines, Chiria by MoEF in Mar'11 have paved the way for early development of 7 Mtpa state-of-the-art mechanized mines at these leases. During 2010-11, Stage-I forest clearance for Barsua, Kalta, Bolani & South-Central Blocks of Kiriburu-Meghahatuburu mines have also been granted by MoEF. Your company has also received final environment clearance for integrated Barsua-Taldih-Kalta iron ore mining, beneficiation and pelletisation plant for 8.05 Mtpa (ROM) capacity and also for development of Sitanala coking coal mine of 0.3 Mtpa capacity by MoEF in Oct'10 & Dec'10 respectively.

Chhattisgarh Government has accorded its approval for renewal of Baraduar Dolomite lease in Sep'10. This will enable SAIL to develop Baraduar dolomite mine for the securitization of low silica dolomite availability for SAIL.

"S&T Mining Company Pvt. Ltd.," a joint venture company of SAIL & Tata Steel Limited, has been engaged to develop Bhutgoria mine of BCCL. The mine is estimated to produce 0.36 Mtpa (ROM) coking coal at full capacity which will be shared between SAIL & Tata Steel. The company has submitted tender to BCCL for construction of washery at Dugda for Non Linked Washery (NLW) coal. The JV company is also considering



Hon'ble Union Minister of Steel, Shri Beni Prasad Verma at the trial run of Corrugation Line in Jagdishpur SAIL Unit (JSU).



SAIL Chairman Shri C.S. Verma greeting Shri Arjun Munda, Hon'ble Chief Minister, Jharkhand in a meeting held to apprise him about the activities of SAIL units in Jharkhand (left) and on the right side is a Panoramic view of SAIL's Rajhara Mines.

establishment of a stand alone NLW coal washery at Bhelatand with an investment of ₹ 196 crore.

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

India is dependent on imports for meeting the increasing requirement of metallurgical coal as its indigenous availability is short, both in quantity and quality. International metallurgical coal market is controlled by few producers who regulate production to maintain high prices extracting large margins from steel producers. After increase of FOB price of metallurgical hard coking coal from US \$ 128 per tonne in 2009-10 to US \$ 213 per tonne in 2010-11, it has further gone up to US \$ 330 per tonne in the first quarter of 2011-12 reaching historic high and impacting returns on steel business. Further, since 2010-11, the suppliers have imposed quarterly pricing in place of annual pricing, exposing the steel producers to vagaries of market volatility too.

To achieve Raw material security, import of Low Silica Limestone is now established and regular imports are being done so as to have cost advantage/alternate source. Similarly, International source of Low Silica Dolomite is also being identified.

#### SALES & MARKETING REVIEW

- Your company achieved a total sales volume of 11.9 million tonnes during FY'10-11 with sales of Long products in the home market at a record level of 4.62 million tonnes. Exports at 0.33 million tonnes registered a growth of 2.3% over FY'09-10. Major categories where growth was recorded in the sales included: Wire Rods- 12.1%; TMT Bars- 3.8%;

Structurals- 4%; Plates >20mm- 7.1% and Railway products- 8.5%. New records were also set in supplies of Loco wheels and Loose Axles to Indian Railways during the year.

- During the year 2010-11 SAIL started operations at a new Warehouse at Jagdishpur. With this, SAIL's marketing network has expanded to 37 Branch Sales Offices (BSOs), 26 Customer Contact Offices (CCOs) and 67 Warehouses. SAIL also expanded its dealer network by 145 numbers during the year. As on 1st April, 2011, SAIL has a wide network of 2653 dealers spread over 637 districts of the country.
- The company strengthened its presence in neighbouring and traditional markets and exported 0.33 million tonnes steel during the year. The main products exported were Billets, Plates, HR Coils, GC Sheets, CR Coils and Rails. Exports were undertaken to Syria for the first time. System of E-bidding was also implemented in exports during the year. SAIL re-entered the export market for its high quality rails after a gap of over 5 years and has exported rails to Sri Lanka.

#### GROWTH PLAN

Keeping in view the acceleration in demand for steel in the country, the company is currently implementing growth plan to enhance its Hot Metal capacity from the level of 13.8 million tonnes in a phased manner. Under the ongoing phase-I of modernization and expansion plan, hot metal production capacity will get expanded to 23.46 million tonnes by 2012-13. The growth plan, besides targeting higher production, also addresses the need for eliminating technological obsolescence, achieving energy savings, enriching product-mix, reducing pollution,





Argon Oxygen Decarburisation (AOD) Refining Converter at SAIL's Salem Steel Plant.

developing mines and collieries, introducing customer centric processes and developing matching infrastructure facilities.

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

#### MODERNISATION & EXPANSION PROJECTS

The modernisation & expansion plan of your company aims at taking up capital projects related to 'Expansion', 'Value Addition/ Product Mix improvement', 'Technological Upgradation/ Modernisation of existing assets', and 'Sustenance including Debottlenecking, Additions, Modifications, Replacements and Environment' related projects.

The modernisation & expansion plan envisages installation of New Coke Oven Batteries, New Sinter Plants, New Blast Furnaces of bigger capacity with up-gradation of existing Blast Furnaces, New Steel Melting Shops / addition of Converter in existing shop, installation of New Mills etc. which will increase share of finished steel in salable steel. Along with addition of new facilities, most of the existing facilities are also being up graded to enable production of value added steel, reduce energy consumption and for improvement in productivity, etc.

The expansion plan is being implemented simultaneously in all the Plants including mines and requires matrix planning, involvement/ coordination with a large number of agencies, prudent fund management, selection of right technology etc. SAIL has already initiated actions and progressing smoothly towards handling this vast complex task.

SAIL Board accorded 'in-principle' approval during the year for the Rebuilding of Coke Oven Battery No.3 and Installation of Additional Heat Treatment facilities at Special Plate Plant at RSP, Replacement of Converter Shell & its Assembly in SMS-2 at BSL, Installation of additional 45 MVA Sub-merged Arc Furnace at MEL with an estimated total outlay of around ₹ 650 crore.

SAIL incurred a capital expenditure of ₹ 11,280 crore, including ₹ 10,210 crore on modernisation and expansion plan, during 2010-11. Orders have been placed for about ₹ 52,750 crore under modernization and expansion plan of SAIL. An expenditure of ₹ 25,060 crore has been spent on modernisation and expansion plan of SAIL till 31st March, 2011. Further, the capital expenditure planned to be incurred for the year 2011-12 is ₹ 14,337 crore including ₹ 12,642 crore for ongoing modernisation and expansion plan.

At Salem Steel Plant, all major production facilities envisaged under Expansion Plan have been installed and units are now in regular production.



For Chiria Iron Ore Mines the Forestry clearance has been accorded by Ministry of Environment and Forest in Feb'11 and Consultants have been appointed for preparation of DPR for Chiria as well as Taldih Iron Ore Deposits.

At Bhilai Steel Plant, Up-gradation facilities under Plate Mill have been completed. Further, the linked facilities like Compressed Air Station-4 and installation of CNC Roll Grinding Machine have been completed. The Coke Oven Battery-6 has been re-built, in compliance with pollution control norms of Govt. of India and Oven Pushing has started in June'11.

At IISCO Steel Plant, COB-10 has been re-built in Aug'10 in compliance with pollution control norms of Govt. of India and is in regular operation. Facilities like Sinter Plant, Pig Casting Machine, Main Receiving Station and Oxygen Plant, under expansion plan are ready for commissioning. Other facilities envisaged are at various stages of implementation.

At Rourkela Steel Plant, 700 tpd Oxygen Plant and Simultaneous Blowing of Converters in SMS-II have been completed in Oct'10 and other facilities envisaged under Modernisation & Expansion Plan are at various stages of implementation.

At Bokaro Steel Plant, Up-gradation of Blast Furnace No-2 has been completed in Jul'10. This will meet the enhanced Hot Metal requirement by the down stream facilities, post modernisation. Further, the Coal Dust Injection System for BF-2 & 3 have been completed in Dec'10. This will lead to reduction in coke rate and improvement of the furnace productivity. The 2nd Ladle Furnace in SMS-II has been completed in Jul'10. The COB-1 & 2 which are being re-built in compliance with pollution control norms of Govt. of India, the Oven Pushing has been started in COB-1 in June'11. Other facilities under Modernization & Expansion Plan are at various stages of implementation.

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

For Raw Material Projects, in addition to mines expansion, the beneficiation facilities and pelletization facilities have also been envisaged to meet the post expansion raw material requirement.

#### AMR SCHEMES

A number of capital projects above ₹ 100 crore each are under implementation which include Installation of 700 T / day Air Separation Unit, Re-building of COB-1 & 2 at BSL; Enhancement of Loading Capacity at Bolani Iron Ore Mine; enhancement production capacity at Megathaburu Iron Ore Mines; installation of SPU at Bettiah and revival of Jagdishpur SAIL Unit.

#### Projects completed/likely to be completed during 2011-12:

Till date, Coke Oven Battery no.6 at Bhilai Steel Plant and Coke Oven Battery no.1 at Bokaro Steel Plant have been completed during the current financial year. The completion of these batteries will augment BF coke production for respective plants. These batteries are equipped with state of art equipments to meet the latest emission norms of Govt of India.

Further, 700 tpd Air Separation Unit-4 in Oxygen Plant-II at Bhilai Steel Plant; 7m tall Coke Oven Battery Complex, Sinter Plant - 3, 4060 m<sup>3</sup> Blast Furnace at Rourkela Steel Plant along with associated facilities; Turbo Blower-8 in Turbo Blower Station, Rebuilding of Coke Oven Battery - 2, New CRM complex (Major



SAIL Chairman Shri C.S. Verma and Director (Commercial) Shri S. Mukherjee on a visit to SAIL Stockyard, Ghaziabad.



Hon'ble Union Minister of Steel, Shri Beni Prasad Verma (1<sup>st</sup> from right), reviewing the revival plan of Jagdishpur unit of SAIL, along with SAIL Chairman, Shri C.S. Verma (Center) and Rourkela Steel Plant, CEO, Shri S.N. Singh (1<sup>st</sup> from left).

facilities) at Bokaro Steel Plant; Installation of one no. new 60 T Ladle furnace at Alloy Steels Plant; Main Receiving Station, Power and Blowing Station, Raw Material Handling System, Sinter Plant, Coke Oven Battery, Wire Rod Mill under Expansion of IISCO Steel Plant and Enhancement of Loading capacity at Bolani Iron Ore Mines are likely to be completed in the remaining period of current financial year.

#### HUMAN RESOURCE MANAGEMENT

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

The thrust on achieving higher growth coupled with optimal utilization of manpower continued. The focus on improving productivity and adoption of best practices in every area was relentlessly pursued. Efforts for active participation by employees, implanting a conducive ambience for exhibiting creativity and innovation by employees and ensuring a climate that reflects synergy and contagious enthusiasm has been at the core of HR initiatives and interventions. Strategic alignment of HRM to business priorities and objectives facilitated steps for

ensuring a smooth transition for upcoming new facilities in the modernization and expansion projects.

#### Enhanced Productivity with Rationalized Manpower

SAIL achieved its highest ever labour productivity of 241 T/man/year in 2010-11 with all the five integrated steel plants recording their best ever labour productivity for the year. During 2010-11, the manpower of SAIL reached a level of 110794 (as on 31.3.2011) from 116950 (as on 1.4.2010), thereby achieving rationalization of 6156. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, correct deployment and redeployment strategies, multi-skilling and zeal of employees to go beyond and excel.

#### Developing Employee Capabilities & Competencies

In order to develop its human resources for harnessing their potential to the fullest and for according ample opportunity for realizing individual as well as organizational goals, company has been making sustained efforts through various training and development activities with focus on preservation of skills, transfer of skills and knowledge, training in specialized/advanced skills and technology in collaboration with reputed organizations and development of effective managerial competencies through association with premier institutes. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 84973 employees were trained during the year on various



contemporary technical and managerial modules. SAIL once again achieved level -I of performance evaluation parameter under MoU with Government of India for the financial year 2010-11.

### Harmonious Employee Relations

SAIL prides itself in having a glorious tradition of conducive employee relations scenario marked by industrial harmony. The various participative forums functioning at different levels within your company have ensured employee's involvement with the business priorities while implanting an organizational climate high on motivation and mutual trust.

The VIIIth NJCS Agreement for wage revision of non executive employees was signed on 29th April, 2010. The agreement is for a period of five years w.e.f. 1.1.2007. Company's resolve to implant performance orientation amongst employees was further strengthened with the implementation of concept of Performance Related pay (PRP) for executives for the first time for the year 2007-08, 2008-09 and 2009-10. Payments under the said PRP scheme have been linked to the profitability of company with physical and financial performance of Company and Unit as well as individual performance as per DPE guidelines.

### Effective Grievance Redressal Mechanism

Effective internal grievance redressal machinery exists in SAIL plants and units, both for executives and non-executives. The grievance procedure characterized by three stages in SAIL has evolved after sustained deliberations and consent of employees, trade unions and associations and has been effective in addressing concerns relating to service conditions, wage, work assignments and welfare amenities etc. Majority of grievances are redressed informally in view of the participative nature of environment existing in the steel plants. The system is comprehensive, simple and flexible and has promoted harmonious relationship between employees and management. SAIL disposed off 3474 employees' grievances during 2010-11.

### Initiatives for Socio-economic development of SCs/STs & Other Weaker Sections

Presidential Directives on Reservation for Scheduled Castes and Scheduled Tribes in Appointments in Public Enterprises have been meticulously followed. As on 31st March, 2011, out of total manpower, 15.58% were SC and 12.98% were ST. During the year 2010, out of total recruitments of 1543 made by SAIL, 238 belonged to SC category and 170 belonged to ST category. SAIL continued to invest resources and contribute towards the overall development of civic, medical, educational and other facilities in the economically backward regions of the country where SAIL steel plants and mines are located and which are predominantly inhabited by SC/ST population.

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

Special School started exclusively for poor, underprivileged children at five integrated steel plant locations which provide for free education, mid-day meals and uniform including shoes, text books, stationery items, school bag, water bottles and transportation in some cases. The schools now provide education to around 1400 children.

SAIL plants have also adopted over 245 SC/ST students belonging to BPL families/ primitive tribes. They are being provided free education, boarding, lodging and medical facilities for their overall growth. No tuition fee is charged from SC/ST

students studying in the company run schools, whether they are SAIL employees' wards or non-employees' wards. Scholarships are also awarded to Meritorious and deserving SC/ST wards of employees as well as non-employees.

### IMPLEMENTATION OF RTI ACT, 2005

SAIL has implemented Right to Information Act, 2005 which empowers the common citizen by providing access to information with a view to maintain accountability and transparency. SAIL has always endeavoured to ensure that various enabling provisions of the RTI Act, 2005 are implemented in letter and spirit. The manual of 17 items, details of Appellate Authority, Public Information Officer, Assistant Public Information Officer have been updated and hosted on SAIL website. A total of 3639 applications were received under RTI Act, 2005 in SAIL during the financial year 2010-11, all of which have been disposed off within the stipulated timeline under the Act. SAIL has also organized Workshop on "Obligation of Public Authorities under RTI" and conducted several programmes for spreading awareness.

### AWARDS AND ACCOLADES

The excellent performance of company as well as that of employees won laurels and appreciation from several quarters during the year 2010-11. SAIL employees continued to win maximum number of Prime Minister's Shram Awards and Vishwakarma Rashtriya Puraskar declared by Govt. of India which recognizes the creativity and innovative abilities of our employees. Employees of SAIL once again proved their mettle. Of the 33 Prime Minister's Shram Awards announced for 2010 by the Ministry of Labour, Government of India, 17 of which went to PSUs, SAIL employees bagged 11 awards. Of the total number of 76 awardees for the year, 45 belong to SAIL - a remarkable distinction for any organisation. Adding to SAIL's jubilation, all the 7 Shram Vir/ Veerangana Awards announced in the PSU category have been bagged by its employees. Out of a total 128 awardees who have won the prestigious Vishwakarma Rashtriya Puraskar (VRP), 74 are from SAIL. The 15 out of 28 awards



Shri B.B. Singh, Director (Personnel), SAIL (Right) receiving the prestigious Randstad Award for 2011 under 'Manufacturing Industries' category for "Most Attractive Employer" from Dr. Bimal Jalan, former RBI Governor in New Delhi on 29<sup>th</sup> June 2011.

won by SAIL went to our 74 employees for the performance year 2008, once again establishing the zeal of our employees to excel with their creativity. SAIL employees in the International Convention on Quality Concept Circles-2010 held at Hyderabad bagged 18 gold, 6 silver and 2 bronze awards. In addition, SAIL employees also had a rich haul of awards in the 24th National convention on Quality Concepts (NCQC 2010) held at Visakhapatnam.

Organisational excellence of SAIL garnered recognition and accolades at various prestigious forums. Some of the notable awards won by SAIL are "SCOPE Meritorious Awards" for Environment Excellence and Sustainable Development for 2009-10, and Corporate Social Responsibility for 2008-09, "Asia Best Employer Award" for 'continuous innovation in HR Strategies at work', "PSU Excellence Awards 2010" for "Best Human Resource Management" and "Research & Development, Technology Development & Innovation" by Indian Chamber of Commerce, "India Pride Award" under Metals and Minerals & Trade Award Category, "Trail blazer leader of the year" at Global HR Excellence Awards 2010-11 and "Wockhardt Shining Star CSR Award" in the Iron & Steel sector category, to name a few.

SAIL's efforts in promoting use of Rajbhasha have been recognized in the form of 1st prize at Town level by TOLIC for best official language implementation by Govt. of India. 'Rashtriya Rajbhasha Shield' was also awarded to SAIL for best official language implementation by Rashtriya Hindi Academy. The in-

house Hindi journal of SAIL, "Ispat Bhasha Bharati" bagged the 1st prize at national level.

SAIL Plants/Units have also excelled in various areas and have won awards for their performance, salient ones are listed as under:

- BSP was awarded the "CII Sustainability Award-2010" under independent unit category for performance year 2009-10 from CII-ITC in recognition of Excellent performance in the various areas of economic, environmental and social activities.
- BSP was recognized by Greentech Foundation in the form of "Greentech Safety Gold Award-2010", "Greentech HR Excellence Award" & "Greentech Environment Excellence Platinum Award" in Metal & Mining Sector.
- BSP has won "INSSAN Award" from INSSAN Eastern India Chapter, in recognition of Excellence in Suggestion Scheme besides winning the "Golden peacock eco- innovation award-2010" for installation of energy efficient curtain flame burners in SP-2 for the year 2009-10 by World Environment Foundation.
- DSP bagged the "INSSAN Award" for the year 2009-10 from INSSAN Northern Region Chapter, in recognition of effective implementation of suggestion scheme. It also won the "Greentech Safety Award" for the year 2008-09 "Greentech HR Excellence Award" for the year 2009, "Greentech HR



Construction of a Blast Furnace in full swing, as part of Modernisation & Expansion of SAIL's Rourkela Steel Plant.





SAIL Chairman Shri C.S. Verma (left) receiving the Shining Star CSR Award from the then Union Minister for Water Resources and Minority Affairs and present Hon'ble Union Minister of Law & Justice and Minority Affairs Shri Salman Khurshid (in the middle) on 19<sup>th</sup> February 2011 in Mumbai.

Excellence Award for young Managers" for the year 2009 & "Greentech Environment Excellence Award" for the year 2009 from Greentech Foundation.

- DSP was awarded the "Rajiv Gandhi National Quality Award" for the year 2008-09 by Bureau of Indian Standards, New Delhi and "Golden Peacock National Training Award" for the year 2009-10 by Institute of Directors, New Delhi besides winning the "Safety Innovation Award" for the year 2009 by Institution of Engineers.
- RSP was conferred with "Greentech Environment Excellence Gold Award-2009" for the year 2008-09 from Greentech Foundation in recognition of Excellence in Environment Management and also won the "Shrishti Good Green Governance Award-2009" for the year 2009-10 in recognition of Excellence in Innovative Management of Environment.
- BSL's improvement in productivity was recognized by "CII (ER)Productivity Award" as HSM Group of BSL bagged the 1st position and CCS won the 2nd position.
- BSL team won the national competition for Business Management Simulation by All India Management Association at 'AIMA National Management Games-2010'. Team from BSL also won the 'AIMA National Management Quiz-2010 - Northern Zone Championship' for the year 2010.
- SSP made SAIL proud by winning the "Greentech Safety Award - Gold" for Best Safety Performance and "Outstanding Contribution Award" for the year 2010 from Quality Circle Forum of India (QCFI), Chennai Chapter.

## CORPORATE SOCIAL RESPONSIBILITY

SAIL as a corporate entity is fully aware of the obligation that it has towards planet earth, the country and the society. CSR in SAIL has enlarged the ambit of work being done earlier under Peripheral Development. In addition to Health, Education and development of Infrastructure, SAIL has focused on ensuring sustainable development and equitable growth. Credo of SAIL specifically highlights the commitment towards society at large which states inter-alia "Make a meaningful difference in people's lives".

To meet the above objective, Corporate Social Responsibility (CSR) Groups have been formed at Corporate level and Plants/ Units in SAIL. As a matter of policy, the Budget allocated for Corporate Social Responsibility [CSR] is 2% of budgeted distributable surplus (after Dividend and Dividend Tax).

CSR activities of SAIL are focused in the areas of Health & Medical care, Education, Access to potable water, Connectivity / roads, Income generation through Self Help Groups (SHGs) etc. These services to society are provided by SAIL through specific and targeted interventions like Health Camps, special drives, exclusive infrastructure for the underprivileged etc.

Company also focused on Income Generating Schemes (through Self Help Groups), Education & Health issues. SAIL is working for establishing a Technical University at Bhilai, Chattisgarh. Besides these, Special Schools have been started exclusively for poor, underprivileged children at five integrated steel plant locations viz Bhilai, Durgapur, Rourkela, Bokaro & Burnpur. The facilities provided in these schools include free education, mid-



Inside & Outside views of upgraded Blast Furnace-II of SAIL's Bokaro Steel Plant.

day meals, uniform, stationary items, school bags etc. A number of benefits are being provided to the children from SC/ST communities, such as scholarships to deserving SC/ST undergraduate engineering students and adoption of 225 tribal children at Bhilai for providing free education, boarding and lodging facilities, etc. More than 25000 children studying in schools in and around Bhilai are provided mid-day meals in association with Akshay Patra Foundation.

In the field of health care, free medical health centres have been set up exclusively for the underprivileged at Bhilai, Durgapur, Bokaro, Rourkela, Burnpur which provided free medical consultation, medicines, immunisation etc. Over 3800 camps were organised in 2010-11, benefitting around 2.64 lakh people. 24 number of Ambulances etc. were provided to various NGOs like HelpAge India, Bharat Sewashram Sangha, Anugraha Drishtidaan etc in 2010-11.

SAIL's role as a responsible corporate citizen in nation building has been appreciated at various forums in the form of prestigious awards, honours and accolades. SAIL was conferred with "India Shining Star CSR Award-2010" by Wockhardt Foundation in the Iron & Steel Category, "SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2008-09", Annual FICCI Awards 2008-09 in the category of "The Vision Corporate Triple Impact - Business Performance : Social & Environmental Action and Globalisation Award", CSR Award of the Ministry of Rural Development, Government of India; Golden Peacock Award - 2008, 2009 & 2008-09 for CSR to Bhilai Steel Plant of SAIL ; CSR Award of Tamil Nadu Government to Salem Steel Plant for the year 2008-09 etc.

#### CITIZEN CHARTER

SAIL's Citizen Charter has outlined commitment of SAIL towards its stakeholders thereby empowering them to demand better

products and services. The Citizen's Charter of SAIL may be summarised in four objectives, as given below:

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

The Management of SAIL is totally committed to excellence in public service delivery through good governance by a laid down process of identifying citizens, our commitment to them in meeting their expectations and our communication to them of our key policies in order to make the service delivery process more effective. The Citizen Charter is a dynamic commitment which is reviewed continually to improve the effectiveness of the document.

#### STRATEGIC INITIATIVES OF THE COMPANY

During the year 2010-11, your company continued its focus towards taking new business initiatives including incorporation / formation of new JVs, mergers & acquisitions and entering into Memorandum of Understandings (MOUs) for its long term strategic objectives. Your company has established communication channels with renowned international technology providers for forging strategic alliances in production of value added products. Your company is continuously adopting the path



of entering into Joint Ventures (JV) with public / private parties to attain its strategic goals of maximizing gains with optimal utilization of resources. These include:

**(a) Merger & Acquisitions (M&A) :**

- (i) **Merger of Maharashtra Elektros melt Limited (MEL) with SAIL:** The approval of the shareholders for the Scheme of Amalgamation of Maharashtra Elektros melt Limited ("MEL") was obtained in a meeting held on 30th September, 2010. Subsequently a petition was submitted to the Ministry of Corporate Affairs (MCA) for sanctioning the scheme of amalgamation of MEL with SAIL. The Ministry of Corporate Affairs (MCA), New Delhi vide its letter dated 14.6.2011 has forwarded the Order of the Central Government sanctioning the scheme of amalgamation of Maharashtra Elektros melt Limited (MEL) with Steel Authority of India Limited (SAIL) under Section 391-394 of the Companies Act, 1956. The appointed date of amalgamation is 1.4.2010. MEL has now become a unit of SAIL and it has been renamed as Chandrapur Ferro Alloy Plant.

- (ii) **Transfer of Salem Refractory Unit of Burn Standard Company Limited to SAIL:** Cabinet Committee on Economic Affairs (CCEA) in June'10 approved transfer of Refractory Unit of BSCL at Salem and authorized Ministry of Steel (MoS) and Department of Heavy Industries (DHI) to work out operational steps for transfer of Refractory Unit of BSCL at Salem in consultation with Ministry of Corporate Affairs (MCA). The outstanding issues for the take over are being worked out by DHI before operationalization of CCEA decision.

**(b) Joint Ventures:**

- (i) After signing an MOU with M/s RITES for undertaking a feasibility study for setting up the Wagon Manufacturing

Factory in Joint Venture, a Joint Venture Company "SAIL RITES Bengal Wagon Industry Pvt. Ltd." has been incorporated in December'2010. The work on the newly incorporated JV Company between SAIL and RITES has already commenced. The unit will have the capacity to manufacture 1500 wagons per annum (manufacture of 1200 wagons and rehabilitation of 300 wagons) which will include BOXN-type wagons, specialized high-end wagons and modern stainless steel wagons.

- (ii) SAIL has formally acquired 50% of the shares held by the Government of Kerala (GoK) in Steel Complex Limited (SCL), Kozhikode and taken over the operations of SCL on 13th February '11. SAIL-SCL Limited, the joint venture company resulting from the acquisition, will work towards the revival of SCL. The JV is in line with the Government's policy of bringing together synergies of PSUs and strengthening them to be competitive in the market.

**(c) Strategic Alliances:**

- (i) SAIL is simultaneously jointly working with Kobe Steel Limited [KSL], a renowned Japanese Steel maker, for ascertaining the feasibility of using ITmk3 technology [Iron Making Technology Mark Three] developed by KSL for producing premium grade iron in the form of nuggets using iron ore fines and non-coking coal. The annual production capacity of ITmk3 Plant is envisaged to be around 0.5 million tonnes to produce premium grade Iron nuggets. The pre-feasibility report is in the final stages of completion.
- (ii) SAIL and M/s Burn Standard Company Limited (BSCL), a PSU under the charge of Ministry of Railways signed an MOU for setting up a factory which will manufacture cast steel bogies, couplers and other related products.



Agglomeration of Iron Ore Fines into Sinter for Iron making – New Sinter Plant at SAIL's IISCO Steel Plant, Burnpur.





A Bird eye view of SAIL's IISCO Steel Plant.

The unit will come up in approximately 128 acres of leasehold land under the possession of M/s BSCL at Jellingham, West Bengal. Railways will provide an average assured off-take of 5,000 bogies and equal number of couplers per annum for a period of ten years.

- (iii) **Hajigak Iron Ore Deposits Owned by Government of Afghanistan:** Your company has been short-listed along with 21 other companies (13 Indian companies) for the bidding process of multiple exploration concessions of Hajigak Iron Ore Deposits invited by Islamic Republic of Afghanistan, Ministry of Mines. SAIL has formed a consortium with five other companies for Joint Bidding.
- (iv) **Expansion of Captive Power Plants of SAIL:** SAIL is planning to expand the captive power generating capacity at BSP and RSP through its Joint Venture with NTPC by installing 2x250 MW Units at BSP and 1x250 MW Units at RSP. NSPCL is conducting feasibility studies for these power projects and has applied for various statutory clearances like Environment Clearance and allocation of coal and water.
- (v) **Installation of Renewable Energy Based Power Plants:** In line with policy framework provided by Electricity Act, 2003 and National Electricity Policy, Electricity regulatory Commissions of various states which mandates all users of captive power generation to either purchase / generate a specified minimum percentage of captive power generated from renewable energy sources (Solar, Bio Mass, Wind , Small Hydro etc). A long term strategy to meet renewable energy

purchase Obligation has been worked out and options are being evaluated for installing Captive Power generation based on renewable energy sources.

**(d) Memorandum of Understanding [MoU]/Commercial Agreements entered into with various companies:**

- (i) MoU signed with Kobe Steel Ltd. of Japan for comprehensive strategic collaboration producing high value products. Discussions are ongoing with M/s Kobe Steel Ltd. for a steel plant at Jagdishpur which shall utilize technology of Direct Reduced Iron making (Gas based) and Electric Arc Furnace steel making for manufacture of value added products.
- (ii) SAIL and M/s Severstal have agreed to work jointly on Operational Benchmarking. This would open opportunities in areas of productivity improvement, energy efficiency and other collaborative research.
- (iii) MoU signed with IRCON International Limited, a PSU under the Ministry of Railways for jointly working on rail infrastructure projects both in India and abroad.
- (iv) Another MoU signed with Hindustan Prefab Limited (HPL), a PSU under the Ministry of Housing & Urban Poverty Alleviation, for carrying out business of prefabricated structures in steel and cement. Actions have already been initiated in this regard for forming a joint venture company which may undertake study in the prefabricated structures in steel and cement. INSDAG has been appointed as a Consultant for undertaking pre-feasibility study which will be completed by June'11.

## IT RELATED INITIATIVES

SAIL has been moving ahead in innovative usage of Information Technology (IT). Enterprise Resource Planning (ERP) is being implemented in the company. After implementation of ERP in BSP, DSP, BSL and CMO, its implementation is in progress at RSP.

Keeping pace with the technological trend in the field of IT communications, SAIL has installed & commissioned layer 3 distributed Local area network along with Wi-Fi connectivity with latest network security systems. Also a secure internet connectivity of 8 Mbps bandwidth through optical fiber has been commissioned at Corporate Office in SAIL.

In house software implementations includes: a) online system for filing of Annual Immovable Property Return by executives of SAIL, b) system for 'Balanced Score Card' for GMs and EDs of SAIL, c) system to view SAIL manpower details, labour productivity and award details .

## ENTERPRISE SCORE CARD

For the first time in your company, Balanced Scorecard system has been introduced for evaluation/appraisal of performance management and strategy deployment. The Balanced Scorecard initiative was launched in August, 2010, and after deliberations by the top management in the Annual Business Plan meeting in March'11, Enterprise Scorecard of the company has been framed. Based on the Enterprise Scorecard, exercise for preparation of Unit Scorecard and Individual Scorecards up to the rank of Executive Directors and General Managers is being undertaken.

An IT portal has been launched under the name "BUSINESS EXCELLENCE" where areas like Scorecards, Excellence, TQM, Articles and On-line QUIZ are uploaded for enhancing awareness amongst the employees.

## ENVIRONMENT MANAGEMENT

Corporate Environmental policy of SAIL emphasizes on conducting our operations in an environmentally responsible manner to comply with applicable regulations and striving to go beyond. SAIL plants have attained improvement in major environmental parameters by continuous efforts :

- PM emission load has reduced from 2.3 kg/tcs in 06-07 to 1.11 kg/tcs in 2010-11, a reduction of 52% in the last 5 years.
- Specific effluent discharge from SAIL Plants has reduced to 2.49m<sup>3</sup>/tfs in 2010-11; a reduction of around 9% over the last 5 years.
- Specific Water Consumption of 4.06 m<sup>3</sup>/tcs was achieved in 2010-11; a reduction of 11% in the last 5 years.
- Kuteswar Limestone Mines was accredited to ISO 14001.

- Over 1.7 lakh saplings were planted in plants and mines during 2010-11.

## CORPORATE COMMUNICATION

Communication, both internal and external, plays a pivotal role in keeping us well connected to our stakeholders and in brand building exercises of organization. We have upheld the confidence of our stakeholders by proactively sharing organization's achievement, utilizing the media optimally and innovatively. SAIL, a Maharatna Company has continually taken diverse initiatives in communication strategies to increase its brand visibility and highlight the brand SAIL. The approach for external communication included dynamic media interaction with print, electronic & online media through:

- Structured press conferences & press interactions.
- Chairman's interview on organization's expansion & modernization targets, future strategies including joint ventures.
- Sustained communication with media for ensuring publication of press releases.
- Outdoor publicity modes of hoardings, banners, posters, ad clips reinforced our existing image building exercise.
- Ensured publication of advertisements in major dailies.
- Maintenance of an updated SAIL website which features our current accomplishments, production record, overview of all units, major information.
- Newsletters, printed folders, brochures, annual report.



SAIL Chairman Shri C.S. Verma receiving the Golden Peacock Environment Management Award for 2011 from Hon'ble Union Minister of Home Affairs Shri P. Chidambaram on 24<sup>th</sup> June 2011 in New Delhi





Booklet on Vigilance being released by SAIL Chairman Shri C.S. Verma (2<sup>nd</sup> from left) flanked on the left by Chief Vigilance Officer Shri C.B. Paliwal and on the right by Director (Personnel) Shri B.B. Singh and Executive Director (Chairman's Sectt.) Shri N. Kothari.

The company lays great emphasis on keeping the employees informed about the strategies being adopted for growth and future of the organization. Publication of in-house journals like SAIL News & other journals, daily telecast of news bulletins in various Plants - DSP, RSP & BSL, short films & documentaries on Units /Plants are some of the regular modes of information & interaction. SAIL sponsored CWG medal winners' wrestler Sushil Kumar, Yogeshwar Dutt and shooter Deepak Sharma who bagged gold and silver respectively were felicitated by Steel Minister. Asian Tour level Golf tournament organized for 4th consecutive year in March 2011 which saw participation of many international players from various countries.

#### VIGILANCE ACTIVITIES

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

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

With a view to increase transparency and competition in commercial areas, Vigilance has initiated process for review of guidelines like manuals for Handling / Contract and Consignment Agency Contracts of Central Marketing Organization (CMO).

To enhance awareness amongst employees, vigilance awareness sessions and workshops on systems and procedures followed in SAIL were regularly held at the various plants and units. A total of 123 such workshops involving 2923 participants were held on Purchase/Contract Procedures, Conduct &

Discipline Rules, RTI Act etc. This also included special programme on Purchase Contract Procedure including case studies conducted for executives of SAIL Refractory Unit (SRU) (erstwhile Bharat Refractory Limited).

A total of 4008 periodic checks, including surprise checks and the file scrutiny were conducted in the vulnerable areas / departments of different Plants & Units. Further, 13 major system improvement projects were undertaken by SAIL Vigilance over and above the system improvements recommended on the basis of vigilance investigations and checks. Vigilance measures have resulted in savings to the tune of ₹ 1429.05 lacs during the year. Savings of ₹ 1743 lacs approx. accrued from Vigilance measures during the period April 2010 to March 2011.

For effective implementation of the Integrity Pact, review meetings were conducted periodically with the Independent External Monitors (IEMs). Based on the recommendations of IEMs, the threshold value for implementing Integrity Pact for tenders / contracts/ long term agreements has been reduced from ₹ 50 crore to ₹ 20 crore to cover more such contracts/ tenders under the ambit of Integrity Pact.

As a step towards addressing the issue of corruption at grass roots level by reinforcing ethical values in society, a pilot project has been launched in the schools at Bhilai to inculcate ethics amongst children in their formative stage. It is envisaged to emulate the project at schools of other plant locations as well.

The Results Framework Document (RFD), a tool for monitoring and evaluating performance, has been implemented in Vigilance for monitoring key activities such as System Improvement Projects, Intensive Examinations and Thrust Areas identified for



Vigilance. Implementation of the RFD will enable timely completion of these activities and facilitate realization of envisaged benefits.

Various initiatives have been undertaken by SAIL Vigilance to enhance leveraging of technology in vigilance functions. These include making provision for on-line submission of Property Returns, generating on-line vigilance status, augmentation of on-line submission of management information system reports by vigilance departments of plants / units of SAIL etc.

SAIL vigilance manual published in 2003 has been revised to include latest CVC guidelines / circulars etc. The revised version has been published as SAIL Vigilance Manual 2011.

### CONSULTANCY SERVICES

Based on its large and varied expertise and experience acquired over the last five decades, SAIL, through its Consultancy Division (SAILCON), the single window provider of design, engineering, training, technical & management consultancy services in Iron & Steel and related areas, offers a wide range of services to clients globally.

During the year, SAILCON laid enhanced focus on taking up training assignments for some leading organizations in the area of Steel making, thereby strengthening the knowledge base of personnel associated with Steel Industry.

SAILCON is providing consultancy services to UNDP/GEF, Project Management Cell, Ministry of Steel for energy efficiency and productivity improvement in Steel re-rolling mills. Consultancy is also being extended for setting up of Power Plants, based on waste heat recovery from the flue gases

released out of Blast Furnace and non-recovery type of Coke Oven batteries, as an environment friendly measure and as a step to combat global warming.

So far, SAILCON has served clients in Egypt, Saudi Arabia, Iran, Qatar, Bangladesh, Oman, Philippine, Nepal, Taiwan, Thailand, Georgia, Azerbaijan and Nigeria. This is besides the long list of Indian clients for whom SAILCON has extended a wide range of consultancy services.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

### AUDITORS' REPORT

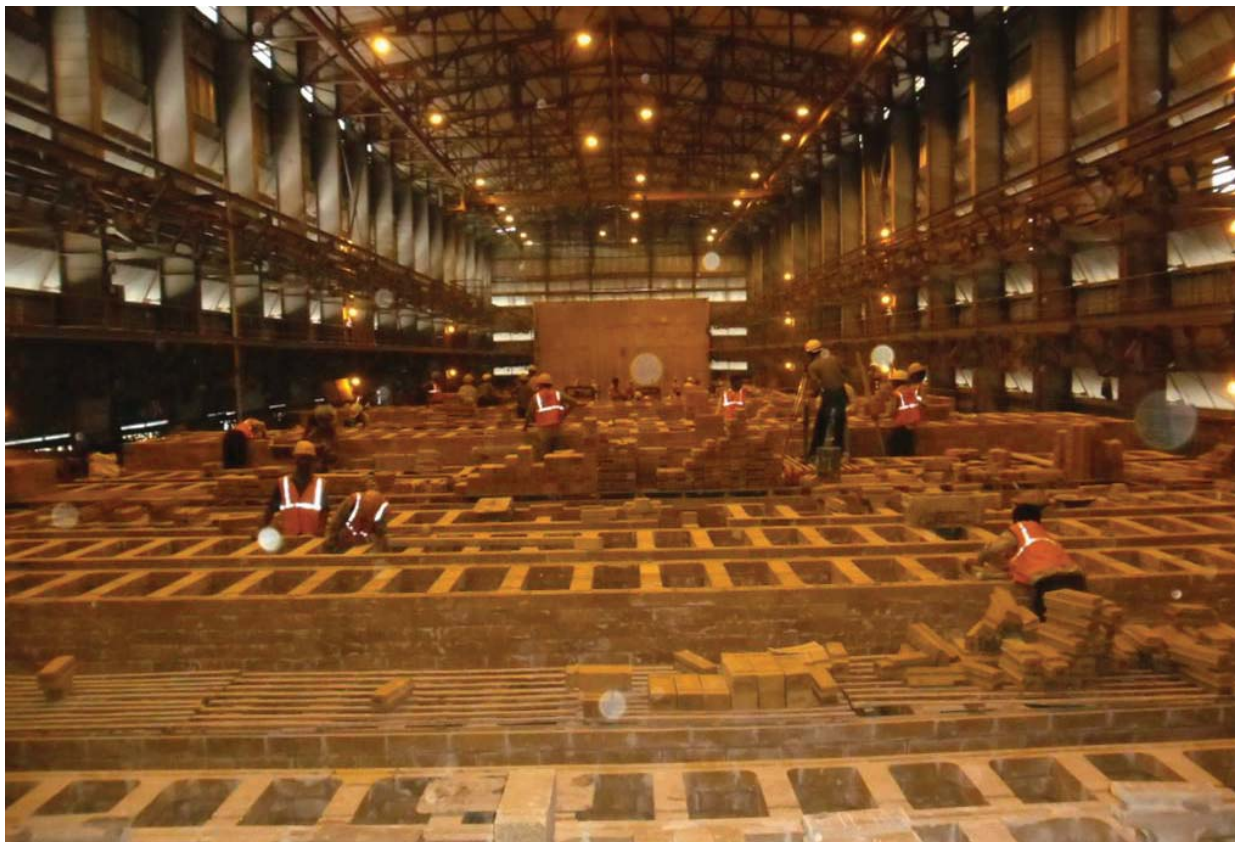
The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2011 along with Management's replies thereon is enclosed at Annexure-I. The Comptroller & Auditor General of India (C&AG) vide its letter dated 26th July, 2011 has given 'nil' comments on the accounts of the company for the year ended 31st March, 2011, under Section 619 (4) of the Companies Act, 1956. A copy of the above letter of C&AG is enclosed at Annexure - II.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors)



SAIL Director (Finance) Shri Soiles Bhattacharya (left) exchanging copies of the MoU with IRCON Director (Finance) Shri K.K. Garg. SAIL Chairman Shri C.S. Verma (centre) and IRCON MD Shri Mohan Tiwari are also seen in the picture.



Coke Oven Battery # 6, a part of Modernisation & Expansion Project of SAIL's Rourkela Steel Plant.

Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given at Annexure-III to this report.

#### PARTICULARS OF EMPLOYEES

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors had prepared the annual accounts on a going concern basis.

#### CORPORATE GOVERNANCE

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

#### CONSOLIDATED FINANCIAL STATEMENTS

In terms of listing agreement with the Stock Exchanges, the duly audited consolidated financial statements are placed at Annexure-VI.

#### SUBSIDIARY

The Maharashtra Elektros melt Limited (MEL) recorded a turnover of ₹ 395.70 crore. The Net Profit after Tax (PAT) for the year was ₹ 40.18 crore after charging depreciation of ₹ 2.58 crore, interest/finance charges of ₹ 0.28 crore and tax of ₹ 12.59 crore. MEL produced 88904 tonnes of High Carbon Ferro Manganese and 21784 tonnes of Silico Manganese during the year. MEL has since been amalgamated with SAIL, the appointed date of amalgamation being 1.4.2010.

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

#### **DIRECTORS**

Shri V.K. Gulhati, Director (Technical) ceased to be Director w.e.f. 31.08.2010 on attaining the age of superannuation.

Shri S.N. Singh, MD, RSP, Shri P.K. Bajaj, MD, DSP and Shri S.S. Mohanty, MD, BSL ceased to be Directors w.e.f. 28.10.2010 on rightsizing of SAIL Board.

Shri S.S. Ahmed, Director (Commercial) ceased to be Director w.e.f. 31.10.2010 on attaining the age of superannuation.

Shri Shuman Mukherjee, Director (Commercial) has been appointed as Director w.e.f. 23.12.2010.

Shri P.K. Sengupta and Shri P.C. Jha have been appointed as Directors w.e.f. 13.01.2011.

Shri G. Elias, Joint Secretary, Ministry of Steel has resigned from the Directorship of the Company w.e.f. 20.01.2011.

Shri Upendra Prasad Singh, Joint Secretary, Ministry of Steel has been appointed as Director of the Company w.e.f. 4.5.2011

#### **ACKNOWLEDGEMENT**

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

For and on behalf of the Board of Directors



(C.S. Verma)  
Chairman

New Delhi  
Dated: 5<sup>th</sup> August, 2011



# Management Discussion and Analysis Report

The Management of Steel Authority of India Limited presents its Analysis Report covering the performance and outlook of the company.

## A. INDUSTRY STRUCTURE & DEVELOPMENTS

### General Economic Environment

World economy registered a smart recovery in 2010 with an output growth of 5%, against a negative growth of (-) 0.5% in 2009. IMF's growth projection of around 4.5% p.a. for 2011 and 2012 each suggests that the growth momentum is going to continue in the immediate future. While the developing and emerging economies are likely to grow at a rate of 6.5% p.a. over the next 2 years, advanced economies are projected to grow at 2.5% p.a. in this period.

The risks in the global economic environment are on account of more than expected price increase in commodity prices due to strong demand and supply shocks. The challenge on this account is going to be large for the developing economies where food and fuel have dominant share in consumption. There is also a fear that strong demand will fuel inflation as operations are near full capacity. The other issue confronting developing/emerging economies is that with pick up of growth in developed economies there has been a movement of capital flows away from emerging economies to the developed countries.

The worries in the developed world emanate from depressed housing demand of US. There are fiscal worries in the EU and banks have to deal with non performing assets. Unemployment continues to be high. The impact of Tsunami in Japan on global economy is expected to be limited. Immediate fiscal expansion is mainly to support reconstruction. The medium term fiscal strategy in Japan will be to reduce the public debt ratio.

### Indian Economy

The Indian economy has recovered from the aftermath of global financial crisis in 2008-09 when the GDP dipped to 6.8%. The economy recovered to GDP growth rate of 8% in 2009-10. Revised estimate for GDP growth for 2010-11 is 8.5%. The revival in growth was on account of Agriculture sector which rebounded with a growth of 6.6% for 2010-11, after near stagnant growth for past 2 years. Services posted a growth rate of 9.4% while industry at 7.9% showed signs of slow down in the second half of the fiscal.

Manufacturing sector which grew at double digit rates in the first 2 quarters, slowed down to 6 & 5.5% respectively in Q-3 and Q-4. In the steel consuming segments capital goods sector grew at 9.3% as against 20.9% in the previous year. Construction which had a growth of 9.7% in 2009-10 slowed down marginally to 8.1% in 2010-11.

Inflation continues to be an area of concern. Oil prices which were below US \$ 80 per barrel till September, 2010, sharply increased to US \$ 114 per barrel in March, 2011. Despite RBI following a tight monetary policy, demand side pressure in the economy continues to be major area of concern.

In the area of foreign trade, exports at \$246 billion in 2010-11 grew at 37.5% mainly on account of engineering goods and petroleum products. Imports at \$350 billion, grew at a rate of 22% in the above period

The GDP growth rate for 2011-12 has been projected between 8 to 8.5% for 2011-12. Although Govt. managed to contain the fiscal deficit to 5.1% from the budgeted level of 5.5% on strength of tax buoyancy and one time receipt from 3G spectrum allocation, inflation continues to be an area of concern.

### Global Steel Industry

The global steel production which had declined on account of the intervening global financial crisis, showed a sharp pick-up in 2010. As per WSA, world crude steel production reached a record level of 1414 million metric tons in 2010, a growth of 15% over 2009. All the major steel-producing countries and regions showed double-digit growth in 2010. The world finished steel consumption estimated at 1283 mmt for 2010, grew at 13% over the previous year.

Among the major steel producing and consuming nations, India is attractively positioned with its vast resources of iron ore and low costs underpinning its supply-side competencies, while the low per-capita consumption levels and strong growth drivers in the end use sectors ensure reasonably stable growth prospects.

World Steel Association (WSA) has projected a growth rate of around 6% p.a. for the next 2 years for global steel consumption. China will continue to be the dominant steel consuming nation in terms of its contribution to the incremental steel demand. However, its growth rate

World Steel Production (Million Metric Tonnes)

	2004	2005	2006	2007	2008	2009	2010	%2010/2009
<b>Europe of which:</b>	339.8	333.8	355.1	364.5	342.2	265.5	314.9	18.6
EU (27)	202.5	195.6	207.0	209.7	198.0	138.8	172.9	24.6
EU (15)	169.1	165.1	173.2	175.2	167.6	117.2	147.2	25.5
CIS	113.4	113.2	119.9	124.2	114.3	97.6	108.5	11.2
<b>North America of which:</b>	134.0	127.6	131.8	132.6	124.5	82.4	111.8	35.7
United States	99.7	94.9	98.6	98.1	91.4	58.2	80.6	38.5
South America	45.9	45.3	45.3	48.2	47.4	37.8	43.8	15.9
Africa	16.7	17.9	18.7	18.7	17.0	15.2	17.5	15.4
Middle East	14.3	15.3	15.4	16.5	16.6	17.7	19.6	11.0
<b>Asia of which:</b>	512.5	595.5	672.3	756.9	771.0	804.9	897.9	11.6
China	282.9	353.2	419.1	489.3	500.3	573.6	626.7	9.3
Japan	112.7	112.5	116.2	120.2	118.7	87.5	109.6	25.2
Australia/New Zealand	8.3	8.6	8.7	8.8	8.4	6.0	8.1	35.5
<b>World</b>	<b>1071.5</b>	<b>1144.1</b>	<b>1247.2</b>	<b>1346.1</b>	<b>1327.2</b>	<b>1229.4</b>	<b>1413.6</b>	<b>15.0</b>

will moderate to around 5%.

#### Top 10 steel-producing countries (Crude Steel in mmt)

Rank	Country	2010	2009	% change 2010/2009
1	China	626.7	573.6	9.3
2	Japan	109.6	87.5	25.2
3	US	80.5	58.2	38.5
4	India	68.3	63.5	7.6
5	Russia	66.9	60.0	11.5
6	South Korea	58.5	48.6	20.3
7	Germany	43.8	32.7	34.1
8	Ukraine	33.6	29.9	12.4
9	Brazil	32.9	26.5	23.8
10	Turkey	29.1	25.3	14.6
	Top 10	1149.7	1005.1	14.3
	World	1413.6	1230.9	15.0

In 2010, top 10 countries accounted for 81.3 percent of the total global crude steel production. India moved up to become the 4th largest producer in 2010 from 5th position in 2009 and recorded a growth of 7.6 per cent in 2010 over 2009.

#### Short range outlook for apparent steel use, finished steel (2010-2012) as per WSA

Regions	Apparent Steel Use, mmt			Growth Rates, %		
	2010	2011 (f)	2012 (f)	2010	2011 (f)	2012 (f)
European Union (27)	144.8	151.8	157.5	21.2	4.9	3.7
Other Europe	29.6	32.8	35.2	23.8	11.0	7.3
CIS	48.5	52.1	56.7	34.3	7.5	8.9
NAFTA	110.3	122.3	130.0	33.0	10.9	6.3
Central & South America	45.8	48.8	52.8	36.4	6.6	8.3
Africa	25.9	25.1	27.4	-3.6	-3.1	9.1
Middle East	45.3	46.5	49.9	7.2	2.6	7.3
Asia & Oceania	833.6	879.9	931.1	8.4	5.5	5.8
<b>World</b>	<b>1283.6</b>	<b>1359.2</b>	<b>1440.6</b>	<b>13.2</b>	<b>5.9</b>	<b>6.0</b>
Developed Economies	373.1	392.0	406.8	24.7	5.1	3.8
Emerging & Developing Economies	910.5	967.2	1033.8	9.1	6.2	6.9
China	576.0	604.8	635.0	5.1	5.0	5.0
BRIC	698.9	738.8	784.7	8.0	5.7	6.2
MENA	60.6	60.5	65.3	2.4	-0.1	7.9
World Excl. China	707.6	754.5	805.6	20.7	6.6	6.8

(f) forecast

#### Indian Steel Sector

As per World Steel Association, India was the world's 4th largest producer of crude steel globally in 2010 with a production of approx. 68.3 MT of crude steel.

According to JPC estimates the finished steel consumption of carbon steel in India grew by 10.8% in 2010-11 over the previous year. There was a reduction in both finished steel imports as well as exports as domestic steel producers expanded to cater to emerging demand. Long products viz. bars and rods and structurals performed strongly with high consumption growth. The growth in consumption of flat products was modest.

Over the past few years, consumption has been primarily driven by the continuous increase in infrastructure related investment, leading to higher demand for steel. However, the country's per capita consumption is still one of the lowest in the world, presently at 51.7 kg per capita versus 427 kg for China and a global average of approx. 203 kg, leaving a high potential of steel demand with increase in per capita consumption linked to higher income growth.

At present, the Indian steel industry faces a supply deficiency as capacity building has lagged growth in consumption. Large green field projects have not been set up in India over the past few years due to regulatory, social and infrastructure bottlenecks. Capacity additions in the short term are primarily brown field projects by existing players.

#### B. OPPORTUNITIES & THREATS FOR SAIL

##### Opportunities

- India is seen as the fastest growing steel economy over the medium to long term. This brings forward an opportunity for SAIL to grow based on domestic demand.

##### Threats

- China the biggest producer and consumer of steel accounts for nearly 45% of the global crude steel production. Any mismatch between demand and supply of steel in China poses a threat for the steel industry worldwide.
- There are delays in clearances for mines, land acquisition for green-field projects and environment approvals in India. There is thus delay in converting the intent into project on ground especially in the area of expansion and modernisation. This impedes growth of domestic steel capacity creation.

#### C. RISKS AND CONCERNS

- The Indian economy has to contend with inflationary trend in recent times. This may lead to further tightening of monetary instruments leading to increased cost of borrowing and dampening of overall demand.
- India does not have adequate deposit of coking coal, making import dependence critical for integrated steel plants based on blast furnace route of production. Price of imported coking coal has seen steep rise in recent times and there has been a shortening of the contracting period. This is likely to impact the cash flows of the steel companies which are in expansion mode, especially as the end market price for steel has remained more or less stable.

#### D. OUTLOOK

The medium to long term outlook for steel in India is robust. India has entered the steel intensive phase of economic development, with sustained investment in infrastructure, construction, urban renewal and high activity level in manufacturing. While there may be short term fluctuations in response to domestic and global concerns, the medium to long term prospects appear very bright.

#### STRENGTH AND WEAKNESSES

##### Strength

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

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

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

SAIL's large skilled manpower base is a source of strength. With continuous emphasis on skill based and multi-skill training, Company

has been able to achieve the highest ever Labour Productivity at 241 Tonnes per man per year during 2010-11. With emphasis on selective recruitments in critical areas, manning of upcoming facilities and recoupment against superannuations, the manpower profile as well as Labour Productivity would improve further.

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

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

#### Weakness

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

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

A part of the operations in the company continues to be from energy inefficient processes viz. open hearth and ingot route of production, which will be eliminated only after the completion of the current expansion program.

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

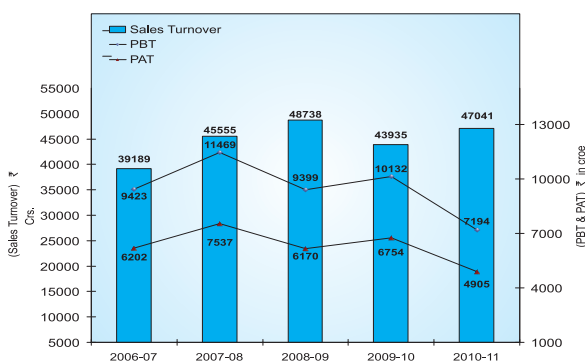
## E. REVIEW OF FINANCIAL PERFORMANCE

### 1. Financial Overview of SAIL

The global economy recovered gradually during 2010-11 after witnessing a worldwide down trend in all spheres of business including Steel. Steel industry has been benefited by strong world wide & domestic demand. SAIL reoriented its production in line with market demand, increased production of value added steel and achieved the saleable steel production of 12.9 MT representing 116% of capacity utilisation.

#### 1.1 Financial Performance

Particulars	2010-11 (₹ in crore)	% increase(+)/ decrease(-) over Previous year
Sales Turnover	47041	7.1 %
PBDIT	9155	-22.8 %
Profit Before Tax (PBT)	7194	-29.0 %
Profit After Tax (PAT)	4905	-27.4%



On account of various initiatives taken by the company, SAIL achieved the turnover of ₹ 47041 crore in 2010-11, which was higher by 7.1 % as compared to previous year. The profit of your company for the year 2010-11 was affected adversely, mainly due to adverse impact of input prices consisting of imported coal, indigenous coal, limestone, nickel, ferro alloys, aluminium, boiler coal, purchase power, increase in royalty on minerals, salaries & wages, higher interest & depreciation. However, the adverse impact on profitability was partially off set by management initiatives such as higher volume of saleable steel production, increase in net sales realisation of saleable steel, better product mix and higher value added steel production.

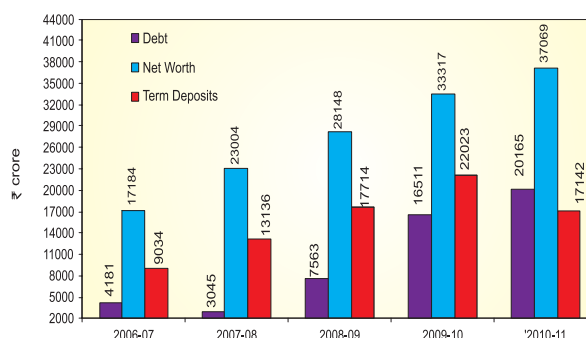
### 1.2 Initiatives taken by the SAIL Management :

#### Cost Control Measures

- Emphasis on cost reduction and productivity improvement continued during the year through systematic application of new technology, process improvement through R&D efforts and generating strong awareness to control cost at all levels of operation.
- Continuous Monitoring of procurement of high value items, maximising use of in-house engineering shops and optimisation in procurement including negotiations with suppliers for price reduction.
- A saving of ₹ 405 crore was achieved during the year through cost control and revenue maximization. Several strategic actions were taken to achieve cost control savings in major areas of operation viz. optimisation of coal blend, higher yield, higher CC production and improvement in Revenue Maximisation areas.

#### Funds Management

During the year, the Company continued its thrust on better fund management. The high cost short term loans were replaced with low cost debts. Also, the Company earned interest of ₹ 1261 crore through short-term deposits with scheduled banks. The Company has maintained term deposits with Banks of ₹ 17142 crore against borrowings of ₹ 20165 crore as at the year-end. The total debt during the current year increased by ₹ 3654 crore on account of borrowings for capital expenditure. M/s FITCH and M/s CARE, RBI approved credit rating agencies, maintained "AAA" ratings indicating the highest safety, to SAIL's long term borrowing programme.



### Contribution to SAIL Gratuity Trust

The total contribution made by the company upto 31.03.2011 was ₹ 3359 crore. The fund size has grown to ₹ 4044 crore as on 31.03.2011, net of settlement done towards payment of Gratuity.

#### Capital Investments

- The company has undertaken modernization and expansion plan to increase capacity of hot metal production from 13.82 MTPA to 23.46 MTPA progressively in the current phase.
- During current financial year capital expenditure of ₹ 11,280 crore was made (₹ 10,606 crore in previous year) which has been funded by a mix of borrowings and internal accruals.



## Marketing

Continuous efforts are made by SAIL to strengthen its position in the market through new initiatives. Some of the measures taken during FY '10-11 are given as under:

- With our focus to increase sales to project customers, during 2010-11 we achieved highest ever sales to projects with supplies of nearly 3 million tonnes, 1.14 million tonnes of Flat products and 1.85 million tonnes of long products.
- During the year 2010-11, some of the new grades developed at our Plants were At Bokaro Steel Plant - API 5LX70 PSL-2, EN 10028 P 355 N Grade and HSFQ 450/ 500/ 550 grades of HR Coil; At Rourkela Steel Plant- IS 10748 GR-V HR Coil, Zinc-Magnesium coated" Galvanised Sheets, IS 5986 Fe 510" Grade HR Coil, DMR 249 GR-B Plate in >30mm thickness; At Bhilai Steel Plant- Z-Quality Plates.
- For the first time, SAIL commercialised production of EMU Wheels, a product hitherto imported by Indian Railways, and despatched 2078 numbers of EMU Wheels.
- New export market for Bhilai Rails was developed in Sri Lanka with SAIL supplying 5,500 tonnes of 45 kg rails during the year 2010-11. SAIL re-entered the export market for its high quality Rails after a gap of over 5 years. Further exports of 60 kg rails to Sri Lanka are being undertaken.
- SAIL has the largest marketing network among all steel producers in the country. The marketing network of SAIL as on 1st April, 2011 consists of 37 Branch Sales Offices, 67 Warehouses (Departmental and Consignment Agencies) and 26 Customer Contact Offices.
- SAIL Dealership network was further expanded with the number of dealers rising to 2653 numbers as on 01.04.11, an increase of 145 during the year 2010-11. SAIL Dealers are spread across 637 districts of the country. Items of mass consumption like Re-bars, GP/GC sheets and small quantities of Structurals and Plates & Sheets are being sold through our dealer network.

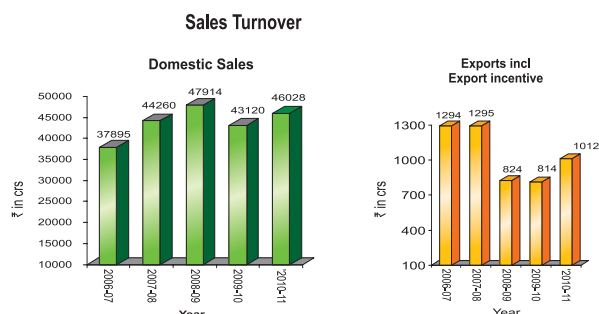
## 2. ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE COMPANY

### a) Sales Turnover

(₹ in crore)

Particulars	FY2010-11	FY2009-10	Change %
Sales of Saleable Steel Products	44860.12	41826.37	7.2%
Sales of Other Products	2180.38	2108.33	3.4%
Total Sales Turnover	47040.50	43934.70	7.1%
Less: Excise Duty	4321.79	3383.32	27.7%
Net Sales Turnover	42718.71	40551.38	5.3%

Sales turnover increased to ₹ 47041 crore on account of various initiatives taken by the management such as increase in saleable steel sales, constituting to about 95% of total turnover, which was 7% higher over CPLY and also increase in Net Sales Realisation in 2010-11. Sales of other products like coal chemicals, pig iron were also 3% higher over CPLY. The Company's main business arena continued to be the domestic market, which provided about 98% of its total sales turnover.



Saleable steel export at 3.31 lakh tonne during 2010-11, was higher by about 1%. Export incentive of ₹ 32 crore was earned during the year.

The company catered to almost the entire gamut of the mild steel business - Flat products in the form of Plates, HR coils/sheet, CR coils/sheets, Galvanised plain/Corrugated Sheets and Long products comprising Rails, Structural, Wire-rods and merchant products. In addition, Electric Resistance Welded Pipes, Spiral Welded Pipes, Electric Tin Plates and Silicon Steel Sheets formed part of company's rich product-mix. The proportion of Mild Steel & Alloy/Special Steel in saleable steel and Secondary Products in the sales turnover during 2010-11 was as follows:

Products Category	% of Sales Value
<b>Saleable Steel:</b>	
Flat Products	49.4
Long Products	39.1
PET (Pipes Electrical Sheets, Tin Plates) Products	1.7
Integrated Steel Plants - Mild Steel	90.2
Alloy & Special Steel Plants - Alloy & Special Steel	5.2
<b>Total Saleable Steel</b>	<b>95.4</b>
Secondary Products (pig iron, scrap, coal chemicals etc.)	4.6
<b>Total</b>	<b>100.0</b>

### b) Other Revenues

(₹ in crore)

	FY2010-11	FY2009-10	Change %
Other Revenues	773.55	820.90	-5.8%

Other revenues decreased by ₹ 47 crore, i.e. by 6% over previous year. During FY 2010-11, there was foreign exchange gain of ₹ 125 crore against gain of ₹ 199 crore in 2009-10.

### c) Expenditure (Net of Inter Account Adjustments)

(₹ in crore)

Particulars	FY 2010-11	FY 2009-10	Change %
Raw Materials Consumed	20252	16037	26
Employee Remuneration & Benefits	7623	5417	41
Stores & Spares Consumed	2395	2574	-7
Repairs & Maintenance	670	570	18
Power & Fuel	3588	3364	7
Freight Outward	705	674	4
Interest	475	402	18
Depreciation	1486	1337	11
Other Expenses	2731	2264	21
Less : Finished Products Internally Consumed	(-)745	(-)589	26

The increase in raw material cost was on account of increase in input prices, particularly of imported coal, indigenous coal, limestone, ferro & silico manganese, nickel and other ferro alloys. The stores & spares consumption expenses reduced by 7% and repairs & maintenance expenses increased by 18%. During the year ended 31st March, 2011, the employees' cost has increased due to additional provision of ₹ 257.40 crore towards employees' related benefits. Further, employees' costs for the year ended 31st March, 2010, included reversal of estimated provision for salaries & wages revision of ₹ 1572.14 crore for the period 1st January, 2007 to 31st March, 2009, arising out of implementation of revised salaries & wages w.e.f. 1st January, 2007.

### d) Contribution to Exchequer

During the year, SAIL contributed ₹ 11,168 crore to the national exchequer by way of payment of taxes and duties to various government agencies.

#### e) Secured & Unsecured Loans

(₹ in crore)

Particulars	FY2010-11	FY2009-10	Change %
Secured Loans	11813.91	7755.90	52
Unsecured Loans	8351.58	8755.35	-5
Total Loans	20165.49	16511.25	22

The total loans were increased by ₹ 3654 crore during the year for meeting capital expenditure.

#### f) Fixed Assets

(₹ in crore)

Particulars	FY2010-11	FY2009-10	Change %
Gross Block	38263.20	35396.19	8
Less: Depreciation	23180.54	21780.91	6
Net Block	15082.66	13615.28	11
Capital Work-in-progress	22225.83	14953.13	49

Gross Block increased by ₹ 2867 crore mainly due to projects commissioned/capitalized during the year. The capital work-in-progress indicates the expenditure incurred on various capital schemes under implementation.

#### g) Current Assets, Current Liabilities and Provisions\*

(₹ in crore)

Particulars	2010-11	2009-10	Change %
<b>a Inventories</b>			
Semi-finished/Finished Products	6132.08	4660.39	32%
Stores & Spares	2105.15	1710.58	23%
Raw Materials	3065.56	2656.49	15%
<b>Total Inventories (a)</b>	<b>11302.79</b>	<b>9027.46</b>	<b>25%</b>
<b>b Sundry Debtors</b>			
Gross Debtors	4332.43	3660.79	18%
Less: Provision for doubtful debts	171.13	166.89	3%
<b>Net Debtors (b)</b>	<b>4161.30</b>	<b>3493.9</b>	<b>19%</b>
<b>c Cash &amp; Bank Balances</b>	<b>17478.86</b>	<b>22436.37</b>	<b>-22%</b>
<b>d Other Current Assets</b>	<b>489.56</b>	<b>780.34</b>	<b>-37%</b>
<b>e Loans &amp; Advances</b>	<b>4657.85</b>	<b>3416.09</b>	<b>36%</b>
<b>Total Current Assets (a+b+c+d+e)</b>	<b>38090.36</b>	<b>39154.16</b>	<b>-3%</b>
<b>f Current Liabilities</b>	<b>11474.86</b>	<b>10918.38</b>	<b>5%</b>
<b>g Provisions</b>	<b>5882.10</b>	<b>6230.15</b>	<b>-6%</b>
<b>Total Current Liabilities &amp; Provisions (f+g)</b>	<b>17356.96</b>	<b>17148.53</b>	<b>1%</b>

\*As at the end of the respective financial year.

- The inventories increased mainly on account of increase in semi-finished inventory by ₹ 1472 crore, Stores & Spares inventory by ₹ 395 crore and Raw material inventory by ₹ 409 crore.
- The increase in finished/semi-finished inventories by 32% was due to increase in quantity and valuation rate on account of increase in both cost of production or Net Sales Realisation, whichever is applicable.
- The stores & spares inventory increased by 23% and raw material inventory increased by 15%.
- Loans & Advances increased by ₹ 1242 crore. The increase was mainly on account of increase in claims, advances recoverable from contractors and suppliers, Income Tax paid in advance deposits with port trust, tax authorities, railways, etc.
- Increase in current liabilities by ₹ 556 crore was mainly on account of increase in security deposits and other liabilities. The provisions were decreased by ₹ 348 crore mainly on account of decrease in provision for gratuity, taxation, wage revision and Mines afforestation/ restoration/ closure.

#### 3. Plant-wise Financial Performance (Before Taxes)

(₹ in crore)

Plant/Unit	2010-11	2009-10
Bhilai Steel Plant (BSP)	3491.33	4270.48
Durgapur Steel Plant (DSP)	437.41	647.09
Rourkela Steel Plant (RSP)	871.89	1339.79
Bokaro Steel Plant (BSL)	1259.58	2085.05
IISCO Steel Plant (ISP)	25.12	178.97
Alloy Steels Plant (ASP)	-8.45	-29.89
Salem Steel Plant (SSP)	11.70	5.22
Visvesvaraya Iron & Steel Plant (VISL)	-129.92	-100.68
SAIL Refractory Unit (SRU)	20.67	-10.88
Central Units/RMD	1214.98	1746.88
<b>SAIL: Profit Before Tax (PBT)</b>	<b>7194.31</b>	<b>10132.03</b>
<b>SAIL: Profit After Tax (PAT)</b>	<b>4904.74</b>	<b>6754.37</b>

The profit before tax of most of the plants/units during 2010-11 was lower except at Alloy Steel Plant, Salem Steel Plant, SAIL Refractory Unit. However, the Profit after Tax (PAT) of SAIL during 2010-11 has declined by ₹ 1850 crore.

#### MATERIALS MANAGEMENT

Major highlights in the Materials Management are as under:

- Fresh MOUs have been finalized with BEML for Heavy Earth moving equipment and with M/s. DLW, Varanasi for Locomotives for next 3 years.
- The items under centralized procurement have increased to 34 as against 29 last year. Certain CPA Commodities were rotated and 2 more new commodities viz. Low Silica Dolomite and Casting Granules have been taken up for procurement in 2011-12. CMMG is the CPA for Low Silica (SMS) Dolomite (with consumption of nearly 1.6 million tonne per annum) from 2011-12. With this, the total value of centralized procurement has gone up by 7.5%.
- Use of imported Low Silica Limestone (30-60mm) has stabilized at SAIL Plants. Total savings during the year on accounts of this were ₹ 8.0 crore (approx.)
- In the current year DEPB with duty credit of ₹ 47 crore have been issued. As regards Project imports, 23 essentiality certificates have been issued, with customs duty saving of ₹ 45 crore.
- E-selling (FA) and e-buying (RA) - (Source - m junction) There has been growth in e-selling and e-buying, with details as under:

(₹ in crore)

	April'09- March'10	April'10- March'11	% variation
Business through e-commerce (RA&FA)	4585	6140	33.9%

- System improvement : The following system improvement measures were taken during the year:
  - Uniform codification
  - Vendor conference was held in Mumbai in June'10 was attended by major suppliers of Raw Materials and Consumables and several suggestions given by the suppliers are being implemented.
  - Record retention policy was finalized for various commercial documents in the area of Materials Management.
  - A policy for disposal of slag has been finalized.
- Securitisation of raw material for future : Actions have been initiated for MOUs for Copper with Hindustan Copper and Ferro Chrome with IDCOL
- Vendor development : New vendor (M/s. Anssen Metallurgy Group Co. Ltd.) has been developed for Graphite Electrodes. & initiatives being taken for development of new vendors for oxy probes & temperature tips.

- Rail cranes : Procurement of Rail cranes (capital item) is being centralized.

#### FOREIGN EXCHANGE CONSERVATION

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

#### F. PROJECT MANAGEMENT

With a view to increase market share, to enhance the production capacity and to introduce state-of-the-art technologies to produce steel of international quality at competitive price, Steel Authority of India Limited (SAIL) is currently implementing Modernization & Expansion Plan of its five Integrated Steel Plants at Bhilai, Bokaro, Rourkela, Durgapur & Bumpur and Special Steel Plant at Salem. This will increase production capacity of crude steel from 12.84 million tonnes per annum to 21.4 million tonnes per annum in the current phase.

The plan shall also address the issues of technological obsolescence, energy savings, enriching product mix, pollution control, mines & collieries development to meet higher requirement of key raw materials, introduction of customer centric processes and create matching infrastructure facilities in the Plant to support higher production volumes. SAIL incurred a Capital Expenditure of ₹ 11280 Crore for 2010-11. Orders have been placed for about ₹ 52750 Crore under Modernisation and Expansion plan of SAIL.

The brief status of Modernization and Expansion is as follows:

- At **Salem Steel Plant**, all major production facilities envisaged under Expansion Plan including Electric Arc Furnace, Ladle Furnace, AOD Convertor, Slab Caster, Slab Grinder, Skin Pass Mill, Annealing & Pickling Line, Coil Preparation Line, Acid Recovery System, Slitting Line, Tension Levelling Line and the auxiliary facilities like Ladle Cranes, DG EOT Crane, MRSS and LCSS have been installed. The first heat was produced on 01.08.10 and the units are now in use for production.
- At **Bhilai Steel Plant**, Up-gradation facilities under Plate Mill have been completed. Further, the linked facilities like Compressed Air Station-4 and installation of CNC Roll Grinding Machine have been completed. The Coke Oven Battery-6 has been re-built, in compliance with pollution control norms of Govt. of India and Oven Pushing has started in June'11.
- At **IISCO Steel Plant**, COB-10 has been re-built in Aug'10 in compliance with pollution control norms of Govt. of India, is in regular operation. Facilities like Sinter Plant, Pig Casting Machine, Main Receiving Station and Oxygen Plant, under expansion plan are ready for commissioning. Other facilities envisaged are at various stages of implementation.
- At **Rourkela Steel Plant**, 700 tpd Oxygen Plant and Simultaneous Blowing of Converters in SMS-II have been completed in Oct'10 and other facilities envisaged under Modernisation & Expansion Plan are at various stages of implementation.
- At **Bokaro Steel Plant**, Up-gradation of Blast Furnace No-2 has been completed in Jul'10. This will meet the enhanced Hot Metal requirement by the down stream facilities, post modernisation. Further, the Coal Dust Injection System for BF-2 & 3 have been completed by Dec'10. This will lead to reduction in coke rate and improvement of the furnace productivity. The 2nd Ladle Furnace in SMS-II has been completed in Jul'10. The COB-1 & 2 are being re-built in compliance with pollution control norms of Govt. of India. The Oven pushing has started in COB-1 in June'11. Other facilities under modernization & Expansion Plan are at various stages of implementation.
- At **Durgapur Steel Plant**, the major packages envisaged under Modernisation & Expansion Plan, like, Bloom-cum-round Caster, Medium Structural Mill & Reheating Furnace for Medium Structural

Mill, New Dolomite Plant, Re-building of COB-2, De-bottlenecking of Coal Handling Plant & Raw Material Handling Plant, Ladle Furnace, New Slag Yard and Civil & Structural works for Medium Structural Mill, are at various stages of implementation.

- **For Raw Material Projects**, in addition to mines expansion, the beneficiation facilities and pelletization facilities have also been envisaged to meet the post expansion raw material requirement. Various Projects taken-up at mines are as follow:
  - ❖ At Bolani Iron Ore Mines, modification & extension of Railway Line, overhead electrical work and signaling & telecommunication work has been taken up to enhance the loading Capacity to full rake in one stretch. This will further reduce loading time and turn around time
  - ❖ At Meghahataburu Iron Ore Mines, the capacity is being increased from 4.3 MTPA to 6.50 MTPA of Iron Ore. The project is under implementation.
  - ❖ At Kiriburu Iron Ore Mines, the capacity is being increased from 4.25 MTPA to 5.50 MTPA of Iron Ore. The project is under implementation.
  - ❖ At Chiria and Taldih Iron Ore Deposit, consultants have been appointed for preparation of DPR.
- A Steel Processing Unit is being set up at Bettiah, Bihar to expand the market base and increase the market share. This will also serve the purpose of Corporate Social Responsibility by employment generation and up-liftment of rural areas.
- Revival of Jagdishpur SAIL Unit has been taken up to fulfil the demand of finished and value added products in the region, to lower the initial investment & to utilize the existing facilities and to lower the gestation period for start of production in the plant.

In addition to above the following Major Capital (AMR) Schemes are presently in progress are:

#### Bhilai Steel Plant (BSP)

- 4th Air Separation Unit of 700 tonnes per day capacity is being installed in Oxygen Plant-II to meet the increasing requirement of oxygen, nitrogen & argon.
- On-line Eddy Current Testing M/c at short rail area in RSM is under implementation to strengthen the inspection of Short Rails and detection of defects more than or equal to 0.5 mm depth & more than 10 mm long.
- Optico Visual Inspection System at short rail area in RSM for online inspection of Rails.
- Installation of Grinding Facilities to enhance the production of Coal required for Coal Dust Injection in BF-6 & 7.
- Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant.

#### Rourkela Steel Plant (RSP)

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

#### Bokaro Steel Plant (BSL)

- Replacement of 6 Nos. of Battery Cyclones with 6 nos of Electrostatic Precipitators is being carried out in three machines of the Sinter Plant. This facility is for cleaning of sinter process gas to meet the statutory requirement of emission level of outlet dust at 150 mg/Nm<sup>3</sup> as prescribed by Central Pollution Control Board.
- Installation of New Turbo Blower along with associated facilities to meet the enhanced cold blast requirement of Blast Furnace-2.

#### Alloy Steels Plant (ASP)

- Installation of 1 nos of New 60 T Ladle Furnace to enhance the Stainless Steel Slab production to 1,90,000 tpa for supply to SSP.

#### G. IN-HOUSE DESIGN & ENGINEERING

Centre for Engineering & Technology (CET) is providing its services in the areas of modernisation, technological upgradation and, additions,



modifications & replacement schemes to plants and units within SAIL and clients outside SAIL - both in India and abroad.

#### H. RESEARCH & DEVELOPMENT CENTRE

Research & Development Centre for Iron and Steel (RDCIS) have provided innovative technological inputs to different units of SAIL, with special emphasis on cost reduction, quality improvement, product development, energy conservation and automation. In the year 2010-11, RDCIS had pursued altogether 110 R&D projects, out of which 71 projects were planned for completion. Achieving a target compliance of 100%, RDCIS completed 71 projects.

During the year, the Centre has filed 33 patents and 31 copyrights. As many as 71 technical papers (28 international) were published and 145 papers (56 international) were presented. In addition, RDCIS undertook contract research work and provided significant consultancy services and know-how to organisations outside SAIL, yielding external earning of ₹ 273.65 lakhs.

The Centre has received a total of 14 awards including the prestigious SCOPE Meritorious Award for R&D Technology Development & Innovation (for year 2007-2008), Good Green Governance (G-cube) Award-2009, PSU Excellence Award 2010 for Best Research & Development and two Metallurgist of the Year Awards.

#### I. ENVIRONMENTAL PROTECTION AND CONSERVATION

The Environment Management Division, as nodal agency, facilitates the management of environment and pollution control activities around the steel works and mines of SAIL located across the country and liaising with state and central regulatory agencies regarding environmental matters. The initiatives taken towards environment management are enumerated below:

- SAIL realizes the role of plantation in overall environmental management initiatives. It is a well known fact that plants play an important role in the eco system and function as a carbon sink. Extensive afforestation programme has been taken up at all the plants and mines over the last decade. The basis of choosing the species of plants mainly depends on availability and prevalence of local species, local soil characteristics and prevailing meteorological conditions. The green belt developed by afforestation adds to the aesthetic environment, apart from serving as dust and noise barriers too.
- In line with the National Mission-Green India, SAIL had undertaken extensive afforestation programme in all its plants and mines. During 2010-11, a total no. of 1.74 lakh saplings have been planted in and around plants and mines. Since inception, over 17.6 million trees have been planted in SAIL.
- In the field of eco-restoration of degraded mining area at Purnapani, Barsua and Kalta, restoration has been undertaken in respect of 154.42 acres of limestone mined out areas at Purnapani, 11.36 acres and 27.79 acres of Iron ore mined out areas at Kalta and Barsua respectively till date.
- During the year, a number of pollution control facilities were installed at SAIL plants. To cite a few are as follows:
  - ❖ A 30 MLD Municipal Sewage Treatment Plant commissioned at BSP.
  - ❖ Dry Fog Dust Suppression system installed at Raw Material Handling Plant (RMHP) Screen House area and Selective Crushing Unit of Coal Handling Plant of DSP.
  - ❖ Commissioning of Curtain Flame Ignition System in Sinter Plant-2 and Strand-2 of Sinter Plant-1 at DSP.
  - ❖ Installation of Dry Fog Dust Suppression system in BF#1 Highline of RSP and in Coke Screening House at RSP.
  - ❖ Replacement of Battery Cyclones with ESP (#6) in Sinter Plant at BSL.
  - ❖ Coal Dust Injection (CDI) in Blast Furnace #2 and #3 commissioned at Bokaro Steel Plant.
  - ❖ BSL successfully utilised a blend of 10% Bio-diesel with 90% petro-diesel for trial run of a locomotive engine.
  - ❖ A new BOD plant commissioned at ISP

#### Clean Development Mechanism (CDM)

For monetization of carbon credits of the six VER projects, action(s) have been initiated for keeping, issuing and transacting the VERs. One CER project of IISCO Steel Plant, viz. Waste Heat Recovery from Blast Furnace stoves, has been submitted to UNFCCC for registration. At least three other CER projects are in advanced stages for finalizing the validation report and submission to UNFCCC for registration.

#### CTC Phase out Project in SAIL

Installation and commissioning of the equipment supplied under UNDP programme for CTC phase out projects of 5 Integrated Steel Plants and Salem Steel Plant were taken up in 2010-11 as a thrust area. Intensive co-ordination, exchange of expertise/ ideas and visit by the foreign experts etc. have resulted in commissioning of the equipment, in manual mode, in all the 6 locations.

#### Implementation of Environment Management System (EMS) linked to ISO 14001

- Kuteswar Limestone Mines was accredited to ISO 14001 during the year. With this, 4 iron ore mines and one flux mines have been certified with ISO 14001 along with the various SAIL plants.
- Implementation of ISO 14001 for works at VISL, Bhadravati is in progress.

#### J. TECHNOLOGICAL CONSERVATION

Besides above, the following activities at SAIL plants and mines have also contributed towards conservation of natural resources through:

- Reclamation and processing of 2,07,402 T of generated iron ore fines / sub grade mineral of old dumps of Dalli (Manual & Mech.) Mines of BSP recovered through existing crushing, screening and washing (CSW) plant of Dalli (Mech.) mines as a measure of conservation of minerals.
- Re-circulation of overflow water from Hitkasa Tailing pond of Dalli (Mech.) mines of BSP was done to the tune of 27.04 lakh m<sup>3</sup> as a measure towards conservation of water and also to minimize surface water pollution through less discharge into the surrounding environment. De-silting of 5.35 lakh cu.m of silt has been carried out at Hitkasa dam to increase the life of the tailing dam and to reduce the surface water pollution.
- In order to avoid soil erosion during monsoon and to reduce the total suspended solids (TSS) level in the downstream area of Dalli (Mech.) and Rajhara (Mech) mines, the height of the waste dumps have been reduced in both the mines, one number of terrace at 10 m vertical interval has been made in both the mines and garland drains have been constructed around the waste dumps to arrest the soil wash off during monsoon.

#### K. CORPORATE SOCIAL RESPONSIBILITY

With the underlying philosophy and a credo to make a meaningful difference in people's lives, SAIL has been structuring and implementing CSR initiatives right from the inception. These efforts have seen the obscure villages of yesterday, where SAIL plants are located, turn into large industrial centres today. Thus, what the world today perceives as corporate social responsibility has been SAIL's *raison d'être*, the basis of its genesis and purpose of its very existence. SAIL's social objectives synonymous with CSR imply conducting business in ways that produce social, environmental and economic benefits to the communities in which it operates.

To meet the above objective, a specific Corporate Social Responsibility (CSR) Group has been formed at Corporate Level and at all plants/units in SAIL. As a matter of policy, the Budget allocated for Corporate Social Responsibility [CSR] is 2 % of budgeted distributable surplus (after Dividend and Dividend Tax).

On the health front, SAIL is operating 54 Primary Health Centres, 12 Reproductive and Child Health Centres, 17 Hospitals and 7 Super-Specialty Hospitals which provide specialized healthcare to almost 30.60 million people living in the vicinity of its plants and units. In the year 2010-11, in order to reach to the underprivileged over 3800 camps have been organized across the country benefitting around 2.64 Lakh people providing free health check-up, path lab treatment, medicine, immunization, etc. To help the poor and downtrodden, 24 numbers of

MMUs/Ambulances etc. provided to various NGOs like HelpAge India, Bharat Sewashram Sangha, Anugraha Drishtidaan etc in 2010-11. Special project AKSHAYA for providing free investigation to TB patients of under privileged section of society and Project CHETNA for the treatment of sickle cell & Anemia were initiated in Rourkela.

In the field of education, SAIL has opened over 146 schools in the steel townships to provide modern education to about 70,000 children. Besides adopting and providing free education and facilities to tribal children, SAIL is providing assistance to over 286 schools. In this endeavor, SAIL has achieved a Girl:Boy ratio of 1:1 for all levels of education and a survival rate, i.e. rate of retaining enrolled students of 93% in SAIL Primary Schools and 90% in SAIL Secondary schools. Special Schools at ISPs with facilities of free education, mid-day meals, uniform including shoes, text books, stationery items, school bag, water bottles and transportation in some cases are running under CSR. Scholarships to deserving SC/ST undergraduate engineering students, adoption of 225 tribal children at Bhilai and 14 at Bokaro to provide free education, boarding and lodging facilities, 4 Girl students for Nursing course, etc. are the major steps taken for uplifting the SC/ STs. A mid-day meal is being provided daily to more than 25000 children in association with Akshay Patra Foundation.

SAIL has provided access to around 73.31 Lakh people across 435 villages since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing over 5100 water sources, thereby providing drinking water access to around 38.64 lakh people.

SAIL has taken up comprehensive development of 79 Model Steel Villages (MSVs) spanning eight states, namely Bihar, Chhattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Tamil Nadu and West Bengal. The development work undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centers, income generation, sports facilities, etc. 62 MSVs have been completed by 2011.

Vocational training has been provided to more than 22,000 villagers in 2010-11 in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar / Pappad/ Agarbati making, Welder, Fitter & Electrician Training, Sewing & embroidery, Smoke less chullah making etc. A vocational Training centre for rural and unemployed youths - 'Bhilai Ispat Kaushal Kutir' has been set up at Bhilai and Skill Development and Self Employment Training Institute (SDSETI) has been set up for the benefit of the women and girls at Durgapur. A Self employment centre "KIRAN" has been started at Kiriburu Ore Mines which is run by 97 lady artisans from nearby villages. They have produced Towels, Bed sheets, Sarees and Diwali candles/ Agarbati of different aromas and these have been sold through door to door marketing through Cooperative.

SAIL supported maintenance of monuments in Lodhi Garden, New Delhi and Vedvyas, Saraswati kund, Rourkela. For promoting the tribal culture,

a 5 day Chattisgarh Lok Kala Mahotsav was celebrated in which around 600 artists participated and more than 10,000 people attended; Gramin Lokotsavas organized in Durgapur, 2 days Bokaro Gramin Athletics Competition was organized in which more than 600 participants from 15 neighbouring villages participated in the athletics event.

The CSR initiatives of SAIL are quite focused in their approach and are intended to share its prosperity with all its stakeholders including society at large.

#### L. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

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

In SAIL, Internal Audit is a multi-disciplinary function which reviews, evaluates and appraises the various systems, procedures/policies of the Company and suggests meaningful and useful improvements.

The Company has taken a number of steps to make the audit function more effective. Internal Audit is subjected to overall control environment supervised by Board Level Audit Committee, providing independence to the Internal Audit function, emphasizing transparency in the systems and internal controls with appropriate skill-mix of internal audit personnel etc. Annual Audit Plan based on identification of key-risk areas with thrust on system/process audits and benchmarking of the best practices followed in the plants/units is made so as to achieve overall efficiency improvement including cost reduction in operation of the company. Development of Internal Audit Executives, bringing awareness amongst auditees, enhancing the pro-active role of internal audit remained other focus areas during the year.

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

#### CAUTIONARY STATEMENT

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

## Ten Years at a glance

### FINANCIALS

(₹ in crore)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Gross Sales</b>	<b>47041</b>	<b>43935</b>	<b>48738</b>	<b>45555</b>	<b>39189</b>	<b>32280</b>	<b>31805</b>	<b>24178</b>	<b>19207</b>	<b>15502</b>
<b>Net Sales</b>	<b>42719</b>	<b>40551</b>	<b>43204</b>	<b>39508</b>	<b>33923</b>	<b>27860</b>	<b>28523</b>	<b>21297</b>	<b>16837</b>	<b>13519</b>
Earnings before depreciation, interest & tax (EBIDTA)	9155	11871	10946	12955	10966	7381	11097	4652	2165	1011
Depreciation	1486	1337	1288	1235	1211	1207	1127	1123	1147	1156
Interest & Finance charges	475	402	259	251	332	468	605	901	1334	1562
<b>Profit before tax (PBT)</b>	<b>7194</b>	<b>10132</b>	<b>9399</b>	<b>11469</b>	<b>9423</b>	<b>5706</b>	<b>9365</b>	<b>2628</b>	<b>-316</b>	<b>-1707</b>
Provision for tax/Income Tax Refund ( - )	2290	3378	3228	3932	3221	1693	2548	116	-12	-
<b>Profit after tax (PAT)</b>	<b>4905</b>	<b>6754</b>	<b>6170</b>	<b>7537</b>	<b>6202</b>	<b>4013</b>	<b>6817</b>	<b>2512</b>	<b>-304</b>	<b>-1707</b>
Dividends	991	1363	1074	1528	1280	826	1363	-	-	-
Equity Capital	4130	4130	4130	4130	4130	4130	4130	4130	4130	4130
Reserves & Surplus (net of DRE)	32939	29186	24018	18874	13054	8255	5881	529	-2141	-1878
<b>Net Worth</b>	<b>37069</b>	<b>33317</b>	<b>28148</b>	<b>23004</b>	<b>17184</b>	<b>12386</b>	<b>10011</b>	<b>4659</b>	<b>1989</b>	<b>2252</b>
(Equity Capital and Reserves & Surplus)										
<b>Total Loans</b>	<b>20165</b>	<b>16511</b>	<b>7563</b>	<b>3045</b>	<b>4181</b>	<b>4298</b>	<b>5770</b>	<b>8690</b>	<b>12928</b>	<b>14019</b>
Net Fixed Assets	15083	13615	12305	11571	11598	12162	12485	13168	14036	14798
Capital Work-in-progress	22226	14953	6550	2390	1199	758	366	382	361	556
Current Assets (including short term deposits)	38090	39154	34676	26318	20379	17384	14187	8075	7282	7107
Current Liabilities & Provisions	11496	11073	12277	9439	6500	8108	6608	6025	4777	4849
Working Capital	26595	28081	22398	16879	13879	9276	7579	2050	2505	2258
(Current Assets less Current liabilities)										
Capital Employed	41677	41696	34704	28450	25476	21438	20064	15218	16541	17056
(Net Fixed Assets + Working Capital)										
Mkt price per share (In ₹)	170	253	96	185	113	83	63	32	9	5
(As at the end of the year)										
<b>Key Financial Ratios</b>										
EBIDTA to average capital employed (%)	21.70	31.11	34.66	48.05	46.41	35.28	62.91	29.30	12.89	5.72
PBT to Net Sales (%)	16.84	24.99	21.75	29.03	27.78	20.48	32.83	12.34	-1.88	-12.63
PBT to average capital employed (%)	17.26	26.56	29.77	42.54	39.88	27.27	53.09	16.55	-1.88	-9.66
Return on average net worth (%)	13.94	21.98	24.13	37.51	41.95	35.84	92.94	75.57	-14.35	-53.22
Net worth per share of ₹ 10 (₹)	89.75	80.66	68.15	55.69	41.60	29.99	24.24	11.28	4.82	5.45
Earnings per share of ₹ 10 (₹)	11.87	16.35	14.94	18.25	15.02	9.72	16.50	6.08	-0.74	-4.13
Price - earning ratio (times)	14.30	15.44	6.46	10.12	7.53	8.56	3.81	5.31	-11.94	-1.19
Dividend per share of ₹ 10 (₹)	2.40	3.30	2.60	3.70	3.10	2.00	3.30	-	-	-
Effective dividend rate (%)	1.41	1.31	2.70	2.00	2.74	2.41	5.24			
Debt - Equity (times)	0.54	0.50	0.27	0.13	0.24	0.35	0.58	1.87	6.50	6.23
Current ratio (times)	3.31	3.54	2.80	2.79	3.14	2.14	2.15	1.34	1.52	1.47
Capital employed to turnover ratio (times)	1.13	1.05	1.40	1.60	1.54	1.48	1.59	1.59	1.16	0.91
Working capital turnover ratio (times)	1.77	1.56	2.18	2.70	2.82	3.48	4.20	11.79	7.67	6.87
Interest coverage ratio (times)	7.08	14.44	29.00	46.39	29.29	13.07	16.43	3.88	0.76	-0.09

### PRODUCTION

(Thousand tonnes)

Item	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06*	2004-05	2003-04	2002-03	2001-02
<b>Main Integrated Steel Plants</b>										
Hot Metal	14757	14379	14317	14981	14368	14398	12351	12749	12080	11327
Crude Steel	13453	13199	13148	13649	13194	13177	11827	11828	11087	10467
Pig Iron	258	319	259	410	452	558	147	278	288	353
<b>Saleable Steel</b>										
Semi Finished Steel	2394	2392	2206	2243	2278	2273	1751	2146	2057	2149
Finished Steel	9931	9736	9846	10288	9849	9351	8900	8581	8029	7315
<b>Saleable Steel</b>	<b>12325</b>	<b>12128</b>	<b>12052</b>	<b>12531</b>	<b>12127</b>	<b>11624</b>	<b>10651</b>	<b>10727</b>	<b>10086</b>	<b>9464</b>
<b>Alloy &amp; Special Steel Plants</b>										
(ASP, SSP & VISP)	562	504	442	513	454	427	379	298	266	234
<b>Total Saleable Steel</b>	<b>12887</b>	<b>12632</b>	<b>12494</b>	<b>13044</b>	<b>12581</b>	<b>12051</b>	<b>11030</b>	<b>11026</b>	<b>10352</b>	<b>9697</b>

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



## VALUE ADDED STATEMENT

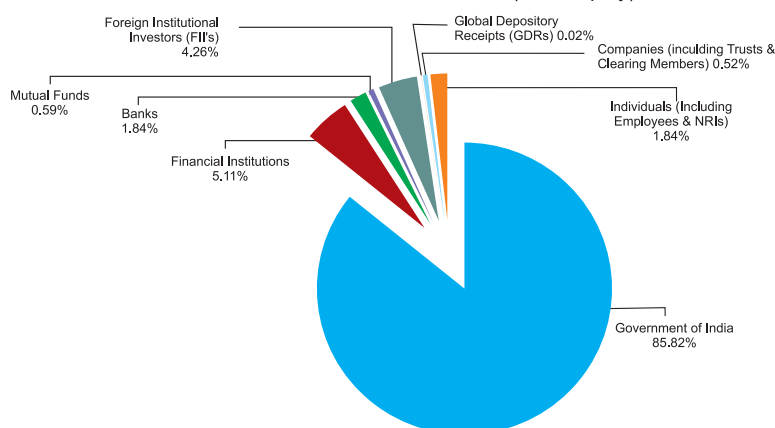
(₹ in crore)

For the year	2010-11	2009-10
Value of own production	49114	43363
Other Revenues	2139	2682
Less: Cost of Raw Materials	20237	16037
Stores and Spares	2393	2574
Power and Fuel	3600	3369
Excise Duty	4321	3383
Freight Outward	700	674
Other Operating Cost	3260	2719
Total Value Added	16742	17289
Establishment Cost	7627	5417
Financing Cost	472	402
Dividend Provision	496	1363
Corporate Income Tax	2276	3378
Dividend Tax	81	228
<b>Income Retained in Business</b>		
Depreciation	1484	1337
Retained in Business	4305	5164
Total Value Applied	16742	17289

## SHAREHOLDING PATTERN (As on 31.03.2011)

Category	Number of Equity shares held	Number of holders	Amount (₹ in Crore)	% of Equity
Government of India	3544690285	1	3544.69	85.82
Financial Institutions	211213818	33	211.21	5.11
Banks	76138307	51	76.14	1.84
Mutual Funds	24511749	102	24.51	0.59
Foreign Institutional Investors (FII's)	175759727	282	175.76	4.26
Global Depository Receipts (GDRs)	614245	2	0.61	0.02
Companies (including Trusts & Clearing Members)	21426619	3070	21.43	0.52
Individuals (Including Employees & NRIs)	76045795	338069	76.05	1.84
<b>TOTAL</b>	<b>4130400545</b>	<b>341610</b>	<b>4130.40</b>	<b>100.00</b>

## SHAREHOLDING PATTERN (% of Equity)



# Balance Sheet

As at 31st March, 2011

	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
(₹ in crore)			
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	1.1	4130.40	4130.40
Reserves and Surplus	1.2	32939.07	29186.30
		37069.47	33316.70
<b>Loan Funds</b>			
Secured Loans	1.3	11813.91	7755.90
Unsecured Loans	1.4	8351.58	8755.35
		20165.49	16511.25
Deferred Tax Liability (Net)		1491.07	1414.92
		58726.03	51242.87
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	1.5	38263.20	35396.19
Less: Depreciation		23180.54	21780.91
Net Block		15082.66	13615.28
Capital Work-in-Progress	1.6	22225.83	14953.13
		37308.49	28568.41
<b>Investments</b>	1.7	684.14	668.83
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	1.8	11302.79	9027.46
Sundry Debtors	1.9	4161.30	3493.90
Cash & Bank Balances	1.10	17478.86	22436.37
Other Current Assets	1.11	489.56	780.34
Loans & Advances	1.12	4657.85	3416.09
		38090.36	39154.16
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	1.13	11474.86	10918.38
Provisions	1.14	5882.10	6230.15
		17356.96	17148.53
<b>Net Current Assets</b>		20733.40	22005.63
		58726.03	51242.87
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/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(S.K. Mittal)  
Partner

Place : New Delhi

Dated : June 24, 2011

# Profit & Loss Account

for the year ended 31st March, 2011

	Schedule No.	Year ended 31st March, 2011	Year ended 31st March, 2010
(₹ in crore)			
<b>INCOME</b>			
Sales	2.1	47040.50	43934.70
Less : Excise duty		4321.79	3383.32
Interest earned	2.2	1381.17	1860.98
Other revenues	2.3	773.55	820.90
Provisions no longer required written back	2.4	45.24	86.35
		44918.67	43319.61
<b>EXPENDITURE</b>			
Accretion( - )/Depletion to stocks of finished/semi-finished products	2.5	-1352.67	1161.01
Raw materials consumed	2.6	22076.40	17340.18
Purchase of finished / semi-finished goods		4.22	2.79
Employees' Remuneration & Benefits	2.7	7623.33	5416.81
Stores & Spares Consumed		3309.75	3163.43
Power & Fuel	2.8	3597.04	3369.35
Repairs & Maintenance	2.9	670.04	569.74
Freight outward		705.33	674.28
Other expenses	2.10	2863.80	2327.23
Interest & finance charges	2.11	474.95	402.01
Depreciation		1485.80	1337.24
Total		41457.99	35764.07
Less : Inter Account Adjustments	2.12	3629.93	2553.27
		7090.61	10108.81
Add: Adjustments pertaining to earlier years	2.13	103.70	23.22
<b>Profit before tax</b>		7194.31	10132.03
Less: Provision for taxation			
Current tax		2367.38	3371.17
Deferred tax		-63.04	81.72
Earlier years		-14.77	-75.23
<b>Profit after tax</b>		4904.74	6754.37
Balance brought forward from last year		24774.29	20345.05
Amount available for appropriation		29679.03	27099.42
<b>APPROPRIATIONS</b>			
Amount Transferred to Bonds Redemption Reserve ( net )		72.29	54.58
Amount Transferred to General Reserve		500.00	680.00
Interim dividend		495.65	660.86
Proposed dividend ( Final )		495.65	702.17
Tax on Interim dividend		80.74	110.90
Tax on Proposed dividend ( Final )		80.41	116.62
Balance carried to Balance Sheet		27954.29	24774.29
		29679.03	27099.42
<b>Earnings per Share</b>			
Profit after tax		4904.74	6754.37
Average Number of equity shares (Face value ₹ 10/- each)		4130400545	4130400545
Basic and Diluted Earnings per share (₹)		11.87	16.35
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/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(S.K. Mittal)  
Partner

Place : New Delhi  
Dated : June 24, 2011



## Cash Flow Statement

Cash Flow Statement for the year	2010-11	2009-10
		(₹ in crore)
<b>A. Cash flow from Operating Activities</b>		
Net Profit / loss ( - ) before taxation	7194.31	10132.03
Add / ( Less ) Adjustments for :		
Depreciation	1483.43	1333.99
Interest and Finance Charges	474.95	402.01
Bad debts written-off	1.12	10.33
Unrealised Foreign Exchange Fluctuation	12.85	61.63
Provision for diminution in value of investments	0.00	0.00
Provision for Others	(104.15)	(3066.38)
Deferred revenue expenditure (Charged during the year)	0.00	0.00
Profit on sale of Fixed Assets	(19.88)	(29.91)
Interest Income	(1381.17)	(1860.98)
Dividend Income	(26.91)	(15.59)
<b>Operating cash flow before working capital change</b>	<b>7634.55</b>	<b>6967.13</b>
Adjustments for :-		
( Increase ) / Decrease in Inventories	(2275.33)	1133.73
( Increase ) / Decrease in Sundry Debtors	-668.52	(476.46)
( Increase ) / Decrease in Loans and Advances	(1247.95)	(1142.39)
Increase / ( Decrease ) in Current liabilities	927.88	1977.58
<b>Cash generated from Operations</b>	<b>4370.63</b>	<b>8459.59</b>
Direct Taxes Paid	(2214.61)	(3659.11)
<b>Net Cash from Operating Activities</b>	<b>2156.02</b>	<b>4800.48</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(10671.46)	(10176.29)
Proceeds from sale of Fixed Assets	50.67	50.97
Loans to Subsidiary & Other Companies	6.19	6.48
Purchase/Sale of investment (net)	(15.31)	(16.13)
Interest received	1669.72	2098.23
Dividend received	26.91	15.59
<b>Net Cash from / ( used in ) Investing Activities</b>	<b>(8933.28)</b>	<b>(8021.15)</b>

# Cash Flow Statement for the year

2010-11

2009-10

(₹ in crore)

## C. Cash flow from Financing Activities

Increase in Reserve & Surplus	0.48	4.66
Increase in borrowings (net)	3641.39	8886.79
Interest and Finance Charges paid	(429.19)	(96.47)
Dividend Paid	(1197.82)	(1197.82)
Tax on Dividend	(197.34)	(202.16)
<b>Net Cash from / ( used in ) Financing Activities</b>	<b>1817.52</b>	<b>7395.00</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(4959.74)</b>	<b>4174.33</b>
<b>Cash &amp; Cash Equivalents (Opening) (Refer Schedule 1.10 &amp; 1.11)</b>	<b>22439.00</b>	<b>18264.67</b>
<b>Cash &amp; Cash Equivalents (Closing) (Refer Schedule 1.10 &amp; 1.11)</b>	<b>17479.26</b>	<b>22439.00</b>
(Represented by Cash & Bank balances)		

## Notes :

- The above Cash Flow Statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchanges and under the indirect method set out in Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Significant Accounting Policies and Notes to Accounts (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 ₹ 10.12 crore (As on 31st March 2010 ₹ 9.00 crore) for unpaid dividend account
  - Includes ₹ 160.52 crore (As on 31st March 2010 ₹ 152.16 crore) 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/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(S.K. Mittal)  
Partner

Place : New Delhi  
Dated : June 24, 2011

## 1.1 : SHARE CAPITAL

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
<b>Authorised</b>		
5,00,00,00,000 equity shares of ₹ 10 each	<u>5000.00</u>	<u>5000.00</u>
<b>Issued,Subscribed &amp; Paid-up</b>		
4,13,04,00,545 equity shares of ₹10 each fully paid.	<u>4130.40</u>	<u>4130.40</u>

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

## 1.2 : RESERVES AND SURPLUS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
<b>Capital Reserve</b>		
As per last Balance Sheet	2.99	3.14
Less: Utilisation	<u>0.00</u>	<u>0.15</u>
	2.99	2.99
<b>Prime Minister's Trophy Award Fund</b>		
As per last Balance Sheet	17.81	13.00
Additions	<u>1.24</u>	<u>5.39</u>
	19.05	18.39
Less: Utilisation	<u>0.76</u>	<u>0.58</u>
	18.29	17.81
<b>Securities Premium</b>	235.29	235.29
<b>Bond Redemption Reserve</b>		
As per last Balance Sheet	281.44	226.86
Additions	<u>158.63</u>	<u>97.62</u>
Transferred to Profit & Loss Account	<u>86.34</u>	<u>43.04</u>
	353.73	281.44
<b>General Reserve</b>		
As per last Balance Sheet	3874.48	3194.48
Additions during the year	<u>500.00</u>	<u>680.00</u>
	4374.48	3874.48
<b>Surplus in Profit &amp; Loss Account</b>	27954.29	24774.29
	<u>32939.07</u>	<u>29186.30</u>



# Schedules

(Forming part of the Balance Sheet)

## 1.3 : SECURED LOANS

		As at 31st March, 2011	As at 31st March, 2010
			(₹ in crore)
Working Capital Borrowings from Banks	(a)	83.81	267.80
Term Loans from Banks			
Long Term	(b)	1250.00	400.00
Short Term	(f)	4068.50	1800.00
<b>Non Convertible Bonds</b>	(c)		
Interest Rate	Date of Redemption		
8.80%	Note (d)	168.00	168.00
8.90%	1st May 2019	950.00	950.00
8.55%	11th August 2021	700.00	700.00
8.7%	25th August 2024	300.00	300.00
8.60%	19th November 2019	335.00	335.00
8.75%	23rd April 2020	545.00	0.00
8.75%	Note (e)	150.00	150.00
7.70%	11th May 2019	525.00	525.00
6.72%	30th April 2020	660.00	0.00
8.80%	22nd June 2019	825.00	825.00
11.50%	15th April 2010	0.00	21.00
8%	1st September 2010	0.00	0.70
13.05%	1st December 2010	0.00	59.80
12.10%	1st June 2011	91.30	91.30
12%	1st December 2011	76.90	76.90
12%	20th July 2012	109.90	109.90
10.75%	1st February 2013	75.30	75.30
8%	7th December 2019	30.00	30.00
6.50%	7th December 2019	120.00	120.00
8.65%	30th December 2019	450.00	450.00
8.65%	1st February 2020	242.00	242.00
8.20%	1st September 2013	58.20	58.20
		<b>6411.60</b>	<b>5288.10</b>
		<b>11813.91</b>	<b>7755.90</b>

(a) Secured by hypothecation of all current assets

(b) Secured by charges ranking pari-passu inter-se, over moveble properties pertaining to Rourkela Steel Plant (RSP)

(c) 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) and IISCO Steel Plant (ISP)

(d) Redeemable in 12 equal yearly instalments of ₹ 14 crores each starting w.e.f. 26th October 2014

(e) Redeemable in 3 equal instalments of ₹50 crores each on 15th September of 2014, 2019 and 2024

(f) Secured by lien/pledge on fixed deposits of ₹ 4515.00 crore (previous year : Nil)

Note : Amount repayable within one year as at 31.03.2011, ₹ 4236.70 crore (previous year : ₹ 2056.93 crore)

## 1.4 : UNSECURED LOANS

		As at 31st March, 2011	As at 31st March, 2010
			(₹ in crore)
<b>Steel Development Fund</b>		204.16	204.16
Interest accrued and due thereon		790.79	822.63
		994.95	1026.79
<b>Foreign Currency Loans</b>			
Long Term	(a)	1342.70	454.63
Short Term		4250.93	1359.75
Term Loans From Banks		1600.00	1814.38
			4556.00
<b>Non convertible Bonds</b>	(a)		
Interest Rate	Date of Redemption		
12.55%	1st September 2010	0.00	39.40
12.10%	12th March 2011	0.00	195.00
11%	1st August, 2011	115.00	115.00
6.4%	Note (b)	48.00	64.00
		163.00	413.40
<b>Others</b>			
Commercial Paper		0.00	944.78
(Maximum amount raised at any time during the year ₹3500.00 crore (Previous year ₹3885.68crore)			
		<b>8351.58</b>	<b>8755.35</b>

(a) Guaranteed by Government of India

(b) Redeemable in 4 equal yearly instalments of ₹ 16 crores each starting w.e.f 15th October 2010

Note : Amount repayable within one year as at 31.03.2011, ₹ 6827.51 crore (₹ 7984.38 crore)

## 1.5 : FIXED ASSETS

Description	GROSS BLOCK (AT COST)			
	As at 31st March, 2010	Additions/ Adjustments	Deductions	As at 31st March, 2011
(₹ in crore)				
<b>A. PLANTS, MINES &amp; OTHERS</b>				
Land(including cost of development)				
-Freehold Land	173.25	0.96	0.10	174.11
-Leasehold Land	58.21	3.42	-0.10	61.73
Buildings	1798.44	73.37	0.36	1871.45
Railway Lines & Sidings	243.29	15.68	0.45	258.52
Plant & Machinery				
-Steel Plant	26506.60	2311.74	49.04	28769.30
-Others	1953.51	218.57	28.55	2143.53
Furniture & Fittings	90.33	5.48	0.38	95.43
Vehicles	894.02	82.06	3.67	972.41
Roads, Bridges & Culverts	197.83	3.59	0.01	201.41
Water Supply & Sewerage	349.70	1.95	0.11	351.54
EDP Equipment's	281.03	28.66	4.05	305.64
Software (Intangible)	66.63	13.85	0.04	80.44
Mining Rights (Intangible)	1371.74	184.25	11.16	1544.83
Miscellaneous Articles	291.91	18.42	10.94	299.39
Sub-total 'A'	34276.49	2962.00	108.76	37129.73
Figures for the previous year	31764.86	2623.44	111.81	34276.49
<b>B. SOCIAL FACILITIES</b>				
Land(including cost of development)				
-Freehold Land	10.24	0.00	0.00	10.24
-Leasehold Land	6.86	0.03	0.00	6.89
Buildings	577.12	1.53	0.00	578.65
Plant & Machinery- Others	108.95	6.92	0.70	115.17
Furniture & Fittings	22.82	1.67	0.68	23.81
Vehicles	11.44	0.90	0.33	12.01
Roads, Bridges & Culverts	51.72	0.05	0.80	50.97
Water Supply & Sewerage	116.10	0.02	0.09	116.03
EDP Equipment's	16.45	0.75	1.00	16.20
Software (Intangible)	0.67	0.01	0.00	0.68
Miscellaneous Articles	160.40	17.51	1.84	176.07
Sub-total 'B'	1082.77	29.39	5.44	1106.72
Figures for the previous year	1059.15	29.16	5.54	1082.77
<b>C. ASSETS RETIRED FROM ACTIVE USE</b>				
Unserviceable / Obsolete Assets	23.23	2.79	1.87	24.15
Figures for the previous year	25.84	2.91	5.52	23.23
<b>D. CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS</b>				
	13.70	-10.10	1.00	2.60
Figures for the previous year	2.57	11.13	0.00	13.70
Total ('A'+ 'B'+ 'C'+ 'D')	35396.19	2984.08	117.07	38263.20
Figures for the previous year	32852.42	2666.64	122.87	35396.19

# Schedules

(Forming part of the Balance Sheet)



## 1.5 : FIXED ASSETS

Description	DEPRECIATION			NET BLOCK		
	Up to 31st March, 2010	For the Year	Less:On Sales/ Adjustments	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
(₹ in crore)						
<b>A. PLANTS, MINES &amp; OTHERS</b>						
Land(including cost of development)						
-Freehold Land	0.78	0.03	0.00	0.81	173.30	172.47
-Leasehold Land	32.53	1.62	0.00	34.15	27.58	25.68
Buildings	1053.69	50.85	0.21	1104.33	767.12	744.75
Railway Lines & Sidings	176.70	7.36	0.44	183.62	74.90	66.59
Plant & Machinery						
-Steel Plant	17243.48	1129.61	38.85	18334.24	10435.06	9263.12
-Others	1410.07	86.98	26.73	1470.32	673.21	543.44
Furniture & Fittings	72.59	2.44	0.26	74.77	20.66	17.74
Vehicles	413.87	38.03	3.42	448.48	523.93	480.15
Roads, Bridges & Culverts	54.28	3.90	0.00	58.18	143.23	143.55
Water Supply & Sewerage	252.58	8.97	0.08	261.47	90.07	97.12
EDP Equipment's	192.86	23.22	3.42	212.66	92.98	88.17
Software (Intangible)	26.85	12.19	0.05	38.99	41.45	39.78
Mining Rights (Intangible)	132.34	84.62	0.00	216.96	1327.87	1239.40
Miscellaneous Articles	184.63	11.31	9.52	186.42	112.97	107.28
Sub-total 'A'	21247.25	1461.13	82.98	22625.40	14504.33	13029.24
Figures for the previous year	20041.91	1303.76	98.42	21247.25	13029.24	
<b>B. SOCIAL FACILITIES</b>						
Land(including cost of development)						
-Freehold Land	-	-	-	-	10.24	10.24
-Leasehold Land	5.12	0.15	0.00	5.27	1.62	1.74
Buildings	219.02	9.47	-0.01	228.50	350.15	358.10
Plant & Machinery-Others	70.63	3.36	0.60	73.39	41.78	38.32
Furniture & Fittings	14.21	1.21	0.25	15.17	8.64	8.61
Vehicles	7.30	0.70	0.29	7.71	4.30	4.14
Roads, Bridges & Culverts	21.80	0.88	0.35	22.33	28.64	29.92
Water Supply & Sewerage	99.00	2.19	0.09	101.10	14.93	17.10
EDP Equipment's	9.19	2.25	0.56	10.88	5.32	7.26
Software (Intangible)	0.52	0.04	0.00	0.56	0.12	0.15
Miscellaneous Articles	81.25	7.40	1.02	87.63	88.44	79.15
Sub-total 'B'	528.04	27.65	3.15	552.54	554.18	554.73
Figures for the previous year	503.54	27.89	3.39	528.04	554.73	
<b>C. ASSETS RETIRED FROM ACTIVE USE</b>						
Unserviceable / Obsolete Assets	-	-	-	-	24.15	23.23
Figures for the previous year	-	-	-	-	23.23	
<b>D. CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS</b>						
	5.62	-2.87	0.15	2.60	0.00	8.08
Figures for the previous year	1.58	4.04	0.00	5.62	8.08	
Total ('A'+ 'B'+ 'C'+ 'D')	21780.91	1485.91	86.28	23180.54	15082.66	13615.28
Figures for the previous year	20547.03	1335.69	101.81	21780.91	13615.28	
<b>Note : Allocation of Depreciation</b>					<b>Current Year</b>	<b>Previous Year</b>
(a) Charged to Profit & Loss Account					1485.80	1337.24
(b) Charged to expenditure during construction					2.48	1.70
(c) Adjustments pertaining to earlier years					-2.37	-3.25
Total					1485.91	1335.69



## 1.6 : CAPITAL WORK-IN-PROGRESS

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
<b>Capital Work-in-progress</b>		
Steel Plants & Units	17856.74	12364.20
Township	30.68	6.79
Ore Mines and Quarries	184.54	102.50
	<u>18071.96</u>	<u>12473.49</u>
Less: Provisions	<u>60.13</u>	<u>62.39</u>
	<b>18011.83</b>	<b>12411.10</b>
Capital equipments pending erection, installation and commissioning	<b>4000.65</b>	<b>2296.74</b>
Construction Stores and Spares	56.69	51.29
Less: Provision for non-moving items	<u>2.04</u>	<u>2.53</u>
	<b>54.65</b>	<b>48.76</b>
Advances	166.27	204.12
Less: Provision for doubtful advances	<u>7.57</u>	<u>7.59</u>
	<b>158.70</b>	<b>196.53</b>
	<u>22225.83</u>	<u>14953.13</u>
<u>Particulars of advances</u>		
Unsecured, Considered Good	<b>158.70</b>	<b>196.53</b>
including advances backed by Bank Guarantees ₹11.30 crore (₹50.92 crore)		
Unsecured, Considered Doubtful	<u>7.57</u>	<u>7.59</u>
	<b>166.27</b>	<b>204.12</b>

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

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
Opening balance (a)	<b>0.00</b>	<b>0.84</b>
<b>Expenditure incurred during the year</b>		
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries & Wages	111.81	76.63
Company's contribution to Provident fund	8.92	9.63
Travel Concession	2.68	5.04
Welfare Expenses	0.08	3.70
Gratuity	<u>2.72</u>	<u>12.04</u>
	<b>126.21</b>	<b>107.04</b>
Technical Consultants' fees & know-how	<b>16.03</b>	<b>31.71</b>
Repairs & Maintenance	<b>0.65</b>	<b>0.97</b>
Stores and Spares	<b>27.45</b>	<b>1.68</b>
Power & Fuel	<b>76.82</b>	<b>36.40</b>
Rates & Taxes	<b>0.00</b>	<b>0.30</b>
Insurance	<b>0.16</b>	<b>0.15</b>
Other expenses	<b>323.17</b>	<b>9.17</b>
Interest & Finance charges	<b>608.06</b>	<b>327.53</b>
Depreciation	<u>2.48</u>	<u>1.70</u>
	<b>1181.03</b>	<b>516.65</b>
Less: Recoveries		
Interest Earned	4.01	9.67
Liquidated Damages	1.83	7.11
Hire Charges	0.80	1.89
Sundries	<u>86.49</u>	<u>1.88</u>
	<b>93.13</b>	<b>20.55</b>
Net expenditure during the year (b)	<b>1087.90</b>	<b>496.10</b>
Total (a)+(b)	<b>1087.90</b>	<b>496.94</b>
Less: Amount allocated to Fixed Assets/ Capital Work-in-progress	<u>1087.90</u>	<u>496.94</u>
Balance carried forward	<b>0.00</b>	<b>0.00</b>

# Schedules

(Forming part of the Balance Sheet)



## 1.7 : INVESTMENTS AT COST — LONG TERM

	Number of Fully Paid-up Equity Shares	Face Value per Share (₹)	As at 31st March, 2011		As at 31st March, 2010
(₹ in crore)					
<b>(A) Unquoted</b>					
<b>Trade Investments</b>					
<b>Subsidiary Companies</b>					
Maharashtra Elektrosmelt Limited	2,37,87,935 (2,37,87,935)	10	<b>23.79</b>	23.79	
IISCO Ujjain Pipe & Foundry Company Limited (under liquidation)	30,00,000 (30,00,000)	10	<b>3.00</b>	<b>26.79</b>	<u>3.00</u> 26.79
<b>Joint Venture Companies</b>					
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10	<b>0.18</b>	0.18	
North Bengal Dolomite Limited	97,900 (97,900)	100	<b>0.98</b>	0.98	
NTPC- SAIL Power Company Pvt Limited	47,52,50,050 (47,52,50,050)	10	<b>475.25</b>	475.25	
Bokaro Power Supply Company Pvt Limited	8,40,25,000 (8,40,25,000)	10	<b>84.02</b>	84.02	
Bhilai Jaypee Cement Limited	5,25,09,600 (5,25,09,600)	10	<b>52.51</b>	52.51	
Bokaro Jaypee Cement Limited	1,99,79,997 (1,58,99,997)	10	<b>19.98</b>	15.90	
SAIL- Bansal Service Centre Limited	32,00,000 (32,00,000)	10	<b>3.20</b>	3.20	
Mjunction Services Limited	40,00,000 (40,00,000)	10	<b>4.00</b>	4.00	
S&T Mining Company Private Limited	31,25,000 (9,25,000)	10	<b>3.13</b>	0.93	
SAIL MOIL Ferro Alloy Pvt. Ltd.	1,00,000 (1,00,000)	10	<b>0.10</b>	0.10	
International Coal Ventures Pvt. Ltd.	8,50,000 (2,00,000)	10	<b>0.85</b>	0.20	
Steel Complex Ltd.	30,65,850 (-)	10	<b>8.38</b>	0.00	
Romelt SAIL (India) Limited	63,000 (63,000)	10	<b>0.06</b>	<b>652.64</b>	<u>0.06</u> 637.33
<b>Others</b>					
Tata Refractories Limited	22,03,150 (22,03,150)	10	<b>11.35</b>	11.35	
Almora Magnesite Limited	40,000 (40,000)	100	<b>0.40</b>	0.40	
Indian Potash Limited	3,60,000 (3,60,000)	10	<b>0.18</b>	0.18	
Cement & Allied Products (Bihar) Limited	2 (2)	10	<b>0.00*</b>	0.00 *	
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	<b>0.00*</b>	0.00*	
Bhilai Power Supply Company Limited	5 (5)	10	<b>0.00 *</b>	0.00*	
MSTC Limited	20,000 (20,000)	10	<b>0.01</b>	0.01	
Bihar State Finance Corporation	500 (500)	100	<b>0.01</b>	0.01	
Investment in Mutual Funds			<b>0.00</b>	0.00	
Shares in Co-operative Societies (Schedule 1.7.1)			<b>0.18</b>	<b>12.13</b>	<u>0.18</u> 12.13
<b>Total (A)</b>			<b>691.56</b>	<b>691.56</b>	<u>676.25</u>
<b>(B) Quoted</b>					
HDFC Limited	60,000 (12,000 )	2 (10)	0.01	0.01	
HDFC Bank Limited	500 (500)	10	<b>0.00 *</b>	0.00 *	
ICICI Bank Limited	28600 (28600)	10	<b>0.05</b>	<b>0.06</b>	<u>0.05</u> 0.06
<b>Total (B)</b>			<b>0.06 @</b>	<b>0.06 @</b>	
<b>Total (A+B)</b>			<b>691.62</b>	<b>691.62</b>	<u>676.31</u>
Less : Provision for diminution in value of investments			<b>7.48</b>	<b>7.48</b>	<u>7.48</u>
			<b>684.14</b>	<b>684.14</b>	<u>668.83</u>
@ Market value of quoted investments			<b>7.49</b>	<b>7.49</b>	<u>6.08</u>
* Cost being less than ₹ 50,000, figures not given.					

## 1.7.1 : SHARES IN CO-OPERATIVE SOCIETIES

	Number of Fully Paid-up Shares	Face Value per Share (₹)	As at 31st March, 2011	As at 31st March, 2010
(In ₹)				
Bokaro Steel Employees' Co-operative Credit Society Limited	116500 (116500)	10	<b>1165000</b>	1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250 (250)	10	<b>2500</b>	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	<b>2500</b>	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100	<b>137700</b>	137700
Bolani Ores Employees' Consumer Co-operative Society Limited	200 (200)	25	<b>5000</b>	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	<b>460000</b>	460000
			<b>1772700</b>	<b>1772700</b>

## 1.8 : INVENTORIES\*

	As at 31st March, 2011	As at 31st March, 2010
(₹ in crore)		
Stores & Spares		
– Production	<b>2000.37</b>	1657.86
– Fuel Stores	<b>65.15</b>	71.35
– Others	<b>23.56</b>	18.13
	<b>2089.08</b>	1747.34
Add: In-transit	<b>177.37</b>	122.80
	<b>2266.45</b>	1870.14
Less: Provision for Non Moving/Obsolete items	<b>161.30</b>	159.56
	<b>2105.15</b>	1710.58
Raw materials	<b>1662.82</b>	1832.38
Add: In-transit	<b>1409.37</b>	829.76
	<b>3072.19</b>	2662.14
Less: Provision for unusable materials	<b>6.63</b>	5.65
	<b>3065.56</b>	2656.49
Finished / Semi-finished products (including scrap)	<b>6132.08</b>	4660.39
	<b>11302.79</b>	9027.46

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



# Schedules

(Forming part of the Balance Sheet)



## 1.9 : SUNDRY DEBTORS

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
Debts over six months	296.25	293.56
Other debts	4036.18	3367.23
	4332.43	3660.79
Less: Provision for doubtful debts	171.13	166.89
	4161.30	3493.90
<b>Particulars</b>		
Unsecured, considered good	4161.30	3493.90
Including debts backed by bank guarantees ₹1153.41 crore (₹949.26 crore)		
Unsecured, considered doubtful	171.13	166.89
	4332.43	3660.79

## 1.10 : CASH & BANK BALANCES

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
Cash and Stamps on hand	1.61	1.13
Cheques on hand	107.78	196.70
Balance with Scheduled Banks		
Current account	24.48	23.93
Unpaid Dividend account	10.12	9.00
Term deposits*	17334.87	22205.61
	17369.47	22238.54
	17478.86	22436.37

\* Deposits of ₹ 4515.00 crore (Previous year Nil) under Bank lien against loans/Letters of Credit

## 1.11 : OTHER CURRENT ASSETS

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
Gold Coins on hand	0.40	2.63
<b>Interest Receivable/Accrued</b>		
Term Deposits	463.27	749.29
Employees	14.69	18.73
Others	13.84	12.08
	491.80	780.10
	492.20	782.73
Less Provision for doubtful interest	2.64	2.39
	489.56	780.34
<b>Particulars</b>		
Secured, considered good	9.49	11.52
Unsecured, considered good	480.07	768.82
Unsecured, considered doubtful	2.64	2.39
	492.20	782.73

## 1.12 : LOANS & ADVANCES

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
<b>Loans</b>		
Employees	645.63	447.72
Subsidiary Company	0.00	1.11
Stores issued	3.43	7.72
Others	9.45	15.64
	<b>658.51</b>	472.19
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Claims	1866.96	1450.84
Contractors & suppliers	163.11	104.67
Employees	17.57	11.56
Income tax paid in advance / recoverable	322.51	140.84
For purchase of shares*	32.09	34.78
Export Incentive	34.31	41.00
Subsidiary Company	2.59	9.67
Others	469.88	377.51
	<b>2909.02</b>	2170.87
<b>Deposits</b>		
Port trust, Excise authorities, Railways, etc.	270.45	253.49
Others	940.11	641.92
	<b>1210.56</b>	895.41
	<b>4778.09</b>	3538.47
Less: Provision for doubtful Loans & Advances	120.24	122.38
	<b>4657.85</b>	3416.09
<b>Particulars of Loans &amp; Advances</b>		
Secured, considered good	416.44	326.94
Unsecured, considered good	4241.41	3089.15
Unsecured, considered doubtful	120.24	122.38
	<b>4778.09</b>	3538.47

\* Includes ₹ 27.10 crore (₹ 29.73 crore) for Joint Venture Companies

## 1.13 : CURRENT LIABILITIES

	As at 31st March, 2011	As at 31st March, 2010
	(₹ in crore)	
<b>Sundry creditors</b>		
Micro and small enterprises	24.80	15.27
<b>Sundry creditors other than micro and small enterprises</b>		
Capital works	1697.32	2114.48
Subsidiary company	5.51	17.49
Others	4391.13	4066.64
	<b>6093.96</b>	6198.61
<b>Advances from</b>		
Customers	641.99	662.32
Others	43.62	36.96
	<b>685.61</b>	699.28
<b>Security deposits</b>	634.64	517.09
Less : Investments received as security deposit	0.01	0.01
	<b>634.63</b>	517.08
<b>Interest accrued but not due on Loans</b>	446.88	401.12
<b>Stores received on loan (Including ₹22.94 crore from subsidiary company (₹36.33 crore))</b>	22.94	36.33

Contd...

# Schedules

(Forming part of the Balance Sheet)



## 1.13 : CURRENT LIABILITIES (Contd.)

	As at 31st March, 2011		As at 31st March, 2010	
			(₹ in crore)	
Liability towards Investor Education and Protection Fund, not due				
Unpaid Dividends	10.12		9.00	
Unclaimed Matured Deposits	1.36		1.42	
Interest Accrued on unclaimed Deposits / Bonds	0.57	12.05	0.58	11.00
Other liabilities*		3553.99		3039.69
		11474.86		10918.38

\* Includes an amount of ₹ 0.24 crore credited to Investor's Education & Protection Fund.  
(₹ 0.38 crore)

## 1.14 : PROVISIONS

	As at 31st March, 2011		As at 31st March, 2010	
			(₹ in crore)	
Gratuity	72.31		89.26	
Accrued Leave	2004.73		1979.71	
Employee Defined Benefit Schemes	1569.61		1266.19	
Taxation	1.52		2.71	
Pollution Control & Peripheral Development	121.56		112.92	
Exchange Fluctuation	17.20		16.43	
Proposed dividend	495.65		702.17	
Tax on Proposed dividend	80.43		116.62	
Voluntary Retirement Scheme	2.58		10.53	
Wage Revision	878.07		1243.22	
Mines Afforestation/ restoration / closure etc.	517.31		625.49	
Others	121.13		64.90	
	5882.10		6230.15	



## 2.1 : SALES

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Domestic	46028.30	43120.42
Exports	980.54	783.14
Export Incentives	31.66	31.14
	<u>47040.50</u>	<u>43934.70</u>

## 2.2 : INTEREST EARNED

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Customers	68.44	59.09
Employees	28.97	20.81
Term Deposits	1261.39	1772.12
Others	22.37	8.96
	<u>1381.17</u>	<u>1860.98</u>

## 2.3 : OTHER REVENUES

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
<b>(a) Income from Operations</b>		
Social amenities-recoveries	192.27	164.24
Sale of empties etc.	70.87	68.25
Liquidated damages	21.81	26.20
Service charges (Gross) *	32.20	36.62
Grant-in-aid	0.00	0.39
Foreign Exchange Fluctuation (net)	125.43	199.03
Sundries*	271.50	261.10
* Tax deducted at source ₹0.20 crore (₹0.27 crore)		
Sub Total (a)	<u>714.08</u>	<u>755.83</u>
<b>(b) Other Income</b>		
Subsidy, relief and concession	12.68	19.57
Dividend from Subsidiaries	9.52	8.33
Dividend from other investments	17.39	7.26
Profit on sale of fixed assets (net)	19.88	29.91
Sub Total (b)	<u>59.47</u>	<u>65.07</u>
Total (a+b)	<u>773.55</u>	<u>820.90</u>

## 2.4 : PROVISIONS NO LONGER REQUIRED WRITTEN BACK

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Loans & advances	2.67	22.63
Sundry debtors	8.18	22.51
Stores & spares	7.50	14.71
Others	26.89	26.50
	<u>45.24</u>	<u>86.35</u>

## Schedules

(Forming part of the Profit & Loss Account)

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

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Opening stock	4660.39	5817.84
Less : Closing stock	6132.08	4660.39
Accretion(-)/Depletion to stock (a)	-1471.69	1157.45
Less : Excise Duty on accretion to stock (b)	-119.02	-3.56
Net Accretion(-)/Depletion to stock (a-b)	-1352.67	1161.01

### 2.6 : RAW MATERIALS CONSUMED

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Quantity Tonnes	Value ₹/crore	Quantity Tonnes	Value ₹/crore
Iron ore	23069987	2337.79	23242283	1844.36
Coal	13937602	15359.98	13603036	11951.15
Coke	225536	525.02	79392	186.80
Limestone	3215608	666.70	3061347	573.70
Dolomite	3089311	325.16	2949326	278.28
Ferro Manganese	73819	533.34	73317	457.48
Ferro Silicon	25233	171.39	22075	124.48
Silico Manganese	125553	700.45	122574	565.70
Hot Rolled Stainless Steel Coils	16913	92.36	4367	26.68
Intermediary Products	57	0.37	71559	246.92
Zinc	6749	75.51	8241	70.85
Aluminum	16795	197.99	16199	162.44
Others		1090.34		851.34
		<u>22076.40</u>		<u>17340.18</u>

### 2.7 : EMPLOYEES' REMUNERATION & BENEFITS

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Salaries & wages	6167.37	3432.58
Company's contribution to provident fund	505.71	512.27
Travel concession	58.57	44.22
Welfare expenses	670.68	563.94
Gratuity	221.26	863.99
	<u>7623.59</u>	<u>5417.00</u>
Less : Grants in Aid received from Government of Karnataka	0.26	0.19
	<u>7623.33</u>	<u>5416.81</u>
<b>Note:</b>		
<b>Expenditure on Employees' Remuneration and Benefits not included above and charged to:</b>		
a) Expenditure during Construction	126.21	107.04
b) Net expenditure on Social Amenities charged to various primary revenue heads	296.94	340.88
	<u>423.15</u>	<u>447.92</u>

## 2.8 : POWER & FUEL

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Purchased power	2460.24	2446.25
Duty on own generation	22.03	15.32
Boiler Coal/Middlings	211.35	162.14
Furnace Oil/Steam etc.	903.42	745.64
	<u>3597.04</u>	<u>3369.35</u>
<b>Note :</b> Expenditure on Power & Fuel not included above & charged to:		
- Expenditure during Construction	76.82	36.40

## 2.9 : REPAIRS & MAINTENANCE

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Buildings	127.50	108.61
Plant & Machinery	398.58	321.68
Others	143.96	139.45
	<u>670.04</u>	<u>569.74</u>
<b>Note:</b> Expenditure on Repairs & Maintenance not included above and charged to:		
<b>a) Employees' Remuneration &amp; Benefits</b>		
Buildings	77.44	73.31
Plant & Machinery	1096.26	961.75
Others	122.98	93.42
	<u>1296.68</u>	<u>1128.48</u>
<b>b) Stores &amp; Spares</b>		
Buildings	17.82	22.30
Plant & Machinery	1075.00	1153.75
Others	52.10	51.81
	<u>1144.92</u>	<u>1227.86</u>
<b>c) Expenditure during Construction</b>	<u>0.65</u>	<u>0.97</u>
Total (a+b+c)	<u>2442.25</u>	<u>2357.31</u>

# Schedules

(Forming part of the Profit & Loss Account)



## 2.10 : OTHER EXPENSES

	Year ended 31st March, 2011		Year ended 31st March, 2010	
			(₹ in crore)	
Handling expenses				
- Raw Material	244.51		199.80	
- Scrap recovery	<u>143.35</u>	387.86	<u>113.98</u>	313.78
Royalty and cess		580.44		261.01
Conversion charges		330.98		287.66
Excise Duty on inter-plant transfer / internal consumption		181.14		76.94
Demurrage & Wharfage		51.79		65.59
Water charges & Cess on water pollution		63.39		44.55
Insurance		7.14		4.74
Postage, Telegram & Telephone		17.39		22.57
Printing & Stationery		10.76		11.37
Rates & Taxes		46.94		33.30
Rent		17.67		19.50
Security expenses		226.44		236.87
Travelling expenses		185.99		179.08
Training expenses		17.71		16.19
Directors' Fees		0.22		0.19
Remuneration to Auditors				
- Audit fees	1.21		1.05	
- Tax Audit fees	0.38		0.40	
- Out of pocket expenses	0.68		0.87	
- In other capacities	<u>1.95</u>	4.22	<u>0.92</u>	3.24
Cost Audit Fees		0.12		0.02
Provisions				
- Doubtful debts, loans and advances	16.87		25.65	
- Stores , Spares and Sundries	<u>31.96</u>	48.83	<u>45.42</u>	71.07
Write-offs				
- Deferred Revenue Expenditure	0.00		0.00	
- Miscellaneous	<u>1.12</u>	1.12	<u>10.33</u>	10.33
Voluntary Retirement Compensation		0.00		0.05
Handling expenses - Finished goods		85.98		80.00
Cash Discount (net)		40.69		39.23
Commission to selling agents		6.92		6.70
Export sales expenses		14.26		12.13
Miscellaneous		535.80		531.12
		<u>2863.80</u>		<u>2327.23</u>



## 2.11 : INTEREST & FINANCE CHARGES

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Foreign Currency Loans	69.48	64.45
Non Convertible Bonds	92.81	129.29
Bank Borrowings - working capital	101.59	7.17
Steel Development Fund Loans	5.41	5.93
Others	196.07	181.38
Finance Charges	9.59	13.79
	<u>474.95</u>	<u>402.01</u>
<b>Note:</b>		
<b>Expenditure on Interest &amp; Finance charges not included above &amp; charged to:</b>		
<b>Expenditure During Construction</b>		
Foreign Currency Loans	0.76	0.00
Non Convertible Bonds	509.97	262.95
Steel Development Fund Loans - Interest	2.77	2.24
Others	82.05	62.34
Finance Charges	12.51	0.00
	<u>608.06</u>	<u>327.53</u>

## 2.12 : INTER ACCOUNT ADJUSTMENTS

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Raw materials	1828.49	1305.61
Departmentally manufactured stores	914.67	589.67
Services transferred to capital works	119.82	63.23
Finished products internally consumed	744.59	589.42
Power and Fuel	9.40	5.05
Others(Net)	12.96	0.29
	<u>3629.93</u>	<u>2553.27</u>

## 2.13 : ADJUSTMENTS PERTAINING TO EARLIER YEARS

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Sales	3.90	0.14
Other revenues	0.15	-0.90
Raw materials consumed	0.19	-0.34
Stores & spares consumed	0.00	-0.25
Employee Remuneration and Benefits	0.00	-14.98
Repair & Maintenance	0.00	-16.44
Excise duty	-7.05	-0.99
Other expenses	-101.19	13.79
Depreciation	-2.37	-3.25
Interest	2.67	0.00
Net Debit	<u>-103.70</u>	<u>-23.22</u>
(-) indicate credit		

## SCHEDULE 3 : NOTES TO 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 Lease hold land is amortised over the period of lease.

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/units. In case of identified obsolete/ surplus/ non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

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

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials - Moving weighted average cost

Stores & spares - Moving weighted average cost

Materials in-transit - at cost

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

## 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.

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

## 1.11 Employees' Benefits

Contributions towards Provident Funds are charged to the Profit and Loss Account of the period when the contributions to the Funds are due. The provisions/liabilities towards gratuity, accrued leave, long term service awards, post-retirement medical and settlement benefits, future payments to the disabled employees/legal heirs of deceased employees under the Employees' Family Benefit Scheme, are made based on the actuarial valuation as at the end of the year and charged to the 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 ₹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 Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

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

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

The iron ore fines not readily 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.

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## 1.16 Overburden Removal

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

## 2. CONTINGENT LIABILITIES

	As at 31st March, 2011	As at 31st March, 2010 (₹ in crore)
(i) Claims against the Company pending appellate/judicial decisions :		
a) Excise Duty	1947.97	1822.71
b) Sales Tax on inter-state stock transfers from plants to stockyards*.	836.31	867.44
c) Other sales tax matters	282.73	207.02
d) Income Tax	256.56	134.99
e) Other duties, cess and levies	428.19	375.93
f) Civil matters **	266.77	252.31
g) Miscellaneous **	300.01	282.06
* No liability is expected to arise, as sales tax has been paid on eventual sales.		
** includes claims of ₹22.54 crore (₹25.70 crore), against which there are counter-claims of ₹17.24 crore (₹28.90 crore).		
(ii) Other claims against the Company not acknowledged as debt:		
a) Sales Tax	10.52	0.86
b) Duties, cess and levies	14.73	13.05
c) Civil Matters	14.58	20.53
d) Miscellaneous \$	525.67	725.08 \$\$
\$ includes claims of ₹73.16 crore (₹62.24 crore), against which there are counter-claims of ₹ 62.42 crore (₹49.62 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	147.85	26.94
(iv) Guarantees/Counter-guarantees of ₹28.85 crore (₹28.85 crore) given to banks on behalf of a subsidiary company. As at the end of the year, the guarantees utilised to the extent of	0.37	0.37
(v) Bills drawn on customers and discounted with banks.	10.53	17.29
(vi) Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	—	—
\$\$ The Provisional Duty Assessment Bonds against concessional duty for project imports of ₹250.64 crore, submitted to the Customs Authorities, were included as at 31st March, 2010 erroneously. After review during the year ended 31st March, 2011, the same have been excluded from contingent liabilities considering the possibility of outflow of funds as remote.		

## 3. FIXED ASSETS

### 3.1 Land:

- Includes 62101.12 acres (62094.00 acres) owned / possessed / taken on lease by the Company, in respect of which title/ lease deeds are pending for registration.
- Includes 1845.71 acres (1845.71 acres) in respect of which title is under dispute.
- 10615.66 acres (10615.66 acres) transferred/agreed to be transferred or made available for settlement to various Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- 6204.60 acres (6190.37 acres) given on lease to various agencies/employees/ex-employees.

**3.2** Buildings include net block of ₹24.11 crore (₹24.06 crore) for which conveyance deed is yet to be registered in the name of the Company.

**3.3** Foreign exchange variations aggregating to ₹1.46 crore (net credit) [₹ 61.63 crore (net credit)] 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) - ₹25477.01 crore (₹23822.80 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 ₹161.74 crore (₹152.16 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, 2011 are as under:

Sl. No.	Description	As at 31st March' 2011	As at 31st March' 2010
1.	The principal amount remaining unpaid to supplier as at the end of the accounting year	24.80	15.27
2.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	-	-
3.	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.	The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
		<b>For the year ended</b>	
		<b>31st March 2011</b>	<b>31st March 2010</b>
5.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
6.	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.	-	-

- 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 41.23 (41.22) 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.
- 4.5 i) An amount of ₹ 51.34 crore has been given to Chhattisgarh State Power Transmission Company Limited out of total amount of ₹ 51.34 crore payable as per demand letter No. CE/Trans./PL-HTC-31/0461 and 0462 dated 04th May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Loans & Advances - Deposits". The transmission lines will not be owned by the Company. The MOU has been signed on 12th May, 2011.
- ii) An amount of ₹ 132.49 crore has been given to Railways, out of total amount of ₹ 844.23 crore payable as per MOU dated 11th December, 2007 and revised estimate by M/s. RVNL dated 17th July, 2009, for construction of railway line for movement of ore from upcoming Rowghat mines. The amount has been reflected as "Loans & Advances - Deposits". As per agreement, Railways will pay at the end of every year to the Company cash at the rate of 7% per annum for 37 years on total contribution towards redemption of Company's contribution, commencing from the 1st year after commissioning of the Phase - I of the project, subject to fulfilment of certain conditions. The underlying assets will not be owned by the Company.
- 4.6 In respect of services provided by Central Industrial Security Force, an agency of Government of India, the issue of payment of service tax on the services for the period 1st May, 2006 to 31st March, 2009 is under examination by Ministry of Finance, Government of India. No contingent liability thereof has been disclosed for the period as there is no impact on profitability due to availability of CENVAT credit of the same amount.

## 5. PROFIT & LOSS ACCOUNT

- 5.1 Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2011: ₹ 3466.59 crore (Previous year: ₹ 3320.53 crore) and upto 31st March, 2011: ₹ 11272.27 crore (Previous year: ₹ 7970.77 crore).
- 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 ₹ 127.06 crore (Previous year - ₹ 102.94 crore) and ₹ 5.08 crore (Previous year - ₹ 4.32 crore) respectively. The

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

(₹ in crore)

Head of Account	For the year ended	
	31st March, 2011	31st March, 2010
Employees Remuneration & Benefits	93.35	71.21
Stores & Spares Consumed	4.74	2.71
Power & Fuel	1.57	1.40
Repairs & Maintenance	1.81	2.09
Other expenses & provisions	21.81	21.65
Interest & finance charges	0.34	0.47
Depreciation	3.60	3.59
Sub-total	127.22	103.12
Less : Transferred to Inter Account Adjustments	0.16	0.18
Total	127.06	102.94

- 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, 2011, 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, 2011 for IISCO Steel Plant, Alloy Steels Plant and Visvesvaraya Iron & Steel Plant, is more than the carrying amount.
- 5.5 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, 2011 in the form of VER (Voluntary Emission Reduction) has not been considered in the accounts.
- 5.6 Other revenues for the year ended 31st March, 2011 includes ₹ 124.36 crore, being the write back of liability/excess payment in respect of disputed electricity dues of Damodar Valley Corporation (DVC) from 1st April, 2009 to 31st March, 2010, arising out of order of the Appellate Tribunal of Electricity in favour of the Company. However, the appeal filed by DVC in the matter for the period from 1st April 2006 to 31st March 2009 is pending before the Hon'ble Supreme Court.
- 5.7 Arising out of implementation of revised salaries & wages, 'Employees' Remuneration & Benefits' charged to the Profit & Loss account for the previous year ended 31st March, 2010 are net off of excess provision for wage revision, amounting to ₹ 1572.14 crore for the period 1st January, 2007 to 31st March, 2009.
- 5.8 Provision for pension under superannuation benefits has been made for executives as per DPE guidelines and approval of Board. As the issue remains to be discussed at later date for non-executives and as on date is undecided and there exists no liability, no provision has been made.
- 5.9 Against the budgeted amount of ₹94.00 crore approved by the Board towards expenditure on Corporate Social Responsibility activities during the year 2010-11, the Company incurred ₹68.27 crore on the same and the balance budgeted amount of ₹25.73 crore will be spent in due course. Since the company does not have any contractual obligation/liability as on 31st March 2011, the unspent amount has not been provided for in the accounts and would be accounted for as and when spent/incurred.
- 5.10 Information on leases as per Accounting Standard 19 on 'Leases':
- The Company has granted long term lease of properties to the employees, ex-employees for varying periods, renewable for maximum of two like/unlike periods as per provisions contained in the respective lease agreements. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.
  - In respect of assets taken on lease/rent :
    - The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Profit and Loss Account during the year is ₹14.66 crore (₹16.31 crore).
    - Sub -lease recoveries recognised in the accounts are ₹0.02 crore (₹0.03 crore).

## 6. GENERAL

### 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 ₹10 lakhs for executives and without any monetary limit for non-executives has been considered for actuarial valuation for executives.

<b>Leave Encashment</b>	: 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.
<b>Provident Fund</b>	: 12% of Basic Pay Plus Dearness Allowance, contributed to the Provident Fund Trusts by the company.
<b>Post Retirement Medical Benefits</b>	: Available to retired employees at company's hospitals and/or under the health insurance policy.
<b>Post Retirement Settlement Benefits</b>	: Payable to retiring employees for settlement at their home town.
<b>Employees' Family Benefit Scheme</b>	: Monthly payments to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation.
<b>Long Term Service Award</b>	: 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 :**

(₹ 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.	4126.66 (3490.53)	1979.66 (1610.19)	870.90 (679.83)	107.70 (110.85)	30.54 (28.71)	257.03 (230.10)
ii)	Service Cost	161.73 (132.86)	89.83 (76.19)	12.25 (26.08)	5.95 (7.25)	1.89 (2.78)	0.00 (0.00)
iii)	Interest Cost	313.29 (245.46)	147.87 (114.59)	67.38 (50.28)	8.54 (7.92)	2.41 (2.07)	18.46 (15.64)
iv)	Actuarial gains(-) / losses(+)	97.67 (779.81)	139.71 (469.89)	291.55 (154.18)	-8.36 (-9.80)	-3.99 (-0.36)	39.20 (59.68)
v)	Past service cost	0.00 (-1.48)	0.00 (-4.89)	0.00 (0.00)	0.00 (-0.43)	0.00 (0.00)	0.00 (0.00)
vi)	Benefits paid	582.88 (523.48)	352.34 (296.04)	68.96 (39.47)	7.60 (8.92)	2.59 (2.69)	52.66 (48.37)
vii)	Present value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	4116.47 (4126.66)	2004.73 (1979.71)	1173.12 (870.90)	106.23 (107.73)	28.26 (30.51)	262.03 (257.05)

**(b) Reconciliation of fair value of assets and obligations**

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

(₹ in crore)

Sl. No.	Particulars	2010-11	2009-10
i)	Fair Value of plan assets as at the beginning of the year	4037.44	2904.95
ii)	Acquisition adjustment	0.00	0.00
iii)	Expected return on plan assets	308.97	245.07
iv)	Actual Company's contribution	232.16	1363.42
v)	Actuarial gain/(loss)	48.47	47.44
vi)	Benefits payments	582.88	523.48
vii)	Fair value of plan assets as at the end of the year	4044.16	4037.40
viii)	Present value of defined benefit obligation [6.1.2 (a)(vii)]	4116.47	4126.66
ix)	Net liability recognised in the Balance sheet (viii)-(vii) *	72.31	89.26

\* The company does not expect to contribute any amount to the Gratuity Fund during the year 2011-12, 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 :**

(₹ 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	161.73 (132.86)	89.83 (76.19)	12.25 (26.08)	5.95 (7.25)	1.89 (2.33)	0.00 (0.00)
ii)	Interest Cost	313.29 (245.46)	147.87 (114.59)	67.38 (50.28)	8.54 (7.92)	2.41 (2.07)	18.46 (15.64)
iii)	Actuarial gains (-)/losses	49.20 (732.37)	139.71 (469.91)	291.55 (150.75)	-8.36 (-9.80)	-3.99 (-0.31)	39.20 (59.68)
iv)	Past service cost	0.00 (-1.48)	0.00 (-4.89)	0.00 (0.00)	0.00 (-0.43)	0.00 (0.00)	0.00 (0.00)
v)	Expected return on plan assets	308.97 (245.07)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
vi)	Total (i+ii+iii-iv-v)	215.25 (867.10)	377.41 (665.58)	371.18 (227.11)	6.13 (5.80)	0.31 (4.09)	57.66 (75.32)
vii)	Employees' Remuneration and Benefits :						
a)	Charged to Profit & Loss Account (Schedule 2.7)	214.30 (863.71)	374.07 (665.95)	371.25 (227.06)	0.00 0.00	0.31 (4.09)	57.66 (75.32)
b)	Charged to Expenditure during construction (schedule 1.6.1)	0.95 (3.39)	3.34 (8.63)	-0.07 (0.05)	0.00 (-0.01)	- (-)	- (-)
c)	Charged to Profit & Loss Account (schedule 2.10)				6.13 (5.81)		
viii)	Actual return on plan assets	357.46 (292.49)					

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

(₹ in crore)

Sl. No.	Particulars	One percentage point increase in medical inflation rate	One percentage point decrease in medical inflation rate
i)	Increase/(decrease) on aggregate service and interest cost of post retirement medical benefits	22.91	(19.43)
ii)	Increase/(decrease) on present value of defined benefit obligations as at 31st March, 2011	72.25	(62.64)

(f) **Actuarial assumptions**

Sl.No.	Description	As at 31 <sup>st</sup> March, 2011	As at 1 <sup>st</sup> April, 2010
i)	Discount rate (per annum)	8.25%	8%
ii)	Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
iii)	Withdrawal rates (per annum)	Executives & Non-executives- 0.10% to 0.50% depending upon the age	Executives & Non-executives- 0.10% to 0.50% depending upon the age
iv)	Medical cost trend rates (per annum)	5% for hospital cost and Nil for Medi-claim premium.	5% for hospital cost and Nil for Medi-claim premium.
v)	Estimated rate of return on plan assets	8%	8%
vi)	Salary Escalation	Executives-7% p.a. Non-executives-6% p.a.	Non -executives- 7% p.a. Non -executives- 6% p.a.
		The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors	



## 6.2 Segment Reporting

- 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.
- 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, excluding Government controlled enterprises, are given below:

A.	
Nature of Relationship	Name of the related party
Joint Ventures	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 (upto 31st May, 2010) Shri C.S.Verma (w.e.f.11th June, 2010) Shri V.K. Srivastava (upto 31st July 2010) Shri Soiles Bhattacharya Shri S.S. Ahmed (upto 31st October 2010) Shri V.K. Gulhati (upto 31st August 2010) Shri Shuman Mukherjee (w.e.f. 23rd December 2010) Shri S.P. Rao (upto 30th June 2010) Shri S.N. Singh Shri P.K. Bajaj Shri B.B. Singh (w.e.f. 9th April 2010) Shri V.K. Arora (w.e.f. 23rd June 2010) Shri S.S. Mohanty (w.e.f. 1st August 2010) Shri Ashok Kumar (from 1st April 2010 to 30th April 2010) Shri S.P. Patnaik (upto 31st July 2010) Shri A.S. Mathur Shri S.R. Subhedar Shri K.K. Singhal (from 1st April 2010 to 30th April 2010) Shri V.G. Shankar Shri P.C. Tibrewal Shri H.K. Jain Shri S. Hanumantha Rao Shri Pankaj Gautam Shri S. Chandrasekaran Shri Ranen Nag (w.e.f. 1st May 2010) Shri N.K. Jha (w.e.f. 6th July 2010) Shri M.N. Rai (w.e.f. 1st March 2011) Shri M.R. Panda (w.e.f. 1st August 2010)

## B. Details of transactions between the Company and the related parties for the year

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Schedule No. and account head
i)	Purchase of Investment	6.28 (15.83)	- ( - )	6.28 (15.83)	1.7 : Investments - Long Term
ii)	Advance for purchase of shares	- ( 4.08 )	- ( - )	- ( 4.08 )	1.12 : Loans & Advances - Others
iii)	Other Loans and Advances	- ( - )	0.03 ( 0.03 )	0.03 ( 0.03 )	
iv)	Services rendered	0.95 ( 1.34 )	- ( - )	0.95 ( 1.34 )	2.3 : Other Revenues
v)	Other Income	- ( 30.00 )	- ( - )	- ( 30.00 )	
vi)	Rental Income	0.07 ( 0.08 )	- ( - )	0.07 ( 0.08 )	
vii)	Sale of Goods	13.48 ( 27.22 )	- ( - )	13.48 ( 27.22 )	2.1 : Sales
viii)	Services received	28.51 ( 21.94 )	- ( - )	28.51 ( 21.94 )	2.10:Other Expenses
		0.78 ( - )	- ( - )	0.78 ( - )	1.6 : Capital WIP
ix)	Managerial Remuneration	- ( - )	7.34 ( 4.79 )	7.34 ( 4.79 )	2.7 Employees' Remuneration and Benefits

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

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Schedule No. and Account Head
i)	Investments	83.06 (76.78)	1.7 : Investments - Long Term
ii)	Provision for investments	3.44 (3.44)	
iii)	Other Loans and Advances	1.41 (1.42)	1.12 : Loans & Advances - Others
iv)	Provision for Loans and Advances	1.39 (1.39)	
v)	Advance for purchase of shares	- ( 4.08 )	
vi)	Sundry Debtors	1.00 ( 0.06 )	1.9 : Sundry Debtors
vii)	Sundry Creditors	4.85 ( 6.28 )	1.13 : Current Liabilities
viii)	Security Deposit	0.38 ( 0.38 )	

## D. Disclosure of Material Transactions with Related Parties

(₹ in crore)

	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010	Schedule No. and account head
<b>Investment</b>			
Bhilai Jaypee Cement Limited	-	6.10	1.7 : Investments at Cost - Long Term
Bokaro Jaypee Cement Limited	4.08	9.33	
S& T Mining Co. Pvt. Limited	2.20	0.40	
<b>Advance for purchase of Shares</b>			
Bokaro Jaypee Cement Limited	-	4.08	1.12 : Loans & Advances
<b>Sale of Goods</b>			
Bhilai Jaypee Cement Limited	7.85	8.75	2.1 : Sales
Bokaro Jaypee Cement Limited	5.62	18.47	
<b>Services Rendered</b>			
Bhilai Jaypee Cement Limited	0.95	1.34	2.3 : Other Revenues
Bokaro Jaypee Cement Limited	0.07	0.08	
<b>Premium Received</b>			
Bokaro Jaypee Cement Limited	-	30.00	
<b>Auction Services</b>			
Mjunction Services Limited	27.62	21.13	2.10 : Other Expenses
<b>Conversion Charges</b>			
SAIL-Bansal Services Centre Ltd.	1.67	0.81	

- 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:

(₹ in crore)

	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	2519.47	2446.81
Total	2519.47	2446.81
<b>Deferred tax assets</b>		
Retirement Benefits	21.48	27.82
Others	1006.92	1004.07
Total	1028.40	1031.89
<b>Net Deferred tax liability</b>	1491.07	1414.92

- 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:

(₹ in crore)

Sl. No.	Name of the Joint Venture Company	% of Company's ownership interest	Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
1.	NTPC SAIL Power Company Pvt. Ltd. (*)	50	1687.08	1084.84	720.49	577.97	81.25	96.33
2.	Bokaro Power Supply Co. Pvt. Ltd. (**)	50	586.17	306.77	318.83	289.20	-	-
3.	Mjunction Services Limited (**)	50	104.34	40.54	52.92	25.98	-	-
4.	SAIL Bansal Service Centre Limited (@@)	40	9.36	8.39	15.78	15.73	-	-
5.	Romelt SAIL (India) Limited (\$)	15	-	-	-	-	-	-
6.	UEC SAIL Information Technology Limited (\$)	40	-	-	-	-	-	-
7.	North Bengal Dolomite Limited (@@)	50	0.20	0.22	-	0.01	-	-
8.	N.E Steel & Galvanising Pvt. Limited (\$)	49	-	-	-	-	-	-
9.	Bhilai Jaypee Cement Limited (@)	26	246.08	157.00	14.61	15.88	-	-
10.	Bokaro Jaypee Cement Limited (@)	26	36.56	20.75	-	-	-	56.39

## Schedules

11.	S & T Mining Co. Pvt. Limited (*)	50	1.81	0.52	0.03	1.19	-	0.04
12.	International Coal Ventures Private Limited (@@)28.57		0.45	0.36	-	0.09	-	-
13.	SAIL-MOIL Ferro Alloys Private Limited(**)	50	7.11	7.02	-	-	-	-
14.	SAIL SCI Shipping Pvt. Limited (**)	50	0.10	0.12		0.02		
15.	Steel complex Limited (**)	43.8	6.35	9.23	14.02	17.31	0.41	3.67
16.	SAIL RITES Bengal Industry Private Limited (\$\$)	50	-	-	-	-	-	-

\* Based on audited Accounts for the year 2010-11

\*\* Based on unaudited Accounts for the year 2010-11

@ Based on audited Accounts for the year 2009-10

@@ Based on unaudited Accounts for the year 2009-10

\$\$ Information not available

\$ Operation under suspension

### 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.

(₹ in crore)				
Movement of provisions	Mines afforestation costs	Mines closure costs	Overburden removal costs*	Total
Balance as at 1st April, 2010	414.96	78.69	131.84	625.60
Additions during the year	46.29	10.47	27.14	83.90
Amounts utilised during the year	69.48	-	8.49	77.97
Unused amount reversed during the year	11.16	9.29	93.66*	114.11
Balance as at 31st March, 2011	380.61	79.87	56.83	517.31

\* provision pertaining to earlier years written back during the year on account of change in the basis of calculation.

### 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:

(₹ in crore)		
Name of the subsidiary Company	Loans and advances in the nature of loans outstanding as at the end of the year	Maximum amount of loans and advances in the nature of loans outstanding during the year
IISCO Ujjain Pipe and Foundry Co. Limited (under liquidation)	2.54* (9.67)*	9.67 (9.67)

\* Out of outstanding amount, ₹2.54 crore (9.67 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)		
<b>Main Steel Plants</b>		
Pig Iron	2397000 (2397000)	260829 (319027)
Crude Steel (i)	12487000 (12487000)	13453059 (13198558)
Saleable Steel	10740000 (10740000)	12324973 (12127650)



## Alloy Steels Plants

Pig Iron	58000	2341
	(58000)	(3587)
Crude Steel	352000	308733
	(352000)	(307712)
Saleable Steel	457000	550238
	(457000)	(504198)

**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 : ₹ in crore)								
<b>OWN PRODUCTS</b>								
<b>Main Steel Plants</b>								
Pig Iron	72528	114.43	-	-	154488	353.26	108808	205.63
	(52377)	(88.10)	(-)	(-)	(205046)	(406.34)	(72528)	(114.43)
Steel Ingots	96944	206.97	-	-	0	0.00	174304	420.71
	(86122)	(161.92)	(-)	(-)	(2978)	(7.68)	(96944)	(206.97)
Saleable steel	778467	2065.66	-	-	11338637	42424.58	979064	2986.96
	(1041025)	(3019.51)	(-)	(-)	(11695289)	(39577.26)	(778467)	(2065.66)
In process material	273543	668.73	-	-	-	-	211761	577.65
	(269188)	(663.05)	(-)	(-)	(-)	(-)	(273543)	(668.73)
<b>ALLOY STEELS PLANTS</b>								
Pig Iron	8185	21.58	-	-	1477	4.04	8357	22.58
	(4564)	(9.63)	(-)	(-)	(0)	(0.00)	(8185)	(21.58)
Steel Ingots	12360	50.71	-	-	0	0.00	22713	98.59
	(14839)	(51.84)	(-)	(-)	(0)	(0.00)	(12360)	(50.71)
Saleable steel	83614	631.21	-	-	385429	2435.54	120287	812.45
	(110773)	(748.58)	(-)	(-)	(412333)	(2249.11)	(83614)	(631.21)
In process material	44113	315.60	-	-	-	-	33394	205.93
	(26767)	(240.00)	(-)	(-)	(-)	(-)	(44113)	(315.60)
<b>SUNDRIES</b>								
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)
<b>SUNDRIES</b>								
Middlings/Rejects	506308	8.85	-	-	139345	26.68	583914	12.85
	(398956)	(8.90)	(-)	(-)	(181980)	(22.34)	(506308)	(8.85)
Others (By-products etc.)		576.65		2.04		1794.03		788.73
		(826.31)		(1.95)		(1670.93)		(576.65)
<b>TRADING ACTIVITIES</b>								
Saleable Steel	0	0.00	1106	2.18	1106	2.37	0	0.00
	(0)	(0.00)	(492)	(0.84)	(492)	(1.04)	(0)	(0.00)
		4660.39		4.22		47040.50		6132.08
		(5817.84)		(2.79)		(43934.70)		(4660.39)

**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	72528 (52377)	8185 (4564)	778467 (1041025)	83614 (110773)
Production	260829 (319027)	2341 (3587)	12324973 (12127650)	550238 (504198)
Total	333357 (371404)	10526 (8151)	13103440 (13168675)	633852 (614971)
Sales	154488 (205046)	1477 (0)	11338637 (11695289)	385429 (412333)
Inter Plant Transfers	25771 (24307)	0 (0)	518948 (469066)	127604 (110403)
Internal Consumption (incl. for capital works)	40938 (76440)	631 (0)	108819 (87151)	1226 (773)
Assorted length/Cuttings/Ingots etc.	388 (0)	0 (0)	83147 (77343)	3223 (4654)
Conversion Loss	0.00 (0)	0.00 (0)	37341 (15923)	38.00 (111)
Depletion/Accretion (-) in In-process stock (including of inter plant transfers)	-701 (-977)	0 (0)	2165 (12057)	-4419 (2703)
Shortages/excesses(-) due to sectional weight variation transportation, handling etc.	3665 (-5940)	61 (-34)	35319 (33379)	464 (380)
Closing Stock	108808 (72528)	8357 (8185)	979064 (778467)	120287 (83614)
Total	333357 (371404)	10526 (8151)	13103440 (13168675)	633852 (614971)

Opening and closing stock of Saleable steel pertain to finished products.

	Current Year	Previous Year		
		(₹ in crore)		
<b>8. Expenditure incurred in foreign currency (on cash basis) on account of</b>				
Know-how	90.49	46.82		
Interest	3.64	4.29		
Training expenses & payments to Foreign Technicians	30.40	13.00		
Others	5.27	16.70		
Total	129.80	80.81		
<b>9. Earnings in foreign exchange (on cash basis) on account of</b>				
Export of goods(Calculated on FOB basis)	980.46	783.00		
Royalty,Know how, professional and consultation fees	0.00	0.00		
	980.46	783.00		
<b>10. Value of imports (Calculated on CIF basis)</b>				
Raw materials	12731.48	10263.31		
Capital goods	2352.02	3389.33		
Stores,Spares and Components	457.05	408.57		
Total	15540.55	14061.21		
<b>11. Value of raw materials consumed</b>				
	₹/crore	%	₹/crore	%
Imported	13688.84	62.01	10625.49	61.28
Indigenous	8387.56	37.99	6714.69	38.72
	22076.40	100.00	17340.18	100.00
<b>12. Value of stores/spares &amp; components consumed</b>				
Imported	343.69	10.30	359.68	11.36
Indigenous	2993.51	89.70	2805.43	88.64
	3337.20	100.00	3165.11	100.00
<b>13. Remittance in foreign currencies for dividends:</b>				
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 2008-09 and interim dividend for the year 2009-10 on account of non-resident shareholders are as under:				
	Current Year	Previous Year		
Final Dividend (2009-10)				
a) Number of non-resident shareholders	3593	2982		
b) Number of ordinary shares held by them	185000273	170321360		
c) Amount of Dividend (₹*crore)	31.45	22.14		
Interim Dividend (2010-11)				
a) Number of non-resident shareholders	3797	2845		
b) Number of ordinary shares held by them	179164831	182205998		
c) Amount of Dividend (₹*crore)	21.50	29.15		
<b>14. Particulars of Directors' Remuneration*</b>				
Salaries	2.73	2.01		
Company's contribution to provident fund & other funds	0.10	0.21		
Leave Travel Concession	0.04	0.04		
Medical benefits	0.04	0.03		
Provision for gratuity / accrued Leave	0.11	0.31		
Sitting Fees to independent directors	0.22	0.18		
Estimated value of perquisites	0.33	0.26		
(Excluding facilities provided in Company's hospitals the value of which is not readily ascertainable).				
Total	3.57	3.04		
* Excluding provision for wage revision				
<b>15. Figures in brackets pertain to previous year. Previous years' figures have been re-arranged / re-grouped / re cast, wherever necessary.</b>				

## 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 ₹ Lakhs)

Public Issue  Rights Issue

Bonus Issue  Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in ₹ Lakhs)

Total Liabilities  Total Assets

#### Sources 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 ₹ Lakhs)

Turnover/Other Income  Total Expenditure

Profit Before Tax  Profit After Tax

Earnings per Share in ₹  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



## Annexure - I

### Segment Information for the year ended 31st March, 2011

#### A. BUSINESS SEGMENT

(₹ in crore)

PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	Others	Inter Segment Sales	SAIL
<b>REVENUE</b>											
- External Sales											
Current year	17236.04	6232.87	7452.10	11672.70	1878.06	447.64	1544.82	467.33	108.85		47040.50
Previous year	(15874.30)	(5601.77)	(6992.24)	(11296.97)	(1833.48)	(409.47)	(1368.49)	(500.57)	(57.41)		(43934.70)
- Inter Segment Sales											
Current year	881.96	431.05	206.62	202.82	808.27	871.89	8.31	85.64	1477.90	-4974.46	0.00
Previous year	(731.74)	(315.47)	(100.45)	(253.12)	(387.10)	(806.36)	(4.85)	(56.54)	(970.74)	(-3626.37)	(0.00)
- Total Revenue											
Current year	18118.00	6663.92	7658.81	11875.52	2686.33	1319.53	1553.13	552.97	1586.75	-4974.46	47040.50
Previous year	(16606.04)	(5917.24)	(7092.69)	(11550.09)	(2220.58)	(1215.83)	(1373.34)	(557.11)	(1028.15)	(-3626.37)	(43934.70)
<b>RESULT</b>											
- Operating Profit / (-) Loss (Before Interest Expenses)											
Current year	3598.39	477.82	967.77	1336.38	39.16	-3.52	22.14	-129.07	1360.19		7669.26
Previous year	(4403.49)	(693.54)	(1443.11)	(2166.65)	(185.94)	(-22.05)	(19.16)	(-99.98)	(1744.18)		(10534.04)
- Interest Expenses											
Current year											474.95
Previous year											(402.01)
- Income Tax											
Current year											2289.57
Previous year											(3377.66)
- Net Profit / Loss ( - )											
Current year											4904.74
Previous year											(6754.37)
<b>OTHER INFORMATION</b>											
- Segment Assets											
Current year	10939.01	3210.61	9447.19	8800.05	12034.13	621.43	3379.25	709.41	26941.91		76082.99
Previous year	(8650.51)	(3325.36)	(6849.57)	(6662.67)	(8345.90)	(669.76)	(2749.47)	(647.47)	(30490.69)		(68391.40)
- Segment Liabilities											
Current year	5052.36	1448.37	2484.24	3030.12	1707.74	319.30	452.09	248.09	2614.65		17356.96
Previous year	(4592.04)	(1475.63)	(2592.82)	(3226.88)	2152.24	352.15	479.57	265.55	2011.65		17148.53
- Capital Expenditure											
Current year	1497.19	223.52	2501.46	1346.82	3503.23	17.16	664.69	7.22	422.49		10183.78
Previous year	(1522.11)	(102.39)	(1794.56)	(1353.09)	(4543.76)	(15.38)	(1010.37)	(31.79)	(775.08)		(11148.53)
- Depreciation											
Current year	307.25	314.28	332.77	295.21	49.62	13.70	42.92	14.32	115.73		1485.80
Previous year	(269.11)	(311.31)	(310.68)	(246.08)	(32.82)	(13.42)	(46.48)	(12.65)	(94.69)		1337.24
- Non Cash expenses other than Depreciation											
Current year	1992	2.37	7.04	5.17	10.41	10.21	0.14	1.31	10.26		48.83
Previous year	(6.34)	(2.80)	(8.16)	(12.72)	(18.20)	(1.01)	(0.67)	(3.07)	(18.10)		(71.07)

#### B. GEOGRAPHICAL SEGMENT

(₹ in crore)

Particulars	Current year Amount	Previous year Amount
<b>Sales Revenue</b>		
India	46059.96	43151.56
Foreign Countries	980.54	783.14
Total	47040.50	43934.70

#### 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

Expenses	Township	Education	Medical	Social & Cultural Activities	Co-operative Societies	Transport & Dairy	Total	Previous Year
(₹ in crore)								
<b>Employees' Remuneration &amp; Benefits</b>								
– Salaries & wages	175.11	110.87	257.53	9.07	4.86	21.23	578.67	434.36
– Company contribution to Provident Fund	14.92	9.14	19.81	0.72	0.39	2.61	47.59	50.82
– Travel concessions	2.74	0.63	1.64	0.12	0.00	0.49	5.62	6.37
– Welfare expenses	8.54	9.01	48.75	2.69	0.00	0.78	69.77	95.41
– Consumption of medicines	0.00	0.00	61.65	0.88	0.00	0.00	62.53	60.37
– Gratuity	16.64	9.22	12.40	0.47	0.64	1.81	41.18	58.19
Total	217.95	138.87	401.78	13.95	5.89	26.92	805.36	705.52
Stores & Spares	14.34	0.14	2.52	0.22	0.15	0.40	17.77	19.42
Repair & maintenance	98.75	0.49	6.92	0.45	0.06	0.47	107.14	127.09
Power & fuel	266.48	2.11	4.38	1.49	0.00	0.32	274.78	251.32
Miscellaneous expenses	32.36	7.81	13.88	1.33	0.25	6.24	61.87	79.40
Depreciation	21.96	0.78	4.49	0.18	0.01	0.23	27.65	27.89
Total	651.84	150.20	433.97	17.62	6.36	34.58	1294.57	1210.64
Less: Income	133.33	6.88	50.86	0.38	0.00	0.82	192.27	164.24
Net Deficit	518.51	143.32	383.11	17.24	6.36	33.76	1102.30	1046.40

## Auditors' Report

### COMMENTS

### MANAGEMENT'S REPLIES

To

The Members of Steel Authority of India Limited

We have audited the attached Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, as on 31st March 2011, 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.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the Order") issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. *Since the matter regarding provision of pension under superannuation benefits for non executives remains undecided and the amount also not ascertained, we are therefore unable to express our opinion on the same and the effect on the accounts, if any (Refer Note No. 5.8).*

5. Further to our comments in the Annexure referred to above, we report that:

- i). We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii). 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.
- iii). 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 with the audited returns from the branches.
- iv). 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.

The position has been adequately explained in Note No. 5.8 of the 'Schedule 3: Accounting policies and notes to accounts' forming part of the accounts.

## COMMENTS

## MANAGEMENT'S REPLIES

- v). 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.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our observation given in point no.4 above and read with significant accounting policies and notes on accounts appearing in 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:

- in case of Balance Sheet, of the state of affairs of the Company as on 31st March 2011;
- in case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For T.R. Chadha & Co.**  
*Chartered Accountants*

Firm Registration No.:  
006711N

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

**For Tej Raj & Pal**  
*Chartered Accountants*

Firm Registration No.:  
304124E

Sd/-  
**(B. Gangaraju)**  
*Partner*  
(M. No. 7605)

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

Firm Registration No.:  
001135N

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

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

Sd/-  
**(C. S. Verma)**  
*Chairman*

Place :New Delhi  
Dated : 24<sup>th</sup> June, 2011

Place: New Delhi  
Dated: 29<sup>th</sup> July, 2011



# Annexure to the Auditors' Report

(Referred to our Report of even date)

COMMENTS	MANAGEMENT'S REPLIES
<ol style="list-style-type: none"> <li>1. <ol style="list-style-type: none"> <li>a) The Company has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets.</li> <li>b) The fixed assets of the Company have been physically verified by the management at reasonable intervals in a phased manner so as to generally cover all the assets once in three years. As informed to us, no material discrepancies have been noticed on such verification wherever reconciliation has been carried out. In few cases of fixed assets, verified but not reconciled, the discrepancies are yet to be ascertained.</li> <li>c) In our opinion and according to the information and explanations given to us, there is no substantial disposal of fixed assets during the year.</li> </ol> </li> <li>2. <ol style="list-style-type: none"> <li>a) The inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/estimates.</li> <li>b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.</li> <li>c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.</li> </ol> </li> <li>3. According to information and explanations given to us, the Company has not granted or taken any secured or unsecured loans, to or from companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (iii)(g) of paragraph 4 are not applicable.</li> <li>4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major failures in the internal control system.</li> <li>5. <ol style="list-style-type: none"> <li>a) According to the information and explanations given to us, we are of the opinion that there are no contract or arrangement of the Company, referred to in Section 301 of the Companies Act, 1956, which requires to be entered in the register required to be maintained under that section.</li> <li>b) According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, exceeding the value of ₹5,00,000 in respect of any party.</li> </ol> </li> <li>6. The Company has not accepted any public deposits during the year. In respect of public deposits accepted in earlier years, there are no unmatured outstanding deposits.</li> <li>7. In our opinion, the Company's internal audit system is generally commensurate with the size and nature of its business.</li> <li>8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of the applicable products. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete.</li> <li>9. According to the information and explanations given to us in respect of statutory and other dues: <ol style="list-style-type: none"> <li>a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues, with appropriate authorities.</li> <li>b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2011.</li> <li>c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2011, as given herein below:</li> </ol> </li> </ol>	<p>Physical verification of fixed assets and its reconciliation with the books is a continuous process.</p>

## COMMENTS

## MANAGEMENT'S REPLIES

Statute	Nature of Dues	Amount (₹ in crore)	Forum where disputes are pending
Sales Tax	Demand by	113.81	High Courts
	Appellate	531.56	Sales Tax Tribunals
	Authorities	195.07	Sales Tax Departments
		<b>840.44</b>	
Central Excise Act, 1944	Excise duty	1016.58	Supreme Court
		17.54	High Courts
		675.61	CESTAT
		274.04	Department of Excise
		0.32	Settlement Commission
		<b>1984.09</b>	
Income Tax Act, 1961	TDS on perks	161.74	High Courts
	Income Tax	256.56	Department of Income Tax
		<b>418.30</b>	
Other Statutes	Other statutory dues (including cess)	1272.74	Supreme Court
		434.68	High Courts
		42.25	Lower Courts
		42.04	Concerned Department
		<b>1791.71</b>	
	<b>TOTAL</b>	<b>5034.54</b>	

10. There are no accumulated losses of the Company as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or bond holder.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a Nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order, are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.
15. According to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prima-facie prejudicial to the interest of the Company.
16. To the best of our knowledge and belief, and according to the information and explanations given to us, in our opinion, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained other than temporary deployment pending application.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment of the Company.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and records examined by us, charges have been created in respect of secured bonds issued.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year except for misappropriation of ₹ 1 crore by an employee of the Company. We have been informed that the amount has been subsequently recovered in May, 2011 and employee has been placed under suspension.

The matter has been reported to Central Bureau of Investigation and the investigation is going on. First Information Report also has been lodged with Police. Proceedings by the management in the case are also in progress. As the Company has recovered the entire amount in May, 2011, there is no effect on the financial results of the Company for the year.

**For T.R. Chadha & Co.**  
Chartered Accountants  
Firm Registration No.:  
006711N  
Sd/-  
**(Ajesh Tuli)**  
Partner  
(M. No. 86424)

**For Tej Raj & Pal**  
Chartered Accountants  
Firm Registration No.:  
304124E  
Sd/-  
**(B. Gangaraju)**  
Partner  
(M. No. 7605)

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

**For and on behalf of the  
Board of Directors**  
Sd/-  
**(C. S. Verma)**  
Chairman

Place : New Delhi  
Dated : 24<sup>th</sup> June, 2011

Place: New Delhi  
Dated: 29<sup>th</sup> July, 2011

### **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, 2011**

The preparation of financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31<sup>st</sup> March, 2011 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 24.06.2011.

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 31<sup>st</sup> March, 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Sd/-  
**(Manoj Sahay)**  
Principal Director of Commercial Audit

Place: Ranchi  
Dated: 26.07.2011

## Annexure-III to the Directors' Report

### A. Energy Conservation

#### (a) Measures Taken

Important energy conservation schemes implemented in SAIL during 2010-11 are listed below:

- (i) **Bhilai Steel Plant (BSP)**
  - (a) Commissioning of new Normalising Furnace at Plate Mill with in-house resources
  - (b) Replacement of BF gas burners of boiler No-3 in PP-1 with new fuel efficient burners (RDCIS) to save boiler coal
  - (c) Replacement of 2 nos. of recuperators in furnace-1 of Plate Mill
  - (d) Commissioning of online oxygen analyzer in RHF-2 of plate mill for flue gas oxygen monitoring
  - (e) Installation and commissioning of 15 nos. VVVF drives in cranes and ground equipment in R & S Mill, 2 nos. VVVF drives for soaking pit air blowers and 2 nos. in air blowers of stoves of BF-4
  - (g) Replacement of MG sets 1 to 6 and 9 to 11 with VVVF drives in Merchant Mill
  - (h) Operation of 3 cooling pumps in place of 4 pumps in pump House of Compressed Air Stations - 2
  - (i) Replacement of 2 nos. of 165 Kw motors by 2 nos. of 90 KW motors and installation of 6 Nos of magnetic couplings in place of conventional coupling at PH-39 under water management
- (ii) **Durgapur Steel Plant (DSP)**
  - a) Installation of energy efficient multi-slit burners in machine #2 of Sinter Plant - 1 & in New Sinter Plant (RDCIS)
  - b) Insulation of steam lines & other hot & cold surfaces
  - c) On-line sealing of steam & blast leakages
  - d) Modification in heat recovery system of Sinter Plant -2 to increase hot air temperature
  - e) Repair of recuperators in Section Mill to increase hot air temperature
- (iii) **Rourkela Steel Plant (RSP)**
  - (a) Introduction of mixed gas firing in MP boiler No. 2 for partial replacement of oil/coal firing has been commissioned
  - (b) New Coke Oven gas holder (100,000 m<sup>3</sup>) has been commissioned and put into continuous operation
  - (c) Three nos. of primary gas coolers (PGC 1, 2 and 3) in Coal Chemicals Department have been replaced
  - (d) Oxygen enrichment in Blast furnace 2 & 3 has been started
  - (e) Alternate steam line to Blast furnace - 4 has been commissioned for blast humidification
  - (f) Energy efficient Tonnage Oxygen Plant - 3 has been commissioned
  - (g) Air pre-heater in HP Boiler-5 of CPP-I has been replaced
  - (h) Aluminum blades of 5 nos. cooling towers in TOP-2 have been replaced with FRP blades
  - (i) Thermal insulation of 1300 sq. meter of steam line has been done against a plan of 2000 sq. Meters
  - (j) VVVF drive in TA line of SSM has been commissioned.
- (iv) **Bokaro Steel Plant (BSL)**
  - (a) Commissioning of Coke Oven Battery No-1 after rebuilding & heating
  - (b) Commissioning of ESP on Sintering M/C No-3 which replaced Battery cyclone
  - (c) Stopping both the exhausters if sinter machine is stopped more than 4 hours
  - (d) Commissioning of Blast Furnace No-2, along with Paul Wurth designed annular gap type GCP.
  - (e) Commissioning of Hoogoven type design of stoves in BF-3.
  - (f) Commissioning of CDI in BF-2 & 3
  - (g) Use of castables LC - 70 in 6 nos Soaking Pits
  - (h) Capital repair done in 06 nos ceramic recuperators in soaking pit
  - (i) Use of CBM gas for enhancement of CV in Re-heating furnaces in HSM as trial run basis.
  - (j) About 2500 meter insulation of steam line replaced along with 6nos. new steam trap
  - (k) 320 nos steam leakages liquidated.
- (v) **IISCO Steel Plant (ISP)**
  - (a) Rebuilding of coke oven battery #10
  - (b) Capital Repair of Furnace No.1 of Heavy. Str. Mill, L.S. Mill and M&R Mill
  - (c) Cleaning of GCP of No. 2 B.F

#### (b) Important energy conservation schemes under implementation in the year 2011-12 are listed below:

- (i) **Bhilai Steel Plant (BSP)**
  - (a) Waste heat recovery from sinter cooler for hot water generation at SP # 2 & SP #3 (RDCIS)
  - (b) BF-4 stove modernisation
  - (c) Modification of BF gas burners in remaining four Russian boilers of PBS to utilize surplus BF gas (RDCIS)
  - (d) Repair of Battery-9
  - (e) Commissioning of Battery-6
  - (f) After stage -2 approval LD gas Holder will be put down for replacement with New dry type gas holder
- (ii) **Durgapur Steel Plant (DSP)**
  - a) Modification of combustion system in reheating furnace #1 & #2 of Section Mill (RDCIS)
  - b) On-line sealing of steam and blast leakages
  - c) Insulation of steam line and other hot surfaces
  - d) Installation of Door cleaning facility in Battery no.1 for reducing leakages
  - e) Revamping of BOF Gas Holder for better utilisation of BOF Gas
- (iii) **Rourkela Steel Plant (RSP)**
  - a) CDI in Blast furnace - 4
  - b) Thyristorization of CTS drive in Plate Mill & that of RTS drive in Hot Strip Mill
  - c) Replacement of 2 nos. primary gas coolers in CCD
  - d) Commissioning of 2 nos. of ETPs in CCD expansion site
  - e) Mixed gas firing in MP Boiler - 1 of CPP-1
  - f) Replacement of recuperator in re-heating furnace - 6 of Hot Strip Mill
  - g) Installation of VVVF drive in HPLA pump motor in Coke Ovens
  - h) Thermal insulation of steam lines covering about 1500 sq. Meter
- (iv) **Bokaro Steel Plant (BSL)**
  - a) Rebuilding of Coke Oven battery No-2.
  - b) Up gradation of BF no-5 along with stoves,
  - c) Commissioning of separate BF Gas line to CPP
  - d) Modernization of reheating furnace no. 1
  - e) Modernization of CRM and provision of H2 Annealing
  - f) Provision of Converter Gas Holder
  - g) Replacement of metallic recuperator of Re heating Furnace No-3
  - h) Capital repair of ceramic and metallic recuperators 5 nos each in Soaking pits.
  - i) On-line ladle heating system for hot metal transfer ladle and ladle heating system in LRS - I & II. (RDCIS)
- (v) **IISCO Steel Plant (ISP)**
  - a) Introduction of BF gas in boiler - A unit
  - b) Oxygen enrichment of blast in BF #2

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

The above measures have resulted in decrease in the energy consumption in the respective areas.

#### (d) Total Energy Consumption & Energy Consumption per unit of production.

Form 'A' enclosed.

#### B. Technology Absorption

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

#### C. Foreign Exchange Earnings and outgo

	(₹ in crore)
i) Foreign exchange earned from exports and other activities	980.46
ii) Foreign exchange used:	
a) CIF Value of import	15540.55
b) Other expenditure in foreign currency	129.80

For and on behalf of Board of Directors

Place : New Delhi  
Dated : 5<sup>th</sup> August, 2011

Sd/-  
**(C.S. Verma)**  
Chairman



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

Particulars	Unit	2010-11	2009-10
<b>A. POWER &amp; FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>a) Total Power Purchased (including JV Power)</b>			
Units	Million KWH	6777	6631
Total Amount	₹ Crores	2371	2294
Average Rate per Unit	₹/ KWH	3.50	3.46
<b>b) Own Generation</b>			
Through Steam Turbine/Generator			
Units	Million KWH	724	797
Units per Gega Calories of Energy Input	G Cal.	246	225
Average Rate per Unit	₹/KWH	5.75	4.67
<b>2. COAL</b>			
i) Coking Coal			
Quantity	Million Tonne	13.94	13.60
Total Cost	₹/ Crores	15360	11951
Average Rate	₹ /ton	11021	8786
ii) Non-Coking Coal			
Quantity	Million Tonne	0.700	0.733
Total Cost	₹/ Crores	217	166
Average Rate	₹ /ton	3099	2268
<b>3. FUEL OILS</b>			
Quantity	000 kilo litres	36	37
Total Cost	₹/Crores	115	105
Average Rate	₹/kilo litres	32142	28439
<b>4. OTHERS</b>			
i) Coke			
Quantity	000 tonne	226	79
Total Cost	₹ Crores	525	187
Average Rate	₹/ton	23279	23529
ii) Miscellaneous. (Oxygen, LPG, Gases, Process Steam etc.)			
Total Cost	₹/Crores	778	703
<b>B. CONSUMPTION PER TONNE OF SALEABLE STEEL PRODUCTION</b>			
	Unit	2010-11	2009-10
Purchased Electricity	Kwh/tss	497	498
Fuel Oils	KL/tss	2	3
Coking Coal	Kg/tss	1089	1083
Coke	Kg/tss	18	6
Non-coking Coal	Kg/tss	52	56

**Notes:**

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

## FORM'B'

### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

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

#### 2. Benefits Derived as a result of R & D efforts (2010-11)

##### Cost Reduction

RDCIS primarily focused on process optimisation for achieving cost reduction in SAIL Plants. In this category, altogether 45 projects were pursued in almost all the SAIL plants/units. A few examples of the completed ones are given below:

- **Optimisation of naphthalene crystalliser performance in Tar Distillation Plant # 1 to improve naphthalene yield at BSP**

In order to improve the naphthalene yield from its present level, on-line monitoring of process parameters in very high viscous media of naphthalene fraction was carried out with new non contact type of level sensors and temperature sensors. For on-line data logging and display, a PLC based Data Acquisition System (DAS) has also been installed.

Data analysis revealed that the existing duration of the total crystallisation process (48 hrs.) can be shortened by 8-10 hrs. The naphthalene yield has increased from 3.07 (2009-10) to 3.20 (current year).

- **Development of magnetic plate sinter mix charging system at SP #2 at DSP**

A novel system of the magnet based sinter mix charging has been designed and installed in SP#2. The system brings the low melting compounds viz. mill scale & return sinter to the top layer of the sinter bed resulting in improvement of sinter strength, yield and also bed permeability.

An increase in specific productivity of sinter machine from 1.24 to 1.38 t/m<sup>2</sup>/hr has been achieved. In addition, coke breeze consumption came down from 68 to 65 kg/t and reduction of -5mm fraction in sinter has also been observed.

- **Development of low moisture sintering operation at Sinter Plant, BSL**

Surface tension of water reduces after passing through magnetic water conditioner resulting in low viscosity and improved wettability & flowability of water and thereby leading to the addition of low moisture for attaining the required balling index.

Keeping this phenomenon in consideration, six nos. of magnetic water conditioners were installed on input water lines of all six balling drums. Sintering parameters were monitored and analysed before and after installation of magnetic conditioners.

Results achieved are: 6% reduction in moisture content; 7% increase in balling index; improvement in air filtration velocity by 11%; increase in sinter machine speed by 16%; improvement in strength of the sinter (ISO TI) from 70.9 to 73.3; and reduction of -5 mm content in sinter by 3%.

- **Improvement in deoxidation and ladle refining practice for reduction in consumption of deoxidisers at SMS-I at RSP**

To reduce the consumption of ferro-alloys, existing on-line purging system was modified and improved deoxidation practice was introduced. In all, 40 nos. of trials were carried out, which brought down the Al and Si-Mn consumption by 14 and 23% respectively for direct heats i.e. by-passing vacuum degassing units (Al: from 2.36 to 2.02 kg/t and Si-Mn: from 13.57 to 10.33 kg/t). The modified practice has now been implemented for regular production.

- **Stabilisation of continuous tundish temperature measurement system in SMS-II at RSP**

Non availability of real time tundish temperature measurements during casting results in lower casting speed (low caster throughput), high return steel due to frequent sub entry nozzle & ladle nozzle freeze-off and high tundish skull and low & high temperature break-outs as well.

As a remedial measure, conventional batch type tundish temperature measurement was stopped and continuous tundish temperature measurement was carried out for one lakh tonnes of crude steel in both the casters of SMS-II of RSP. The temperature measurement probe was inserted from the bottom of the tundish side wall near the sub entry nozzle to measure the accurate casting temperature of liquid steel.

Technological benefits achieved with the new measurement system are: improvement of average caster throughput from 107 to 118 t/hr; reduction of return steel due to low temperature from ~0.39 to 0.08%; reduction of average tundish skull by 0.1%; and elimination of nozzle freezing and breakout caused by high temperature.

- **Improvement in roll life by modified roll cooling system in Skelp Mill at DSP**

The ineffective roll cooling system at Skelp Mill in terms of non-uniform coolant flow distribution and low impinging coolant pressure, was replaced with a modified roll cooling system which was designed for achieving maximum heat transfer coefficient (HTC) with optimum impact density of the coolant onto the roll surface. The intense cooling of work roll (WR) was introduced with double row cooling concept for higher HTC. Flat jet spray nozzle was introduced for perfectly aligned spray band with proper over-lap of spray. The location of spray application was identified closest to work roll-bite at exit side for arresting heat wave penetration to roll body effectively. Stand-wise re-distribution of coolant flow had been taken care of to reduce the roll surface deterioration due to friction. An automatic self-cleaning filtration system was also introduced for clog-free operation of spray cooling.

The innovation has resulted in reduction of roll surface temperature by 6-8 C and thereby thermal roll-failure by > 50%. Fire-crack on the roll surface has reduced significantly. It has also shown trend in reduction of specific roll consumption. The overall mill performance has improved with respect to productivity/ product quality.

- **Reduction in zinc consumption in Galvanizing Lines at RSP**

In the galvanizing lines of RSP, steel pots are used as zinc bath. It has an inherent tendency for higher dross formation and zinc consumption as compared to the ceramic lined pots being used in all recent hot dip galvanizing lines in India and abroad.

A special ceramic paint was applied on the pot interior surface before inserting a new pot. It helped in reducing dross generation by preventing diffusion of iron from pot to molten zinc. Other associated measures taken were recharging of top dross in the bath, controlled pot temperature and bath aluminium.

The dross generation has come down from an earlier level of 4.80 kg/t to 3.44 kg/t. The specific zinc consumption (dross inclusive) has also come down from an earlier level of 36 to 33.26 kg/t. The ceramic paint has also shown reduction in specific pot wear.

## Quality Improvement

Improvement in quality of products has remained an important imperative of R&D initiatives over the years. In this category, altogether 17 projects were pursued. Salient examples of the completed ones are given below:

- **Improvement of cast structure in blooms through optimisation of EMS parameters at BSP**

To identify the suitable EMS parameters in the recently introduced EMS in Caster No. # 5 of SMS-II and also the operating conditions influencing the as-cast bloom structure in terms of surface & internal quality, several bloom samples were collected with varying EMS & casting conditions to optimise and achieve quality blooms. It was observed that current rating of 500 A at 2.5 hz frequency of mould EMS resulted in a maximum equiaxed structure of about 28%. The casting conditions of 0.65 m/min casting speed and 30-35 C superheat were found to be the optimum for maximum possible equiaxed structure. It was found that the unstirred bloom under similar casting conditions resulted in a level of only 5% equiaxed structure. The centreline segregation was not prominent in stirred bloom as seen in longitudinal section of the cast bloom. The sulphur print of the rolled rails also showed an absence of 'S'-segregation in the centre of the web portion.

- **Development of a reliable position display system of screw down in Tandem Mill #1, CRM at BSL**

Malfunctioning of the position display system causes non-uniform roll gap leading to gauge variations, roll pinch and strip breakage due to unbalanced roll force across the width of the coil.

As a remedial measure, a PLC based position display system for screw down mechanism has been installed. The new system consists of latest absolute encoders, touch panel type display units, PLC panel and PC-based HMI. The PLC communicates with absolute encoders and display units on profibus network which has eliminated excessive cabling which was there earlier. The display units are well protected from ingress of oil, emulsion etc. The absolute encoders communicate directly with PLC and hence the need for counter cards has been eliminated. The PC-based HMI has data logging facility. This will help in keeping a record of the roll gap that was maintained during rolling of a particular thickness of the coil. In stand # 4, a centralised touch panel type display unit has been installed which shows the screw down position of all the stands.

It also depicts roll force & inter-stand tension data of all the four stands. This has facilitated mill control from the final stand.

The new position display system will help in reduction of diversions due to gauge variations, strip breakage and decrease in roll changing frequency due to roll pinch by helping the operator in maintaining a uniform roll gap across the width of the coil.

- **Improving processing of low Nickel stainless steel through simulation studies at SSP**

Low nickel steel grades, in general and SS11N1 with 1% Ni, in particular, pose a serious problem during rolling in roughing and finishing stands which includes high load particularly during rough rolling. High hardness in the cold rolled and annealed

product was another issue which needed attention for improvement in formability during further processing. With this in view, simulation study was taken up to optimise hot rolling and annealing parameters for trouble-free processing of SSLN1 grade and to achieve the product quality as per specification. Accordingly, various simulation studies were undertaken and based on the information generated through these studies, hot rolling and annealing parameters were optimized and plant trials conducted. No mill over-load was observed in any pass and now hot rolling of SSLN1 grade steel is being carried out smoothly. Hardness of the annealed coils obtained was also found to be within specification.

### Energy Conservation

In the area of energy conservation, continuous efforts have been put by RDCIS. In this category, altogether 10 projects were pursued. Salient examples of the completed ones are highlighted below:

- **Introduction of Energy Efficient Ignition System in machine #2, SP-1 and the single machine in SP-2 at DSP**

To reduce higher heat consumption in all three sinter machines at DSP, where ignition of sinter top layer is done with conventional side burners, a new energy efficient ignition system was earlier designed and installed in sinter machine #1 of SP-1 in May, 2009, where heat is transferred from the flame to the sinter top layer mainly by convection. After getting encouraging results with this ignition system, a similar system was installed in place of the existing one in sinter machine # 2, SP-1 in July, 2010 and since then it is in regular operation. As a result, the specific heat consumption in machine #2 reduced by 37% from 27 Mcal/t sinter (2008-09) to 17 Mcal/t sinter (Aug'10-Feb'11), the production rate increased by 1.3% from 95.6 t/hr (2008-09) to 96.9 t/hr (Aug'10-Feb'11) and the CO<sub>2</sub> emission has reduced by about 2,850 t/annum.

A similar system was also designed for the lone machine of SP-2 after incorporating necessary modifications with respect to different parameters like bed width, machine speed, shape and size of original furnace, pressure and temperature of the gaseous fuel and combustion air etc. The system was commissioned in September, 2010 and since then it is in regular operation.

Overcoming the drawbacks of earlier conventional side burners the new system has resulted in: reduction in the specific heat consumption by 20% from 30.3 Mcal/tsinter (2009-10) to 24.1 Mcal/tsinter (Oct'10-Feb'11) and the CO<sub>2</sub> emission by ~ 4,700 t/annum; increase in production rate by 5.1% (from 223.7 to 235.1 t/hr.). The specific power consumption has also decreased by 8.5% (from 64.7 to 59.2 kWh/t sinter).

- **Improving thermal efficiency of ladle heating system of BF at BSL**

An efficient heating system has been developed to achieve ladle temperature of about 1000 C in 10 hrs as against 600-650 C in 20 hrs with existing system. All three ladle heating stands have been modified with high velocity burner, air nozzle and compressed air ejector. Ladle covers and ladle burners have been insulated with ceramic fibre to protect it from over-heating.

- **Selection and design of combustion system for new in-house built normalizing furnace of Plate Mill at BSP**

To augment the normalizing capacity of Plate Mill at BSP, a new normalizing furnace was constructed by in-house expertise and internal resources. Energy efficient mixed gas high velocity burners (140 nos.) with flame stabilizer, gas & air pipe line network were fabricated and installed along with refractory burner blocks. The heat loss from the roof has reduced considerably due to lower shell temperature of 50 C in the flat roof, lined with ceramic fibre module, as compared to 70-80 C in brick-lined roof. This furnace has the capacity to produce about 700-800 t of good quality normalized plates daily without any rejection.

Production of normalised plates has increased by about 25% (from 18,000 to 23,000 t/month avg.). In-house approach has led to a huge cost savings as the total cost is of the order of Rs 32 cr as against the estimated value of ₹90 cr.

- **Introduction of new BF gas burner in place of existing old BF gas burner in one Russian boiler of PBS, Power Plant-I at BSP**

To tackle the problem of frequent flame leakage and damage to burner's front and outer metallic shell of the old boilers (1 to 5) in the Power Plant-I of Bhilai Steel Plant, which also leads to closure of burner or total boiler for maintenance, new BF gas firing burner was jointly developed, fabricated and installed at boiler # 3. The fuel firing capacity of each burner is about 16,000 Nm<sup>3</sup>/hr. The new burner does not require any refractory embrasure (checker work) between burner and boiler for pre-mixing and burning of BF gas as compared to the earlier design.

In all, six new burners were commissioned replacing the six old burners. Existing BF gas and combustion air (secondary air) headers on both sides of boiler # 3 have been suitably connected to the new burners with proper support. All these burners are working satisfactorily and the benefits achieved are:

- ✦ Space for better control and operation of burners as well as boiler due to discarding of refractory embrasure (checker work) and compact burner design
- ✦ BF gas firing capacity has improved from 75,000 to 80,000 Nm<sup>3</sup>/hr when operated with CO and BF gases (when no pulverized coal is used)

Implementation of similar burners in the remaining four old boilers has been decided by plant.



## Product Development and Application

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

- Thin gauge high strength (YS: 350 MPa min.) HR coils (thickness: <2.4mm) at BSL
- Boiler quality plates (ASTM A 387 Gr.12 Cl.II) at BSP
- Corrosion resistant TMT rebars at ISP
- High Strength Fine Grained HR Coil (YS: 500 / 550 MPa min.) for PEBM & Automobile Sectors at BSL
- High Strength Steel (EN 10028 P 355N) for Propane Gas Cylinders and EN 10149 S460 MC for Tubes at BSL
- High Strength formable Quality Steel (Ti Strengthened / IS 10748 Gr. V with Nb) at RSP
- Si-Al killed SAIL Tower Gr. 6 CC Blooms at DSP
- Al Killed SAIL Tower Gr. 6 CC Blooms at DSP
- Special Quality Roll Threaded Bolts at ISP
- SAILMA / High Tensile (Fe 410) Structural at ISP
- High Tensile Plates with Improved Z-Ductility (includes Boiler / Structural Quality) at BSP
- Corrosion Resistant (Zn-Mg) Galvanized Sheets at RSP
- DMR 249 Gr. B (t : 30 mm and higher) at RSP
- Si-Al Killed SWR 14 / SWR 10 CC Blooms at DSP
- Al Killed SWR 14 / SWR 10 CC Blooms at DSP

Significant achievement on few products is enumerated as follows:

- **Development of special steel products (IS 10748 Gr. IV & V with Nb/ SAE 1541/ Ti bearing high strength formable quality) at RSP**

New grades of special steel products, developed by RSP in association with RDCIS and CMO depending on market opportunity for various end-applications are listed below:

Products	Applications
♦ IS 10748 Gr. V	Electric Poles, Tubes and Pipes
♦ IS 5986 Fe 510 grade	High Mast Lighting Poles, Wind Poles, Camera Poles etc.
♦ SAE 1541 grade	High Strength Straps for Jute Industry and Fork for Two Wheelers
♦ MC 60 grade	Circlips, Spring Washers, Band Saw Blades for Wood Cutting, Circular Saws, Cross Cut Saws etc.

All the above difficult-to-cast grades have been developed successfully by optimizing the casting and hot rolling parameters. Customer's requirement has been assessed and the grades have been developed considering the plant's capability.

In all, 4865t of all these developed grades were dispatched as against a target of 4000 tonnes, facilitating an extra revenue generation in terms of 'Quality Extra'.

- **Development of high strength (YS 640 Mpa min) roof bolt quality TMT bars at ISP**

With a view to enlarge market share of special steel for ISP and to capture the niche market by value addition of the existing products, two products viz. rock bolt TMT bar of Fe 600 grade, and HCR TMT rebar were developed and IS 1786-Fe 500 D grade TMT rebar was commercialised.

About 2000t of rock bolt TMT bar of Fe 600 grade has been dispatched till date for different underground mines of Coal India Ltd. (CIL). This rebar can also be used for RCC building and tunnel construction.

High strength corrosion resistant variety (HCR) TMT bar has also been successfully produced with Cu-Cr alloy having enhanced 'corrosion resistance index'. About 200 T of this material has been produced and marketed.

As regards, IS:1786 Fe 500D grade TMT bar, more than 60,000T has been produced and marketed.

- **Development of improved quality corrosion resistant galvanized sheets at RSP**

In order to improve corrosion resistance of the conventional hot dip galvanized sheets, a new type of Zn-Mg coated galvanized sheet has been developed at Hot Dip Galvanizing Line (HDGL) of RSP. Zn-5%Mg and Zn-10%Mg alloy additions were

made in the zinc pot to attain desired Mg-level. It has been found that the coils galvanized in bath composition of 0.23% Mg, 0.18% Al & 0.18% Pb resulted in the best combination of properties in terms of corrosion rate: 3.96 mpy (~1/3rd w.r.t conventional GI sheets: ~12 mpy); formability of the composite (Ev: 6.8 mm for sheet thickness of 0.50 mm) at par with substrate material; and coating adherence as per LFQ standard.

### Automation

In its endeavour, RDCIS has also provided smart automation solutions, which has helped in achieving operational improvements in SAIL plants. In all, 9 projects were pursued. Highlights of some salient ones are given below:

- **Performance improvement of one Wagon Tippler and auto-operation of Pump House # 55 at RMHP at BSL**

A Variable Frequency Drive (VFD) based control system comprising of drives, VFD grade motors, encoders etc. has been commissioned in Wagon Tippler of Raw Material Handling Plant. Continuous jerkless tipping operation with accurate zero positioning of the wagon tipping platform has been established with braking almost at 5% of nominal speed. The system is in regular use and movement of the tippler is very smooth. No electrical and mechanical breakdown has been registered after system installation.

Implementation of the system resulted in following benefits:

- ❖ Continuous tipping operation with accurate zero positioning of the wagon tipping platform (within  $\pm 5$  degree)
- ❖ Number of wagon tipping has increased by more than 600 wagons/month.
- ❖ Elimination of tippler platform adjustment time after every 20 rake which is on an average 20 min.

- **Performance improvement of BF stoves at BSL**

To improve performance of stoves in BF # 1 & 4, existing obsolete instrumentation & automation facilities have been upgraded using instruments and equipment having state-of-the-art technology. All the actuators for combustion air regulation, hot blast temperature regulation in BF#1 and steam control valve with actuator in BF#4 have been replaced for precise control. Signal transmission instruments such as pressure transmitters, flow transmitters, and process interlock electronics e.g. pressure switches etc have been introduced for flawless measurement of process parameters, transmission and suitable process interlocking in PLC. Stand-alone controllers have been introduced for better loop control.

The system will assist in achieving higher hot blast temperature in combination with efforts made by plant in the other areas such as leakages, operation and maintenance.

- **Centralised mill monitoring system for Wire Rod Mill at BSP**

A centralized monitoring system has been conceived, designed and installed to monitor all major equipment, mechanisms and parameters from charging to the intermediate stands of the mill, strand # A handling area and important utilities of the mill. The system is PLC and remote I/O based, interconnected over Ethernet network backbone, seven mimics of different designs and HMI stations. System implementation involved extensive interfacing with existing field equipment and signals of the shop, requiring a very detailed field engineering and erection work. The system also involves interface with few existing systems of the shop. With the installation of the new system, information regarding readiness of equipment and drives for rolling is instantaneously available at all strategic places for co-ordinated operation. The system also provides important rolling and process information as well as the status of important utilities across the shop e.g. hydraulic & lubrication systems of the Roughing Area, Finishing Strands, Critical Power Supply Systems, Strand-wise rolling count etc.

The system will reduce the controllable delays in the mill as well as improve the overall performance of the mill.

- **Development of auto slow-down function for improvement in productivity at Pickling Line-1, CRM at BSL**

A LASER-based measurement and auto slow-down control system has been introduced at Pickling Line-1, Cold Rolling Mill, BSL. This system has been interfaced with existing drive system. With introduction of new system the line speed of entry section has increased from 4.8 m/s to 6.2m/s. It has been observed that idle running time of a coil after initiation of slow down has become less than 30 seconds against 150-180 seconds in the earlier control system.

This has resulted in increasing in processing of coils from 4.47 to 5 coils/hr. In addition to that, the initiation for 'Line Stop' signal from the auto slow down system has also arrested the fall of coil in the wet loop pit.

### 3. Future Plan of Action

A Master Plan of R&D activity with short term, medium term & long term perspective is being worked out. Basic framework of the plan has been finalised and details are being worked out in consultation with all technology areas.

#### 4. Expenditure on R&D

	(₹ in crore)
Capital	5.08
Revenue	127.06
Total	132.14
% of Turnover	0.28

#### TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

##### Area: Coke Making

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

##### Area: Sinter Making

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

##### Area: Iron Making

- Coal Dust Injection (CDI) in four Blast Furnaces at BSP, two Blast Furnaces at DSP, four Blast Furnaces at BSL and one Blast Furnace at RSP for reducing Coke rate and cost of production of hot metal. This technology is further being extended to other Blast Furnaces
- Two stage Gas Cleaning Plant in four Blast Furnaces at one each at RSP, BSP, ISP and BSL (for improvement in quality of BF gas)
- Introduction of INBA Cast House Slag Granulation technology in three Blast Furnaces each of BSP & RSP, two Blast Furnace of DSP and five Blast Furnaces of BSL for improving productivity, reduce environmental pollution and gainful utilization of BF Slag
- Introduction of High Hot Blast technology in Blast Furnaces stoves
- Closed Loop Cooling System with De-Mineralised water in one BF at BSP and with soft water in one BF at BSL for enhancement of campaign life of furnaces
- Cast House Fume Extraction Process in one Blast Furnace at BSP, one Blast Furnace at BSL and one Blast Furnace at RSP as a pollution control measure
- Flat Cast House design in three Blast Furnaces of BSP and one Blast Furnace each of BSL, RSP & ISP for use of mobile equipment in Cast House and easy maintainability
- Top Recovery Turbine in new Blast Furnace at BSP for generation of power
- Under burden probe in two Blast Furnaces of BSP and one Blast Furnaces each of RSP, ISP & BSL.
- 4000 m<sup>3</sup> 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, BSP & RSP
- RH Degassing for improved rail steel product quality in SMS-II of BSP
- Electro-magnetic stirring (for improved product quality) in the continuous casting machines at VISL, DSP, ASP and BSP

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

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

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

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

These technologies have been adopted /being adopted and are being gradually absorbed by the plants. No 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, 2011, the Board of Directors comprised a full time Chairman, 3 whole time Directors (WTD) and 7 non-executive Directors (Non-ED) (including 6 independent directors). Being a Government company, the directors on the Board are appointed based on nomination by the Government of India. Due to delay in such nomination, the Board did not have the required number of non-executive and Independent Directors till 12<sup>th</sup> January, 2011. During the year, 10 Board meetings were held on 28.05.2010, 19.07.2010, 29.07.2010, 30.09.2010, 28.10.2010, 13.01.2011, 11.02.2011, 04.03.2011, 23.03.2011 and 29.03.2011.

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 2010-11	No. of Board Meetings at last AGM	No. of other directorship held as on 31.3.2011*	No. of Board Committee(s) as Chairman/Member as on 31.3.2011
Shri C.S. Verma, Chairman (from 11.6.2010)	Executive	9	Yes	1	-
Shri S.K. Roongta, Chairman (upto 31.5.2010)	Executive	1	-	1	-
Shri G. Elias (resigned w.e.f. 20.1.2011)	Non-Exe. (Govt. nominee)	5	-	1	-
Shri V.K. Srivastava (upto 31.7.2010)	Executive	3	-	2	-
Shri Soles Bhattacharya	Executive	10	Yes	2	1-M
Prof. Deepak Nayyar	Non-Executive Independent	9	Yes	2	2-C
Shri S.S. Ahmed (upto 31.10.2010)	Executive	4	Yes	-	-
Shri V.K. Gulhati (upto 31.8.2010)	Executive	4	-	1	-
Shri S.P. Rao (upto 30.06.2010)	Executive	3	-	-	-
Shri S.N. Singh (upto 27.10.2010)	Executive	4	Yes	3	-
Shri P.K. Bajaj (upto 27.10.2010)	Executive	4	Yes	1	-
Shri A.K. Goswami	Non-Executive Independent	10	Yes	3	1-M
Shri B.B. Singh (from 9.4.2010)	Executive	9	Yes	1	1-M
Shri S. Machendra Nathan (from 25.5.2010)	Non-Exe. (Govt. nominee)	10	-	4	-
Shri S.S. Mohanty (from 1.8.2010 to 27.10.2010)	Executive	2	Yes	1	-
Dr. Jagdish Khattar (from 21.8.2010)	Non-Executive Independent	7	Yes	6	1-M
Prof. Subrata Chaudhuri (from 21.8.2010)	Non-Executive Independent	6	-	-	1-M
Shri Shuman Mukherjee (from 23.12.2010)	Executive	5	-	-	-
Shri P.K. Sengupta (from 13.1.2011)	Non-Executive Independent	4	-	1	-
Shri P.C. Jha (from 13.1.2011)	Non-Executive Independent	3	-	-	-

\* Includes Directorship in Private companies.

M= Member, C= Chairman

## (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 from time to time and as on 31.03.2011 consisted of Prof. Deepak Nayyar, Shri A.K. Goswami, Dr. Jagdish Khattar and Prof. Subrata Chaudhuri.

During the last year, the committee met 5 times and attendance of the members at the meetings was as follows:

Name of the Director	Status	No. of meetings attended
Prof. Deepak Nayyar	Chairman	4
Shri A.K. Goswami	Member	5
Dr. Jagdish Khattar	Member	2
Prof. Subrata Chaudhuri	Member	2

In one of the Audit Committee meetings, due to non-availability of an independent director, only one independent director was present in the meeting as against the requirement of 2 independent directors.

## (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 (upto 31.5.2010)	4244549	192693	4437242
Shri C.S. Verma (from 11.6.2010)	1841763	898338	2740101
Shri Soles Bhattacharya	5193101	379116	5572217

Shri S.S. Ahmed (upto 31.10.2010)	3717436	409321	4126757
Shri V.K. Gulhati (upto 31.8.2010)	3104187	279232	3383419
Shri B.B. Singh (from 9.4.2010)	2794581	449741	3244322
Shri S. Mukherjee (from 23.12.2010)	868074	234138	1102212
<b>Total</b>	<b>21763691</b>	<b>2842579</b>	<b>24606270</b>

iii) The Non-Executive Directors (other than Government nominee directors) are paid only sitting fee of ₹20,000/- for each Board/Board Sub-Committee Meetings attended by them.

iv) The salary of the whole time directors is governed by pay scales and rules of the Government.

#### v) Terms & Conditions

The Whole Time Directors are nominated by Government of India for appointment as Director for a period of 5 years or till the age of Superannuation or until further order, whichever is the earliest. They are initially appointed by the Board of Directors as Additional Directors and thereafter by the Shareholders in the Annual General Meeting in terms of the provisions of the Companies Act, 1956.

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

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

(i) A Shareholders/Investors Grievance Committee under the Chairmanship of an Independent Director namely Prof. Deepak Nayyar and comprising two Whole Time Directors, i.e. Director (Finance) and Director (Personnel), as members is functioning to look into the redressal of shareholders and investors complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

(ii) Name of compliance officer: Shri Devinder Kumar, Executive Director (F&A) & Company Secretary

(iii) There was no complaint pending redressal as on 31.03.2010. Number of shareholders complaints received during the period from 01.04.2010 to 31.03.2011 were 39. During the year, all 39 complaints were resolved and no complaint was pending for redressal as on 31.03.2011.

#### (f) General Body Meetings:

Location and time where last three AGMs held:

Financial Year	Date	Time	Location
2009-2010	30.09.2010	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010
2008-2009	10.09.2009	10.30 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010
2007-2008	10.09.2008	10.30 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010

i) In the last 3 years, three Special Resolutions have been passed in the AGMs and none through Postal Ballot.

ii) No special resolution is proposed to be conducted through postal ballot upto the ensuing AGM.

#### (g) Disclosures:

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.

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 and presence of only one independent director in a meeting of Audit Committee as against the requirement of 2 independent directors. Further, the company has not adopted non-mandatory requirement of the said clause 49.

Presidential Directives for revision of pay scales of Board level and below board level executives in SAIL were issued by the Ministry of Steel vide file No.7(12)/2008-SAIL(PC) dated 5th October, 2009. The company has complied with the same and also the Presidential Directives on reservation for SC/ST/OBC.

#### (h) Means of Communication:

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

Quarter ending	30.06.2010	30.09.2010	31.12.2010	31.03.2011
Date of publication	30.07.2010	29.10.2010 & 30.10.2010	14.01.2011, 15.01.2011 & 16.01.2011	30.04.2011 & 25.06.2011
Name of the Newspapers	Economic Times (Hindi), Business Line, Business Bhaskar	Mint, Eco. Times (Hindi), Eco. Times (E), Business Line, Financial Cronicle and Financial Express	Mint, Eco. Times (Hindi), Eco. Times (E), Business Line and Financial Express	Financial Express(E), Business Standard (H) & (E), Business Bhaskar (H), Business Standard (H) & (E)

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 Discussion & Analysis Report forms part of the Annual Report.

**(i) General Shareholders Information:**

- i) Annual General Meeting is proposed to be held on 22nd September, 2011 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110 001.
- ii) Financial year : 1st April, 2010 - 31st March, 2011
- iii) Date of Book Closure: 12th August, 2011 to 2nd September, 2011 (Both days inclusive).
- iv) The Board of Directors of the Company has recommended payment of final Dividend of ₹1.20 per share for the Financial Year ended March 31st, 2011 in addition to the Interim Dividend of ₹1.20 per share paid on 3rd February, 2011. The Final Dividend, if declared at the ensuing AGM, will be paid to those Shareholders whose names appear in the Company's Register on the record date i.e. 11th August, 2011 (end of business hours).
- v) The shares of the Company are listed at the following stock exchanges:  
 Bombay Stock Exchange Limited  
 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 2010-11 has been paid to each of the stock exchanges.
- vi) The monthly high and low quotes of the Company's shares during each month in the last financial year at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) during the year 2010-11 are indicated below:

**vii) Registrar and Share Transfer Agent:**

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

**viii) Share Transfer System:**

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

**ix) Distribution of Shareholdings as on 31st March, 2011**

Shareholding	Shareholder's		Amount	
	Number	% of Total	In ₹	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	319747	93.60	352144290	0.85
501-1000	12340	3.61	101040260	0.24
1001-2000	5048	1.48	77711310	0.19
2001-3000	1547	0.46	40148010	0.10
3001-4000	645	0.19	23349130	0.06
4001-5000	596	0.17	28370780	0.07
5001-10000	797	0.23	58868930	0.14
10001-50000	548	0.16	115207920	0.28
50001-100000	93	0.03	67664090	0.16
Above 100000	249	0.07	40439500730	97.91
<b>Total</b>	<b>341610</b>	<b>100.00</b>	<b>41304005450</b>	<b>100.00</b>

MONTH & YEAR	SENSEX		SAIL at BSE		NIFTY		SAIL at NSE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APR '10	18047.86	17276.80	258.55	215.70	5399.65	5160.90	258.45	215.60
MAY '10	17536.86	15960.15	221.00	185.60	5278.70	4786.45	221.10	185.45
JUN '10	17919.62	16318.39	207.00	187.50	5366.75	4961.05	206.95	186.70
JUL '10	18237.56	17395.58	210.60	188.70	5477.50	5225.60	213.90	188.65
AUG '10	18475.27	17819.99	206.00	172.00	5549.80	5348.90	206.40	184.20
SEP '10	20267.98	18027.12	211.20	185.80	6073.50	5403.05	209.90	185.55
OCT '10	20854.55	19768.96	234.10	193.50	6284.10	5937.10	234.35	191.15
NOV '10	21108.64	18954.82	201.80	167.35	6338.50	5690.35	201.85	166.00
DEC '10	20552.03	19074.57	197.05	171.55	6147.30	5721.15	196.70	171.35
JAN '11	20664.80	18038.48	189.50	155.40	6181.05	5416.65	189.70	155.35
FEB '11	18690.97	17295.62	168.25	151.50	5599.25	5177.70	168.25	151.50
MAR '11	19575.16	17792.17	172.20	150.20	5872.00	5348.20	172.40	150.00

x) **Shareholding pattern as on 31st March, 2011**

Category	No. of Shares held	%age of Shareholding
<b>A. Promoters' Holding</b>		
1 Promoters		
- Indian Promoters v.i.z., the Govt of India	3,544,690,285	85.82
- Foreign Promoters	-	
2 Persons acting in Concert	-	
<b>Sub-Total</b>	3,544,690,285	85.82
<b>B Non-Promoters Holding</b>		
3 Institutional Investors		
a Mutual Funds and UTI	2,45,11,749	0.59
b Banks & Financial Institutions	7,61,38,307	1.84
c Insurance Companies	21,12,13,818	5.11
d Foreign Institutional Investors (FIIs)	17,57,59,727	4.26
<b>Sub-Total</b>	48,76,23,601	11.80
4 Others		
a Private Corporate Bodies	2,14,26,119	0.52
b Indian Public	7,34,65,637	1.78
c NRIs/OCBs	25,80,658	0.06
d Any other (Please specify) - GDR	6,14,245	0.02
<b>Sub-Total</b>	9,80,86,659	2.38
<b>GRAND TOTAL</b>	4,130,400,545	100.00

xi) **Status of dematerialization as on 31.03.2011**

Particulars	No. of shares	% of capital	No. of Accounts
NSDL	4,10,95,31,916	99.50	214396
CDSL	1,40,90,740	0.34	83070
<b>Total</b>	<b>4,12,36,22,656</b>	<b>99.84</b>	<b>297466</b>
<b>Dematerialised</b>			
Physical	67,77,889	0.16	44144
<b>Total</b>	<b>4,13,04,00,545</b>	<b>100.00</b>	<b>341610</b>

All Government of India's share were dematerialized on 08th Oct 2010.

xii) **CODE OF CONDUCT**

The company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2011.

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, Kolkata-700016, West Bengal.
- Management Training Institute, Ranchi-834002, Jharkhand.
- Raw Materials Division, 10, Camac Street, Industry House, Kolkata-700017, West Bengal.
- Research & Development Centre for Iron & Steel, Ranchi-834002, Jharkhand.
- SAIL Consultancy Division, 16-20 Floor, SCOPE Minar North Tower, Laxmi Nagar Distt. Centre, Delhi-110092.
- SAIL Safety Organisation, Ranchi-834002, Jharkhand.
- SAIL Refractory Unit, Bokaro

**SUBSIDIARIES**

- Maharashtra Elektros melt Limited, Chandamul Road, Chandrapur-442401, Maharashtra. (since merged with SAIL)
- 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, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020  
Phone No.91-11-41406149, Fax No. 91-11-41709881  
E-mail:admin@mcsdel.com



To

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

We have examined the compliance of the conditions of Corporate Governance by Steel Authority of India Limited for the year ended 31<sup>st</sup> March, 2011, 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:

- i) *The Board did not have required number of Non-executive and Independent Directors till 12<sup>th</sup> January, 2011.*
- ii) *The Audit Committee Meeting held on 28<sup>th</sup> May, 2010 was attended by 2 Directors out of which only one Independent Director was present.*

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 T.R. Chadha & Co.**  
Chartered Accountants  
Firm Registration No.: 006711N

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

**For Tej Raj & Pal**  
Chartered Accountants  
Firm Registration No.: 304124E

Sd/-  
**(B. Gangaraju)**  
Partner  
(M. No. 7605)

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 001135N

Sd/-  
**(Gaurav Mittal)**  
Partner  
(M. No. 99387)

**Place :** New Delhi  
**Dated :** 5<sup>th</sup> August, 2011

# Consolidated Balance Sheet

As at 31st March, 2011



	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
<i>(₹ in crore)</i>			
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	1.1	4130.40	4130.40
Reserves and Surplus	1.2	<u>33473.91</u>	<u>29613.06</u>
		<b>37604.31</b>	<b>33743.46</b>
Share Application Money pending allotment		<b>11.88</b>	<b>0.00</b>
<b>Loan Funds</b>			
Secured Loans	1.3	<b>12854.59</b>	<b>8827.25</b>
Unsecured Loans	1.4	<u>8405.55</u>	<u>8810.57</u>
		<b>21260.14</b>	<b>17637.82</b>
Deferred Tax Liability ( Net )		<b>1556.74</b>	<b>1430.13</b>
<b>Minority Interest</b>	1.16	<b>1.20</b>	<b>1.02</b>
		<u><b>60434.27</b></u>	<u><b>52812.43</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	1.5		
Gross Block		<b>40465.81</b>	<b>37419.44</b>
Less: Depreciation		<u><b>23832.61</b></u>	<u><b>22310.43</b></u>
Net Block		<b>16633.20</b>	<b>15109.01</b>
Capital Work-in-Progress	1.6	<u><b>22581.21</b></u>	<u><b>15309.16</b></u>
		<b>39214.41</b>	<b>30418.17</b>
<b>Investments</b>	1.7	<b>60.80</b>	<b>44.67</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	1.8	<b>11506.85</b>	<b>9161.70</b>
Sundry Debtors	1.9	<b>4180.13</b>	<b>3632.45</b>
Cash & Bank Balances	1.10	<b>17747.76</b>	<b>22718.52</b>
Other Current Assets	1.11	<b>494.49</b>	<b>786.32</b>
Loans & Advances	1.12	<u><b>4904.26</b></u>	<u><b>3736.08</b></u>
		<b>38833.49</b>	<b>40035.07</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	1.13	<b>11613.06</b>	<b>11225.76</b>
Provisions	1.14	<u><b>6062.64</b></u>	<u><b>6460.22</b></u>
		<b>17675.70</b>	<b>17685.98</b>
<b>Net Current Assets</b>		<b>21157.79</b>	<b>22349.09</b>
<b>Miscellaneous Expenditure</b>	1.15	<b>1.27</b>	<b>0.50</b>
(to the extent not written off or adjusted)		<u><b>60434.27</b></u>	<u><b>52812.43</b></u>

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/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(Gaurav Mittal)  
Partner

Place : New Delhi

Dated : August 5, 2011

# Consolidated Profit & Loss Account

For the year ended 31st March, 2011

	Schedule No.	Year ended 31st March, 2011	Year ended 31st March, 2010
(₹ in crore)			
<b>INCOME</b>			
Sales	2.1	47265.20	44001.68
Less : Excise Duty		<u>4450.81</u>	<u>3424.68</u>
Interest earned	2.2	1403.20	1875.10
Other revenues	2.3	755.24	815.90
Provisions no longer required written back	2.4	<u>50.58</u>	<u>91.31</u>
		<b>45023.41</b>	<b>43359.31</b>
<b>EXPENDITURE</b>			
Accretion ( - )/ Depletion to stocks	2.5	-1408.20	1179.45
Raw materials consumed	2.6	22224.13	17404.29
Purchase of finished / semi-finished products		5.14	16.95
Employees' Remuneration & Benefits	2.7	7765.20	5527.03
Stores & Spares Consumed		3336.82	3202.16
Power & Fuel	2.8	3226.68	3102.51
Repairs & Maintenance	2.9	740.86	607.30
Freight outward		723.20	674.28
Other expenses	2.10	2836.47	2337.61
Interest & finance charges	2.11	581.64	473.95
Depreciation		<u>1602.94</u>	<u>1429.62</u>
Total		<u>41634.88</u>	<u>35955.15</u>
Less : Inter Account Adjustments	2.12	<u>3898.74</u>	<u>2871.72</u>
		<b>37736.14</b>	<b>33083.43</b>
Adjustments pertaining to earlier years	2.13	<u>7287.27</u>	<u>10275.88</u>
		<b>102.36</b>	<b>23.18</b>
<b>Profit before tax</b>		<b>7389.63</b>	<b>10299.06</b>
Less : Provision for taxation :			
- Current tax		2430.72	3419.92
- Deferred tax		-12.59	104.92
- Earlier years adjustments		<u>-45.79</u>	<u>-76.73</u>
		<b>5017.29</b>	<b>6850.95</b>
<b>Profit after tax</b>		<b>5017.29</b>	<b>6850.95</b>
Share of profit of associate		0.07	-0.02
Minority Interest		<u>0.18</u>	<u>0.32</u>
		<b>5017.18</b>	<b>6850.61</b>
Balance brought forward		25139.59	20623.31
Less: Brought forward loss of Steel Complex Limited		<u>2.20</u>	<u>0.00</u>
Amount Available for Appropriation		<b>30154.57</b>	<b>27473.92</b>
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		505.15	684.80
Interim dividend		495.65	660.86
Proposed Dividend		495.65	702.25
Tax on Interim Dividend		80.74	110.90
Tax on Proposed Dividend		89.75	120.94
Amount transferred to Bonds Redemption Reserve ( net )		72.29	54.58
Balance carried to Balance Sheet		<u>28415.34</u>	<u>25139.59</u>
		<b>30154.57</b>	<b>27473.92</b>
<b>Earnings per Share (Face value ₹ 10/- each)</b>			
Profit after tax		5017.18	6850.61
Average Number of equity shares		4130400545	4130400545
Basic Earnings per share (₹)		12.15	16.59
Diluted Earnings per share (₹)		12.15	16.59

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/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(Gaurav Mittal)  
Partner

Place : New Delhi  
Dated : August 5, 2011

# Consolidated Cash Flow Statement



Consolidated Cash Flow Statement for the Year	2010-11	2009-10
		(₹ in crore)
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit / Loss ( - ) before taxation</b>	<b>7389.63</b>	<b>10299.06</b>
Add / ( Less ) Adjustments for:		
Minority Interest	(0.18)	(0.32)
Share of profit of Associate	0.07	(0.02)
Depreciation	1606.51	1426.40
Interest and Finance Charges	581.64	473.95
Bad debts written-off	5.30	10.33
Unrealised Foreign Exchange Fluctuation	12.85	61.63
Brought forward loss of Steel Complex Limited	(2.20)	-
Provision for Others	(102.34)	(3073.72)
Profit on sale of Fixed Assets	(19.81)	(29.91)
Interest Income	(1403.20)	(1875.10)
Dividend Income	(4.11)	(2.34)
<b>Operating cash flow before working capital change</b>	<b>8064.16</b>	<b>7289.96</b>
Adjustments for:		
(Increase) / Decrease in Inventories	(2345.15)	1124.39
(Increase) / Decrease in Sundry Debtors	(552.98)	(566.14)
(Increase) / Decrease in Loans and Advances	(1176.54)	(1261.36)
Increase / ( Decrease ) in Minority Interest	0.18	0.32
Increase / ( Decrease ) in Current liabilities	811.13	2129.88
Deferred revenue expenditure (Additions)	(1.29)	(0.32)
Cash generated from Operations	4799.51	8716.73
Direct Taxes Paid	(2303.26)	(3619.49)
<b>Net Cash from Operating Activities</b>	<b>2496.25</b>	<b>5097.24</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(10895.01)	(10425.41)
Proceeds from sale of Fixed Assets	43.69	53.92
Loans to Subsidiary & Other Companies	8.36	9.01
Increase in investments	(16.13)	(7.53)
Interest received	1692.55	2110.54
Dividend received	4.11	2.34
<b>Net Cash from / ( used in ) Investing Activities</b>	<b>(9162.43)</b>	<b>(8257.13)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	11.88	-
Increase in Reserve & Surplus	7.66	44.91
Increase/(Decrease) in Borrowings (net)	3609.47	8885.68
Interest and Finance Charges paid	(536.32)	(169.43)
Dividend Paid	(1197.90)	(1197.89)
Tax on Dividend	(201.60)	(204.59)
<b>Net Cash from / ( used in ) Financing Activities</b>	<b>1693.19</b>	<b>7358.68</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(4972.99)</b>	<b>4198.79</b>
Cash & Cash Equivalents (Opening) (Refer Schedule 1.10 & 1.11)	22721.15	18522.36
Cash & Cash Equivalents (Closing) (Refer Schedule 1.10 & 1.11)	17748.16	22721.15
(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 ₹ 10.12 crore (As on 31st March 2010 ₹ 9.00 crore) for unpaid dividend account
  - Includes ₹ 160.52 crore (As on 31st March 2010 ₹ 152.16 crore) for term deposits against TDS deducted on house perks but not deposited
  - includes deposits of ₹ 4515.00 crore (Previous year Nil ) under Bank lien/pledge against loans

For and on behalf of Board of Directors

Sd/-  
(Devinder Kumar)  
Secretary

Sd/-  
(Soiles Bhattacharya)  
Director (Finance)

Sd/-  
(C.S. Verma)  
Chairman

In terms of our report of even date

For T.R. Chadha & Co.  
Chartered Accountants

For Tej Raj & Pal  
Chartered Accountants

For S.K. Mittal & Co.  
Chartered Accountants

Sd/-  
(Ajesh Tuli)  
Partner

Sd/-  
(B. Gangaraju)  
Partner

Sd/-  
(Gaurav Mittal)  
Partner

Place : New Delhi

Dated : August 5, 2011



## 1.1 : SHARE CAPITAL

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
<b>Authorised</b>		
5,00,00,00,000 equity shares of ₹ 10 each	5000.00	5000.00
<b>Issued, Subscribed &amp; Paid-up</b>		
4,13,04,00,545 equity shares of ₹ 10/- each fully paid.	4130.40	4130.40
<i>Note : 1,24,43,82,900 equity shares of ₹ 10 each (net of adjustments on reduction of capital) were allotted as fully paid up for consideration other than cash.</i>		

## 1.2 : RESERVES AND SURPLUS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
<b>Capital Reserve</b>		
As per last Balance Sheet	43.39	5.42
Additions during the year	4.45	38.12
Less: Adjustments during the year	-2.77	0.15
	50.61	43.39
<b>Prime Minister's Trophy Award Fund</b>		
As per last Balance Sheet	17.81	13.00
Additions during the year	1.24	5.39
	19.05	18.39
Utilisations	0.76	0.58
	18.29	17.81
<b>Securities Premium</b>	235.29	235.29
<b>Bond Redemption Reserve</b>		
As per last Balance Sheet	281.44	226.86
Transferred from Profit & Loss Account	158.63	97.62
Transferred to Profit & Loss Account	86.34	43.04
	353.73	281.44
<b>General Reserve</b>		
As per last Balance Sheet	3895.54	3210.74
Add: Transferred from Profit & Loss Account	505.15	684.80
Less: Transferred to Profit & Loss Account	0.04	0.00
	4400.65	3895.54
<b>Surplus as per Profit &amp; Loss Account</b>	28415.34	25139.59
	33473.91	29613.06

# Schedules

(Forming part of the Consolidated Balance Sheet)



## 1.3 : SECURED LOANS

		As at 31st March, 2011	As at 31st March, 2010
			(₹ in crore)
Working Capital Borrowings from Banks	( a )	100.03	274.73
<b>Term Loans from Banks</b>			
Long Term	( b )	2274.46	400.00
Short Term	( f )	4068.50	2864.42
		6342.96	3264.42
<b>Non Convertible Bonds</b>	( c )		
Interest Rate	Date of Redemption		
8.80%	Note (d)	168.00	168.00
8.90%	1st May 2019	950.00	950.00
8.55%	11th August 2021	700.00	700.00
8.7%	25th August 2024	300.00	300.00
8.60%	19th November 2019	335.00	335.00
8.75%	23rd April 2020	545.00	0.00
8.75%	Note (e)	150.00	150.00
7.70%	11th May 2019	525.00	525.00
8.72%	30th April 2020	660.00	0.00
8.80%	22nd June 2019	825.00	825.00
11.50%	15th April 2010	0.00	21.00
8%	1st September 2010	0.00	0.70
13.05%	1st December 2010	0.00	59.80
12.10%	1st June 2011	91.30	91.30
12%	1st December 2011	76.90	76.90
12%	20th July 2012	109.90	109.90
10.75%	1st February 2013	75.30	75.30
8%	7th December 2019	30.00	30.00
8.50%	7th December 2019	120.00	120.00
8.65%	30th December 2019	450.00	450.00
8.65%	1st February 2020	242.00	242.00
8.20%	1st September 2013	58.20	58.20
		6411.60	5288.10
		<u>12854.59</u>	<u>8827.25</u>

(a) Secured by hypothecation of all current assets

(b) Secured by charges ranking pari-passu inter-se, over moveble properties pertaining to Rourkela Steel Plant (RSP)

(c) 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 ) and IISCO Steel Plant (ISP)

(d) Redeemable in 12 equal yearly instalments of ₹ 14 crore each starting w.e.f. 26th October 2014

(e) Redeemable in 3 equal instalments of ₹ 50 crore each on 15th September of 2014, 2019 and 2024

(f) Secured by lien/pledge on fixed deposits of ₹ 4515.00 crore. (previous year : Nil)

**Note:** Secured Loans repayable within one year as at 31.03.2011, ₹ 4357.09 crore ( 31.03.2010 : ₹ 2057.35 crore)

## 1.4 : UNSECURED LOANS

		As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)	
<b>Steel Development Fund</b>		<b>204.16</b>	<b>204.16</b>
Interest accrued and due thereon		<u>790.79</u>	<u>822.63</u>
		<b>994.95</b>	<b>1026.79</b>
<b>Foreign Currency Loans</b>			
Long Term	( a )	<b>1342.70</b>	<b>454.63</b>
Short Term		<u>4250.93</u>	<u>1359.75</u>
		<b>5593.63</b>	<b>1814.38</b>
Term Loans Government of Maharashtra (Interest free) ₹ 0.22 crore (0.22 crore) and Banks		<b>1653.97</b>	<b>4611.22</b>
<b>Non Convertible Bonds</b>	( a )		
Interest Rate	Date of Redemption		
12.55%	1st September 2010	-	39.40
6.4%	Note (b)	<b>48.00</b>	64.00
12.10%	12th March 2011	<b>0.00</b>	195.00
11.00 %	1st August, 2011	<u>115.00</u>	<u>115.00</u>
		<b>183.00</b>	<b>413.40</b>
<b>Others</b>			
Commercial Paper		<b>0.00</b>	<b>944.78</b>
		<u>8405.55</u>	<u>8810.57</u>

(a) Guaranteed by Government of India

(b) Redeemable in 4 equal yearly instalments of ₹ 16 crore each starting w.e.f 15th October 2010

**Note:** Unsecured Loans repayable within one year as at 31.03.2011, ₹ 6833.01 crore ( 31.03.2010 : ₹ 7984.38 crore)

# Schedules

(Forming part of the Consolidated Balance Sheet)

## 1.5 : FIXED ASSETS

Description	GROSS BLOCK (AT COST)			
	As at 31st March, 2010	Additions/ Adjustments	Deductions	As at 31st March, 2011
(₹ in crore)				
<b>A. PLANTS, MINES, OTHERS</b>				
Goodwill *	27.11	5.31	0.00	32.42
Land (including cost of development)				
-Freehold	175.05	1.44	0.10	176.39
-Leasehold	124.77	3.40	-0.10	128.27
Railway Lines & Sidings	269.69	18.24	0.44	287.49
Roads, Bridges & Culverts	206.13	4.23	-0.14	210.50
Buildings	2019.84	77.93	-0.69	2098.46
Plant & Machinery				
-Steel Plant	28124.53	2442.38	44.79	30522.12
-Others	1965.81	220.49	28.55	2157.75
Furniture & Fittings	102.93	9.56	0.82	111.67
Vehicles	896.39	82.45	3.74	975.10
Water Supply & Sewerage	353.17	2.22	0.11	355.28
EDP Equipment's	287.38	32.68	4.33	315.73
Software (Intangible)	70.74	14.34	0.04	85.04
Mining Rights (Intangible)	1371.74	184.25	11.16	1544.83
Miscellaneous Articles	293.87	34.39	9.22	319.04
Sub-total 'A'	36289.15	3133.31	102.37	39320.09
Figures for the previous year	32542.92	3863.26	117.03	36289.15
<b>B. SOCIAL FACILITIES</b>				
Land (including cost of development)				
-Freehold	10.24	0.00	0.00	10.24
-Leasehold	6.86	0.03	0.00	6.89
Roads, Bridges & Culverts	51.85	0.05	0.80	51.10
Buildings	586.48	3.79	-0.01	590.28
Plant & Machinery-Others	108.95	6.92	0.70	115.17
Furniture & Fittings	22.90	1.67	0.68	23.89
Vehicles	11.44	0.90	0.33	12.01
Water Supply & Sewerage	116.29	0.02	0.09	116.22
EDP Equipment's	16.50	0.75	1.00	16.25
Software (Intangible)	0.67	0.01	0.00	0.68
Miscellaneous Articles	161.18	16.91	1.86	176.23
Sub-total 'B'	1093.36	31.05	5.45	1118.96
Figures for the previous year	1063.81	35.14	5.59	1093.36
<b>C. ASSETS RETIRED FROM ACTIVE USE</b>				
Unserviceable / Obsolete Assets	23.23	2.80	1.87	24.16
Figures for the previous year	25.85	2.91	5.53	23.23
<b>D. CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS</b>				
Figures for the previous year	13.70	-10.10	1.00	2.60
Total ('A'+ 'B'+ 'C'+ 'D')	2.57	11.13	0.00	13.70
Total ('A'+ 'B'+ 'C'+ 'D')	37419.44	3157.06	110.69	40465.81
Total - Previous year	33635.15	3912.44	128.15	37419.44

\* Arising out of consolidation of subsidiary and joint venture accounts



## 1.5 : FIXED ASSETS

Description	DEPRECIATION			NET BLOCK		
	Up to 31st March, 2011	For the Year	Less: On Sales/ Adjustments	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
(₹ in crore)						
<b>A. PLANTS, MINES, OTHERS</b>						
Goodwill*	27.11	0.00	0.00	27.11	5.31	0.00
Land (including cost of development)						
-Freehold	0.78	0.03	0.00	0.81	175.58	174.27
-Leasehold	38.14	3.36	0.00	41.50	86.77	86.63
Railway Lines & Sidings	179.47	8.72	0.33	187.86	99.63	90.22
Roads, Bridges & Culverts	54.76	4.15	-0.10	59.01	151.49	151.37
Buildings	1109.34	60.49	0.22	1169.61	928.85	910.50
Plant & Machinery						
-Steel Plant	17662.57	1229.27	38.91	18852.93	11669.19	10461.96
-Others	1415.47	89.42	26.76	1478.13	679.62	550.34
Furniture & Fittings	76.15	3.65	0.53	79.27	32.40	26.78
Vehicles	415.07	38.31	3.47	449.91	525.19	481.32
Water Supply & Sewerage	253.32	9.08	0.13	262.27	93.01	99.85
EDP Equipment's	197.02	24.73	3.70	218.05	97.68	90.36
Software (Intangible)	28.05	13.43	0.05	41.43	43.61	42.69
Mining Rights (Intangible)	132.34	84.62	0.00	216.96	1327.87	1239.40
Miscellaneous Articles	185.67	14.73	9.59	190.81	128.23	108.20
Sub-total 'A'	21775.26	1583.99	83.59	23275.66	16044.43	14513.89
Figures for the previous year	20477.48	1398.52	100.74	21775.26	14513.89	
<b>B. SOCIAL FACILITIES</b>						
Land (including cost of development)						
-Freehold	-	-	-	-	10.24	10.24
-Leasehold	5.12	0.15	0.00	5.27	1.62	1.74
Roads, Bridges & Culverts	21.84	0.88	0.35	22.37	28.73	30.01
Buildings	219.86	10.21	-0.09	230.16	360.12	366.62
Plant & Machinery-Others	70.63	3.36	0.60	73.39	41.78	38.32
Furniture & Fittings	14.23	1.21	0.25	15.19	8.70	8.67
Vehicles	7.30	0.70	0.29	7.71	4.30	4.14
Water Supply & Sewerage	99.03	2.19	0.09	101.13	15.09	17.26
EDP Equipment's	9.20	2.26	0.56	10.90	5.35	7.30
Software (Intangible)	0.52	0.04	0.00	0.56	0.12	0.15
Miscellaneous Articles	81.82	6.87	1.02	87.67	88.56	79.36
Sub-total 'B'	529.55	27.87	3.07	554.35	564.61	563.81
Figures for the previous year	504.89	28.06	3.40	529.55	563.81	
<b>C. ASSETS RETIRED FROM ACTIVE USE</b>						
Unserviceable / Obsolete Assets	-	-	-	-	24.16	23.23
Figures for the previous year	-	-	-	-	23.23	
<b>D. CAPITAL EXPENDITURE NOT REPRESENTED BY ASSETS</b>						
Figures for the previous year	5.62	-2.87	0.15	2.60	0.00	8.08
Total ('A'+ 'B'+ 'C'+ 'D')	22310.43	1608.99	86.81	23832.61	16633.20	15109.01
Total - Previous year	20983.95	1430.62	104.14	22310.43	15109.01	

\* Arising out of consolidation of subsidiary and joint venture 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
(d) Charged to accumulated losses
Total

Current Year	Previous Year
1607.88	1431.72
2.48	2.12
-1.55	-3.22
0.18	-
1608.99	1430.62

# Schedules

(Forming part of the Consolidated Balance Sheet)

## 1.6 : CAPITAL WORK-IN-PROGRESS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Expenditure during construction pending allocation (Schedule 1.6.1)	8.76	4.38
<b>Capital Work-in-progress</b>		
Steel Plants & Units	18042.70	12444.76
Township	30.68	6.79
Ore Mines and Quarries	189.26	102.50
	18262.64	12554.05
Less: Provisions	60.88	63.14
	18201.76	12490.91
Capital equipments pending erection, installation, commissioning and adjustments	4000.65	2296.74
Construction Stores and Spares	59.77	61.33
Less: Provisions	2.04	2.53
Advances	319.88	353.03
Less: Provisions	7.57	7.59
Others	0.00	112.89
	22581.21	15309.16
<b>Particulars of advances</b>		
Secured, Considered Good	0.77	0.26
Unsecured, Considered Good	311.54	345.18
(including advances backed by Bank Guarantees ₹ 11.30 crore)		
(Previous year ₹ 50.92 crore)		
Unsecured, Considered Doubtful	7.57	7.59
	319.88	353.03

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

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Opening Balance (a)	4.70	34.10
<b>Expenditure incurred during the year</b>		
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries & Wages	113.43	76.83
Company's contribution to Provident and other Funds	8.98	9.63
Travel Concession	2.68	5.04
Welfare Expenses	0.11	3.71
Gratuity	2.73	12.04
	127.93	107.25
Technical Consultants' fees & know-how	16.03	31.71
Repairs & Maintenance	0.78	1.00
Stores and Spares	27.45	1.68
Power & Fuel	76.92	36.75
Rent	0.27	0.21
Rates & Taxes	0.10	0.37
Insurance	0.25	0.24
Other expenses	323.79	7.72
Interest & Finance charges	613.58	334.05
Depreciation	2.48	2.12
	1189.58	523.10
Less: Recoveries		
Interest Earned	4.14	9.71
Liquidated Damages	1.83	7.11
Hire Charges	0.80	1.89
Sundries	86.57	2.58
	93.34	21.29
Net expenditure during the year (b)	1096.24	501.81
Total (a)+(b)	1100.94	535.91
Amount allocated to Fixed Assets/ Capital Work-in-progress	1092.18	531.53
Balance carried forward	8.76	4.38

## 1.7 : INVESTMENTS AT COST

### - Long Term

	Number of Fully Paid-up Equity Shares	Face Value per Share (₹)	As at 31st March, 2011	As at 31st March, 2010
(₹ in crore)				
<b>(A) Unquoted</b>				
<b>Trade Investments</b>				
<b>Subsidiary Companies</b>				
IISCO Ujjain Pipe & Foundry Company Limited (Refer Note No. 3.6)	30,00,000 (30,00,000 )	10	<u>3.00</u>	<u>3.00</u>
<b>Others</b>				
Almora Magnesite Limited	40,000 (40,000)	100	<u>0.40</u>	<u>0.40</u>
Add : Share of post acquisition profit			<u>0.20</u>	<u>0.13</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 (22,03,150)	10	<u>11.35</u>	<u>11.35</u>
Indian Potash Limited	360000 (360000)	10	<u>0.18</u>	<u>0.18</u>
Cement & Allied Products (Bihar) Limited	2 (2)	10	<u>0.00 *</u>	<u>0.00 *</u>
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	<u>0.00 *</u>	<u>0.00 *</u>
Bhilai Power Supply Company Limited	5 (5)	10	<u>0.00 *</u>	<u>0.00 *</u>
Romelt SAIL ( India ) Limited (Refer Note No. 3.7)	63,000 (63,000)	10	<u>0.06</u>	<u>0.06</u>
MSTC Limited	20,000 (20,000)	10	<u>0.01</u>	<u>0.01</u>
Bihar State Financial Corporation	500 (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>
<b>Unquoted Current Investments</b>				
Units of Mutual Fund			<u>48.07</u>	<u>32.01</u>
<b>Total ( A )</b>			<u>63.64</u>	<u>47.51</u>
<b>(B) Quoted</b>				
HDFC Limited	60000 (12000)	2 (10)	<u>0.01</u>	<u>0.01</u>
HDFC Bank Limited	500 (500)	10	<u>0.00 *</u>	<u>0.00 *</u>
ICICI Bank Ltd	28600 (28600)	10	<u>0.05</u>	<u>0.05</u>
<b>Total ( B )</b>			<u>0.06 @</u>	<u>0.06 @</u>
Total ( A +B )			<u>63.70</u>	<u>47.57</u>
Less : Provision for diminution in value of investments			<u>2.90</u>	<u>2.90</u>
			<u>60.80</u>	<u>44.67</u>
@ Market value of quoted investments			<u>7.49</u>	<u>6.08</u>

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

# Schedules

(Forming part of the Consolidated Balance Sheet)

## 1.7.1 : SHARES IN CO-OPERATIVE SOCIETIES

	Number of Fully Paid-up Shares	Face Value per Share (₹)	As at 31st March, 2011	As at 31st March, 2010
				(In ₹)
Bokaro Steel Employees' Co-operative Credit Society Limited	116500 (116500)	10	<b>1165000</b>	1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250 (250)	10	<b>2500</b>	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	<b>2500</b>	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100	<b>137700</b>	137700
Bolani Ores Employees' Consumer Co-operative Society Limited	200 (200)	25	<b>5000</b>	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	<b>460000</b>	460000
			<b>1772700</b>	1772700

## 1.8 : INVENTORIES\*

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Stores & Spares		
-- Production	<b>2065.22</b>	1716.21
-- Fuel Stores	<b>69.36</b>	76.55
-- Others	<b>23.56</b>	21.99
	<b>2158.14</b>	1814.75
Add: In-transit	<b>186.95</b>	2345.09
	<b>136.51</b>	1951.26
Less: Provision for Non- moving/Obsolete items	<b>161.64</b>	2183.45
		159.96
		1791.30
Raw materials	<b>1647.49</b>	1807.37
Add: In-transit	<b>1410.36</b>	829.80
	<b>3057.85</b>	2637.17
Less: Provision for Unusable materials	<b>6.63</b>	3051.22
		5.65
		2631.52
Finished / Semi-finished products (including scrap)	<b>6272.18</b>	4738.88
	<b>11506.85</b>	9161.70

## 1.9 : SUNDRY DEBTORS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Debts over six months	<b>312.75</b>	289.71
Other debts	<b>4038.86</b>	3509.80
	<b>4351.61</b>	3799.51
Less: Provision for doubtful debts	<b>171.48</b>	167.06
	<b>4180.13</b>	3632.45
<b>Particulars</b>		
Unsecured, considered good	<b>4180.13</b>	3632.45
(Including debts backed by bank guarantees ₹ 1153.41 crore; Previous year ₹ 949.26 crore)		
Unsecured, considered doubtful	<b>171.48</b>	167.06
	<b>4351.61</b>	3799.51

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

## 1.10 : CASH & BANK BALANCES

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Cash and Stamps on hand	1.69	1.60
Cheques on hand	107.90	213.65
Balance with Scheduled Banks		
Current Account	67.66	55.67
Unpaid Dividend Account	10.21	9.07
Term Deposits	17560.30	17638.17
Remittances-in-transit	0.00	22438.47
	<u>17747.76</u>	<u>22503.21</u>
		<u>22718.52</u>

## 1.11 : OTHER CURRENT ASSETS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Gold Coins on hand	0.40	2.63
Interest Receivable / Accrued		
Loans to other companies	1.70	0.00
Deposits	466.24	755.00
Employees	14.87	18.95
Others	13.92	12.13
	<u>496.73</u>	<u>786.08</u>
	<u>497.13</u>	<u>788.71</u>
Less Provision for doubtful interest	2.64	2.39
	<u>494.49</u>	<u>786.32</u>
Particulars		
Secured, considered good	9.67	11.74
Unsecured, considered good	484.82	774.58
Unsecured, considered doubtful	2.64	2.39
	<u>497.13</u>	<u>788.71</u>

## 1.12 : LOANS & ADVANCES

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Loans		
Employees	655.67	454.75
Stores issued	3.43	7.72
Subsidiary company (Refer Note No. 3.6 of Schedule 3)	0.00	1.11
Others	5.58	13.94
	<u>664.68</u>	<u>477.52</u>
Advances recoverable in cash or in kind or for value to be received		
Claims recoverable	1901.45	1460.23
Contractors & Suppliers	161.70	182.09
Employees	17.60	12.89

Income tax paid in advance / recoverable	510.67	358.72
For purchase of shares	5.04	1.31
Export Incentive	34.31	41.00
Subsidiary company (Refer Note No. 3.6 of Schedule 3)	0.00	9.67
Others	<u>512.88</u>	<u>416.02</u>
	<u>3143.65</u>	<u>2481.93</u>

### Deposits

Port Trust, Excise Authorities, Railways, etc.	273.52	260.33
Others	<u>942.70</u>	<u>642.63</u>
	<u>1216.22</u>	<u>902.96</u>
Less: Provision for Doubtful Loans & Advances	<u>120.29</u>	<u>126.33</u>
	<u>4904.26</u>	<u>3736.08</u>

### Particulars of Loans & Advances - Others

Secured, considered good	418.93	329.27
Unsecured, considered good	4485.33	3406.81
Unsecured, considered doubtful	<u>120.29</u>	<u>126.33</u>
	<u>5024.55</u>	<u>3862.41</u>
Amount due from -Directors	0.00	0.11
Maximum amount due at any time during the year from -Directors	0.00	0.05

## 1.13 : CURRENT LIABILITIES

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Sundry Creditors		
Micro and small enterprises	25.28	15.75
Sundry creditors other than micro and small enterprises		
Capital works	1723.31	2191.69
Others	<u>4350.85</u>	<u>4143.72</u>
	<u>6074.16</u>	<u>6335.41</u>
Advances from		
Customers	645.02	722.16
Others	<u>43.62</u>	<u>36.96</u>
	<u>688.64</u>	<u>759.12</u>
Security Deposits	694.56	561.99
Less : Investments received as Security Deposit	<u>0.05</u>	<u>0.06</u>
	<u>694.51</u>	<u>561.93</u>
Interest accrued but not due on Loans	448.33	403.01
Liability towards Investor Education and Protection Fund, not due		
Unpaid Dividends	10.21	9.07
Unclaimed Matured Deposits	1.36	1.42
Interest Accrued on unclaimed Deposits / Bonds	0.57	0.58
Other liabilities *	<u>3670.00</u>	<u>3139.47</u>
	<u>11613.06</u>	<u>11225.76</u>

\* Includes an amount of ₹ 0.24 crore credited to Investor's Education & Protection Fund. (₹ 0.38 crore)



## Schedules

(Forming part of the Consolidated Balance Sheet)

### 1.14 : PROVISIONS

	As at 31st March, 2011	As at 31st March, 2010
		(₹ in crore)
Gratuity	109.72	122.76
Accrued Leave	2021.16	1996.23
Employee Defined Benefit Schemes	1593.29	1293.79
Taxation	86.70	144.23
Pollution Control & Peripheral Development	121.56	112.92
Exchange Fluctuation	17.20	16.43
Proposed Dividend	495.65	702.25
Tax on Proposed Dividend	89.83	120.94
Voluntary Retirement Scheme	2.66	10.71
Wage Revision	882.26	1249.47
Mines afforestation / restoration / closure etc.	517.31	625.49
Others	125.30	65.00
<b>Total</b>	<b>6062.64</b>	<b>6460.22</b>

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

	Balance as at 31st March, 2010	Additions during the year	Total	Amount Charged Off during the year	Balance as at 31st March, 2011
					(₹ in crore)
(i) Development Expenditure On New Projects	0.50	0.00	0.50	0.50	0.00
Total (i)	0.50	0.00	0.50	0.50	0.00
(ii) Deferred Revenue Expenditure					
Others	0.02	1.29	1.31	0.04	1.27
Total (ii)	0.02	1.29	1.31	0.04	1.27
Total (i+ii)	0.52	1.29	1.81	0.54	1.27
Previous year	0.11	0.40	0.51	0.01	0.50

### 1.16 : MINORITY INTEREST

	Current Year	Previous Year
		(₹ in crore)
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 31.03.2011	1.63	1.45
	1.20	1.02

## 2.1 : SALES

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Domestic - Iron & Steel ,		
By-products, others	46253.00	43182.98
Exports - Iron & Steel	980.54	783.14
Export Incentives	31.66	31.14
Energy & Steam	0.00	4.37
Conversion charges	0.00	0.05
	<u>47265.20</u>	<u>44001.68</u>

## 2.2 : INTEREST EARNED

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Customers	68.45	59.10
Employees	29.40	21.11
Term Deposits	1282.20	1785.55
Others	23.15	9.34
	<u>1403.20</u>	<u>1875.10</u>

## 2.3 : OTHER REVENUES

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
<b>(a) Income from Operations</b>		
Social amenities-recoveries	192.43	164.38
Sale of empties etc.	72.46	68.78
Liquidated damages	21.94	26.27
Service charges (Gross)*	32.20	54.53
Grant-in-aid	0.00	0.39
Foreign Exchange Fluctuation ( Net )	125.43	199.03
Sundries *	267.84	249.63
* (Tax deducted at source ₹ 0.20 crore) (previous year ₹ 0.27 crore)		
Sub Total (a)	<u>712.30</u>	<u>763.01</u>
<b>(b) Other Income</b>		
Subsidy, relief and concession	18.95	12.36
Dividend (gross) from investments	3.35	2.34
Profit on sale of fixed assets (net)	19.88	29.91
Dividend from other investments	0.76	0.78
Waivers of Dues	0.00	7.50
Sub Total (b)	<u>42.94</u>	<u>52.89</u>
Total (a+b)	<u>755.24</u>	<u>815.90</u>

## 2.4 : PROVISIONS NO LONGER REQUIRED WRITTEN BACK

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Loans & Advances	2.67	22.63
Sundry Debtors	8.32	22.56
Stores & Spares	7.57	14.74
Others	32.02	31.38
	<u>50.58</u>	<u>91.31</u>

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

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Opening stock	4715.02	5913.60
Less : Closing stock	6246.12	4738.68
Accretion (-) to stock	-1531.10	1174.92
Less : Excise Duty on accretion to stock	-122.90	-4.53
Net accretion (-)/depletion to stock	<u>-1408.20</u>	<u>1179.45</u>

## 2.6 : RAW MATERIALS CONSUMED

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Quantity Tonnes	Value ₹/crore	Quantity Tonnes	Value ₹/crore
Iron Ore	23069987	2337.79	23242283	1844.36
Coal	13937602	15359.98	13603036	11951.15
Coke	240922	541.23	79392	186.80
Limestone	3215608	666.70	3061347	573.70
Dolomite	3089311	325.16	2949326	278.28
Ferro Manganese	73819	533.34	115542	498.42
Ferro Silicon	25233	171.39	22075	124.48
Silico Manganese	125553	700.45	122574	565.70
Hot Rolled Stainless Steel Coils	16913	92.36	4367	26.68
Intermediary Products	57	0.37	71559	246.92
Zinc	6749	75.51	8241	70.85
Aluminium	16795	197.99	16199	162.44
Others		1221.86		874.51
		<u>22224.13</u>		<u>17404.29</u>

## Schedules

(Forming part of the Consolidated Profit & Loss Account)

### 2.7 : EMPLOYEES' REMUNERATION & BENEFITS

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Salaries & Wages	6280.33	3512.09
Company's contribution to provident fund & other funds	514.22	525.02
Travel concession	59.04	44.81
Welfare expenses	681.76	572.82
Gratuity	230.11	872.48
	<u>7765.46</u>	<u>5527.22</u>
Less: Grants-in-Aid received from Government of Karnataka	0.26	0.19
	<u>7765.20</u>	<u>5527.03</u>
<b>Note :</b>		
<b>Expenditure on Employees' Remuneration and Benefits not included above and charged to:</b>		
a) Expenditure During Construction	127.93	107.25
b) Deferred Revenue Expenditure	0.00	0.01
c) Net expenditure on Social Amenities charged to various primary revenue heads	296.94	0.00
	<u>424.87</u>	<u>107.26</u>

### 2.8 : POWER & FUEL

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Purchased Power	1585.51	1809.33
Duty on own generation	22.05	15.32
Boiler Coal/Middlings	676.22	513.22
Furnace Oil/Steam etc.	942.90	764.64
	<u>3226.68</u>	<u>3102.51</u>

**Note :**

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

- Expenditure During Construction      76.92      36.75

### 2.9 : REPAIRS & MAINTENANCE

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(₹ in crore)
Buildings	129.13	110.63
Plant & Machinery	461.77	352.66
Others	149.96	144.01
	<u>740.86</u>	<u>607.30</u>
<b>Note :</b>		
<b>Expenditure on Repairs &amp; Maintenance not included above and charged to:</b>		
<b>a) Employees' Remuneration &amp; Benefits</b>		
Buildings	77.44	73.31
Plant & Machinery	1096.26	961.75
Others	122.98	93.42
	<u>1296.68</u>	<u>1128.48</u>
<b>b) Stores &amp; Spares</b>		
Buildings	17.82	22.30
Plant & Machinery	1075.00	1153.75
Others	52.10	51.81
	<u>1144.92</u>	<u>1227.86</u>
<b>c) Expenditure during Construction</b>		
Buildings	0.65	0.97
Others	0.13	0.03
	<u>0.78</u>	<u>1.00</u>
Total ( a+b+c )	<u>2442.38</u>	<u>2357.34</u>

## 2.10 : OTHER EXPENSES

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Commission to selling agents	6.92	6.72
Directors' Fees	0.25	0.21
Export sales expenses	14.26	12.13
Excise Duty on IPT / Internal Consumption	141.34	76.94
Handling expenses		
- Raw Material	247.25	202.06
- Finished goods	90.72	87.05
- Scrap recovery expenses	143.35	113.98
Insurance	8.48	5.39
Loss on sale/scraping of Fixed Assets ( Net )	0.07	0.00
Postage, Telegram & Telephone	17.72	24.11
Printing & Stationery	11.25	11.70
Provisions		
- Doubtful debts, loans and advances	17.20	25.65
- Stores , Spares and Sundries	32.22	45.52
Rates & Taxes	48.34	35.17
Remuneration to Auditors		
- Audit fees	1.32	1.14
- Tax Audit fees	0.39	0.41
- Out of pocket expenses	0.69	0.88
- In other capacities	1.97	0.92
Cost Audit Fees	0.12	0.02
Rent	20.42	21.96
Royalty and Cess	580.44	261.01
Security expenses	233.51	241.89
Travelling expenses	191.13	183.84
Write Offs	5.30	10.33
Voluntary Retirement Compensation	0.00	0.05
Cash Discount	40.69	39.23
Training expenses	18.38	17.23
Conversion charges	330.20	286.85
Water charges & Cess on water pollution	88.12	60.54
Miscellaneous	544.42	564.68
	<b>2836.47</b>	<b>2337.61</b>

## 2.11 : INTEREST & FINANCE CHARGES

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Foreign Currency Loans	69.48	64.45
Non Convertible Bonds	92.81	129.29
Bank borrowings - working capital	105.66	7.73
Steel Development Fund (SDF) Loans	5.41	5.93
Others	298.31	246.19
Finance Charges	9.97	20.36
	<b>581.64</b>	<b>473.95</b>
<b>Note :</b>		
<b>Expenditure on interest not included above &amp; charged to:</b>		
<b>Expenditure During Construction</b>		
Foreign Currency Loans	0.76	0.00
Non Convertible Bonds	509.97	262.95
Steel Development Fund Loans	2.77	2.24
Others	82.05	62.34
Finance Charges	12.51	0.00
	<b>608.06</b>	<b>327.53</b>

## 2.12 : INTER ACCOUNT ADJUSTMENTS

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Raw Materials	2097.30	1596.85
Departmentally manufactured stores	914.67	589.67
Services transferred to capital works	119.82	63.23
Power and Fuel	9.40	5.05
Finished products internally consumed	744.59	616.63
Others(Net)	12.96	0.29
	<b>3898.74</b>	<b>2871.72</b>

## 2.13 : ADJUSTMENT PERTAINING TO EARLIER YEARS

	Year ended 31st March, 2011	Year ended 31st March, 2010
	(₹ in crore)	
Sales	3.90	0.14
Other Revenues	0.15	-0.90
Raw materials consumed	0.19	-0.34
Employees' remuneration & benefits	0.00	-14.98
Stores & Spares consumed	0.00	-0.25
Repairs & Maintenance	0.00	-16.44
Excise Duty	-7.05	-0.99
Other Expenses & Provisions	-100.67	13.80
Interest	2.67	0.00
Depreciation	-1.55	-3.22
Net Debit	<b>-102.36</b>	<b>-23.18</b>

(-) indicate credit items

## SCHEDULE 3 : SIGNIFICANT ACCOUNTING POLICIES & 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 Lease hold land is amortised over the period of lease.

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

#### 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.

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

In case of Bokaro Power Supply Company Private Limited depreciation is charged on straight-line method as per the rates prescribed under The Electricity Act, 2003. NTPC SAIL Power Company Private Limited has during the year adopted depreciation rates as prescribed by CERC, for CERC Regulated plants, w.e.f. 01.04.2009.

#### 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	- periodical weighted average cost
Minor raw materials	- Moving weighted average cost
Stores & Spares	- Moving weighted average cost
Materials in-transit	- at cost
Finished/Semi-finished products	- material cost plus appropriate share of labour, related overheads and duties.

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

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

#### 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.

The group had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary



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

## 1.11 Employees' Benefits

Contributions towards Provident Funds are charged to the Profit and Loss Account of the period when the contributions to the Funds are due. The provisions/liabilities towards gratuity, accrued leave, long term service awards, post-retirement medical and settlement benefits, future payments to the disabled employees/legal heirs of deceased employees under the Employees' Family Benefit Scheme, are made based on the actuarial valuation as at the end of the year and charged to the 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 ₹5 lakhs (₹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. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis. Marine export sales are recognised on:

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

whichever is earlier.

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

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

## 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.

## 1.16 Overburden Removal

The expenditure on removal of backlog of over burden is charged to revenue, based on stripping ratio as per 5 year

mining plan for mines except collieries which is based on project report.

## NOTES ON ACCOUNTS

- 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 31 <sup>st</sup> March, 2011)	As on 31 <sup>st</sup> March, 2010)
<b>A. Subsidiary Company</b>			
	Maharashtra Elektrosmelt Ltd. (MEL)	99.12	99.12
<b>B. Joint Venture Companies</b>			
	NTPC SAIL Power Company Private Limited (NSPCL)	50	50
	Bokaro Power Supply Company Private Limited (BPSCL)	50	50
	Mjunction Services Limited (MSL)	50	50
	SAIL Bansal Service Centre Limited (SBSCCL)	40	40
	North Bengal Dolomite Limited	50	50
	Bhilai Jaypee Cement Limited	26	26
	Bokaro Jaypee Cement Limited	26	26
	S&T Mining Company Private Limited	50	50
	SAIL & MOIL Ferro Alloys Private Limited	50	50
	International Coal Ventures Private Limited	28.57	28.57
	SAIL-SCI Shipping Private Limited	50	-
	Steel Complex Limited	43.8	-
<b>C. Associate Company</b>			
	Almora Magnesite Limited (AML)	20	20

## 3. Principles of consolidation of Financial Statements

- 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.
- 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.
- The interest in the Joint Venture Companies has been accounted by using the proportionate consolidation method as per AS-27, issued by ICAI.
- Investment in Associate Company has been accounted for using "equity method" as prescribed by AS - 23 issued by ICAI whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the Associate.

The carrying amount of investment in Associate Company includes capital reserve of ₹ 0.56 crore, arising out of acquisition.

- 3.5** The excess of cost to SAIL, of its investment in its Subsidiary, Associate Company and Joint Ventures, over its portion of equity is recognised in the financial statements as Goodwill. The excess of SAIL portion of equity of the Subsidiary, Associate Companies and Joint Ventures over cost of its investment is treated as Capital Reserve. This has been calculated, presuming such acquisitions to be on the last date of the respective years, irrespective of the actual date of such acquisition.
- 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), Romelt SAIL (India) Limited and N.E. Steel & Galvanising Private Limited, joint venture companies of SAIL have not been consolidated as the same have not been prepared yet. The accounts of SAIL-RITES Bengal Wagon Industry Private Limited, a joint venture company incorporated on 30th December, 2010, have not been prepared as at 31st March, 2011 and hence not consolidated.

## 4. CONTINGENT LIABILITIES

(₹ in crore)			
Sl. No.	Description	As at 31st March, 2011	As at 31st March, 2010
(i)	Claims against the Group pending appellate/judicial decisions against which the Group has counter claims of ₹28.83 crore (₹ 28.90 crore) * includes sales tax on inter-state stock transfers from SAIL plants to stockyards - ₹836.31 crore (₹.867.44 crore) for which no liability is expected to arise, as sales tax has been paid on eventual sales.	4325.91	3949.85
(ii)	Other claims against the Group not acknowledged as debts against which the Group has counter-claims of ₹62.42 crore (₹49.62 crore)	648.39	781.18 \$
(iii)	Disputed income tax/service tax/ other demand on joint venture company for which company may be contingently liable under the joint venture agreement	147.85	26.94
(iv)	Guarantees/Counter-guarantees of ₹28.85 crore (₹28.85 crore) given to banks on behalf of a subsidiary company. As at the end of the year, the guarantees utilised to the extent of	0.37	0.37
(v)	Bills drawn on customers and discounted with banks.	10.53	17.29
(vi)	Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-

\$\$ The Provisional Duty Assessment Bonds against concessional duty for project imports of ₹250.64 crore, submitted to the Customs Authorities, were included as at 31st March, 2010 erroneously. After review during the year ended 31st March, 2011, the same have been excluded from contingent liabilities considering the possibility of outflow of funds as remote.

## 5. FIXED ASSETS

### 5.1 In case of SAIL and NTPC-SAIL Company Private Limited, land:

- Includes 62510.42 acres (62503.30 acres) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
  - Includes 1845.71 acres (1845.71 acres) in respect of which title is under dispute.
  - 10704.66 acres (10704.66 acres) transferred/agreed to be transferred or made available for settlement to various Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/ registered.
  - 6204.60 acres (6190.37 acres) given on lease to various agencies/employees/ex-employees.
- 5.2** In respect of SAIL, Buildings include net block of ₹24.11 crore (₹24.06 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 ₹1.46 crore (net credit) [₹61.63 crore (net credit)] 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) - ₹ 25624.15 crore (₹ 24049.91 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) amounting to ₹161.86 crore (₹152.28 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, 2011 are as under:

(₹ in crore)			
Sl. No.	Description	As at 31st March, 2011	As at 31st March, 2010
1.	The principal amount remaining unpaid to supplier as at the end of the year	25.28	15.65
2.	The amount of interest accrued during the nine months and remaining unpaid at the end of the year	-	-
3.	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. The interest due thereon remaining unpaid to supplier as at the end of the year - -

For the year ended	
31st March, 2011	31st March, 2010

5. The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the year - -
6. 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. - -

- 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 SAIL has stock of iron ore fines of 41.23 (41.22) 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 i) An amount of ₹ 51.34 crore has been given to Chhattisgarh State Power Transmission Company Limited out of total amount of ₹ 51.34 crore payable as per demand letter No. CE/Trans./PL-HTC-31/0461 and 0462 dated 04th May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Loans & Advances - Deposits". The transmission lines will not be owned by the Company. The MOU has been signed on 12th May, 2011.

- ii) An amount of ₹ 132.49 crore has been given to Railways, out of total amount of ₹ 844.23 crore payable as per MOU dated 11th December, 2007 and revised estimate by M/s. RVNL dated 17th July, 2009, for construction of railway line for movement of ore from upcoming Rowghat mines. The amount has been reflected as "Loans & Advances - Deposits". As per agreement, Railways will pay at the end of every year to the Company cash at the rate of 7% per annum for 37 years on total contribution towards redemption of Company's contribution, commencing from the 1st year after commissioning of the Phase - I of the project, subject to fulfilment of certain conditions. The underlying assets will not be owned by the Company.

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

- 6.6 In respect of services provided by Central Industrial Security Force, an agency of Government of India, the issue of payment of service tax on the services for the period 1st May, 2006 to 31st March, 2009 is under examination by Ministry of Finance, Government of India. No contingent liability thereof has been

disclosed for the period as there is no impact on profitability due to availability of CENVAT credit of the same amount.

## 7. PROFIT & LOSS ACCOUNT

- 7.1 In respect of SAIL, Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2011: ₹ 3466.59 crore (Previous year: ₹ 3320.53 crore) and upto 31st March, 2011: ₹ 11272.27 crore (Previous year: ₹ 7970.77 crore).

- 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 respect of SAIL, The Research and Development expenditure charged to Profit & Loss Account and allocated to Fixed Assets, during the year, amount to ₹ 127.06 crore (previous year - ₹ 102.94 crore) and ₹5.08 crore (previous year - ₹ 4.32 crore) respectively. The aggregate amount of revenue expenditure incurred on Research & Development is shown in the respective head of accounts. The break-up of the amount is as under:

(₹ in crore)

Head of Account	For the year ended	
	31st March, 2011	31st March, 2010
Employees Remuneration & Benefits	93.35	71.21
Stores & Spares Consumed	4.74	2.71
Power & Fuel	1.57	1.40
Repairs & Maintenance	1.81	2.09
Other expenses & provisions	21.81	21.65
Interest & finance charges	0.34	0.47
Depreciation	3.60	3.59
Sub-total	127.22	103.12
Less: Transferred to Inter Account Adjustments	0.16	0.18
Total	127.06	102.94

- 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, 2011, 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, 2011 for IISCO Steel Plant, Alloy Steels Plant and Visvesvaraya Iron & Steel Plant, is more than the carrying amount.

- 7.5 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, 2011 in the form of VER (Voluntary Emission Reduction) has not been considered in the accounts.

- 7.6 In respect of SAIL, other revenues for the year ended 31st March, 2011 includes ₹ 124.36 crore, being the write back of liability/excess payment in respect of disputed electricity dues of Damodar Valley Corporation (DVC) from 1st April, 2009 to 31st March, 2010, arising out of order of the Appellate Tribunal of Electricity in favour of the Company. However, the appeal filed by DVC in the matter for the period from 1st April 2006 to 31st March 2009 is pending before the Hon'ble Supreme Court.

**7.7** In respect of SAIL, Provision for pension under superannuation benefits has been made for executives as per DPE guidelines and approval of Board. As the issue remains to be discussed at later date for non-executives and as on date is undecided and there exists no liability, no provision has been made.

**7.8** Against the budgeted amount of ₹ 94.00 crore approved by the SAIL Board towards expenditure on Corporate Social Responsibility activities during the year 2010-11, the Company incurred ₹ 68.27 crore on the same and the balance budgeted amount of ₹ 25.73 crore will be spent in due course. Since the company does not have any contractual obligation/liability as on 31st March 2011, the unspent amount has not been provided for in the accounts and would be accounted for as and when spent/incurred.

**7.9** In respect of SAIL, information on leases as per Accounting Standard 19 on 'Leases':

(a) The Company has granted long term lease of properties to the employees, ex-employees for varying periods, renewable for maximum of two like/unlike periods as per provisions contained in the respective lease agreements. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.

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

- The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Profit and Loss Account during the year is ₹ 14.66 crore (₹ 16.31 crore) .
- Sub -lease recoveries recognised in the accounts are ₹ 0.02 crore (₹ 0.03 crore).

## 8. GENERAL

**8.1** The Ministry of Corporate Affairs, vide order dated 10th June, 2011 has approved the scheme of amalgamation of Maharashtra Elektrosnelt Limited, subsidiary company, with the Company under Section 391 to 394 of the Companies Act, 1956. As per the scheme of amalgamation, the appointed date of amalgamation is 1st April, 2010. The amalgamation will be given effect on 13th July, 2011, being the effective date of amalgamation in accordance with the provisions of the scheme of amalgamation.

**8.2** 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.

## 8.3 Segment Reporting

- 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 'Accounting Standard-17 - 'Segment Reporting' issued by the Institute of Chartered Accountants of India.
- 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.

## 8.4 Related Party

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

### A.

Nature of Relationship	Name of the related parties
<b>Joint Venture</b>	SAIL Bansal Service Centre Limited Mjunction Services Limited UEC-SAIL Information Technology Limited Romelt SAIL (India) Limited N.E Steel & Galvanising Pvt. Limited Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited S & T Mining Co. Pvt. Limited
<b>Key Management Personnel</b>	Shri S.K.Roongta (upto 31st May, 2010) Shri C.S.Verma (w.e.f.11th June, 2010) Shri V.K. Srivastava (upto 31st July 2010) Shri Soiles Bhattacharya Shri S.S. Ahmed (upto 31st October 2010) Shri V.K. Gulhati (upto 31st August 2010) Shri Shuman Mukherjee (w.e.f. 23rd December 2010) Shri S.P. Rao (upto 30th June 2010) Shri S.N. Singh Shri P.K. Bajaj Shri B.B. Singh (w.e.f. 9th April 2010) Shri V.K. Arora (w.e.f. 23rd June 2010) Shri S.S. Mohanty (w.e.f. 1st August 2010) Shri Ashok Kumar (from 1st April 2010 to 30th April 2010) Shri S.P. Patnaik (upto 31st July 2010) Shri A.S. Mathur Shri S.R. Subedar Shri K.K. Singhal (from 1st April 2010 to 30th April 2010) Shri V.G. Shankar Shri P.C. Tibrewal Shri H.K. Jain Shri S. Hanumantha Rao Shri Pankaj Gautam Shri S. Chandrasekaran Shri Ranen Nag (w.e.f. 1st May 2010) Shri N.K. Jha (w.e.f. 6th July 2010) Shri M.N. Rai (w.e.f. 1st March 2011) Shri M.R. Panda (w.e.f. 1st August 2010) Shri Sandeep Kumar Shri Viresh Oberoi Shri R.K. Singh Shri Rahul Kumar Shri Sunil Joshi Shri K.P. Sharma Shri T.K. Gupta Shri S.R. Subedar



## B. Details of Transactions between the Company and the Related Parties for the year

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Schedule No. and Account Head
i)	Other Loans and Advances	- ( - )	0.03 ( 0.03 )	0.03 (0.03 )	
ii)	Services rendered	0.70 (0.99)	- ( - )	0.70 (0.99)	2.3 : Other Revenues
iii)	Other Income	- ( 22.20 )	- ( - )	- ( 22.20 )	
iv)	Rental Income	0.05 ( 0.06 )	- ( - )	0.05 ( 0.06 )	
v)	Sale of Goods	9.98 (20.14)	- ( - )	9.98 (20.14)	2.1 : Sales
vi)	Services received	14.81 (11.05)	- ( - )	14.81 (11.05)	2.10: Other Expenses
		0.39 ( - )	- ( - )	0.39 ( - )	1.6 : Capital WIP
vii)	Managerial Remuneration	- ( - )	8.36 (5.58)	8.36 (5.58)	2.7 : Employees' Remuneration and Benefits

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

(₹ in crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Schedule No. and Account Head
i)	Other Loans and Advances	1.41 (1.42)	1.12 : Loans & Advances - Others
ii)	Provision for Loans and Advances	1.39 (1.39)	
iii)	Sundry Debtors	1.00 (0.05)	1.9 : Sundry Debtors
iv)	Sundry Creditors	4.85 (6.28)	1.13 : Current Liabilities
v)	Security Deposit	0.38 ( 0.38 )	

## D. Disclosure of Material Transactions with Related Parties

(₹ in crore)

	For the year ended 31 <sup>st</sup> March, 2011	For the year ended 31 <sup>st</sup> March, 2010	Schedule No. and Account Head
<b>Sale of Goods</b>			
Bhilai Jaypee Cement Limited	5.81	13.67	2.1 : Sales
Bokaro Jaypee Cement Limited	4.16	6.47	
<b>Services Rendered</b>			
Bhilai Jaypee Cement Limited	0.70	0.99	2.3 : Other Revenues
Bokaro Jaypee Cement Limited	0.05	0.06	
<b>Premium Received</b>			
Bokaro Jaypee Cement Limited	-	22.20	
<b>Auction Services</b>			
Mjunction Services Limited	13.81	10.57	2.10 : Other Expenses
<b>Conversion Charges</b>			
SAIL-Bansal Services Centre Ltd.	1.00	0.48	

**8.5** 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:



# Schedules

## SAIL

(₹ in crore)

Particulars	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	2519.47	2446.81
Total	2519.47	2446.81
<b>Deferred tax assets</b>		
Retirement Benefits	21.48	27.82
Others	1006.92	1004.07
Total	1028.40	1031.89
<b>Net Deferred tax liability</b>	1491.07	1414.92

## MEL

(₹ in crore)

Particulars	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	5.91	4.24
Total	5.91	4.24
<b>Deferred Tax Assets</b>		
Others	18.17	16.69
Total	18.17	16.69
<b>Net Deferred Tax Assets</b>	12.26	12.45

## NSPCL

(₹ in crore)

Particulars	2010-11	2009-10
<b>Deferred Tax Liability</b>		
Difference of Book depreciation and tax depreciation	181.05	156.00
Less : Deferred Tax Assets		
Unabsorbed Depreciation/Loss & other disallowances	95.18	116.87
	85.87	39.13
Less : Recoverable from customer	17.05	17.05
<b>Net Deferred Tax Liability</b>	68.82	22.08

## BPSCL

(₹ in crore)

Particulars	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
<b>Deferred Tax Liability included in Balance Sheet comprise of</b>		
<b>Deferred Tax Assets:</b>		
Gratuity	1.92	2.14
Leave Salary	1.39	1.34
Post retirement Medical Benefit	0.17	0.15
Settlement Benefit	0.04	0.05
Long Term Service Award	0.01	0.01
	3.53	3.69
<b>Deferred Tax Liability :</b>		
Depreciation	6.31	10.80
<b>Net Deferred Tax Liability</b>	2.78	7.11

In respect of other Joint Venture Companies, the details of deferred tax assets/liabilities have not been disclosed in the accounts of respective companies.

8.6 The previous year figures considered this year are not same as those of the figures considered in the consolidated financial statements for the year 2009-10 due to unaudited financial statements of certain joint venture companies being audited

## MSL

(₹ in crore)

Particulars	Deferred Tax Assets (Liabilities) as at 01.04.2010	Current Year Charge/ (Credit)	Deferred Tax Assets (Liabilities) as at 31.03.2011
<b>Deferred Tax Liability</b>			
Difference between book and tax depreciation	0.21	0.89	1.10
<b>Total Deferred Tax Liability</b>	0.21	0.89	1.10
<b>Deferred Tax Assets</b>			
Difference between book and tax depreciation			
Provision for Leave Salary	0.13	-0.04	0.17
Provision for doubtful debts	0.05	-0.02	0.07
Provision for doubtful claims receivable	1.30	1.30	-
Provision for Gratuity	0.01	-0.05	0.06
Provision for diminution in value of investment			
Others	0.49	0.14	0.35
<b>Total Deferred Tax Assets</b>	1.98	1.33	0.65
<b>Net Deferred Tax Assets</b>	1.77	2.22	-0.45

## BJCL

(₹ in crore)

Particulars	2010-11	2009-10
Deferred Tax liability on account of		
- Depreciation	(12.17)	(2.04)
Deferred Tax Assets on account of :		
- Unabsorbed Depreciation (Restricted to the extent of deferred tax liability on depreciation on account of virtual certainty)	5.45	2.04
- Employees' Benefits	0.12	-
- Others	1.00	0.03
<b>Net Deferred Tax Assets/(Liabilities) as per Balance Sheet</b>	(5.60)	0.03

## SBSCCL

(₹ in crore)

Particulars	Opening Balance as at 01.04.2010	Charged/ (Credit) during the year	Closing as at 31.12.10
<b>Deferred Tax Assets</b>			
On unabsorbed depreciation	0.32	-	0.32
<b>Deferred Tax Assets (A)</b>	0.32	-	0.32
<b>Deferred Tax Liability</b>			
On account of depreciation	0.57	-	0.57
<b>Deferred Tax Liability (B)</b>	0.57	-	0.57
<b>Net Deferred Tax (Assets)/Liability (A-B)</b>	0.25	-	0.25

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.

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

## Annexure - I

### Segment Information for the year ended 31st March, 2011

#### A. BUSINESS SEGMENT

(₹ in crore)													
PARTICULARS	BSP	DSP	RSP	BSL	IISCO	ASP	SSP	VISL	MEL	Power Companies	Others	Inter Segment Adjustments	SAIL Group
<b>REVENUE</b>													
- External Sales													
Current year	17236.04	6232.87	7452.19	11672.70	1878.06	447.64	1544.82	467.33	62.58	0.00	270.97		47265.20
Previous year	(15874.30)	(5601.77)	(6992.24)	(11296.97)	(1833.48)	(409.47)	(1368.49)	(500.57)	(58.39)	(4.37)	(61.63)		44001.68
- Internal Segment Sales													
Current year	881.96	431.05	206.62	202.82	808.27	871.89	8.31	85.64	333.12	1056.62	1513.97	-6400.27	0.00
Previous year	(731.74)	(315.47)	(100.45)	(253.12)	(387.10)	(806.36)	(4.85)	(56.54)	(323.67)	(792.56)	(998.76)	(-4770.62)	(0.00)
- Total Revenue													
Current year	18118.00	6663.92	7658.81	11875.52	2686.33	1319.53	1553.13	552.97	395.70	1056.62	1784.94	-6400.27	47265.20
Previous year	(16606.04)	(5917.24)	(7092.69)	(11550.09)	(2220.58)	(1215.83)	(1373.34)	(557.11)	(382.06)	(796.93)	(1060.39)	(-4770.62)	(44001.68)
<b>RESULT</b>													
- Operating Profit / (-) Loss ( Before Interest Expenses )													
Current year	3598.39	477.82	967.77	1336.38	39.16	-3.52	22.14	-129.07	40.46	261.66	1360.08		7971.27
Previous year	(4403.49)	(693.54)	(1443.11)	(2166.65)	(185.94)	(-22.05)	(19.16)	(-99.98)	(79.42)	(161.27)	(1742.46)		(10773.01)
- Interest Expenses													
Current year													581.64
Previous year													(473.95)
- Net Profit / Loss ( - )													
Current year													7389.63
Previous year													10299.06
<b>OTHER INFORMATION</b>													
- Segment Assets													
Current year	10939.01	3210.61	9447.19	8800.05	12034.13	621.43	3379.25	709.41	303.76	2167.41	26497.72		78109.97
Previous year	(8650.51)	(3325.36)	(6849.57)	(6662.67)	(8345.90)	(669.76)	(2749.47)	(647.47)	(265.49)	(2229.78)	(30102.43)		(70498.41)
- Segment Liabilities													
Current year	5052.36	1448.37	2484.24	3030.12	1707.74	319.30	452.09	248.09	131.57	364.34	2437.48		17675.70
Previous year	(4592.04)	(1475.63)	(2592.82)	(3226.88)	(2152.24)	(352.15)	(479.57)	(265.55)	(114.63)	(426.93)	(2007.54)		(17685.98)
- Capital Expenditure													
Current year	1497.19	223.52	2501.46	1346.82	3503.23	17.16	664.69	7.22	3.25	71.58	516.27		10352.39
Previous year	(1522.11)	(102.39)	(1794.56)	(1353.09)	(4543.76)	(15.38)	(1010.37)	(31.79)	(4.40)	(84.74)	(934.78)		(11397.37)
- Depreciation													
Current year	307.25	314.28	332.77	295.21	49.62	13.70	42.92	14.32	2.57	101.44	128.86		1602.94
Previous year	(269.11)	(311.31)	(310.68)	(246.08)	(32.82)	(13.42)	(46.48)	(12.65)	(2.48)	(86.48)	(98.11)		(1429.62)
- Non Cash expenses other than depreciation													
Current year	1.92	2.37	7.04	5.17	10.41	10.21	0.14	1.31	0	0.03	10.82		49.42
Previous year	(6.34)	(2.8)	(8.16)	(12.72)	(18.2)	(1.01)	(0.67)	(3.07)	(0.06)	(0.04)	(18.1)		(71.17)

#### B. GEOGRAPHICAL SEGMENT

Particulars	Current year	Previous year
(₹ in crore)		
<b>Sales Revenue</b>		
India	46284.66	43418.42
Foreign Countries	980.54	583.26
Total	47265.20	44001.68

#### Notes :

- (1) 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., Romelt SAIL (I) Limited, ICVL, Steel Complex and SAIL MOIL.
- (2) Total carrying amount of segment assets by geographical location of assets , for the Company's overseas operations are below 10% of the total assets of all segments, and hence not disclosed.

## AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF STEEL AUTHORITY OF INDIA LIMITED AND ITS SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES.

We have audited the attached Consolidated Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, and its Subsidiary Company, Associate and Joint Venture Companies (together referred to as SAIL group) as on 31st March 2011 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that :

- The audit of the financial statements of the following entities in the SAIL group has been carried out by the other auditor whose report has been furnished to us by the management, and our opinion, in so far as it relates to the assets and revenues of these entities included in the consolidated financial statements, is based solely on the reports of the other auditors. (₹ in crore)

Name of the Subsidiary Company	Assets	Revenues
Maharashtra Elektrosmetelt Limited	303.76	366.21
<b>Name of the Joint Venture Company</b>		
NTPC SAIL Power Company Private Limited	1687.07	720.49
Mjunction Services Limited	104.34	56.79
Bhilai Jaypee Cement Limited	263.21	89.27
Bokaro Jaypee Cement Limited	103.86	-
SAIL & MOIL Ferro Alloys Pvt. Ltd.	7.13	-
S&T Mining Company Private Limited	1.81	0.03
SAIL SCI Shipping Private Limited	0.10	-
(₹ in crore)		

Name of the Associate Company	Share of Profit
Almora Magnesite Limited	0.07

- In respect of the following companies, we did not carry out the audit. Our opinion, in so far as it relates to the assets and revenues included in respect of these 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 year ended 31st March, 2011 were not audited, any subsequent adjustment to the balances in the course of audit could have consequential effects on the attached consolidated financial statements. (₹ in crore)

Name of the Joint Venture Company	Assets	Revenues
Bokaro Power Supply Company Private Limited	480.34	320.12
SAIL Bansal Service Centre Limited	17.30	28.22
North Bengal Dolomite Limited	0.20	-
International Coal Ventures Private Limited	1.94	0.05
Steel Complex Limited	6.35	15.35

- The Accounts of IISCO-Ujjain Pipe & Foundry Company Limited, another Subsidiary Company of SAIL have not been consolidated as the said company is under liquidation.
- The accounts of UEC SAIL Information Technology (USIT) Limited, Romelt-SAIL(India) Limited and N.E. Steel & Galvanising Private Limited, Joint Venture Companies of SAIL have not been consolidated as the accounts of these companies are not made available.
- In respect of SAIL, since the matter regarding provision of pension under superannuation benefits for non executives remains undecided and the amount also not ascertained, we are therefore unable to express our opinion on the same and the effect on the accounts, if any.
- Bokaro Power Supply Company Private Limited is also governed by the Electricity Act, 2003 and NTPC SAIL Power Company Private Limited has during the year adopted depreciation rates as prescribed by CERC, for CERC Regulated plants, w.e.f. 01.04.2009. The provisions of the said Act/Commission read with rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
- 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.
- Subject to paras 2 to 5 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:
  - in case of Consolidated Balance Sheet, of the state of affairs of the SAIL Group as at 31st March 2011;
  - in case of Consolidated Profit & Loss Account, of the profit of the SAIL Group for the year ended on that date; and
  - in case of the Consolidated Cash Flow Statement, of the cash flows of the SAIL Group for the year ended on that date.

**For T.R. Chadha & Co.**  
Chartered Accountants  
Firm Registration No.:006711N

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

**For Tej Raj & Pal**  
Chartered Accountants  
Firm Registration No.:304124E

Sd/-  
(B. Gangaraju)  
Partner  
(M. No. 7605)

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Registration No.: 001135N

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

Place : New Delhi  
Dated : 5<sup>th</sup> August, 2011

## CORPORATE OFFICE NEW DELHI

### **Chairman**

C. S. Verma

### **Directors**

#### *Finance*

Soiles Bhattacharya

#### *Commercial*

S. Mukherjee

#### *Personnel & Addl. Charge of*

#### *Director(Technical)*

B. B. Singh

### **Executive Directors**

#### *Vigilance*

P K Aggarwal

#### *Projects*

S. C. Dangayach

#### *SAILCON*

D. Rath

#### *Steel Processing Unit*

S K Dey

#### *F&A-ERP Implementation*

T.C.A.S. Prasad

#### *Internal Audit*

V. K. Misra

#### *Corporate Planning*

Rakesh Kulshreshtha

#### *Chairman's Sectt.*

N. Kothari

Anutosh Maitra

#### *Coal Import Group*

D. Ranjan

#### *Personnel & Administration*

B. Dhal

#### *Materials Management*

S. Dasgupta

#### *Operations*

R. K. Vijayavergia

#### *Law & PLO*

Umesh Kumar

#### *Finance & Accounts*

D.P. Bajaj - I/c

#### *Fin. & Accts. and Company Secretary*

Devinder Kumar

#### *Collieries*

P.C. Tibrewal

#### *CRMG*

A.K. Pandey

#### *Logistics & Infrastructure*

K.K. Pahuja

#### *ICVL*

A.K. Mathur

### **Safety**

#### *Executive Directors*

M.K. Bhattacharya

### **Environment Management Division**

#### *Executive Director*

Ranen Nag

### **Growth Division**

#### *Executive Director*

M. Akhouri

## STEEL PLANTS/UNITS

### **Bhilai Steel Plant**

#### *Chief Executive Officer*

Pankaj Gautam

#### *Executive Directors*

#### *Works*

P.K. Singh

#### *Finance & Accounts*

S K Gulati

#### *Mines*

M. K. Bindu - I/c

#### *M&HS*

Dr. Subodh Hiran - Dir I/c

### **Durgapur Steel Plant**

#### *Chief Executive Officer*

P. K. Bajaj

#### *Executive Directors*

#### *Personnel & Administration*

Jeevesh Mishra

#### *Projects*

Amit Kumar Ray

#### *Works*

Madhusudan

### **Rourkela Steel Plant**

#### *Chief Executive Officer*

S. N. Singh

#### *Executive Directors*

#### *Personnel & Administration*

S. S. Mohanty

#### *Finance & Accounts*

V. Nandagopal

#### *Works*

S. Shekar

#### *Projects*

S. S. Verma

#### *Materials Management*

A. K. Sinha

### **Bokaro Steel Plant**

#### *Chief Executive Officer*

S. S. Mohanty

#### *Executive Directors*

#### *Projects*

T. S. Suresh

#### *Finance & Accounts*

Anil Kr. Chaudhary

#### *Works*

T.K. Das

#### *Personnel & Administration*

R. Singh

### **IISCO Steel Plant**

#### *Chief Executive Officer*

N. K. Jha

#### *Executive Directors*

#### *Personnel & Administration*

P. Sahay

#### *Finance & Accounts*

S. R. Sanyal

#### *Projects*

R. Verma

#### *Materials Management*

S. Saha

### **Alloy Steels Plant**

#### *Executive Director*

P.K. Mishra

### **Salem Steel Plant**

#### *Executive Director*

S. Chandrasekaran

### **Visvesvaraya Iron & Steel Plant**

#### *Executive Director*

V. G. Shanker

## UNITS

### **Research & Development Centre for Iron & Steel**

Dr. D. Mukherjee

### **Raw Materials Division**

#### *Executive Directors*

M.N. Rai - I/c

Kalyan Maity

### **Centre for Engineering & Technology**

#### *Executive Directors*

V.K. Arora - I/c

G.S. Prasad

### **Central Marketing Organisation**

#### *Executive Directors*

#### *Marketing - Special Steels*

V. K. Mehta

#### *Finance & Accounts*

A. K. Ghosh

#### *Marketing - Long Product*

Dr. Anil Dhawan

#### *Warehousing*

S. K. Das

#### *Marketing - Flat Product*

V.K. Ameta

#### *Marketing - Commercial*

Ms. Arti Luniya

#### *Transport & Shipping*

P. Raychaudhary

### **SAIL Refractory Unit**

#### *Executive Director*

S. Hanumantha Rao

### **Chandrapur Ferro Alloy Plant.**

#### *Executive Director*

G. S. Gill

**STEEL AUTHORITY OF INDIA LIMITED**  
**REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD**  
**NEW DELHI-110003**

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Thursday, the 22nd September, 2011 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001 to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Prof. Deepak Nayyar, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri A.K. Goswami, who retires by rotation and is eligible for re-appointment.
4. To fix the remuneration of the Auditors of the company appointed by the Comptroller & Auditor General of India for the year 2011-2012.
5. To declare dividend for the financial year 2010-2011.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** Shri Shuman Mukherjee, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** Shri P.K. Sengupta, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** Shri P.C. Jha, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and, if thought fit, to pass with or without modification the following resolution as SPECIAL RESOLUTION:

**"RESOLVED THAT** Amendment of Articles of Association of the Company amending definition clause for including the position of Chairman and Managing Director in the definition of Chairman and also those clauses containing provision of Managing Directors in the Articles of Association of the Company by removing the words Managing Directors, be and is hereby approved.

By order of the Board of Directors



**(Devinder Kumar)**

Executive Director (F&A) &  
Secretary

New Delhi

Dated: 5<sup>th</sup> August, 2011

Registered Office:

Ispat Bhawan, Lodi Road, New Delhi-110003.

**Notes:**

1. The relevant Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item Nos.6 to 9 above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.
3. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
4. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
5. The Register of Members of the Company will remain closed from 12th August, 2011 to 2nd September, 2011 (both days inclusive).
6. M/s. MCS Limited are acting as the Registrar and Transfer Agent (R&TA) for carrying out the company's entire share related activities viz. Transfer/ transmission/ transposition/ dematerialisation/ rematerialisation/ split/ consolidation of



shares, change of address, bank mandate, filing of nomination, dividend payment and allied activities. Shareholders are requested to make all future correspondence related to share transfer and allied activities with this agency only at the following address:

M/s. MCS Limited,  
F-65, 1st Floor, Okhla Industrial Area, Phase-I,  
New Delhi-110020  
Phone No.011-41406149  
e-mail: admin@mcsdel.com

## 7. (i) Dematerialisation

Securities and Exchange Board of India (SEBI) Regulations provide that equity shares of SAIL are to be compulsorily delivered in the dematerialized form, for the purpose of trading. Though most of the shareholders have converted their holdings into demat form, it is seen that some shareholders still hold their shares in paper form (Physical). In this connection it is advised in their interest, to open a demat account with any depository participant authorized by either National Securities Depository Ltd. or Central Depository Services Ltd and dematerialize their shares.

7. (ii) Members holding shares in the physical form should notify change in their addresses, if any, to the R&TA specifying full address in block letters with **PIN CODE** of their post offices, which is mandatory. Members holding shares in the Electronic Form (Demat), should inform the change of address to their Depository Participant.

## 7.(iii) ECS MANDATE

Shareholders holding shares, whether in Physical or Demat form are advised to opt for Electronic Clearing Services (ECS) for any future payouts from the company. Under the ECS, the payment instruction is issued by the banker (Payer's banker) electronically to the clearing authority (RBI or SBI). The clearing authority provides credit reports to the payee's Bank, who credits the amount to their respective accounts. It becomes inevitable that the shareholders opting for ECS should provide details of their Bank Name, A/c no., A/c Type, Branch name, 9 digit MICR no. along with their Name and Folio Number (DP-ID/Client ID) to the company if their holding is in Physical form and to the Depository participant, if their holding is in demat form.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Shares Department/R&TA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
9. The Company has transferred to Investor Education and Protection Fund, unclaimed dividends till financial year 1997-1998. The Company did not declare any dividend for the financial years during 1998-1999 to 2003-2004. The

Company has, thereafter, paid/declared the following dividends:

Year	Interim Dividend (%)	Final Dividend (%)
2004-2005	15.00	18.00
2005-2006	12.50	7.50
2006-2007	16.00	15.00
2007-2008	19.00	18.00
2008-2009	13.00	13.00
2009-2010	16.00	17.00
2010-2011	12.00	—

Shareholders who have not encashed their dividend warrants as above are requested to make their claims to the company.

10. Members seeking further information on the Accounts or any other matter contained in the Notice, are requested to write to the Company atleast 7 days before the meeting so that relevant information can be kept ready at the meeting.
11. **Green Initiative in Corporate Governance by Ministry of Corporate Affairs.**

The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the circulars issued by the Ministry of Corporate Affairs, companies can now send various notices /documents (including notice(s) calling General Meeting(s), Audited Financial Statements, Directors' Report, Auditors' Report etc.) to their shareholders through electronic mode, to the registered email addresses of the shareholders.

Members are requested to opt for receipt of the above notices/documents through electronic mode. They are requested to register their e-mail ID for this purpose with their respective depository participant or with the Company's Registrar and Transfer Agent i.e. M/s. MCS Limited at the address given above or e-mail at [gogreensail@mcsdel.com](mailto:gogreensail@mcsdel.com), [investor.relation@sail.co.in](mailto:investor.relation@sail.co.in)

Please note that these documents will also be available on the Company's website [www.sail.co.in](http://www.sail.co.in) and physical copies of the same will also be available at the registered office of the company for inspection during office hours.

12. **Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.**
13. **No Brief case or Bag or mobile phone will be allowed to be taken inside the auditorium.**

## ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No.6

On nomination by the President of India vide Government's Notification No.6(13)/2008-SAIL(PC)-Vol.II dated 22nd December, 2010, Shri Shuman Mukherjee was appointed as an Additional Director of the Company with effect from 22nd December, 2010 and joined on 23rd December, 2010 and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri Shuman Mukherjee as a candidate for the office of Director of the Company.

Shri Shuman Mukherjee is a Economic (Hons.) graduate and a Fellow member of the Institute of Chartered Accountants of India. He also holds a Diploma in Management from the All India Management Association (AIMA). He has also done a Certificate Course in Export Management from the Indian Institute of Foreign Trade. He has experience and expertise in the marketing of Iron and Steel products, both domestic and international.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri Shuman Mukherjee, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.7

On nomination by the President of India vide Government's Notification No.6(1)/2009-SAIL(PC)-Vol.II dated 13th January, 2011, Shri P.K. Sengupta was appointed as an Additional Director of the Company with effect from 13th January, 2011 and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri P.K. Sengupta as a candidate for the office of Director of the Company.

Shri P.K. Sengupta has done B.Com.(Hons) and is a Fellow Member of Institute of Cost and Works Accountants of India. His area of specialization is Finance. He was earlier Chairman of Coal India Limited and was earlier also on the Board of Directors of SAIL and Neyveli Lignite Corporation Ltd. He is presently on the Board of NTPC Limited also.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri P.K. Sengupta, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.8

On nomination by the President of India vide Government's Notification No.6(1)/2009-SAIL(PC)-Vol.II dated 13th January, 2011, Shri P.C. Jha was appointed as an Additional Director of the Company with effect from 13th January, 2011 and vacates his office of Directorship at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri P.C. Jha as a candidate for the office of Director of the Company.

Shri P.C. Jha is a B.Sc (Hons.). He was earlier Chairman, of the Central Board of Excise and Customs. He has rich experience primarily in the Government sector. His field of specialization is indirect taxation. He was also associated with Central Warehousing Corporation and Container Corporation of India Limited as Government nominee Director.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri P.C. Jha, to the extent of his appointment as Director, is concerned or interested in the above resolution.

### Item No.9

The Ministry of Steel vide its letter No.3(4)/2007-SAIL(PC) Vol.II dated 27th October, 2010 has intimated that the Government has approved the proposal for discontinuation of Managing Directors of SAIL Steel Plants at Durgapur, Rourkela, Bokaro, Bhilai and IISCO from the SAIL Board. The Managing Directors of the integrated steel plants shall be re-designated as Chief Executive Officers of respective Integrated Steel Plants. It has also been decided to re-designate Chairman, SAIL as Chairman and Managing Director, SAIL. The Ministry has requested SAIL to take further action for operationalising the decision.

Accordingly, the positions of Managing Directors of SAIL Steel Plants at Durgapur, Rourkela, Bokaro, Bhilai & Burnpur have been discontinued from the SAIL Board. However, the Articles of Association of the company contains provisions relating to the Managing Director. Further, there is no mention of Chairman and Managing Director in the Articles of Association of the company.

As such, the Articles of Association needs to be amended to make provision in the Articles for a position of Chairman and Managing Director of the company. In this connection, instead of replacing Chairman as the Chairman and Managing Director in all the relevant Articles of the Articles of Association, it is proposed to amend the definition of Chairman itself in the Articles as proposed below:

"The Chairman" means the Chairman and Managing Director of the Company and also the Chairman of the Board of Directors for the time being of the Company.

Further, the Article Nos.27(a), 70(b), 70(c), 70(e) and 72 containing provisions related to Managing Directors are also proposed to be amended by deleting the word 'Managing Director' from these Articles.

The amendment of Articles of Association of the Company require approval of shareholders by way of Special Resolution.

The Directors, therefore, recommend the Special Resolution. None of the Directors of the company is interested or concerned in the resolution, as the amendments are to give effect to the order of the Government of India.

By order of the Board of Directors



(Devinder Kumar)  
Executive Director (F&A) & Secretary

New Delhi  
Dated: 5<sup>th</sup> August, 2011

Registered Office: Ispat Bhawan, Lodi Road, New Delhi-110003

**Details of Directors seeking re-appointment in forthcoming Annual General Meeting furnished in terms of clause 49 of Listing Agreement:**

Name of the Director	Prof. Deepak Nayyar	Shri A.K. Goswami
Date of Birth	26.09.1946	31.10.1943
Date of Appointment	11.02.2010	11.02.2010
Expertise in Specific functional areas	Administration, Economist	Administration
Qualifications	PG in Economics, Doctorate in Economics from University of Oxford.	BE (Mech.)
List of Companies in which outside Directorship is held.	<ul style="list-style-type: none"> <li>• ICRA</li> <li>• Birla Corporation Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Stone India Limited</li> <li>• JP Power Ventures Limited</li> <li>• JPSK Sports Pvt. Ltd.</li> </ul>
Chairman/Member of the Committees of the Board of the Companies on which he is a Director.	<b>SAIL</b> <ul style="list-style-type: none"> <li>• Audit Committee - Chairman</li> <li>• Shareholders/ Investors Grievance Committee - Chairman</li> </ul>	<b>SAIL</b> Audit Committee-Member

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### ATTENDANCE SLIP

Folio No:

Name and Address \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 39<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on 22nd September, 2011 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.

Member's/Proxy's Name (In Block Letters) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

#### Note:

1. Please sign this attendance slip and hand over at the Attendance Verification Counter at the Entrance of the Meeting Hall.
2. This attendance slip is valid only in case shares are held on the date of meeting.
3. The members holding shares in Dematerialised (D Mat) form are advised to bring with them their DP ID and Client ID Numbers.
4. REGRET NO GIFTS.

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### PROXY FORM

I/We ..... of .....  
in the district of .....  
(Write full address)

hereby appoint ..... of .....  
(Write full address)

or failing him ..... of .....  
(Write full address)

as my/our proxy and to vote for me/us or my/our behalf at the 39<sup>th</sup> Annual General Meeting of the Company to be held on 22<sup>nd</sup> September, 2011 at 1030 hours and at any adjournment thereof.

Signed this ..... day of ..... 2011

Signature(s) .....

Ledger Folio/DP ID & Client ID No. ....

No. of Shares held .....

Please  
affix  
₹ 1  
Revenue  
Stamp

#### Note:

1. The Proxy need NOT be a member.
2. The Proxy Form signed across ₹1 revenue stamp should reach the Company's Registered Office atleast 48 hours before the scheduled time of meeting.
3. Please fill in full particulars.

Ref No : SAIL/B&CA/AR/2011

Dated : 01.08.2011

Dear Shareholder,

**RE: Green Initiative in Corporate Governance: Go Paperless**

The Ministry of Corporate Affairs (Ministry) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can now send various notices /documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered e- mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

This is also a golden opportunity for every shareholder of Steel Authority of India Limited (the Company) to contribute to the Corporate Social Responsibility initiative of the Company. All you have to do is to register your e-mail id with the Company to receive communication through electronic mode.

**ADVANTAGES OF REGISTERING FOR E-COMMUNICATION:**

- Receive communication promptly • Reduce paper consumption and save trees • Eliminate wastage of paper • Avoid loss of document in postal transit • Save costs on paper and postage

We therefore invite you to contribute to the cause by filling up the form given alongwith for registering your email ID and send it back to us.

Kindly note that if you still wish to get a hard copy/physical copy of all the communications, the Company undertakes to provide the same at no extra cost to you. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to [investor.relation@sail.com](mailto:investor.relation@sail.com) or send a letter at the following address.

MCS Limited, Unit : SAIL, F-65 Okhla Industrial Area, Phase-I, New Delhi - 110020

OR COMPANY ADDRESS as mentioned above.

You can also down load the attached registration form from our [website www.sail.co.in](http://www.sail.co.in)

Best Regards,

For Steel Authority of India Ltd

Sd/-  
(Devinder Kumar)  
Exec. Dir. ( F&A ) & Secretary

**NOTE**

As you are fully aware that trading in shares through Stock Exchanges is only allowed in Demat form. Ministry of Corporate Affairs has come out with a draft circular No 17/143/2011-CL.V dated 06.06.2011 seeking opinion regarding making changes in Companies (Dematerialization of Certificates) Rules, 2011 thereby making it compulsory to have shares in demat form only. You are therefore advised to get your shares dematerialised. You can also seek help in this regard by sending a mail at [investor.relation@sail.com](mailto:investor.relation@sail.com).

**E-COMMUNICATION REGISTRATION FORM**

To  
MCS Limited  
Unit : SAIL  
F-65 Okhla Industrial Area, Phase-I,  
New Delhi - 110020

Dear Sir/Madam,

**RE: Green Initiative in Corporate Governance**

I agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. / DP ID & Client ID : .....

Name of 1st Registered Holder : .....

Name of Joint Holder(s) : .....

Registered Address : .....

E-mail ID : .....

Date: ..... Signature of the first holder .....

**Important Notes:**

















- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio/DP ID & Client ID.
- 2) The form is also available on the website of the company [www.sail.co.in](http://www.sail.co.in)
- 3) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email Id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.
- 4) If shares held in electronic mode, kindly register your e-mail id with your DP.





# THE SAIL NETWORK

The map illustrates the SAIL network across India, showing the locations of captive mines, iron ore, manganese ore, chromite, and coal, as well as the locations of steel plants. The network is spread across various states, including Jammu and Kashmir, Punjab, Haryana, Uttar Pradesh, Bihar, West Bengal, Orissa, Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Gujarat, Rajasthan, Madhya Pradesh, Chhattisgarh, Jharkhand, Sikkim, Arunachal Pradesh, Assam, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, and the Andaman & Nicobar Islands. The map also shows the locations of SAIL plants in various cities, including Srinagar, Leh, Jammu, Ludhiana, Chandigarh, Dehradun, Ghaziabad, New Delhi, Faridabad, Agra, Jaipur, Kota, Gwalior, Kanpur, Lucknow, Allahabad, Patna, Ranchi, Jamshedpur, Bhubaneswar, Paradip, Visakhapatnam, Hyderabad, Nagpur, Chandrapur, Raipur, Bhopal, Jabalpur, Indore, Ahmedabad, Baroda, Silvassa, Mumbai, Pune, Belgaum, Bhadravati, Bangalore, Coimbatore, Tiruchirappalli, Chennai, Salem, Thiruvananthapuram, Thiruvananthapuram, Port Blair, and various locations in the Northeast region.

CORPORATE OFFICE .....		CMO HEAD QUARTERS .....		BRANCH SALES OFFICES	
INTEGRATED STEEL PLANTS .....		REGIONAL OFFICES .....		1. NORTHERN REGION .....	
ALLOY AND SPECIAL STEEL PLANTS .....		DEPARTMENTAL WAREHOUSE .....		2. EASTERN REGION .....	
FERRO ALLOY PLANT .....		CONSIGNMENT AGENCY YARD .....		3. WESTERN REGION .....	
UNITS .....		SHIPPING OFFICE .....		4. SOUTHERN REGION .....	
				CUSTOMER CONTACT OFFICE .....	
				SAIL Refractory Unit (SRU) .....	

*There's a little bit of SAIL in everybody's life*



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड  
STEEL AUTHORITY OF INDIA LIMITED

*There's a little bit of SAIL in everybody's life*  
[www.sail.co.in](http://www.sail.co.in)