



No.CA-17(44)/2022

26<sup>th</sup> May, 2022

The General Manager (MO) Bombay Stock Exchange Through BSE Listing Centre	The Asstt. Vice President National Stock Exchange of India Ltd. Through NEAPS
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**Sub: Secretarial Compliance Report for FY 2021-22**

Dear Sir,

Pursuant to Regulation 24A of the SEBI(Listing Obligations & Disclosure Requirements), Regulations, 2015 read with Circular no. CIR/CFD/CMD1/27/2019 dated 08<sup>th</sup> February, 2019, please find enclosed the Annual Secretarial Compliance Report in respect of Steel Authority of India Limited for the financial year ended 31<sup>st</sup> March 2022.

Thanking you,

Yours faithfully,

(M.B. Balakrishnan)  
Company Secretary

Encl: As Above



**SECRETARIAL COMPLIANCE REPORT  
OF  
STEEL AUTHORITY OF INDIA LIMITED**

**For the year ended 31<sup>st</sup> March, 2022**

We, Agarwal S. & Associates, Company Secretaries, have examined:

- (a) all the documents and records made available to us and explanation provided by **Steel Authority of India Limited** ("the listed entity" or "SAIL"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31<sup>st</sup> March, 2022 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (g) Securities and Exchange Board of India(Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
- (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (j) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.*	Regulation 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the listed entity shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors. Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019.	The number of Non-executive Directors on the Board is less than fifty percent of the total strength during the period from 01.04.2021 to 07.11.2021and the Company has no independent woman director on the Board of Company during the period from 01.04.2021 to 14.11.2021.	The Company is a listed entity. Accordingly, fifty percent of the total strength of the board of directors should have comprised of non-executive directors during the period from 01.04.2021 to 07.11.2021. The Board of Directors of the Company shall have at least one independent woman director during the period 01.04.2021 to 14.11.2021.
2.*	Regulation 17 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the listed entity does executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors.	The number of Independent Directors on the Board is less than fifty percent of the total strength during the period 01.04.2021 to 31.03.2022.	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the total strength of Board Members during the period under review.

3.*	Regulation 17 (10) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of independent directors shall be done by the entire Board of Directors.	The performance evaluation of Independent Directors has not been done by the entire Board of Directors.	The entire Board of Directors shall carry out the performance evaluation of Independent Directors.
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\* As informed by the Management, SAIL is a Government Company and appointment of Directors on the Board of the Company is made based on nomination by Government of India (GOI). Further, terms & conditions of appointment as well as tenure of all Directors are also decided by GOI and there is a well laid down procedure for evaluation of Directors by the Administrative Ministry. Accordingly, NRC has not formulated the criteria for determining qualifications, positive attributes and independence of a director, evaluation of performance of Independent Directors and the Board of Directors and policy on diversity of Board of Directors.

Further, Ministry of Corporate Affairs has vide its Notification dated 5<sup>th</sup> June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which, inter-alia, provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. Further, the Ministry of Corporate Affairs vide Notification dated 5<sup>th</sup> July, 2017 has notified certain amendments in Schedule IV of the Companies Act, 2013 relating to Code for Independent Directors. As per the Notification, in Schedule IV, the clauses relating to evaluation of performance of Non-Independent Directors, Chairperson and Board have been exempted for Government Companies.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warni debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	National Stock Exchange Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2020-2021.	NSE vide its e-mail/ letter dated: <ul style="list-style-type: none"> <li>❖ May 17<sup>th</sup> 2021 has imposed a fine of Rs. 5,31,000 for quarter ended 31<sup>st</sup> March 2021.</li> <li>❖ August 20<sup>th</sup>, 2021 has imposed a fine of Rs. 5,36,900/- for quarter ended 30<sup>th</sup> June, 2021.</li> <li>❖ November 22<sup>nd</sup> 2021 has imposed a fine of Rs. 5,42,800/- for quarter ended 30<sup>th</sup> September, 2021</li> <li>❖ February 21<sup>st</sup>, 2022 has imposed a fine of Rs. 5,42,800/- for quarter ended 31<sup>st</sup> December, 2021.</li> </ul>	The Company has submitted quarter wise responses vide their letters dated 24.05.2021, 21.08.2021, 24.11.2021 and 23.02.2022 respectively and has requested the Stock Exchanges to waive off the fine on the grounds that the power to appoint Directors including Independent Directors on the Board of Company vests with the Government of India.

2	BSE Limited	Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2020-2021.	BSE vide its e-mail/ letter dated: <ul style="list-style-type: none"> <li>❖ May 17<sup>th</sup> 2021 has imposed a fine of Rs. 5,31,000 for quarter ended 31<sup>st</sup> March 2021.</li> <li>❖ August 20<sup>th</sup>, 2021 has imposed a fine of Rs. 5,36,900/-for quarter ended 30<sup>th</sup> June, 2021.</li> <li>❖ November 22<sup>nd</sup> 2021 has imposed a fine of Rs. 5,42,800/- for quarter ended 30<sup>th</sup> September, 2021</li> <li>❖ February 21<sup>st</sup>, 2022 has imposed a fine of Rs. 5,42,800/-for quarter ended 31<sup>st</sup> December, 2021.</li> </ul>	The Company has submitted quarter wise responses vide their letters dated 24.05.2021, 21.08.2021, 24.11.2021 and 23.02.2022 respectively and has requested the Stock Exchanges to waive off the fine on the grounds that the power to appoint Directors including Independent Directors on the Board of Company vests with the Government of India and waiting for approval from the exchanges to waive-off the penalty.
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\*\*SAIL has communicated to NSE and BSE that being a Government Company, the right to nominate/ appoint all the Directors (including Independent Directors) vests with the Ministry of Steel, Government of India. As informed to us, SAIL is regularly taking up the matter with Ministry for appointment of requisite number of Independent Directors to ensure the compliance(s) with Corporate Governance norms enunciated under SEBI LODR Regulations, 2015, The Companies Act, 2013 and DPE Guidelines on Corporate Governance. Accordingly, Company has already requested to NSE and BSE to waive-off the penalties as per the Standard Operating Procedure issued by them due to the reasons mentioned above. The matter was also informed to Ministry of Steel and SAIL's Board from time to time. The Company is following-up with BSE/NSE for waiver of penalty for the quarters.

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31.03.2021	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1	Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	The number of Non-executive Directors on the Board is less than fifty percent of the total strength during the period from 01.04.2020 to 10.06.2020 and from 22.09.2020 to 31.03.2021 and the Company has no independent woman director on the Board of Company during the period from 01.04.2020 to 31.03.2021.	The matter for nominating of requisite number of Independent Directors including woman Independent Director on the Board of the Company has been regularly taken up with the Administrative Ministry. Consequently, five Independent Directors including one woman Independent Director have been appointed in the month of November, 2021.	<i>Company should comply with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</i>

2	Regulation 17 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	The number of Independent Directors on the Board is less than fifty percent of the total strength during the period 01.04.2020 to 31.03.2021.	The matter for nominating of requisite number of Independent Directors on the Board of the Company has been regularly taken up with the Administrative Ministry. Consequently, five Independent Directors including one woman Independent Director have been appointed in the month of November, 2021.	The Board of Directors of the Company is headed by an Executive Chairman. Accordingly, the number of Independent Directors should have been at least 50% of the total strength of Board Members during the period under review.
3	Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,	The performance evaluation of Independent Directors has not been done by the entire Board of Directors.	In respect of observation regarding performance evaluation of the Directors not being carried out pursuant to	The entire Board of Directors shall carry out the performance evaluation of Independent Directors.
4	Regulation 25 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,	The Independent Directors in their separate meeting has not: (a) reviewed the performance of non-independent directors and the board of directors as a whole; reviewed the performance of the Chairperson of the listed entity, taking into account the views of executive directors and non-executive directors.	the Regulation 17(10) & 25(4) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is submitted that Ministry of Corporate Affairs has vide its Notification dated 5 <sup>th</sup> June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which, inter-alia, provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of the Government Companies. Further, the Ministry of Corporate Affairs vide Notification dated 5 <sup>th</sup> July, 2017 has	The Independent Directors should have in their separate meeting held on 15.05.2020, reviewed the performance of non-independent directors and the board of directors as a whole and also review the performance of the Chairperson of the listed entity, taking into account the views of executive directors and non-executive directors.
5	Regulation 19 (4) read with Schedule II Part D (A) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015,	The Nomination and Remuneration Committee has not formulated the criteria for determining qualifications, positive attributes and independence of directors.		The Nomination Committee shall formulate the said policies/criteria.

			<p>notified certain amendments in Schedule IV of the Companies Act, 2013 relating to Code for Independent Directors. As per the Notification, in Schedule IV, the clauses relating to evaluation of performance of Non-Independent Directors, Chairperson and Board have been exempted for Government Companies.</p>	
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- (e) As informed by the management, appointment of SAIL's statutory auditor has been done by the office of the Comptroller and Auditor General Auditor General of India (C&AG). Appointment letter also contains terms of appointment to the statutory auditors. With regard to para 6(A) and 6(B) of SEBI circular number CIR/CFD/CMD1/114/2019 dated October 18, 2019, there is no case of resignation by Auditors appointed by C&AG.

**For Agarwal S. & Associates,**  
*Company Secretaries,*  
*ICSI Unique Code: P2003DE049100*  
Peer Review Cert. No.: 626/2019

AJAY KUMAR Digitally signed by AJAY KUMAR CHOUDHARY  
CHOUDHARY Date: 2022.05.25 18:10:40 +05'30'

**Signature: \_\_\_\_\_**  
**CS Ajay Kumar Choudhary**  
**ACS No.:51674**  
**C P No.: 21297**

**Place: New Delhi**  
**Date: 25.05.2022**  
**UDIN: A051674D000385337**

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

**Annexure A"**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for expression of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, happening of events, etc. and relied upon.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Compliance Report is to be read along with Secretarial Audit Report of the corresponding period.
7. The Secretarial Compliance Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Agarwal S. & Associates,**  
*Company Secretaries,*  
*ICSI Unique Code: P2003DE049100*  
Peer Review Cert. No.: 626/2019

Digitally signed by  
AJAY KUMAR  
CHOUDHARY  
Date: 2022.05.25  
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**Signature: \_\_\_\_\_**  
**CS Ajay Kumar Choudhary**  
**FCS No.:51674**  
**C P No.: 21297**

**Place: New Delhi**  
**Date: 25.05.2022**