

ANNUAL REPORT 2012-13



New blast furnace(4060 m³) - the largest in India at SAIL's Rourkela Steel Plant

Sustaining Growth, Maintaining Leadership



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2012-13



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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.

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Letter to Shareholders



Dear Shareholders,

I am extremely happy to share with you that SAIL's relentless drive to fast-track its modernization & expansion plan (MEP), resulted in commissioning of projects worth ₹5500 crore in 2012-13, which is the highest for a year since inception. Under the MEP, cumulative orders worth ₹58,151 crore have been placed till March, 2013 and an expenditure of ₹ 44,112 crore has been incurred. The company's capital expenditure during 2012-13 was ₹9731 crore. The significant projects commissioned in the last fiscal include New Sinter Plant at Rourkela Steel Plant (RSP); 700 TPD Air Separation Unit-4; Oxygen Plant-II at Bhilai Steel Plant (BSP); Skin Pass Mill at Bokaro Steel Plant; Raw Material Handling Plant, Sinter Plant, Coke oven Battery No.11 and Wire Rod Mill at IISCO Steel Plant at Burnpur. Maintaining the rhythm, in the 1st quarter of 2013-14, projects worth ₹2600 crore have already been commissioned which include the new Coke Oven battery and new slab caster at RSP.

Further, it gives me immense pleasure to inform my esteemed shareholders that the new 4060 m³ Blast Furnace at RSP, which is the largest in the country has become operational in August, 2013. Bringing about a quantum jump of 2.5 million tonnes in our hot metal capacity, this marks a new chapter in the modernization and expansion of our company and entire SAIL is jubilant about the same. Many more significant projects are in advanced stage of readiness and expected to go on stream in the coming months, on account of which we are likely to operationalise projects worth more than ₹15,000 crore during the current financial year.

Going beyond, your Company is working on a long term strategic plan 'Vision 2025', which will steer the Company towards a target of 50 million tonnes of hot metal production, thereby meeting the strategic objectives of achieving leadership in Indian steel sector and a position amongst the top steel companies globally. Your company already has the land and the other necessary infrastructure for expanding its capacity to this level.

On the operational front, notwithstanding the challenging market conditions in 2012-13 arising from demand stagnation, SAIL produced 13.4 million tonnes of crude steel by operating at 103% of its capacity. In line with its long term objective of increasing the proportion of value added steel in the overall product basket of SAIL, the production of special steels was scaled up to 5 million tonnes, up by 4% over previous fiscal.

SAIL plants have taken various initiatives to enhance production processes, by improving operational discipline and minimizing equipment downtime. This has led to a significant improvement in operating parameters, leading to best ever techno-economic efficiency in 2012-13.

SAIL intensified its efforts to enhance its reach further throughout the country. "SAIL Rural Dealership Scheme" was launched in the year 2011-12 with the primary objective of meeting the steel demands of the small rural consumers at block, tehsil and taluka levels. Under this scheme 562 rural dealers were appointed during 2012-13. Process for further appointments is under progress. As on 1st April, 2013, SAIL has a wide network of 2896 dealers spread over 629 districts of the country.

The implementation of the Company's R&D Master Plan, launched in 2011-12, is proceeding as per schedule. Centres of Excellence (CoE) have been created at all plants and RDCIS and work on the identified projects is underway. Similarly, High Impact Projects and Technology Missions taken up at corporate level are also being pursued which would give us benefits through beneficiation and pelletisation of iron ore, alternative iron-making technologies, near net-shape casting and other such projects of strategic importance.

Your Company has strived to enhance its product basket by developing several new products during the year. Bhilai Steel Plant developed special soft iron magnetic plates for the prestigious India-based Neutrino Observatory (INO)

Project of Bhabha Atomic Research Centre (BARC). Our Plants at Bokaro and Salem started production of IS 2062 E450 and E 350 HR Coils, tailor-made for wagons used by the Indian Railways. For the petrochemicals industry, Bhilai and Rourkela developed a new grade of ASTM 537 plates, which find application in pressure vessels.

It is a matter of great pride to inform you that the country has launched the first indigenously made Aircraft Carrier INS Vikrant made entirely from SAIL Steel plates. About 26,000 tonnes of high-grade DMR 249 A, 249 A-Z and 249 B steel has been supplied by SAIL for this prestigious project.

On the Raw Material front, total requirement of iron ore was met from captive sources. In case of coking coal, around 24% requirement was met from indigenous sources and balance through imports. For ensuring regular supplies of iron ore, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed. In addition, new iron ore deposits in the States of Rajasthan, Chhattisgarh, MP, Maharashtra, Odisha and Karnataka are being explored. In this respect, an MOU was signed with Chhattisgarh Mineral Development Corporation (CMDC) in November 2012 for development of Eklama Iron Ore Deposit in Kabirdham district of Chhattisgarh, in a joint venture. Eklama Iron Ore Deposit would be a supplementary iron ore source for Bhilai Steel Plant, which is located at a distance of around 135 km from Bhilai (reserves around 100 Million Tonnes of iron ore).

For improving coking coal security, your Company is also making efforts for development of new coking coal blocks at Tasra and Sitanala. For development of Tasra Coal Block, a Mine developer-cum-operator (MDO) has been appointed in July 2013, who would be developing 4 million tonnes per annum (ROM) coal capacity mine through open cast mining along with a washery of matching capacity. Large-scale production at this colliery is likely to start by mid-2015 after completion of pre-development activities such as land acquisition, R&R and associated infrastructure.

Your Company continued to give impetus towards taking new business initiatives in the last fiscal. Significant among these include formation of a JV with Burn Standard Company Limited (BSCL) for setting up a Wagon Component Manufacturing facility at Jellingham, MoU with KSIDC & KML of Government of Kerala for establishing a Titanium Sponge project and MoU with Power Grid Corporation of India Ltd. (PGCIL) for setting up of a Transmission Line Tower manufacturing facility.

SAIL achieved the highest ever Labour Productivity (LP) of 258 TCS/Man/Year in the financial year 2012-13. The manpower strength of SAIL was 1,01,878 employees (as on 31.03.2013) with manpower rationalization of 4,126 achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, redeployment strategies, building competencies and infusing a sense of commitment and passion among employees.

Your Company continued to get laurels and appreciation from different quarters, which inter-alia include, "Excellent" Rating for the year 2011-12 for the 10th consecutive year under the Government's Performance evaluation scheme; Bhilai Steel Plant being awarded the Prime Minister's Award for best performing integrated steel plant for the 11th time; SCOPE Award for Best Practices in Human Resource Management for 2011-12; total 13 out of 28 Viswakarma Awards declared in the country and 11 out of 32 Prime Minister's Shram Awards declared in the country.

Your Company's focus on social responsibility remains unwavering. Some of the notable initiatives that your company took in 2012-13 include, operating 7 Health centres at plants exclusively for providing free medical care to poor and needy families; organizing more than 3500 health camps in various villages across the country; supplying around 25,000 meals on daily basis to school children in Bhilai region; running seven special schools for underprivileged children at integrated steel plant locations which provide free education, mid-day meals, transport, text books and other required items.

SAIL is growing and poised for a big leap. At the same time, we are optimistic and remain committed to India's growth story. Notwithstanding the short-term dampeners, we believe that India continues to be one of the key growth engines of the global economy in the coming years on the basis of its strong fundamentals. With greater emphasis on increasing growth rate of manufacturing sector; higher rates of urbanization, rising middle class population, we are confident of a buoyant Indian steel industry in the years to come. We look forward to moving ahead on this journey along with the support of all our shareholders.


 (C.S. Verma)
 Chairman

New Delhi
 Dated: 16th August, 2013

Board of Directors

Chairman

Shri C.S.Verma

Functional Directors

Finance

Shri Anil Kumar Chaudhary

Technical & Commercial (Additional Charge)

Shri S.S. Mohanty

Personnel

Shri H.S. Pati

Projects & Business Planning

Shri T.S. Suresh

Raw Material & Logistics

Shri Kalyan Maity

Government Directors

Shri Vinod Kumar Thakral,
Additional Secretary & Financial Adviser
Ministry of Steel, Government of India

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

Independent Directors

Dr. Jagdish Khattar
Prof. Subrata Chaudhuri
Shri P.C. Jha
Shri P.K. Sengupta
Dr. Isher Judge Ahluwalia
Shri Sujit Banerjee
CA Arun Kumar Srivastava
Dr. Atmanand
Shri J.M. Mauskar

Chief Executive Officers (Permanent Invitees)

Rourkela Steel Plant

Shri G.S. Prasad

Durgapur Steel Plant

Shri P.K. Singh

Bokaro Steel Plant

Shri Anutosh Maitra

Bhilai Steel Plant

Shri S. Chandrasekaran

IISCO Steel Plant

Shri N. Kothari

Secretary

Shri M.C. Jain

Bankers

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

Statutory Auditors

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

Chartered Accountants

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

Chartered Accountants

M/s. B.N. Misra & Co.

Chartered Accountants

Registered Office

Ispat Bhawan, Lodi Road, New Delhi-110003

Phone:24367481; Fax-24367015

Internet: www.sail.co.in

E.Mail: secy.sail@sail.com

Board of Directors



Shri C.S.Verma



Shri Vinod Kumar Thakral



Shri Upendra Prasad
Singh



Shri Anil Kumar
Chaudhary



Shri S.S. Mohanty



Shri H.S. Pati



Shri T.S. Suresh



Shri Kalyan Maity



Dr. Jagdish Khattar



Prof. Subrata Chaudhuri



Shri P.C. Jha



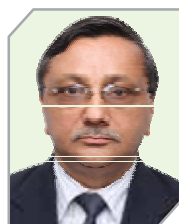
Shri P.K. Sengupta



Dr. Isher Judge Ahluwalia



Shri Sujit Banerjee



CA Arun Kumar
Srivastava



Dr. Atmanand



Shri J.M. Mauskar

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the 41st Annual Report of the Company together with Audited Accounts for the Financial Year ended 31st March, 2013.

FINANCIAL REVIEW

Your Company achieved a turnover of ₹49,350 crore during the Financial Year 2012-13 which was almost at the same level as that of last year (₹50348 crore). The profit after tax of your Company for the Financial Year 2012-13 was ₹2170.35 crore compared to ₹3542.72 crore in the previous Financial Year. Net profit was down largely due to the lower Net Sales Realization resulting from a subdued market. Higher usage of external inputs like BF Coke & pellets and higher salary & wages were other key factors impacting profitability adversely. The comparative performance of major financial parameters during the Financial Years 2012-13 and 2011-12 is given in Management Discussion and Analysis Report.

SAIL continued its thrust on optimum utilisation of funds by better fund management. This included replacement of high cost short term loans with low cost debts, timely Repayment of loans including interest, strategic parking of surplus funds with scheduled banks, actions for future fund raising etc. to meet our growth objectives. Further, the Company hedged the foreign currency risk on Buyer's Credit and repayment of External Commercial Borrowing depending on market conditions. The Company had liquid assets of ₹3,400 crore as on 31st March, 2013 invested in short term deposits with scheduled banks against borrowings of ₹21,597 crore as on 31st March, 2013. The debt equity ratio of the Company was 0.53:1

as on 31st March, 2013 as against 0.41:1 as on 31st March, 2012 which went up on account of increase in borrowings during the year to fund the ongoing capital expenditure.

The net worth of your Company improved from ₹39,811 crore as on 31st March, 2012 to ₹41,025 crore as on 31st March, 2013 and this helped in generation of internal resources for funding expansion plans of SAIL. During the Financial Year 2012-13, SAIL's relentless drive to fast track its modernization & expansion plan resulted in commissioning of projects worth ₹ 5500 crore. A capital expenditure of ₹ 9,731 crore was made during the year.

Your Company paid interim dividend @ 16% of the paid-up equity share capital during the year. The Board of Directors has further recommended a final dividend @ 4%, subject to approval of shareholders, thus making the total dividend @ 20% of the paid up equity share capital for the Financial Year 2012-13. A sum of ₹163 crore has been transferred to the general reserves during the Financial Year 2012-13 (previous year ₹275 crore).

Credit Rating:

M/s. FITCH and M/s. CARE, RBI approved credit rating agencies, maintained 'AAA' ratings, indicating the highest safety, for SAIL's long term borrowing programme. The International Borrowings programme of the Company has been rated at 'BBB-' by M/s Fitch ratings and M/s Standard & Poor's, which is also the sovereign rating of the Country.

PRODUCTION REVIEW

Notwithstanding the challenging market conditions in 2012-13 arising from demand stagnation, your Company produced 13.4 million tonnes (MT) of crude steel by operating at 103% of its capacity, marking an improvement of 1% over CPLY. In line with its long term objective of increasing the proportion of value added steel in the overall product basket of SAIL, the production of special steels was scaled up to 5 MT, up



Hon'ble Prime Minister Dr. Manmohan Singh presenting the Prime Minister's Trophy for the best integrated steel plant to Chairman SAIL Shri C.S. Verma, in the presence of Union Steel Minister Shri Beni Prasad Verma on August 27, 2012.



First batch of slabs being cast from the New Slab Caster at Rourkela Steel Plant.

by 4% over last Financial Year. Best ever power generation of 690 MW was achieved during the Financial Year 2012-13, with a growth of 4% over last year. Improvement was also achieved in the production of Hot Metal, Finished Steel and Continuous Cast Steel with a growth of 1% each over last year.

SAIL plants have taken various initiatives to enhance production processes, by improving operational discipline and minimizing equipment downtime. This has led to a significant improvement in operating parameters, leading to best ever techno-economic efficiency. SAIL Plants recorded the best ever specific energy consumption of 6.68 Gcal/tcs, an improvement of 3% over last year. This was achieved, as production through energy efficient CC route went up by 1% as compared to last year. Lowest ever coke rate at 512 kg/thm was achieved, with an improvement of 1% over last year. This was possible primarily because of higher usage of CDI (Coal Dust Injection) at 54 kg/thm as compared to 51 kg/thm achieved last year. Best ever BF-Productivity of 1.58 T/m³/day was achieved, with an improvement of 5% over last year, by consistent operation of Blast furnaces at BSP, DSP and RSP where 2%, 8% and 3% growth was achieved in BF-Productivity.

Your Company has strived to enhance its product basket by developing several new products during the year. Bhilai Steel Plant developed special soft iron magnetic plates for the prestigious India-based Neutrino Observatory (INO) Project of Bhabha Atomic Research Centre (BARC). Our Plants at Bokaro and Salem started production of IS 2062 E450 and E 350 HR Coils, tailor-made for wagons used by the Indian Railways. For the petrochemicals industry, Bhilai and Rourkela developed a new grade of ASTM 537 plates, which finds application in pressure vessels. Another product which caters to petrochemical industry is the NACE quality plate developed by SAIL Bhilai. These crack-resistant plates are ideal for transportation of gases having high Hydrogen-Sulphide content. SAIL Bokaro came out with ultra high strength HR and CR steel with Mn-B, especially for auto body components, thereby enhancing our presence in

that sector. Besides catering to large scale industry, our penetration also improved in the medium and small scale industries with 31 CrV3 grade billets rolled out in Durgapur Steel Plant for the first time in India; a product which finds a growing market among makers of spanners and hand tools.

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

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

Centres of Excellence have been created at all plants and RDCIS. 13 projects have been identified as CoE Projects, 2 each at BSP, RSP, ISP and SSP and one each at BSL, DSP, ASP, VISL and RDCIS. These projects have taken shape in terms of formulation of objective, scope, duration, budget and deliverables. A few examples are better quality plates and rails at Bhilai, high performance Cold Rolled Sheets at Bokaro, CRNO and API

pipes at RSP etc. Three HIPs are being pursued with specific objectives of beneficiation and pelletisation of iron ore at mines, assimilation of new technologies for coke oven, sinter making and blast furnace at ISP and identification of new uses of BF and BOF sludge & slag for improving solid waste utilisation. Under the Technology Mission (TM) projects, discussions have been initiated with technology suppliers for acquiring technology for Thin Slab Casting & Direct Rolling (TSCDR) and CRGO Steel production.

Raw Materials

During the Financial Year 2012-13, total requirement of iron ore was met from captive sources. The Company's captive iron ore mines produced about 21.48 million tonnes. However, in case of coking coal, around 24% requirement was met from indigenous sources and balance through imports. During the Financial Year 2012-13, production in captive collieries of the Company was about 0.82 million tonnes. In case of fluxes, around 1.26 million tonnes of limestone and 0.96 million tonnes of dolomite was produced resulting in total production of 2.22 million tonnes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited (CIL) except small quantity produced from captive mines.

During the Financial Year 2012-13, your Company got the final forest clearance for Bolani, Barsua and Stage-I forest clearance for Gua Iron Ore Mines. Environment clearance for the capacity expansion of Gua and Bolani Iron Ore Mines and renewal of Dhobil mine were also obtained from MoEF, Government of India (GoI). Two mining leases of Kuteshwar Limestone mines got renewed for further period of twenty years.

For ensuring regular supplies of iron ore, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed. In addition, new iron ore deposits in the States of Rajasthan, Chhattisgarh, MP, Maharashtra, Odisha and Karnataka are being explored.

For improving coking coal security, your Company is also making efforts for development of new coking coal blocks at Tasra and Sitanala. At Tasra Coal Block, Letter of Acceptance (LoA) has been issued to the M/s Lanco Infratech on 26th July '13 for development of 4 MTPA (ROM) coal capacity mine through open cast mining and production of washed coal through establishing a washery of 3.5 MTPA input capacity and further, setting up of 200-300 MW Power Plant through JV route based on secondary product available from Tasra Washery. Production is likely to start by mid 2015 after completing pre-development activities such as land acquisition, R&R, setting up infrastructure like Coal Handling Plant, Heavy Earth Moving Machineries (CHP, HEMM), etc. M/s Lanco Infratech was selected as the H-I bidder (on Net Present Value basis) for development of Tasra coking coal block as Mine developer cum operator (MDO).

For allotment of new thermal coal blocks applications have been submitted to Ministry of Coal, GoI and for coking coal Ministry of Coal, GoI has been approached for allotment of 2-3 coking coal blocks under Government dispensation route.

SALES & MARKETING REVIEW

- SAIL achieved a total sales volume of 11.35 million tonnes during the Financial Year 2012-13. Exports during the year at 0.368 million tonnes achieved 10.1% growth over previous year. Major categories where growth was recorded in home sales included: HR Coils: 2.1%, CR Coils/Sheets: 4.6%, GP/GC: 5.3%, Wire Rods: 1.7% and Electrical Steel Sheets: 16.8%. New records were also set in supplies of Wheels to Indian Railways during the year.
- Highest ever sales of LPG grade HR Coils were achieved at 2.07 lac tonnes during the Financial Year 2012-13 registering 6.8% growth over the previous best achieved during 2011-12.
- Supplies were started to rural dealers appointed under "SAIL Rural



Wire rods produced in the new Wire rod mill at ISP, Burnpur.



Chairman SAIL Shri C.S.Verma inaugurates the New End-Forging Plant of SAIL, at Rail Mill, Bhilai on January 21, 2013.

Dealership Scheme" which was launched in the year 2011-12 with the primary objective of meeting the steel demands of the small rural consumers at block, tehsil and taluka levels. Under this scheme 562 rural dealers were appointed during the Financial Year 2012-13. Process for further appointments is under progress. As on 1st April, 2013 SAIL has a wide network of 2896 dealers spread over 629 districts of the country.

- The Company maintained its presence in neighbouring and traditional markets and exported 0.368 million tonnes steel during the year. DSP Blooms and Chequered Coils were exported for the first time by the Company.

GROWTH PLAN

Keeping in view the projected demand for steel in the Country, your Company is currently implementing growth plan to enhance its hot metal production from the level of 14.3 million tonnes during the Financial Year 2012-13 to 23.5 million tonnes after expansion in a phased manner. The growth plan, besides targeting higher production, also addresses the need for eliminating technological obsolescence, achieving energy savings, enriching product-mix, reducing pollution, developing mines and collieries, introducing customer centric processes and developing matching infrastructure facilities.

To maintain its current dominance in the domestic market and to meet the future challenges, your Company is working on a long term strategic plan 'Vision 2025', which will steer the Company towards a target of 50 million tonnes of hot metal production, thereby meeting the strategic objectives of achieving leadership in Indian steel sector and a position amongst the top steel companies globally.

MODERNISATION & EXPANSION PROGRAMME

Steel Industry requires continuous Capital Investments for technological up-gradation and Addition/Modification/Replacement of its capital assets which are essential to maintain market competitiveness and meet the challenging need of customers. The market is becoming increasingly competitive making it imperative for Steel Authority of India Ltd. (SAIL) to make determined efforts to bring about substantial improvement in

production, techno-economic parameters and profitability. Accordingly, the Modernisation & Expansion Program of SAIL aims towards almost doubling its production capacity with energy efficient and environment friendly technology and a wider product range.

SAIL is currently implementing a Modernisation & Expansion Programme simultaneously at its five integrated steel plants at Bhilai, Durgapur, Rourkela, Bokaro & Burnpur and special steels plant at Salem including augmenting raw material resources and other related facilities. The Modernisation & Expansion Programme, apart from increasing the production capacity addresses the vital issues of elimination of technological obsolescence, installation of energy efficient & environment friendly technologies, value addition/ product-mix improvement/ sustenance of existing assets of the plants and introduction of customer-centric processes such as Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES). At Salem Steel Plant, the production facilities envisaged under Expansion Program have already been installed and units are in regular production. At other Plants/Units, the expansion programmes are at advanced stage of implementation.

SAIL Board accorded 'in-principle' approval for various new Projects with an estimated total outlay of around ₹1,641 crore during the year.

Orders for about ₹ 58,151 crore have been placed (till Mar'13) under the current phase of Modernisation & Expansion Plan of SAIL. A capital expenditure of ₹9,731 crore has been incurred during the financial year 2012-13 on this account and till Mar, 2013, the capital expenditure of ₹ 44,112 has been incurred under this program. The capital expenditure planned to be incurred during 2013-14 has been planned at ₹11,500 crore. Current status of progress of implementation of Modernisation & Expansion Plan is given in Management Discussion and Analysis Report.

AMR Schemes:

A number of capital projects costing ₹ 2556.28 crore are under implementation which include Augmentation of Grinding Facilities for Coal Dust Injection Unit in BF-6 & 7, Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant, Appointment of consultant for development of Rowghat Iron Ore Deposit, Cold Repair of COB-9

and Up-gradation of Stoves of BF-4 at BSP; Coal Dust Injection in BF-4, Battery Proper Pkg for Rebuilding of COB-3, Installation of Additional Heat Treatment Facilities in SPP; Re-habilitation of Mandira Dam, Installation of 125 tpd Sulphuric Acid Plant and Replacement of 2 nos of Process ESPs in SP-I at RSP; Installation of Bell Less Top Charging System (BLT) in BF-3 & Re-building of COB-5 at DSP; Replacement of Converter Shell trunion ring and Pedestal Assembly in SMS-2 at BSL; Installation of One 45 Sub-merged Arc Furnace, 4 MW Power Plant and 220 KV Sub-station at Chandrapur Ferro Alloy Plant and Projects for Development of Mines.

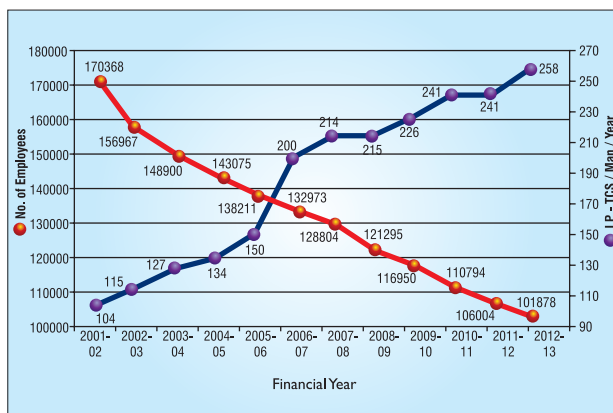
HUMAN RESOURCE MANAGEMENT REVIEW

SAIL recognizes contribution of its Human Resources (HR) in providing the competitive advantage. SAIL has achieved its present level of excellence through investing in its human resource, whose skill and knowledge constitute the basis of every initiative - be it technology or innovation. Developing skills and capabilities of employees to improve manpower utilization and Labour Productivity is the key thrust area of Human Resource Management (HRM) in SAIL.

SAIL provides an environment conducive for learning, encourages adoption of best practices in every area and nurtures creativity and innovativeness among employees. HR initiatives in SAIL are focused on developing team spirit, employee empowerment and their involvement in various improvement activities. Strategic alignment of Human Resource Management to business priorities and objectives has facilitated smooth transition to state-of-the-art technology in the modernization and expansion projects.

Enhanced Productivity with Rationalized Manpower

SAIL achieved the highest ever Labour Productivity (LP) of 258 TCS/Man/Year in the Financial Year 2012-13. The manpower strength of SAIL was 101878 nos. (as on 31.03.2013) with manpower rationalization of 4126 nos. achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, redeployment strategies, building competencies and infusing a sense of commitment and passion among employees to go beyond and excel. Trend of enhanced productivity and manpower rationalization since 2001-02 onwards is depicted below:



Developing Employee Capabilities & Competencies

In order to develop its human resources for harnessing their potential to the fullest and for according ample opportunity for realizing individual as well as organizational goals, your Company has been making sustained efforts through various training and development activities with focus on preservation of skills, transfer of skills and knowledge, training in specialized/advanced skills and technology in collaboration with reputed organizations and development of effective managerial competencies through association with premier institutes. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 54810 employees were trained against target of 44958 employees during the year on various contemporary technical and managerial modules.

Harmonious Employee Relations

- Your Company has a glorious tradition of conducive employee relations scenario. There has been a healthy tradition of settling the issues through discussions with trade unions/workers' representatives and this has helped in establishing a peaceful IR climate. The Company has an established system of workers' participation at different levels



The newly built Coke Oven Battery of SAIL's IISCO Steel Plant under Modernization and Expansion Programme.



An overview of long rails at SAIL's Bhilai Steel Plant.

right from National level upto shop-floor level. Some of these forums are functioning since early seventies and are sufficiently empowered to address different issues related to wage, safety, and welfare of workers, arising from time to time thus helping in conducive work environment.

- Bipartite forums, like National Joint Committee for Steel Industry (NJCS), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI), etc. with representation from major central trade unions as well as representative unions of Plants/Units meet on a periodic basis and jointly evolve recommendations/ action plans for ensuring a safe & harmonious work culture which gets substantiated from the harmonious industrial relations enjoyed over the years by SAIL Plant/Units, marked with diverse work culture at multi-locations.
- In addition, Quality Circles, Suggestion Schemes, Shop Improvement Workshops also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought thereon through structured / interactive workshops.

Grievance Redressal Mechanism

- Effective internal grievances redressal machinery exists in SAIL Plants and Units, separately for executives and non-executives. The grievance procedure in SAIL has been evolved after sustained deliberations and consent of employees, trade unions and associations.
- The grievances in SAIL Plants/Units are dealt in 3 stages and employees are given an opportunity at every stage to raise grievances relating to wage irregularities, working conditions, transfers, leave, work assignments and welfare amenities, etc. Such issues are effectively settled through the time-tested system of grievance management. However, majority of grievances are redressed informally in view of the participative nature of environment existing

in the steel Plants. The system is comprehensive, simple and flexible and has proved effective in promoting harmonious relationship between employees and management.

- A total of 1900 employee grievances were settled during the Financial Year 2012-13.

INITIATIVES FOR SOCIO-ECONOMIC DEVELOPMENT OF SCs /STs & OTHER WEAKER SECTIONS OF SOCIETY

SAIL follows Presidential Directives on Reservation for Scheduled Castes and Scheduled Tribes in the matter of recruitments & promotions. As on 31st March 2013, out of total manpower of 101878, 15.98% belong to SC category and 13.56% belong to ST category.

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

National Commission for Scheduled Castes (NCSC) under Chairmanship of Dr. P.L. Punia, visited SAIL Corporate Office on 17th September, 2012. Vice Chairman, 3 members, Secretary and other senior officials of the Commission also accompanied Chairman, NCSC. Commission interacted with SAIL SC/ST Employees Federation and SAIL Management. Deliberations were held on various initiatives of SAIL for welfare of SCs/STs. Commission appreciated Socio Economic Schemes initiated by SAIL.

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 schools opened exclusively for poor & underprivileged children at integrated steel plant locations. These schools are presently providing education to more than 1500 children. Free education, mid-day meals, transportation, text books & stationery items, school

bags, water bottles, etc. are provided to the students in the school.

- 188 SC/ST students belonging to BPL families/ primitive tribes have been adopted by our plants/mines. They are being provided free education, boarding, lodging, uniform, etc. for their overall growth.
- No tuition fee is being charged from SC/ST students studying in the Company run schools, irrespective of whether they are wards of SAIL employees or non-employees.
- Free medical health centres for poor have been set up at Bhilai, Durgapur, Rourkela, Bokaro, Burnpur (Gutgutpara) providing free medical consultation, medicines, etc. to the peripheral population mainly comprising of SC/ST and weaker sections of society.
- Villagers are given free outdoor and indoor treatment in the mines hospitals of Kiriburu, Gua & Chiria after recommendations by Manki/ Munda (Local Tribal Village Heads) of the peripheral villages.

IMPLEMENTATION OF RTI ACT, 2005

Your Company has been a front runner in implementation of Right to Information Act, 2005, in true spirit. The Company has designated Public Information Officers / Asstt. Public Information Officers, Appellate Authorities and Transparency Officers under Section 5 & Section 19(1) of RTI Act in each Plant & Unit for speedy redressal of the queries received under the Act.

All Plants/Units of SAIL have listed, 17 manuals, and details of designated officials, in line with the provisions of the RTI Act, on SAIL website. Your Company has also institutionalized an exclusive RTI Portal for better awareness and knowledge sharing. In all, a total number of 3653 applications and 525 appeals were received under RTI Act, during the Financial Year 2012-13 and all of them have been disposed off within the timelines. Efforts towards spreading awareness about RTI, amongst general public as also for PIOs / deemed PIOs continued throughout the year.

AWARDS & ACCOLADES WON DURING THE YEAR

- Your company has been conferred with "Excellent" Rating for the year 2011-12 for the 10th consecutive year.
- SAIL bagged SCOPE Award for Best Practices in Human Resource Management for the year 2011-12 presented by the Hon'ble President of India on Public Sector Day function held on 26th April'13.
- SAIL won 13 out of 28 Viswakarma Awards declared in the country, which is the highest for any organization amongst both private and public sector.
- SAIL employees were awarded 11 out of 32 Prime Minister's Shram Awards declared in the country. This is also the highest number for any organization amongst both private and public sector.
- Two out of the five Olympics medal winners of the country were supported by SAIL (Sushil Kumar and Yogeshwar Dutt). In recognition of SAIL's initiatives, Rashtriya Khel Protsahan Puraskar - 2012 was conferred to the Company by Hon'ble President of India.
- Indira Gandhi Rajbhasha Award for the best implementation of official language in 'A' (Hindi-speaking) region was conferred to SAIL. SAIL's Hindi magazine 'Ispat Bhasha Bharti' was also adjudged First prize winner amongst the in-house journals published in 'A' region in the country. These awards were conferred by Hon'ble President of India on Hindi Diwas i.e. 14th Sept'12.
- In the International Convention on Quality Circle 2012 held at Kuala Lumpur, Malaysia during 14th-17th October, 2012, all the six participating teams from SAIL won the highest honour (3-star awards) in their respective categories.
- SAIL was awarded CII - Sustainability Award 2012 [Certificate of Commendation], which was given by Hon'ble President of India on 14th January, 2013.



SAIL received first prize in Hindi implementation and Rajbhasha journal by Hon'ble President of India Shri Pranab Mukherjee on September 14, 2012.



SAIL employees were awarded with 13 Vishwakarma Awards for their best performance in year 2010. Out of total 118 awardees, 64 were from SAIL.

- Adjudged as most efficient and largest Maharatna employer at the Dalal Street Investment Journal PSU Awards-2012.
- SKOCH Financial Inclusion Award for 2013 for initiatives in corporate social responsibility.
- Institution of Engineers (India)- Industry Excellence Award -2012 under the award category A-"Manufacturing & Processing".
- Indira Gandhi Award (First prize) for excellence in implementation of Rajbhasha.
- 'Ispat Bhasha Bharti'- in-house Rajbhasha journal, won the first prize under the Home Ministry's All India House Journal Award Scheme.
- 'Sahasrabdi Rajbhasha Shield' from Rashtriya Hindi Academy, Rupambara, Kolkata.
- It is also noteworthy to mention that Chairman, SAIL was conferred SCOPE Award for Excellence and Outstanding contribution to the Public Sector Management - Individual Leadership Category-I (Maharatna/Navratna PSEs) for 2010-11.

Bhilai Steel Plant (BSP)

- Prime Minister's Trophy for the tenth time for emerging as the best performing steel plant in the country.
- Steel Minister's Trophy for the year 2010-11 and 2008-09.
- CII-ITC Sustainability Awards-2012 - Certificate of commendation for significant achievement in its category.

Bokaro Steel Plant (BSL)

- Greentech HR Awards 2013 (Gold) under the Category of Training Excellence.
- Golden Peacock National Training Award 2012 in steel sector for excellence in training practices.
- "Jharkhand CSR Award" in the category of "Regulation of Corporate Social and Environment Behaviour".
- 'Golden Peacock HR Excellence Award' for the year 2012.

Durgapur Steel Plant (DSP)

- Certificate of Strong Commitment to Excel from CII-EXIM Bank under Business Excellence Award.
- Rajiv Gandhi National Quality Award 2011 - Certificate of Commendation.
- Greentech Safety Award 2012 (Gold) and Greentech CSR Award 2012 (Silver) in Metal & Mining Sector.
- Greentech HR Award 2013 (Silver Trophy).

Rourkela Steel Plant (RSP)

- Award for "Best Practices in Training and HRD-2012" from ISTD, Hyderabad Chapter.
- 'Greentech Environment Gold Award' in the field of eco-friendly steel making.
- Awards under three categories - Best CSR Practices, Concern for Health and Women Empowerment in the World CSR Day Global CSR Leadership & Excellence Awards.

Raw Materials Division (RMD)

- "No Fatal Accident in Collieries / Mines" Award by the Annual Joint Committee on Safety, Health & Environment (JCSSI).
- National Safety Awards (Mines) won by Kalta Iron Mine for Lowest Injury Frequency Rate and by Tulsidamar & Dalli mines for Longest Accident Free period.

Alloy Steels Plant (ASP)

- Ispat Suraksha Puraskar from JCSSI for no fatalities for two consecutive years.
- Green Tech Environment Excellence (Silver) Award 2012.

Salem Steel Plant (SSP)

- Award for "Excellence in Suggestion Scheme 2012" from INSSAN-SIC.

- National Sustainability Award (First Prize) for the year 2011-12 from IIM, Kolkata amongst the Secondary Steel Plants / Alloy Steel Plants category.

RDCIS

- Golden Peacock Innovation Management Award for the year 2012.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

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

On the health front, the Company has established 53 Primary Health Centres, 23 Hospitals, 7 Reproductive & Child Health Centres and 7 Super-Specialty Hospitals to provide specialized and basic healthcare to more than 34 million people living in the vicinity of its Plants and Units. In order to reach out to the underprivileged, over 4300 camps have been organized across the country benefitting more than 2 lakh people by providing free health check-up, path lab treatment, medicine, immunization, etc. in financial year 2012-13. 90 numbers of Mobile Medical Units (MMUs)/ Ambulances are being run or have been provided to various NGOs since 2007-08. Seven Health Centres (Kalyan Chikitsalaya) are being run at plants exclusively for providing free medical care including medicines to poor and needy families. In the Financial Year 2012-13, healthcare was provided to more than 87,000 people through these exclusive health centres.

Education has always been a priority area for SAIL. Company owns and maintains over 148 schools in its steel townships to provide modern education to over 55,000 children and is providing assistance to over 492 schools. Seven Special Schools for BPL (Kalyan Vidyalaya) at five steel plants with facilities of free education, mid-day meals, uniform including shoes, text books, stationery items, school bag, water bottles and transportation in some cases are running under CSR. The strength of students in these schools is more than 1500 students. Scholarships to

deserving undergraduate & postgraduate engineering students, adoption of naxal affected tribal children, nearly extinct Birhore tribes, sponsoring youths for Industrial Training & Nursing course, etc. are the major steps taken for uplifting poor, OBC, SC, ST, etc. SAIL is providing Mid-Day Meal to more than 22000 students in different schools of Bhilai everyday through Akshya Patra Foundation. This scheme is being replicated at Bokaro and Rourkela in Financial Year 2013-14.

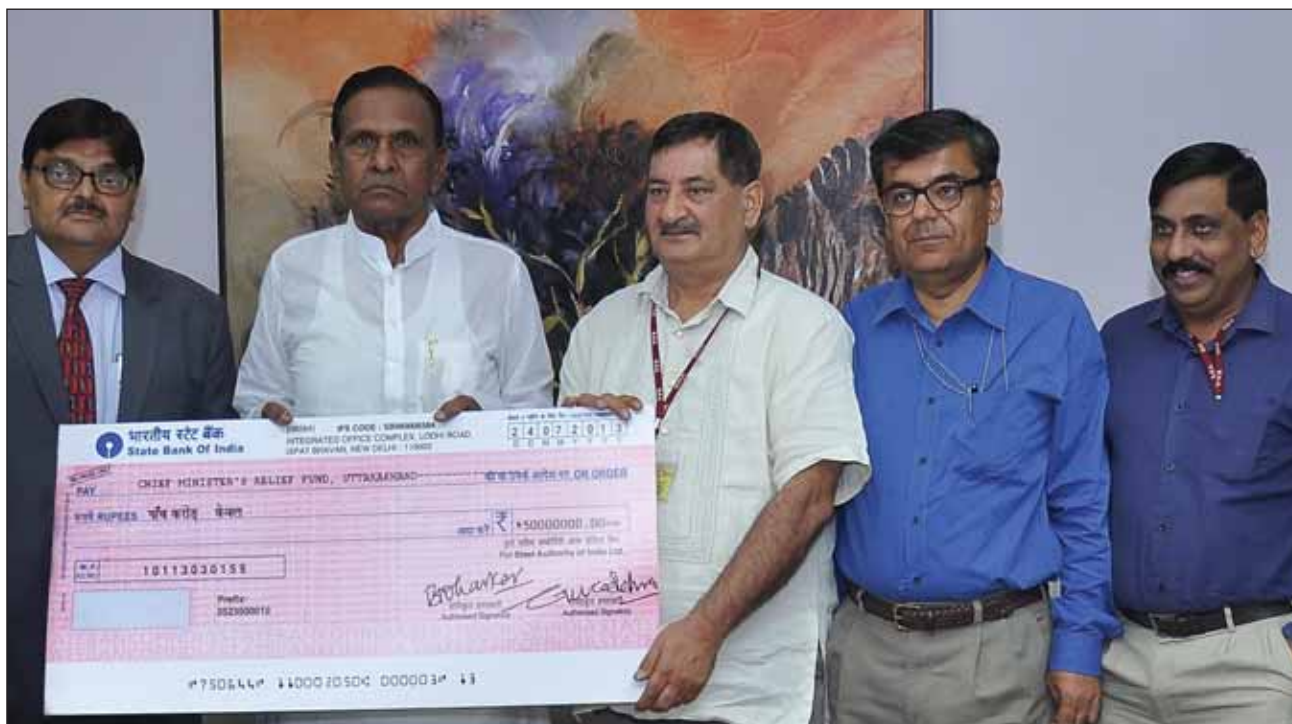
SAIL has provided access to over 75.56 lakh people across 435 villages since inception by constructing and repairing of roads. It has provided access to water infrastructure to people living in far-flung areas by installing over 7381 water sources, thereby providing drinking water access to around over 41.38 lakh people.

In order to bridge the disparity between rural and urban areas as also to provide comprehensive development of both physical and social infrastructure, 79 villages have been identified & developed as "Model Steel Villages" across the country (in eight states). The developmental activities undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc.

To promote renewable sources of energy, Solar street lights were installed and Solar Lanterns and smokeless chullahs have been distributed among the poor and needy in different parts of country.

In an effort to bring the marginalized masses of the remote forest areas to the mainstream of development, SAIL in association with Govt. of Jharkhand and Ministry of Rural Development, Gol actively participated in the development process of Saranda forest, Jharkhand. SAIL provided ambulances, bicycles, transistors, solar lanterns and set up an Integrated Development Centre at Digha village in Saranda forest.

Vocational training has been provided in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar / Pappad/ Agarbati making, Welder, Fitter & Electrician Training, Sewing & embroidery, Smokeless chullah making etc. as a means to livelihood in a dignified manner. Vocational Training centre for rural and unemployed youths - 'Bhilai Ispat



Union Steel Minister Shri Beni Prasad Verma handing over a cheque for relief of Uttarakhand cloud burst and flood victims contributed by SAIL and other PSUs under the Steel Ministry. Also seen in the pic are Chairman SAIL Shri C.S. Verma, Secretary Steel Shri D.R.S. Chaudhary and Joint Secretary Steel Shri U.P. Singh.



The Union Steel Minister Shri Beni Prasad Verma lighting the lamp to inaugurate the 'Steel Pavilion', at the India International Trade Fair, Pragati Maidan, in New Delhi on November 15, 2012. Also seen in the picture are Secretary Steel Shri D.R.S. Chaudhary and Chairman SAIL Shri C.S. Verma.

Kaushal Kutir' & Swayamsiddha at Bhilai, Skill Development and Self Employment Training Institute (SDSETI) at Durgapur, Garment Technician Training at Salem, JHARCRAFT centre at Bokaro and Self Employment centre "KIRAN" at Kiriburu Ore Mines are benefitting common masses by way of financial inclusion/ SHG/training for income generation and then empowering them to be part of main stream.

The Sustainable Development Performance Report (SDPR) for the year 2011-12 has been adjudged to have met the criteria of Application Level "A" by the Global Reporting Initiative (GRI), Amsterdam.

As per the DPE Guidelines on Sustainable Development (SD), SAIL took up Sustainable Development (SD) projects under the MoU with GOI for the year. These SD projects include carbon and water foot printing at SAIL plants, bio-diversity conservation at Bolani Iron Ore Mine, rain water harvesting and sustainability training.

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. In the year, SAIL was awarded with Skoch Financial Inclusion Award-2013 by Skoch foundation for CSR, Golden Peacock National Award - 2012 to Bhilai Steel Plant, Greentech Award for CSR - 2011 & 2012 to Durgapur Steel Plant, Jharkhand Sustainability Award in October, 2012 to BSL and Global CSR Excellence & Leadership Award in categories: Best CSR practices, Women Empowerment & Concern for health to Rourkela Steel Plant.

In compliance of DPE guidelines on CSR & Sustainability- 2013, the Company has identified Gonda district in Uttar Pradesh as 'Backward District' for taking up CSR projects during 2013-14.

CITIZEN CHARTER

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

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

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

STRATEGIC INITIATIVES OF THE COMPANY

During the Financial Year 2012-13, your Company continued to give impetus towards taking new business initiatives, including incorporation/formation of new Joint Ventures (JVs), mergers & acquisitions and entering into Memorandum of Understanding (MOUs) for its long term strategic objectives. Your Company has established communication with renowned international technology providers for forging strategic alliances in alternative iron & steel technologies, production of sophisticated spares and assemblies etc. The Company is continuously adopting the path of entering into Joint Ventures with public / private entities to attain its strategic goals of maximizing gains with optimal utilization of resources. These include:

(A) Joint Ventures:

- i) Development of Hajigak Iron Ore Deposits in Afghanistan: The SAIL-led consortium AFISCO (Afghan Iron & Steel Consortium) comprising of SAIL, NMDC, RINL, JSW Limited, JSPL, JSW Ispat Limited and Monnet Ispat and Energy Limited which had submitted its bid for development of Hajigak Iron Ore deposits, has been selected as the 'Preferred Bidder' for blocks B, C and D of the mines with an estimated reserve of 1.28 billion tonnes of high-grade magnetite iron ore (with 62-64% Fe content) and invited for negotiation of Hajigak Mining Contract. The consortium has held contract negotiation discussions with Ministry of Mines of Islamic Republic of Afghanistan. The contract is likely to be finalized in 2013-14.
- ii) Revival of Sindri unit of Fertilizer Corporation of India Limited (FCIL): Your Company has envisaged a plan for revival of Sindri unit of FCIL by setting up a 5.6 mtpa steel plant, a 1.15 mtpa fertilizer plant and a suitable sized power plant, through the SPV "SAIL-Sindri Projects Ltd" which has already been

incorporated. Department of Fertilizers (DoF) / FCIL have initiated the process for obtaining approval of revised Draft Rehabilitation Scheme (DRS) from Cabinet Committee of Economic Affairs (CCEA), for making its net worth positive, enabling FCIL to be discharged from Board for Industrial and Financial Reconstruction (BIFR). DoF/FCIL will get the land at its Sindri unit, free from all encroachment and encumbrances, before handing it over to SAIL.

- iii) Alternate technologies in Iron & Steel Making: A Memorandum of Agreement (MOA) was signed with Kobe Steel Limited, Japan in July'12 for ITmK3 technology for iron making. A Joint Venture Company "SAIL-Kobe Iron India Private Limited" has been incorporated with Kobe Steel, Japan for installation of an ITmK3 technology based 0.5 MTPA Iron Nugget plant at ASP, Durgapur. The detailed project report is under preparation.
- iv) Revival of operation of Steel Complex Limited: The management of Steel Complex Limited, a BIFR registered Company was taken over by SAIL in 2010 and converted into a JV Company namely "SAIL-SCL Kerala Limited" with SAIL and Government of Kerala (GoK) having equal shareholding. Steps have been taken for the revival of the Company, and it has been discharged from BIFR after infusion of equity by SAIL and GOK. The JV Company has embarked on installation of 65000 MTPA rolling mill for TMT bars, to improve its performance. An EOI has been issued for selection of a party for execution of the project.
- v) SAIL, on May 25, 2012 signed a joint venture agreement with Burn Standard Company Limited (BSCL), a PSU under Ministry of Railways, for setting up a Wagon Components Manufacturing Facility at the premises of BSCL at Jellingham, Purba Medinapore



SAIL signs MOU with Kerala State Industrial Development Corporation and Kerala Minerals and Metals Ltd for setting up a Titanium Project in Joint Venture on April 4, 2013, in presence of Kerala Chief Minister Shri Oommen Chandy and Chairman SAIL Shri C.S.Verma.



Chairman SAIL Shri C.S. Verma inaugurated the new state of the art 7m tall Coke Oven Battery No 6 at Rourkela Steel Plant.

district, in West Bengal, with a capacity to produce 10,000 bogies and couplers per annum. A joint venture Company "SAIL Bengal Alloy Castings Private Limited" between SAIL and BSCL has been incorporated. Work for preparation of Detailed Project Report (DPR) for the project has been initiated.

(B) Strategic Alliances and Memorandum of Understanding (MOU):

- i) Your Company has been in talks with Chhattisgarh Mineral Development Corporation Ltd. (CMDC), an Undertaking of Govt. of Chhattisgarh for having a captive source of iron ore. In this respect, SAIL has signed an MOU with CMDC on November 2, 2012 for development of Eklama Iron Ore deposit in Chhattisgarh which as per preliminary estimates have resources of around 100 million tonne. The Joint Venture Agreement is under finalization.
- ii) In order to promote industrialization in the State of MP where SAIL is interested in setting up iron ore beneficiation and pelletisation plant and has submitted five applications for grant of Prospecting Licence (PL) for iron ore bearing area in Chhatarpur district of MP, a MoU between SAIL and MP Trade and Investment Facilitation Corporation Ltd (TRIFAC) was executed on 15th October, 2012 at Bhopal.
- iii) Your Company is also in discussions with Industrial Development Corporation of Odisha Ltd. (IDCOL) for exploring the possibility of acquisition / JV with its wholly owned subsidiaries IFCAL (IDCOL Ferro Chrome Alloys Ltd.) and IKIWL (IDCOL Kalinga Iron Works Ltd.). IFCAL is engaged in production of High Carbon Ferro Chrome and sources raw material from its chromite mines at Tailangi (Sukinda Valley). The other facility at IKIWL, currently engaged in production of Pig Iron, is planned to be utilized for iron ore beneficiation and pelletization facility. An MOU in this regard was signed

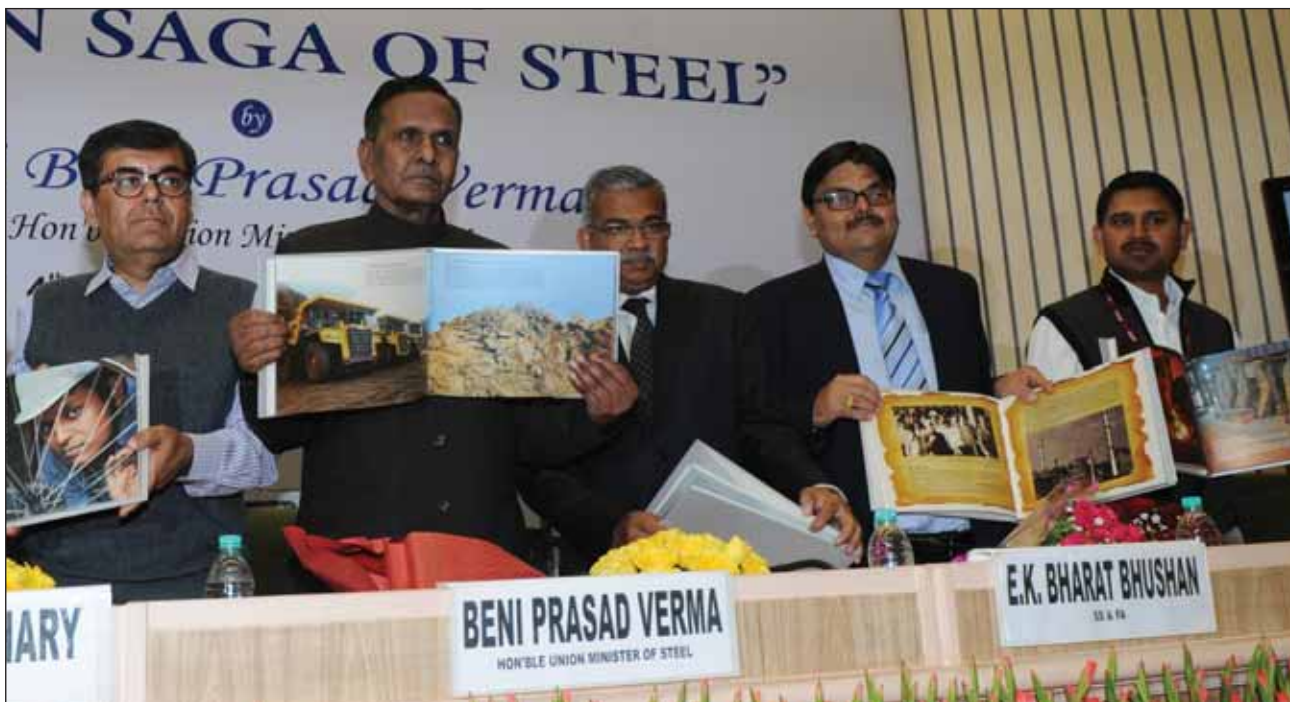
between SAIL and IDCOL on 2nd May, 2012. Due diligence and Valuation of IFCAL and IKIWL are in progress.

- iv) SAIL signed an MOU on 5th March, 2013 with Power Grid Corporation of India Limited (PGCIL) for working together to set up Joint Venture Company at a mutually agreed location for fabrication & galvanizing of Transmission line Tower and Tower parts and tubular structures including research and development facility.
- v) Titanium Project: SAIL has accepted Government of Kerala's offer to jointly explore the possibility of developing a Titanium Project in joint venture in the state of Kerala. An MOU has been signed on 4th April, 2013 amongst SAIL, Kerala State Industrial Development Corporation (KSIDC) and Kerala Minerals and Metals Limited (KMML) to this effect.
- vi) Your Company is planning to set up engineering shops in joint venture to improve its capabilities in production of sophisticated spares and assemblies. This will meet its future requirement of engineering spares and assemblies which is bound to increase post-expansion of SAIL steel plants, both qualitatively and quantitatively. An MOU with Danieli & C of Italy has been signed on 28th May, 2012 to assess and explore the technical and economic viability of installing and operating an Engineering Workshop Facility in Joint Venture between SAIL and Danieli & C at SAIL Plant locations.

BUSINESS EXCELLENCE - INITIATIVES

Enterprise Scorecard (ESC)

Enterprise Scorecard (ESC) of SAIL was prepared for the Financial Year 2012-13. Enterprise Scorecard not only brought integration with Memorandum of Understanding (MoU) with Government of India and Annual Business Plan (ABP) of the Company but also facilitated deployment of these across various leadership levels. It facilitated



The Union Steel Minister Shri Beni Prasad Verma launching a book entitled "Indian Saga of Steel", in New Delhi on March 04, 2013.

deployment of organisational strategy through Strategic Objectives and Key Initiatives. ESC 2012-13 was aligned upwards with ABP & MOU; deployed downwards through Unit Scorecards, Functional Scorecards and Departmental Scorecards and addressed the long term and short term issues. Process for formulation of Enterprise Scorecard for 2013-14 has also been commenced.

Excellence Model

Your Company has adopted European Foundation of Quality Management (EFQM) Model which is implemented in India through CII EXIM Bank Award for Business Excellence. Four SAIL plants i.e. BSP, DSP, BSL and RSP participated for CII-EXIM Bank Award for Business Excellence 2012. Three of these plants i.e. BSP, DSP and RSP got following Recognition awards:

- BSP - Commendation award for Strong Achievement
- DSP - Commendation award for Strong Commitment to Excel
- RSP - Commendation award for Strong Commitment to Excel

Total Quality Management (TQM)

Most of our Plants and Units are certified to ISO 9000, ISO 14000, OHSAS 18000 and SA 8000 Management Standards. During the financial year 2012-13, RSP was certified to Social Accountability Standard (SA 8000) and DSP was certified to Information Security Standard (ISO 27000).

IT RELATED INITIATIVES

Your Company has been moving ahead in innovative usage of Information Technology (IT). As a step towards this, Enterprise Resource Planning (ERP) has been implemented stage wise at BSP, DSP, BSL, CMO and RSP during 2009-2012.

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

Your Company has ensured that almost all payments are done through e-payment mode and steps are being taken to establish a formal system for e-receipts.

Capacities of digital network among SAIL's Plants/Units have been doubled in view of increased usage.

Your Company is currently taking steps to implement the following:-

- Centralized Mail Messaging for SAIL
- ERP at ISP, Burnpur
- Business Intelligence / Dashboards
- Centralized HR & Payroll on ERP Platform

ENVIRONMENT MANAGEMENT

SAIL along with production and profitability gives emphasis on environment protection and considers clean environment practices a must for its every activity. SAIL Corporate Environmental Policy emphasizes 'conducting our operations in an environmentally responsible manner to comply with applicable regulations and striving to go beyond'. A number of proactive environmental initiatives were taken by SAIL during the year, yielding noteworthy improvements. The highlights are:

- Notable improvements in respect of the following Environmental Indices:
 - PM emission load has reduced to 0.88 kg/tcs from 1.6 kg/tcs in 2008-09 which is a reduction of 45% in the last 5 years.
 - Specific Water Consumption has reduced to 3.73 m³/tcs from 3.95 m³/tcs in 2008-09 which is a reduction of more than 5% in the last 5 years.
 - Specific effluent discharge from SAIL Plants has reduced to 2.22 m³/tfs from 2.56 m³/tfs in 2008-09 which is a reduction of more than 13% over the last 5 years.
 - Utilisation of Blast Furnace (BF) Slag enhanced to 96% in the financial year 2012-13, an enhancement of 16% utilisation of the BF slag achieved over the last 5 years.
- As a part of Greening of Warehouses Initiative, Hyderabad Warehouse and BTSO, Vizag were taken up for implementation of ISO 14001 Environment Management System during the year and have been awarded the EMS Certification.



Chairman SAIL Shri C.S. Verma receives the SCOPE Award given to SAIL for Best HR Practices for the year 2011-12 on April 26, 2013.

- The MoEF, SAIL and UNIDO have joined hands to implement a Polychlorinated Biphenyls (PCB) management and disposal project at Bhilai. PCBs are highly toxic chemicals. Under this project, the PCB in electric transformers will be treated using appropriate technology to be brought in by UNIDO.

CORPORATE COMMUNICATION

Corporate Communication at SAIL helped the organization to achieve its planned objective of building 'Brand SAIL' by creating and maintaining a vibrant, dynamic and responsive communication framework. Towards this end, SAIL communication team undertook relation building with its stakeholders by fostering dialogue between the Company and its audience, both through internal and external communication.

Besides informing the stakeholders about the Company's strategic plan, your Company also took into account their feedback and suggestions, thereby bridging a vital connect between the organization and its stakeholders. Your Company maintained harmonic and transparent media relation through organizing regular press conferences, interviews and informal media meets.

While the Company reached out to its customers and vendors through focused advertising, exhibitions, events and mutually beneficial meets, its sponsorship and aid was governed by the motto of largest common good. SAIL website stood unrivalled in the iron and steel industry, grabbing as many as 6 lakh hits per month! The Company also sponsored wrestlers like Sushil Kumar and Yogeshwar Dutt from their formative years, who won the Silver and Bronze medals respectively at London Olympics 2012. In March, 2013, SAIL along with SBI organized the 6th edition of SAIL-SBI Open Golf Tournament presented by Incredible India, Ministry of Tourism, also the second longest running national Golf Championship after Indian Open.

Your Company's greatest asset, however, remained those thousands of steel men and women who we call the SAIL family. Communication teams at SAIL, along with respective HR divisions, arranged mass contact exercise to facilitate free-wheeling discussion between employees and management. The Company successfully launched an electronic version of its monthly

journal, e-SAILNews, which reaches out to maximum employees at the least cost. Through tie-ups with local TV channels, employees' families in township were kept abreast of daily happenings in Plant and outside. In order to benchmark the communication practices with other PSUs, regular interactions were organized with their PR Chiefs. Posters, fliers, brochures, wall painting, wall-sheets, intranet, journals etc were other conventional ways in which the Company went SAILing with fellow employees and their universe. Because at SAIL, we are many, but we are one.

VIGILANCE ACTIVITIES

SAIL Vigilance lays emphasis on preventive and proactive vigilance activities to facilitate an environment enabling people to work with integrity, efficiency and in a transparent manner, upholding highest ethical standards for the organization.

Following activities were undertaken during the Financial Year 2012-13:

- To increase vigilance awareness amongst employees, vigilance awareness sessions and workshops were regularly held at various Plants and Units. 47 workshops involving 2945 participants were organized for enhancing Vigilance Awareness on Purchase/Contract procedures, RTI Act, Conduct & Discipline Rules, System and Procedures followed in SAIL, etc.
- Periodic surprise checks including joint checks were conducted regularly in vulnerable areas of the Company. A total of 3338 periodic checks including file scrutiny and Joint Checks were conducted at different Plants / Units. Savings of ₹2556.95 lakhs accrued from preventive vigilance activities mainly on account of Surprise Checks.
- Vigilance provides vital inputs to the operating authorities for improving the prevailing systems for bringing about more transparency. Accordingly, eight major System Improvement Projects (SIPs) were undertaken at different Plants/Units of SAIL.
- 13 cases were taken up for Intensive Examination at different Plants/Units. During Intensive Examination, high value procurement / contracts are scrutinized comprehensively and necessary recommendations are forwarded to the concerned departments for implementing suggestions for improvement.

- Various initiatives have been taken by SAIL Vigilance to increase leveraging of technology in vigilance function. On-line submission of Property Returns has been extended for all executives of SAIL in all the Plants / Units during the year 2012. Further, on-line facility for submission of Results Framework Documents (RFDs) for System Improvement Projects (SIPs), Intensive Examination (IE) & Thrust Areas of SAIL Vigilance and Preventive/Administrative recommendations of CVC/CVO has been created. This helps in real time monitoring of these activities.
- On-line facility for submission of complaints has been created on SAIL website. Facility of on-line feedback to the complainants along with status of their complaints has also been created.
- To increase the impact of preventive vigilance activities in improvement of overall functioning of organization, it has been decided to improve the effectiveness and quality of surprise checks and file scrutiny. Accordingly, Quality Management System Index followed in Vigilance departments of SAIL has been revised to include these areas.
- 'Inspiration- Prerna', an in-house publication of SAIL Vigilance is being published regularly. The above publication contains case studies, articles from eminent personalities, quiz on policy matters, etc. to enhance awareness of the readers.

CONSULTANCY SERVICES

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

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

During the Financial Year 2012-13, SAIL Consultancy Division, SAILCON laid enhanced focus on taking up training assignments for some leading organizations in the area of Steel making, by providing consultancy services to UNDP/GEF, Project Management Cell, Ministry of Steel for energy efficiency and productivity improvement in Steel re-rolling mills.

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, 2013 along with Management's replies thereon is placed at Annexure-I. The Comptroller & Auditor General of India (C&AG) vide its letter dated 9th July, 2013 has given 'nil' comments on the accounts of the Company for the Financial Year ended 31st March, 2013 under Section 619(4) of the Companies Act, 1956. A copy of the above letter of C&AG is placed at Annexure-II.

COST AUDITORS

Pursuant to the direction of the Central Government for audit of cost accounts, your Company has appointed M/s. Jugal K. Puri & Associates, Gurgaon for Rourkela Steel Plant (RSP) & Bokaro Steel Plant (BSL), M/s. K.C. Kohli & Co, Delhi for Bhilai Steel Plant (BSP), Durgapur Steel Plant (DSP) & IISCO Steel Plant (ISP) and M/s. Mani & Co, Kolkata for Alloy Steels Plant (ASP), Salem Steel Plant (SSP) & Visvesvaraya Iron & Steel Plant (VISP) as Cost Auditor(s) for the Financial Year 2012-13.

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have 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.

BUSINESS RESPONSIBILITY REPORT

SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on market capitalization of BSE and NSE, to include Business Responsibility Report describing the initiatives taken by the companies from Environmental, Social and Governance perspective.

Accordingly, the Business Responsibility Report is attached at Annexure VI and forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

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

SUBSIDIARIES

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

The Company has three other wholly owned subsidiary companies namely, SAIL Refractory Company Limited (SRCL), SAIL Jagdishpur Power Plant Limited and SAIL Sindri Projects Limited. SRCL has taken over the Salem Refractory Unit of Burn Standard Company Limited on 16th December,

2011 and is operating the same. SAIL Jagdishpur Power Plant Limited, incorporated for setting up of Gas based power plant at Jagdishpur and SAIL Sindri Projects Limited, incorporated for revival of Sindri Unit of Fertilizer Corporation of India Limited are yet to commence operations pending relevant approvals.

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

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

DIRECTORS

Prof. Deepak Nayyar and Shri A.K. Goswami ceased to be Directors w.e.f. 10.02.2013 (A.N.)

Shri A.K. Pandey, Director (Raw Material & Logistics) ceased to be Director w.e.f. 28.02.2013.

Shri Kalyan Maity has been appointed as Director (Raw Material & Logistics) w.e.f. 01.03.2013.

Shri E.K. Bharat Bhushan, Special Secretary & Financial Advisor, Ministry of Steel has resigned from the Directorship of the Company w.e.f. 29.04.2013.

Shri S. Mukherjee, Director (Commercial) ceased to be Director w.e.f. 01.05.2013.

Shri Vinod Kumar Thakral, Additional Secretary & Financial Advisor, Ministry of Steel has been appointed as Director w.e.f. 04.06.2013.

Dr. Atmanand and Shri J.M. Mauskar have been appointed as Directors w.e.f. 18.07.2013.

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: 16th August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

A. INDUSTRY STRUCTURE & DEVELOPMENTS

World Economic Environment

According to IMF, World economic output declined to 3.2% in 2012 from 4% in 2011. In its latest World Economic Outlook update, IMF projects a 3.3% growth for 2013. The mild recovery in 2013 would be supported mainly by emerging markets and developing economies, while growth in advanced economies would remain flat.

Growth in the advanced economies shrunk from 1.6% in 2011 to 1.2% in 2012, mainly on account of the Euro area which is in the midst of an economic crisis. Economic output growth in the Euro area was (-) 0.6% in 2012 and is projected to remain subdued at (-) 0.3% in 2013. USA showed signs of recovery with 2.2% growth in 2012 from 1.8% in 2011. Overall, growth in the advanced economies in 2013 will remain flat at 1.2% as projected by IMF.

The emerging and developing economies also experienced lower growth of 5.1% in 2012 as against 6.4% in 2011. China which had grown at 9.3% in 2011 slowed down to 7.8% in 2012, but is expected to recover to 8% in 2013. Brazil is expected to bounce back to 3% growth in 2013, from 0.9% in 2012. Russia recorded 3.4% growth in 2012 as compared to 4.3% in 2011. For 2013, IMF projects 5.3% growth for the developing and emerging economies.

Economic slowdown impacted world trade growth which slowed down to 2.5% in 2012 in comparison to 6% in 2011. However, a recovery to 3.6% is expected in 2013 with imports and exports projected to pick up in emerging as well as advanced economies.

World Steel Scenario

World crude steel production grew at 0.7% reaching 1547 Million Tonnes (MT) in 2012, as per World Steel Association (WSA). The growth in production, coming mainly from Asia and North America, was considerably subdued as compared to 7.3% growth in 2011. Japan, the second largest steel producer in the world, after China, recorded negative 0.4% growth in crude steel production in 2012 over 2011. US produced 88.7 MT of crude steel in 2012, growing at 2.7% over 2011. Of the BRIC nations, only Brazil recorded a decline in crude steel production in 2012 at (-) 2%; Russian and Indian crude steel production grew by 2.2% and 5.6% respectively. China accounted for 46% of the world's total crude steel production in 2012, reaching 716.5 MT, an increase of 2% over 2011. The European Union saw crude steel production decline by (-) 4.7% in 2012 to 169 million tonnes.

As per WSA estimates the global steel demand during 2012 grew by around 1.2% to 1413 million tonnes, moderating from a 7.3% growth in 2011. It is expected to grow by around 3% to 1454 million tonnes in 2013.

Indian Economic Environment

The Indian economy is going through a rough phase with GDP growth moderating to 5% in the financial year 2012-13 as per CSO provisional estimates. Of primary concern are the Fiscal Deficit, which although contained at 5.1% for the financial year 2012-13, is still on the higher side, and the Current Account Deficit (CAD). Inflation also remained on the higher side. Industrial activity has been sluggish, growth in manufacturing has declined further to 1% in the financial year 2012-13 while construction remained moderated at 4.3%.

In the Union Budget 2013, the Finance Minister has laid emphasis on the need for 'sustainable growth' backed by increase in domestic and foreign

investments. Measures such as investment allowance of 15% on investment of Rs.100 crore or more on plant and machinery, plan for seven new cities on Mumbai-Delhi industrial corridor and two new industrial corridors from Chennai to Bengaluru and from Bengaluru to Mumbai, and the plan to develop two new ports in West Bengal and Andhra Pradesh will have ripple effects for heightened industrial activity, and consequently boost steel demand.

The measures envisaged in the Union Budget particularly for infrastructure sector augur well for the steel industry.

Indian Steel Scenario

India maintained its ranking as the 4th largest steel producer in the World (after China, Japan and USA) with a production of 77.6 million tonnes (estimated figures) of crude steel in 2012, registering a growth rate of 5.6% over 2011 (source: WSA). The country has also been the largest sponge iron producer in the world since 2002.

Finished steel demand in India, as per JPC estimates, softened as reflected in a 3.3% growth in real consumption of finished steel during the financial year 2012-13 to 73.3 million tonnes. The moderation in demand was mainly due to deteriorating global and domestic growth conditions. Finished steel production for the financial year 2012-13 at 77.6 million tonnes (JPC provisional figures), shows a growth of 2.5% over the previous year.

The future outlook for the Indian steel industry is optimistic. The World Steel Association has forecast a steel demand growth of 5.9% and 7% for 2013 and 2014 respectively, which is higher than the growth projected for developed countries and China.

B. OPPORTUNITIES & THREATS FOR SAIL

Opportunities:

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

Threats:

- Intensification of competition from domestic as well as foreign steel producers.
- Subdued domestic demand for steel could result in excess steel capacity in the country.
- Adverse movement in prices of imported coking coal.

C. RISKS AND CONCERNS

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

D. OUTLOOK

- The Government plans to invest around ₹50 lakh crore (~USD 0.83 trillion) in development of physical Infrastructure during 12th Five Year Plan (2012-13 to 2016-17). This will propel growth of the Infrastructure and Construction sector, which will in turn increase steel demand.
- Union Budget 2013 lays down plans for seven new cities on Mumbai-Delhi industrial corridor and two new industrial corridors from Chennai to Bengaluru and from Bengaluru to Mumbai, and the plan to develop two new ports in West Bengal and Andhra Pradesh. This will have ripple effects for heightened industrial activity, and consequently boost steel demand.
- India's current per capita finished steel consumption at 57 kg is well below the world average of 217 kg. With rising Income levels expected to make steel increasingly affordable, there is vast scope for increasing per capita consumption of steel.

E. STRENGTHS & WEAKNESSES

Strengths

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

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

SAIL's large skilled manpower base is a source of strength. With continuous emphasis on skill based and multi-skill training, SAIL has achieved Labour Productivity of 258 tonnes of crude steel per man per year during the financial year 2012-13. With emphasis on selective skilled recruitment for manning of upcoming facilities & recoupment against superannuating manpower, the manpower profile as well as the labour productivity will improve gradually over the years.

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

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

Low overall borrowings lend strength to the Company's Balance Sheet as it can mobilize resources while keeping the leveraging at manageable levels.

Weaknesses

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

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

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

At present around 20% of the products are in the form of semi-finished steel, resulting in lower value addition. This will continue till new rolling

mills planned under expansion plan contribute to value addition as almost all semis will be converted to finished steel.

F. REVIEW OF FINANCIAL PERFORMANCE

I. FINANCIAL OVERVIEW OF SAIL

SAIL achieved the saleable steel production of 12.385 Million Tonnes (MT) during the financial year 2012-13. Sales volume of saleable steel was 11.11 MT as against 11.42 MT in 2011-12. The profit after tax of ₹2170 crore was lower by ₹1373 crore over last year (₹3543 crore). The comparative performance of major financial parameters during the financial years 2012-13 and 2011-12 is given below:

(₹ crore)

Particulars	2012-13	2011-12
Sales Turnover	49,349.69	50,348.40
Profit before interest, depreciation, exceptional items and tax (EBIDTA)	5,620.62	7,657.62
Less: Interest and Finance Charges	747.66	677.70
Less: Depreciation	1,402.98	1,567.03
Profit before tax (PBT) before exceptional items	3,469.98	5,412.89
Exceptional items : Loss(-)/Gain(+)	-229.32	-262.02
Profit before tax (PBT) after exceptional items	3,240.66	5,150.87
Less: Provision for taxation	1,070.31	1,608.15
Profit after tax (PAT)	2,170.35	3,542.72
Dividend (as a % of Equity) :		
Interim Dividend (%)	16	12
Final Dividend (*proposed) (%)	4*	8
Net Worth	41,025	39,811
EBIDTA to Net sales (%)	12.3	16.2
Return (PAT) on Net worth (%)	5.3	8.9
EBIDTA to average capital employed (%)	16.8	20.3
Earning per share of Rupee 10/- each	5.2	8.6
Debt Equity Ratio	0.53:1	0.41:1

The profit of your Company for the financial year 2012-13 was affected adversely, mainly due to adverse impact of higher usage of external inputs like BF coke, pellets and purchase power, lower sales volume & NSR, higher salaries and wages due to wage revision provision for non-executives and high actuarial valuation, etc. Higher input prices of items like lime stone, dolomite, ferro alloys, etc. has been partially offset by decrease in prices of coking coal/coke (both imported and indigenous). The adverse impact on profitability has also been partially offset by increase in value added production, lower depreciation and lower loss due to foreign exchange variations, etc.

I.2 Initiatives taken by the SAIL Management

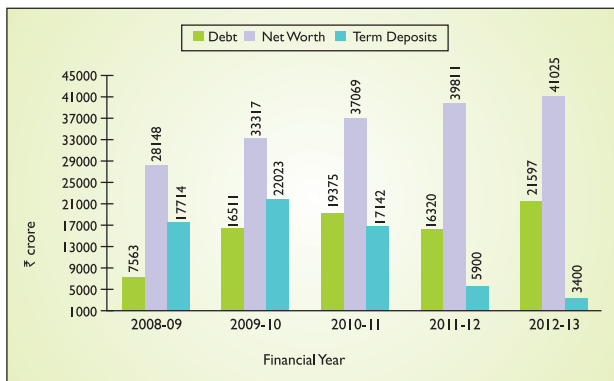
Cost Control Measures

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

yield, higher CC production and improvement in revenue maximisation areas.

1.3 Funds Management

During the year, the Company continued its thrust on better funds management. The high cost short term loans were replaced with low cost debts. Also, the Company earned interest of ₹636 crore through short-term deposits with scheduled banks. The Company has maintained term deposits with Banks of ₹3400 crore against borrowings of ₹21597 crore as at the year-end. The total debt during the current year increased by ₹5277 crore. The Company hedged the foreign currency risk on Buyers' Credit and repayment of external commercial borrowings availed during the year. 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. The International borrowings programme of the Company has been rated at 'BBB-' by M/s. FITCH Ratings and M/s. Standard & Poor's.



1.4 Contribution to SAIL Gratuity Trust

The total contribution made by the company to SAIL Gratuity Trust upto 31.03.2013 was ₹3349.09 crore. The fund size has grown to ₹4203.29 crore as on 31.03.2013, net of settlement done towards payment of Gratuity.

1.5 Capital Investments

The Company has undertaken modernization and expansion plan to increase capacity of Hot Metal production from 13.8 MTPA (installed capacity) to 23.5 MTPA progressively in the current phase.

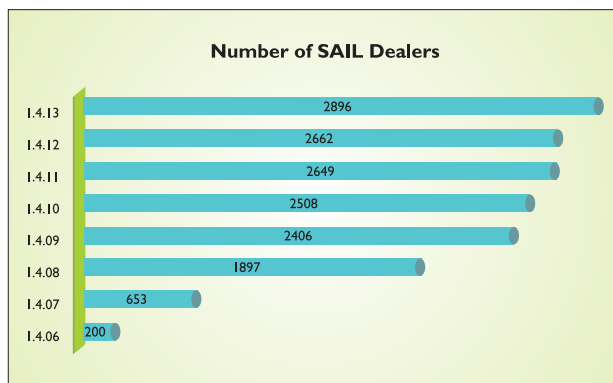
During the year capital expenditure of ₹ 9,731 crore has been incurred (₹ 11,021 crore in previous year). The same has been funded by a mix of borrowings and internal accruals.

1.6 Marketing

At SAIL, it is our continuous endeavour to work towards improving customer satisfaction and strengthen our position in the steel market through new initiatives, some of which are given as under:

- During the year, supplies of Rails to Indian Railways registered a growth of around 6.7% over last year.
- Despatch of total wheels to Indian Railways from Durgapur Steel Plant in the financial year 2012-13 was 47,649 numbers as against 43,800 numbers last year, a growth of 8.8% over last year. Supply of EMU wheels to Indian Railways almost doubled at 4,457 numbers in the financial year 2012-13 against 2098 numbers supplied during the previous year. The total supply of Locomotive wheels was 27,578 numbers in the financial year 2012-13 as against 22,130 numbers last year, a growth of around 24% over previous year.
- SAIL has the largest marketing network among all steel producers in the country. As on 1st April, 2013 SAIL's network of marketing offices consists of 37 Branch Sales Offices and 27 Customer Contact Offices for booking of orders which are serviced through its warehouse network spread across all the states of the country.

- SAIL Dealership network was further expanded with appointment of 562 rural dealers during the year under "SAIL Rural Dealership Scheme". SAIL's dealership network consists of 2896 dealers as on 1st April, 2013 which includes 562 rural dealers. Items of mass consumption like Re-bars, GP/GC sheets and small quantities of Structural and Plates & Sheets are being sold through our dealer network.
- Packets of Galvanised Plain and Corrugated Sheets (GP/GC) weighing 1 tonne were introduced through service centre and supplied to dealers. This initiative is aimed towards helping our dealers maintain a wider range of sizes to cater to retail demand of small consumers.



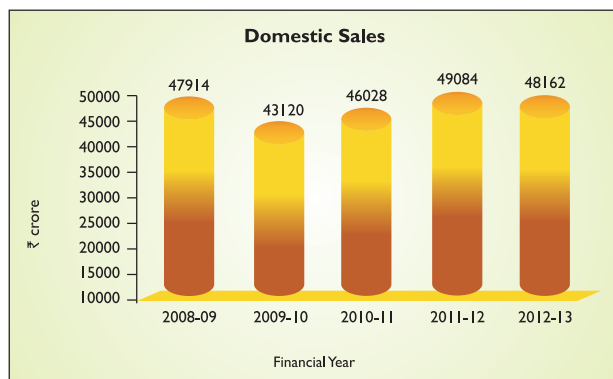
2. ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE COMPANY

2.1 Revenue from Operations

a) Sale of Products

Particulars	FY 2012-13	FY 2011-12	Change %
Sales of Saleable Steel Products	47154.71	48087.67	-2%
Sales of Other Products	2194.98	2260.73	-3%
Total Sales Turnover	49349.69	50348.40	-2%
Less: Excise Duty	5388.64	4694.37	-15%
Net Sales Turnover	43961.05	45654.03	-4%

TREND OF DOMESTIC SALES AND EXPORTS



The Company catered to almost the entire gamut of the mild steel business namely, Flat products in the form of Plates, HR coils/sheets, 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 product category-wise sales turnover during 2012-13 was as follows:

Products Category	% of Sales value
Saleable Steel:	
Flat Products and PET (Pipes, Electrical sheets, Tin plates) Products	50
Long Products	41
Integrated Steel Plants - Mild Steel	91
Alloy & Special Steel Plants - Alloy & Special Steel	5
Total Saleable Steel	96
Secondary Products (Pig Iron, Scrap, Coal Chemicals etc.)	4
Total	100.0

b) Sale of Services - Service Charges

(₹ crore)

FY 2012-13	FY 2011-12	Change %
34.88	26.62	31%

Revenue from sale of services increased by over ₹8 crore during the current year.

c) Other Operating Revenues

(₹ crore)

FY 2012-13	FY 2011-12	Change %
602.33	654.47	-8%

Other operating revenues decreased by about ₹52 crore, over previous year primarily on account of lower realisation from sale of empties and sundries.

2.2 Other Income

(₹ crore)

FY 2012-13	FY 2011-12	Change %
964.44	1629.45	-41%

Other income decreased by about ₹665 crore over previous year mainly due to a reduction in interest income from term deposits (₹636 crore).

2.3 Expenditure

Particulars	FY 2012-13	FY 2011-12	Change %
Raw Materials Consumed	21202	23026	-8%
Employee Remuneration & Benefits	8637	7932	9%
Finance Cost	748	678	10%
Depreciation	1403	1567	-10%
Other Expenses	12161	10707	14%

The decrease in raw material cost was on account of decrease in input prices, particularly of imported coal, indigenous coal, purchased BF coke, limestone, etc. During the year, the employees' cost has increased due to increase in leave encashment, high actuarial valuation & provision for wage revision for non-executives due w.e.f. 1-1-2012. The increase in other expenses was on account of increase in the cost of stores & spares, power & fuel, repairs & maintenance, freight outward, royalty on iron ore, security expenses, etc.

2.4 Contribution to Exchequer

During the year, SAIL contributed ₹12122 crore to the national exchequer by way of payment of taxes and duties to various government agencies.

2.5 Non-Current / Current Assets

(₹ crore)

Particulars	2012-13	2011-12	Change %
a Non-Current Assets			
Fixed Assets			
- Tangible	15234.63	15748.34	-3%
- Intangible	1542.77	1409.93	9%
Capital Work-in-Progress	35890.85	28049.14	28%
Non-Current Investments	718.36	685.04	5%
Long-Term Loans & Advances	3165.17	2614.43	21%
Other Non-Current Assets	50.70	77.91	-35%
b Current Assets			
Inventories	16008.21	13742.37	16%
Trade Receivables	4424.18	4748.77	-7%
Cash & Bank Balances	3850.35	6415.7	-40%
Short Term Loans & Advances	990.69	784.61	26%
Other Current Assets	2342.55	2060.78	14%
Total	84218.46	76337.02	

- The capital work-in-progress increased by ₹7842 crore on account of the expenditure incurred on various capital schemes under implementation in various steel plants.
- Long Term Loans & Advances increased by ₹551 crore. The increase was on account of deposits with contractors, suppliers & other agencies.
- The inventories increased by ₹2266 crore mainly on account of increase in stores & spares inventory by ₹309 crore and finished/semi-finished products inventory by ₹2291 crore. However, raw materials inventory decreased by ₹334 crore,
- Decrease in trade receivables was by ₹325 crore mainly on account of realization of debtors.
- The cash & bank balances decreased by ₹2565 crore on account of capital expenditure.
- Short Term Loans & Advances increased by ₹206 crore. The increase was mainly on account of advances recoverable from others.

2.6 Non-Current/ Current Liabilities

(₹ crore)

Particulars	2012-13	2011-12	Change %
a Non-Current Liabilities			
Long-Term Borrowings	13485.55	11586.66	16%
Deferred Tax Liability	1728.53	1644.48	5%
Other Long Term Liabilities	1271.12	1346.00	-6%
Long Term Provisions	4204.16	3525.19	19%
b Current Liabilities			
Short Term Borrowings	8015.02	4510.55	78%
Trade Payables	3322.04	3219.75	3%
Other Current Liabilities	8654.70	8396.03	3%
Short Term Provisions	2512.70	2297.04	9%
Total	43193.82	36525.70	

- The increase in long term borrowings by 16% was due to issue of non-convertible bonds & raising of foreign currency loans.
- The increase in long term provisions was mainly on account of increase in the provision for gratuity, accrued leave liability and Employee Defined Benefit Schemes.
- The short term borrowings increased on account of raising of loans from banks & foreign currency loans.

3. PLANT-WISE FINANCIAL PERFORMANCE (PROFIT BEFORE TAX)

(₹ crore)

Plant/Unit	2012-13	2011-12
Bhilai Steel Plant (BSP)	2048.22	2714.75
Durgapur Steel Plant (DSP)	552.66	503.46
Rourkela Steel Plant (RSP)	363.37	645.93
Bokaro Steel Plant (BSL)	307.50	703.43
IISCO Steel Plant (ISP)	-158.73	-410.80
Alloy Steels Plant (ASP)	-119.53	-53.19
Salem Steel Plant (SSP)	-419.73	-154.83
Visvesvaraya Iron & Steel Plant (VISP)	-116.67	-130.75
SAIL Refractory Unit (SRU)	9.76	11.41
Chandrapur Ferro Alloys Plant (CFP)	-38.74	9.59
Raw Materials Division/Central Units*	812.55	1311.87
SAIL: Profit Before Tax (PBT)	3240.66	5150.87
SAIL: Profit After Tax (PAT)	2170.35	3542.72

*including interest earned on deposits and retained in the books of Corporate Office

The Profit before Tax of all Plants/Units except Durgapur Steel Plant during the financial year 2012-13 was lower as compared to CPLY. The loss of IISCO Steel Plant & Visvesvaraya Iron & Steel Plant was lower as compared to CPLY. The Profit after Tax (PAT) of SAIL during the financial year 2012-13 has decreased by ₹1373 crore.

G. MATERIALS MANAGEMENT

A number of initiatives were taken to reduce cost of inputs and improve the performance of materials management.

Cost Reduction

- Some of the initiatives taken to reduce cost during the year which yielded positive results were:
 - ❖ SAIL started participating in auctions / tenders for inputs like HC Ferro Chrome and Manganese Ore.
 - ❖ MOUs were entered into for Coal Bed Methane and Propane Gases to reduce the cost of energy.
 - ❖ Specification rationalisation for Nickel and Silico Manganese.
 - ❖ Change in procurement strategy for Conveyor Belts increased vendor participation.
 - ❖ Review of tender terms & conditions for imported items brought new bidders for Graphite Electrodes, Nickel, Silico Manganese and competitive rates.

Systems Improvement

- Systems improvement measures were taken in the following areas:
 - ❖ Procedure for participation in online auctions / tenders by producers was introduced.
 - ❖ Guidelines for Reverse Auction were revised.
 - ❖ Guidelines for Centralised Procurement were revised.
 - ❖ General Conditions for Supply Contracts were updated.
 - ❖ Online vendor registration was introduced.

Other Highlights

- Secondary products worth ₹ 4848 crore were sold during the year.
- 29% of purchases were through e-procurement. The e-procurement & e-sales comprised ₹ 9794 crore.

H. FOREIGN EXCHANGE CONSERVATION

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

I. PROJECT MANAGEMENT

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

The Modernisation & Expansion program also envisages addressing 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 ₹9,731 crore during the financial year 2012-13, and up to close of financial year 2012-13 orders of value for about ₹58,151 crore have been placed under Modernisation and Expansion plan of SAIL.

The current status of ongoing Modernisation & Expansion plan of SAIL is given below:

- At **IISCO Steel Plant (ISP)**, Raw Material Handling System, Sinter Plant, Coke Oven Battery-11, Coke Dry Cooling Plant, By-Product Plant and Wire Rod Mill have been completed and are in regular operation. Further, in Power Blowing Station, initial light up of Boiler No.2 has been successfully done and steam turbine generator has been synchronized. In Oxygen Plant, Hot Trial Run has been successfully completed and for Damodar Railway Yard, connection of ISP's Damodar Railway siding with SER's Adra-Asansol main lines has been done. Other facilities like BF has been completed and Basic Oxygen Furnace & Continuous Casting Plant are at advanced stage of completion.
- At **Rourkela Steel Plant (RSP)**, Sinter Plant-3 has been successfully completed in Apr'12 and is under operation. Pig Casting Machine has been completed in Dec'12 and Coke Oven Battery-6 and Ore Bedding & Blending Plant have been completed in Apr'13 and are under operation. New CHP is feeding Coal to COB #6 on regular basis. CDCP and CCD are also under operation. In Power & Blowing Station, all the three Boilers have been lighted up and Two Turbo Blowers have been completed. In Blast Furnace #5, integrated testing & trials are at advanced stage of completion for blowing in of the Blast Furnace. Hot trial of 3rd Slab Caster have started in first week of Jun'13. In 3rd BOF Converter & New Plate Mill work is under progress.
- At **Bhilai Steel Plant (BSP)**, 700 TPD Air Separation Unit-4 in Oxygen Plant-II has been completed in May'12 and inaugurated by

Hon'ble Steel Minister Shri Beni Prasad Verma in Jun'12. In OHP-A, equipment erection has been completed and integrated trial of system is under progress. In other areas viz. Blast Furnace-8, COB-11, MSDS-7, Universal Rail Mill and Second Sinter Machine in SP-III the work is at advanced stage of implementation.

- At **Bokaro Steel Plant (BSL)**, in Cold Rolling Mill, both lines of Coil Packaging Line have been completed (Line-1: Jun'12 & Line-2: Mar'12), Skin Pass Mill has been completed in Jan'13. Integrated Trial runs have been taken with Cold Rolled Coil. Equipment erection for HDGL has started in Dec'12. Two groups of Bell Annealing Furnace are ready. Out of 6 Cast houses of Blast Furnace 1, 2 & 3, Cast House-6 has been commissioned in Oct'12. Major erection work for other cast houses has been completed. Modernisation of SMS-II, Modernization of Hot Strip Mill and Raw Material Handling System are under progress.
- At **Durgapur Steel Plant (DSP)**, for Coke Oven Battery-2, Battery Heating has started on 25.02.13. Other major packages envisaged under Modernisation & Expansion Plan, like, Bloom-cum-round Caster, Medium Structural Mill & Reheating Furnace for Medium Structural Mill, New Dolomite Plant, De-bottlenecking of Coal Handling Plant & Raw Material Handling Plant, Ladle Furnace and New Slag Yard are at various stages of implementation.
- For **Raw Materials Division (RMD)**, among the existing mines, projects have been undertaken to enhance the capacity of Kiriburu (KIOM) from 4.25 MTPA to 5.5 MTPA, Meghahatuburu (MIOM) from 4.3 MTPA to 6.5 MTPA and Bolani (BOM) from 4.10 MTPA to 10 MTPA. The projects have been designed to be implemented in a modular manner whereby, at the completion of each module, certain level of additional capacity will be available. Thus, in KIOM, on completion of major modules like "Replacement of Classifiers", "Modification of 'A' Line", additional capacity to the tune of 0.35 MTPA has been made available (total available capacity 4.60 MTPA). Similarly, in the case of MIOM, where major modules like "Replacement of Apron Feeders", "Replacement of Scalping Screen with Drives System" and "Modification of Control System in Crushing & Screening Sections" have been commissioned, additional capacity to the tune of 0.50 MTPA has been made available (total available capacity 4.80 MTPA) by the end of the financial year 2012-13.

In the case of BOM, loading capacity was a major bottleneck, which is under enhancement. Here again, the enhanced capacity of loading consists of two lines of which one (LC-3) has already been completed and wagon loading done in August '12. Work on the other line has already been taken up and integrated loading system is expected to be commissioned in Dec '13.

With the commissioning of these projects, the enhanced requirements of Iron Ore will be met by the Captive mines.

The draft DPER for development of the Chiria Iron Ore Deposit to meet the future iron ore requirement of SAIL has been submitted by the Consultant M/s Hatch in November 2012. The report has been examined by SAIL and comments for finalization of the report have been given to the Consultant.

To enhance supply of indigenous coal to the Steel Plants, the Tasra - Chasnalla coal block with washery is in the process of being developed by engagement of Mine Developer cum Operator (MDO), along with one Power Plant in Joint Venture. Work order on the MDO has been placed on 26th July'13.

In addition to above, the following major capital (AMR) schemes/ projects costing around ₹ 2556.28 crores are under implementation in different SAIL plants:

- Augmentation of Grinding Facilities for Coal Dust Injection Unit in BF-6 & 7; Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant; Appointment of consultant for development of Rowghat Iron Ore Deposit; Cold Repair of COB-9 and Up-gradation of Stoves of BF-4 at **Bhilai Steel Plant**.

- Coal Dust Injection in BF-4; Battery Proper Pkg for Rebuilding of COB-3; Installation of Additional Heat Treatment Facilities in SPP; Re-habilitation of Mandira Dam; Installation of 125 tpd Sulphuric Acid Plant and Replacement of 2 nos of Process ESPs in SP-I at **Rourkela Steel Plant**.
- Installation of Bell Less Top Charging System (BLT) in BF-3 and Rebuilding of COB-5 at **Durgapur Steel Plant**.
- Replacement of Converter Shell trunion ring and Pedestal Assembly in SMS-2 at **Bokaro Steel Plant**.
- Installation of One 45MVA Sub-merged Arc Furnace; 4 MW Power Plant and 220 kV Sub-station at **Chandrapur Ferro Alloy Plant**.

J. IN-HOUSE DESIGN & ENGINEERING

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

K. RESEARCH & DEVELOPMENT CENTRE

Research & Development Centre for Iron and Steel (RDCIS) 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 financial year 2012-13, RDCIS completed 55 projects.

During the year, the Centre (in association with SAIL Plants) has filed 35 patents and 35 copyrights. As many as 91 technical papers (24 international) were published and 174 papers (85 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 ₹ 220.33 lakhs.

In recognition of the contributions made by the Centre, RDCIS has bagged several prestigious awards (25 in total) during the financial year 2012-2013 like, Golden Peacock Innovation Management Award 2012, Metallurgist of the Year, Young Metallurgist of the year, SAIL Award 2012, Dr. M. Viswvaraya Award 2012 etc.

L. ENVIRONMENTAL PROTECTION AND CONSERVATION

SAIL gives emphasis on environment along with production and profitability. SAIL considers clean environment practice a must for its every industrial activity. The Environment Management Division (EMD) is the nodal agency to facilitate the environment management and pollution control activities in and around the Plants and Units of SAIL. EMD co-ordinates with the Central and State Regulatory Agencies on environmental matters pertaining to SAIL Plants. The major initiatives taken towards environment management and pollution control during the financial year 2012-13 are portrayed below:

i) Green Belt Development

Extensive afforestation programme has been followed in all the Plants and Mines of SAIL in the past. SAIL continued its thrust on green belt development during the financial year 2012-13 also and more than 2.25 lakhs saplings were planted in and around SAIL plants and mines. Since the initiation of such programmes, a total of more than 181 lakhs saplings have been planted.

ii) Major pollution control facilities implemented at SAIL during the year:

- ❖ New ESP with Rotary Kiln of RMP-II at BSP commissioned, replacing the old ESP.
- ❖ Modified Gas Burner with Blr # 1 & 3 at Power Plant - I of BSP.
- ❖ Revamping of M/c #1 with steam addition and provision of skirting at Sinter Plant -II of BSP.
- ❖ "Zero Leak" doors and revival of HPLA System of Coke Oven Battery # 3 at DSP.
- ❖ Recirculation of Rim Spray Water at Wheel and Axle Plant of DSP.

- ❖ Cast House Slag Granulation Plant (Unit#6) with BF#3 at BSL.
- ❖ Dry Fog Dust Suppression System installed in the Coal Handling Plant and Coal Sorting Plant at BSL and test trial is going on.
- ❖ Dry Fog Dust Suppression system at Stock House and Junction House of BF # 1 & 2, at BSL.
- ❖ Coke Dry Quenching facility with Coke Oven Battery #11 at ISP.
- ❖ On-line Stack Monitoring System with Coke Oven Battery # 10 at ISP.
- ❖ Up-gradation of Multi-Cyclone at Sinter Plant - II of CFP.

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

Consequent upon the successful implementation of EMS at the four warehouses in 2011-12, two more sites, i.e. at Hyderabad Warehouse and at the Export Stockyard, BISO, Vizag were taken up for implementation of EMS during the financial year 2012-13 and both sites have been certified for EMS: ISO 14001:2004.

iv) Solid Waste Management: New Technology Initiatives

Following new technology initiatives have been taken up during the year at different SAIL plants, under R&D Master Plan (HIP - 3) of SAIL, for enhanced utilisation of solid wastes:

- ❖ Development of Technology for Dry Granulation of LD slag and Heat Recovery.
- ❖ Almond briquetting of sludge and its use in BOF Converter.
- ❖ Micro-pelletisation of Sludge for use in Sinter Plant.

M. TECHNOLOGICAL CONSERVATION

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

- Reclamation and processing of generated iron ore fines/sub grade mineral of old dumps of Dalli (Manual & Mech.) Mines recovered through the Crushing, Screening and Washing (CSW) plant of Dalli (Mech.) Mines - From Dalli:104868 tonnes and From Jahrandalli:280697 tonnes.
- Re-circulation of overflow water from Hitkasa Tailing Pond of Dalli (Mech.) Mines done to the tune of 56.25 lakh m³ water as a measure towards conservation of water and also to minimize surface water pollution through less discharge into the surrounding environment.
- De-silting of 0.935 lakh m³ have been done from Hitkasa Tailing pond of Dalli (Mech.) Mines.
- Reclamation (selective) of De-silted slime for blending with sinter fine ore 44188 tonnes.

N. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

SAIL's socio-economic objectives are echoed in its credo that includes commitment to uphold highest ethical standards in conduct of business and valuing the opportunity and responsibility to make a meaningful difference in people's lives as well as it is reflected in one of its core values, concern for people. SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades.

The Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India, released the Guidelines for Sustainable Development in 2011 and as per the Guidelines, Sustainable Development (SD) was made one of the Parameters in MoU of CPSEs from the financial year 2012-13 onwards. Accordingly, SAIL selected seven SD projects, under the MoU with GOI for the financial year 2012-13, for implementation as per DPE Guidelines. The SD initiatives include innovative projects such as carbon and water foot printing at SAIL plants, bio-diversity conservation at Bolani Iron Ore Mine, rain water harvesting

and sustainability training exceeding 10000 man-hours across the Company including exclusive interaction for SAIL Board of Directors with Global Reporting Initiative (GRI) sustainability experts.

Corporate Sustainability Report of SAIL

The Sustainable Development Performance Report (SDPR) of SAIL published for the year 2011-12 has been adjudged to have met the criteria of Application Level "A" by the Global Reporting Initiative (GRI), Amsterdam.

Q. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

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

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

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

- Issue of unauthorised occupation of Land and quarters in SAIL Townships.
- Usage, availability and future requirement of Non-Coking Coal in Steel Plants.
- Organisational support with requisite skill-mix for expeditious completion of projects.
- Integration of ERP in SAIL.
- Comprehensive policy on Hedging of Foreign Currency exposure.

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

CAUTIONARY STATEMENT

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

Ten Years at a Glance

FINANCIAL

(₹ crore)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Gross Sales	49350	50348	47041	43935	48738	45555	39189	32280	31805	24178
Net Sales	43961	45654	42719	40551	43204	39508	33923	27860	28523	21297
Earnings before depreciation, interest & tax (EBIDTA)	5621	7658	9030	11871	10946	12955	10966	7381	11097	4652
Depreciation	1403	1567	1486	1337	1288	1235	1211	1207	1127	1123
Interest & Finance charges	748	678	475	402	259	251	332	468	605	901
Profit before exceptional items	3470	5413	7069	-	-	-	-	-	-	-
Exceptional items : Gain(+)/Loss(-)	-229	-262	125	-	-	-	-	-	-	-
Profit before tax (PBT)	3241	5151	7194	10132	9399	11469	9423	5706	9365	2628
Provision for tax/Income Tax Refund (-)	1070	1608	2289	3378	3228	3932	3221	1693	2548	116
Profit after tax (PAT)	2170	3543	4905	6754	6170	7537	6202	4013	6817	2512
Dividends	826	826	991	1363	1074	1528	1280	826	1363	-
Equity Capital	4131	4131	4130	4130	4130	4130	4130	4130	4130	4130
Reserves & Surplus (net of DRE)	36894	35680	32939	29186	24018	18874	13054	8255	5881	529
Net Worth (Equity Capital and Reserves & Surplus)	41025	39811	37069	33317	28148	23004	17184	12386	10011	4659
Total Loans	21597	16320	19375	16511	7563	3045	4181	4298	5770	8690
Net Fixed Assets	16777	17127	15059	13615	12305	11571	11598	12162	12485	13168
Capital Work-in-progress	35891	28205	22226	14953	6550	2390	1199	758	366	382
Current Assets (including short term deposits)	27616	28431	36544	39154	34676	26318	20379	17384	14187	8075
Current Liabilities & Provisions	13012	12225	12172	11073	12277	9439	6500	8108	6608	6025
Working Capital (Current Assets less Current liabilities)	14604	16206	24372	28081	22398	16879	13879	9276	7579	2050
Capital Employed (Net Fixed Assets + Working Capital)	31381	32921	39431	41696	34704	28450	25476	21438	20064	15218
Mkt price per share (₹) (As at the end of the year)	62	94	170	253	96	185	113	83	63	32
Key Financial Ratios										
EBDITA to average capital employed (%)	17.5	21.0	21.7	31.1	34.7	48.0	46.4	35.3	62.9	29.3
PBT to Net Sales (%)	7.4	11.3	16.8	25.0	21.8	29.0	27.8	20.5	32.8	12.3
PBT to average capital employed (%)	10.1	14.2	17.3	26.6	29.8	42.5	39.9	27.3	53.1	16.6
Return on average net worth (%)	5.4	9.2	13.9	22.0	24.1	37.5	42.0	35.8	92.9	75.6
Net worth per share of ₹ 10 (₹)	99.3	96.4	89.7	80.7	68.1	55.7	41.6	30.0	24.2	11.3
Earnings per share of ₹ 10 (₹)	5.3	8.6	11.9	16.4	14.9	18.2	15.0	9.7	16.5	6.1
Price - earning ratio (times)	11.9	11.0	14.3	15.4	6.5	10.1	7.5	8.6	3.8	5.3
Dividend per share of ₹ 10 (₹)	2.0	2.0	2.4	3.3	2.6	3.7	3.1	2.0	3.3	-
Effective dividend rate (%)	3.2	2.1	1.4	1.3	2.7	2.0	2.7	2.4	5.2	
Debt - Equity (times)	0.5	0.4	0.5	0.5	0.3	0.1	0.2	0.3	0.6	1.9
Current ratio (times)	2.1	2.3	3.0	3.5	2.8	2.8	3.1	2.1	2.1	1.3
Capital employed to turnover ratio (times)	1.6	1.5	1.2	1.1	1.4	1.6	1.5	1.5	1.6	1.6
Working capital turnover ratio (times)	3.4	3.1	1.9	1.6	2.2	2.7	2.8	3.5	4.2	11.8
Interest coverage ratio (times)	2.6	3.8	7.1	14.4	29.0	46.4	29.3	13.1	16.4	3.9

PRODUCTION

(Unit: '000T)

Item	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06*	2004-05	2003-04
Hot Metal	14266	14116	14888	14505	14442	15199	14606	14603	13202	13566
Crude Steel	13417	13350	13761	13506	13411	13964	13506	13471	12459	12384
Pig Iron	214	106	261	323	267	441	509	578	364	531
Saleable Steel	12385	12400	12887	12632	12494	13044	12581	12051	11030	11026
- Semi Finished Steel	2422	2527	2394	2392	2206	2243	2278	2273	1751	2146
- Finished Steel	9962	9872	10493	10240	10288	10801	10303	9778	9279	8880

* Production of erstwhile IISCO (now ISP) has been included from 2005-06 onwards after its merger with SAIL

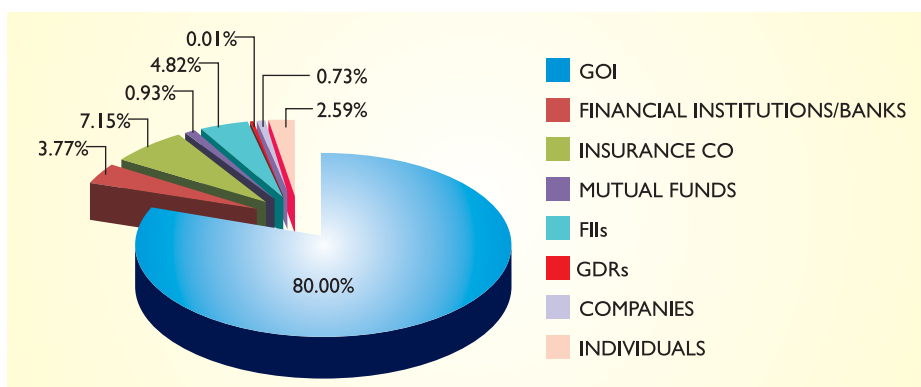
ANNUAL REPORT 12-13

VALUE ADDED STATEMENT

For the year	2012-13		2011-12	
Value of own production	52380		52791	
Other Revenues	1571	53951	2244	55035
Less: Cost of Raw Materials	21202		23026	
Stores and Spares	3112		2827	
Power and Fuel	4830		4470	
Excise Duty	5389		4694	
Freight Outward	953		696	
Other Operating Cost	4437	39923	3994	39707
Total Value Added		14028		15328
Establishment Cost		8637		7932
Financing Cost		748		678
Dividend Provision		826		826
Corporate Income Tax		1070		1608
Dividend Tax		135		134
Income Retained in Business				
Depreciation	1403		1567	
Retained in Business	1209	2612	2583	4150
Total Value Applied		14028		15328

SHAREHOLDING PATTERN (AS ON 31.03.2013)

CATEGORY	NUMBER OF EQUITY SHARES	NUMBER OF HOLDERS	AMOUNT (₹ IN CRORE)	% OF EQUITY
Government Of India	3304293713	1	3304.29	80.00
Financial Institutions/Banks	155824968	83	155.82	3.77
Insurance Companies	295421539	14	295.42	7.15
Mutual Funds	38495536	47	38.50	0.93
Foreign Institutional Investors	198958465	176	198.96	4.82
Global Depository Receipts	454185	2	0.45	0.01
Companies	30419239	3190	30.42	0.73
Individuals	106657644	398576	106.66	2.59
Total	4130525289	402089	4130.53	100.00



Balance Sheet

as at 31st March, 2013

(₹ crore)

	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4130.53	4130.53
(b) Reserves and Surplus	2	36894.11	35680.79
Non-Current Liabilities			
(a) Long-Term Borrowings	3	13485.55	11586.66
(b) Deferred Tax Liabilities (Net)		1728.53	1644.48
(c) Other Long Term Liabilities	4	1271.12	1346.00
(d) Long-Term Provisions	5	4204.16	3525.19
Current Liabilities			
(a) Short-Term Borrowings	6	8015.02	4510.55
(b) Trade Payables	7	3322.04	3219.75
(c) Other Current Liabilities	8	8654.70	8396.03
(d) Short-Term Provisions	9	2512.70	2297.04
TOTAL		84218.46	76337.02
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10A	15234.63	15748.34
(ii) Intangible Assets	10B	1542.77	1409.93
(iii) Capital Work-in-Progress	11	35890.85	28049.14
(b) Non-Current Investments	12	718.36	685.04
(c) Long-Term Loans and Advances	13	3165.17	2614.43
(d) Other Non-Current Assets	14	50.70	77.91
Current Assets			
(a) Inventories	15	16008.21	13742.37
(b) Trade Receivables	16	4424.18	4748.77
(c) Cash and Bank Balances	17	3850.35	6415.70
(d) Short-Term Loans and Advances	18	990.69	784.61
(e) Other Current Assets	19	2342.55	2060.78
TOTAL		84218.46	76337.02

Significant Accounting Policies
Other Notes to Financial Statements

28-41

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

For and on behalf of Board of Directors

 Sd/-
(Devinder Kumar)
 Secretary

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

 Sd/-
(C.S. Verma)
 Chairman

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

For O.P. Totla & Co.
 Chartered Accountants

For B.N. Misra & Co.
 Chartered Accountants

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

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

 Sd/-
(S.C. Dash)
 Partner
 M.No.050020

Place : New Delhi
Dated : May 30, 2013

Statement of Profit & Loss for the year ended 31st March 2013

(₹ crore)

	Note No.	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Revenue from Operations	20	49986.90		51029.49	
Less : Excise Duty		5388.64	44598.26	4694.37	46335.12
Other Income	21		964.44		1629.45
Total Revenue			45562.70		47964.57
Expenses					
Cost of Materials Consumed	22	21198.48		23020.82	
Purchase of Stock in Trade		3.21		4.88	
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	23	-2016.09		-1368.51	
Employee Benefits Expense	24	8637.20		7932.05	
Finance Costs	25	747.66		677.70	
Depreciation and Amortisation Expense		1402.98		1567.03	
Other Expenses	26	12160.81	42134.25	10707.17	42541.14
			3428.45		5423.43
Add/Less(-): Adjustments pertaining to Earlier Years	27		41.53		(-)10.54
Profit before Tax and Exceptional Items			3469.98		5412.89
Less: Exceptional Items					
Foreign Exchange Loss (+)/ Gain(-)		229.32		466.93	
Exchange Variations treated as Interest Cost		-		306.29	
Write back of entry tax liability		-	229.32	-511.20	262.02
Profit before Tax			3240.66		5150.87
Less : Tax Expense					
Current Tax		1057.96		1501.03	
Deferred Tax		12.44		113.42	
Earlier Years		-0.09	1070.31	-6.30	1608.15
Profit after Tax			2170.35		3542.72
Amount transferred on amalgamation of MEL with the Company					
Balance of Profit and Loss Account as on 1st April, 2010			-		123.14
Profit after tax for the financial year 2010-11			-		27.58
Less:					
Unrealised Profit on closing stock of erstwhile MEL held by the Company			-		8.76
Amount Transferred to General Reserve			-		2.76
Dividend on new shares issued			-		0.03
Amount available for appropriation			2170.35		3681.89
Earnings per Share					
Profit after Tax			2170.35		3542.72
Average Number of Equity Shares (Face Value ₹ 10/- each)			4130525289		4130525289
Basic and Diluted Earnings per Share (₹)			5.25		8.58

Significant Accounting Policies

Other Notes to Financial Statements

28-41

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

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

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

Sd/-
(C.S. Verma)
Chairman

In terms of our report of even date

For S.K. Mittal & Co.
Chartered Accountants

For O.P. Totla & Co.
Chartered Accountants

For B.N. Misra & Co.
Chartered Accountants

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

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

Sd/-
(S.C. Dash)
Partner
M.No.050020

Place : New Delhi
Dated : May 30, 2013

Cash Flow Statement

(₹ crore)

For the Year	2012-13	2011-12
A. Cash flow from Operating Activities		
Net Profit before taxation	3240.66	5150.87
Add / (Less) Adjustments for :		
Depreciation	1406.40	1573.74
Interest and Finance Charges	747.66	677.70
Bad debts written-off	0.34	1.03
Provision for Others	1085.89	78.80
Profit on sale of Fixed Assets	(25.44)	(20.11)
Interest Income	(826.46)	(1464.22)
Dividend Income	(59.46)	(57.48)
Operating cash flow before working capital change	5569.59	5940.33
Adjustments for :		
(Increase) in Inventories	(2265.84)	(2439.58)
(Increase) / Decrease in Sundry Debtors	329.51	(632.08)
(Increase) in Loans and Advances	(704.44)	(452.14)
Increase in Current liabilities	731.59	259.65
(Increase) in Other Current Assets	(269.20)	(178.56)
Cash generated from Operations	3391.21	2497.62
Direct Taxes Paid	(986.73)	(1455.79)
Net Cash from Operating Activities	2404.48	1041.83
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(9120.44)	(9397.78)
Proceeds from sale of Fixed Assets	38.84	38.22
Loans to Other Companies	2.26	5.78
Decrease in Term Deposits with Banks	2512.23	10732.67
Purchase/Sale of Investments (net)	(33.32)	(0.80)
Interest received	835.84	1890.03
Dividend received	59.46	57.48
Net Cash from / (used in) Investing Activities	(5705.13)	3325.60
C. Cash flow from Financing Activities		
Proceeds from Issue of Share Capital	–	0.13
Increase in Reserve & Surplus	4.26	159.12
Increase/(Decrease) in Borrowings (net)	5142.92	(3086.44)
Interest and Finance Charges Paid	(747.57)	(619.81)
Dividend Paid	(991.32)	(991.33)
Tax on Dividend	(160.76)	(160.82)
Net Cash from / (used in) Financing Activities	3247.53	(4699.15)
Net Increase in Cash & Cash Equivalents (A+B+C)	(53.12)	(331.72)
Cash & Cash Equivalents (Opening) (Refer note 17)	330.35	662.07
Cash & Cash Equivalents (Closing) (Refer note 17)	277.23	330.35
(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 Other Notes to Financial Statements (28 to 41) form an integral part of the Cash Flow Statement.
- Previous year's figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

For and on behalf of Board of Directors

 Sd/-
(Devinder Kumar)
 Secretary

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

 Sd/-
(C.S.Verma)
 Chairman

In terms of our report of even date

For S.K. Mittal & Co.
 Chartered Accountants

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

For O.P. Totla & Co.
 Chartered Accountants

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

For B.N. Misra & Co.
 Chartered Accountants

 Sd/-
(S.C. Dash)
 Partner
 M.No.050020

 Place : New Delhi
 Dated : May 30, 2013

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Use of estimates

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

C. Fixed Assets

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

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

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

Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on the basis of annual production to the total estimated mineable reserves. In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non-renewal.

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

D. Borrowing Costs

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

E. Depreciation

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

F. Investments

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

G. Inventories

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

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

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials - Moving weighted average cost

Stores & spares - Moving weighted average cost

Materials in-transit - at cost

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

H. Grants

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

I. Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year are translated at year-end rates.

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

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard - 11 notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011). 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.

J. Employees' Benefits

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

K. Adjustments pertaining to earlier years and prepaid expenses

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

L. 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.

M. Claims for Liquidated Damages/Price Escalation

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

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

N. 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.

O. 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 (Forming Part of the Balance Sheet)

I: SHARE CAPITAL

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Authorised		
5,00,00,00,000 equity shares of ₹ 10 each	5000.00	5000.00
(5,00,00,00,000 equity shares of ₹ 10 each)		
Issued, Subscribed & Fully Paid-up		
4,13,05,25,289 equity shares of ₹ 10 each fully paid.	4130.53	4130.53

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

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Numbers	Amount (₹)	Numbers	Amount (₹)
– Equity shares with voting rights				
Shares outstanding at the beginning of the year	4129934944	41299349440	4129786300	41297863000
Shares Issued / Converted into shares with Voting Rights during the year #	136160	1361600	148644	1486440
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	4130071104	41300711040	4129934944	41299349440
– Equity shares without voting rights *				
Shares outstanding at the beginning of the year	590345	5903450	614245	6142450
Shares Issued during the year				
Shares Issued / Converted into shares with Voting Rights during the year #	136160	1361600	23900	239000
Shares outstanding at the end of the year	454185	4541850	590345	5903450

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

Includes 124744 shares issued to shareholders of MEL on merger with the Company and 23900 shares arising out of conversion of GDR into ordinary shares during the previous year.

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

(iii) The Company does not have a holding Company

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

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	3304293713	80.00	3544690285	85.82

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

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

Notes (Forming Part of the Balance Sheet)

2: RESERVES AND SURPLUS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Capital Reserve				
As per last Balance Sheet	2.99		2.99	
Add : Addition pursuant to amalgamation of MEL	–		0.15	
	<u>2.99</u>		<u>3.14</u>	
Less: Utilisation	–	2.99	0.15	2.99
Securities Premium Reserve				
As per last Balance Sheet	235.21		235.29	
Less : Adjustment towards Bond Issue Expenses	0.09	235.12	0.08	235.21
Bond Redemption Reserve				
As per last Balance Sheet	440.11		353.73	
Additions during the year	145.32		163.27	
Deductons during the year	–	585.43	76.89	440.11
General Reserve				
As per last Balance Sheet	4668.13		4374.48	
Additions during the year	163.00		275.00	
Addition pursuant to amalgamation of MEL	–	4831.13	18.65	4668.13
Prime Minister's Trophy Award Fund *				
As per last Balance Sheet	19.67		18.29	
Additions	5.04		1.85	
	<u>24.71</u>		<u>20.14</u>	
Less: Utilisation	0.69	24.02	0.47	19.67
Surplus in Profit & Loss Account				
Balance as per last account	30314.68		27954.29	
Add: Surplus of the year	2170.35		3681.89	
Less: Proposed Dividend	165.22		330.44	
Less: Dividend Paid	660.88		495.66	
Less: Tax on Proposed Dividend	28.03		53.61	
Less: Tax on Dividend Paid	107.16		80.41	
Less: Transfer to Bond Redemption Reserve	145.32		86.38	
Less: Transfer to General Reserve	163.00	31215.42	275.00	30314.68
		<u>36894.11</u>		<u>35680.79</u>

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

Notes (Forming Part of the Balance Sheet)

3. LONG TERM BORROWINGS

(₹ crore)

					As at 31 st March, 2013	As at 31 st March, 2012
Sl No.	Interest (%)	Maturity Date	Call/Put option year	Security Ref.		
SECURED						
A. Taxable Redeemable Non-convertible Bonds						
1	9.35	9-Sep-2026	12/nil	(a)	455.00	455.00
2	8.70	25-Aug-2024		(a)	300.00	300.00
3	9.30	23-Aug-2021		(a)	400.00	400.00
4	8.55	11-Aug-2021		(a)	700.00	700.00
5	8.72	30-Apr-2020		(a)	660.00	660.00
6	8.75	23-Apr-2020		(a)	545.00	545.00
7	8.65	1-Feb-2020	5/nil	(a)	242.00	242.00
8	8.65	30-Dec-2019		(a)	450.00	450.00
9	8.00	7-Dec-2019	5/nil	(a)	30.00	30.00
10	8.50	7-Dec-2019		(a)	120.00	120.00
11	8.60	19-Nov-2019		(a)	335.00	335.00
12	8.80	22-Jun-2019		(a)	825.00	825.00
13	7.70	11-May-2019	5/5	(a)	525.00	525.00
14	8.90	1-May-2019	5/nil	(b)	950.00	950.00
15	9.30	25-May-2018		(a,m)	360.00	-
16	9.18	27-Aug-2017		(a)	300.00	-
17	8.75	8-Nov-2017	3/3	(a)	500.00	-
18	8.80	26-Oct-2014		(b,c)	168.00	168.00
19	8.75	15-Sep-2014		(b,d)	150.00	150.00
20	8.20	1-Sep-2013	5/nil		-	58.20
21	10.75	1-Feb-2013		(b)		
B. Term Loans from Banks						
1		30-Sep-2014		(e) Axis Bank	-	450.00
UNSECURED						
C. Taxable Redeemable Non-convertible Bonds						
6.4		15-10-2010		(f)	-	16.00
D. Term Loans						
1				(g) KFW, Germany	406.91	416.67
2		11-03-2015		(h) Bank of Tokyo Mitsubishi	1085.80	1017.60
3				(i) Bank of Tokyo Mitsubishi	1085.80	1017.60
4				(j) Sumitomo Mitsubishi Banking Corp	1527.60	1527.60
5	2.00			(k) Natexis Banque	22.36	23.68
6				(l) State Bank of India	310.00	-
				(n) Mizuho Corporate Bank Ltd.	827.85	-
E. Others						
				(o) Steel Development Fund	204.16	204.16
				(p) Others	0.07	0.15
					13485.55	11586.66

- (a) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to IISCO Steel Plant (ISP).
- (b) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to Durgapur Steel Plant, (DSP).
- (c) Redeemable in 12 equal yearly instalments of ₹ 14 crore each starting w.e.f. 26th October 2014.
- (d) Redeemable in 3 equal instalments of ₹ 50 crore each on 15th September of 2014, 2019 and 2024.
- (e) The loan availed for 7 years is secured by charges ranking pari-passu inter-se, over movable properties pertaining to Rourkela steel Plant. The loan is repayable anytime with 15 days notice and no prepayment penalty. The interest rate is Benchmark Prime lending rate (BPLR) (-) 4.25% (with effect from 01.10.2010).
- (f) Guaranteed by Government of India, Redeemable in 4 equal yearly instalments of ₹ 16 crore each starting w.e.f. 15th October 2010.
- (g) The soft basis of the loan was drawn in 3 tranches stated as 1(a), 1(b) and 1(c) at an interest rate of 8.75% p.a. The Interest on 1(a) is 0.75% p.a and balance 8% is towards Exchange fluctuation (4%) and Pollution control schemes (4%). In case of 1(b) the Interest is 3.66% p.a and balance 5.09% p.a is towards periphery development. The Interest on 1(c) is 0.75% p.a and the balance 8% p.a is towards periphery development. The principal and interest is repayable half yearly. The loan is guaranteed by Government of India.
- (h) The loan is repayable in 3 equal instalments on 11th March starting from 2015 at an interest rate of 6 month London Inter Bank Offered Rate (LIBOR) +1%. Interest is paid half yearly.
- (i) The loan is repayable in 3 equal instalments on 11th August starting from 2015 at an interest rate of 6 month LIBOR +1%. Interest is paid half yearly.
- (j) The loan is repayable in 3 equal instalments on 16th November starting from 2015 at an interest rate of 6 month LIBOR +1.06%. Interest is paid half yearly.
- (k) The loan is repayable by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- (l) The loan is at an interest rate of 6 month EURIBOR +1.24%. Interest is paid half yearly. Principal Repayable 3 yrs from the date of Bill of lading.
- (m) Redeemable in 5 equal yearly instalments starting w.e.f. 25th May 2018
- (n) The loan is repayable in 3 equal instalments on 21st December starting from 2016 at an interest rate of 6 month LIBOR +1.75%. Interest is paid half yearly.
- (o) Terms of Repayment is to be decided by SDF management Committee.
- (p) Interest free loan from Government of Maharashtra repayable on 26th October 2014.

Notes (Forming Part of the Balance Sheet)

4: OTHER LONG TERM LIABILITIES

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Interest accrued and not due on borrowings	715.73	751.61
Trade payables	11.29	43.43
Others	544.10	550.96
	<u>1271.12</u>	<u>1346.00</u>

5: LONG TERM PROVISIONS

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Provisions for Employee Benefits		
- Gratuity	304.81	20.28
- Accrued Leave	2239.91	1926.14
- Employee Defined Benefit Schemes	1512.09	1429.98
Others		
- Mines closure	91.20	90.31
- Others	56.15	58.48
	<u>4204.16</u>	<u>3525.19</u>

6: SHORT TERM BORROWINGS

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Secured		
Loans repayable on demand		
- From banks	(a) 731.16	118.71
Unsecured		
Other Loans and Advances		
Other Loans	400.00	640.07
Commercial Paper	-	667.58
Foreign Currency Loans	6883.86	3084.19
	<u>8015.02</u>	<u>4510.55</u>

(a) Secured by hypothecation of all Current Assets.

(b) The Company does not have any continuing default in repayment of Loans and interest on the Balance Sheet date.

7: TRADE PAYABLES

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Micro and Small Enterprises	13.86	12.08
Subsidiary Company	5.31	6.50
Others	3302.87	3201.17
	<u>3322.04</u>	<u>3219.75</u>

Notes (Forming Part of the Balance Sheet)

8: OTHER CURRENT LIABILITIES

	(₹ crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Current maturities of long term debts	96.38	222.29
Interest accrued but not due on borrowings	579.92	543.95
Income received in advance from		
Customers	642.75	879.47
Others	<u>32.53</u>	<u>22.10</u>
Liability towards Investor Education and Protection Fund, not due		
Unpaid Dividends	11.67	11.29
Unclaimed Matured Deposits and Interest Accrued thereon	<u>1.09</u>	<u>1.49</u>
Security deposits	495.72	434.00
Less: Investments received as		
security deposit	<u>0.01</u>	<u>0.01</u>
Other payables		
For Capital works	1381.02	1700.71
Others	5413.63	4580.74
	<u>8654.70</u>	<u>8396.03</u>

9: SHORT TERM PROVISIONS

	(₹ crore)	
	As at 31 st March, 2013	As at 31 st March, 2012
Provisions for Employee Benefits		
Accrued Leave	214.11	204.92
Employee Defined Benefit Schemes	176.28	176.44
Others		
Taxation	-	0.47
Pollution Control & Peripheral Development	117.62	118.75
Exchange Fluctuation	8.17	3.18
Proposed dividend	165.23	330.45
Tax on Dividend	28.08	53.65
Wage Revision	1472.30	1085.75
Mines Afforestation/Overburden removal	237.25	250.93
Others	93.66	72.50
	<u>2512.70</u>	<u>2297.04</u>

Notes (Forming Part of the Balance Sheet)

10A: TANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31 st March, 2012	Additions / Adjustments	Deductions	As at 31 st March, 2013	Up to 31 st March, 2012	For the Year	Less: On sales/ Adjustments	Up to 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013
A. PLANTS, MINES & OTHERS										
Land (including cost of development)										
-Freehold Land	180.29	0.01	-	180.30	0.83	0.03	-	0.86	179.44	179.46
-Leasehold Land	84.76	212.86	-	297.62	36.90	9.80	-18.16	64.86	232.76	47.86
Buildings	2228.95	31.78	-	2260.73	1164.76	54.14	-0.90	1219.80	1040.93	1064.19
Plant & Machinery										
-Steel Plant	31293.45	380.14	49.35	31624.24	19395.85	1198.79	48.22	20546.42	11077.82	11897.60
-Others	2395.88	85.39	32.54	2448.73	1555.26	110.65	30.71	1635.20	813.53	840.62
Furniture & Fittings	100.56	5.23	0.24	105.55	77.41	2.23	0.26	79.38	26.17	23.15
Vehicles	1045.24	119.47	1.89	1162.82	489.26	46.36	1.95	533.67	629.15	555.98
Office Equipments	55.10	1.45	0.68	55.87	32.78	1.79	0.46	34.11	21.76	22.32
Miscellaneous Articles	255.79	11.08	0.10	266.77	162.24	8.38	0.11	170.51	96.26	93.55
Roads, Bridges & Culverts	206.19	7.16	2.18	211.17	62.10	3.71	0.96	64.85	146.32	144.09
Water Supply & Sewerage	383.22	38.38	0.29	421.31	271.40	11.51	-0.13	283.04	138.27	111.82
EDP Equipments	332.30	54.24	3.98	382.56	226.38	33.24	2.49	257.13	125.43	105.92
Railway Lines & Sidings	268.50	37.75	1.99	304.26	187.86	8.35	0.99	195.22	109.04	80.64
Sub-total 'A'	38830.23	984.94	93.24	39721.93	23663.03	1488.98	66.96	25085.05	14636.88	15167.20
Figures for the previous year	35578.36	3462.51	210.64	38830.23	22412.94	1445.31	195.22	23663.03	15167.20	
B. SOCIAL FACILITIES										
Land (including cost of development)										
-Freehold Land	10.24	0.68	-	10.92	-	-	-	-	10.92	10.24
-Leasehold Land	6.89	-	-	6.89	5.39	0.15	-	5.54	1.35	1.50
Buildings	583.10	11.27	0.88	593.49	238.70	9.47	0.43	247.74	345.75	344.40
Plant & Machinery-Others	120.09	5.81	1.64	124.26	77.01	3.31	1.71	78.61	45.65	43.08
Furniture & Fittings	24.59	2.28	0.68	26.19	15.96	1.21	0.37	16.80	9.39	8.63
Vehicles	11.98	0.26	0.30	11.94	8.08	0.72	0.23	8.57	3.37	3.90
Office Equipments	3.93	0.26	0.03	4.16	1.97	0.18	0.01	2.14	2.02	1.96
Miscellaneous Articles	179.68	12.46	1.30	190.84	91.49	7.94	0.56	98.87	91.97	88.19
Roads, Bridges & Culverts	54.32	10.05	-	64.37	23.17	0.91	0.05	24.03	40.34	31.15
Water Supply & Sewerage	116.26	1.58	-	117.84	102.94	0.92	-0.25	104.11	13.73	13.32
EDP Equipments	15.95	0.56	1.51	15.00	12.07	1.32	1.15	12.24	2.76	3.88
Sub-total 'B'	1127.03	45.21	6.34	1165.90	576.78	26.13	4.26	598.65	567.25	550.25
Figures for the previous year	1110.45	23.21	6.63	1127.03	552.97	27.75	3.94	576.78	550.25	
C. ASSETS RETIRED FROM ACTIVE USE										
Unserviceable / Obsolete Assets										
Figures for the previous year	30.89	2.90	3.29	30.50	-	-	-	-	30.50	30.89
Total ('A'+ 'B'+ 'C')	39988.15	1033.05	102.87	40918.33	24232.81	1515.11	71.22	25683.70	15234.63	15748.34
Figures for the previous year	36712.62	3494.47	218.94	39988.15	22965.91	1473.06	199.16	24239.81	15748.34	

Notes (Forming Part of the Balance Sheet)

10B : INTANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 31 st March, 2012	Additions / Adjustments	Deductions	As at 31 st March, 2013	Up to 31 st March, 2012	For the Year	Less: On sales/ Adjustments	Up to 31 st March, 2013	As at 31 st March, 2012
A. PLANTS, MINES & OTHERS									
Computer Software	89.72	9.57	0.01	99.28	53.42	15.15	0.10	68.47	36.30
Mining Rights	1680.53	3.65	-	1684.18	306.97	-116.55	18.16	172.26	1373.56
Sub-total 'A'	1770.25	13.22	0.01	1783.46	360.39	-101.40	18.26	240.73	1409.86
Figures for the previous year	1625.56	144.69	-	1770.25	256.07	104.32	-	360.39	1409.86
B. SOCIAL FACILITIES									
Computer Software	0.64	-0.01	-	0.63	0.57	0.02	-	0.59	0.07
Sub-total 'B'	0.64	-0.01	-	0.63	0.57	0.02	-	0.59	0.07
Figures for the previous year	0.68	-0.04	-	0.64	0.56	0.01	-	0.57	0.07
Total ('A'+ 'B')	1770.89	13.21	0.01	1784.09	360.96	-101.38	18.26	241.32	1409.93
Figures for the previous year	1626.24	144.65	-	1770.89	256.63	104.33	-	360.96	1409.93

Note: Allocation of depreciation

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

Total

	Current Year	Previous Year
(a)	1402.98	1567.03
(b)	7.33	3.65
(c)	3.42	6.71
Total	1413.73	1577.39

Notes (Forming Part of the Balance Sheet)

II: CAPITAL WORK-IN-PROGRESS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Expenditure during construction pending allocation (Note II.1)		2.80		1.12
Capital Work-in-progress				
Steel Plants & Units	35554.64		27852.77	
Township	101.66		53.39	
Ore Mines and Quarries	244.44		153.59	
	<u>35900.74</u>		<u>28059.75</u>	
Less: Provisions	63.34	35837.40	62.22	27997.53
Construction Stores and Spares	52.39		52.60	
Less: Provision for non-moving items	1.74	50.65	2.11	50.49
		<u>35890.85</u>		<u>28049.14</u>

II.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Opening balance (a)		1.12		–
Opening balance arising on account of amalgamation of MEL (a)		–		0.20
Expenditure incurred during the year				
Employees' Remuneration & Benefits				
Salaries & Wages	133.23		122.06	
Company's contribution to Provident Fund	11.98		10.97	
Travel Concession	3.05		3.08	
Welfare Expenses	0.64		0.34	
Gratuity	6.40	155.30	2.68	139.13
Technical Consultants' fees & know-how		17.93		15.61
Repairs & Maintenance		–		0.76
Stores and Spares		–		21.72
Power & Fuel		85.83		105.95
Rent		–		0.03
Insurance		–		0.19
Other expenses		37.84		506.48
Interest & Finance charges		799.84		868.49
Depreciation		7.33		3.65
		<u>1104.07</u>		<u>1662.01</u>
Less: Recoveries				
Interest Earned	0.75		1.39	
Liquidated Damages	5.35		1.28	
Hire Charges	0.90		0.66	
Sundries	4.43	11.43	679.13	682.46
Net expenditure during the year (b)		<u>1092.64</u>		<u>979.55</u>
Total (a)+(b)		<u>1093.76</u>		<u>979.75</u>
Less: Amount allocated to Fixed Assets/ Capital Work-in-progress		1090.96		978.63
Balance carried forward		<u>2.80</u>		<u>1.12</u>

Notes (Forming Part of the Balance Sheet)

12: NON CURRENT INVESTMENTS (AT COST)

(₹ crore)

	Number of Fully Paid up Equity Shares	Face Value Per Share (₹)		As at 31 st March 2013	As at 31 st March 2012
(A) Unquoted					
Trade Investments					
Subsidiary Companies					
SAIL Refractory Company Limited	50,000 (50,000)	10	0.05		0.05
SAIL- Jagdishpur Power Plant Ltd	50000 (0)	10	0.05		–
IISCO Ujjain Pipe & Foundry Company Limited (under liquidation)	30,00,000 (30,00,000)	10	3.00		3.00
SAIL Sindri Projects Limited	50000 (0)	10	0.05	3.15	–
Joint Venture Companies					
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10	0.18		0.18
North Bengal Dolomite Limited	97,900 (97,900)	100	0.98		0.98
NTPC- SAIL Power Company Pvt. Limited	49,02,50,050 (47,52,50,050)	10	490.25		475.25
Bokaro Power Supply Company Pvt. Limited	8,40,25,000 (8,40,25,000)	10	84.02		84.02
Bhilai Jaypee Cement Limited	9,87,18,048 (5,25,09,600)	10	52.51 #		52.51
Bokaro Jaypee Cement Limited	3,47,49,000 (3,47,49,000)	10	34.75		34.75
SAIL- Bansal Service Centre Limited	32,00,000 (32,00,000)	10	3.20		3.20
mjunction Services Limited	40,00,000 (40,00,000)	10	4.00		4.00
S&T Mining Company Private Limited	74,46,400 (59,46,400)	10	7.45		5.95
SAIL MOIL Ferro Alloy Pvt. Ltd.	1,00,000 (1,00,000)	10	0.10		0.10
International Coal Ventures Pvt. Ltd.	28,00,000 (28,00,000)	10	2.80		2.80
Steel Complex Ltd.	1,27,79,850 (30,65,850)	10	18.10		8.38
SAIL-SCI Shipping Private Limited	1,00,000 (1,00,000)	10	0.10		0.10
Romelt SAIL (India) Limited	63,000 (63,000)	10	0.06		0.06
SAIL RITES Bengal Wagon Industry Pvt. Ltd.	1,20,00,000 (50,00,000)	10	12.00	710.50	5.00
Others					
TRL Krozaki Refractories Limited	22,03,150 (22,03,150)	10	11.35		11.35
Almora Magnesite Limited	40,000 (40,000)	100	0.40		0.40
Indian Potash Limited	3,60,000 (3,60,000)	10	0.18		0.18
Cement & Allied Products (Bihar) Limited	2 (2)	10	– *		– *
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	– *		– *
Bhilai Power Supply Company Limited	5 (5)	10	– *		– *

Contd.../

Notes (Forming Part of the Balance Sheet)

12: NON CURRENT INVESTMENTS (AT COST) (Contd.)

MSTC Limited	80,000 (20,000)	10	0.01 ##		0.01	
Bihar State Finance Corporation	500 (500)	100	0.01		0.01	
Shares in Co-operative Societies (Note No. 12.1)			0.18	12.13	0.18	12.13
Total (A)				<u>725.78</u>		<u>692.46</u>
(B) Quoted						
HDFC Limited	60,000 (60,000)	2	0.01		0.01	
HDFC Bank Limited	2500 (2,500)	2	- *		- *	
ICICI Bank Limited	28600 (28,600)	10	0.05	0.06	0.05	0.06
Total (B)				<u>0.06 @</u>		<u>0.06</u>
Total (A+B)				<u>725.84</u>		<u>692.52</u>
Less : Provision for diminution in value of investments				<u>7.48</u>		<u>7.48</u>
				<u>718.36</u>		<u>685.04</u>
				<u>8.10</u>		<u>6.71</u>

@ Market value of quoted investments

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

Issue of Bonus Shares in the ratio of 88 shares for every 100 shares held w.e.f. 03.10.2012

Issue of Bonus Shares in the ratio of 3 shares for every 1 share held w.e.f. 26.09.2012

12.1: SHARES IN CO-OPERATIVE SOCIETIES

	Number of Fully Paid up Shares	Face Value Per Share (₹)	As at 31 st March 2013	As at 31 st March 2012
Bokaro Steel Employees' Co-operative Credit Society Limited	116500 (116500)	10	1165000	1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250 (250)	10	2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	2500	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100	137700	137700
Bolani Ores Employees' Consumer Co-operative Society Limited	200 (200)	25	5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	460000	460000
			<u>1772700</u>	<u>1772700</u>

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Notes (Forming Part of the Balance Sheet)

13: LONG TERM LOANS AND ADVANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Capital Advances	217.38		163.11	
Less: Provision for doubtful capital advances	7.12	210.26	7.49	155.62
Security Deposits		83.42		83.71
Loans and advances to related parties	10.53		10.53	
Less: Provision for doubtful related party advances	2.53	8.00	2.53	8.00
Other loans and advances				
Loans				
Employees	396.42		467.91	
Others	4.65	401.07	4.65	472.56
Advances recoverable in cash or in kind or for value to be received				
Contractors & Suppliers	198.07		148.00	
Employees	1.20		1.39	
Income tax paid in advance / recoverable	510.08		355.52	
Others	4.68	714.03	3.16	508.07
Deposits				
Port trust, Excise authorities, Railways etc.	69.73		66.91	
Others	1741.90	1811.63	1367.92	1434.83
		3228.41		2662.79
Less : Provision for other Loans & advances		63.24		48.36
		3165.17		2614.43
Particulars of long term loans and advances				
Secured, Considered Good		304.46		344.04
Unsecured, Considered Good		2860.71		2270.39
Doubtful		72.89		58.38
		3238.06		2672.81

14: OTHER NON CURRENT ASSETS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Long Term Trade Receivables	38.93		44.19	
Less : Provision	26.97	11.96	26.97	17.22
Particulars				
Unsecured, considered good		11.96		17.22
Doubtful		26.97		26.97
		38.93		44.19
Long Term Claims Recoverable		35.13		56.46
Interest Receivable/Accrued - Employees		3.61		4.23
		50.70		77.91

Notes (Forming Part of the Balance Sheet)

15: INVENTORIES*

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Stores & Spares				
Production	2377.76		2136.11	
Fuel Stores	140.77		97.84	
Others	21.97		23.42	
	<u>2540.50</u>		<u>2257.37</u>	
Add: In-transit	175.38		140.28	
	<u>2715.88</u>		<u>2397.65</u>	
Less: Provision for Non Moving/Obsolete items	176.05	2539.83	167.13	2230.52
Raw materials	2215.03		2298.57	
Add: In-transit	1323.76		1574.49	
	<u>3538.79</u>		<u>3873.06</u>	
Less: Provision for unusable materials	7.76	3531.03	7.66	3865.40
Finished / Semi-finished products				
– Finished Goods	7874.62		5489.34	
– Work-in-Progress	1846.52		2004.76	
	<u>9721.14</u>		<u>7494.10</u>	
Add: In-transit	216.21	9937.35	152.35	7646.45
		<u>16008.21</u>		<u>13742.37</u>

* Valued as per accounting policy 'G'

16: TRADE RECEIVABLES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Trade Receivables over six months	452.57		341.77	
Less : Provision	124.17	328.40	120.99	220.78
Trade Receivables less than six months	4095.78		4527.99	
Less : Provision	–	4095.78	–	4527.99
		<u>4424.18</u>		<u>4748.77</u>
Particulars				
Secured, considered good		3.27		14.33
Unsecured, considered good		4420.91		4734.44
Doubtful		124.17		120.99
		<u>4548.35</u>		<u>4869.76</u>

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Notes (Forming Part of the Balance Sheet)

17: CASH & BANK BALANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
(i) Cash and Cash Equivalents				
Balance with Banks *				
Current Account	3.78		10.97	
Term Deposits with maturity upto 3 months	15.91		41.05	
Term Deposits under Bank Lien / pledge against loan	0.16		–	
Term Deposits as per court orders with maturity upto 3 months	0.48		3.36	
Term Deposits - PM Trophy with maturity upto 3 months	–		18.77	
Unpaid Dividend Account	11.67	32.00	11.29	85.44
Cheques on hand		243.91		243.71
Cash and Stamps on hand		1.32		1.20
		277.23		330.35
(ii) Other Bank Balances *				
Margin Money	–		0.07	
Term Deposits with maturity more than 3 months	3403.06		5900.00	
Term Deposits as per court orders	127.86		175.67	
Earmarked Term Deposits	42.20	3573.12	9.61	6085.35
		3850.35		6415.70
* Includes				
- Maturity period upto 12 months		3589.67		6148.53

18: SHORT TERM LOANS AND ADVANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Loans and advances to related parties	113.71		148.61	
Less: Provision for doubtful related parties advances	1.39	112.32	1.39	147.22
Other loans and advances				
Loans				
Employees	101.30		117.22	
Others	0.19	101.49	2.45	119.67
Advances recoverable in cash or in kind or for value to be received				
Contractors & Suppliers	195.48		222.39	
Employees	7.22		3.64	
Income tax paid in advance / recoverable	1.35		2.52	
For purchase of shares	51.08		51.95	
Others	480.57	735.70	190.51	471.01
Security Deposits		3.42		3.35
Deposits				
Port trust, Excise authorities, Railways etc.	0.69		4.97	
Others	69.88	70.57	69.88	74.85
		1023.50		816.10
Less : Provision for other Loans & Advances		32.81		31.49
		990.69		784.61
Particulars of short term loans and advances				
Secured, Considered Good		39.45		41.22
Unsecured, Considered Good		951.24		743.39
Doubtful		34.20		32.88
		1024.89		817.49

Notes (Forming Part of the Balance Sheet)

19: OTHER CURRENT ASSETS

	As at 31 st March, 2013		As at 31 st March, 2012	
				(₹ crore)
Gold Coins on hand		0.26		0.40
Interest Receivable/Accrued				
Term Deposits	7.83		28.30	
Employees	4.76		5.57	
Others	39.94		27.42	
	52.53		61.29	
Less Provision for doubtful interest	3.39	49.14	3.39	57.90
Others				
Receivables other than Trade	95.43		84.61	
Claims recoverable	2239.57		1943.44	
Export Incentive	19.41		34.40	
	2354.41		2062.45	
Less Provision	61.26	2293.15	59.97	2002.48
		2342.55		2060.78

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

20: REVENUE FROM OPERATIONS

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
				(₹ crore)
Sale of Products				
Domestic		48162.13		49084.36
Exports		1158.23		1230.10
Export Incentives		29.33		33.94
Sub Total (a)		49349.69		50348.40
Sale of Services				
Service charges		34.88		26.62
Sub Total (b)		34.88		26.62
Other Operating Revenues				
Social amenities-recoveries		234.50		208.50
Sale of empties etc.		40.93		55.38
Liquidated damages		30.51		28.87
Write back of Other liabilities		75.19		72.21
Sundries		221.20		289.51
Sub Total (c)		602.33		654.47
Total (a+b+c)		49986.90		51029.49

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

21. OTHER INCOME

(₹ crore)

		Year ended 31 st March, 2013	Year ended 31 st March, 2012
Interest Income			
Customers		142.88	106.22
Employees		30.36	33.96
Term Deposits		635.67	1304.73
Others		17.55	19.31
	Sub Total (a)	<u>826.46</u>	<u>1464.22</u>
Dividend Income			
Dividend from Investments		59.46	57.48
	Sub Total (b)	<u>59.46</u>	<u>57.48</u>
Other Non-operating Income			
Subsidy, relief and concession		13.14	13.92
Grant-in-aid		0.02	-
Profit on sale of fixed assets (net)		25.44	20.11
Other Non-operating income		11.16	6.67
		<u>49.76</u>	<u>40.70</u>
Less: expenses attributable to non-operating income		1.94	0.20
	Sub Total (c)	<u>47.82</u>	<u>40.50</u>
Provisions no longer required written back			
Loans & Advances		3.78	20.96
Sundry Debtors		8.23	10.52
Stores & Spares		5.19	7.62
Others		13.5	28.15
	Sub Total (d)	<u>30.70</u>	<u>67.25</u>
	Total (a+b+c+d)	<u>964.44</u>	<u>1629.45</u>

22 : RAW MATERIALS CONSUMED

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Iron Ore	3279.85	2666.96
Coal	13526.35	16663.11
Coke	2977.51	1848.23
Limestone	887.20	718.50
Dolomite	406.80	324.22
Ferro Manganese	510.33	499.37
Ferro Silicon	157.97	174.62
Silico Manganese	745.98	688.21
Hot Rolled Stainless Steel Coils	-	1.02
Intermediary Products	0.52	404.02
Zinc	75.86	69.77
Aluminium	242.41	230.61
Others	1423.44	1269.99
	<u>24234.22</u>	<u>25558.63</u>
Less : Inter Account adjustments	3035.74	2537.81
	<u>21198.48</u>	<u>23020.82</u>

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

23: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

(₹ crore)

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Opening stock				
– Finished Goods	5641.69		4641.57	
– Work in Progress	<u>2004.76</u>	<u>7646.45</u>	<u>1490.51</u>	<u>6132.08</u>
Less : Closing stock				
– Finished Goods	8090.83		5641.69	
– Work-in-Progress	<u>1846.52</u>	<u>9937.35</u>	<u>2004.76</u>	<u>7646.45</u>
		<u>(-)2290.90</u>		<u>(-)1514.37</u>
Less : Excise Duty on accretion(-) /Depletion to stock		<u>(-)274.81</u>		<u>(-)145.86</u>
Net Accretion(-)/Depletion to stock		<u>(-)2016.09</u>		<u>(-)1368.51</u>

24: EMPLOYEE BENEFITS EXPENSE

(₹ crore)

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Salaries & Wages	6137.34		5843.08	
Leave Encashment	779.77		555.36	
Company's contribution to Provident & other Funds	554.61		531.50	
Travel Concession	33.77		330.66	
Welfare Expenses	486.67		440.63	
Gratuity	<u>645.30</u>		<u>231.07</u>	
	<u>8637.46</u>		<u>7932.30</u>	
Less : Grants in Aid received from Government of Karnataka	0.26		0.25	
	<u>8637.20</u>		<u>7932.05</u>	

25: FINANCE COSTS

(₹ crore)

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Interest Cost				
– Foreign Currency Loans	124.81		91.87	
– Non Convertible Bonds	108.25		89.42	
– Bank Borrowings - working capital	21.65		9.02	
– Steel Development Fund Loans	3.85		4.32	
– Others	197.29		461.54	
Other Borrowing Costs	291.79		21.53	
Interest under Income Tax Act	0.02		–	
	<u>747.66</u>		<u>677.70</u>	

Note :

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

Expenditure During Construction

Interest Cost

Foreign Currency Loans	184.34	68.33
Non Convertible Bonds	568.74	515.73
Steel Development Fund Loans - Interest	4.31	3.84
Others	9.28	76.08
Other Borrowing Cost	33.17	94.03
Exchange Loss treated as Interest	–	110.48
	<u>799.84</u>	<u>868.49</u>

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

26: OTHER EXPENSES

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012	
Consumption of Stores & Spares Parts	2133.22		1779.07
Power and Fuel	4830.44		4469.74
REPAIRS & MAINTENANCE			
Buildings	178.79	160.84	
Plant & Machinery	481.20	424.32	
Others	164.47	159.15	744.31
Freight Outward	953.12		696.03
Handling Expenses			
Raw Material	198.76	235.22	
Scrap Recovery	163.63	146.23	381.45
Royalty and Cess	975.48		851.30
Conversion Charges	328.76		339.67
Excise Duty on Inter-Plant Transfer / Internal Consumption	385.47		237.27
Demurrage & Wharfage	55.99		61.84
Water Charges & Cess on Water Pollution	76.57		63.97
Insurance	16.31		8.08
Postage, Telegram & Telephone	19.78		22.73
Printing & Stationery	10.12		10.57
Rates & Taxes	65.68		44.97
Rent	13.84		12.65
Security Expenses	310.05		283.83
Travelling Expenses	210.87		191.42
Training Expenses*	25.75		19.67
Remuneration to Auditors			
Audit Fees	1.34	1.22	
Tax Audit Fees	0.42	0.39	
In other Services	0.95	0.98	
Out of Pocket Expenses	0.68	0.73	3.32
Cost Audit Fee and Reimbursement of Expenses	0.14		0.30
Provisions			
Doubtful Debts, Loans and Advances	29.06	22.53	
Stores , Spares and Sundries	24.25	28.48	51.01
Write-Offs - Miscellaneous	0.34		1.03
Voluntary Retirement Compensation	0.23		–
Handling Expenses - Finished goods	119.80		100.34
Cash Discount (net)	64.81		48.89
Commission to Selling Agents	7.59		6.39
Export Sales Expenses	18.37		24.34
Miscellaneous	294.53		252.98
	12160.81		10707.17
	66.38		63.04

* Training expenses not included above and charged to primary heads of account

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

27: ADJUSTMENTS PERTAINING TO EARLIER YEARS

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Sales	-28.70	1.20
Other revenues	1.31	0.25
Raw materials consumed	-6.99	-0.12
Stores & spares consumed	-2.02	0.52
Repair & Maintenance	-1.47	-
Excise duty	2.20	-
Other expenses	-9.28	1.98
Depreciation	3.42	6.71
Net Debit/Credit (-)	<u>-41.53</u>	<u>10.54</u>

Other Notes to Financial Statements

28.1 CONTINGENT LIABILITIES

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
(i) Claims against the Company pending appellate/judicial decisions :		
a) Excise Duty	1 120.73	1925.47
b) Sales Tax on inter-state stock transfers from plants to stockyards*	740.94	761.91
c) Other sales tax matters	172.19	153.91
d) Income Tax	797.30	518.68
e) Other duties, cess and levies	2151.82	645.88
f) Civil matters **	831.61	490.94
g) Entry Tax	1 166.18	909.57
h) Miscellaneous **	449.41	365.91
* No liability is expected to arise, as sales tax has been paid on eventual sales.		
** includes claims of ₹22.54 crore (₹24.14 crore), against which there are counter-claims of ₹18.41 crore (₹18.41 crore).		
(ii) Other claims against the Company not acknowledged as debt:		
a) Sales Tax	17.32	10.38
b) Duties, cess and levies	250.38	115.47
c) Civil Matters	23.03	22.20
d) Miscellaneous \$	5498.71	672.47
\$ includes claims of ₹100.94 crore (₹73.16 crore), against which there are counter-claims of ₹103.95 crore (₹62.42 crore).		
(iii) Disputed income tax/service tax/other demand on joint venture Company for which Company may be contingently liable under the joint venture agreement	29.33	36.19
(iv) Bills drawn on customers and discounted with banks	66.89	110.95
(v) Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-

- 28.2** a) Pending final decision by the Hon'ble Supreme Court of India in Special Leave Petition (SLP) against order by the Hon'ble High Court of Allahabad dismissing the writ petition of the Company, on levy of entry tax in the state of Uttar Pradesh, included in Note No. 28.1 (i)(g), includes disputed demand of ₹81.64 crore (₹64.02 crore). The Company has deposited ₹ 70.57 crore (₹43.83 crore) against the said demand which has been shown as current assets.
- b) Pending final decision by the Hon'ble Supreme Court of India in SLP against order by the respective Hon'ble High Courts dismissing the writ petitions of the Company, the entry tax amount in Note No. 28.1 (i)(g) includes disputed demands of ₹888.46 crore (₹623.37 crore) in Chattisgarh State and ₹170.32 crore (₹131.12 crore) in Odisha State respectively. In respect of the case pertaining to Chattisgarh State, liability of ₹ 891.04 crore (₹727.21 crore), based on legal opinion, has been provided in the books towards entry tax @3% against the demand @6%. The Company has deposited ₹ 891.04 crore (₹727.21 crore) against the said demand which has been treated as current assets.
- c) Pending final decision by the Hon'ble Supreme Court of India in SLP against the order of the High Court of Delhi dismissing the appeal of the Company on disallowance of depreciation on the reduced value of assets by ₹2578.13 crore consequent to waiver of loans by Steel Development Fund, the demand of ₹87.62 crore (₹87.62 crore) pertaining to assessment years from 2006-07 to 2010-11 has been treated as contingent liability, included in note no. 28.1 (i)(d). The Company has deposited ₹87.62 crore against the said demand which has been treated as current assets.
- d) Pending decision by the Hon'ble Supreme Court of India in SLP against order by the Honorable High Court of Jharkhand dismissing the writ petition of the Company, claim of ₹217.40 crore (₹128.60 crore) made by Damodar Valley Corporation (DVC) in respect of electricity supplied to Bokaro Steel Plant of the Company, has been disclosed as contingent liability included in Note No. 28.1 (i)(f). Against the said claim, the entire amount has been paid to DVC against bills raised by them, and treated as current assets.
- e) Rourkela Steel Plant of the Company has proposed to the Government Odisha for an out of court settlement of the matter relating to levy of water tax under the provisions of Odisha Irrigation Act, 1959 and rules thereunder, keeping in view the overall interest of the Company. If the settlement is accepted, the Company may have to pay an amount which shall be mutually agreed with the State Government of Odisha.
- f) The above para 28.1 relating to Contingent Liabilities also include court / arbitration cases where the Company has lost some of the cases in first or subsequent appeals amounting to ₹85.34 crore and has gone to appeal in the higher forums.
- g) The Renewable Power / Energy Obligations amounting to ₹39.94 crore, as contested, have been disclosed as contingent liabilities
- h) BCCL has claimed MADA Cess @1% on the invoices raised by it. The Company has not paid the said amount and disclosed as contingent liability as the matter is sub-judice. BCCL has confirmed that Cess is not being paid for other buyers also, though collected.
- 29.** The Ministry of Corporate Affairs, vide order dated 10th June, 2011, approved the amalgamation of Maharashtra Elektrosmet Limited (MEL), with the Company under sections 391 to 394 of the Companies Act, 1956. As per order, the amalgamation was operative from the appointed date of 1st April, 2010 and came into effect (effective date) on 13th July, 2011. The Accounts of erstwhile Maharashtra Elektrosmet Limited (MEL) were consolidated in the Accounts of the Company for the Financial Year 2011-12.
- 30. FIXED ASSETS**
- 30.1 Land:**
- (i) Includes 67406.03 acres (66126.21 acres) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- (ii) Includes 4616.11 acres (1917.06 acres) in respect of which title is under dispute.
- (iii) 10881.28 acres (10594.22 acres) transferred/agreed to be transferred or made available for settlement to various Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- (iv) 6156.20 acres (6162.74 acres) given on lease to various agencies/ employees/ex-employees.
- (v) Includes 4262.42 acres under unauthorised occupation.
- (vi) 824.86 acres of Land shown as deemed possession which is not in actual possession.
- (vii) ₹70.00 crore has been deposited (in respect of land already acquired) with the District Judge, Bokaro during the year 2007 towards compensation payable to land losers and lying in deposit account.
- 30.2** Buildings include net block of ₹ 25.26 crore (₹25.71 crore) for which conveyance deed is yet to be registered in the name of the Company.
- 30.3** Assets retired from active use and waiting for disposal amounting to ₹ 30.50 crore has been shown under note 10 (a) "Tangible Fixed Assets", the net realizable value of which in the opinion of the management will not be less than the amount shown and does not require any provision.
- 30.4** a) Capital Work-in-Progress includes ₹107.17 crore (consultancy charges) in respect of some deferred capital schemes, which in view of the management are to be implemented in near future. Therefore, no provision is required at this stage.
- b) Capital Work-in-progress includes ₹981.83 crore in respect of some capital schemes which have not been capitalized due to lack of sustained production on commissioning requiring further rectification of several defects. The reasons for non-capitalisation are on account of :
- i) As a part of its expansion scheme, Rourkela Steel Plant of the Company has awarded a contract for construction of Sinter Plant -III which is under progress. The expenditure incurred upto 31st March, 2013 for Sinter Plant-III is ₹721.11 crore. During the trial run of the Plant, defects were noticed and subject to removal of such defects, the preliminary acceptance certificate was issued. Subsequent to removal of all such defects, the commissioning of the Plant will be done. Further, as the Plant has not achieved commercially feasible level of production in a commercially practicable manner, the Plant is not ready for its intended use and hence not capitalized in the books.
- ii) Capital Work in Progress includes ₹103.95 crore in respect of Steel Processing Unit at Bettiah comprising of various processing units for producing a range of products, which is awaiting commissioning. The unit will be capitalized after integrated commissioning and put to use for commercial production.
- iii) Capital Work in Progress includes ₹34.05 crore towards area drainage system for New SMS-III at Bokaro steel Plant. The drainage system is a part of entire SMS-III which is yet to be completed. Capitalisation will be taken up on completion of the Plant.
- iv) Capital Work in Progress includes ₹0.92 crore towards Plant civil work including building at DSP. The Bar & Rod Mill is yet to be completed. Therefore, all civil works including plant building will be capitalized on completion of Bar & Rod Mill.
- v) In Salem Steel Plant, capital schemes relating to 20 Hi Sendzimir Mill, amounting to ₹121.80 crore included in capital work-in-progress, could not be completed due to accident in the trailer carrying Mill housing. Due to accident, the matter is under litigation and the project could not be completed which will be done as per court order.
- 30.5** The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Notification dated 31st March, 2009 issued by Ministry of Corporate Affairs on Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates'. During the year ended 31st March, 2013, the net foreign exchange variations of ₹134.53 crore (net debit) [₹127.85 crore (net debit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets/ capital work-in-progress. Out of the exchange differences adjusted from 1st April, 2008 to 31st March, 2013, an amount of ₹220.08 crore (net debit) [₹81.13 crore (net debit)] is yet to be depreciated/amortised as at 31st March, 2013.

30.6 Estimated amount of contracts remaining to be executed and not provided for (net of advances) on capital account are ₹17967.99 crore (₹21063.53 crore) and on revenue account, are ₹1190.43 crore (₹1236.54 crore).

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

31.1 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 the Hon'ble Court's orders, the term deposits (including interest earned thereon) amounting to ₹130.51 (₹177.90) crore, in respect of tax deducted at source (TDS), have been kept separately with bank(s). Such deductions and deposits after 31st March 2005 have been made in accordance with amended law/judicial decisions. Vide Order dated 11th September, 2012, the Hon'ble High Court has vacated the stay on the petition filed by Association of Executives. Accordingly, the TDS on perquisites kept as fixed deposits in respect of Executives is being deposited with Income Tax Authorities after the Balance Sheet date. The writ petition filed by Steel Workers Federation of India is still pending before the Hon'ble Court. However, there is no impact on accounts of the Company as the additional tax, if required, shall be recoverable from the employees.

31.2 The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Note No. 7- Trade Payables) has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st March 2013 are as under:

(₹ crore)

No.	Description	As at 31 st March, 2013	As at 31 st March, 2012
i.	The principal amount remaining unpaid to supplier as at the end of the year.	15.30	12.08
ii.	The amount of interest accrued during the year and remaining unpaid at the end of the year.	-	-
iii.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
iv.	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
		For the year ended	
		31st March 2013	31st March 2012
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
vi.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-

31.3 Balances of Trade Receivables and Recoverables shown under 'Current Assets' and Trade and Other Payables shown under 'Current Liabilities', include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.

31.4 During the year, ad-hoc/additional liability of ₹33.76 crore has been provided towards supply of electricity by BPSCL, on account of reconciliation of accounts which is in progress. On completion of reconciliation, consequential adjustments, if any, will be dealt with in the accounts accordingly in the year of completion.

31.5 The Company has stock of iron ore fines of 41.15 million tonnes (41.18 million tonnes) at various mines of the Company. Since the usage/sale of such iron ore fines, involves elements of uncertainties, as a matter of prudence, no valuation of such fines has been made in the accounts. However, the revenue earned from actual disposal thereof during the year has been recognised in the books of accounts.

31.6 An amount of ₹51.34 crore has been deposited with Chhattisgarh State Power Transmission Company Limited, as per demand letters dated 4th May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances - Deposits". The transmission lines will not be owned by the Company. The MOU has been signed on 12th May, 2011.

The accounting treatment of above mentioned issue 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 issue and similar cases will be done as per the opinion of the EAC of ICAI.

32. STATEMENT OF PROFIT & LOSS

32.1 Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2013: ₹3617.90 crore (Previous year: ₹3479.04 crore) and cumulatively upto 31st March 2013: ₹18288.38 crore (Previous year: ₹14901.94 crore).

32.2 Sales include Railway Receipts (RR) made upto 31st March 2013 and endorsed in favour of the customers and retired upto the cut-off date.

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

32.4 The research and development expenditure charged to Statement of Profit & Loss and allocated to fixed assets, during the year, amount to ₹145.07 crore (₹129.08 crore) and ₹2.56 crore (₹5.37 crore) respectively. The aggregate amount of revenue expenditure incurred on research and development is shown in the respective head of accounts. The break-up of the amount is as under:

(₹ crore)

Head of Account	For the year ended	
	31 st March 2013	31 st March 2012
Employees Remuneration & Benefits	100.94	87.04
Stores & Spares Consumed	10.10	11.15
Power & Fuel	1.65	1.55
Repairs & Maintenance	2.42	2.34
Other Expenses & Provisions	26.28	23.44
Interest & Finance Charges	0.26	0.33
Depreciation	3.58	3.39
Sub-total	145.23	129.24
Less : Transferred to Inter Account Adjustments	0.16	0.16
Total	145.07	129.08

32.5 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 (CGU). If

any such indication exists, the assets recoverable amount is estimated, as higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The net selling price of the CGU is determined once in every three years. On such review as on 31st March 2013, no provision for the loss making units is required to be made, as the net realisable value thereof, assessed by an independent agencies, as on 31st March, 2011 for IISCO Steel Plant, Alloy Steels Plant, Visvesvaraya Iron & Steel Plant and as on 31st March, 2012, for Salem Steel Plant, is more than the carrying amount of respective CGU.

In the opinion of the management, there is no impairment of assets in the Polisher unit in Salem amounting to ₹ 9.38 crore as the net realisable value is higher than the book value. The asset could not be used for 3 years pending removal of defects. Similarly, the net realizable value of Pipe Coating plant at RSP is higher than the book value at ₹ 43.14 crore.

- 32.6** The long-term agreement for wage revision for non-executives expired on 31st December 2011. Pending finalisation of fresh agreement w.e.f 1st January 2012, provision towards wage revision including consequential benefits and pension of ₹611.03 crore (₹ 549.95 crore for the year) and ₹1.73 crore (₹1.54 crore for the year) have been charged to Statement of Profit & Loss and Expenditure during construction respectively, on an estimated basis. The provision for wage revision includes an amount of ₹332.86 crore towards actuarial valuation of gratuity and leave encashment liabilities arising on account of wage revision, of which ₹ 332.14 crore and ₹ 0.72 crore have been charged to the Statement of Profit & Loss and Expenditure during Construction respectively, during the year. The provision for wage revision includes liability on account of pension to Non-Executives.
- 32.7** Actuarial Valuation for Post Retirement Benefit of Badli workmen is done at SRU (SAIL Refractory Unit) and in case of annexed workmen of IISCO, it is treated on cash basis.
- 32.8** During the year, the accounting policy regarding amortisation of Mining Rights has been revised from the 'lease period' to 'annual production vis-a-vis total estimated mineable reserves'. As a result, the profit for the year is higher by ₹214.14 crore.
- 32.9** During the previous year, the basis of valuation of scrap was revised, resulting in higher profit of ₹164.34 crore of that year.
- 32.10** During the year, the unspent carried forward amount of ₹28.48 crore on account of Corporate Social Responsibility (CSR) activities pertaining to the year 2011-12, was incurred in full. Against the approved budgeted amount of ₹42.00 crore towards the CSR activities for the year 2012-13, the Company incurred ₹24.81 crore. The balance budgeted amount of ₹17.19 crore, will be spent in due course. Since the Company does not have any contractual obligation/liability as on 31st March, 2013, the unspent amount has not been provided in the books and would be accounted for as and when spent/incurred.

- 32.11** The SAIL Refractory Unit, Bhilai continues to charge depreciation at the rate other than the rate prescribed in the Schedule XIV of the Companies Act, 1956 for assets acquired prior to 01-04-1993 as per the option exercised by the Company provided in the circular no.1/12/92-CL5 circular 14/93 dated 20.12.1993 issued by the Ministry of Law & Justice and Company Affairs, the amount of which is not ascertainable.

- 32.12** Information on leases as per Accounting Standard 19 on 'Leases':

- (a) The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.
- (b) In respect of assets taken on lease/rent : The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit & Loss during the year is ₹ 11.19 crore (₹11.92 crore).

33. GENERAL

33.1 DEFINED BENEFIT SCHEMES

33.1.1 General Description of Defined Benefit Schemes:

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

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

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

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

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

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

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

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

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

(₹ 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.	4134.62 (4147.96)	2131.08 (2016.46)	1200.02 (1178.00)	105.27 (107.02)	20.07 (28.45)	281.05 (264.83)
ii)	Service Cost	158.46 (145.50)	116.57 (107.07)	11.06 (10.18)	5.52 (5.07)	1.30 (1.20)	— (—)
iii)	Interest Cost	344.75 (329.34)	176.34 (158.04)	102.02 (93.82)	9.15 (8.89)	1.72 (2.33)	21.35 (19.29)
iv)	Actuarial Gains(-) / Losses(+)	537.46 (107.68)	463.81 (298.65)	13.47 (18.53)	8.39 (-7.96)	2.86 (-9.39)	83.11 (58.48)
v)	Past Service Cost	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
vi)	Benefits Paid	667.22 (595.86)	433.78 (449.14)	96.56 (100.51)	10.90 (7.75)	2.88 (2.52)	67.65 (61.55)
vii)	Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	4508.07 (4134.62)	2454.02 (2131.08)	1230.01 (1200.02)	117.43 (105.27)	23.07 (20.07)	317.86 (281.05)

(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:

(₹ crore)

Sl. No.	Particulars	2012-13	2011-12
i)	Fair Value of plan assets as at the beginning of the year	4114.34	4044.16
ii)	Expected return on plan assets	317.19	312.33
iii)	Actual Company's contribution	367.20	312.78
iv)	Actuarial gain/(loss)	71.75	37.86
v)	Benefits payments	667.22	592.79
vi)	Fair value of plan assets as at the end of the year	4203.26	4114.34
vii)	Present value of defined benefit obligation [6.1.2 (a)(vii)]	4508.07	4134.62
viii)	Net liability recognised in the Balance Sheet (viii)-(vii) *	304.81	20.28

* The Company does not expect to contribute any amount to the Gratuity Fund during the year 2013-14, after considering the return on the investments.

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

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

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

(₹ 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	158.46 (145.50)	116.57 (107.07)	11.06 (10.18)	5.52 (5.07)	1.30 (1.20)	- (-)
ii)	Interest Cost	344.75 (329.34)	176.34 (158.04)	102.02 (93.82)	9.15 (8.89)	1.72 (2.33)	21.35 (19.29)
iii)	Actuarial Gains (-)/Losses	465.71 (69.82)	463.81 (298.65)	13.47 (18.54)	8.39 (-7.96)	2.86 (-9.39)	83.11 (58.48)
iv)	Past Service Cost	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
v)	Expected Return on Plan Assets	317.19 (312.33)	- (-)	- (-)	- (-)	- (-)	- (-)
vi)	Total (i+ii+iii+iv-v)	651.73 (232.33)	756.72 (563.76)	126.55 (122.54)	23.06 (6.00)	5.88 (-5.86)	104.46 (77.77)
vii)	Employees' Benefits Expenses :						
a)	Charged to Profit & Loss Account (Note 24)	645.30 (231.07)	743.93 (555.36)	126.55 (122.60)	- (-)	5.88 (-5.85)	104.46 (77.77)
b)	Charged to Expenditure During Construction (Note 11.1)	6.43 (1.26)	12.79 (8.40)	- (-0.06)	- (-)	- (-0.01)	- -
c)	Other Expenses - Charged to Profit & Loss Account (Note 26)	-	-	-	23.06 (6.00)	-	-
viii)	Actual Return on Plan Assets	388.96 (350.17)					

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

(₹ 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	1.85	(1.49)
ii)	Increase/(decrease) on present value of defined benefit obligations as at 31st March, 2013	30.77	(25.52)

(f) Actuarial Assumptions

(₹ crore)

Sl. No.	Description	As at 31 st March, 2013	As at 1 st April, 2012
i)	Discount Rate (per annum)	8.15%	8.90%
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 Medclaim premium.	5% for hospital cost and Nil for Medclaim premium.
v)	Estimated Rate of Return on Plan Assets	8% p.a.	8% p.a.
vi)	Salary Escalation	Executives-7% p.a. and step up of 7.5% every 10 years starting 2017. Non-executives- 6% p.a. with 7.5% step up in 2013, again in 2017 and every 10 years thereafter.	Executives : 7% p.a. Non-Executives : 6% p.a. All employees- 7.5% step-up after every 10 years of service starting 2017.
		The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors	

33.2 Segment Reporting

- i) Business Segments: The five Integrated Steel Plants and three Alloy Steel Plants, being manufacturing units, have been considered as primary business segments for reporting under 'Accounting Standard-17 - Segment Reporting' issued by Ministry of Corporate Affairs.
- ii) Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.
- iii) In the opinion of the management, the captive mines are not a business segment of the Company as per 'Accounting Standard-17 - Segment Reporting' issued by Ministry of Corporate Affairs, as captive mines are supplying raw materials to various plants, the Mines have been treated as cost centre for accounting purpose. However, due to issues involved, it is decided to refer the matter to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) for its opinion.

33.3 Related Party

As per Accounting Standard - 18 - 'Related Party Disclosures' issued by the Ministry of Corporate Affairs, the names of the related parties, excluding Government controlled enterprises, are given below:

A.	
Nature of Relationship	Name of the related party
Joint Venture	SAIL Bansal Service Centre Limited
	Mjunction Services Limited
	UEC-SAIL Information Technology Limited
	Romelt SAIL (India) Limited
	N.E Steel & Galvanising Pvt. Limited
	Bhilai Jaypee Cement Limited
	Bokaro Jaypee Cement Limited
	S & T Mining Co. Pvt. Limited
	SAIL Kobe Iron India Pvt. Limited
	TMTSAL SAIL JV Limited
SAL SAIL JVC Limited	
Nature of Relationship	Name of the related party
Key Management Personnel	Shri C.S.Verma
	Shri Shuman Mukherjee
	Shri P.K. Bajaj (Upto 30 th April 2012)
	Shri B.B. Singh (Upto 30 th April 2012)
	Shri Anil Kumar Chaudhary
	Shri S.S. Mohanty
	Shri H.S. Pati (w.e.f. 1 st May 2012)
	Shri A.K.Pandey (w.e.f. 24 th May 2012)
	Shri T.S.Suresh
	Shri Kalyan Maity (w.e.f. 1 st March 2013)
	Shri N.K. Jha (upto 30 th September 2012)
	Shri N.K. Kothari (w.e.f. 1 st October 2012)
	Shri A. Maitra (w.e.f. 1 st May 2012)
	Shri P.K. Singh (w.e.f. 1 st May 2012)
	Shri Pankaj Gautam
	Shri S. Chandrasekaran
	Shri G.S. Prasad
	Shri G.S. Gill (Upto 30 th June 2012)
	Shri P.S. Bhadauria (w.e.f. 2 nd September 2012)
	Shri V.G. Shankar (Upto 25 th August 2012)
	Shri S.S.Verma (w.e.f. 26 th August 2012)
	Shri A. Bandopadhyay (w.e.f. 3 rd September 2012)
	Shri S. Hanumantha Rao
	Shri M.N. Rai
	Shri M.R. Panda
	Shri Dr. D. Mukerjee (Upto 30 th April 2012)
	Shri S.Varadarajan (w.e.f. 1 st May 2012)
	Shri Raman (w.e.f. 7 th September 2012)
	Shri A.J.Malhotra (Upto 31 st August 2012)
	Shri T.K.Das (Upto 31 st July 2012)
	Shri P.K. Mishra (upto 31 st October 2012)
Shri Somdev Das (w.e.f. 1 st November 2012)	
Shri K.K. Singh (w.e.f. 24 th September 2012)	

B. Details of transactions between the Company and the Related Parties during the Year

(₹ crore)

Sl. No.	Particulars	Associate/Joint Ventures	Key Management Personnel	Total	Note No. and Account Head
i)	Purchase of Investment	1.50 (17.59)	-	- (17.59)	12 : Non-Current Investment
ii)	Advance for purchase of shares	0.27 (-)	-	0.27 (-)	18 : Short Term Loans and Advances
iii)	Other Loans and Advances	-	0.04 (0.01)	0.04 (0.01)	13 : Long Term Loans and Advances
iv)	Services rendered	0.90 (0.87)	-	0.90 (0.87)	21 : Other Income
v)	Rental Income	0.02 (0.17)	-	0.02 (0.17)	
vi)	Interest Income	0.02 (-)	-	0.02 (-)	
vii)	Sale of Goods	56.88 (26.61)	-	56.88 (26.61)	20 : Revenue from Operations
viii)	Services received	31.56 (27.40)	-	31.56 (27.40)	26 : Other Expenses
		1.26 (2.34)	-	1.26 (2.34)	11 : Capital WIP
ix)	Managerial remuneration	-	7.01 (5.29)	7.01 (5.29)	24 : Employees' Benefits Expenses

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

(₹ crore)

Sl. No.	Particulars	Associate/Joint Ventures	Note No. and Account Head
i)	Investments	102.15 (100.65)	12 : Non-Current Investment
ii)	Provision for investments	3.44 (3.44)	
iii)	Other Loans and Advances	1.39 (1.39)	13 : Long Term Loans and Advances
iv)	Provision for Loans and Advances	1.39 (1.39)	
v)	Advance for Purchase of Shares and Advances	0.27 (-)	18 : Short Term Loans
vi)	Trade Receivable Receivables	2.19 (1.17)	16 : Trade
vii)	Trade Payable Payables	2.71 (4.13)	7 : Trade
viii)	Security Deposit Liabilities	0.32 (0.32)	4 : Other Long Term

D. Disclosure of Material Transactions with Related Parties

(₹ crore)

	For the year ended 31 st March 2013	For the year ended 31 st March 2012	Note No. and Account Head
Purchase of Investment S&T Mining Co. Pvt. Limited Bokaro Jaypee Cement Limited	1.50 -	2.82 14.77	12 : Non-Current Investment
Advance for Purchase of Shares SAIL Kobe Iron India Pvt. Ltd. TMTSAL SAIL JV Limited SAL SAIL JVC Limited	0.25 0.01 0.01	- - -	18 : Short Term Loans and Advances
Sale of Goods Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited	26.12 30.76	15.58 11.03	20 : Revenue from Operations
Services Rendered Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited	0.90 0.02	0.87 0.17	21 : Other income
Auction services Mjunction Services Limited	29.10 1.26	25.81 2.34	26 : Other Expenses 11 : Capital WIP
Conversion Charges SAIL-Bansal Services Centre Ltd.	2.46	1.59	26 : Other Expenses

- 33.4 In accordance with AS-22 on 'Accounting for Taxes on Income' issued by the Ministry of Corporate Affairs, net deferred tax, has been accounted for, as detailed below: (₹ crore)

	As on 31 st March 2013	As on 31 st March 2012
Deferred tax liability		
Difference between book and tax depreciation	2947.63	2667.84
Total	2947.63	2667.84
Deferred tax assets		
Retirement Benefits	101.53	4.61
Others	1117.57	1018.75
Total	1219.10	1023.36
Net Deferred tax liability	1728.53	1644.48

- 33.5 As per Accounting Standard - 27 - 'Financial Reporting of Interest in Joint Ventures' issued by the Ministry of Corporate Affairs, 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: (₹ 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	1760.72	1066.05	949.00	766.89	19.39	33.76
2.	Bokaro Power Supply Co. Pvt. Ltd. (†)	50	515.79	250.40	346.20	323.57	-	14.85
3.	mjunction Services Limited (††)	50	163.49	63.73	65.63	38.34	-	0.08
4.	SAIL Bansal Service Centre Limited (††)	40	11.44	9.76	8.18	8.09	-	-
5.	Romelt SAIL (India) Limited (†)	15	-	-	-	-	-	-
6.	UEC SAIL Information Technology Limited (†)	40	-	-	-	-	-	-
7.	North Bengal Dolomite Limited (®®)	50	0.19	0.21	-	-	-	-
8.	N.E Steel & Galvanising Pvt. Limited (†)	49	-	-	-	-	-	-
9.	Bhilai Jaypee Cement Limited (®)	26	253.49	176.18	192.95	190.84	-	1.76
10.	Bokaro Jaypee Cement Limited (®)	26	179.62	131.37	163.91	133.17	0.76	-
11.	S&T Mining Co. Pvt. Limited (®)	50	5.12	1.68	0.33	1.98	-	0.07
12.	International Coal Ventures Private Limited (†)	28.57	6.76	0.64	-	-	-	-
13.	SAIL-MOIL Ferro Alloys Private Limited(††)	50	8.11	6.01	-	-	-	-
14.	SAIL SCI Shipping Pvt. Limited (††)	50	0.07		0.01	0.03	-	-
15.	Steel Complex Limited (†)	43.80	14.28	12.05	16.33	18.00	-	-
16.	SAIL RITES Bengal Industry Pvt. Limited (††)	50	17.92	5.97	0.03	0.02	0.11	27.05
17.	SAIL Kobe Iron India Pvt. Limited(††)	50	0.25	0.01	-	0.02	-	-
18.	SAL SAIL JVC Limited(††)	26	0.06	0.04	-	-	-	-
19.	TMTSAL SAIL JV Limited (††)	26	0.01	-	-	-	-	-
20.	SAIL-BENGAL Alloy Castings Private Limited (††)	50	-	-	-	-	-	-

@ Based on audited accounts for the year 2012-13

** Based on unaudited Accounts for the year 2012-13.

* Based on audited Accounts for the year 2011-12

®® Based on unaudited Accounts for the year 2011-12.

\$ Information not available

\$\$ Operation yet to be started

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

Brief Description of Provisions :

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

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

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

(₹ crore)

Movement of provisions	Mines afforestation costs	Mines closure costs	Over burden removal costs	Total
Balance as at 1 st April, 2012	217.19	90.31	34.09	341.59
Additions during the year	17.20	7.98	4.60	29.78
Amounts utilised during the year	26.19	-	8.70	34.89
Unused amount reversed during the year	-	7.09	0.94	8.03
Balance as at 31 st March 2013	208.20	91.20	29.05	328.45

34. i) 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:

(₹ crore)

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

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

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

34. Opening Stock, Purchases, Turnover and Closing Stock

(Quantity: Tonnes)

(Value: ₹ crore)

Class of Products	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
OWN PRODUCTS								
Main Steel Plants								
Pig Iron	47998 (108808)	120.70 (205.63)	- (-)	- (-)	118432 (115457)	314.01 (306.39)	58372 (47998)	144.04 (120.70)
Steel Ingots	120483 (174304)	356.72 (420.71)	- (-)	- (-)	48 (98)	0.14 (0.27)	217492 (120483)	669.99 (356.72)
Saleable steel	815911 (979064)	2916.40 (2986.96)	- (-)	- (-)	10724242 (11007984)	44792.51 (45597.90)	1090219 (815911)	3941.64 (2916.40)
In process material	283158 (211761)	881.25 (577.65)	- (-)	- (-)	- (-)	- (-)	401630 (226653)	1287.94 (881.25)
ALLOY STEELS PLANTS								
Pig Iron	7320 (8357)	20.97 (22.58)	- (-)	- (-)	12001 (7798)	36.49 (23.17)	7201 (26860)	21.60 (151.62)
Steel Ingots	26091 (22713)	102.99 (98.59)	- (-)	- (-)	- (-)	- (-)	31028 (26091)	118.54 (102.99)
Saleable steel	111237 (120287)	789.58 (812.45)	- (-)	- (-)	386614 (414807)	2380.41 (2489.77)	131627 (111237)	798.43 (789.58)
In process material	89907 (33394)	704.89 (205.93)	- (-)	- (-)	- (-)	- (-)	80345 (70367)	679.11 (574.24)
SUNDRIES								
Calcium Ammonium Nitrate (in terms of 25% N)	1023 (13094)	- (-)	- (-)	- (-)	- (48915)	- (156.35)	1023 (1023)	- (-)
Middlings/Rejects	554351 (583914)	12.92 (12.85)	- (-)	- (-)	56277 (133868)	21.33 (28.91)	649475 (554351)	31.42 (12.92)
Others (By-products etc.)		1740.03 (788.73)		2.09 (1.20)		1821.89 (1741.93)		2228.42 (1740.03)
TRADING ACTIVITIES								
Saleable Steel	- (-)	- (-)	484 (1617)	1.12 (3.68)	-3976 (1617)	-17.09 (3.71)	4460 (-)	16.22 (-)
		7646.45 (6132.08)		3.21 (4.88)		49349.69 (50348.40)		9937.35 (7646.45)

35. Expenditure incurred in foreign currency on account of

(₹ crore)

	Current Year	Previous Year
Know-how	78.39	126.38
Interest	166.11	-
Professional and consultation fees	41.57	28.32
Others	38.42	6.78
Total	324.49	161.48

36. Earnings in foreign exchange on account of

(₹ crore)

	Current Year	Previous Year
Export of goods(Calculated on FOB basis)	1157.95	1230.01
	<u>1157.95</u>	<u>1230.01</u>

37. Value of imports (Calculated on CIF basis)

(₹ crore)

	Current Year	Previous Year
Raw materials	12886.26	16073.80
Capital goods	1369.22	1226.96
Stores,Spares and Components	508.35	425.13
Total	<u>14763.83</u>	<u>17725.89</u>

38. Value of raw materials consumed

	₹/crore	%	₹/crore	%
Imported	12692.19	52.37	15169.03	59.35
Indigenous	11542.03	47.63	10389.60	40.65
	<u>24234.22</u>	<u>100.00</u>	<u>25558.63</u>	<u>100.00</u>
Less: Inter Account Adjustments	3035.74		2537.81	
	<u>21198.48</u>		<u>23020.82</u>	

39. Value of Components and Spare Parts consumed

	₹/crore	%	₹/crore	%
Imported	393.15	9.82	407.05	10.56
Indigenous	3610.31	90.18	3448.63	89.44
	<u>4003.46</u>	<u>100.00</u>	<u>3855.68</u>	<u>100.00</u>
Less: Inter Account Adjustments	1932.30		2054.89	
	<u>2071.16</u>		<u>1800.79</u>	

40. Remittance in foreign currencies for dividends :

The Company has not remitted any amount in foreign currencies on account of interim / final dividend during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of interim / final dividends have been made by / on behalf of non-resident shareholders. The particulars of final dividend for the year 2011-12 and interim dividend for the year 2012-13 on account of non-resident shareholders are as under :-

	Current Year	Previous Year
Final Dividend (2011-12)		
a) Number of non-resident shareholders	3908	3545
b) Number of ordinary shares held by them	142797339	177856328
c) Amount of Dividend (₹ crore)	11.42	21.34
Interim Dividend (2012-13)		
a) Number of non-resident shareholders	3775	3754
b) Number of ordinary shares held by them	163777777	146773591
c) Amount of Dividend (₹ crore)	16.67	17.61

Segment Information for the year ended 31st March, 2013

A. BUSINESS SEGMENT

(₹ crore)

PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	OTHERS	INTER SEGMENT SALES	SAIL
REVENUE											
- External Sales											
Current Year	17451.40	7672.26	8188.86	12455.78	1072.40	544.72	1514.16	405.53	44.58		49349.69
Previous Year	(17909.50)	(6983.48)	(8556.08)	(12474.93)	(1699.03)	(570.32)	(1551.78)	(440.31)	(162.97)		(50348.40)
- Inter Segment Sales											
Current Year	1335.33	473.39	237.70	231.27	1627.78	276.09	9.83	67.40	2709.15	-6967.94	-
Previous Year	(1180.88)	(480.13)	(190.36)	(390.10)	(1232.56)	(497.55)	(9.13)	(102.14)	(2168.63)	(-6251.48)	(-)
- Total Revenue											
Current Year	18786.73	8145.65	8426.56	12687.05	2700.18	820.81	1523.99	472.93	2753.73	-6967.94	49349.69
Previous Year	(19090.38)	(7463.61)	(8746.44)	(12865.03)	(2931.59)	(1067.87)	(1560.91)	(542.45)	(2331.60)	(-6251.48)	(50348.40)
RESULT											
- Operating Profit / (-) loss (Before Interest expenses and exceptional items)											
Current Year	2306.93	673.03	560.77	551.23	-105.01	-112.73	-326.56	-116.61	786.59		4217.64
Previous Year	(3154.24)	(655.47)	(879.40)	(1019.77)	(-324.13)	(-45.98)	(-96.59)	(-130.59)	(1490.20)		(6601.79)
- Interest Expenses											
Current Year											747.66
Previous Year											(677.70)
- Exceptional items (Foreign exchange variation & write back of entry tax liability)											
Current Year											229.32
Previous Year											(773.22)
- Income Tax											
Current Year											1070.31
Previous Year											(1608.15)
- Net Profit / Loss (-)											
Current Year											2170.35
Previous Year											(3542.72)
OTHER INFORMATION											
- Segment Assets											
Current Year	17106.21	4583.11	14082.98	12830.06	15560.43	819.57	3731.83	700.49	14803.78		84218.46
Previous Year	(13632.45)	(3712.14)	(11756.96)	(10689.07)	(14204.60)	(688.98)	(3908.60)	(732.86)	(17011.36)		(76337.02)
- Segment Liabilities											
Current Year	4518.20	1661.61	2301.85	2818.29	1291.57	259.11	446.78	206.99	14475.34		27979.74
Previous Year	(4082.10)	(1271.95)	(2062.22)	(2622.05)	(1310.37)	(270.81)	(483.81)	(199.27)	(10991.98)		(23294.56)
- Capital Expenditure											
Current Year	3510.49	910.33	2047.18	767.86	1269.38	7.91	-0.53	3.65	371.70		8887.97
Previous Year	(2695.63)	(664.74)	(2582.20)	(1057.94)	(2101.82)	(33.48)	(38.88)	(2.61)	(426.90)		(9604.20)
- Depreciation											
Current Year	271.01	268.72	320.89	311.71	50.41	15.43	147.91	13.56	3.34		1402.98
Previous Year	(321.33)	(293.57)	(331.98)	(298.88)	(56.72)	(14.01)	(99.99)	(13.58)	(136.97)		(1567.03)
- Non Cash expenses other than depreciation											
Current Year	3.41	6.18	5.14	15.86	1.39	4.14	0.16	6.78	10.25		53.31
Previous Year	(6.86)	(4.18)	(12.08)	(5.17)	(1.04)	(6.40)	(0.02)	(3.75)	(11.51)		(51.01)

B. GEOGRAPHICAL SEGMENT

(₹ crore)

Particulars	Current Year	Previous Year
Sales Revenue		
India	48191.46	49118.30
Foreign Countries	1158.23	1230.10
Total	49349.69	50348.40

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

A. BUSINESS SEGMENT

(₹ crore)

Expenses	Township	Education	Medical	Social & cultural activities	Co-operative societies	Transport & Dairy	Total	Previous Year
Employees' Remuneration & Benefits								
- Salaries & Wages	194.47	105.23	281.22	8.95	5.13	15.24	610.24	563.20
- Company contribution to Provident Fund	19.20	9.84	25.15	1.26	0.67	1.43	57.55	52.63
- Travel concessions	2.89	2.12	1.43	0.06	–	0.99	7.49	31.15
- Welfare expenses	11.62	10.21	67.56	2.30	–	1.09	92.78	75.43
- Consumption of medicines	2.44	0.03	45.29	2.20	–	0.06	50.02	60.51
- Gratuity	20.24	10.67	31.06	0.58	0.53	1.13	64.21	42.37
Total	250.86	138.10	451.71	15.35	6.33	19.94	882.29	825.29
Stores & Spares	29.03	5.12	14.21	0.79	–	1.18	50.33	21.18
Repair & Maintenance	100.45	1.03	11.07	1.06	0.16	1.46	115.23	110.90
Power & Fuel	359.94	2.82	2.67	1.51	–	0.19	367.13	326.65
Miscellaneous expenses	34.40	1.40	14.70	2.36	–	6.70	59.56	60.35
Depreciation	17.64	0.79	7.58	0.11	0.01	0.02	26.15	27.76
Total	792.32	149.26	501.94	21.18	6.50	29.49	1500.69	1372.13
Less: Income	158.30	4.94	66.94	1.04	–	3.28	234.50	208.50
Net Deficit	634.02	144.32	435.00	20.14	6.50	26.21	1266.19	1163.63

Auditors' Report

(Annexure-I to the Directors' Report)

Comments	Management's Replies
To the Members of Steel Authority of India Limited	
Report on the Financial Statements	
We have audited the accompanying financial statements of Steel Authority of India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, 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.	
Management's Responsibility for the Financial Statements	
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.	
Auditors' Responsibility	
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.	
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.	
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.	
Basis for Qualified Opinion	
The Company has not provided for;	
<ul style="list-style-type: none"> a) entry tax amounting to ₹81.64 crore (current year ₹17.62 crore) in the state of Uttar Pradesh, (refer note no.28.2(a)); b) entry tax of ₹888.46 crore (current year ₹163.83 crore) in the state of Chhatisgarh and ₹170.32 crore (current year ₹39.20 crore) in the state of Odisha (refer note no. 28.2(b)); c) income tax demand of ₹87.62 crore (refer note no. 28.2(c)); d) claims of ₹217.40 crore (current year ₹88.80 crore) by DVC for supply of Power (refer note no. 28.2(d)); 	<p>The mentioned cases are sub-judice and pending before the Hon'ble Supreme Court. The disputed demands, contested on valid and bonafide grounds, have been disclosed as contingent liabilities as it is not probable that present obligations exist on the Balance Sheet date. Therefore, there is no adverse impact on profit. These cases were sub-judice as on 31st March, 2012 also and there is no change in the status of these cases during the Financial Year 2012-13.</p>
The impact of para (a) to (d) has resulted in overstatement of profit for the current year by ₹397.07 crore, cumulative Profit by ₹1445.44 crore and understatement of Liability by ₹1445.44 crore.	
Qualified Opinion	
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:	
<ul style="list-style-type: none"> (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date. 	
Emphasis of Matter	
We draw attention to:	
<ul style="list-style-type: none"> i. Pending finalisation of fresh agreement with non-executives in respect of wage revision due from 1st January, 2012, we are unable to comment on the adequacy of provision of ₹611.03 crore (including ₹549.95 crore provided during the year) (refer note no.32.6); 	

Comments	Management's Replies
<p>ii. In view of the assumptions provided by the Company relating to the salary escalation rates, we are unable to comment on the adequacy of provision for retirement employee benefits based on actuarial valuation as per Accounting Standard -15 : 'Employee Benefits' issued by the Ministry of Corporate Affairs (refer note no. 33.1.2(f));</p> <p>iii. Regarding treatment of mining as a separate segment, as per Accounting Standard-17 "Segment Reporting", issued by the Ministry of Corporate Affairs (refer note no. 33.2 (iii));</p> <p>iv. Charging off consultancy fee in respect of deferred capital schemes, amounting to ₹107.17 crore (refer note no. 30.4 (a) and non-capitalisation of assets valued at ₹981.83 crore (refer note no. 30.4 (b));</p> <p>v. Claims / demands against the Company ₹85.34 crore where the Company has lost in the first or subsequent appeals and has made further appeals before higher courts / forums (refer note no.28.2 (f));</p> <p>vi. Water Tax in the State of Odisha amount indeterminable. (refer note no.28.2 (e));</p> <p>vii. Net realisable value (NRV) of assets retired from active use (refer note no.30.3);</p> <p>viii. Sales to Government agencies recognised on provisional contract prices (refer note no.32.1);</p> <p>ix. Change in basis of accounting of Mining Rights, resulting in higher profit of ₹214.14 crore for the year (refer note no.32.8);</p> <p>x. Balance confirmation, reconciliation and consequential adjustments, if any (refer note no. 31.3);</p> <p>Our opinion is not qualified in respect of these matters.</p>	

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Plants/ Units/ Branches /Other Offices not visited by us.The Branch Auditors' reports have been forwarded to us and have been appropriately dealt with;
 - c. the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the audited returns received from Plants/ Units/Branches/ Other Offices not visited by us;
 - d. except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S.K. Mittal & Co.
Chartered Accountants

Firm Registration No.
001135N

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

For O.P.Totla & Co.
Chartered Accountants

Firm Registration No.
000734C

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

For B.N. Misra & Co.
Chartered Accountants

Firm Registration No.
321095E

Sd/-
[S.C. Dash]
Partner
(M. No. 050020)

For and on behalf of the Board of Directors

Sd/-
(C. S. Verma)
Chairman

Place : New Delhi
Dated : 30th May, 2013

Place : New Delhi
Dated : 5th July, 2013

Annexure to the Auditors' Report

(Referred to in paragraph I of our Report on Other Legal and Regulatory Requirements)

Comments	Management's Replies
<p>1. a) The Company has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets.</p> <p>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. However, it is observed that certain land and buildings are in unauthorised occupation. As informed to us, no material discrepancies have been noticed on such verification wherever reconciliation has been carried out.</p> <p>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.</p>	<p>Continuous action is being taken for eviction of unauthorised occupation.</p>
<p>2. a) The inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/ estimates.</p> <p>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.</p> <p>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.</p>	
<p>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.</p>	
<p>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, certain weaknesses in internal control system are observed in accounting transactions, interface of transactions amongst the sub systems and SAP-ERP. Further, no system audit is carried out for interface of the data from functional sub systems to SAP-ERP and other critical business processes, to establish checks to complete and proper recording of the transactions.</p>	<p>Necessary remedial measures are being taken to improve the internal control system. System Audit of the mentioned areas has been conducted in some units and action is being taken to conduct the system audit in remaining units also.</p>
<p>5. 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.</p> <p>b) According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, and aggregating during the year to ₹5,00,000 or more with any party.</p>	
<p>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.</p>	
<p>7. The Company has an internal audit system, which is generally commensurate with the size and nature of its business. However it needs improvement in scope and coverage. In view of implementation of SAP-ERP and other functional packages, it requires further strengthening.</p>	<p>The scope and coverage of Internal Audit is being reviewed. Necessary action is also being taken for strengthening of the Internal Audit, wherever required.</p>
<p>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.</p>	
<p>9. According to the information and explanations given to us in respect of statutory and other dues:</p> <p>a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues, with appropriate authorities.</p> <p>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, 2013.</p> <p>c) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2013, as given herein below:</p>	

Comments

Management's Replies

Statute	Nature of Dues	Amount (₹ crore)	Forum where disputes are pending
Sales Tax & VAT	Demand by Appellate Authorities	3.05	Supreme Court
		158.47	High Courts
		548.35	Sales tax tribunals
		90.73	Sales tax departments
		800.60	
Central Excise Act, 1944	Excise Duty	19.59	Supreme Court
		185.13	High Courts
		598.74	CESTAT
		351.40	Department of Excise
		1154.86	
Income Tax Act, 1961	TDS on Perks TDS Refund Claim Income Tax Disputes	132.67	High Courts
		8.11	High Courts
		155.77	Department of Income Tax
		194.52	ITAT
		491.07	
Other Statutes	Other Statutory dues (including Cess)	960.78	Supreme Court
		1930.86	High Courts
		57.48	Lower Courts
		302.16	Concerned department
		3251.28	
TOTAL		5697.81	

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.

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

For O.P. Totla & Co.
Chartered Accountants
Firm Registration No.
000734C
Sd/-
[S.R. Totla]
Partner
(M. No. 71774)

For B.N. Misra & Co.
Chartered Accountants
Firm Registration No.
321095E
Sd/-
[S.C. Dash]
Partner
(M. No. 050020)

For and on behalf of the Board of Directors

Sd/-
(C. S. Verma)
Chairman

Place : New Delhi
Date : 30th May, 2013

Place : New Delhi
Date : 5th July, 2013

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

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF STEEL AUTHORITY OF INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013

The preparation of financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31st March, 2013 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 30th May, 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of STEEL AUTHORITY OF INDIA LIMITED for the year ended 31st March, 2013. 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/-

(Sushil Kumar Jaiswal)
Principal Director of Commercial Audit

Place : Ranchi
Dated : 9th July, 2013

Annexure-III to the Directors' Report

A. Energy Conservation**(a) Measures Taken**

Important energy conservation schemes implemented in SAIL during the financial year 2012-13 are listed below:

(i) Bhilai Steel Plant (BSP)

- (a) Starting of coal dust injection in Blast Furnace #4 from September 2012.
- (b) Starting of coal tar injection at Blast Furnace #3 from December 2012.
- (c) Re-commissioning of Coke Oven Batteries #1 & #8 after repair in November 2012 and January 2013 respectively resulting in increased coke oven gas availability and thereby stoppage of furnace oil consumption in Plate Mill and decrease of boiler coal consumption in PP-I.
- (d) Commissioning of Air Separation Unit #4 of 700 TPD at Oxygen Plant-2 in May 2012 resulting in reduced purchased liquid oxygen consumption.
- (e) Commissioning of RDCIS developed new fuel efficient BF Gas burners in Boiler#3 at PP-I and replacement of air pre-heater blocks in Boiler-1 of PP-I for increased usage of BF gas to replace CO gas.
- (f) Installation of VVVF drive in LD Gas Export Booster No. 4.
- (g) Installation of 4 nos. of burners at strategic new locations inside EGB-3, in place of 8 nos. of old burners at the outer edge of the flare stack of EGB-3 to enable complete combustion of BF gas thereby saving CO gas consumption in the pilot burners.
- (h) Introduction of automatic switching facility to stop running of steam exhausters of Caster #1, 2 & 3 after casting at SMS-2 to reduce idle running.
- (i) Commissioning of VVVF drive in ID Fan nos. 1 & 2 of Desulphurization Unit.
- (j) Replacement of 2 nos. of MG sets with VVVF drives at Merchant Mill.
- (k) Installation of 5 nos. small ventilation systems in place of centralised ventilation system for Plate Mill Shear Motors.

(ii) Durgapur Steel Plant (DSP)

- (a) Rebuilding of Coke-oven Battery #2 and introduction of energy efficient computerised combustion control system for heating.
- (b) Re-building of 2 nos. of ceramic recuperators in soaking pits.
- (c) Repair and cleaning of flue tunnel of A-Furnace of Wheel Plant and reheating furnace of Section Mill.
- (d) Installation of oxygen analysers in the flue path of 3 nos. of boilers.

(iii) Rourkela Steel Plant (RSP)

- (a) Repair of recuperator in reheating furnace #5 of HSM.
- (b) Replacement of 2 nos. aluminium blades with FRP ones in cooling tower fans of CCD.

- (c) Introduction of VVVF drives in COB#2 skip hoist 30KW motor, quenching car-1.1 motor (160 KW) and guide car 1.1 (30KWx2), 55KW guide car 1.2 motors in coke oven, BF#1 skip coke return fines motor and coal feeders of HP Boilers 1&2 in CPP-I.

- (d) Thermal insulation of steam lines (1500 Sq.m.).

- (e) Digitalisation of F-2 Motor in Hot Strip Mill.

- (f) Commissioning of 8 nos. ETPs in CCD.

- (g) Replacement of 16 nos. of 250W SV lamps (Street lights) by 90W LED Lights in SP-II.

(iv) Bokaro Steel Plant (BSL)

- (a) Change-over of Coke oven battery nos. #1 & #2 from CO gas firing to Mixed gas firing for efficient gas management and thereby reducing requirement of external fuel.

- (b) Replacement of GCM controller by electro-hydraulic actuator in Coke oven Batteries #6 & #8.

- (c) Changing damaged compensator in hot blast main of BF #5 to increase hot blast temperature.

- (d) Introduction of cast house slag granulation facilities in CH-6.

- (e) In house repair & replacement of damaged recuperator of reheating furnace #2 & #3.

- (f) Replacement of 3850 m² damaged steam insulation and 19 nos steam traps.

- (g) Replacement of 4 nos. pit covers in soaking pits with modified one.

(v) IISCO Steel Plant (ISP)

- (a) Replacement of CO gas lines and CO gas flare stack near BF mechanical yard.

- (b) Introduction of mixed gas (CBM + BF gas) firing in M & R Mill reheating furnace.

- (c) Online sealing of gas pipelines at Soaking Pits, Rolling Mill, Coke Oven, SMS & Boiler area.

(b) Important energy conservation schemes under implementation in the year 2013-14 are listed below:**(i) Bhilai Steel Plant (BSP)**

- (a) Hot repair of Battery #2 and Battery #10 Hydraulic Main.

- (b) Replacement of air preheater blocks in 2 nos. Russian boilers at Power and Blowing Station to enable the consumption of more BF gas in place of CO gas.

- (c) Augmentation of grinding facilities of CDI units in BF#6 & 7.

- (d) Rebuilding of Stove no. 18 of BF#6.

- (e) Modernization of SP-II.

- (f) New Oxygen Plant on BOO basis.

- (g) Waste heat recovery from sinter cooler for hot water generation at SP #3 (RDCIS project).

(ii) Durgapur Steel Plant (DSP)

- (a) Rebuilding of 3 nos. ceramic and 3 nos. metallic recuperators in soaking pits.
- (b) Repairing/ replacement job of damaged recuperator tubes of A-Furnace of Wheel Plant to improve air preheat temperature and better furnace pressure control.
- (c) Installation of oxygen analyzer in boiler #6.
- (d) Commissioning of BOF gas holder to improve BOF gas recovery substantially.

(iii) Rourkela Steel Plant (RSP)

- (a) Retrofitting of BF#1 with High top pressure operation and CDI.
- (b) Replacement of 6 nos. aluminium blades with FRP ones in cooling tower fans of WMD and CPP-I each.
- (c) Introduction of VVVF drives in 3 nos. stove air blowers of BF#4 and discharge side roller table of hot strip mill.
- (d) Introduction of mixed gas firing in MP Boiler-III of CPP-I.
- (e) Replacement of recuperator in Plate Mill and RHF #5 of hot strip mill.

(iv) Bokaro Steel Plant (BSL)

- (a) Additional BF gas line to Captive Power plant.
- (b) Provision of new gas holder for Converter gas.
- (c) Repair of 5 nos. of soaking pits with castables instead of bricks.
- (d) 10 Nos. of modified cover cast with castable instead of bricks in soaking pits.
- (e) Capital repair of 3 nos. of recuperators in soaking pits in Slabbing Mill.
- (f) Capital repair of 2 nos of Bell Annealing furnaces using castables and fiber lining at CRM.

- (g) Change of re-heating furnace #1 from Pusher type to Walking beam type.
- (h) Introduction of cast house slag granulation facilities in CH-1,2,3,4,5.
- (i) Improvement in the operation of combustion system for rotary kiln of RMP.

(c) Impact of measures on energy consumption

The measures implemented during 2012-13 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

	(₹ crore)
i) Foreign Exchange earned from Exports and other activities	1157.95
ii) Foreign Exchange used:	
a) CIF Value of imports	14763.83
b) Other expenditure in foreign currency	324.49

For and on behalf of Board of Directors

Sd/-

(C.S.Verma)
Chairman

Place: New Delhi
Dated: 16th August, 2013

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

Particulars	Unit	2012-13	2011-12
A. POWER & FUEL CONSUMPTION			
1. ELECTRICITY			
a) Total Power Purchased (including JV Power)			
Units	Million KWH	7170	6946
Total Amount	₹ crore	3234	2994
Average Rate per Unit	₹/ KWH	4.51	4.31
b) Own Generation			
Through Steam Turbine/Generator			
Units	Million KWH	636	619
Units per Giga Calories of Energy Input	G Cal.	239	233
Average Rate per Unit	₹/KWH	7.73	7.72
2. COAL			
i) Coking Coal			
Quantity	Million Tonne	11.88	12.63
Total Cost	₹ crore	13526	16663
Average Rate	₹/Tonne	11386	13197
ii) Non-Coking Coal			
Quantity	Million Tonne	0.559	0.688
Total Cost	₹ crore	263	300
Average Rate	₹/Tonne	4692	4360
3. FUEL OILS			
Quantity	000 kilo litres	59	57
Total Cost	₹/crore	319	240
Average Rate	₹/kilo litres	54235	41806
4. OTHERS			
i) Coke			
Quantity	000 Tonne	1416	708
Total Cost	₹ Crore	2978	1848
Average Rate	₹/Tonne	21024	26116
ii) Miscellaneous. (Oxygen, LPG, Gases, Process Steam etc.)			
Total Cost	₹ crore	892	969

B CONSUMPTION PER TONNE OF SALEABLE STEEL (SS) PRODUCTION

	Unit	2012-13	2011-12
Purchased Electricity	Kwh/tss	499	505
Fuel oils	KL/tss	4	4
Coking Coal	Kg/tss	968	1036
Coke	Kg/tss	115	58
Non-coking Coal	Kg/tss	43	55

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

FORM 'B'

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. 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 (2012-13)

Cost Reduction

- **Improvement in roll temperature profile at Plate Mill, BSP**

The rolls at Plate Mill were cooled by an old system. The work roll peak temperature was found to be around 57°C, which was on the higher side. In order to improve the efficacy of roll cooling, redesign and modification of the existing system were needed.

For better operational flexibility, separate roll cooling headers and control valves were provided for the top work roll and back-up roll. Intense cooling, particularly at the central portion of roll barrel was provided.

The average specific roll consumption has come down by 24% from an earlier level of 0.57 kg/tonne to 0.43 kg/tonne.

- **Introduction of modified roll cooling system in intermediate stands at Section Mill, DSP**

The Section Mill of DSP was facing problems with higher specific roll consumption and higher rolls breakages in 3 Hi intermediate stands due to improper cooling of roll pass grooves.

A modified roll cooling system was designed to attain higher heat transfer co-efficient (HTC) and control of thermal fatigue of rolls during rolling. Based on the design, roll cooling water circuit consisting of pumps, filters, pipeline and roll cooling headers with nozzle was fabricated and installed. Cooling headers for roll cooling were designed according to the different pass profiles rolled in the mill and to effectively cool the critical part of pass groove. This modified roll cooling system is now installed and under trial run.

- **Improvement in productivity of SP#1, DSP**

Water is added in the secondary mixing drum to granulate the particles of sinter mix for attaining optimum permeability of the sinter bed. Surface tension of water is a critical physical property, which influences the wetting of surface of particles with water. By lowering the surface tension of water, the wetting of surface of particles is enhanced resulting in improvement of granulation of sinter mix at the reduced level of water addition in secondary mixing drum. This low moisture granulation leads to lower coke breeze consumption and higher yield due to increase in bulk density of sinter mix. The surface tension of water is reduced by minimum 10% through installation of magnetic water conditioner in the water line of secondary mixing drums of all sinter machines.

Accordingly, two nos. of magnetic water conditioners were procured and introduced in the water pipe lines of both balling drums at SP #1 in March, 2012 and 11% reduction of surface tension of water has been attained, which has improved wettability & flowability of water. This has resulted in improvement of sinter strength in terms of ISO Tumbler Index by 2.3% (from 72.1% to 74.4%). Variation in burn through point (BTP) has also been minimised, which has effected an increase in sinter m/c speed

from 1.42 to 1.53 m/min, thereby, an improvement in sinter machine specific productivity from 0.66 to 0.70 t/m²/hr.

- **Introduction of Magnetic Plate Segregation Chute and Magnetic Water Conditioner at Sinter Plant #2, RSP**

With an aim to reduce solid fuel consumption and to increase sinter machine productivity, a 'Magnetic Plate Segregation Chute' was installed and commissioned successfully. The Magnetic Chute induces a braking force on low melting materials i.e., return-sinter and mill-scales of charge material to slowdown their dropping velocity while charging into the sinter pellets. This helps in reducing the consumption of the solid fuel and in improving the productivity of the sinter bed by improved bed permeability. DTI (Drum Tumbler Index) of top 100mm layer of sinter bed increased by 10%. Proper segregation of sinter charge mix to the sinter bed was achieved. An improvement in sinter granulometry was also observed.

One Magnetic Water Conditioner was also installed and commissioned earlier in May'12 in the water pipe line before mixing and balling drum. This led to increase in balling index of sinter charge mix by 12.85% and air filtration velocity across the sinter bed improved by 20%.

- **Modification of Safety Lining of CCM-II ladle to enhance ladle reliability & lining life, RSP**

In normal practice at RSP, the Safety Lining of CCM-II ladles consist of double layers of low cost 30% Al₂O₃ bricks of 40mm thickness (Rkl-40).

The modification was carried out by installation of Monolithic Safety Lining (70mm thick) by Low Cement (LC) castable / Self-flow (SF) castable and overall refractory lining system. In the new refractory lining system, the insulation (5mm ceramic fibre paper) has been applied in ladle shell. The insulation and monolithic safety lining is now permanent and need not to be changed after every campaign.

With the above modifications, made in three CCM-II ladles (ladle # 9, 18 & 15), the project has been completed as per schedule. The benefits achieved are reliability and consistent ladle life; reduction in relining time saving of insulation/safety bricks in each campaign; and increased ladle lining life with reduced thickness (avg. 115 heats in 4 campaigns completed in L#9)

- **Block weight optimisation of 'S'-profile wheel to improve yield from ingot to wheel at RDCIS**

Wheel and Axle Plant, Durgapur Steel Plant produces various types of wheels to cater Indian Railways.

To improve upon the yield of "S" Profile wheel from ingot, optimisation of block weight was carried out using finite element simulation of upsetting and forming of wheel making process. Simulation of wheel upsetting and forming operations was carried out on DEFORM software. Process variables considered for the simulation were initial temperature, weight and geometry of the block, variation in forging press controls, friction in the dies, dwell time at different stages, block positioning in the dies, scales on the block, die velocity and ambient temperature.

Simulated results showed that even with initial block weight of 775 kg, ok "S" profile wheels can be made. This means with these modifications, 3 ok "S" profile wheels can be made from one ingot. Trials with modified process parameters at shop floor will be taken up after capital repair of Wheel & Axle Plant.

- **Increase in production of cold rolled coils through PL2 - Tandem Mill route, CRM, RSP**

Production through the PL 2 - Tandem Mill route at CRM, RSP has been affected mainly due to poor pickling efficiency at PL 2 and frequent strip breakages and poor emulsion and roll management at Tandem Mill. To take care of these deficiencies, following jobs were carried out:

- Investigations on nature of scale in HR coils and recommendations on Coiling temperature at HSM.
- Introduction of a high pressure scale washing system for efficient removal of scale.
- Installation and commissioning of a heat exchanger unit at Regeneration Plant of PL 2 for improved regeneration of acid and increased pickling efficiency of bath.
- Recommendations for improvement of quality of pickled coils from PL 2.
- Investigations on strip breakage at Tandem Mill & recommendations for improvement.
- Design, fabrication, installation and commissioning of modified roll cooling system at Stands 4 and 5 of Tandem Mill for improved roll and emulsion performance.
- Increase in productivity will improve production through PL2 -Tandem Mill route by at least 10%.
- Reduction in diversion due to surface defect (bad shape) of CR coils by 30% & substantial improvement in brightness of pickled coils

- **Introduction of Modified Roll Cooling System in Intermediate Stands, Section Mill, DSP**

In Section Mill, DSP earlier roll cooling system was improper due to inadequate quantity and pressure of cooling water and improper design of header. It resulted in excessive fire cracks, thermal failure and roll breakage. Reasons for roll breakage were analyzed which showed that insufficient cooling of rolls was one of the major reasons.

Based on analysis, modified roll cooling system consisting of pump, motors pipe lines, roll cooling header, filter was designed and installed.

Modified system is running satisfactorily and in 6 months (Jun-Nov'12); only 3 numbers of roll breakage and 'Off takes' during dressing of rolls have come down from an avg. value of 10mm to 6mm.

- **Improvement in the lining life of converters in SMS-II, RSP**

Average lining life of converters (2x150T) at SMS-II RSP was 3317 heats in the year 2010-11. A project was therefore undertaken with the objective of increasing the lining life to 7000 heats. The brick quality was improved and zonal lining done with four qualities of MgO-C bricks containing different percentages of graphite and antioxidant. High purity (97% MgO) sea water magnesia and high purity (96% Fixed Carbon) graphite was used for brick making. Operational and slag splashing practices were also fine tuned.

For improvement of tap hole sleeve life, 20 sets of improved quality tap hole sleeves were procured by RDCIS and tried in Converter A. The average life achieved was 97 heats with maximum of 130 heats against 70 heats life with conventional tap hole sleeve. All the above efforts have led to improvement in converter life. Converter A achieved the highest lining life of 6543 heats in September 2011 and Converter B has achieved life of 6670 heats and is still in operation.

- **Performance improvement of Sinter Machine #2 through optimization of aero-dynamic regimes, BSL**

After fabrication of tapping points aerodynamic evaluation of sinter machine#2 was conducted. Aerodynamic studies revealed that

out of the total gas sucked by the exhauster, 53% was on account of air ingress through under grate to wind leg segment mainly through track sealing. It was observed that suction loss above some wind boxes is substantially high in comparison to other wind boxes.

During capital repair, in addition to replacement of complete track mounted sealing plates, wind boxes, sleeves, vacuum chambers, cleared jammed wind legs and plugged holes in different segments further modifications like welding of the wind box joints, strengthening of the wind leg liners, welding of the expansion joints in wind main, repairing of bend pallets etc. was carried out. Aerodynamic study was again conducted to assess performance of suction track of sinter machine and improvement under great suction and reduced leakage was achieved.

- **Usage of magnetized water to improve the bulk density and wettability of coal blend, BSP**

Moisture in coal blend is added to reduce the dust emission during transfer/charging and roof carbon deposition. Magnetic water system was used in the process of moisture addition in coal blend at Coal Handling Plant (CHP-1) of BSP. Because of the reduced surface tension of the magnetized water, its spreadability over the coal particles increases and the problem of dust emission can be arrested with less amount of water.

After the introduction of the Magnetic Water conditioners, about 12 to 14 % reduction was observed in the surface tension of water. Several trials were conducted and it was found that moisture of coal blend could be reduced from 8.5 % to 7.5 % level without any adverse effect on dust emissions. As a result, the bulk density of the coal charge (dry basis) increased from 738 kg/m³ to 752 kg/m³. M10 of coke has also improved by 0.2 point in CSP #1 and CSP # 2 due to improved bulk density of coal charge.

- **Improvement in Hot Blast Temperature of BF #4, DSP**

The HBT of BF-4 at DSP was planned to be increased and stabilized to around 1000°C by optimizing the air to gas ratio, maintaining higher waste gas temperature leading to higher draughts and optimizing the RAFT with increased HBT.

Enhancement of HBT to a level of 1000°C was achieved on regular basis during Oct - Dec'12 & from Feb'13 onwards with optimization of air/gas ratio(0.85-0.90) in all the three stoves by flue gas analysis at different air/gas ratio.

RAFT was also optimized in the range of 2050-2100°C with the use of Hot blast temperature of 1000-1020°C and adding adequate quantity of steam (3-4 tonne/hr) along with maintaining CDI rate of 6-8 tonne/hr.

The combined effect of various process optimization measures i.e. use of installation of drip pot, optimization of air/gas ratio in all the three stoves by flue gas analysis at different air/gas ratio, maintaining higher waste gas temperature leading to higher draughts etc have resulted in improving the hot blast temperature to about 1000°C during Oct-Dec'12 & Feb'13 onwards.

Quality Improvement

- **Introduction of Roll Bite Lubrication in Hot Strip Mill, RSP**

Pilot Roll Bite Lubrication (RBL) system has been developed by RDCIS for carrying out experimental trials at one of the stands of hot rolling mill. The system consists of facilities for preparation of oil-in-water dispersion and applying them over work or backup rolls of the mill.

The RBL system was installed and commissioned at HSM, RSP, to provide lubrication at the roll bite of the first Finishing Stand (F1), which was facing severe mill loading during rolling of critical grades and sizes. An extended trial with the developed system and oil was conducted for their stabilisation and performance evaluation.

It was revealed that with the application of RBL, there was reduction in average roll force at the F1 stand by 5-10% and specific energy consumption reduced by 6-8%. There was appreciable improvement in surface quality of the used work rolls as there was reduction in wear rate by about 50%. This performance was achieved at specific oil consumption of 10-12 ml/tonne only.

- **Reduction of Steel Defects in Special Quality Plates, BSP**

Bhilai Steel Plant produces different grades of steel for plate production through four slab casters at SMS-II, BSP, of which Caster No. 3 & 6 are mainly used for production of special grades of plates. A detailed analysis of plate defects arising out of steelmaking and continuous casting has been carried out. The steel defects inclusion in plates has been analysed for understanding the influence of grade and caster parameters. Investigations indicated ultrasonic defects (NDT) in plates were more prominent than surface defects (spider crack, longitudinal crack and surface entrapments) in special quality plates.

Various metallurgical investigations like Macro-etching, Optical Microscopy, Electron Probe Micro Analysis (EPMA), Leco analysis for N & total O and inclusion analysis has been carried out to identify the genesis of ultrasonic/surface defects.

Micro-alloyed (Nb, V, Cu) special steels showed higher incidences of surface cracks. Based on the investigation, the following is recommended for lowering rejections in steel defects:

- Improved RH degassing to lower N & H levels in steel.
- Periodic roll gap checking and adjustment.
- Partial replacement of Nb with V for improved ductility.
- Use of coated mould plates for peritectic grades.

Energy Conservation

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

Trials were conducted to operate the normalizing furnace of Plate Mill at a CV of 1200 kcal/Nm³ against the present CV of 2600 kcal/Nm³ to reduce the energy cost at BSP. The furnace operation at this low CV resulted in reduction of coke oven gas consumption by about 3000 Nm³/hr thereby improving coke oven (CO) gas availability.

- Design of combustion system for mixed gas firing at Medium Pressure Boiler # 3 RSP.

The fluidised bed boiler #3 of Medium Pressure (MP) Boilers of RSP has been provided with diesel firing facility for initial start-up and to sustain ignition during monsoon season. The boiler has two start-up burners, each designed for firing 6.5 Gcal/hr of diesel resulting in an expenditure of ~Rs.50 lakh/year. In view of the availability of mixed gas especially during weekly shut down of rolling shops, it was decided to install mixed gas burners in place of diesel-fired burners for lighting up.

Based on RDCIS inputs, RSP had earlier introduced mixed gas combustion system in MP Boilers #1 & 2, wherein there was an annual benefit of about Rs.14 crore. On similar lines, a study was made and the mixed gas burner drawing and P&I diagram with control & safety scheme for MP Boiler #3 was prepared and submitted to RSP for implementation. The completion report of the project has been submitted in September'12.

There will be a saving of at least Rs.50 lakh/annum towards diesel consumption and if mixed gas is made available on regular basis, it will not only reduce expenditure on coal, coal handling and ash handling but also reduce diversion of high pressure steam to medium pressure considerably.

Product Development & Application

RDCIS plays a lead role in the product development activities of SAIL. The criteria for selection of products for development are significant

demand, ready market, good contribution margin and plant capability. RDCIS, in close association with the SAIL plants, developed the following products:

- IS 2062 E450 (4-10 mm) HR Coil at BSL for railway wagons.
- IS 2062 E350 HR Slab (without micro-alloying) at BSL for railway wagons.
- SAE 1010 (customized) HR coil at BSL for auto components.
- IS 2062 HITEN (Nb-Si) Structural Gr. B/ C at ISP for Z bar, Angles, Channels for construction.
- IS 2062 E350 HR coil without micro-alloying (thinner Gauge 1.6-4.0 mm) at SSP for railway wagons.
- IS 2062 E450 HR coil (thinner Gauge < 2.5 mm) at SSP for railway wagons
- API X-70 HR Coil at RSP for line pipes for oil & gas transportation
- API X-70 HR coil for Sour Gas Application at RSP for line pipes for oil & gas transportation
- SAILCOR HR plates at RSP for railways
- 31CrV3 grade billets at DSP for tools & spanners
- IS 2062 E450 (Cu) HR coil (5/6 mm) at RSP for railway wagons
- LPG (high Si) HR coil at RSP for domestic cylinders
- Soft iron magnetic plates at BSP for neutrino observatory
- IS 2062 E450 HI plates (45 mm) at BSP for auto components
- ASTM 537 Cl. II Q&T plates through BSP-RSP route for petrochemical & heavy machinery
- Electrode quality 7 mm wire rods at BSP for welding applications
- LFQ grade GP sheet at RSP for rectangular ducts
- EQR E250 grade structurals at ISP for construction
- Fe 600 grade TMT Rebars at ISP for construction
- Duplex stainless steel at RDCIS for offshore platform, oil/gas refineries & sea bridge construction
- NACE Quality Plates at BSP for offshore platform
- EQR E250 grade plates at BSP for construction
- High strength Al killed SAIL Tower Gr. 6 CC Bloom at DSP for transmission line tower
- 0.5% B containing C-Mn Steel Sleeves at RDCIS for nuclear power plant

Significant achievement on few products is enumerated below:

- Development of Soft iron magnetic plates at BSP

An India based Neutrino Observatory (INO) project has been initiated under the aegis of Department of Atomic Energy to understand the characteristics of neutrino particles for studying the unfold details of Universe. As part of this project, Bhabha Atomic Research Centre (BARC) is fabricating a neutrino detector which requires around 50,000 tonnes of soft iron in the form of plates preferably 4mx2mx50 mm in size. The soft iron should have YS ~140 MPa (20 ksi) and a magnetic flux density of ~1.8 tesla. A detailed quality assessment was carried out independently by BARC, RDCIS and BSP. Suitable chemistry and process parameters were designed so that desired quality of soft iron could be produced and supplied by BSP. Process technology for the production of soft iron (SAIL-MAG) established & soft plates (~7.5 T) despatched to BARC. Supplied plates satisfied the specified mechanical and magnetic property requirements of BARC.

- **Development of IS 2062 E450 HR coil at BSL**

Depending on market opportunity, new grades of special steel products were developed by BSL in association with RDCIS and CMO for lighter railway wagons. Alloy chemistry designed with

addition of Nb & V. Process technology established & about 10,000 T of 4 to 10 mm thick HR coils supplied to railways. Performance feedback is good.

- Development of thinner gauge IS 2062 E350 HR coil (without micro-alloying)/ IS 2062 E450 HR coil at SSP

Slabs made at BSL and rolled at SSP. In case of IS 2062 E 350 grade 1.6 & 2.8 mm HR coils were rolled & 170 ts dispatched to railways. In case of IS 2062 E 450 grade 705 ts of 2.5, 2.6 & 4 mm HR coils rolled & dispatched. Properties achieved as per specification.

- **Development of SAILCOR grade HR plates at RSP**

SAILCOR grade has been developed at RSP considering the demand for Railways. The mechanical properties achieved conform to IRSM41/ SAILCOR specification. It can be seen that excellent YS, UTS & %EL values could be achieved through combination of proper chemistry and rolling parameter optimization. About 113 ts of material shipped to Railway Coach Factory, Kapurthala for end use of coach/ wagon manufacturing and other fabrication work. Based on the encouraging results repeat order was obtained and accordingly 1055 ts of SAILCOR grade HR plates produced and dispatched to Indian Railways.

- **Development of 31 CrV3 grade (125 x 125 mm) billets at DSP**

This grade has been developed for tools and spanners. One heat made and 100 tonnes of material supplied to M/s Parshuram Forge, Nagpur. Hardness achieved 44 HRC in the end product against requirement of 42-46 HRC.

- **Development of electrode quality 7 mm wire rods at BSP**

BSP has rolled 7 mm wire rods in electrode quality for the first time from strand-A of wire rod mill. Roll pass design was modified & process technology established to roll out the new profile of wire rod from rimming steel.

- **Development of Fe 600 Grade TMT rebars at ISP**

This grade has been developed at ISP for construction sector. Process technology established & 2247 ts of material produced & dispatched. Properties achieved as per specification.

- **Development of EQR E250 grade plates at BSP**

Process technology established for earth quake resistant grade plates at BSP in the size range of 8-50 mm. The plates in all the thickness ranges exhibited a UTS/YS ratio >1.25. Moreover, it was found that wt. % Mn and wt. % C bear a strong correlation with UTS/YS ratio. Therefore, these steels can be classified as earthquake resistant grade of steel and can be used to reinforce structures and buildings that are constructed with seismic resistance as a design consideration.

- Process technology established for certain new products
- Process technology established for several grades of special quality new products aiming for future market opportunities are listed below:
 - SAE 1010 (customized) HR coil at BSL
 - ASTM 537 Cl. II quenched & tempered plates through BSP-RSP route
 - NACE quality plates at BSP
 - LFQ grade GP sheet at RSP
 - High Strength AI Killed SAIL Tower Gr. 6 CC Bloom at DSP
 - EQR E250 Grade Structural at ISP
 - Lean duplex stainless steel at SSP

Automation

- **Development of PLC based control system for Sinter Machine #3, Sinter Plant, BSL**

The old, obsolete and manual controls of Sinter Machine #3 have

been revamped with state of the art PLC based control system for the total process of Sinter Machine #3. The new system has been commissioned in Oct'12 and since then the system is in continuous on-line operation. The total system design and the control philosophy have been accomplished through in-house expertise. The entire process parameters for sinter machine # 3 are now available to operator and can be monitored and controlled from operator terminal available in the control room. Following controls have been incorporated in the new PLC based system.

- Ignition furnace controls based on air/ gas ratio control
- Balling drum water flow control based on feed rate
- Sinter machine speed control
- Straight line cooler speed control
- Balling drum speed control

Besides above controls, the hopper bin level controls have also been revamped with auto level control resulting in immense benefit to the shop. With the new system in place, the operational efficiency has increased as all the controls have been integrated and has been made available in the operator console. This has resulted in reduced machine stoppages due to instrumentation and electrical delays, reduced specific heat consumption and increased productivity. The overall machine stoppages due to electrical and instrument faults have reduced by 48 % since the commissioning of the new system.

3. Future Plan of Action

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

A high level committee had been constituted to oversee the activities of the R&D Master Plan.

Several activities for implementation of Master Plan in SAIL under three categories of Projects namely, Centre of Excellence Projects, High Impact Projects (HIP) and Technology Missions (TM) Projects have been initiated. Activities as per set milestones for the assignments under Centre of Excellence Projects are underway. Most of the Centre of Excellence projects involve either augmenting or acquiring specific facilities across various shops from steel making to finishing to develop capabilities for producing the selected niche product and to develop as a Centre of Excellence in that product. Some of the smaller assignments have already been completed. The capital budget requirement for such activities has been provided from Plant's/Unit's AMR budget.

Under HIP category, three HIP projects that are being pursued have specific objectives and targets. HIP-1 covers projects covering for beneficiation & pelletisation under different SAIL Units. Lab based characterization of samples and development of process flow chart for beneficiation at various mines have already been completed. Under HIP-2 assimilation of new technologies for coke oven, sinter making and blast furnace at ISP is underway. Under HIP-3 projects have been identified for use of BF & BOF sludge and slag. Sample characterization of BF & BOF sludge has been done. It may be mentioned that HIP Projects addresses the common concerns of all steel Plants.

Under the TM projects which aim at acquiring technology which are strategically important for SAIL in the areas of thin strip casting and commercial production of CRGO steel, discussions have been initiated with technology suppliers after detailed study of the available commercial technologies. At the same time, the available existing facilities in the steel Plants and the required logistics are being examined, in order to match the technical requirement of the technology being planned to be acquired.

4. Expenditure on R&D

(₹ crore)

Capital	2.56
Revenue	145.07
Total	147.63
% of Turnover	0.30

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Technology development, absorption, adaptation and further improvement are continuously taking place in SAIL in different areas of steel Plants 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

- New 7 m tall environment friendly Coke Oven Battery No.6 of RSP, Coke Oven battery No. 11 of ISP & BSP.
- Rebuilding of environment friendly Coke Oven Battery No.1, 3 & 4 of RSP.
- Rebuilding of environment friendly Coke Oven Battery No. 5, 1, 2, 7 & 8 of BSL.
- Rebuilding of environment friendly Coke Oven Battery No. 5, 6, 9, 7 & 8 of BSP.
- Rebuilding of environment friendly Coke Oven Battery No. 2, 5 & 4 of DSP.
- Rebuilding of environment friendly Coke Oven Battery No. 9 of ISP.
- 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.
- New Non recovery Stamp Charged Battery at Nandini BSP on BOO basis.
- New Stamp Charged Battery on BOO basis at BSL.

Area: Sinter Making/Agglomeration

- 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 & ISP.
- Modern automation & control for improved and consistent quality of sinter by optimization of sintering process.
- 2 Mtpa Pellet Plant at RSP.
- 4 Mtpa Pellet Plant at Gua Ore Mines.

Area: Iron Making

- Coal Dust Injection (CDI) in four Blast Furnaces at BSP, two Blast Furnaces at DSP, four Blast Furnaces at BSL and one Blast Furnace at RSP for reducing Coke rate and cost of production of hot metal.
- Two stage Gas Cleaning Plant in eight Blast Furnaces, two each at RSP, BSP, & ISP and one each at DSP & BSL (for improvement in quality of BF gas).
- Introduction of INBA Cast House Slag Granulation technology in three Blast Furnaces of BSP, two Blast Furnaces of RSP, one Blast Furnace of DSP and four Blast Furnaces of BSL for improving productivity, reducing environmental pollution and gainful utilization of BF Slag.
- Introduction of High Hot Blast technology in Blast Furnaces stoves.

- Closed Loop Cooling System with De-Mineralised water in one BF at BSP and one BF at BSL for enhancement of campaign life of furnaces.
- Cast House Fume Extraction System in one Blast Furnace at BSP, two Blast Furnaces at BSL, one Blast Furnace at RSP and one Blast Furnace at ISP as a pollution control measure.
- Flat Cast House design in two Blast Furnaces of BSP and one Blast Furnace each of BSL, RSP & ISP for use of mobile equipment in Cast House and easy maintainability.
- Top Recovery Turbine in one Blast Furnace each of RSP, ISP & BSP for generation of power.
- 4060 m³ Blast Furnaces at BSP, ISP & RSP.

Area: Steel Making

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

Area: Rolling & Finishing (Long Products)

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

Area: Rolling & Finishing (Flat Products)

- Laminar Strip Cooling, Hydraulic Automatic Gauge Control, Work Roll Bending, Width Control, Wedge and Camber Control and Temperature Homogenization of transfer bar (all for improved product quality) in the Hot Strip Mill of BSL.
- Installation of Walking Beam Reheating Furnaces (for improved product quality, yield and reductions in energy consumption) in the Hot Strip Mills of BSL & RSP and Plate Mills of RSP & BSP.
- State of the art Cold Rolling Mill complex at BSL.
- Hydraulic Automatic Gauge Control in Plate Mill (for achieving close thickness tolerances) at BSP.
- Ultrasonic testing of plates in Plate Mill (for quality assurance of plates) at BSP.
- Hydrochloric Acid Turbulent Pickling facilities in Pickling Line -I of CRM of BSL.
- State of art Quenching & tempering facilities for Plates for special applications at RSP.
- 3 LPE External Pipe coating Plant 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.

CORPORATE GOVERNANCE

(Annexure-IV to the Directors' Report)

(a) Company's Philosophy

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

(b) Board of Directors

As on 31st March, 2013, the Board of Directors comprised a full time Chairman, 6 whole time Directors (WTD) and 9 non-executive Directors (Non-ED) (including 7 independent directors). During the year, 11 Board meetings were held on 25.04.2012, 29.05.2012, 05.07.2012, 24.07.2012, 06.08.2012, 10.09.2012, 21.09.2012, 08.11.2012, 18.12.2012, 12.02.2013 and 27.02.2013.

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 2012-13	Attend-ance at last AGM	No. of other Directorships held as on 31.3.2013 *	No. of Board Committee(s) as Chairman/Member as on 31.3.2013**
Shri C.S.Verma, Chairman	Executive	11	Yes	2	-
Prof. Deepak Nayyar (upto 10.02.2013)	Non-Executive Independent	7	Yes	-	-
Shri A.K. Goswami (upto 10.02.2013)	Non-Executive Independent	9	Yes	-	-
Shri B.B. Singh (upto 30.04.2012)	Executive	1	Yes	-	-
Shri S. Machendra Nathan (upto 16.07.2012)	Non-Exe. (Govt. Nominee)	3	-	-	-
Dr. Jagdish Khattar	Non-Executive Independent	10	Yes	8	1-M
Prof. Subrata Chaudhuri	Non-Executive Independent	9	Yes	1	1-M
Shri Shuman Mukherjee	Executive	11	Yes	1	-
Shri P.K. Sengupta	Non-Executive Independent	11	Yes	-	1-M
Shri P.C. Jha	Non-Executive Independent	11	Yes	-	1-C 1-M
Shri Upendra Prasad Singh	Non-Exe. (Govt. Nominee)	9	-	1	1-M
Shri Anil Kumar Chaudhary	Executive	11	Yes	1	2-M
Dr. Isher Judge Ahluwalia	Non-Executive Independent	7	-	-	-
Shri Sujit Banerjee	Non-Executive Independent	9	Yes	-	-
CA. Arun Kumar Srivastava	Non-Executive Independent	11	Yes	-	1-C/M
Shri S.S. Mohanty	Executive	11	Yes	3	-
Shri H.S. Pati (from 01.05.2012)	Executive	10	Yes	-	1-M
Shri T.S. Suresh (from 04.05.2012)	Executive	10	Yes	-	-
Shri A.K. Pandey (from 24.05.2012 to 28.02.2013)	Executive	10	Yes	-	-
Shri E.K. Bharat Bhushan (from 23.07.2012 to 29.04.2013)	Non-Exe. (Govt. Nominee)	7	-	3	-
Shri Kalyan Maity (from 01.03.2013)	Executive	-	-	-	-

* Includes Directorship in Private companies.

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

M = Member, C = Chairman

(c) Audit Committee:

I. Terms of reference:

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

The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors, discusses their findings, suggestions and other related matters and reviews major Accounting Policies followed by the Company. The Audit Committee reviews with management, the Quarterly and

Annual Financial Statements before their submission to the Board. The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

2. Composition:

The Audit Committee of the Board was formed in 1998. However, in pursuance to SEBI's requirements, the Audit Committee was reconstituted on 21st March, 2001 with only Non-Executive Directors as members. The Audit Committee was reconstituted from time to time and as on 31.03.2013 consisted of CA. Arun Kumar Srivastava, Dr. Jagdish Khattar, Prof. Subrata Chaudhuri, Shri P.K. Sengupta and Shri P.C. Jha.

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

Name of the Director	Status	No. of meetings attended
Prof. Deepak Nayyar (Upto 10.02.2013)	Chairman	7
Shri A.K. Goswami (Upto 10.02.2013)	Member	7
Dr. Jagdish Khattar	Member	6
Prof. Subrata Chaudhuri	Member	8
CA. Arun Kumar Srivastava	Member/Chairman	8
Shri P.K. Sengupta (from 12.02.2013)	Member	-
Shri P.C. Jha (from 12.02.2013)	Member	-

(d) Nomination & Compensation Committee

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

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

(₹)

Name of the Director	Salary	Retirement & other Benefits	Total
Shri C.S.Verma	1755885	2239643	3995528
Shri B.B. Singh (Upto 30.04.2012)	121051	941561	1062612
Shri Shuman Mukherjee	1506938	1644513	3151451
Shri Anil Kumar Chaudhary	1504753	1602594	3107347
Shri S.S. Mohanty	1401548	1215567	2617115
Shri H.S. Pati (from 01.05.2012)	1246304	1101501	2347805
Shri T.S. Suresh (from 04.05.2012)	1370702	1208611	2579313
Shri A.K. Pandey (from 24.05.2012 to 28.02.2013)	1152925	1563777	2716702
Shri Kalyan Maity (from 01.03.2013)	136823	526952	663775
Total	10196929	12044719	22241648

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

iv) The salary of the Whole Time Directors is governed by pay scales and Rules of the Government.

v) Terms & Conditions

The Whole Time Directors are nominated by Government of India for appointment as Director for a period of five 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 Shri P.C. Jha and two Whole Time Directors, i.e. Director (Finance) and Director (Personnel), as members, is functioning to look into the redressal of shareholders and investors complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. One meeting of the Committee was held during the year 2012-13.

(ii) Name of compliance officer: Shri M.C. Jain, Secretary

(iii) There was no complaint pending for redressal as on 31.03.2012. Number of shareholders complaints received during the period from 01.04.2012 to 31.03.2013 were 50. During the year, all the complaints were resolved and no complaint was pending for redressal as on 31.03.2013.

(f) General Body Meetings:

Location and time where last three AGMs held:

Financial Year	Date	Time	Location
2011-2012	21.09.2012	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001
2010-2011	22.09.2011	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001
2009-2010	30.09.2010	10.00 a.m.	Air Force Auditorium, Subroto Park, New Delhi-110010

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

ii) No Special Resolution is proposed to be conducted through Postal Ballot upto the ensuing AGM.

(g) Disclosures:

i) There were no transactions by the Company of material nature with Promoters, Directors or the Management, their Subsidiaries, relatives etc. that may have potential conflict with the interests of Company at large. The Non-Executive Directors had no pecuniary relationships or transactions vis-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 Director held any share/convertible instrument of the Company.

ii) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock

Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

- iii) The Central Vigilance Commission (CVC) had earlier informed that as per the Hon'ble Supreme Court Orders and Government of India Resolution on "Public Interest Disclosure & Protection of Informer", only CVC can act as the designated agency to receive Whistle Blower Complaint. No other Agency is empowered/can be nominated to deal with the matter. As such, CVC had not permitted SAIL to formulate the Whistle Blower Policy, no such policy was adopted by the Company. Subsequently, CVC has allowed the Public Sector Companies to formulate the Whistle Blower Policy.

Accordingly, the matter of framing a separate Whistle Blower Policy of the Company was considered and it was felt that the present mechanism of CVC regarding concealing the identity of the complainant meets the requirement of Whistle Blower process under the Corporate Governance. Creating a separate Company specific policy would not only duplicate the existing process of CVC but the same would also suffer from the effects of possible disclosure if processed at the Company level making it ineffectual. Hence, it has been decided to continue with the policy of forwarding complaints under the Whistle Blower Policy to the CVC rather than creating a separate policy in SAIL. In order to create awareness of the existence of the Whistle Blower Policy in SAIL, a copy of Public Notice of CVC enclosing the Whistle Blower Policy of CVC and the also Gazette Notification of the Government of India in this regard has been uploaded on the website(s) of the Company. Though the Company has adopted Whistle Blower policy of CVC, it has not denied access to any personnel to approach the Audit Committee/ Management on any issues.

- iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchange and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Government of India during the year 2012-13 except that related to composition of the Board of Directors for a brief period from 11.2.2013 to 31.3.2013. Further, the Company has not fully adopted non-mandatory requirements of the said Clause 49.
- v) Presidential Directives for revision of pay scales of Board level and below board level executives in SAIL were issued by the Ministry of Steel vide file No.7(12)/2008-SAIL(PC) dated 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 the requirement on the following dates:

Quarter Ending	30.06.2012	30.09.2012	31.12.2012	31.03.2013
Date of Publication	07.08.2012	09.11.2012	13.02.2013	31.05.2013
Name of the Newspapers	Business Standard (H) & (E)	Financial Express (E), Jansata (H)	Business Bhaskar (H), Business Line (E)	Financial Express (E), Jansatta (H)

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 20th September, 2013 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
- ii) Financial year : 1st April, 2012 - 31st March, 2013.
- iii) Date of Book Closure: 6th August, 2013 to 30th August, 2013 (Both days inclusive).
- iv) The Board of Directors of the Company has recommended payment of final Dividend of ₹0.40 per share for the Financial Year ended March 31st, 2013 in addition to the Interim Dividend of ₹1.60 per share paid on 19th February, 2013. The Final Dividend, if approved at the ensuing AGM, will be paid to those Shareholders whose names appear in the Company's Register on the record date i.e. 5th August, 2013 (end of business hours).
- v) The shares of the Company are listed at the following stock exchanges:
- Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort Mumbai-400001
(Stock Code No.500113)
- The National Stock Exchange of India Limited,
Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E).
Mumbai- 400051
(Code: SAIL)
- The London Stock Exchange,
10 Paternoster Square, London EC4M 7LS, UK
- The Annual Listing Fee for 2012-13 has been paid to each of the Stock Exchange(s).
- 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 2012-13 are indicated below:

MONTH & YEAR	SENSEX		SAIL at BSE		NIFTY		SAIL at NSE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APR '12	17664.10	17010.16	101.75	91.65	5378.75	5154.30	101.75	91.65
MAY '12	17432.33	15809.71	97.55	84.05	5279.60	4788.95	97.60	84.05
JUN '12	17448.48	15748.98	97.30	87.35	5286.25	4770.35	97.35	87.30
JUL '12	17631.19	16598.48	95.25	82.00	5348.55	5032.40	95.20	81.70
AUG '12	17972.54	17026.97	88.75	76.15	5448.60	5164.65	88.80	76.45
SEP '12	18869.94	17250.80	94.10	75.80	5735.15	5215.70	94.10	75.75
OCT '12	19137.29	18393.42	88.00	78.90	5815.35	4888.20	88.00	78.80
NOV '12	19372.70	18255.69	84.15	76.90	5885.25	5548.35	84.10	76.80
DEC '12	19612.18	19149.03	92.55	80.50	5965.15	5823.15	92.60	80.60
JAN '13	20203.66	19508.93	101.60	86.45	6111.80	5935.20	101.75	86.20
FEB '13	19966.69	18793.97	88.80	70.60	6052.95	5671.90	88.80	70.45
MAR '13	19754.66	18568.43	72.45	60.00	5971.20	5604.85	72.50	60.00

vii) **Registrar and Share Transfer Agent**

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

 viii) **Share Transfer System:**

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

 ix) **Distribution of Shareholding as on 31st March, 2013:**

Shareholding	Shareholders		Amount	
	Number	% to Total	In ₹	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	369393	91.86	431648160	1.05
501 - 1000	18481	4.60	148719830	0.36
1001 - 2000	7782	1.94	118510340	0.29
2001 - 3000	2341	0.58	60094240	0.15
3001 - 4000	1069	0.27	38525150	0.09
4001 - 5000	824	0.20	39031530	0.09
5001 - 10000	1130	0.28	83693170	0.20
10001 - 50000	736	0.18	147639400	0.36
50001 - 100000	103	0.03	75382580	0.18
Above 100000	230	0.06	40162008490	97.23
Total	402089	100.00	41305252890	100.00

 x) **Shareholding Pattern as on 31st March 2013:**

Category	No. of Shares held	%age of Shareholding
A. Promoters' holding		
1 Promoters		
- Indian Promoters v.i.z., the Govt of India	3,30,42,93,713	80.00
- Foreign Promoters	-	
2 Persons acting in Concert	-	
Sub-Total	3,30,42,93,713	80.00
B Non-Promoters Holding		
3 Institutional Investors		
a Mutual Funds and UTI	3,84,95,536	0.93
b Banks & Financial Institutions	15,58,24,968	3.77
c Insurance Companies	29,54,21,539	7.15
d Foreign Institutional Investors (FIIs)	19,89,58,465	4.82
Sub-Total	68,87,00,508	16.67
4 Others		
a Private Corporate Bodies	3,04,19,239	0.74
b Indian Public	10,21,06,754	2.47
c NRIs/OCBs	45,50,890	0.11
d Any other (Please specify) - GDR	4,54,185	0.01
Sub-Total	13,70,76,883	3.33
GRAND TOTAL	4,13,05,25,289	100.00

 xi) **Status of dematerialization as on 31.03.2013:**

Particulars	No. of shares	% of capital	No. of Accounts
NSDL	4,09,57,21,479	99.16	251528
CDSL	2,80,93,178	0.68	103224
Total Dematerialised	4,12,38,14,657		354752
Physical- Government of India	0	0	0
Physical - Other shareholders	67,10,632	0.16	47337
Total	4,13,05,25,289	100.00	402089

 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, 2013.

 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
- Chandrapur Ferro Alloy Plant, Chandrapur, Maharashtra

UNITS

- Central Coal Supply Organisation, Dhanbad-828127, Jharkhand
- Central Marketing Organisation, Ispat Bhawan, 40, Jawahar Lal Nehru Road, Kolkata-700071, West Bengal.
- Centre for Engineering & Technology, Ranchi-834002, Jharkhand.
- Environment Management Division, 6, Ganesh Chandra Avenue, (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-827001, Jharkhand

SUBSIDIARIES

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

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

M/s. MCS Limited,
F-65, 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

Corporate Governance Certificate (Annexure-V to the Directors' Report)

To
The Members of
Steel Authority of India Limited

We have examined the compliance of the conditions of Corporate Governance by Steel Authority of India Limited for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreements of the said Company with the various stock exchanges and the Guidelines on Corporate Governance for Central Public Sector Enterprises, issued by the Government of India, Department of Public Enterprises (DPE), New Delhi.

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

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

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

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

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

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

For O.P.Totla & Co.
Chartered Accountants
Firm Registration No.: 000734C

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

For B.N. Misra & Co.
Chartered Accountants
Firm Registration No.: 321095E

Sd/-
[G.D. Mishra]
Partner
(M. No. 206025)

Place: New Delhi
Date : 18th July, 2013

Business Responsibility Report

Section A: General Information about the Company

- Corporate Identity Number (CIN): L27109 DL 1973 GOI 006454
- Name of the Company: Steel Authority of India Limited
- Registered Address: Ispat Bhawan, Lodhi Road, New Delhi - 110003
- Website: www.sail.co.in
- Email id: sailco@vsnl.com
- Financial Year reported: 2012-13
- Sector(s) that the Company is engaged in (industrial activity code-wise):
Manufacture of Steel and Steel products
National Industrial Classification (NIC) Code : 330
- List three key products / services that the Company manufactures / provides (as in balance sheet):
 - Manufacture of Hot Rolled and Cold Rolled steel product
 - Manufacture of Rails
 - Manufacture of Plate, Wire Rods
- Total number of locations where business activity is undertaken by the Company:
 - International locations: Nil
 - SAIL operates and owns five integrated steel plants at Bhilai, Durgapur, Bokaro, Rourkela and Burnpur & three special steel plants at Salem, Durgapur and Bhadravati. Another unit, Chandrapur Ferro-Alloy Plant (CFP) produces Ferro-alloys. It also has SAIL Refractory Unit (SRU) at Bokaro with four refractory manufacturing units in Jharkhand & Chhattisgarh.

Apart from these units, the other units of SAIL are as follows:

- SAIL Growth works at Kulti, West Bengal;
- Raw Material Division (Iron Ore Mines) at Kiriburu, Meghatburu, Gua, Manoharpur (Chiria) in Jharkhand, Bolani, Kalta, Barsua (including Taldih), in Odisha;
- BSP Mines (Iron Ore) at Rajhara Group, Dalli Group, Rowghat in Chhattisgarh;
- RMD flux mines at Kuteshwar in MP, Bhawanathpur, Tulsidamar in Jharkhand;
- BSP Mines (Flux) at Nandini, Hirri, Baraduar in Chhattisgarh;
- VISP Mines (Flux) at Bhadigund, Kenchapuda in Karnataka;
- Collieries Division (Coal Mines) at Chasnalla, Jitpur, Tasra, Sitanala in Jharkhand and Ramnagore in West Bengal;
- Centralised Marketing Organisation HQ at Kolkata,
- Central Coal Supply Organisation, Dhanbad,
- SAIL Consultancy Division at Delhi,
- R & D Centre for Iron & Steel at Ranchi, SAIL Safety Organisation at Ranchi, Centre for Engineering & Technology at Ranchi, Management Training Institute at Ranchi,
- Environment Management Division at Kolkata, Growth Division at Kolkata,
- Central Power Training Institute at Rourkela,
- Transport & Shipping at Kolkata are some other units.

SAIL has a pan India distribution network of 37 Branch Sales Offices (BSOs), 27 Customer Contact Offices (CCOs) and 67 Warehouses.

- Markets served by the Company - Local / State / National / International: National & International

Section B: Financial Details of the Company

- Paid up capital (INR): ₹ 4130.53 crore
- Total turnover (INR): ₹ 49349.69 crore
- Total profit after taxes (INR): ₹ 2170.35 crore
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.50%
- List of activities in which expenditure in 4 above has been incurred:

- Education
- Health Care
- Women Empowerment
- Income Generation & Livelihood
- Water Supply & Sanitation
- Infrastructure Development
- Sports, Arts & Culture
- Differently abled people

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has three subsidiary Companies, viz.:

- SAIL Refractory Company Limited (SRCL)
- SAIL Jagdishpur Power Plant Limited
- SAIL Sindri Projects Limited

2. Do the Subsidiary Company / Companies participate in the BR initiative of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s).

Business Responsibility initiatives of the Parent Company are applicable to the subsidiary companies.

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

No

Section D: BR Information

1. Details of Director / Directors responsible for BR:

a) Details of the Director / Directors responsible for BR policy/policies:

- DIN Number 05283445
- Name H. S. Pati
- Designation Director (Personnel)
- Details of the BR head

Sl.No	Particulars	Details
1	DIN Number (if applicable)	00101601
2	Name	M.C. Jain
3	Designation	Company Secretary
4	Telephone number	011-24368104
5	e-mail id	Secy.sail@sailx.com

2. Principal-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1** - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** - Businesses should promote the well-being of all employees.
- P4** - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** - Businesses should respect and promote human rights.
- P6** - Businesses should respect, protect, and make efforts to restore the environment.
- P7** - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** - Businesses should support inclusive growth and equitable development.
- P9** - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for.....	Y	Y The Company has quality and environment policies which ensure production of safe and sustainable products.	Y	Y This is included in Company's Code of Business Conduct and Ethics, HR policies and various other HR practices	Y	Y	N	Y	N
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
3	Does the policy conform to any national / international standards?	Y	-	Y	N	-	Y	-	Y	-
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Directors?	Y	-	Y	Y	-	Y	-	Y	-
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	-	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	-	-	-	@	--	*	-	@	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y (To internal stakeholders)	Y	-	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies?	Y	-	Y	Y	-	Y	-	Y	-
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	N	-	N	-	N	-
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	-	N	N	-	Y	-	Y	-

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next six months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within next one year	-	-	-	-	-	-	-	-	-
6	Any other reason (Please specify)	-	-	-	-	-	-	The Company has leadership position in the steel sector and has a record of pioneering achievements which has benefitted Steel Industry of the country at large by having dialogue with MoS, Gol. Therefore need for formal policy has not been felt.	SAIL Plants/Units have always conducted informal stakeholder engagements in their respective areas, and from this exercise they identified their needs, local issues requiring attention and intervention. Formal as well as informal mode has been established with multi-stakeholders to resolve various issues affecting day to day life from time to time as per the necessity. For peripheral villages, dialogues are normally held with the Sarpanch /Panch of the village or the village representatives in an informal manner as and when required in connection with the peripheral developmental activities	The Company has systems and procedures to assess customer needs and addressing them. The Customer Satisfaction Index is calculated based on the feedback from customers on a regular basis and system for customer complaint redressal is also in vogue.

* - <http://sail.co.in/pdf/corporateenvironmentalpolicy.pdf>

@ - <http://sail.co.in/pdf/csrpolicy.pdf>

3. Governance related to BR:

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

3-6 months

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes, the Company publishes printed versions of its Sustainability Report. An electronic version of the report is uploaded on the Company's website in the intervening year as a web update. The hyperlink for viewing the Sustainability report of the Company is <http://www.sail.co.in>

Section E : Principle-wise Performance
Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No.**

Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

No, the policies implemented by SAIL in these regards cover employees of the Company as well as suppliers/ contractors/ bidders etc.

The Company has put in place Conduct, Discipline & Appeal (CDA) Rules which prescribe the code of conduct and is applicable mostly to the executives of the Company whereas the non-executive workmen are covered under the code of conduct / misconduct as mentioned in the Standing Orders (tripartite agreement between, Union and Govt. representatives) for respective Plants / Units of SAIL.

Since July 2007, the Company has implemented Integrity Pact for all contracts / procurements valuing ₹ 100 crores and above. Subsequently, to cover more contracts / procurements, threshold value has been reduced to ₹ 20 crores for implementing Integrity pact. Guidelines on banning of business dealings with bidders / contractors / agencies dealing with SAIL have been implemented in SAIL and made part of the Integrity Pact wherein it has been envisaged that appropriate action shall be taken against the signatories of Integrity Pact, if they are found involved in unethical practices including corruption and bribery.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

A total of 760 complaints from various sources including those referred by Central Vigilance Commission, Ministry of Steel were received in SAIL vigilance during 2012-13. The same were examined vis-à-vis extant systems & procedures, policies, rules etc. followed in the Company and actions as per rules including systemic improvements were advised against the deviations noticed in these complaints and the same were agreed to by management for implementation. Hence, it may be construed that almost 100% complaints were satisfactorily resolved as per procedure in vogue.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

- TMT EQR (Thermo-Mechanically Treated Earthquake resistant)
- EQR E250 Grade plates
- IS 2062 E350 HR Coil (Higher Strength Steel for Lighter Railway Wagon)

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):**

- Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain**

Consumption per unit of production	Current Year	Previous year
Specific Energy Consumption (Gcal/Ton of Crude Steel)	6.68	6.86
Specific Water Consumption (m ³ /TCS)	3.73	3.86
Particulate matter (PM) emission load (kg/TCS)	0.88	1.01

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The information is not available with us.

- 3. Does the Company have procedures in place of sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company has its captive mines for iron ore, limestones, dolomite etc. most of which are situated close to the plants and thus require minimum transportation. Most of the bulk raw material is supplied through rail. Coking coal is the only raw material which is imported. The suppliers of coking coal are globally recognized lead players, well aware of the need to reduce their ecological footprint and the importance of being certified to the advanced environment management systems. The Company also has captive power plants which cater to the power needs of the Company.

- 4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has a policy of procuring goods and services from nearby suitable sources of supply.

- 5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? (Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company has effectively adopted waste minimization strategies including conservation at source, recovery and recycling. Some of the initiatives that were undertaken for recycling of waste are:

- Sale of Granulated BF slag to Cement making Industries
 - Using BF Slag internally in road making, land filling etc.
 - Recycle / sales of used / recovered refractories
 - A project on Development of Technology for Dry Granulation of LD slag and Heat Recovery for enhancing its utilization has been taken up under R&D Master Plan of SAIL.
 - By-product gases from Coke oven, Blast Furnaces and SMS are recycled and used as fuel in reheating furnaces of mills.
 - Reuse of other wastes like Mill Scales, Lime/ Dolo fines, ETP sludge etc.
- During 2012-13, the total solid waste utilization was 91%. The BF & BOF Slag utilization were 96% and 70% respectively.

Principle 3: Business should promote the well-being of all employees

- 1. Please indicate the Total number of employees**

As on 1/4/2013 total number of employees in SAIL: 101878 (Exe.-15232; Non-Exe.- 86646)

- 2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis**

As on 1/4/2013, number of contract labour engaged at SAIL plants/units: 84320. (Including Projects/Modernization)

- 3. Please indicate the Number of permanent women employees**

As on 1/4/2013 permanent women employees in SAIL: 5882 (Exe.-1009; Non-Exe.4873)

- 4. Please indicate the Number of permanent employees with disabilities**

Total number of Permanent employees with disabilities in SAIL plants/units as on 1/4/2013: 853 (Exe.-105; Non-Exe.-748)

- 5. Do you have an employee association that is recognized by management?**

Yes. For regular non executive employees, National Joint Committee for Steel Industry (NJCS) is the apex body which comprises of representatives from

Central Trade Union Organizations of INTUC, AITUC, HMS & CITU and representatives from recognized union from plants. Executive employees are represented by the respective Officer Associations (OA) of their plants. OAs are affiliated to Apex body Steel Executives' Federation of India (SEFI).

6. What percentage of your permanent employees is members of this recognized employee association?

All regular non-executive employees of SAIL are covered by the NJCS decisions. All Executives are covered by Steel Executives' Federation of India (SEFI) decisions.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the financial year 2012-13 and pending, as on the end of the financial year is as under :

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	1	1
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual / Temporary / Contractual Employees
- Employees with Disabilities

Based on the individual, organizational and occupational training need, safety and skill upgradation training (technical / managerial / functional) is imparted to all permanent employees including female employees and differently abled employees. During the year 2012-13 total 40411 employees (i.e. 38% of total employees) were trained on various safety & skill upgradation related programmes.

SAIL is in the process of implementation of current Modernization & Expansion Plan wherein contractual workers are engaged in various activities. 100 % of contractual workers are given safety awareness training which is mandatory for issuing gate pass for plant premises. Skill upgradation of contractual workers is also taken care of while on job at their work place.

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders? Yes / No

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?

There has never been any discrimination in the treatment and right available to stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Some of the special initiatives taken by the Company are :

- In an effort to bring the marginalized masses of the remote forest areas to the mainstream of development, SAIL in association with Govt. of Jharkhand and Ministry of Rural Development, Gol actively participated in the development process of Saranda forest, Jharkhand. SAIL provided ambulances, bicycles, transistors, solar lanterns and set up an Integrated Development Centre at Digha village in Saranda forest.
- In order to bridge the gap between rural and urban areas and to provide comprehensive development of both physical and social infrastructure, 79 villages have been identified as "Model Steel Villages" across the country

(in eight states). The developmental activities being undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc.

- In order to reach at the door step of the underprivileged, over 4300 camps have been organized across the country benefitting around 2 Lakh people by providing free health check-up, path lab treatment, medicine, immunization, etc. in the year 2012-13.

To help the poor and downtrodden, 67 numbers of Mobile Medical Units (MMUs)/Ambulances have been provided to various NGOs in last five years.

Principle 5: Business should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company does not have a stated Human Rights Policy. However, most of the aspects are covered in the Company's Code of Business Conduct and Ethics as well in various human resource practices.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

50 number of complaints were received from the shareholders and all the complaints were resolved during 2012-13.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

The extent of SAIL's Corporate Environment Policy extends to the Company, its subsidiaries and any other agency working in SAIL's premises.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. if yes, please give hyperlink for webpage etc.

Yes, the Company is committed to reduction of GHGs emissions and has taken a number of steps in its modernization programme to achieve the same. The modernization program of SAIL has several projects which envisage progressive installation of energy and environment-friendly technologies resulting in reduction of GHGs. Projects under International Agreements relevant to steel industry such as Phasing out of Ozone Depleting Substances (ODS) under the Montreal Protocol and environmentally sound management and disposal of Polychlorinated Biphenyls (PCBs) under the Stockholm Convention have also been taken up by SAIL. The Company has taken project for eco restoration of mined out area at its Purnapani and Bolani Mines. Further, SAIL has selected seven Sustainable Development (SD) projects under the MOU with GOI for the year. These SD projects include carbon and water foot printing at SAIL plants, bio-diversity conservation at Bolani Iron ore Mine, solar heating, rain water harvesting schemes and sustainability training. Details of SAIL's SD projects are available at Company's website. Company's Environmental Policy and Sustainable Development Policy are also available on Company's website (www.sail.co.in)

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a well established mechanism to identify and assess potential environmental risks for its operations. The Company has an approved Enterprise Risk Management Policy.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed.

SAIL is currently implementing a CDM programme. A number of CER/VER projects are at various stages of implementation in the CDM programme. The Company is progressively working towards utilizing CDM as a major contributor towards sustainable development.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. if yes, please give hyperlink for web page etc.

Yes, the Company has technology plan that lays stress on Clean Technology. The modernization program of SAIL has several projects with energy efficient and environment-friendly technologies. Some of these are coke-dry quenching, waste-heat recovery from blast stoves, sinter machines, secondary emission control from BF, cast house de-dusting system at blast furnaces, pelletisation of micro fines from beneficiation activities at mines etc. Post-expansion SAIL

Plants will exhibit a technological shift towards 100% BOF and continuous casting for steel making.

Several projects on renewable energy like use of agro based fuel in boiler, use of coal bed methane in reheating furnace, use of bio diesel in locomotives, use of solar power at SAIL installations etc. have been taken across SAIL.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Mostly, the Emissions/Wastes generated by the Company are within the permissible limits given by CPCB/SPCB. The emissions are continuously monitored for compliance within the norms and remedial steps are taken for any occasional non-compliance.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Action plan against any show cause/ legal notices received from Regulatory Agencies are made in consultation with them and are implemented as per a mutually agreed time frame. There was no such show cause/ legal notices pending for resolution at the end of Financial Year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

The Company is a Member of:

- A. Confederation of Indian Industry (CII)
- B. Federation of Indian Chambers of Commerce and Industry (FICCI)
- C. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- D. World Steel Association (WSA)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

Yes, following are the broad areas:

- A. Sustainable Business Principles
- B. Waste Management
- C. Energy Conservation
- D. Inclusive Development Policies

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.

SAIL's Social Objective is synonymous with Corporate Social Responsibility (CSR). Apart from the business of manufacturing steel, the objective of the Company is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates. For any organization, CSR begins by being aware of the impact of its business on society. 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.

SAIL has been a pioneer in the area of Corporate Social Responsibility (CSR). Since its inception in 1973, much before 'Corporate Social Responsibility' became a buzzword, SAIL put in place systems for socio-economic development of the neighbourhoods and communities amidst which its plants and units operate. The objective was to plough prosperity back into the environment from which its strengths emanate, to minimise inequalities by providing quality education, healthcare, infrastructure and employment avenues to all, to ensure that man and nature live in harmony, to preserve the originality and beauty of Indian culture while simultaneously promoting scientific temperament and modern technology. The company's business philosophy encompasses a triple bottom line approach covering the economic, environmental and social dimensions reflecting SAIL's commitment to build natural, human and societal capital.

SAIL CSR initiatives are carried out in and around steel township, mines and far flung location across the country in the area of village development including development of Model Steel Villages (MSVs), Providing Medical and Health Care, Immunization, Ante and post natal care, Education, Access to water facilities, Construction of Roads, Road Side Drains & Street Lights, Environment, Women Empowerment, Assistance to people with disabilities, Sustainable Income Generation through Self Help Groups, Promotion of Sports, Art, Culture & Recreational Activities etc.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

SAIL has been a pioneer in the area of Corporate Social Responsibility (CSR). Since its inception in 1973, much before 'Corporate Social Responsibility' became a buzzword, SAIL put in place systems for socio-economic development of the neighbourhoods and communities amidst which its plants and units operate.

There is an exclusive set up of CSR in SAIL. Each Plant/Unit has a separate CSR Group/Cell. The CSR department is headed by an officer of the rank of GM/DGM level in bigger Plants/Units & AGM/SM level at other locations. A well structured organizational mechanism is in place for planning, implementing, monitoring and reporting of CSR activities in consultation with local authorities like Panchayats, District & State Authorities etc. Most of the projects are implemented in house by SAIL, while for projects for which specialized touch is needed, they are undertaken in association with specialized agencies like Akshaya Patra Foundation, Ramakrishna Mission etc.

In SAIL, for grant of financial assistance as part of the CSR activities of the Company, instead of selection of NGOs, Project based selections are made after due consideration of the merit of the individual case, thorough assessment of the genuineness of the requirement and the benefits likely to accrue to the society in the process.

3. Have you done any impact assessment of your initiative?

SAIL has already initiated the process of Impact assessment study of CSR activities.

- Durgapur Steel Plant (DSP): DSP has engaged Indian Statistical Institute (ISI), Kolkata for Impact Assessment of 10 Model Steel Villages during 2009-10.
- Rourkela Steel Plant (RSP): RSP has undertaken Impact Assessment study of its CSR activities on the ultimate beneficiaries in Rourkela through NABCON - NABARD Consultancy in 2012.

Other plants have also initiated the process in 2012-13 for the same as detailed below:

- Corporate Office: Impact study of educational, health care, infrastructural development at Model Steel Villages & livelihood generation projects at BSP, BSL, DSP, RSP and ISP through Centre for Research in Rural & Industrial Development (CRRID), Chandigarh.
- Bhilai Steel Plant (BSP): Impact study of CSR activities through National Bank for Rural Development (NABARD) & Base line survey of 21 MSVs through Society for Rural Industrialization, Ranchi (SRI).
- Bokaro Steel Plant (BSL): Baseline Survey, Need Assessment and preparation of Perspective Plan for socio-economic development, through XISS, Ranchi.
- IISCO Steel Plant (ISP): Indian Statistical Institute, Kolkata is conducting Baseline survey & recommendation for CSR Projects for up-liftment the socio economic condition of villagers in 28 nos. villages around Burnpur.

4. What is the Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Annual CSR budget of SAIL for the community development activities is in the range of 0.5-2 % of net distributable surplus/ Net profit. For the year 2012-13, the expenditure on CSR activities is ₹53.29 crores (including the unspent amount of last yrs). In addition to this direct expenditure, expenditure to the tune of ₹200 crores. annually is also incurred on non-SAIL population living in and around the plant/unit locations on Health, Education, Township etc. The facilities created in the Steel Townships at plants/unit locations are accessed by the local Non-SAIL population either free or at a very nominal cost.

CSR activities:

SAIL CSR initiatives are carried out in and around steel township, mines and far flung location across the country in the area of village development including

development of Model Steel Villages (MSVs), Providing Medical and Health Care, Immunization, Ante and post natal care, Education, Access to water facilities, Construction of Roads, Road Side Drains & Street Lights, Environment, Women Empowerment, Assistance to people with disabilities, Sustainable Income Generation through Self Help Groups, Promotion of Sports, Art, Culture & Recreational Activities etc. In line with the revised DPE Guideline on CSR & Sustainability, the Board Sub-Committee on Sustainability & CSR has been constituted in SAIL.

Healthcare : SAIL has established 54 Primary Health Centres, 23 Hospitals, 4 Reproductive and Child Health Centres and 7 Super-Specialty Hospitals to provide specialized and basic healthcare to more than 34 million people living in the vicinity of its plants and units.

Seven Health Centres (Kalyan Chikitsalaya) are being run at plants exclusively for providing free medical care including medicines to poor and needy families. In 2012-13, healthcare provided to more than 87,000 people through these exclusive health centres.

Education : To develop the society through education, SAIL has opened over 137 schools in the steel townships to provide modern education to about 57,000 children and is providing assistance to over 346 schools. Seven Special Schools for BPL (Kalyan Vidyalaya) at five steel plants with facilities of free education, mid-day meals, uniform including shoes, text books, stationery items, school bag, water bottles and transportation in some cases are running under CSR. The strength of students in these schools is more than 1500 students. Scholarships to deserving undergraduate & postgraduate engineering students, adoption of nasal affected tribal children, nearly extinct Birhore tribes, sponsoring youths for Industrial Training & Nursing course, etc. are the major steps taken for uplifting poor, OBC, SC, ST, etc.

SAIL is providing Mid-Day Meal to more than 22000 students in different schools of Bhilai everyday through Akshya Patra Foundation. This scheme is being replicated at Bokaro and Rourkela.

Connectivity & Water Facilities: SAIL has provided access to over 75 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 6052 water sources, thereby providing drinking water access to around over 41 lakh people.

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

Renewable Energy: To promote renewable sources of energy, Solar street lights were installed in the rural areas across the country and Solar Lanterns and smokeless chullahs have been distributed among the poor and needy in different parts of country.

Sustainable Income Generation: Vocational training has been provided in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar/Pappad/Agarbati making, Welder, Fitter & Electrician Training, Sewing & Embroidery, Smokeless chullah making etc. Vocational Training centre for rural and unemployed youths - 'Bhilai Ispat Kaushal Kutir' & Swayamsiddha at Bhilai, Skill Development and Self Employment Training Institute (SDSETI) at Durgapur, Garment Technician Training at Salem, JHARCRAFT centre at Bokaro and Self employment centre "KIRAN" at Kiriburu Ore Mines are benefitting common masses by way of financial inclusion/ SHG/training for income generation and then empowering them to be part of main stream.

Art & Culture: For promoting the local art & culture, Chhattisgarh Lok Kala Mahotsav and Gramin Lokotsav are being organised every year. To promote local culture and games various Gramin Lokotsavs and Gramin Athletics Competition were organised by SAIL at different locations throughout the year.

Awards & Accolades: SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. In the year, SAIL was awarded with the following awards:

- Skoch Financial Inclusive Award-2013 by Skoch foundation for CSR,
- Golden Peacock National Award - 2012 to Bhilai Steel Plant,
- Greentech Award for CSR - 2011 & 2012 to Durgapur Steel Plant,
- Jharkhand Sustainability Award for 11-12 to Bokaro Steel Plant, and

- Global CSR Excellence & Leadership Award in categories: Best CSR practices, Women Empowerment & Concern for health to Rourkela Steel Plant.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

SAIL plants/units have always conducted informal stakeholder engagements in their respective areas, and from this exercise they identify their needs, local issues requiring attention and intervention. Formal as well as informal mode has been established with multi-stakeholders to resolve various issues affecting day to day life from time to time as per the necessity. For peripheral villages, dialogues are normally held with the Sarpanch / Panch of the village or the village representatives in an informal manner as and when required in connection with the peripheral developmental activities. The community is directly involved as Self Help Groups are formed of people out of the community and various infrastructures developed are handed over to the community to bring a feeling of belongingness to them.

At some SAIL plant locations the inputs from the Rehabilitation & Peripheral Development Committee (RPDAC), in which MPs & MLAs are members, are also taken into consideration before finalizing the CSR projects.

Further, the process of impact assessment of CSR activities has also been initiated to know the result of our CSR initiatives and also continuously taking corrective action as per the feedback of the community so that they are adopted by the community.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases is pending as on the end of financial year?

A total of 1880 complaints were received from customers (end-consumers) in 2012-13, out of which 8 (amounting to <0.5%) were pending as of March 31, 2013, while the rest were settled satisfactorily.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Packet/Coil number, size, quality of the item is displayed on the product label based on which the product is linked to its Test Certificate. In case of branded products, product brand/ Company logo is also displayed.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as of end of financial year? If so, provide details thereof, in about 50 words or so.

Petition No. 8531/2008 - JSPL V/S UOI & Ors pending before Delhi High Court for declaring MOU dated 1.2.2003 (between SAIL and Indian Railways), its continued operation without any review, unconstitutional and void. Pleading by the parties have been completed. The writ was listed on 8.10.2012 before Delhi High Court, when it was ordered that rule had been issued in the case on 15.5.2009, and the case would be listed in the category of regular matters.

The Engineering Export Promotion Council (EEPC) made a complaint dated 18.03.08 to Director General MRTP Commission, apprehending cartelization in Steel Industry. Vide order dated 19.03.12 passed in dissent by S N Dhingra Member CCI, the case is closed. In terms of majority order, the DG was to complete the additional investigation within 45 days after the receipt of order dated 29.02.2012. However, extensions were granted by CCI to the DG. Vide notice dated 8.4.13, DG requested information from SAIL, same was furnished by SAIL on 30.4.13.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Yes, customer satisfaction is measured in the form of Customer Satisfaction Index (CSI) which is calculated by the Company every month in respect of Key Accounts of the Company based on the feedback collected from the key customers.

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

Sl. No.	NAME OF THE SUBSIDIARY COMPANY	SAIL Refractory Company Limited	SAIL Jagdishpur Power Plant Limited	SAIL Sindri Projects Limited
1.	Financial year of the subsidiary ended on	31 st March, 2013	31 st March, 2013	31 st March, 2013
2.	Date from which it became subsidiary Company	23 rd August, 2011	26 th May, 2011	8 th November, 2011
3.	Shares of the subsidiary held by the Company as on 31 st March, 2013			
	a) Number & face value	50,000 equity shares of ₹10/- each fully paid up	50,000 equity shares of ₹10/- each fully paid up	50,000 equity shares of ₹10/- each fully paid up
	b) Extent of holding	100%	100%	100%
4.	The Net aggregate amount of the subsidiary Company profit/loss(-) so far as it concerns the member of the holding Company:			(₹ crore)
	a) Not dealt with in the holding Company's accounts.			
	i) For the financial year ended 31 st March, 2013.	10.18	*	(-) 0.01
	ii) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	44.17	(-)0.01	Nil
	b) Dealt with in the holding Company's accounts.			
	i) For the financial year ended 31 st March, 2013.	Nil	Nil	Nil
	ii) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	Nil	Nil	Nil
5.	Material changes, if any between the end of the financial year of the subsidiary Company and that of the Holding Company	Not applicable	Not applicable	Not applicable
6.	Additional information on subsidiary companies			
	i. Share Capital	0.05	0.05	0.05
	ii. Reserves	54.41	*	(-) 0.01
	iii. Total Assets	92.54	0.04	0.05
	iv. Total Liabilities	38.07	*	0.01
	v. Investment (except in case of investment in subsidiaries)	-	-	-
	vi. Turnover	107.08	-	-
	vii. Profit before Taxation	14.78	*	(-) 0.01
	viii. Provision for Taxation	4.60	-	-
	ix. Profit after Taxation	10.18	*	(-) 0.01
	x. Proposed Dividend	-	-	-

*Amount less than ₹50,000/-.

Note:

The Company holds 30,00,000 equity shares of ₹10/- each in IISCO Ujain Pipe & Foundry Co. Ltd. The Hon'ble High Court of Calcutta had directed winding-up of the Company with effect from 10th July, 1997 and the official liquidator has taken over the possession of the assets of the Company. The liquidator, after disposing the assets of the Company, is in the process of settling the outstanding dues. The cumulative loss of IISCO Ujain Pipe & Foundry Co. Ltd. upto 10th July'97 was ₹ 17.05 crore.

For and on behalf of Board of Directors

Sd/-
(Devinder Kumar)
Secretary

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

Sd/-
(C.S. Verma)
Chairman

Place : New Delhi
Date : 8th July, 2013

ANNUAL REPORT 12-13

Consolidated Balance Sheet as at 31st March, 2013

(₹ crore)

	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4130.53	4130.53
(b) Reserves and Surplus	2	37513.99	36145.00
Share application money pending allotment		2.92	2.27
Non-Current Liabilities			
(a) Long-Term Borrowings	3	14153.23	12398.25
(b) Deferred Tax Liabilities (Net)		1900.15	1780.84
(c) Other Long Term Liabilities	4	1274.18	1346.79
(d) Long-Term Provisions	5	4332.84	3638.06
Current Liabilities			
(a) Short-Term Borrowings	6	8130.18	4645.14
(b) Trade Payables	7	3444.89	3330.83
(c) Other Current Liabilities	8	9054.41	8723.85
(d) Short-Term Provisions	9	2582.20	2352.33
TOTAL		86519.52	78493.89
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10A	16835.93	17376.21
(ii) Intangible Assets	10B	1552.37	1420.08
(iii) Capital Work-in-Progress	11	36154.94	28327.65
(b) Non-Current Investments	12	14.92	21.64
(c) Long-Term Loans and Advances	13	3465.65	2889.25
(d) Other Non-Current Assets	14	50.95	77.91
Current Assets			
(a) Current Investments		58.01	46.90
(b) Inventories	15	16165.73	13885.73
(c) Trade Receivables	16	4563.21	4848.34
(d) Cash and Bank Balances	17	4176.32	6662.46
(e) Short-Term Loans and Advances	18	1055.28	777.70
(f) Other Current Assets	19	2426.21	2160.02
TOTAL		86519.52	78493.89

Significant Accounting Policies

Other Notes to Consolidated Financial Statements 28-35

The Notes referred to above form integral part of these Consolidated Financial Statements

For and on behalf of Board of Directors

Sd/-
(M.C. Jain)
Secretary

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

Sd/-
(C.S. Verma)
Chairman

In terms of our report of even date

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

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

For **B.N. Misra & Co.**
Chartered Accountants

Sd/-
(M.K. Juneja)
Partner
M.No. 013117

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

Sd/-
(S.S. Mohapatra)
Partner
M.No. 061619

Place : New Delhi

Dated : August 03, 2013

Consolidated Statement of Profit & Loss for the year ended 31st March 2013

(₹ crore)

	Note No.	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Revenue from Operations	20	50539.64		51431.58	
Less : Excise Duty		<u>5452.40</u>	45087.24	<u>4770.02</u>	46661.56
Other Income	21		945.13		1611.72
Total Revenue			<u>46032.37</u>		<u>48273.28</u>
Expenses					
Cost of materials consumed	22	21963.65		23748.68	
Purchase of stock in trade		14.76		14.46	
Changes in inventories of finished goods, work-in-progress	23	-2019.60		-1357.58	
Employee Benefits expense	24	8757.10		8038.03	
Finance Cost	25	846.53		778.42	
Depreciation and Amortisation expense		1529.68		1685.95	
Other Expenses	26	<u>11291.04</u>	42383.16	<u>9808.96</u>	42716.92
			3649.21		5556.36
Add: Adjustments pertaining to earlier years	27		<u>40.94</u>		-12.21
Profit before tax and exceptional items			3690.15		5544.15
Less: Exceptional items					
Foreign Exchange Loss (+)/ Gain(-)		229.33		466.93	
Exchange variation treated as interest cost		-		306.29	
Write back of entry tax liability		-	229.33	-511.20	262.02
Profit before tax			3460.82		5282.13
Less : Provision for taxation					
Current tax		1118.99		1557.58	
Deferred tax		14.92		137.65	
Earlier years		-2.49	1131.42	-6.46	1688.77
Profit for the year			<u>2329.40</u>		<u>3593.36</u>
Amount transferred on amalgamation of MEL with the Company					
Share of profit of associate			-		0.14
			<u>2329.40</u>		<u>3593.50</u>
Earnings per Share					
Profit after tax			2329.40		3593.36
Average Number of equity shares (Face value ₹ 10/- each)			4130525289		4130525289
Basic and Diluted Earnings per share (₹)			5.64		8.70

Significant Accounting Policies

Other Notes to Consolidated Financial Statements

28-35

The Notes referred to above form integral part of these Consolidated Financial Statements

For and on behalf of Board of Directors

 Sd/-
(M.C. Jain)
Secretary

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

 Sd/-
(C.S.Verma)
Chairman

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

 Sd/-
(M.K. Juneja)
Partner
M.No. 013117

For O.P. Totla & Co.
Chartered Accountants

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

For B.N. Misra & Co.
Chartered Accountants

 Sd/-
(S.S. Mohapatra)
Partner
M.No. 061619

Place : New Delhi

Dated : August 03, 2013

Consolidated Cash Flow Statement

(₹ crore)

For the Year	2012-13	2011-12
A. Cash flow from Operating Activities		
Net Profit / loss (-) before taxation	3460.82	5282.13
Add / (Less) Adjustments for :		
Share of profit of Associate	-	0.14
Depreciation	1533.32	1693.54
Interest and Finance Charges	846.53	778.42
Bad debts written-off	0.62	1.09
Provision for Others	1095.83	128.26
Profit on sale of Fixed Assets	(23.12)	(23.21)
Interest Income	(853.40)	(1489.63)
Dividend Income	(4.79)	(7.59)
Operating cash flow before working capital change	6055.81	6363.15
Adjustments for :		
(Increase) in Inventories	(2280.00)	(2392.05)
(Increase) in Sundry Debtors	284.51	(768.96)
(Increase) in Loans and Advances	(794.75)	(519.54)
Increase / (Decrease) in Minority Interest	-	(1.20)
Increase in Current liabilities	805.89	635.70
(Increase) in Other Current Assets	(248.10)	(179.53)
Cash generated from Operations	3823.36	3137.56
Direct Taxes Paid	(997.04)	(1469.87)
Net Cash from Operating Activities	2826.32	1667.69
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(9231.03)	(9632.38)
Proceeds from sale of Fixed Assets	48.39	42.57
Loans to Other Companies	2.26	3.29
Purchase of investments (net)	(4.39)	(7.72)
Interest received	862.13	1916.57
Dividend received	4.79	7.59
Net Cash from / (used in) Investing Activities	(8317.85)	(7670.08)
C. Cash flow from Financing Activities		
Proceeds from Issue of Share Capital	-	0.13
Increase/(Decrease) in Share application money pending allotment	0.65	(9.46)
Increase in Reserve & Surplus	15.13	46.14
Increase/(Decrease) in borrowings (net)	5000.83	(3242.33)
Interest and Finance Charges paid	(849.57)	(716.88)
Dividend Paid	(991.34)	(991.33)
Tax on Dividend	(170.45)	(170.40)
Net Cash from / (used in) Financing Activities	3005.25	(5084.13)
Net Increase in Cash & Cash Equivalents (A+B+C)	(2486.28)	(11086.52)
Cash & Cash Equivalents (Opening) (Refer note 17)	6662.86	17749.38
Cash & Cash Equivalents (Closing) (Refer note 17)	4176.58	6662.86

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 Consolidated Notes to Financial Statements form an integral part of the Consolidated Cash Flow Statement.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

For and on behalf of Board of Directors

Sd/-
(M.C. Jain)
Secretary

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

Sd/-
(C.S.Verma)
Chairman

In terms of our report of even date

For S.K. Mittal & Co.
Chartered Accountants

For O.P. Totla & Co.
Chartered Accountants

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

Sd/-
(S.S. Mohapatra)
Partner
M.No. 061619

Place : New Delhi
Dated : August 03, 2013

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Use of Estimates

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

C. Fixed Assets

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

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

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

Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on the basis of annual production to the total estimated mineable reserves. In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non- renewal.

In case of SRCL, all costs related to Mining Rights 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, intangible assets are amortised over a period of 3 to 5 years. In case of NTPC-SAIL Power Company Private Limited, software is amortised over licence period or 3 years, whichever is less.

D. Borrowing Costs

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

E. Depreciation

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

In case of mjunction Services Limited, 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 whichever 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.

In case of NTPC SAIL Power Company Private Limited, depreciation on the assets of the generation of the electricity business in respect of CERC Regulated plants is charged on straight-line method, following the rates and methodology notified by the CERC Regulations, 2009. Further, depreciation on the following assets is provided based on their estimated useful life:

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

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

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

F. Investments

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

G. Inventories

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

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

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials - Moving weighted average cost

Stores & spares - Moving weighted average cost

Materials in-transit - At cost

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

In case of Bokaro Power Supply Company Private Limited, inventories, other than Fuel are valued at cost on weighted average basis. Fuel is valued at cost on First in first out basis.

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

H. Grants

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

I. Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year are translated at year-end rates.

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

The Company had opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard - 11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011). 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.

J. Employees' Benefits

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

K. Adjustments pertaining to earlier years and prepaid expenses

Income / expenditure relating to prior period and prepaid expenses, which do not exceed ₹10 lakhs in case of SAIL, ₹1 lakh

in case of NTPC-SAIL Power Company Private Limited and ₹5 lakhs in case of SAIL & MOIL Ferro Alloys Private Limited in each case, are treated as income/expenditure of current year.

L. 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.

M. Claims for Liquidated Damages/Price Escalation

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

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

N. 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.

O. 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.

P. Others

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

Notes (Forming Part of the Consolidated Balance Sheet)

I: SHARE CAPITAL

(₹ crore)

	As at 31 st March, 2013	As at 31 st March, 2012
Authorised		
5,00,00,00,000 equity shares of ₹ 10 each	5000.00	5000.00
(5,00,00,00,000 equity shares of ₹ 10 each)		
Issued, Subscribed & Fully Paid-up		
4,13,05,25,289 equity shares of ₹ 10 each fully paid.	4130.53	4130.53

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

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Numbers	Amount (₹)	Numbers	Amount (₹)
- Equity shares with voting rights				
Shares outstanding at the beginning of the year	4129934944	41299349440	4129786300	41297863000
Shares Issued / Converted into shares with Voting Rights during the year #	136160	1361600	148644	1486440
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4130071104	41300711040	4129934944	41299349440
- Equity shares without voting rights *				
Shares outstanding at the beginning of the year	590345	5903450	614245	6142450
Shares Issued during the year				
Shares Issued / Converted into shares with Voting Rights during the year #	136160	1361600	23900	239000
Shares outstanding at the end of the year	454185	4541850	590345	5903450

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

Includes 124744 shares issued to shareholders of MEL on merger with the Company and 23900 shares arising out of conversion of GDR into ordinary shares during the previous year.

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

(iii) The Company does not have a holding Company

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

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	3304293713	80.00	3544690285	85.82

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

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

Notes (Forming Part of the Consolidated Balance Sheet)

2: RESERVES AND SURPLUS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Capital Reserve				
As per last Balance Sheet	93.23		48.48	
Additions during the year	10.87		44.90	
	104.10		93.38	
Less: Utilisation	–	104.10	0.15	93.23
Securities Premium Account				
As per last Balance Sheet	235.21		235.29	
Less :Adjustment towards Share/Bond Issue Expenses	0.09	235.12	0.08	235.21
Bond Redemption Reserve				
As per last Balance Sheet	440.11		353.73	
Additions during the year	145.32		163.27	
Deductons during the year	–	585.43	76.89	440.11
General Reserve				
As per last Balance Sheet	4807.72		4530.14	
Additions on account of issue of shares on amalgamation of MEL with the Company	-		0.09	
Additions during the year	190.76	4998.48	277.49	4807.72
Prime Minister's Trophy Award Fund*				
As per last Balance Sheet	19.67		18.29	
Additions	5.04		1.85	
	24.71		20.14	
Less: Utilisation	0.69	24.02	0.47	19.67
Surplus/Debit balance (-) in Statement of Profit & Loss				
Balance as per last account	30549.06		28289.07	
Add:Surplus	2329.40		3593.50	
Less: Proposed Dividend	165.22		330.47	
Less: Dividend Paid	660.88		495.66	
Less: Tax on Proposed Dividend	42.28		63.10	
Less: Tax on Dividend Paid	107.16		80.41	
Less: Transfer to Bond Redemption Reserve	145.32		86.38	
Less:Transfer to General Reserve	190.76	31566.84	277.49	30549.06
		37513.99		36145.00

*** PM Trophy Award Fund**

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

Notes (Forming Part of the Consolidated Balance Sheet)

3. LONG TERM BORROWINGS

(₹ crore)

					As at 31 st March, 2013	As at 31 st March, 2012
Sl No.	Interest (%)	Maturity Date	Call/Put option year	Security Ref.		
SECURED						
A. Taxable Redeemable Non-convertible Bonds						
1	9.35	9-Sep-2026	12/nil	(a)	455.00	455.00
2	8.70	25-Aug-2024		(a)	300.00	300.00
3	9.30	23-Aug-2021		(a)	400.00	400.00
4	8.55	11-Aug-2021		(a)	700.00	700.00
5	8.72	30-Apr-2020		(a)	660.00	660.00
6	8.75	23-Apr-2020		(a)	545.00	545.00
7	8.65	1-Feb-2020	5/nil	(a)	242.00	242.00
8	8.65	30-Dec-2019		(a)	450.00	450.00
9	8.00	7-Dec-2019	5/nil	(a)	30.00	30.00
10	8.50	7-Dec-2019		(a)	120.00	120.00
11	8.60	19-Nov-2019		(a)	335.00	335.00
12	8.80	22-Jun-2019		(a)	825.00	825.00
13	7.70	11-May-2019	5/5	(a)	525.00	525.00
14	8.90	1-May-2019	5/nil	(b)	950.00	950.00
15	9.30	25-May-2018		(a,m)	360.00	-
16	9.18	27-Aug-2017		(a)	300.00	-
17	8.75	8-Nov-2017	3/3	(a)	500.00	-
18	8.80	26-Oct-2014		(b,c)	168.00	168.00
19	8.75	15-Sep-2014		(b,d)	150.00	150.00
20	8.20	1-Sep-2013	5/nil		-	58.20
21	10.75	1-Feb-2013		(b)	-	-
B. Term Loans from Banks					8015.00	6913.20
1		30-Sep-2014		(e)	626.18	1220.18
				Axis Bank others	<u>7.22</u>	<u>-</u>
UNSECURED					633.40	1220.18
C. Taxable Redeemable Non-convertible Bonds						
	6.4	15-10-2010		(f)	-	16.00
D. Term Loans						
1				(g)	406.91	416.67
2		11-03-2015		(h)	1085.80	1017.60
3				(i)	1085.80	1017.60
4				(j)	1527.60	1527.60
5	2.00			(k)	22.36	23.68
6				(l)	310.00	-
				(n)	827.85	-
				Mizuho Corporate Bank Ltd	-	-
				Others	<u>34.28</u>	<u>39.84</u>
E. Others					5300.60	4042.99
				(o)	204.16	204.16
				(p)	0.07	1.72
					<u>14153.23</u>	<u>12398.25</u>

- (a) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to IISCO Steel Plant (ISP).
- (b) Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to Durgapur Steel Plant (DSP).
- (c) Redeemable in 12 equal yearly instalments of ₹ 14 crore each starting w.e.f. 26th October 2014.
- (d) Redeemable in 3 equal instalments of ₹ 50 crore each on 15th September of 2014, 2019 and 2024.
- (e) The loan availed for 7 years is secured by charges ranking pari-passu inter-se, over movable properties pertaining to Rourkela steel Plant. The loan is repayable anytime with 15 days notice and no prepayment penalty. The interest rate is Benchmark Prime lending rate (BPLR) (-) 4.25% (w.e.f. from 01.10.2010)
- (f) Guaranteed by Government of India, Redeemable in 4 equal yearly instalments of ₹ 16 crore each starting w.e.f 15th October 2010.
- (g) The soft basis of the loan was drawn in 3 tranches stated as 1(a), 1(b) and 1(c) at an interest rate of 8.75% p.a. The Interest on 1(a) is 0.75% p.a and balance 8% is towards Exchange fluctuation (4%) and Pollution control schemes (4%). In case of 1(b) the Interest is 3.66% p.a and balance 5.09% p.a is towards periphery development. The Interest on 1(c) is 0.75% p.a and the balance 8% p.a is towards periphery development. The principal and interest is repayable half yearly. The loan is Guaranteed by Government of India.
- (h) The loan is repayable in 3 equal instalments on 11th March starting from 2015 at an interest rate of 6 month London Inter Bank Offered Rate (LIBOR) +1%. Interest is paid half yearly.
- (i) The loan is repayable in 3 equal instalments on 11th August starting from 2015 at an interest rate of 6 month LIBOR +1%. Interest is paid half yearly.
- (j) The loan is repayable in 3 equal instalments on 16th November starting from 2015 at an interest rate of 6 month LIBOR +1.06%. Interest is paid half yearly.
- (k) The loan is repayable by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- (l) The loan is at an interest rate of 6 month EURIBOR +1.24%. Interest is paid half yearly. Principal Repayable 3 yrs from the date of Bill of lading.
- (m) Redeemable in 5 equal yearly instalments starting w.e.f 25th May 2018.
- (n) The loan is repayable in 3 equal instalments on 21st December starting from 2016 at an interest rate of 6 month LIBOR +1.75%. Interest is paid half yearly.
- (o) Terms of Repayment is to be decided by SDF management Committee.
- (p) Interest free loan from Government of Maharashtra repayable on 26th October 2014.

Notes (Forming Part of the Consolidated Balance Sheet)

4: OTHER LONG TERM LIABILITIES

	As at 31 st March, 2013	As at 31 st March, 2012
Interest accrued and not due on borrowings	715.73	751.61
Trade payables	11.64	43.78
Others	546.81	551.40
	<u>1274.18</u>	<u>1346.79</u>

5: LONG TERM PROVISIONS

	As at 31 st March, 2013	As at 31 st March, 2012
Provisions for Employee Benefits		
- Gratuity	324.67	36.16
- Accrued Leave	2241.04	1936.60
- Employee Defined Benefit Schemes	1512.09	1431.16
Others		
- Mines closure	91.25	90.35
- Others	163.79	143.79
Total	<u>4332.84</u>	<u>3638.06</u>

6: SHORT TERM BORROWINGS

	As at 31 st March, 2013	As at 31 st March, 2012
Secured		
Loans repayable on demand		
- From banks (a)	818.72	173.80
Other loans and advances		
From Banks (b)	24.37	27.95
Loans and advances from related parties	-	46.54
Unsecured		
Other loans and advances		
Other Loans	403.23	645.08
Commercial Paper	-	667.58
Foreign Currency Loans	6883.86	3084.19
	<u>8130.18</u>	<u>4645.14</u>

(a) Secured by hypothecation of all current assets

(b) The Company does not have any continuing default in repayment of loans and interest on the Balance Sheet date.

7: TRADE PAYABLES

	As at 31 st March, 2013	As at 31 st March, 2012
Micro and small enterprises	13.86	17.66
Others	3431.03	3313.17
	<u>3444.89</u>	<u>3330.83</u>

Notes (Forming Part of the Consolidated Balance Sheet)

8: OTHER CURRENT LIABILITIES

	As at 31 st March, 2013		As at 31 st March, 2012	
Current maturities of long term debts		257.12		361.78
Interest accrued but not due on borrowings		582.36		549.52
Income received in advance from				
Customers	715.35		907.18	
Others	<u>32.53</u>	747.88	<u>28.63</u>	935.81
Liability towards Investor Education and Protection Fund, not due				
Unpaid Dividends	11.67		11.29	
Unclaimed Matured Deposits and intt. Accrued thereon	<u>1.09</u>	12.76	<u>1.49</u>	12.78
Security Deposits		552.34		488.30
Less : Investments received as security deposit		<u>0.01</u>		<u>0.01</u>
Other Payables				
Sundry creditors for Capital works		1399.88		1726.06
Other payables		<u>5502.08</u>		<u>4649.61</u>
		<u>9054.41</u>		<u>8723.85</u>

9: SHORT TERM PROVISIONS

	As at 31 st March, 2013		As at 31 st March, 2012	
Provisions for Employee Benefits				
Provisions for Employee Benefits				
Accrued Leave		214.51		205.98
Employee Defined Benefit Schemes		176.37		176.55
Others				
Taxation		17.06		2.21
Pollution Control & Peripheral Development		117.62		118.75
Exchange Fluctuation		8.17		3.18
Proposed Dividend		165.23		330.45
Tax on Dividend		42.33		63.14
Wage Revision		1472.30		1085.75
Mines Afforestation/Overburden removal		237.25		250.93
Others		<u>131.36</u>		<u>115.39</u>
Total		<u>2582.20</u>		<u>2352.33</u>

Notes (Forming Part of the Consolidated Balance Sheet)

10A: TANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31 st March, 2012	Additions / Adjustments	Deductions	As at 31 st March, 2013	Up to 31 st March, 2012	For the Year	Less: On Sales/ Adjustments	Up to 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013
A. PLANTS, MINES & OTHERS										
Land (including cost of development)										
-Freehold Land	188.94	0.01	-	188.95	0.83	0.03	-	0.86	188.11	188.11
-Leasehold Land	152.71	228.74	-	381.45	46.11	12.18	-18.75	77.04	304.41	106.60
Buildings	2478.13	37.31	-	2515.44	1236.57	64.23	-0.38	1301.18	1214.26	1241.56
Plant & Machinery										
-Steel Plant	31300.02	373.57	49.35	31624.24	19397.62	1198.79	49.99	20546.42	11077.82	11902.40
-Others	4276.46	188.12	35.89	4428.69	2145.65	216.17	22.59	2339.23	2089.46	2130.81
Furniture & Fittings	119.10	7.17	0.28	125.99	82.54	3.82	0.28	86.08	39.91	36.56
Vehicles	1047.09	119.84	1.93	1165.00	490.02	46.59	1.97	534.64	630.36	557.07
Office Equipments	55.10	1.45	0.68	55.87	32.78	1.79	0.46	34.11	21.76	22.32
Miscellaneous Articles	272.90	2.13	0.12	274.91	166.36	9.82	1.95	174.23	100.68	106.54
Roads, Bridges & Culverts	216.03	8.86	2.18	222.71	63.08	4.04	0.97	66.15	156.56	152.95
Water Supply & Sewerage	392.72	42.05	0.29	434.48	271.95	11.99	-0.18	284.12	150.36	120.77
EDP Equipments	342.83	55.95	4.06	394.72	232.55	35.29	2.55	265.29	129.43	110.28
Railway Lines & Sidings	308.94	24.78	2.03	331.69	193.04	9.08	5.12	197.00	134.69	115.90
Sub-total 'A'	41150.97	1089.98	96.81	42144.14	24359.10	1613.82	66.57	25906.35	16237.79	16791.87
Figures for the previous year	37666.72	3698.88	214.63	41150.97	22990.97	1565.92	197.79	24359.10	16791.87	
B. SOCIAL FACILITIES										
Land (including cost of development)										
-Freehold Land	10.24	0.68	-	10.92	-	-	-	-	10.92	10.24
-Leasehold Land	6.89	-	-	6.89	5.39	0.15	-	5.54	1.35	1.50
Buildings	586.34	8.30	0.88	593.76	238.74	9.47	0.47	247.74	346.02	347.60
Plant & Machinery-Others	120.09	5.81	1.64	124.26	77.01	3.31	1.71	78.61	45.65	43.08
Furniture & Fittings	24.59	2.28	0.68	26.19	15.96	1.21	0.37	16.80	9.39	8.63
Vehicles	11.98	0.26	0.30	11.94	8.08	0.72	0.23	8.57	3.37	3.90
Office Equipments	3.93	0.26	0.03	4.16	1.97	0.18	0.01	2.14	2.02	1.96
Miscellaneous Articles	179.68	12.46	1.28	190.86	91.49	7.94	0.56	98.87	91.99	88.19
Roads, Bridges & Culverts	54.32	10.05	-	64.37	23.17	0.91	0.05	24.03	40.34	31.15
Water Supply & Sewerage	116.26	1.58	-	117.84	102.94	0.92	-0.25	104.11	13.73	13.32
EDP Equipments	15.95	0.56	1.51	15.00	12.07	1.32	1.15	12.24	2.76	3.88
Sub-total 'B'	1130.27	42.24	6.32	1166.19	576.82	26.13	4.30	598.65	567.54	553.45
Figures for the previous year	1110.45	26.45	6.63	1130.27	552.97	27.79	3.94	576.82	553.45	
C. ASSETS RETIRED FROM ACTIVE USE										
Unserviceable / Obsolete Assets	30.89	3.00	3.29	30.60	-	-	-	-	30.60	30.89
Figures for the previous year	23.81	8.75	1.67	30.89	-	-	-	-	30.89	
Total ('A'+B'+C')	42312.13	1135.22	106.42	43340.93	24935.92	1639.95	70.87	26505.00	16835.93	17376.21
Figures for the previous year	38800.98	3734.08	222.93	42312.13	23543.94	1593.71	201.73	24935.92	17376.21	

Notes (Forming Part of the Consolidated Balance Sheet)

10B : INTANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As at 31 st March, 2012	Additions / Adjustments	Deductions	As at 31 st March, 2013	Up to 31 st March, 2012	For the Year	Less: On sales/ Adjustments	Up to 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013
A. PLANTS, MINES & OTHERS										
Good Will	5.88	1.21	—	7.09	0.57	—	—	0.57	5.31	6.52
Computer Software	90.45	17.85	0.01	108.29	54.02	17.23	-3.15	74.40	33.89	36.43
Mining Rights	1680.53	3.65	—	1684.18	306.97	-116.55	18.16	172.26	1511.92	1373.56
Sub-total 'A'	1776.86	22.71	0.01	1799.56	361.56	-99.32	15.01	247.23	1552.33	1415.30
Figures for the previous year	1658.56	144.84	26.54	1776.86	283.74	104.36	26.54	361.56	1415.30	
B. SOCIAL FACILITIES										
Computer Software	8.59	—	7.96	0.63	3.81	0.02	3.24	0.59	0.04	4.78
Sub-total 'B'	8.59	—	7.96	0.63	3.81	0.02	3.24	0.59	0.04	4.78
Figures for the previous year	4.41	4.18	—	8.59	2.32	1.49	—	3.81	4.78	
Total ('A'+ 'B')	1785.45	22.71	7.97	1800.19	365.37	-99.30	18.25	247.82	1552.37	1420.08
Figures for the previous year	1662.97	149.02	26.54	1785.45	286.06	105.85	26.54	365.37	1420.08	

Note: Allocation of depreciation

- (a) Charged to Profit & Loss Account
(b) Charged to expenditure during construction
(c) Adjustments pertaining to earlier years
(d) Charged to Others

	Current Year	Previous Year
	1529.68	1685.95
	7.33	4.14
	3.64	7.59
	—	1.88
Total	1540.65	1699.56

Notes (Forming Part of the Consolidated Balance Sheet)

11: CAPITAL WORK-IN-PROGRESS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Expenditure during construction pending allocation (Note 11.1)		3.09		33.43
Capital Work-in-progress				
Steel Plants & Units	35813.78		28082.05	
Township	101.66		67.31	
Ore Mines and Quarries	244.44		154.11	
	<u>36159.88</u>		<u>28303.47</u>	
Less: Provisions	63.34	36096.54	62.22	28241.25
Construction Stores and Spares	57.05		55.09	
Less: Provision for non-moving items	1.74	55.31	2.12	52.97
		<u>36154.94</u>		<u>28327.65</u>

11.1: EXPENDITURE DURING CONSTRUCTION (pending allocation)

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Opening balance	(a)	1.12		0.20
Expenditure incurred during the year				
Employees' Remuneration & Benefits				
Salaries & Wages		134.99		152.73
Company's contribution to Provident Fund		11.98		10.97
Travel Concession		3.05		3.08
Welfare Expenses		0.64		0.34
Gratuity		6.40	157.06	2.68
Technical Consultants' fees & know-how			18.22	16.41
Repairs & Maintenance			-	0.76
Stores and Spares			-	21.72
Power & Fuel			85.83	105.95
Rent			-	0.20
Insurance			-	0.19
Other expenses			37.84	513.31
Interest & Finance charges			799.84	871.03
Depreciation			7.33	4.14
			<u>1106.12</u>	<u>1703.51</u>
Less: Recoveries				
Interest Earned		0.75		1.39
Liquidated Damages		5.35		1.28
Hire Charges		0.90		0.66
Sundries		4.43	11.43	679.13
Net expenditure during the year	(b)		<u>1094.69</u>	<u>1021.05</u>
	Total (a)+(b)		<u>1095.81</u>	<u>1021.25</u>
Less: Amount allocated to Fixed Assets/ Capital Work-in-progress			1092.72	987.82
Balance carried forward			<u>3.09</u>	<u>33.43</u>

Notes (Forming Part of the Consolidated Balance Sheet)

12: NON CURRENT INVESTMENTS (AT COST)

(₹ crore)

	Number of Fully Paid up Equity Shares	Face Value Per Share (₹)		As at 31 st March, 2013		As at 31 st March 2012
(A) Unquoted						
Trade Investments						
Subsidiary Companies						
IISCO Ujjain Pipe & Foundary Company Limited (under liquidation)	30,00,000 (30,00,000)	10	3.00	3.00	3.00	3.00
Joint Venture Companies						
UEC SAIL Information Technology Limited	1,80,000 (1,80,000)	10	0.18		0.18	
North Bengal Dolomite Limited	97,900 (97,900)	100	0.98		0.98	
Romelt SAIL (India) Limited	63,000 (63,000)	10	0.06	1.22	0.06	1.22
Others						
TRL Krozaki Refractories Limited	22,03,150 (22,03,150)	10	11.35		11.35	
Almora Magnesite Limited	40,000 (40,000)	100	0.76		0.76	
Indian Potash Limited	3,60,000 (3,60,000)	10	0.18		0.18	
Cement & Allied Products (Bihar) Limited	2 (2)	10	- *		- *	
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	- *		- *	
Bhilai Power Supply Company Limited	5 (5)	10	- *		- *	
MSTC Limited	80,000 (20,000)	10	0.01 ##		0.01	
Bihar State Finance Corporation	500 (500)	100	0.01		0.01	
Investment in Mutual Funds			2.00		8.75	
ICVL Global PTE Ltd.			0.03		-	
Shares in Co-operative Societies (Note No. 12.1)			0.18	14.52	0.18	21.24
Total (A)				18.74		25.46
(B) Quoted						
HDFC Limited	60,000 (60,000)	2	0.01		0.01	
HDFC Bank Limited	2,500 (2,500)	2	- *		- *	
ICICI Bank Limited	28,600 (28,600)	10	0.05	0.06	0.05	0.06
Total (B)				0.06 @		0.06
Total (A+B)				18.80		25.52
Less : Provision for diminution in value of investments				3.88		3.88
				14.92		21.64
				8.10		6.71

@ Market value of quoted investments

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

Issue of Bonus Shares in the ratio of 3 shares for every 1 share held w.e.f. 26.09.2012

12.1: SHARES IN CO-OPERATIVE SOCIETIES

(₹)

	Number of Fully Paid up Shares	Face Value Per Share (₹)		As at 31 st March, 2013		As at 31 st March, 2012
Bokaro Steel Employees' Co-operative Credit Society Limited	116,500 (116,500)	10		1165000		1165000
Bokaro Steel City Central Consumers' Co-operative Stores Limited	250 (250)	10		2500		2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100		2500		2500
DSP Employees' Co-operative Society Limited	13,770 (13,770)	100		1377000		1377000
Bolani Ores Employees' Consumer Co-operative Society Limited	200 (200)	25		5000		5000
IISCO Employees Primary Co-operative Stores Limited	23,000 (23,000)	20		460000		460000
				1772700		1772700

Notes (Forming Part of the Consolidated Balance Sheet)

13: LONG TERM LOANS AND ADVANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Capital Advances	229.05		167.93	
Less: Provision for doubtful capital advances	7.12	221.93	7.49	160.44
Security Deposits		89.64		87.96
Loans and advances to related parties	10.53		7.02	
Less: Provision for doubtful related party advances	2.53	8.00	2.53	4.49
Other loans and advances				
Loans				
Employees	403.51		469.29	
Others	4.65	408.16	4.65	473.94
Advances recoverable in cash or in kind or for value to be received				
Contractors & Suppliers	224.67		187.76	
Employees	1.20		5.58	
Income tax paid in advance / recoverable	758.97		577.13	
Others	4.69	989.53	3.33	773.80
Deposits				
Port trust, Excise authorities, Railways etc.	69.73		69.01	
Others	1741.90	1811.63	1367.97	1436.98
		3528.89		2937.61
Less : Provision for other Loans & advances		63.24		48.36
		3465.65		2889.25
Particulars of long term loans and Advances				
Secured, Considered Good		304.46		344.04
Unsecured, Considered Good		3161.19		2545.21
Doubtful		72.89		58.38
		3538.54		2947.63
Amount due from				
-Officers		-		-
Maximum amount due at any time during the year from				
-Officers		0.08		0.09

14: OTHER NON CURRENT ASSETS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Long Term Trade Receivables	39.03		44.19	
Less : Provision	27.07	11.96	26.97	17.22
Particulars				
Unsecured, considered good		11.96		17.22
Doubtful		27.07		26.97
		39.03		44.19
Long Term Claims recoverable		35.23		56.46
Interest Receivable/Accrued				
Employees		3.61		4.23
OTHERS				
- Pre operative expenses		0.15		-
		50.95		77.91

Notes (Forming Part of the Consolidated Balance Sheet)

15: INVENTORIES*

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Stores & Spares				
Production	2414.93		2164.96	
Fuel Stores	173.91		130.97	
Others	25.92		27.77	
	<u>2614.76</u>		<u>2323.70</u>	
Add: In-transit	182.02		143.80	
	<u>2796.78</u>		<u>2467.50</u>	
Less: Provision for Non Moving/Obsolete items	176.29	2620.49	167.72	2299.78
Raw materials	2274.58		2349.28	
Add: In-transit	1324.79		1574.49	
	<u>3599.37</u>		<u>3923.77</u>	
Less: Provision for unusable materials	8.20	3591.17	7.66	3916.11
Finished / Semi-finished products				
Finished Goods	7885.81		5505.25	
Work-in-Progress	1851.95		2012.14	
Stock in Trade	0.10		0.10	
	<u>9737.86</u>		<u>7517.49</u>	
Add: In-transit	216.21	9954.07	152.35	7669.84
	<u>16165.73</u>		<u>13885.73</u>	

* Valued as per Accounting Policy (G)

16: TRADE RECEIVABLES – CURRENT

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Trade Receivables over six months	489.28		354.01	
Less : Provision	129.02	360.26	124.72	229.29
Trade Receivables less than six months	4203.61		4620.84	
Less : Provision	0.66	4202.95	1.79	4619.05
	<u>4563.21</u>		<u>4848.34</u>	
Particulars				
Secured, considered good		3.27		14.33
Unsecured, considered good		4559.94		4834.01
Doubtful		129.68		126.51
		<u>4692.89</u>		<u>4974.85</u>

17: CASH & BANK BALANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
(i) Cash and Cash Equivalents				
Balance with Banks *				
Current account	89.82		57.11	
Term Deposit with maturity upto 3 months	89.89		209.30	
Term Deposit under Bank Lien / pledge against loan	0.16		–	
Term Deposit as per court orders with maturity upto 3 months	0.48		3.36	
Term Deposit - PM Trophy with maturity upto 3 months	37.19		18.77	
Unpaid Dividend account	11.67	229.21	11.29	299.83
Cheques on hand		244.22		243.87
Cash and Stamps on hand		1.41		1.32
Sub total		<u>474.84</u>		<u>545.02</u>
(ii) Other Bank Balances *				
Margin Money	–		0.07	
Term Deposit with maturity more than 3 months	3531.42		5932.09	
Term Deposit under Bank Lien / pledge against loan	–		–	
Term Deposit as per court orders	127.86		175.67	
Earmarked Term Deposit	42.20	3701.48	9.61	6117.44
Total		<u>4176.32</u>		<u>6662.46</u>
* Includes				
- Maturity period less than 12 months	3825.64		6334.84	
- Maturity period more than 12 months	3.56	3829.20	14.03	6348.87

Notes (Forming Part of the Consolidated Balance Sheet)

18: SHORT TERM LOANS AND ADVANCES

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Loans and advances to related parties	117.15		79.03	
Less: Provision for doubtful related party advances	1.39	115.76	1.39	77.64
Other loans and advances				
Loans				
Employees	103.12		118.60	
Others	0.24	103.36	2.50	121.10
Advances recoverable in cash or in kind or for value to be received				
Contractors & Suppliers	226.48		291.60	
Employees	8.31		5.20	
Income tax paid in advance / recoverable	53.89		18.29	
For purchase of shares	7.5		5.81	
Others	498.7	794.88	211.17	532.07
Security Deposits		3.74		3.48
Deposits				
Port trust, Excise authorities, Railways etc.	0.69		4.97	
Others	69.88	70.57	70.15	75.12
		1088.31		809.41
Less : Provision for other Loans & Advances		33.03		31.71
		1055.28		777.70
Particulars of short term loans and advances				
Secured, Considered Good		39.45		41.22
Unsecured, Considered Good		1015.83		736.48
Doubtful		34.42		33.10
		1089.70		810.80
Amount due from -Officers		0.18		0.03

19: OTHER CURRENT ASSETS

(₹ crore)

	As at 31 st March, 2013		As at 31 st March, 2012	
Gold Coins on hand		0.26		0.40
Interest Receivable/Accrued				
Loans to other companies	-		0.01	
Term Deposits	12.09		31.78	
Employees	4.76		5.57	
Others	40.18		27.78	
	57.03		65.14	
Less: Provision for doubtful interest	3.39	53.64	3.39	61.75
Others				
Receivables other than Trade	174.01		179	
Claims recoverable	2241.66		1945.67	
Export Incentive	19.41		34.4	
	2435.08		2159.07	
Less: Provision	62.77	2372.31	61.20	2097.87
		2426.21		2160.02

Note (Forming Part of the Consolidated Statement of Profit & Loss)

20: REVENUE FROM OPERATIONS

(₹ crore)

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
Sale of Products				
Domestic		48647.22		49411.80
Energy & Steam		44.72		10.84
Exports		1158.23		1230.15
Export Incentives		29.33		33.94
Sub Total (a)		49879.50		50686.73
Sale of Services				
Service charges (Gross)		57.01		90.23
Sub Total (b)		57.01		90.23
Other Operating Revenues				
Social amenities-recoveries		234.55		208.52
Sale of empties etc.		40.93		55.38
Liquidated damages		30.51		28.87
Write back of liabilities		75.40		72.23
Sundries		221.74		289.62
Sub Total (c)		603.13		654.62
Total (a+b+c)		50539.64		51431.58

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

21. OTHER INCOME

(₹ crore)

		Year ended 31 st March, 2013	Year ended 31 st March, 2012
Interest Income			
Customers		142.88	106.47
Employees		30.86	34.26
Term Deposits		650.08	1319.31
Others		29.58	29.59
	Sub Total (a)	<u>853.40</u>	<u>1489.63</u>
Dividend income			
Dividend from other investments		4.79	7.59
	Sub Total (b)	<u>4.79</u>	<u>7.59</u>
Other Non-operating income			
Subsidy, relief and concession		21.36	16.64
Grant-in-aid		0.02	0.00
Other Non-operating income		11.20	7.22
Profit on sale of fixed assets (net)		23.12	23.21
		<u>55.70</u>	<u>47.07</u>
Less: expenses attributable to non-operating income		1.94	0.20
	Sub Total (c)	<u>53.76</u>	<u>46.87</u>
Provisions no longer required written back			
Loans & Advances		3.78	20.96
Sundry Debtors		8.23	10.52
Stores & Spares		5.19	7.62
Others		15.98	28.53
	Sub Total (d)	<u>33.18</u>	<u>67.63</u>
	Total (a+b+c+d)	<u>945.13</u>	<u>1611.72</u>

22 : RAW MATERIALS CONSUMED

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Iron ore	3279.85	2666.96
Coal	14209.47	17265.79
Coke	2977.51	1853.91
Limestone	895.04	718.50
Dolomite	406.80	324.22
Ferro Manganese	510.33	499.37
Ferro Silicon	157.97	174.62
Silico Manganese	745.98	688.21
Hot Rolled Stainless Steel Coils	-	1.02
Intermediary Products	0.52	404.02
Zinc	75.86	69.77
Aluminum	242.41	230.61
Others	1515.51	1394.67
	<u>25017.25</u>	<u>26291.67</u>
Less : Inter Account adjustment for Raw materials	3053.60	2542.99
	<u>21963.65</u>	<u>23748.68</u>

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

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Opening stock		
- Finished Goods	5653.80	4651.06
- Work-in-Progress	2005.91	1492.24
- Stock in Trade	0.02	16.04
	<u>7659.73</u>	<u>6159.34</u>
Less : Closing stock		
- Finished Goods	8038.02	5653.80
- Work-in-Progress	1915.95	2005.91
- Stock in Trade	0.10	0.02
	<u>9954.07</u>	<u>7659.73</u>
	<u>-2294.34</u>	<u>-1500.39</u>
Less : Variation in Excise Duty on opening and closing stock of finished goods	-274.74	-142.81
Net Accretion(-)/Depletion to stock	<u>-2019.60</u>	<u>-1357.58</u>

24: EMPLOYEE BENEFIT EXPENSE

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Salaries & Wages	6234.28	5927.03
Leave Encashment	779.99	555.44
Company's contribution to provident & other funds	563.85	538.88
Travel concession	34.13	330.68
Welfare expenses	498.28	451.72
Gratuity	646.83	234.53
	<u>8757.36</u>	<u>8038.28</u>
Less : Grants in Aid received from Government of Karnataka	0.26	0.25
	<u>8757.10</u>	<u>8038.03</u>

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

25: FINANCE COST

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Interest Cost		
- Foreign Currency Loans	124.81	91.87
- Non Convertible Bonds	108.25	89.42
- Bank Borrowings - working capital	39.70	29.60
- Steel Development Fund Loans	3.85	4.32
- Others	277.90	531.36
- Interest under Income Tax Act	0.02	0.00
- Other Borrowing Cost	292.00	31.85
	<u>846.53</u>	<u>778.42</u>

Note :

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

Expenditure During Construction

Interest Cost

Foreign Currency Loans	184.34	68.33
Non Convertible Bonds	568.74	515.73
Steel Development Fund Loans - Interest	4.31	3.84
Others	9.28	78.62
Other Borrowing Cost	33.17	94.03
Exchange Loss treated as Interest	-	110.48
	<u>799.84</u>	<u>871.03</u>

26: OTHER EXPENSES

(₹ crore)

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Consumption of Stores & Spares Parts	2178.10	1811.22
Power and Fuel	3666.28	3300.01
REPAIRS & MAINTENANCE		
Buildings	180.24	161.93
Plant & Machinery	531.05	487.03
Others	190.70	164.74
	<u>901.99</u>	<u>813.70</u>
Freight outward	1028.49	755.19
Handling expenses		
- Raw Material	209.12	237.19
- Scrap recovery	163.63	146.23
	<u>372.75</u>	<u>383.42</u>
Royalty and Cess	976.63	851.56
Conversion Charges	296.25	339.67
Excise Duty on inter-plant transfer / internal consumption	385.47	237.45
Demurrage & Wharfage	55.99	61.84
Water charges & Cess on water pollution	99.94	91.71
Insurance	18.80	9.98
Postage, Telegram & Telephone	20.70	23.62
Printing & Stationery	10.55	10.91
Rates & Taxes	68.49	47.41
Rent	15.87	14.53
Security expenses	321.47	292.84
Travelling expenses	216.79	196.49
Training expenses *	26.36	20.17
Remuneration to Auditors		
- Audit fees	1.42	1.33
- Tax Audit fees	0.45	0.40
- In other Services	0.97	0.99
- Out of pocket expenses	0.70	0.75
	<u>3.54</u>	<u>3.47</u>
Cost Audit Fee and reimbursement expenses	0.14	0.30
Provisions		
- Doubtful Debts, Loans and Advances	29.21	22.53
- Stores, Spares and Sundries	26.30	43.50
	<u>55.51</u>	<u>66.03</u>
Write-offs	0.62	1.09
Voluntary Retirement Compensation	0.23	0.00
Handling expenses - Finished goods	122.72	100.88
Cash Discount (net)	83.05	60.88
Commission to selling agents	9.34	6.39
Export sales expenses	18.37	24.34
provision for wealth tax	0.01	-
Sales expenses	13.44	0.43
Miscellaneous	323.15	283.43
	<u>11291.04</u>	<u>9808.96</u>

* Training expenses not included above and charged to primary heads of account

66.38

63.04

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

27: ADJUSTMENTS PERTAINING TO EARLIER YEARS

	(₹ crore)	
	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Sales	-28.70	1.20
Other revenues	1.05	-1.01
Raw materials consumed	-6.99	-0.12
Stores & spares consumed	-2.02	0.52
Repair & Maintenance	-1.51	-0.04
Excise duty	2.20	-
Other expenses	-8.61	4.07
Depreciation	3.64	7.59
Net Debit	-40.94	12.21
(-) indicate credit		

Other Notes to Consolidated Financial Statements

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

(₹ crore)

Sl. No.	Name of the Company	Proportion (%) of Company's ownership interest	
		(As on 31 st March, 2013)	(As on 31 st March, 2012)
A. Subsidiary Company			
	SAIL Refractory Company Limited (SRCL)	100	100
	SAIL-Jagdishpur Power Plant Limited (SJPL)	100	100
	SAIL Sindri Projects Limited (SSPL)	100	-
B. Joint Venture Companies			
	NTPC SAIL Power Company Private Limited (NSPCL)	50	50
	Bokaro Power Supply Company Private Limited (BPSCCL)	50	50
	Mjunction Services Limited (MSL)	50	50
	SAIL Bansal Service Centre Limited (SBSCCL)	40	40
	Bhilai Jaypee Cement Limited	26	26
	Bokaro Jaypee Cement Limited	26	26
	S&T Mining Company Private Limited	50	50
	SAIL & MOIL Ferro Alloys Private Limited	50	50
	International Coal Ventures Private Limited	28.57	28.57
	SAIL-SCI Shipping Private Limited	50	50
	Steel Complex Limited	43.8	43.8
	SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL)	50	50
	SAIL Kobe Iron India Private Limited	50	-
	SAL SAIL JVC Limited	26	-
	TMTSAL SAIL JV Limited	26	-
C. Associate Company			
	Almora Magnesite Limited (AML)	20	20

28.2 Subsidiary companies are engaged in the business of :

- SRCL in manufacture of Refractories;
- SJPL in Power generation; and
- SSPL in manufacture of Fertilisers.

28.3 The accounts of UEC SAIL Information Technology Limited (USIT), Romelt SAIL (India) Limited, N.E. Steel & Galvanising Private Limited and North Bengal Dolomite Limited, SAIL-BENGAL Alloy Castings Private Limited (incorporated on 12th February, 2013), joint venture companies of SAIL have not been consolidated as the same have not been prepared yet.

29. Principles of consolidation of Financial Statements

29.1 The consolidated financial statements of Steel Authority of India Ltd. (SAIL) and its Subsidiary, Joint Ventures and Associate Companies are prepared in accordance with Accounting Standard (AS) - 21 on "Consolidated financial statements", AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 on "Financial reporting of interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and are presented to the extent possible in the same manner as the Company's separate financial statement.

29.2 The financial statements of SAIL and Subsidiary Companies (SRCL, SJPL and SSPL) are consolidated as per AS - 21 issued by Ministry of Corporate Affairs on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances / transactions

and any unrealised profit/loss included therein. However, materials lying in stock against intra-group transfers and profit margins included therein, the quantum whereof is insignificant, have been accounted for based on the management certificates.

29.3 The interest in the Joint Venture Companies has been accounted by using the proportionate consolidation method as per AS-27, issued by Ministry of Corporate Affairs.

29.4 Investment in Associate Company has been accounted for using "equity method" as prescribed by AS - 23 issued by Ministry of Corporate Affairs whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the Associate.

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

29.5 The excess of cost to SAIL, of its investment in its Subsidiary, Associate Company and Joint Ventures, over its portion of equity is recognised in the financial statements as Goodwill. The excess of SAIL portion of equity of the Subsidiary, Associate Companies and Joint Ventures over cost of its investment is treated as Capital Reserve. This has been calculated, presuming such acquisitions to be on the last date of the respective years, irrespective of the actual date of such acquisition.

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

30.1 CONTINGENT LIABILITIES

(₹ crore)

		As at 31 st March, 2013	As at 31 st March, 2012
(i)	Claims against the Group pending appellate/judicial decisions against which the Group has counter claims of ₹18.41 crores (₹18.41 crores) * includes sales tax on inter-state stock transfers from SAIL plants to stockyards - ₹740.94 crores (₹761.91 crores) for which no liability is expected to arise, as sales tax has been paid on eventual sales.	7445.81	5787.29
(ii)	Other claims against the Group not acknowledged as debts against which the Group has counter-claims of ₹103.95 crores (₹62.42 crores)	5837.57	862.33
(iii)	Disputed income tax/service tax/other demand on joint venture Company for which Company may be contingently liable under the joint venture agreement	29.33	36.19
(iv)	Bills drawn on customers and discounted with banks.	66.89	110.95
(v)	Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-

30.2 In respect of SAIL:

- Pending final decision by the Hon'ble Supreme Court of India in Special Leave Petition (SLP) against order by the Hon'ble High Court of Allahabad dismissing the writ petition of the Company, on levy of entry tax in the state of Uttar Pradesh, included in Note No. 30.1(i), includes disputed demand of ₹81.64 crore (₹64.02 crore). The Company has deposited ₹ 70.57 crore (₹43.83 crore) against the said demand which has been shown as current assets.
- Pending final decision by the Hon'ble Supreme Court of India in SLP against order by the respective Hon'ble High Courts dismissing the writ petitions of the Company, the entry tax amount in Note No. 30.1(i) includes disputed demands of ₹888.46 Crore (₹623.37 crore) in Chattisgarh State and ₹170.32 Crore (₹131.12 crore) in Odisha State respectively. In respect of the case pertaining to Chattisgarh State, liability of ₹ 891.04 crore (₹727.21 crore), based on legal opinion, has been provided in the books towards entry tax @3% against the demand @6%. The Company has deposited ₹ 891.04 crore (₹727.21 crore) against the said demand which has been treated as current assets.
- Pending final decision by the Hon'ble Supreme Court of India in SLP against the order of the High Court of Delhi dismissing the appeal of the Company on disallowance of depreciation on the reduced value of assets by ₹2578.13 crore consequent to waiver of loans by Steel Development Fund, the demand of ₹87.62 crore (₹87.62 crore) pertaining to assessment years from 2006-07 to 2010-11 has been treated as contingent liability, included in note no. 30.1(i). The Company has deposited ₹87.62 crore against the said demand which has been treated as current assets.
- Pending decision by the Hon'ble Supreme Court of India in SLP against order by the Honorable High Court of Jharkhand dismissing the writ petition of the Company, claim of ₹217.40 (₹128.60 crore) made by Damodar Velly Corporation (DVC) in respect of electricity supplied to Bokaro Steel Plant of the Company, has been disclosed as contingent liability included in Note No. 30.1(i). Against the said claim, the entire amount has been paid to DVC against bills raised by them, and treated as current assets.
- Rourkela Steel Plant of the Company has proposed to the Government Odisha for an out of court settlement of the matter relating to levy of water tax under the provisions of Odisha Irrigation Act, 1959 and rules thereunder, keeping in view of overall interest of the Company. If the settlement is accepted, the Company may have to pay an amount which shall be mutually agreed to with the State Government of Odisha.
- The above para 30.1 relating to Contingent Liabilities also include court / arbitration cases where the Company has lost some of the cases in first or subsequent appeals amounting to ₹85.34 crore and has gone to appeal in the higher forums.
- The Renewable Power / Energy Obligations amounting to ₹39.94 crore, as contested, have been disclosed as contingent liabilities
- BCCL has claimed MADA Cess @1% on the invoices raised by it. The Company has not paid the said amount and disclosed as contingent liability as the matter is sub-judice. BCCL has confirmed that Cess is not being paid for other buyers also, though collected.

- The Ministry of Corporate Affairs, vide order dated 10th June, 2011, approved the amalgamation of Maharashtra Elektrosmet Limited (MEL), with SAIL under sections 391 to 394 of the Companies Act, 1956. As per order, the amalgamation

was operative from the appointed date of 1st April, 2010 and came into effect (effective date) on 13th July, 2011. The Accounts of erstwhile Maharashtra Elektrosmet Limited (MEL) were consolidated in the Accounts of SAIL for the Financial Year 2011-12.

32. FIXED ASSETS

32.1 Land:

- Includes 67406.03 acres (66126.21 acres) and 54.30 acres (54.30 acres) in respect of SAIL and SAIL & MOIL Ferro Alloys Private Limited respectively, owned/ possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- Includes 4616.11 acres (1917.06 acres) in respect of which title is under dispute.
- 10881.28 acres (10594.22 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.
- 6156.20 acres (6162.74 acres) given on lease to various agencies/employees/ex-employees.
- Includes 4262.42 acres under unauthorised occupation.
- 824.86 acres of Land shown as deemed possession which is not in actual possession.
- ₹70.00 crore has been deposited (in respect of land already acquired) with the District Judge, Bokaro during the year 2007 towards compensation payable to land losers and lying in deposit account.

- In case of SAIL, Buildings include net block of ₹ 25.26 crore (₹25.71 crore) for which conveyance deed is yet to be registered in the name of the Company.

- In case of SAIL and SRCL, assets retired from active use and waiting for disposal amounting to ₹ 30.50 and ₹0.10 crore respectively has been shown under note 10 (a) "Tangible Fixed Assets", the net realizable value of which in the opinion of the management will not be less than the amount shown and does not require any provision.

In case of SRCL, in respect of Immovable Property, Revenue records, continue to remain in the name of Burn Standard Company Limited

- Capital Work-in-Progress includes ₹107.17 crore (consultancy charges) in respect of some deferred capital schemes, which in view of the management are to be implemented in near future. Therefore, no provision is required at this stage.
- Capital work-in-progress includes ₹981.83 crore in respect of some capital schemes which have not been capitalized due to lack of sustained production on commissioning requiring further rectification of several defects. The reasons for non-capitalisation are on account of:
 - As a part of its expansion scheme, Rourkela Steel Plant of the Company has awarded a contract for construction of Sinter Plant -III which is under progress. The expenditure incurred upto 31st March, 2013 for Sinter Plant-III is ₹721.11 crore. During the trial run of the Plant, defects were noticed and subject to removal of such defects, the preliminary acceptance certificate was issued. Subsequent to removal of all such defects, the commissioning of the Plant will be done. Further, as the Plant has not achieved commercially feasible level of production in a commercially practicable manner, the Plant is not ready for its intended use and hence not capitalized in the books.
 - Capital Work-in-Progress includes ₹103.95 crore in respect of Steel Processing Unit at Bettiah comprising of various processing units for producing a range of products, which is awaiting commissioning. The unit will be capitalized after integrated commissioning and put to use for commercial production.
 - Capital Work-in-Progress includes ₹34.05 crore in towards area drainage system for New SMS-III at Bokaro steel Plant. The drainage system is a part of entire SMS-III which is yet to be completed. Capitalisation will be taken up on completion of the Plant.
 - Capital Work-in-Progress includes ₹0.92 core towards Plant civil work including building at DSP. The Bar & Rod Mill is yet to be completed. Therefore, all civil works including plant building will be capitalized on completion of Bar & Rod Mill.
 - In Salem Steel Plant, capital schemes relating to 20 Hi Sendzimir Mill, amounting to ₹121.80 crore included in capital work-in-progress, could not be completed due to accident in the trailer carrying Mill housing. Due to accident, the matter is under litigation and the project could not be completed which will be done as per court order.

- SAIL has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Notification dated 31st March, 2009 issued by Ministry of Corporate Affairs on Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates'. During the year ended 31st March, 2013, the net foreign exchange variations of ₹134.53 crore (net debit) [₹127.85 crore (net debit)] on foreign currency loans have been adjusted in the carrying amount of fixed assets/capital work-in-progress. Out of the exchange differences adjusted from 1st April, 2008 to 31st March, 2013, an amount of ₹220.08 crore (net debit) [₹81.13 crore (net debit)] is yet to be depreciated/amortised as at 31st March, 2013.

32.6 Estimated amount of contracts remaining to be executed and not provided for (net of advances) on capital account are ₹18058.04 crore (₹21185.33 crore) and on revenue account, are ₹1190.43 crore (₹1236.54 crore).

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

33.1 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 the Hon'ble Court's orders, the term deposits (including interest earned thereon) amounting to ₹130.51 crore (₹177.90 crore), in respect of tax deducted at source (TDS), have been kept separately with bank(s). Such deductions and deposits after 31st March 2005 have been made in accordance with amended law/judicial decisions. Vide Order dated 11th September, 2012, the Hon'ble High Court has vacated the stay on the petition filed by Association of Executives. Accordingly, the TDS on perquisites kept as fixed deposits in respect of Executives is being deposited with Income Tax Authorities after the Balance sheet date. The writ petition filed by Steel Workers Federation of India is still pending before the Hon'ble Court. However, there is no impact on accounts of SAIL as the additional tax, if required, shall be recoverable from the employees.

33.2 The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006', (as disclosed in Note No. 7- Trade Payables) has been determined to the extent such parties have been identified on the basis of information available with SAIL. The disclosures relating to Micro and Small Enterprises as at 31st March 2013 are as under:

(₹ crore)

No.	Description	As at 31 st March, 2013	As at 31 st March, 2012
i.	The principal amount remaining unpaid to supplier as at the end of the year.	15.30	12.08
ii.	The amount of interest accrued during the year and remaining unpaid at the end of the year.	-	-
iii.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
iv.	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
		For the year ended	
		31 st March 2013	31 st March 2012
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
vi.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-

In case of SRCL, due to absence of information, the dues to Micro, Small and Medium Enterprises could not be separately shown under Current Liability.

33.3 Balances of Trade Receivables and Recoverables shown under 'Current Assets' and Trade and Other Payables shown under 'Current Liabilities', include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made.

33.4 During the year, ad-hoc/additional liability of ₹33.76 crore has been provided towards supply of electricity by BPSCL, on account of reconciliation of accounts which is in progress. On completion of reconciliation, consequential adjustments, if any, will be dealt with in the accounts accordingly in the year of completion.

33.5 SAIL has stock of iron ore fines of 41.15 million tonnes (41.18 million tonnes) at various mines of the Company. Since the usage/sale of such iron ore fines, involves elements of uncertainties, as a matter of prudence, no valuation of such fines has been made in the accounts. However, the revenue earned from actual disposal thereof during the year has been recognised in the books of accounts.

33.6 An amount of ₹51.34 crore has been deposited with Chhattisgarh State Power Transmission Company Limited, as per demand letters dated 4th May, 2010 for providing transmission lines and power connection at upcoming Rowghat Mines. The amount has been reflected as "Long Term Loans & Advances - Deposits". The transmission lines will not be owned by SAIL. The MOU has been signed on 12th May, 2011.

The accounting treatment of above mentioned issue 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 issue and similar cases will be done as per the opinion of the EAC of ICAI.

33.7 In case of SAIL-SCI Shipping Private Limited, the paid-up capital of the Company as per memorandum and articles of association on its incorporation is ₹1,00,00,000/- consisting of 10,00,000 equity shares of ₹10/- each subscribed equally by Joint Venture partners viz. Steel Authority Of India Limited and Shipping Corporation of India Limited. However, till date the joint venture partners have paid ₹20,00,000/- in total (₹10,00,000/- by each partner) towards subscription money and balance subscription money receivables will be infused as and when the Company starts its business activity. These subscription monies are yet to be received as the Company has not started its operation.

34. STATEMENT OF PROFIT & LOSS

34.1 In respect of SAIL, sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2013: ₹3617.90 crore (Previous year: ₹3479.04 crore) and cumulatively upto 31st March 2013: ₹18288.38 crore (Previous year: ₹14901.94 crore).

34.2 Sales include Railway Receipts (RR) made upto 31st March 2013 and endorsed in favour of the customers and retired upto the cut-off date i.e. 21st April, 2013.

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

34.4 In respect of SAIL, the research and development expenditure charged to Statement of Profit & Loss and allocated to fixed assets, during the year, amount to ₹145.07 crore (₹129.08 crore) and ₹2.56 crore (₹5.37 crore) respectively. The aggregate amount of revenue expenditure incurred on research and development is shown in the respective head of accounts. The break-up of the amount is as under:

Head of Account	For the year ended	
	31 st March, 2013	31 st March, 2012
Employees Remuneration & Benefits	100.94	87.04
Stores & Spares Consumed	10.13	11.15
Power & Fuel	1.65	1.55
Repairs & Maintenance	2.42	2.34
Other expenses & provisions	26.28	23.44
Interest & finance charges	0.26	0.33
Depreciation	3.58	3.39
Sub-total	145.26	129.24
Less : Transferred to Inter Account Adjustments	0.16	0.16
Total	145.10	129.08

34.5 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 (CGU). If any such indication exists, the assets recoverable amount is estimated, as higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The net selling price of the CGU is determined once in every three years. On such review as on 31st March, 2013, no provision for the loss making units is required to be made, as the net realisable value thereof, assessed by an independent agencies, as on 31st March, 2011 for IISCO Steel Plant, Alloy Steels Plant, Visvesvaraya Iron & Steel Plant and as on 31st March, 2012, for Salem Steel Plant, is more than the carrying amount of respective CGU.

In the opinion of the management, there is no impairment of assets in the Polisher unit in Salem amounting to ₹ 9.38 crore as the net realisable value is higher than the book value. The asset could not be used for 3 years pending removal of defects. Similarly, the net realizable value of Pipe Coating plant at RSP is higher than the book value at ₹ 43.14 crore.

34.6 In respect of SAIL, the long-term agreement for wage revision for non-executives expired on 31st December 2011. Pending finalisation of fresh agreement w.e.f. 1st January 2012, provision towards wage revision including consequential benefits and pension of ₹611.03 crore (₹ 549.95 crore for the year) and ₹1.73 crore (₹1.54 crore for the year) have been charged to Statement of Profit & Loss and Expenditure during construction respectively, on an estimated basis. The provision for wage revision includes an amount of ₹332.86 crore towards actuarial valuation of gratuity and leave encashment liabilities arising on account of wage revision, of which ₹ 332.14 crore and ₹ 0.72 crore have been charged to the Statement of Profit & Loss and Expenditure during Construction respectively, during the year. The provision for wage revision includes liability on account of pension to Non-Executives.

34.7 Actuarial Valuation for Post Retirement Benefit of Badli workmen is done at SRU (SAIL Refractory Unit) and in case of annexed workmen of IISCO, it is treated on cash basis.

- 34.8** During the year, the accounting policy regarding amortisation of Mining Rights has been revised from the 'lease period' to 'annual production vis-a-vis total estimated mineable reserves'. As a result, the profit of SAIL for the year is higher by ₹214.14 crore.
- 34.9** During the previous year, the basis of valuation of scrap was revised, resulting in higher profit of SAIL by ₹164.34 crore of that year.
- 34.10** During the year, the unspent carried forward amount of ₹28.48 crore on account of Corporate Social Responsibility (CSR) activities of SAIL, pertaining to the year 2011-12, was incurred in full. Against the approved budgeted amount of ₹42.00 crore towards the CSR activities for the year 2012-13, the Company incurred ₹24.81 crore. The balance budgeted amount of ₹17.19 crore, will be spent in due course. Since the Company does not have any contractual obligation/liability as on 31st March, 2013, the unspent amount has not been provided in the books and would be accounted for as and when spent/incurred.
- 34.11** The SAIL Refractory Unit (SRU), Bhilai continues to charge depreciation at the rate other than the rate prescribed in the Schedule XIV of the Companies Act, 1956 for assets acquired prior to 01-04-1993 as per the option exercised by the Company provided in the circular no.1/12/92-CL5 circular 14/93 dated 20.12.1993 issued by the ministry of Law & Justice and Company Affairs the amount of which is not ascertainable.
- 34.12** In respect of SAIL, Information on leases as per Accounting Standard 19 on 'Leases':
- (a) The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.
- (b) In respect of assets taken on lease/rent: The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit and Loss during the year is ₹ 11.19 crore (₹11.92 crore).
- 34.13** The honourable Board for Industrial and Financial Reconstruction (Bench - II) in its hearing held on 22nd January, 2013 has discharged Steel Complex Ltd. from the purview of SICA/BIFR (Case No.614/1992).

35. GENERAL

- 35.1** Disclosures as required under Accounting Standard (AS) - 15 (revised) on 'Employee Benefits' and AS - 29 on 'Provisions, Contingent Liabilities and Contingent Assets' in respect of SAIL are given in paragraphs 33.1 and 33.6 respectively of Schedule 3: 'Significant Accounting Policies and Notes on Accounts' forming part of the independent financial statements of SAIL.

35.2 Segment Reporting

- i) Business Segments: The five integrated steel plants and three alloy steel plants of SAIL, two power joint venture companies being NTPC-SAIL Power Company Pvt. Ltd. and Bokaro Power Supply Co. Pvt. Ltd., one power subsidiary being SAIL-Jagdishpur Power Plant Limited (SJPL) have been considered as primary business segments for reporting under 'Accounting Standard-17 - Segment Reporting' issued by the Ministry of Corporate Affairs.
- ii) Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.
- iii) In respect of SAIL, in the opinion of the management, captive mines are not a business segment of the Company as per 'Accounting Standard-17 - Segment Reporting' issued by Ministry of Corporate Affairs, as captive mines are supplying raw materials to various plants, the Mines have been treated as cost centre for accounting purpose. However, due to issues involved, it is decided to refer the matter to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) for its opinion.

The disclosure of segment-wise information is given at Annexure-1.

35.3 Related Party

As per Accounting Standard - 18 - 'Related Party Disclosures' issued by the Ministry of Corporate Affairs, the names of the related parties, excluding Government controlled enterprises, are given below:

A.

Nature of Relationship	Name of the related party
Joint Venture	SAIL Bansal Service Centre Limited Mjunction Services Limited UEC-SAIL Information Technology Limited Romelt SAIL (India) Limited N.E Steel & Galvanising Pvt. Limited Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited S & T Mining Co. Pvt. Limited SAIL Kobe Iron India Pvt. Limited TMTSAL SAIL JV Limited SAL SAIL JVC Limited

Nature of Relationship	Name of the related party
Key Management Personnel	Shri C.S.Verma
	Shri Shuman Mukherjee
	Shri P.K. Bajaj (Upto 30 th April 2012)
	Shri B.B. Singh (Upto 30 th April 2012)
	Shri Anil Kumar Chaudhary
	Shri S.S. Mohanty
	Shri H.S. Pati (w.e.f. 1 st May 2012)
	Shri A.K. Pandey (w.e.f. 24 th May 2012)
	Shri T.S. Suresh
	Shri Kalyan Maity (w.e.f. 1 st March 2013)
	Shri N.K. Jha (upto 30 th September 2012)
	Shri N.K. Kothari (w.e.f. 1 st October 2012)
	Shri A. Maitra (w.e.f. 1 st May 2012)
	Shri P.K. Singh (w.e.f. 1 st May 2012)
	Shri Pankaj Gautam
	Shri S. Chandrasekaran
	Shri G.S. Prasad
	Shri G.S. Gill (Upto 30 th June 2012)
	Shri P.S. Bhaduria (w.e.f. 2 nd September 2012)
	Shri V.G. Shankar (Upto 25 th August 2012)
	Shri S.S. Verma (w.e.f. 26 th August 2012)
	Shri A. Bandopadhyay (w.e.f. 3 rd September 2012)
	Shri S. Hanumantha Rao
	Shri M.N. Rai
	Shri M.R. Panda
	Shri Dr. D. Mukerjee (Upto 30 th April 2012)
	Shri S. Varadarajan (w.e.f. 1 st May 2012)
	Shri Raman (w.e.f. 7 th September 2012)
	Shri A.J. Malhotra (Upto 31 st August 2012)
	Shri T.K. Das (Upto 31 st July 2012)
	Shri P.K. Mishra (upto 31 st October 2012)
	Shri Somdev Das (w.e.f. 1 st November 2012)
	Shri K.K. Singh (w.e.f. 24 th September 2012)
Shri Rahul Kumar	
Shri R.K. Singh	
Shri R.B. Singh	
Shri J.K. Arora	
Shri Sahil Arora	
Shri Viresh Oberoi	
Shri Sandeep Kumar	
Shri Harsh Vardhan Sachdev	
Shri Neeraj Kr. Mishra	
Shri Pius Thomas	

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

(₹ crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Note No. and account head
i)	Other Loans and Advances	-	0.04 (0.01)	0.04 (0.01)	13 : Long term Loans and Advances
ii)	Services rendered	0.90 (0.87)	-	0.90 (0.87)	
iii)	Rental Income	0.02 (0.17)	-	0.02 (0.17)	21 : Other income
iv)	Interest Income	0.02 (0.00)	-	0.02 (0.00)	
v)	Sale of Goods	56.88 (26.61)	-	56.88 (26.61)	20 : Revenue from Operations
vi)	Services received	31.56 (27.40)	-	31.56 (27.40)	26 : Other Expenses
		1.26 (2.34)	-	1.26 (2.34)	11 : Capital WIP
vii)	Managerial remuneration	-	8.11 (6.22)	8.11 (6.22)	24 : Employees' Benefits Expenses

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

(₹ crore)

Sl. No.	Particulars	Associate/ Joint Ventures	Note No. and Account Head
i)	Other Loans and Advances	1.39 (1.39)	13 : Long term Loans and Advances
ii)	Provision for Loans and Advances	1.39 (1.39)	
iii)	Advance for Purchase of shares	0.27 (-)	18 : Short Term Loans and Advances

iv)	Trade Receivable	2.19 (1.17)	16 : Trade Receivables
v)	Trade Payable	2.71 (4.13)	7 : Trade Payables
vi)	Security Deposit	0.32 (0.32)	4 : Other long Term Liabilities

D. Disclosure of Material Transactions with Related Parties

(₹ crore)

	For the year ended 31 st March 2013	For the year ended 31 st March 2012	Note No. and Account Head
Sale of Goods			
Bhilai Jaypee Cement Limited	26.12	15.58	20 : Revenue from Operations
Bokaro Jaypee Cement Limited	30.76	11.03	
Services Rendered			
Bhilai Jaypee Cement Limited	0.90	0.87	21 : Other income
Bokaro Jaypee Cement Limited	0.02	0.17	
Auction services			
Mjunction Services Limited	29.10	25.81	26 : Other Expenses
	1.26	2.34	11 : Capital WIP
Conversion Charges			
SAIL-Bansal Services Centre Ltd.	2.46	1.59	26 : Other Expenses

35.4 In accordance with AS-22 on 'Accounting for Taxes on Income' by the Ministry of Corporate Affairs, net deferred tax, has been accounted for, as detailed below:

SAIL

(₹ crore)

	As on 31 st March 2013	As on 31 st March 2012
Deferred tax liability		
Difference between book and tax depreciation	2947.63	2667.84
Total	2947.63	2667.84
Deferred tax assets		
Retirement Benefits	101.53	4.61
Others	1117.57	1018.75
Total	1219.10	1023.36
Net Deferred tax liability	1728.53	1644.48

SRCL

	As on 31 st March 2013	As on 31 st March 2012
Deferred Tax Liability		
Difference of Book and tax depreciation	0.20	0.18
Deferred Tax Assets		
Retirement Benefits	0.21	0.82
Others	0.00	0.02
Total Deferred Tax Assets	0.21	0.84
Net Deferred Tax Assets	0.01	0.66

NSPCL

	2012-13	2011-12
Deferred Tax Liability		
Difference of Book depreciation and tax depreciation	211.71	196.12
Less : Deferred Tax Assets		
Unabsorbed Depreciation/Loss & other disallowances	9.52	51.38
	202.19	144.74
Less : Recoverable from customer	17.05	17.05
Net Deferred Tax Liability	185.14	127.69

MSL

Particulars	Deferred tax assets/ (liabilities) as at 01.04.2012	Current year Charge / (Credit)	Deferred tax assets/ (Liabilities) as at 31.03.2013
Deferred Tax Liabilities			
Difference between book and tax depreciation	(1.46)	0.17	(1.63)
Total Deferred Tax Liability	(1.46)	0.17	(1.63)
Deferred Tax Assets			
Difference between book and tax depreciation			
Provision for Leave Salary	0.18	(0.09)	0.27
Provision for doubtful debts	0.05	(0.06)	0.11
Provision for Gratuity	0.11	0.04	0.07
Provision for diminution in value of investment	-	-	-
Others	0.34	0.09	0.25
Total Deferred Tax Assets	0.68	(0.02)	0.70
Net Deferred Tax Assets/(Liabilities)	(0.78)	0.15	(0.93)

BJCL

Sl. No.	Particulars	2012-13	2011-12
1.	Deferred Tax liability on account of - Depreciation	(22.48)	(19.79)
2.	Deferred Tax Assets on account of : - Employees' Benefits - Unabsorbed Business Loss - Unabsorbed Depreciation - Others	0.22 8.20 26.05 -	0.16 3.98 13.64 0.03
	Net Deferred Tax Assets/(Liabilities) as per Balance Sheet	11.99	(1.98)

BOJCL

Sl. No.	Particulars	2012-13	2011-12
1.	Deferred Tax liability on account of - Timing difference in WDV of Fixed Assets	12.53	7.78
2.	Deferred Tax Assets on account of : - Employees' Benefits - Others	0.06 9.42 9.48	0.05 0.06 0.11
	Net Deferred Tax Liability/(Assets)	3.05	7.67

SBSCL

Particulars	Opening as at 01.04.2012	Charge/(Credit) during the year	Closing as at 31.03.2013
Deferred Tax Assets :			
On Unabsorbed Depreciation	0.32	(0.01)	0.33
Deferred Tax Assets (A)	0.32	(0.01)	0.33
Deferred Tax Liability :			
On account of Depreciation	0.56	(0.01)	0.55
Deferred Tax Liability (B)	0.56	(0.01)	0.55
Net Deferred Tax (Assets)/ Liability (A-B)	0.24	(0.02)	0.22

BPSCCL

Deferred Tax Asset / Liability included in Balance Sheet comprises of	2012-13	2011-12
Deferred Tax Assets:		
Gratuity	1.69	1.68
Leave Salary	1.55	1.36
Post Retirement Medical Benefits	0.37	0.21
Settlement Benefit	0.03	0.04
Long Term Service Award	0.01	0.01
	3.65	3.30
Deferred Tax Asset/Liability :		
Depreciation	(1.40)	1.94
Net Deferred Tax Assets	(5.05)	(1.36)

35.5 The accounts of SRBWIPL have been consolidated for the period from 01.03.2012 to 31.03.2013. The previous year figures considered this year are not same as those of the figures considered in the consolidated financial statements for the year 2011-12 due to unaudited financial statements of certain joint venture companies being audited during the year. Since the accounts of North Bengal Dolomite Limited for the current year have not been consolidated, the previous year figures for the same have also not been considered.

35.6 The previous year's figures have been re-arranged/re-grouped/re-cast, wherever necessary. Figures in brackets pertain to previous year.

Segment Information for the year ended 31st March, 2013

A. BUSINESS SEGMENT

(₹ crore)

PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	POWER COMPANIES	OTHERS	INTER SEGMENT SALES	SAIL
REVENUE												
- External Sales												
Current year	17451.40	7672.26	8188.86	12455.78	1072.40	544.72	1514.16	405.53	44.72	529.67		49879.50
Previous year	(17909.50)	(6983.48)	(8556.08)	(12474.93)	(1699.03)	(570.32)	(1551.78)	(440.31)	(10.84)	(490.46)		50686.73
- Inter Segment Sales												
Current year	1335.33	473.39	237.70	231.27	1627.78	276.09	9.83	67.40	1263.67	59.34	-5581.80	-
Previous year	(1180.88)	(480.13)	(190.36)	(390.10)	(1232.56)	(497.55)	(9.13)	(102.14)	(1236.38)	(2168.63)	(-7487.86)	-
- Total Revenue												
Current year	18786.73	8145.65	8426.56	12687.05	2700.18	820.81	1523.99	472.93	1308.39	589.01	-5581.80	49879.50
Previous year	(19090.38)	(7463.61)	(8746.44)	(12865.03)	(2931.59)	(1067.87)	(1560.91)	(542.45)	(1247.22)	(2659.09)	(-7487.86)	50686.73
RESULT												
- Operating profit / (-) loss (Before Interest expenses and exceptional items)												
Current year	2306.93	673.03	560.77	551.23	-105.01	-112.73	-326.56	-116.61	278.96	826.67		4536.68
Previous year	(3154.24)	(655.47)	(879.40)	(1019.77)	(-324.13)	(-45.98)	(-96.59)	(-130.59)	(253.16)	(957.82)		6322.57
- Interest expenses												
Current year												846.53
Previous year												(778.42)
- Exceptional items												
Current year												229.33
Previous year												(262.02)
- Income tax												
Current year												1131.42
Previous year												(1688.77)
- Net Profit / Loss (-)												
Current year												2329.40
Previous year												(3593.36)
OTHER INFORMATION												
- Segment Assets												
Current year	11776.32	3218.39	11580.53	6788.67	14189.99	190.82	2340.29	129.16	2309.80	33995.55		86519.52
Previous year	(13632.45)	(3712.14)	(11756.96)	(10689.07)	(14204.60)	(688.98)	(3908.60)	(732.86)	(2250.08)	(16918.14)		(78493.88)
- Segment Liabilities												
Current year	4518.20	1661.61	2301.85	2818.29	1291.57	259.11	446.78	206.99	608.64	14705.66		28818.70
Previous year	(4082.10)	(1271.95)	(2062.22)	(2622.05)	(1310.37)	(270.81)	(483.81)	(199.27)	(569.44)	(11164.97)		(24036.99)
- Capital Expenditure												
Current year	3510.49	910.33	2047.18	767.86	1269.38	7.91	-0.53	3.65	55.06	405.39		8976.72
Previous year	(2695.63)	(664.74)	(2582.20)	(1057.94)	(2101.82)	(33.48)	(38.88)	(2.61)	(65.56)	(506.14)		(9749.00)
- Depreciation												
Current year	271.01	268.72	320.89	311.71	50.41	15.43	147.91	13.56	99.81	30.23		1529.68
Previous year	(321.33)	(293.57)	(331.98)	(298.88)	(56.72)	(14.01)	(99.99)	(13.58)	(99.86)	(156.03)		(1685.95)
- Non Cash expenses other than depreciation												
Current year	3.41	6.18	5.14	15.86	1.39	4.14	0.16	6.78	1.67	10.78		55.51
Previous year	(6.86)	(4.18)	(12.08)	(5.17)	(1.04)	(6.40)	(0.02)	(3.75)	(15.02)	(11.51)		(66.03)

B. GEOGRAPHICAL SEGMENT

(₹ crore)

Particulars	Current Year	Previous Year
Sales Revenue		
India	48721.27	49509.61
Foreign Countries	1158.23	1177.12
Total	49879.50	50686.73

Note:

- (1) Segment assets / liabilities exclude inter-unit balances
- (2) Total carrying amount of segment assets by geographical location of assets, for the Company's overseas operations are below 10% of the total assets of all segments, and hence not disclosed.

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

We have audited the attached Consolidated Balance Sheet of STEEL AUTHORITY OF INDIA LIMITED, and its Subsidiary Companies, Associate and Joint Venture Companies (together referred to as SAIL group) as on 31st March 2013 and the annexed Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended on that date.

We report that:

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

(₹ crore)

Name of the Subsidiary Company	Assets	Revenues
SAIL Refractory Company Limited	91.32	102.28

(₹ crore)

Name of the Joint Venture Company	Assets	Revenues
NTPC SAIL Power Company Private Limited	1760.71	948.99
Mjunction Services Limited	163.48	65.63
Bokaro Jaypee Cement Limited	179.60	163.91
S&T Mining Company Private Limited	5.11	0.34
SAIL SCI Shipping Pvt. Ltd.	0.07	0.01
SAIL-RITES Bengal Wagon Industry Private Limited	17.93	0.03

(₹ crore)

Name of the Associate Company	Share of Profit
Almora Magnesite Limited	0.004

2. 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 Subsidiary and Joint Ventures, is based solely on the provisional financial statements as furnished to us by the management as mentioned against each. Since the financial statements of these Subsidiary and Joint Ventures for the year ended 31st March, 2013 for which audited statements were not made available to us, any subsequent adjustment to the balances in the course of audit could have consequential effects on the attached consolidated financial statements.

(₹ crore)

Name of the Subsidiary Company	Assets	Revenues
SAIL Sindri Projects Limited	0.05	-
SAIL-Jagdishpur Power Plant Limited	0.04	-

(₹ crore)

Name of the Joint Venture Company	Assets	Revenues	Authenticated by
Bokaro Power Supply Company Private Limited	549.09	386.09	JV Management
SAIL Bansal Service Centre Limited	11.44	8.18	JV Management
SAIL & MOIL Ferro Alloys Pvt. Ltd.	7.16	0.09	JV Management
International Coal Ventures Private Limited	6.76	-	JV Management
Bhilai Jaypee Cement Limited	241.54	192.92	JV Management
Steel Complex Limited	14.28	16.34	JV Management
SAIL Kobe Iron India Private Limited	0.25	-	JV Management
SAL SAIL JVC Limited	0.06	-	JV Management
TMTSAL SAIL JV Limited	0.01	-	JV Management

3. The Accounts of IISCO-Ujjain Pipe & Foundry Company Limited, another Subsidiary Company of SAIL have not been consolidated as the said Company is under liquidation.
4. The accounts of UEC SAIL Information Technology Limited (USIT), Romelt SAIL (India) Limited, N.E. Steel & Galvanising Private Limited and North Bengal Dolomite Limited, SAIL-BENGAL Alloy Castings Private Limited (incorporated on 12th February, 2013) joint venture companies of SAIL have not been consolidated as the same have not been prepared yet.
5. **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the SAIL group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", AS-23, "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27, "Financial reporting of interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Steel Authority of India Limited and its Subsidiaries, Joint Ventures and Associate included in the consolidated financial statements.

6. **Auditors' Responsibility**

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.

7. Basis for Qualified Opinion

STEEL AUTHORITY OF INDIA LIMITED

The Company has not provided for;

- entry tax amounting to ₹ 81.64 crore (current year ₹ 17.62 crore) in the state of Uttar Pradesh, (refer note no.30.2(a));
- entry tax of ₹ 888.46 crore (current year ₹ 163.83 crore) in the state of Chhatisgarh and ₹ 170.32 crore (current year ₹ 39.20 crore) in the state of Odisha (refer note no. 30.2(b));
- income tax demand of ₹ 87.62 crore (refer note no. 30.2(c));
- claims of ₹ 217.40 crore (current year ₹ 88.80 crore) by DVC for supply of Power (refer note no. 30.2(d));

Almora Magnesite Limited

Provision made towards retirement benefit to key managerial person has not been disclosed and in case of AS-28, loss due to impairment of assets has not been worked out.

SAIL Refractory Company Limited

Non-provision of liability of Employee Benefit Expense with regard to five executives working on deputation from Steel Authority Of India Limited (the amount could not be quantified as records are not available to ascertain the same)

The impact of para (a) to (d) has resulted in overstatement of profit for the current year by ₹ 397.07 crore, cumulative Profit by ₹ 1445.44 crore and understatement of Liability by ₹ 1445.44 crore.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the SAIL Group as at March 31 , 2013;
- in the case of the Statement of Profit and Loss, of the profit of the SAIL Group for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the SAIL Group for the year ended on that date.

8. Emphasis of Matter

We draw attention to:

STEEL AUTHORITY OF INDIA LIMITED

- Pending finalisation of fresh agreement with non-executives in respect of wage revision due from 1st January, 2012, we are unable to comment on the adequacy of provision of ₹ 611.03 crore (including ₹ 549.95 crore provided during the year) (refer note no.34.6);
- In view of the assumptions provided by the Company relating to the salary escalation rates, we are unable to comment on the adequacy of provision for retirement employee benefits based on actuarial valuation as per Accounting Standard - 15 : 'Employee Benefits' issued by the Ministry of Corporate;
- Regarding treatment of mining as a separate segment, as per Accounting Standard-17 "Segment Reporting" issued by the Ministry of Corporate Affairs (refer note no. 35.2 (iii));
- Charging off consultancy fee in respect of deferred capital schemes, amounting to ₹ 107.17 crore (refer note no. 32.4(a) and non-capitalisation of assets valued at ₹ 981.83 crore (refer note no. 32.4 (b));
- Claims / demands against the Company ₹ 85.34 crore where the Company has lost in the first or subsequent appeals and has made further appeals before higher courts / forums (refer note no.30.2(f));
- Water Tax in the State of Odisha amount indeterminable. (refer note no.30.2 (e));
- Net realisable value (NRV) of assets retired from active use (refer note no.32.3);
- Sales to Government agencies recognised on provisional contract prices (refer note no.34.1);
- Change in basis of accounting of Mining Rights, resulting in higher profit of ₹ 214.14 crore for the year (refer note no.34.8);
- Balance confirmation, reconciliation and consequential adjustments, if any (refer note no. 33.3);

SAIL SCI Shipping Private Limited

Refer Note No.33.7 to the financial statements with respect to Paid-up Share Capital of the Company.

Bokaro Power Supply Company Private Limited and NTPC SAIL Power Company Private Limited

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 and in case of NTPC SAIL Power Company Private Limited, depreciation on the assets of the generation of the electricity business in respect of CERC Regulated plants is charged on straight line method, following the rates and methodology notified by the CERC Regulations, 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.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- Except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

For S.K. Mittal & Co.

Chartered Accountants

Firm Registration No.: 001135N

Sd/-
(M.K. Juneja)
Partner
M.No. 013117

For O.P. Totla & Co.

Chartered Accountants

Firm Registration No.: 000734C

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

For B.N. Misra & Co.

Chartered Accountants

Firm Registration No.: 321095E

Sd/-
(S.S. Mohapatra)
Partner
M.No. 061619

Place : New Delhi

Dated : August 03, 2013

PRINCIPAL EXECUTIVES

As on 31.07.2013

CORPORATE OFFICE

NEW DELHI

Chairman

C. S. Verma

Directors

Finance

Anil Kumar Chaudhary

Technical & Commercial

S. S. Mohanty

Personnel

H. S. Pati

Projects & Business Planning

T. S. Suresh

Raw Materials & Logistics

Kalyan Maity

Executive Directors

Vigilance

D. Bartaria

Projects

S.C. Jain

SAILCON

Tejveer Singh

Steel Processing Unit

S.K. Dey

Internal Audit

D. P. Bajaj

Corporate Planning

A. J. Malhotra

Coal Import Group

D. Ranjan

Personnel & Administration

B. Dhal

Atul Srivastava

Operations

R. K. Vijayavergia

Fin. & Accts. and Secretary

Devinder Kumar

Collieries

P.C. Tibrewal

CMMG

S. Dasgupta

Corporate Affairs

Ms. Arti Luniya

ICVL

A.K. Mathur

Chairman's Sectt.

P. S. Srivastava

Safety

Executive Director

S. Mukherjee

Environment Management Division

Executive Director

A. J. Malhotra

Growth Division

Executive Director

K. K. Singh

Management Training Institute

Executive Director

M. R. Panda

STEEL PLANTS / UNITS

Bhilai Steel Plant

Chief Executive Officer

S. Chandrasekaran

Executive Directors

Personnel & Administration

L. T. Sherpa

Works

Y. K. Degan

Projects

S. B. Jagdale I/c

S. K. Pradhan

M&HS

Dr. Subodh Hiran - Dir I/c

Materials Management

M. Akhouri

Mines

P. K. Sinha

Durgapur Steel Plant

Chief Executive Officer

P. K. Singh

Executive Directors

Finance & Accounts

A. Kumar

Projects

Amit Kumar Ray

Works

Madhusudan

Materials Management

Shantanu Chakravarty

Rourkela Steel Plant

Chief Executive Officer

G. S. Prasad

Executive Directors

Personnel & Administration

D. Basu

Works

S. N. Roy

Materials Management

R. K. Nehru

Projects

M. K. Das

Shishir K.r. Acharya

Bokaro Steel Plant

Chief Executive Officer

A. Maitra

Executive Directors

Personnel & Administration

Dr. N. Mohapatra

Finance & Accounts

R. K. Sarda

Projects

Umesh Kumar

Works

R. K. Rathi

Materials Management

H. Bhattacharjee

BPSCL

R. Bhargava

IISCO Steel Plant

Chief Executive Officer

N. Kothari

Executive Directors

Personnel & Administration

P. Sahay

Finance & Accounts

Sudhir Kumar

Projects

R. N. Das

Materials Management

S. K. Garg

Works

I. C. Sahu

Alloy Steels Plant

Executive Director

S. Das

Salem Steel Plant

Executive Director

A. Bandhopadhyaya

Visvesvaraya Iron & Steel Plant

Executive Director

S. S. Verma

UNITS

Research & Development Centre for Iron & Steel

Executive Director

S. Varadarajan I/c

S. Dutta

Raw Materials Division

Executive Director

M. N. Rai I/c

Resource Plng. & Env.

Alok Shrivastava

Projects

S. K. Saha

Centre for Engineering & Technology

Executive Director

Raman

Central Marketing Organisation

Executive Directors

Personnel & Administration

Shitanshu Prasad

Marketing

Binod Kumar

Finance & Accounts

Amitava Sarkar

Marketing - Long Product

Dr. Anil Dhawan

Marketing - Flat Product

V.K. Ameta

Marketing - Commercial

T. K. Sahu

Marketing - ITD

S. R. Rai

Transport & Shipping

Executive Director

P. Raychaudhary

SAIL Refractory Unit

Executive Director

S. Hanumantha Rao

Chandrapur Ferro Alloy Plant

Executive Director

P. S. Bhadauria

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

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Friday, the 20th September, 2013 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, 2013, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri P.K. Sengupta, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri P.C. Jha, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Anil Kumar Chaudhary, who retires by rotation and is eligible for re-appointment.
5. To fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the Financial Year 2013-2014.
6. To declare dividend for the Financial Year 2012-2013.

SPECIAL BUSINESS

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

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

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

"RESOLVED THAT Shri J.M. Mauskar, 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."

By order of the Board of Directors


(M.C. Jain)
Secretary

New Delhi
Dated: 16th August, 2013
Registered Office:
Ispat Bhawan, Lodi Road, New Delhi-110003.

Notes:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item Nos.7 to 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 6th August, 2013 to 30th August, 2013 (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. Dematerialisation

- i) Securities and Exchange Board of India (SEBI) Regulations provide that equity shares of SAIL are to be compulsorily delivered in the dematerialized form, for the purpose of trading. Though most of the shareholders have converted their holdings into demat form, it is seen that some shareholders still hold their shares in paper form (Physical). In this connection it is advised in their interest, to open a demat account with any depository participant authorized by either National Securities Depository Ltd. or Central Depository Services Ltd and dematerialize their shares.
- ii) Members holding shares in the physical form should notify change in their addresses, if any, to the R&TA specifying full address in block letters with PIN CODE of their post offices, which is mandatory. Members holding shares in the Electronic Form (Demat), should inform the change of address to their Depository Participant.

iii) ECS MANDATE

Shareholders holding shares, whether in Physical or Demat form are advised to opt for Electronic Clearing Services (ECS) for any future payouts from the Company. Under the ECS, the payment instruction is issued by the banker (Payer's banker) electronically to the clearing authority (RBI or SBI). The clearing authority provides credit reports to the payee's Bank, who credits the

amount to their respective accounts. It becomes inevitable that the shareholders opting for ECS should provide details of their Bank Name, A/c no., A/c Type, Branch name, 9 digit MICR no. along with their Name and Folio Number (DP-ID/Client ID) to the Company if their holding is in Physical form and to the Depository participant, if their holding is in demat form.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Shares Department/R&TA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
9. The Company has transferred to Investor Education and Protection Fund, unclaimed dividends till financial year 2005-06 (Interim). The Company has, thereafter, paid/declared the following dividends:

Year	Interim Dividend (%)	Final Dividend (%)
2005-2006	-	7.50
2006-2007	16.00	15.00
2007-2008	19.00	18.00
2008-2009	13.00	13.00
2009-2010	16.00	17.00
2010-2011	12.00	12.00
2011-2012	12.00	8.00
2012-2013	16.00	-

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

10. Members seeking further information on the Accounts or any other matter contained in the Notice, are requested to write to the Company atleast 7 days before the meeting so that relevant information can be kept ready at the meeting.

11. Green Initiative in Corporate Governance of Ministry of Corporate Affairs

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

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

Please note that these documents will also be available on the Company's website www.sail.co.in and physical copies of the same will also be available at the registered office as mentioned herein above for inspection during office hours.

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

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

Item No. 7

On nomination by the President of India vide Government's Notification No.6(3)/2012-SAIL-PC-Vol.II dated 14th January, 2013, Shri Kalyan Maity was appointed as an Additional Director of the Company with effect from 1st March, 2013 subject to his re-appointment by the Shareholder in the Annual General Meeting. His tenure as Director is for a period of five years from 1.3.2013 or till the date of his superannuation or until further orders, whichever is earliest. He is liable to retire by rotation in terms of Companies Act, 1956. He 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 Kalyan Maity as a candidate for the office of Director of the Company.

Shri Kalyan Maity, aged 53 years, is BE (Hons) in Mining. He has rich experience and expertise in the various areas of Mining and issues relating to Raw Materials management for steel plants.

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

None of the Directors other than Shri Kalyan Maity, 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(4)/2012-SAIL(PC) dated 11th July, 2013, Dr. Atmanand was appointed as an Additional Director of the Company with effect from 18th July, 2013 subject to his re-appointment by the Shareholder in the Annual General Meeting. His tenure as non-official part-time Director is for a period of three years with effect from 18th July, 2013 or until further orders, whichever is earlier. He is liable to retire by rotation in terms of the Companies Act, 1956. He 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 Dr. Atmanand as a candidate for the office of Director of the Company.

Dr. Atmanand, aged 54 years is MA(Economics) and also has M.Phil and Ph.D. in Economics. He is a Professor of Economics in Management Development Institute (MDI), Gurgaon. His area of specialization is PSUs Management, Disinvestment, Industrial Economics, Energy Economics, Project Finance and Public Policy.

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 Dr. Atmanand, to the extent of his appointment as Director, is concerned or interested in the above resolution.

Item No. 9

On nomination by the President of India vide Government's Notification No.6(4)/2012-SAIL(PC) dated 11th July, 2013, Shri J.M. Mauskar was appointed as an Additional Director of the Company with effect from 18th July, 2013 subject to his re-appointment by the Shareholder in the Annual General Meeting. His tenure as non-official part-time Director is for a period of three years with effect from 18th July, 2013 or until further orders, whichever is earlier. He is liable to retire by rotation in terms of the Companies Act, 1956. He 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 J.M. Mauskar as a candidate for the office of Director of the Company.

Shri J.M. Mauskar, IAS (Retd.) aged 62 years is Post Graduate in Physics. During 35 years as a Public Servant, he has had "hands on" experience of International Trade, Investment Promotion, Overseas Investments, International Contracts, Dynamics of Petroleum Sector and Environment and Pollution related issues, especially Climate Change. Besides, he has had developmental experience in a Tribal State, including management of State Finances. In addition to the judicial experience in the field posting in Meghalaya he has been associated with the regulatory work in the Ministries of Commerce, Petroleum & Natural Gas and Environment & Forests and as Chairman, Central Pollution Control Board. He was earlier on the Board of Directors on Central PSUs namely ONGC, OVL and OIL.

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 J.M. Mauskar, to the extent of his appointment as Director, is concerned or interested in the above resolution.

By order of the Board of Directors


(M.C. Jain)
Secretary

New Delhi
Dated: 16th August, 2013
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	Shri P.K. Sengupta	Shri P.C. Jha	Shri Anil Kumar Chaudhary
Date of Birth	08.09.1940	13.07.1949	11.12.1960
Date of Appointment	13.01.2011	13.01.2011	01.09.2011
Expertise in Specific functional areas	Finance	Administration/Taxation	Finance
Qualifications	B.Com, FICWA	B.Sc. (Hons)	ICWA, ICSI, L.LB, PG Diploma in Pers/Business Management
List of Companies in which outside Directorship is held.	–	–	• Mjunction Services Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director.	SAIL • Audit Committee - Member	SAIL • Shareholders/ Investors Grievance Committee - Chairman • Audit Committee-Member	SAIL • Shareholders/Investors Grievance Committee - Member Mjunction Services Ltd. • 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 41st ANNUAL GENERAL MEETING of the Company to be held on 20th September, 2013 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.

Member's/Proxy's Name (In Block Letters) _____

Member's/Proxy's Signature _____

NOTE:

1. The attendance slip should be signed as per the specimen signature registered with the R&TA/Depository Participant (DP). Such duly completed and signed Attendance Slip should be handed over at the R&TA counter(s) at the venue against which R&TA will provide admission card.
2. Entry to the hall will be strictly on the basis of admission card as provided by R&TA.
3. Members in person/Proxy holders may please carry photo-ID card for identification/verification purposes.
4. Shareholder(s) present in person or through registered proxy shall only be entertained.
5. Briefcase, mobile phone, bag, eatables, helmets and other belongings will not be allowed to be taken inside the venue of the meeting for security purposes and shareholder(s)/proxy holder(s) will be required to take care of their belonging(s).
6. No gifts will be distributed at the Annual General Meeting.

STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road
New Delhi - 110 003

PROXY FORM

I/Weof

in the district of

(Write full address)

hereby appointof

(Write full address)

or failing himof

(Write full address)

as my/our proxy and to vote for me/us or my/our behalf at the 41st Annual General Meeting of the Company to be held on 20th September, 2013 at 1030 hours and at any adjournment thereof.

Signed thisday of2013

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.

STEEL AUTHORITY OF INDIA LIMITED

Ispat Bhawan, Lodi Road, New Delhi - 110 003
Ph. 011-24367481, Fax : 011-24367015, Website : www.sail.co.in

Ref No : SAIL/B&CA/AR/2013

Date : 01.08.2013

Dear Shareholder,

RE : Green Initiative in Corporate Governance : Go Paperless

The Ministry of Corporate Affairs ("Ministry") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with circulars bearing no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by the Ministry, companies can send various notices/ documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered e-mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

This is also a golden opportunity for every shareholder of Steel Authority of India Limited (the Company) to contribute to the Corporate Social Responsibility initiative of the Company. All you have to do is to register your e-mail id with the Company to receive communication through electronic mode.

ADVANTAGES OF REGISTERING FOR E-COMMUNICATION :

• Receive communication promptly • Reduce paper consumption and save trees • Eliminate wastage of paper • Avoid loss of document in postal transit • Save costs on paper and postage.

We, therefore, invite you to contribute to the cause by filling up the form given alongwith for registering your e-mail ID and send it back to us.

Kindly note that if you still wish to get a hard copy/physical copy of all the communications, the Company undertakes to provide the same at no extra cost to you. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to investor.relation@sail.co.in or send a letter at the following address.

MCS Limited, Unit : SAIL, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020

OR COMPANY ADDRESS as mentioned above.

You can also download the attached registration form from our website : www.sail.co.in

Best Regards,

For Steel Authority of India Ltd.

Sd/-

(M.C. Jain)
Secretary

E-COMMUNICATION REGISTRATION FORM

To
MCS Limited
Unit : SAIL
F-65 Okhla Industrial Area, Phase-I,
New Delhi - 110020

Dear Sir/Madam

RE: Green Initiative in Corporate Governance

I agree to receive all communication from the Company in electronic mode. Please register my e-mail ID in your records for sending communication through e-mail.

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder (s) :

Registered Address :

E-mail ID :

Date :

Signature of the first holder

Important Notes :

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio/DP ID & Client ID.
- 2) The form is also available on the website of the Company www.sail.co.in
- 3) Shareholders are requested to keep Company informed as and when there is any change in the e-mail address. Unless the email Id given hereunder is changed by you by sending another communication in writing, the Company will continue to send the notices/documents to you on the above mentioned e-mail ID.
- 4) If shares held in electronic mode, kindly register your e-mail id with your DP.

THE SAIL NETWORK



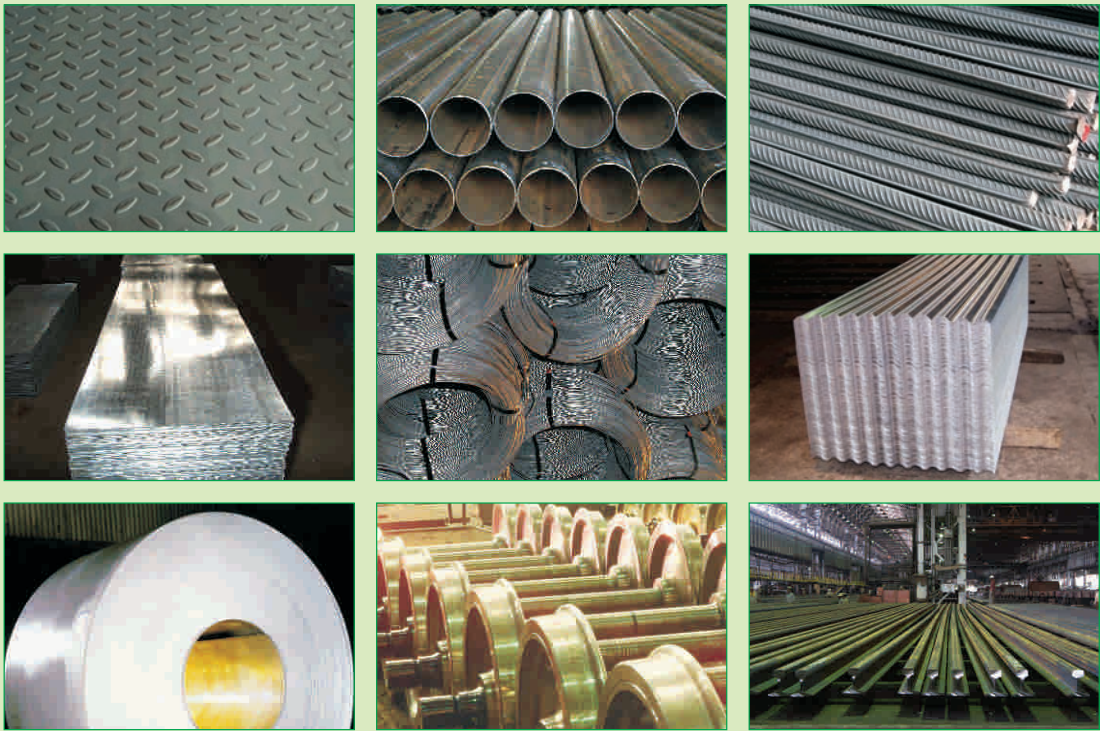
CORPORATE OFFICE		UNITS		CONSIGNMENT AGENCY YARD		BRANCH SALES OFFICES	
INTEGRATED STEEL PLANTS		CMO HEAD QUARTERS		SALES RESIDENT MANAGER		1. NORTHERN REGION	
ALLOY AND SPECIAL STEEL PLANTS		REGIONAL OFFICES		CUSTOMER CONTACT OFFICE		2. EASTERN REGION	
FERRO ALLOY PLANT		DEPARTMENTAL WAREHOUSE		SAIL REFRACTORY UNIT (SRU)		3. WESTERN REGION	
				TRANSPORT & SHIPPING OFFICE		4. SOUTHERN REGION	

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To,



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED
Ispat Bhawan, Lodi Road, New Delhi-110 003
website: www.sail.co.in

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