



ANNUAL REPORT

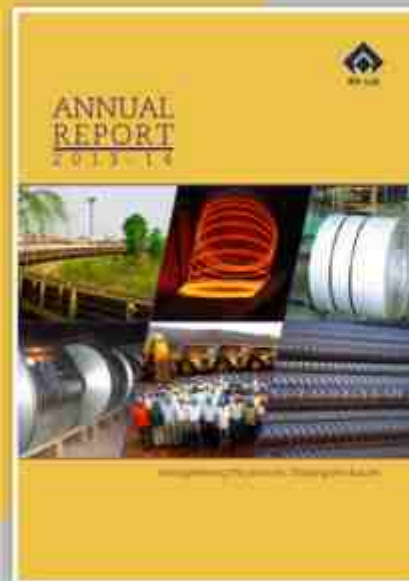
2013 - 14



Strengthening the present
Shaping the future

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,

2014 is a year with a new Government elected at the Centre, marking the beginning of an era of confidence, change and hope. This is more than reflected in the General Budget presented by the Government with announcement of initiatives such as opening up of more sectors for Foreign Direct Investment (FDI), plans to accelerate growth in manufacturing & facilitating investments, focus on infrastructure, etc. These initiatives augur very well for the Indian steel industry, and it is expected that impressive growth would be witnessed in domestic steel consumption soon, bringing an end to the stagnant demand scenario off-late.

Your Company is also geared up to play a significant role in the economic development of the Country with a quantum increase in its production capacity in this calendar year. SAIL is finalizing its Vision-2025 document, which will steer the Company to increase its production capacity of Hot Metal to 50 million tonnes, along with related/enabling business activities. This will not only enhance SAIL's contribution to nation building, but will put SAIL amongst the top steel companies globally. Your Company already has a land bank, iron ore reserves for captive use and the other necessary enablers for expanding its capacity to that level.

While the Vision-2025 of the Company is being given a final shape, action on some of the key projects in this road map has been initiated. These include installation of a state of the art 2250 mm wide 3.0 MTPA Hot Strip Mill at Rourkela Steel Plant. This mill in conjunction with the new Blast Furnace, RH Degasser and Slab Caster (already installed under the current Modernisation & Expansion Plan) will enable production of high quality HR Coils including high strength API Grades (upto API X 100), auto body grades and other special value added steels. Similarly, in Bokaro Steel Plant (BSL), it is envisaged to install a new BOF Converter, Ladle Furnace and Slab Caster in SMS-1. These projects will significantly improve steelmaking performance of the old SMS-1 in BSL along with phasing out of the energy and cost intensive Ingot Casting-Slabbing Mill route.

With respect to the ongoing Modernisation & Expansion Plan (MEP) of your Company, it gives me immense pleasure to inform my esteemed shareholders that during the year, SAIL took a major step forward, with the new 4060 m³ Blast Furnace, the largest operating furnace in the Country at Rourkela Steel Plant becoming operational in August 2013. It marked a new chapter in the modernization and expansion of the Company. Thereafter, other upcoming facilities at RSP have also been operationalized. From June 2014, the entire integrated process route comprising new 7 m tall Coke Oven Battery, 4060 m³ Blast Furnace, 3rd BOF, 2500 mm Slab Caster and Plate Rolling facility in the New Plate Mill is operational at RSP.

By the end of this calendar year, at IISCO Steel Plant (ISP), Burpur integrated operations of the completely new 2.5 million tons per annum (Mtpa) stream would also commence. With commencement

of integrated operations in ISP, Burnpur, SAIL's hot metal capacity would increase to around 19.5 Mtpa.

Cumulatively, orders for about ₹59,288 crore have been placed under the current Modernisation & Expansion Plan of SAIL and a capital expenditure of ₹53,270 crore has been made till Mar'14. Facilities of about ₹22,000 crore have been already operationalized.

I am also glad to inform that your Company achieved the highest ever turnover of 51,866 crore during 2013-14 registering a growth of 5% over the previous year. Profit After Tax of your Company stood at ₹2,616 crore, which is 21% higher than the previous year. The net worth of Company improved to ₹42,666 crore as on 31st March 2014 and this helped in generation of internal resources for funding expansion plans of SAIL.

During 2013-14, SAIL contributed ₹11,560 crore to the national exchequer by way of payment of taxes and duties to various government agencies.

On the production front, your Company achieved a production of 12.9 million tonnes (MT) of saleable steel in 2013-14, registering an improvement of 4% over 2012-13. Production of 14.5 MT of hot metal and 13.6 MT of crude steel was also 1% higher each than corresponding period of last year respectively. All-time best production of special quality & value added products of 5.42 MT was achieved, which was 6% higher than the previous Financial Year.

Notwithstanding the challenging market conditions, your Company achieved a total sales volume of 12.00 million tonnes during 2013-14 registering a growth of 7.6% over 2012-13. With slowdown in domestic steel consumption, SAIL consciously targeted higher volumes of exports and exported 0.47 million tonnes of steel during the year 2013-14, registering a growth of 28% over the previous year.

Under the "SAIL Rural Dealership Scheme", launched in 2011-12 with the main objective of meeting steel demand of small rural consumers, the dealer network was further widened all over the Country, with total number of dealers reaching 2948 as on 01.04.2014 as compared to 2896 as on 01.04.2013.

SAIL Plants have taken various initiatives to reduce environmental footprint and enhance operational efficiency by improving operational discipline and minimizing emissions. This has led to a significant improvement in achievement of environmental parameters, enabling us to produce greener and more environmental friendly steel than before. Realizing the role of plantation in overall environment, about 2.05 lakhs saplings have been planted in and around the SAIL Plants and Mines during the year 2013-14.

Maintaining the commitment for developing new products, your Company has developed several new products during the year. A few of them are, Super Formable/ High Strength Formable Steel specifically designed for producing light weight cylinders, High Toughness Corrosion Resistant Rails to provide improved

hardness and elongation and better fracture toughness in rails supplied to Indian Railways, production of Aluminium Killed IS 2062 E 410 Blooms to cater to the latest trend of using high strength steel in electrical transmission towers to reduce weight and improve cost effectiveness, etc.

With regard to the raw material security of the Company, total requirement of iron ore is being met from captive sources. For ensuring regular captive supplies of iron ore post ongoing MEP of the Company, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed and a sum of ₹10,264 crore has been earmarked for modernisation & expansion of mines. Process for selection of Mine Developer-cum-Operator (MDO) for development of Rowghat and Chiria iron ore mines has been initiated. In addition, new iron ore deposits are also being scouted. In this regard, Ministry of Mines, Government of India accorded approval for grant of mining lease for iron ore associated mineral over 871.38 ha in village Dhul Khera, district Bhilwara, Rajasthan in favour of SAIL for a period of 30 years. For improving the quality of iron ore your Company is taking various steps including expansion of Gua Ore Mines to 10 MTPA with required Beneficiation facilities and Installation of 4 MTPA Pellet Plant. Letter of Acceptance has already been issued for Installation of the Beneficiation and Pelletisation facility.

Further, it gives me great pleasure to inform the esteemed shareholders that an agreement for a landmark acquisition of a large coking coal mine and assets was signed by International Coal Ventures Pvt. Ltd. (ICVL) on 28th July, 2014 for taking over of Rio Tinto's operating coal mine and coal assets in Mozambique with an estimated coal resource of 2.6 billion tonnes. The coal mine and assets are located strategically in the prime coking coal bearing region of the Moatize Coal Basin which is stated to be the second largest coal basin in the world after the Bowen Basin in Australia. The operating coal mine comes with a state-of-the-art wash plant and surface infrastructure with a potential to expand raw coal production from the current 5 Million tonnes per annum (Mtpa) to 12 Mtpa. A plan for takeover of Rio Tinto Coal Mozambique (RTCM) has already been prepared so that a smooth transition could take place.

Your Company achieved the highest ever Labour Productivity (LP) of 278 TCS/Man/Year in 2013-14. As on 31.03.2014, the manpower strength of the Company was 97,897 numbers with manpower rationalization of 3,981 numbers achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitment, redeployment strategies, building competencies and infusing a sense of commitment and passion among employees to excel. Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities, a total of 47,187 employees were trained during the year on various contemporary technical and managerial modules.

Your Company continued to get laurels and appreciation from different quarters, which inter-alia include, "Excellent" MOU Rating for the year 2012-13 for the 11th consecutive year; Bhilai Steel Plant has been awarded the prestigious PM's trophy for the Best integrated Steel Plant (2011-12) for a record 11th time (out of 20 times awarded) and Gold Trophy for "SCOPE Meritorious Award for Environmental Excellence & Sustainable Development" for the year 2012-13.

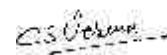
The employees of your Company continued to maintain the tradition of winning maximum number of Prime Minister's Shram Award and Vishwakarma Rashtriya Puruskar in the Country in recognition of their creative and innovative abilities. 19 out of 28 Viswakarma Awards declared in 2014 have been bagged by SAIL. In terms of number of employees, 83% awardees in the Country were from SAIL. Similarly, 3 out of 16 Shram Awards declared in the Country for the Public Sector have been won by SAIL employees in 2014.

During the year, your Company finalized wage revision for non-executives which was due w.e.f. 1-1-2012. The wage revision negotiations were held with the Trade Unions in a very cordial atmosphere.

On the CSR front, your Company remained dedicated to the cause of making a meaningful difference in the lives of people. Several new initiatives on facets such as Medical & Healthcare, Education, Livelihood Generation, empowering underprivileged sections of the society, etc. were taken during the year. Around 3,000 medical camps were organized in Financial Year 2013-14 in the vicinity of Plants/Units to provide medical facilities to the needy which benefitted more than 2 lakh people. Over 90,000 people were treated at the seven health centres (Kalyan Chikitsalaya) established at the Plant locations, providing free OPD facilities & medicines to the BPL families. SAIL in association with Akshya Patra Foundation provided Mid-Day Meal to students of Govt. schools in and around Bhilai and Rourkela to more than 73,000 students every day. Under the Saranda Development Plan, SAIL distributed bicycles, transistors, solar lanterns to a large number of people in the region. An Integrated Development Centre at Digha village was also established in Saranda consisting of a Hospital, Anganwadi Center, Bank, Forest & Agriculture office, Ration shop, Community Hall, Accommodation Complex for civil official and a Community kitchen. As you are aware, SAIL's mines are located in this region on account of which, SAIL in association with Ministry of Rural Development, Government of India has undertaken a developmental plan for the benefit of habitants of Saranda forest region.

Dear Shareholders, there is considerable optimism that India will see a buoyant growth in the coming years, particularly in the infrastructure sector, giving a fillip to demand of steel in the Country. Your Company with the completion of its ongoing Modernisation & Expansion Plan would be fully geared to cater to the increased demand for steel in a cost effective manner by way of adoption of modern technology, automation, improvement in product quality, enriched product basket and process efficiency providing an apt platform for further capacity enhancement and technological excellence under the Vision-2025

I thank you for your continued faith in us.



(C.S. Verma)
 Chairman

New Delhi

Dated: 14th August, 2014

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BOARD OF DIRECTORS

Chairman

Shri C.S. Verma

Functional Directors

Finance

Shri Anil Kumar Chaudhary

Technical

Shri S.S. Mohanty

Personnel

Shri H.S. Pati

Projects & Business Planning

Shri T.S. Suresh

Raw Material & Logistics

Shri Kalyan Maity

Commercial

Shri Binod Kumar

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. Isher Judge Ahluwalia
Shri Sujit Banerjee
CA. Arun Kumar Srivastava
Dr. Atmanand
Shri J.M. Mauskar
Shri R.S. Sharma
Shri N.C. Jha
Shri D.K. Mittal
Mrs. Parminder Hira Mathur

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

Secretary

Shri M.C. Jain

Bankers

Australia and New Zealand Banking Group Ltd.
Axis Bank Ltd.
Bank of Baroda
Bank of India
Bank of Tokyo-Mitsubishi UFJ Ltd.
Barclays Bank PLC
BNP Paribas
Canara Bank
Citi Bank
Corporation Bank
Deutsche Bank
Development Bank of Singapore
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank
IndusInd Bank Ltd.
Jammu & Kashmir Bank Ltd.
JP Morgan Chase Bank
Kotak Mahindra Bank Ltd.
Mizuho Bank Ltd.
Punjab & Sind Bank
Punjab National Bank
Royal Bank of Scotland
State Bank of Hyderabad
State Bank of India
Sumitomo Mitsui Banking Corporation
United Overseas Bank
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.co.in
CIN: L27109DL1973GOI006454

BOARD OF DIRECTORS



Shri C.S. Verma



Shri V.K. Thakral



Shri U.P. Singh



Shri A.K. Chaudhary



Shri S.S. Mohanty



Shri H.S. Pati



Shri T.S. Suresh



Shri Kalyan Maity



Shri Binod Kumar



Dr. Isher Judge Ahluwalia



Shri Sujit Banerjee



C.A. Arun Kumar
Srivastava



Dr. Atmanand



Shri J.M. Mauskar



Shri R.S. Sharma



Shri N.C. Jha



Shri D.K. Mittal



Smt. P.H. Mathur

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure of presenting the 42nd Annual Report of the Company together with Audited Accounts for the Financial Year ended 31st March, 2014.

FINANCIAL REVIEW

Your Company achieved a turnover of ₹51,866 crore during the Financial Year 2013-14 (FY 14), which is higher by 5% over the turnover during the previous Financial Year. The Company registered an increase of 20.6% in its Profit After Tax (PAT), to ₹2,616 crore in FY 14 up from ₹2,170 crore in Financial Year 2012-13 (FY 13). The net worth of company improved substantially from ₹41,025 crore as on 31st March, 2013 to ₹42,666 crore as on 31st March, 2014 and this helped in generation of internal resources for funding expansion plans of Company.

Higher production and sales along with lower cost of imported coal helped improve the bottom line, offsetting more than ₹1000 crore of additional wage provision made during the year on account of revision of wages/perks of non-executives pending w.e.f. 1.1.2012. Profit for the year includes receipt of ₹1056 crore from M/s Vale, Australia on account of a favourable arbitration/court award in case of a commercial dispute with SAIL. The comparative performance of major financial parameters during the Financial Years 2013-14 and 2012-13 is given in Management Discussion and Analysis Report.

Your Company continued its thrust on optimum utilization 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, your Company hedged the foreign currency risk on Buyer's Credit and repayment of External

Commercial Borrowings depending on market conditions. The Company had liquid assets of ₹2500 crore as on 31st March, 2014 invested in short-term deposits with scheduled banks against borrowings of ₹25281 crore as on 31st March, 2014. The debt equity ratio of the Company increased to 0.59:1 as on 31st March, 2014 as against 0.53:1 as on 31st March, 2013, mainly on account of increase in borrowings during the year to meet the capital expenditure requirements of the Company. Capital expenditure of ₹9,890 crore was made during the year, which was higher than the previous Financial Year.

The Company paid Interim Dividend @ 20.20% of the paid-up equity share capital during the year, which is marginally higher than the total dividend of 20% paid in FY '13. The Board has decided to treat this Interim Dividend as the total dividend for the year 2013-14. A sum of ₹264 crore was transferred to the general reserves during the year (previous year ₹163 crore).

Credit Rating

M/s India Ratings & Research Pvt. Ltd. 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

Your Company produced 12.9 million tonnes (MT) of saleable steel in FY'14, registering an improvement of 4% over FY'13. Production of 14.5 MT of hot metal and 13.6 MT of crude steel was also 1% higher each than corresponding period of last year (CPLY) respectively. All-time best production of special quality & value added products of 5.42 MT was achieved, which was 6% higher than FY'13. Power Plants maintained the best ever power generation of 699 MW during 2013-14, with a growth of 1% over last year.

During the year SAIL took a major step forward on the modernization & expansion front, with the new 4060 m³ Blast



Hon'ble Minister of Mines, Steel and Labour & Employment Shri Narendra Singh Tomar meeting the CII National Committee on Steel led by Chairman SAIL Shri C. S. Verma



MoU signed between SAIL and Ministry of Steel in presence of Secretary (Steel) Shri G. Mohan Kumar and Chairman SAIL Shri C. S. Verma and other Directors of SAIL

Furnace (largest in the country) at Rourkela Steel Plant becoming operational since August, 2013. It marked a new chapter in the modernization and expansion of the company. Thereafter, other upcoming facilities at RSP have also been operationalized. From June, 2014, the entire integrated process route comprising the new Ore Bedding & Blending Plant, 360 sq.m. Sinter Plant, the 7 m tall Coke Oven Battery No.6, the 4060 m³ Blast Furnace No.7, the 3rd BOF, 2500 mm Slab Caster and the Plate Rolling facility in the New 1.0 Million tonne per annum Plate Mill are operational at RSP. Work in the finishing mill of the Plate Mill will be completed shortly. The production from these facilities is being ramped up. BSP experienced an incidence of gas leakage in the Pump House of Blast Furnace Gas Cleaning Plant on 12th June, 2014 resulting in loss of six precious lives. Causes of incident were thereafter analysed and remedial measures taken. The units were re-started within 7 days and were stabilised soon.

Research & Development (R&D)

Several initiatives have been undertaken for implementation of the ambitious R & D Master Plan of SAIL, initiated under three broad categories namely, Centre of Excellence(CoE) Projects, High Impact Projects (HIP) and Technology Missions (TM) Projects.

The successes achieved under CoE Projects include, introduction of Roll Bite Lubrication System in all the finishing stands of Hot Strip Mill at Bokaro, increase in the average campaign life of Steel ladle in SMS-II, Bokaro Steel Plant from 80 to 89 heats using in-house SRU (SAIL Refractory Unit) bricks.

Under High Impact Projects where headway has been made are, beneficiation of iron ore fines/Slimes, modification in CDI and Coke Ovens door system, Micro pelletisation of sludge and its re-use in Sinter Plant. For use of BF slag for road making, studies are being conducted with CRRI (Central Road Research Institute).

The Technology Missions being pursued by your Company are mainly, thin strip casting and CRGO Steel production for which modalities for technology transfer are being worked out.

Development of New Products

Your Company is proud to be a part of India's Defence Indigenisation initiatives, wherein its steel plants at Bhilai and Rourkela had jointly developed and supplied DMR-249 grade steel for India's first indigenously developed aircraft carrier, "Vikrant". Maintaining this fervour for continuous improvement, your Company has developed several new products during the year,

further enhancing its extensive product portfolio. The new products developed at different Plants are as follows:

- Bokaro Steel Limited and Research and Development Centre for Iron and Steel (RDCIS) have jointly developed a Super Formable/High Strength Formable Steel specifically designed for producing cylinders in various shapes to service the export market. The new grade of steel will bring about more than 15% reduction in blank cylinder weight leading to a significant reduction in both manufacturing costs as well as the cost incurred in transportation and handling.
- Bhilai Steel Plant has developed High Toughness Corrosion Resistant Rails to provide improved hardness and elongation and better fracture toughness in rails supplied to Indian Railways.
- Durgapur Steel Plant has produced Aluminium killed IS 2062 E 410 blooms to cater to the latest trend of using high strength steel members in electrical transmission towers to reduce weight and improve cost effectiveness.
- SAIL has also introduced Earthquake resistant Fe 415S and Fe 500S grade TMT rebars complying with the IS 1786 standards, leading to TMT bars with better ductility and toughness as compared to ordinary TMT.

Raw Materials

During Financial Year 2013-14, total requirement of iron ore was met from captive sources. The Company's captive iron ore mines produced about 25.32 million tonnes (MT). However, in case of coking coal, around 18% requirement was met from indigenous sources (Coal India Limited & captive sources) and balance through imports (11.36 MT). During 2013-14, production in captive collieries of the Company was about 0.69 million tonnes, out of which 0.58 million tonnes was raw coking coal and balance 0.11 million tonnes of non-coking coal. In case of fluxes, around 1.13 million tonnes of limestone and 1.05 million tonnes of dolomite was produced resulting in total production of 2.18 million tonnes fluxes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited except small quantity produced from captive mines.

During 2013-14, production at Gua Iron Ore Mines resumed on 12th April, 2013, after a gap of about two years, after obtaining forest and environment clearance from Ministry of Environment & Forest (MoEF), Government of India (GoI). Further, on 4th March, 2014,

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MoEF, GoI granted Stage-I forest clearance for additional diversion of 361.295 ha of forest land in Durgaiburu lease of Gua Mine, thereby making total diversion as 635.986 ha. Grant of the forest clearance has paved the way for capacity expansion of the Gua Mines from present level of 2.4 million tonnes per annum to 10 Million tonnes per annum. Letter of Acceptance (LoA) has been placed for main package of capacity expansion project.

Approval of Odisha Govt. on the report of the Technical Committee regarding status of Karo-Karampada Elephant Corridor, in context of 5.1 Sq. Mile lease of Bolani Mines in Feb'14, paved the way for continued operations in core iron ore bearing area of the lease and capacity expansion of Bolani Mine to 10 Million tonnes per annum (MTPA).

For ensuring regular supplies of iron ore, capacities of existing iron ore mines are being expanded and new iron ore mines are being developed. Process for selection of Mine Developer-cum-Operator for development of Rowghat and Chiria iron ore mines has been initiated.

In addition, new iron ore deposits in the States of Rajasthan, Chhattisgarh, MP, Maharashtra, Odisha and Karnataka are being explored. In this regard, Ministry of Mines, GoI, vide order dated 2.9.2013 accorded its approval for grant of mining lease for iron ore associated mineral over 871.38 ha in village Dhul Khera, district Bhilwara, Rajasthan in favour of SAIL for a period of 30 years.

Efforts are being made for allotment of new coking coal and thermal coal blocks under Government dispensation route.

Hon'ble Supreme Court in its judgement passed on 16th May, 2014 in respect of the PIL regarding illegal mining in Odisha has expressed that in respect of mines where second and subsequent renewals are pending with State Government, the mining operations cannot be allowed without any express orders passed by State Government in terms of Section 8(3), MMDR Act, 1957. In view of this order, the mining operations of the mines of SAIL in Odisha viz. Bolani,

Barsua & Kalta running under the deemed extension provisions of Rule 24(A)(6) of MCR, 1960 were suspended by Odisha Government during the period 17th May, 2014 to 31st May, 2014, till the required express orders were issued by State Government of Odisha.

Power Production and Consumption:

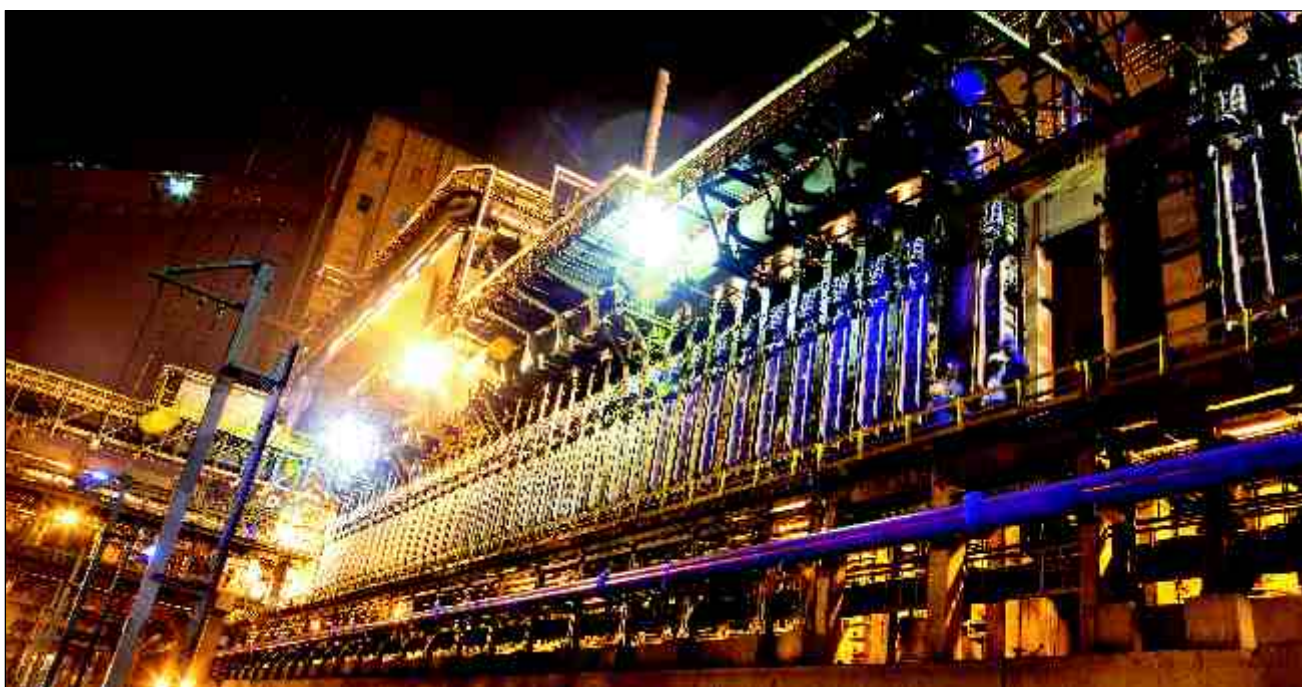
SAIL met about 67% of its total average power requirement of 1050 MW through its own captive generation and the balance 33% power was purchased from outside, mainly from grid utilities. With an aim to reduce cost, the opportunity of cheaper power available in the Power Exchange was utilised and total 19.7 MU was purchased for Salem Steel Plant (SSP) from Indian Energy Exchange. This practice will be continued.

The practice of gainful utilisation of surplus captive power available at one Plant through wheeling to other Plants was also continued during the year and about 25 MU was wheeled to Visvesvaraya Iron & Steel Plant (VISL) in Karnataka from Bhilai Steel Plant (BSP) in Chhattisgarh resulting in substantial cost benefits.

With an aim to ensure the availability of enhanced requirement of reliable power after the completion of ongoing expansion, your Company is in the process of augmenting its captive generation facilities and Transmission & Distribution infrastructure. Power receiving substation at Rourkela Steel Plant (RSP) was upgraded to 220 KV GIS during the year and similar projects are under execution at Bokaro Steel Plant (BSL) and Chandrapur Ferro Alloy Plant (CFP). Additional captive generation capacity of 216 MW is under installation at various SAIL Plants. In addition, expansion of capacity by 1x250 MW at RSP and 2x20 MW at Durgapur Steel Plant (DSP) is being carried out by NTPC-SAIL Power Company Private Limited (NSPCL), a JV Company of SAIL and NTPC.

SALES AND MARKETING REVIEW

Notwithstanding the challenging market conditions during the year in which the demand of steel in the country remained suppressed, your Company achieved a total sales volume of 12.07



Coke Ovens Battery no. 2 at Durgapur Steel Plant



New upcoming Cold Rolling Mill at Bokaro Steel Plant

million tonnes during the Financial Year 2013-14 registering a growth of 8.6% over Financial Year 2012-13. Product categories where major growth were recorded in domestic sales included: Plates: 12.7%, HR Coils: 7.8%, GP/GC: 23%.

The Company exported 0.47 million tonnes of steel during FY'14, registering a growth of 28% over the previous year. New export markets were developed, such as Saudi Arabia for Blooms, Canada for Plates and Indonesia and Thailand for Slabs.

The Company's Rural Dealer network was further expanded to 1004 number of Rural Dealers, as on 31st March, 2014. With this, total number of SAIL dealers stood at 2,948 as on 1st April, 2014. Records Retail sales were achieved at 0.62 million tonnes, registering an increase of 14% over 2012-13.

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 14.4 million tonnes during the Financial Year 2013-14 to 23.5 million tonnes after expansion. 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 AND EXPANSION PROGRAMME

Your Company is implementing Modernisation & Expansion Plan of its five Integrated Steel Plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur. The modernization & expansion plan envisages increase in production capacity of Hot Metal from 14.4 million tonnes per annum to 23.5 million tonnes per annum.

Orders for about ₹ 59,288 crore have been placed (till Mar'14) under the current Modernisation & Expansion Plan of SAIL and a capital expenditure of ₹53,270 crores has been made under this program till Mar'14. Facilities of about ₹20,000 crore have been already operationalized till Mar'14. This includes facilities at SSP, Raw Material Handling Plant, Sinter Plant, COB-11 Complex, Wire Rod Mill at ISP and New Sinter Plant-3 at RSP.

Further, during FY'14, production commenced from several new facilities such as New Ore Bedding & Blending Plant, New Coke Oven Battery No.6 Complex including Coal Handling Plant, 3rd Single Strand Caster at RSP; Coke Oven Battery No.2 at DSP; 2nd Sinter Machine in SP-3 at BSP. A major achievement was recorded with the new 4060 m³ blast furnace (largest in the country) at RSP operationalized from August'13. The production has been ramped up from the furnace since then.

SAIL Board accorded 'in-principle' approval during the year for various new Projects with an estimated total outlay of around ₹7,862 crore during the year.

A capital expenditure of ₹ 9,890 crore was incurred during the Financial Year 2013-14 on this account and capex planned during 2014-15 is ₹9,000 crore.

The details of the Additions, Modification & Replacement (AMR) Schemes under implementation are given in the Management Discussion & Analysis (MD&A) Report.

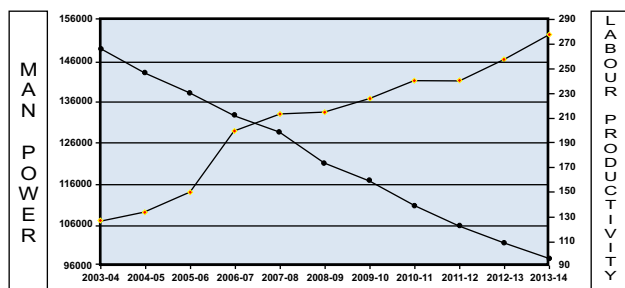
HUMAN RESOURCE MANAGEMENT REVIEW

Your Company 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.

Enhanced Productivity with Rationalized Manpower

Your Company achieved the highest ever Labour Productivity (LP) of 278 tonnes of crude steel (TCS)/Man/Year in 2013-14. The

manpower strength of SAIL was 97897 nos. (as on 31.03.2014) with manpower rationalization of 3981 nos. achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, redeployment strategies, multi-skilling, building competencies and infusing a sense of commitment and passion among employees to excel. Trend of enhanced productivity and manpower rationalization since 2003-04 onwards is depicted below:



Developing Employee Capabilities & Competencies

In order to develop its human resources for harnessing their potential and for according ample opportunity to employees 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.

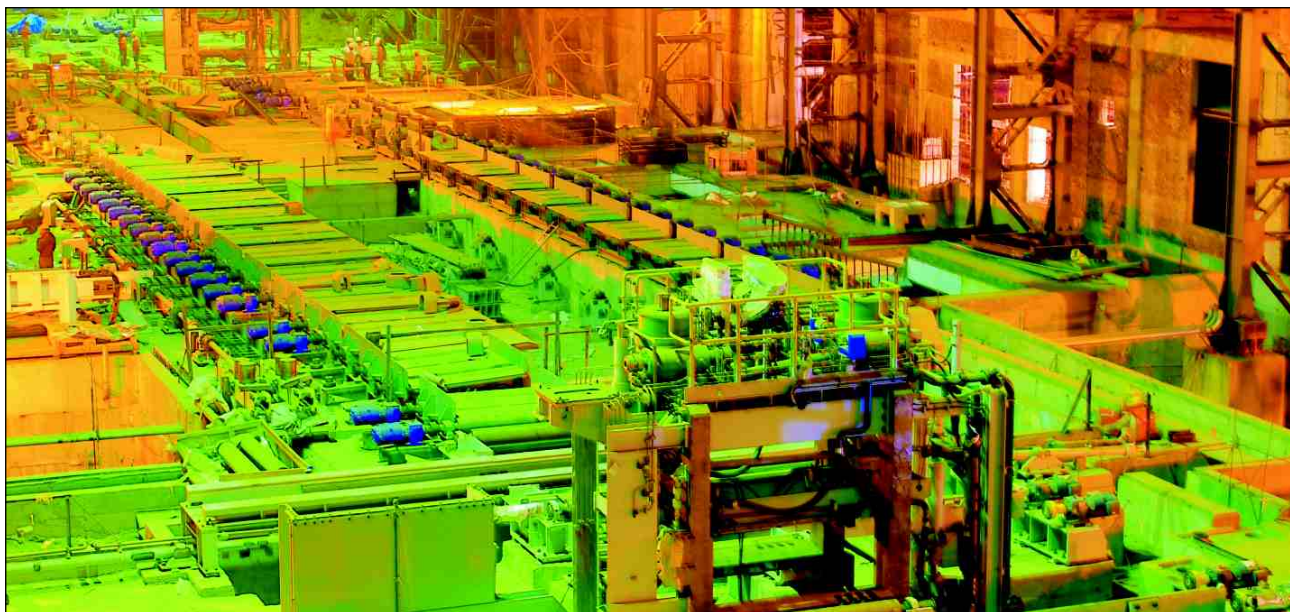
Preparing employees for tomorrow, for effectively taking up challenges and discharging new roles and responsibilities was given a major thrust. Overall, 47187 employees were trained against target of 41340 employees during the year on various contemporary technical and managerial modules.

Harmonious Employee Relations

- Your Company has a glorious tradition of conducive and fulfilling employee relations environment. The healthy practice of settling the issues through discussions with trade unions/workers' representatives enabled workers' participation at different levels and facilitated in establishing a peaceful IR climate. The Company has an established system of worker's participation at different levels 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 establishing a conducive work environment.
- Bipartite forums like National Joint Committee for Steel Industry (NJCSI), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSE) 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 Plants/Units, marked with diverse work culture at multi-locations.
- In addition, Quality Circles, Suggestion Schemes, Shop specific Performance Improvement Workshops also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought through structured/interactive workshops.
- Communication with employees at various levels concerning wide range of issues impacting the Company's performance as well as those related to employees' welfare is carried out in a structured manner across the Company. Mass communication campaigns are undertaken at the level of Chief Executive Officers (CEO)/Senior Officers' of the Plants involving structured discussion with large group of employees. These



Chairman SAIL, Shri C. S. Verma, Director (Tech.) Shri S.S. Mohanty and Director (Proj. & BP) Shri T. S. Suresh during their recent IISCO Steel Plant visit to review MEP



New Universal Rail Mill at Bhilai Steel Plant

interactive sessions help employees to align their working with the goals and objective of the Company leading to higher production & productivity and enhanced employee engagement.

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 involvement of employees, trade unions and associations. Joint grievance committees have been set up at Plant/Unit level for effective redressal of grievances.
- The grievances are dealt through a 3 stage grievance handling system 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. 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.
- There were 44 grievances pending for redressal as on 31.03.2013. Number of grievances received during the period from 01.04.2013 to 31.03.2014 were 1127. During the year, 1157 grievances were disposed off and 14 grievances were pending for redressal as on 31.03.2014.

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

Your Company follows Presidential Directives on Reservation for Scheduled Castes (SCs) and Scheduled Tribes (STs) in the matter of recruitments & promotions. As on 31st March, 2014, out of total manpower of 97897, 15.95% belong to SC category and 13.77% belong to ST category.

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

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:

- No tuition fee is charged from SC/ST students studying in the Company run schools, irrespective of whether they are SAIL employees' wards or non-employees' wards.
- 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.
- SAIL Plants have adopted 15 children from nearly extinct Birhor Tribe. They are being provided free education, boarding, lodging and medical facilities for their overall growth.
- Villagers are given free outdoor and indoor treatment in the SAIL hospitals located at Kiriburu, Gua & Chiria Mines after recommendations by Manki / Munda (Local Tribal Village Heads) of the peripheral villages.

Initiatives towards propagating awareness about Reservation Policy

- Internal workshops for Liaison Officers for SC/ST and other dealing officers of SAIL Plants/Units are conducted at regular intervals through an external expert to keep them updated on the reservation policy for SC/ST and other related matters.
- A meeting with SAIL SC/ST Employees' Federation under the Chairmanship of Director (Personnel) was organized on 18th June, 2013 at Rourkela. Federation members were apprised about the position and the challenges faced by the Company. Meeting was followed by a two-day workshop on reservation matters for the members of the Federation.
- A Workshop on reservation for SC/ST/OBC/PWD was organized on 20th and 21st of June, 2013 at Rourkela. The workshop was attended by 40 executives from different Plants and Units of SAIL and it has assisted in disseminating the nuances of implementation of guidelines on reservation policy.

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- Dr. Rameshwar Oraon, Hon'ble Chairperson, National Commission for Scheduled Tribes visited RSP during 9th -11th September, 2013 and reviewed implementation of Reservation Policy in respect of STs. He appreciated the efforts of SAIL/RSP towards the overall development of peripheral population which predominantly comprises of SC/ST.

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 (PIO)/ Asstt. Public Information Officers (APIO), Appellate Authorities and Transparency Officer under Section 5 & Section 19(1) of RTI Act in each Plant and Unit for speedy redressal of the queries received under the Act.

The provisions under the Act are being complied with by all Plants and Units of SAIL. All statutory reports including Annual Report are sent to Ministry of Steel and are also posted on SAIL website. Under Sec. 5(5), all the officers/ line managers responsible for providing information to the PIO, called Deemed PIO, have been made equally responsible as PIO towards timely providing of information to the applicant.

All Plants/Units of SAIL have listed 17 manuals and details of designated officials in line with the provisions of the RTI Act has been uploaded on SAIL website. Your Company has also institutionalised an exclusive RTI Portal for better awareness and knowledge sharing. In all, a total number of 4940 applications and 942 appeals were received under RTI Act, during the Financial Year 2013-14 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" MoU Rating for the year 2012-13 for the 11th consecutive year.
- Chairman, SAIL has been adjudged 'CEO of the year' by Platts at the 2014 Platts Global Metal Award.
- SAIL employees won 18 out of 28 Vishwakarma Awards declared in 2013, which is the highest for any organization

amongst both private and public sector. In terms of number of employees, 76% awardees in the country were from SAIL.

- 6 out of 16 Shram Awards declared in the country in 2013 for Public Sector were won by SAIL employees. This was also the highest number for any organization amongst both private and public sector. In terms of number of employees, 50% awardees in the country were from SAIL.
- In the international Quality Meet at Taipei, Taiwan during October, 2013, 5 Quality Circle teams consisting of 29 SAIL employees won Gold Medals.
- BSP/SAIL was awarded the prestigious PM's trophy for the Best integrated Steel Plant (2011-12) for the 11th time (out of 20 times awarded).
- SAIL bagged Indira Gandhi Rajbhasha Shield for best implementation of official language in 'A' (Hindi-speaking) region by Ministry of Home Affairs, Government of India. This award was conferred by Hon'ble President of India on Hindi Diwas i.e. 14th Sept'13.
- SAIL bagged the Gold Trophy for "SCOPE Meritorious Award for Environmental Excellence & Sustainable Development" for the year 2012-13.
- SAIL was conferred with 'Employer Federation of India National Award 2013' for Excellence in Industrial Relations at Mumbai on 25th October, 2013.
- SAIL has been awarded with 'Commendation Certificate for Strong Commitment to HR excellence' by CII in the 4th CII National HR Excellence Award 2013 held on 24th September, 2013 at New Delhi.
- Top prize in the 'National Energy Conservation Awards 2013' was awarded by Hon'ble President of India Shri Pranab Mukherjee on 16th December, 2013 in recognition of 'Systematic and serious efforts made by BSP for efficient utilization and conservation of energy during the last two years'.
- Town Official Language Implementation Committee



88 employees of SAIL out of 118 awardees won the Vishwakarma Rashtriya Puraskar for the performance year 2011 in an award function organised in New Delhi, September, 2013



Chairman SAIL Shri C.S. Verma with employees of Bhilai at the Long Rail Complex in Bhilai Steel Plant

(NARAKAS), PSU-Delhi, under the Chairmanship of SAIL has been awarded the 1st prize for the best performance in implementation of Rajbhasha in northern region. The award was presented by Hon'ble Governor of Punjab Mr. Shivraj Patil on 31st March, 2014 at Chandigarh.

- Ispat Rajbhasha Shield (1st prize) awarded by Hon'ble Minister of Steel on 24th February, 2014 at Lucknow for best implementation of Official Language in SAIL.
- In recognition of excellent implementation of Official Language in SAIL, NARAKAS Rajbhasha Shield (IInd prize) was awarded by Secretary, Rajbhasha, Govt of India on 21st February, 2014 at New Delhi.
- Ispat Bhasha Bharati, the Hindi House Journal of SAIL has been adjudged as the best magazine among all PSUs for the year 2012-13 by Town Official Language Implementation Committee, Delhi on July 29, 2013.
- India Pride Award 2013-14 for Excellence in CSR under Central Public Sector Undertakings was awarded by Union Minister of Human Resource Development on 19th December, 2013 at New Delhi.
- 'Company with Best CSR & Sustainability Practices Award - 2013' conferred upon SAIL by Asian Centre for Corporate Governance & Sustainability.
- SAIL won the 'ICC PSE Excellence Awards 2013' under Corporate Social Responsibility & Sustainability in Maharatna & Navratna Award Category. The award was conferred upon SAIL by Advisor to the Prime Minister and Secretary, DPE on 16th December, 2013 at New Delhi.
- 'SKOCH Corporate Leadership trophy' was awarded to Chairman, SAIL by Union Finance Minister in the 34th SKOCH Summit held on 12th November, 2013 at New Delhi.
- SAIL won 'SKOCH Order-of-merit Award' in 3 award categories i.e. HRD, Environment Management and Sustainability on 11th November, 2013 at New Delhi.
- Jury award for 'Lasting Impact on Indian Economy' at Governance (Now PSU Awards-2013) conferred upon SAIL

Chairman by Union Minister of Heavy Industries, Sh. Praful Patel on July 24, 2013 at New Delhi.

- SAIL bagged 'e-INDIA PSE Awards-2013' in the field of Education for the project "Special Schools for the Underprivileged" on 23rd July, 2013.
- SAIL has been awarded "Responsible Business Awards-2013" in the category 'CSR Leadership Award' by World CSR Day in June, 2013.
- Chairman, SAIL has been conferred with 'Star PSU CMD of the year Award' for outstanding performance under the Maharatna category in BT-Star PSU Excellence Awards-2013.
- SAIL has won 'Randstad Award 2013' at Bangalore on 18th April, 2013.
- SAIL bagged two prizes in Regional Rajbhasha Conference held by MoH in Chandigarh on 5th June, 2013; one for best implementation of Rajbhasha at regional level and another for conducting the activities of the NARAKAS in excellent manner.

Bhilai Steel Plant

- INSAAN Award – First prize for "Excellence in Suggestion Scheme" (Theme: Institutionalizing innovation) for the year 2013.
- BSP, SAIL won 'Commendation Certificate' for significant role played in promoting Business Excellence in India for the year 2013 in the 21st CII National Quality Summit at Bangalore on 8th November, 2013.
- Nandini Mines of BSP won 5 prizes for Mineral conservation and Environment.
- Greentech Environment Award (Gold) for the year 2012-13 by Greentech Foundation.
- Bhilai/Durg TOLIC won first prize in the central region for best implementation of Rajbhasha during 2012-13 by Rajbhasha Deptt. Central Region.
- Golden Peacock Sustainability Award for sustainability initiatives during Assessment Year 2012-13 by Institute of Directors – New Delhi.

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- 'IIM National Sustainability Award' for 2012-13 by Indian Institute of Metals, Kolkata.

Bokaro Steel Plant

- BSL was conferred with Commendation for Strong Commitment to Excel by CII-Exim Bank.
- CII (ER) Productivity Award 2013-14 in Group 'C' by CII (ER).
- Second prize for implementation of Rajbhasha Hindi in 'D' Category States in Eastern Region by Deptt. of Official Languages, Govt. of India in March 2014.
- Greentech Environment Award (Gold) and Greentech CSR Award (Silver) for the year 2012-13 by Greentech Foundation.

Durgapur Steel Plant

- DSP was conferred with Commendation for Strong Commitment to Excel by CII Exim Bank.
- Certificate of Merit awarded to DSP by CII Eastern Region for Energy Conservation
- Greentech Environment Award (Gold) and Greentech CSR Award (Silver) for the year 2012-13 by Greentech Foundation.
- Greentech Safety Award 2013 (Silver) for year 2012-13 by Greentech Foundation, New Delhi.
- Srishti Good Green Governance Award 2012 for Environment (Runner up) by Srishti Publications, New Delhi for the year 2012-13.
- 'Commendation Certificate' under the 'Large Scale Manufacturing - Metallurgical' category of Rajiv Gandhi National Quality Awards, 2011 on 26th April at New Delhi.
- Greentech HR Award 2013 (Silver) for training excellence at 3rd Annual Greentech HR Awards ceremony held at Goa.

Rourkela Steel Plant

- Award in three categories viz. Best CSR Practices, Women's Empowerment and Support & Improvement in Quality of

Education was awarded to RSP at the World CSR Congress & World CSR Day held at Mumbai in Feb.'14 during Global CSR Excellence and Leadership Award Presentation Ceremony.

- Certificate of Commendation was awarded to RSP in the 'CII ITC Sustainability Award 2013' for significant achievement in the journey towards Sustainable Development.
- Greentech Environment Award (Gold) for the year 2012-13 by Greentech Foundation at Chandigarh on 29th-30th January, 2014.
- Golden Peacock Environment Management Award 2012.
- CII-EXIM Bank Award 2012-13 for strong commitment towards excellence in November, 2013.
- CSR Leadership Award in the Think CSR Forum jointly organized by Telfa's, the Times of India and Think Foundation in August, 2013.
- Champion's Award for Employee Engagement in June, 2013 by INSAAN.
- Srishti Good Green Governance Award, 2011 received 4th times in a row in June '13.
- Ispat Suraksha Puraskar-2010 for no fatal accident in two areas, namely, Coal, Coke & Chemicals Zone and the Blast Furnace, Slag Granulation Plant, Sinter Plants & Raw Materials Department Zone by Joint Committee on Safety, Health and Environment of the Steel Industry in June, 2013

Raw Materials Division

- Greentech CSR Award (Gold) was awarded to RMD for the year 2012-13 by Greentech Foundation at Chandigarh on 29-30th January, 2014.
- Quality circle team of Bolani Ores Mines bagged the Quality Circle Award at Taipei, Taiwan in October, 2013 for its innovative project on 'Eliminating overloading problem of conveyor LC-2 at Bolani Ore Mines
- Barsua Iron Mines was awarded with 2nd Prize in Use of Mechanized Beneficiation Equipments and 3rd Prize in



SAIL's in house magazine Ispat Bhasha Bharti awarded Rajbhasha Shield in a function of TOLIC in New Delhi, where Chairman SAIL Mr CS Verma and Ms Nita Chowdhury, Secretary (Rajbhasha), Govt of India, honouring senior Hindi writer and critic Professor Kedarnath Singh with NARAKAS Sahitya Samman



Chairman SAIL Shri C.S. Verma with Director (Tech.) Shri S.S. Mohnaty, Director (Proj. & BP) Shri T.S. Suresh and other senior officers of RSP during commencement of production from Coke Ovens Battery 6 Complex

Publicity & Propaganda in the Mines Environment & Mineral Conservation Week 2013-14

Alloy Steels Plant

- Greentech Environment Award (Silver) was won by ASP for the year 2012-13 by Greentech Foundation at Chandigarh on 29th-30th January, 2014.

Salem Steel Plant

- 26 employees of Salem Steel Plant have won State Shram Award announced by Directorate Safety and Health, Govt. of Tamil Nadu recognizing outstanding suggestions implemented in the work area. SSP also bagged 3 safety awards.
- SSP won National Sustainability Award (Second Prize) for the year 2012-13 from Indian Institute of Metals, Kolkata amongst the Secondary Steel Plants/Alloy Steel Plants category consecutively for the 10th time and 17th time since inception.

SAIL Refractory Unit

- 2nd Prize in Official Language Implementation in Eastern Region.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Steel Authority of India Limited - the Maharatna Steel Company, has adopted a balanced approach towards inclusive growth, consistent with socio-environment. Your Company, during 2013-14, continued to focus on helping the downtrodden, the underprivileged with its development oriented CSR projects in the area of Medical and Healthcare, Education, livelihood generation etc.

Specialized and basic healthcare facilities either completely free or at very nominal charges are being provided to needy and underprivileged living in the vicinity of Plants/Units through 57 Primary Health Centres, 21 Hospitals, 7 Reproductive & Child Health Centres and 7 Super-Specialty Hospitals created by SAIL. More than 38.61 million people have benefited so far by availing the healthcare facilities being provided by SAIL.

Seven health centres (Kalyan Chikitsalaya) have been established exclusively for BPL families at Plants location which provide free OPD facilities & medicines to poor and needy families. Over 90,000 people were treated at these Kalyan Chikitsalayas in 2013-14.

SAIL has continuously been providing basic medical services to the rural populace residing in its peripheral villages. Around 3000

medical camps were organized during 2013-14 in the vicinity of its Plants/Units to provide medical facilities to such people in their neighbourhood itself. More than 2 lakh people received the medical facilities in these camps in 2013-14.

SAIL has created infrastructure for enhancing availability of safe drinking water for people living in far-flung areas, by installing over 7625 water sources. By virtue of these facilities created by SAIL, 42.70 lakh people have gained access to drinking water through improvement in availability of potable water resources at rural and water deficit locations.

In order to promote sanitation and hygiene in peripheral villages, RSP has completed the project 'Comprehensive Water & Sanitation Facilities' in five peripheral villages - Chutiatola, Dumerjore, Ushra Colony, Baniguni & Jagdishpur benefiting 621 households.

Your Company firmly believes that only an enlightened and well informed citizen can play a constructive role in the progress of society. Company owns and maintains over 129 schools in its Steel townships for providing modern education to more than 59,000 children, besides actively providing assistance to over 629 schools with over 92,000 students. Seven Special Schools (Kalyan Vidyalaya), exclusively for BPL families established at Steel Plants locations, are providing free education, mid-day meals, uniform including shoes, text books, stationery items, school bags, water bottles and transportation to around 1,600 students. Scholarships to deserving undergraduate and postgraduate engineering students, adoption of tribal children from Maoist insurgency affected areas, nearly extinct Birhore tribes, sponsoring youth for Industrial Training and Nursing course, etc. are some of the major steps taken for uplifting poor, OBC, SC, ST, etc. Saranda Suvan Chhatravas - a fully residential complex at Kiriburu Mines has been set up for providing education and residential facilities to students belonging to areas affected by Maoist insurgency.

SAIL in association with Akshya Patra Foundation is providing Mid-Day Meal to students of Govt. schools in and around Bhilai and Rourkela. Under this scheme, healthy & nutritious meal is being provided to more than 73000 students of around 550 Govt. schools every day.

SAIL has carried out construction of new roads/pathways and also undertaken repairs of damaged road/pathways in rural areas thereby providing connectivity for facilitating reach of education

and healthcare amenities to over 77.04 Lakh people across 435 villages.

In order to bridge the disparity between rural and urban areas and bring about holistic development of both physical and social infrastructure, 79 villages have been developed as "Model Steel Villages" across the country (in eight states).

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.

People of remote forest areas are deprived of basic infrastructural i.e. medical care, education and other essential requirements of livelihoods. The dense reserve forest of Saranda wherein SAIL's mines are situated is one of such deprived region where people face real hardships of life. Being a responsible corporate entity and to bring the marginalized masses of this remote forest area to the mainstream of development, SAIL in association with Ministry of Rural Development, Govt. of India has undertaken a developmental plan for the benefit of habitants of Saranda forest region.

Under the Saranda Development Plan, SAIL has distributed bicycles, transistors, solar lanterns (seven thousand each) to the people of region and established an Integrated Development Centre (IDC) at Digba village in Saranda forest, West Singhbhum District, Jharkhand consisting of a Hospital, Anganwadi Centre, Bank, Forest & Agriculture office, Ration shop, Community Hall, Accommodation Complex for civil official and a Community kitchen.

SAIL, as a responsible corporate citizen, supported the rehabilitation initiatives for the people affected by Flash Floods in Uttarakhand and Phyllin cyclone in Odisha by contributing ₹1 Crore and ₹20 Crore, respectively.

Vocational training has been provided in areas such as Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar/Pappad/Agarbatti making, Welder, Fitter and Electrician Training, Sewing and embroidery, Smoke less chullah making etc. as a means to livelihood in a dignified manner.

Vocational Training centre for rural and unemployed youths – 'Bhilai Ispat Kaushal Kutir' and '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.

Besides running Vocational Training Institutes (VTI), SAIL is supporting vocational training of the local youth at other ITIs/ITCs/VTIs. RSP, ISP & RMD supported ITI/ITC training of more than 700 youths at ITC, Bargaon, (under the rehabilitation/prevention program for the left wing extremists) & ITCs at Rourkela.

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

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized at various forums in the form of numerous awards and accolades received by the Company which are tabulated along with other awards in Awards & Accolades Section reported earlier.

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 website.



Skilled manpower and higher capacity HEMM set to hike production at RMD's Bolani Ores Mines in Odisha



Saranda Suvan Chhatravas, a CSR initiative of SAIL's RMD for providing education and lodging to the under privileged tribal students

- 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 2013-14, your Company continued to give impetus towards taking new business initiatives, including mergers and acquisitions, establishing new strategic alliances with renowned companies, ensuring raw material security through acquisition of potential opportunity, as well as diversifying in allied areas for meeting its long-term strategic objectives. Your Company has established communication with renowned international technology providers for forging strategic alliances, in alternative iron and Steel technologies, as well as 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.

The strategic initiatives taken by your Company include:

Merger and Acquisitions (M & As):

Your Company has taken up with Ministry of Commerce/ Government of India for possibility of acquiring majority stake in Neelachal Ispat Nigam Limited (NINL) in Jajpur, Odisha. SAIL has reiterated its plan to develop NINL into a 5 million tonne per annum (mtpa) Steel Plant, in phases, from the current capacity of 0.9 mtpa.

Joint Ventures/Memorandum of Understanding (MOU):

1. Development of Hajigak Iron Ore Deposits in Afghanistan: The SAIL-led consortium AFISCO (Afghan Iron and Steel

Consortium) comprising of SAIL, NMDC, RINL, JSW Limited, JSPL, JSW Ispat Limited and Monnet Ispat and Energy Limited was selected as the 'Preferred Bidder' for blocks B, C and D of the Hajigak Iron Ore 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 is carrying out contract negotiations with the Ministry of Mines and Petroleum of the Islamic Republic of Afghanistan.

2. Alternate technologies in Iron and Steel Making : Your Company is jointly exploring with Kobe Steel, Japan for installation of an ITmk3 technology based 0.5 MTPA Iron Nugget Plant at ASP, Durgapur. A Joint Venture Company "SAIL-Kobe Iron India Private Limited" has already been incorporated. The Detailed Project Report is under preparation.
3. Revival of operation of SAIL SCL Kerala Ltd. (SSKL), Kozhikode : The management of erstwhile Steel Complex Limited, a BIFR registered Company was taken over by SAIL, after its release from BIFR, in 2010, and converted into a Joint Venture Company, namely "SAIL-SCL Kerala Limited" with SAIL and Government of Kerala having equal shareholding. The Joint Venture Company has initiated the process for installing 65000 tpa TMT rolling mill in the premises.
4. In pursuance to signing of the Joint Venture Agreement with Burn Standard Company Limited (BSCL), a Public Sector Unit under Ministry of Railways, for setting up a Wagon Components Manufacturing Facility at the premises of BSCL at Jellingham, Purba Medinapore District, in West Bengal, with capacity to produce 10,000 bogies and couplers per annum, a new Joint Venture Company "SAIL Bengal Alloy Castings Private Limited" was incorporated on 12th February, 2013. Work for preparation of Detailed Project Report (DPR) for the Project has been initiated.

5. SAIL had formed a Joint Venture Company (JVC) with RITES viz. SAIL RITES Bengal Wagon Industry Pvt. Ltd. (SRBWIPL), to manufacture 1200 wagons and undertake rehabilitation of 300 number of wagons per year at Kulti, West Bengal. Project related activities are under progress, including installation and erection of equipment. The JVC is likely to start commercial production by this year end.
6. Your Company has signed an MOU with Industrial Development Corporation of Odisha Ltd. (IDCOL) for exploring the possibility of acquisition of/Joint Venture with its wholly owned subsidiaries IFCAL (IDCOL Ferro Chrome Alloys Ltd.) and IKIWL (IDCOL Kalinga Iron Works Ltd.). Based on detailed due-diligence and approval by the SAIL Board, financial bid for acquisition of 100% equity stake in IKIWL and 51% equity stake in IFCAL has been submitted on 30.08.2013. Negotiations are ongoing with Inter Departmental Core Group (IDCG) of Govt. of Odisha.

BUSINESS EXCELLENCE - INITIATIVES

Enterprise Score Card (ESC)

Third Enterprise Scorecard (ESC) of SAIL was prepared for the Financial Year 2013-14 comprising of 75 Strategic Objectives; 17 in Financial perspectives, 9 in Customer perspectives, 29 in Internal Business Process perspectives and 20 in Organisational Capability Building perspectives. 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 through Strategic Objectives and Key Initiatives. Enterprise Scorecard was deployed downwards through Unit Scorecards, Functional Scorecards and Departmental Scorecards and addressed the long-term and short-term issues. Enterprise Scorecard for 2014-15 has also been completed.

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 in the process for CII-EXIM Bank Award for Business Excellence 2013. These Plants 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.

BSL – Commendation award for Strong Commitment to Excel.

Your Company was also conferred a Special Award by CII for “Significant role played in promoting Business Excellence in India” during the National Quality Summit organized by CII.

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 2013-14, three Certification Agencies have been empanelled through open tender for three years for audit across SAIL Plants/Units for ISO 9000, ISO 14000, OHSAS 18000 and SA 8000. This would also facilitate gradual implementation of Integrated Management System in Plants.

IT RELATED INITIATIVES

Your Company has embraced Information Technology (IT) enabled services, applications and tools in all its Plants and Units for improvement in productivity, yield, quality, reduction in operational costs and improvement in internal and external customer satisfaction.

As a step towards this, Enterprise Resource Planning (ERP) has been implemented stage wise in 4 Integrated Steel Plants i.e. Bhilai Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant, Rourkela Steel Plant and the process of ERP implementation has been initiated at 5th Integrated Steel Plant i.e. IISCO Steel Plant. Central Marketing Organisation (CMO) ERP has already covered 100% primary domestic sales by 2013.

The Manufacturing Execution System (MES) technology was implemented at Bhilai Steel Plant and its deployment over marketing network has facilitated customers in placement of optimal orders in terms of quality, size and quantity.

Electronic facility of receiving online payment has been launched with collection of medical insurance premium from ex-employees of SAIL and is being extended to other receivables.

Provision of centralized visibility of bill payment status of all external vendors/suppliers is made available through SAIL Corporate Portal.

To ensure data and information security, steps have been taken at all SAIL Plants/Units and Durgapur Steel Plant has obtained ISO 27001:2005 Information Security Management System (ISMS) certificate.

ENVIRONMENT MANAGEMENT

Your Company assumes its responsibility to honour and adhere to the applicable laws of the land pertaining to environment. In order to attain the compliance with environmental laws, your Company has established separate department on environment at all the Plant/Units. Besides, it has an Environment Management Division at the corporate level.

The Company is also complying with all the forestry laws as per the laid down conditions. In addition to this, conditions imposed by the State Government(s) are also complied with.

The ongoing Modernization and Expansion programme of the Company, apart from increasing the production capacity, also envisages installation of more efficient & environment friendly technologies and incorporation of latest pollution control technologies and equipment. The Company is spending about ₹5000 crore on pollution control scheme out of the total outlay of about ₹72000 crore for the on-going Modernization and Expansion programme. Various environmental protection and conservation measures being undertaken by the Company are mentioned in MD&A Report.

CORPORATE COMMUNICATION

Corporate Communications initiatives for the year 2013-14 have been strategically aligned with objectives of your Company for the year. A number of new activities and projects have been taken up this year in order to enhance and strengthen the image of “Brand SAIL” amongst the various stakeholders.

Your Company’s communication with the various target audience was strengthened through various channels by regularly informing our stakeholders about various initiatives through press releases, press meets, one-to-one interactions with media within India and internationally. Key highlights of SAIL’s achievements throughout the year, such as your Company’s Modernization and Expansion plan, higher volumes of production and sales, development of value added products, engaging our customers, etc. were some of the news items that generated positive coverage for your Company.

Your Company made focused efforts to engage and interact with the employees across our Plant/Unit locations as matter of strategy, to build a sustainable organization. The objectives and



Eco-restoration at Purnapani Limestone and Dolomite mines of RMD

achievements of the organization were communicated to the employees through multilayered framework like messages of Management, in-house television channels, video-conferencing, face-to-face communication and newsletters etc. In order to instill a greater feeling of ownership, drive and sense of pride amongst employees of your Company, a new initiative – “My SAIL My Pride” has been launched.

The advertising strategy of your Company focused its activities to target present and potential customers pan-India, besides pan-India audience involving multiple stakeholders. New corporate and product advertisements were designed and developed to enhance the image of your Company.

As part of our overall strategy of strengthening the image of your Company, number of sponsorship initiatives were identified and taken up this year by your Company. Your Company, along with SBI, organized the SAIL – SBI Open 2014 which was presented by Incredible India, Ministry of Tourism. The SAIL Open Golf Tournament has helped in strengthening the SAIL Brand, besides being the second longest running national Golf championship after Indian Open. Football being a very popular in the neighbourhood of our Plants, we have collaborated with Baichung Bhutia Football School for providing training to the cadets as well as the coaches of the Football Academies of your Company.

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 2013-14:

- To increase vigilance awareness amongst employees, vigilance awareness sessions and workshops were regularly held at the various Plants and Units. A total of 147 workshops involving 3179 participants were organized for enhancing Vigilance Awareness on Whistle Blower Policy, Purchase/Contract Procedures, RTI Act, Conduct and

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 3296 periodic checks including file scrutiny and Joint Checks were conducted at different Plants/Units. Saving of approx. ₹ 23.22 crore accrued from the preventive vigilance activities mainly on account of these 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 concerned departments for implementing suggestions for improvement.
- As decided by the Central Vigilance Commission, Vigilance Awareness Week was observed in all the Plants and Units of Steel Authority of India Limited (SAIL) during the period 28.10.2013 to 2.11.2013. The theme of Vigilance Awareness Week this year was “Promoting Good Governance – Positive Contribution of Vigilance”. Based on the above theme, a number of seminars/workshops were organized during the week, to emphasize the need of greater transparency in commercial dealings with the stakeholders. Various events like debate competition, essay writing, quiz competition, talk by eminent personalities were also organized for the employees as well as school children. Further, interactive awareness sessions with major customers/stakeholders were conducted.
- The following four (4) thrust areas were identified for SAIL Vigilance:
 - Increase e-auction (Reverse Auction and Forward

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Auction) in all spheres of the activity and to achieve 100% e-payment in time bound manner.

- ii) Scrutiny of files pertaining to 21 high value projects being undertaken at various Plants/Units, in line with the guidelines of Chief Technical Examiner of CVC.
 - iii) Scrutiny of the contracts awarded on single tender enquiry (nomination basis).
 - iv) Increased surveillance in the areas of receipt, sampling and testing of high value raw materials and installing auto analyzers and auto samplers for raw material testing and sampling.
- A study on Conversion Agents / Wet Leasing Agents appointed by SAIL for conversion of semis into finished products was conducted by SAIL Vigilance Department, which brought out certain deficiencies in the system. A number of systemic improvement measures were recommended to prevent misuse of SAIL Logo/Brand as well as to streamline the conversion process through regular monitoring/periodic checks by the concerned authorities.
 - The Purchase/Contract Procedure (PCP) 2009 was issued by the Vigilance Department based on the feedback obtained from different stake holders. On the initiative of SAIL Vigilance, PCP is being revised to include the guidelines issued from time to time by various authorities such as CVC after discussions with stakeholders and the revised PCP is expected to be issued shortly.
 - '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.

PUBLIC PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES

As required by the Public Procurement Policy of the Government of India, the information on procurement from Micro and Small Enterprises during Financial Years 2013-14 and 2012-13 is given below:

(₹ crore)

Particulars	2013-14	2012-13
Total Amount Procurement	3862.69	4142.00
Total Procurement from MSE	789.64	942.00
% of Procurement from MSE	20.44	22.74

CONSULTANCY SERVICES

SAIL has one of the largest pool of qualified and experienced engineers, technologists, Finance professionals and professionally qualified HR and training experts. Based on its large and varied expertise and experience acquired over the last five decades, SAIL, through SAILCON, provides design, engineering, training, technical and management consultancy services in Iron and 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 organizations 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 2013-14, SAILCON laid enhanced focus on taking up training assignments along with technical consultancy in setting up of Steel Plants for some leading organizations. Consultancy is also being extended for setting up of Power Plants, based on waste heat recovery from the flue gases released out of Blast Furnace and non-recovery type of Coke Oven batteries, as an environment friendly measure and as a step to combat Global warming.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and 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, 2014 along with Management's replies thereon is placed at Annexure-I. The comments of Comptroller and Auditor General of India (C&AG) on the accounts of the Company for the Financial Year ended 31st March, 2014 under Section 619(4) of the Companies Act, 1956 and the Management's replies thereto are 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 Sanjay Gupta & Associates, New Delhi 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 R J Goel & Co., New Delhi for Alloy Steels Plant (ASP), Salem Steel Plant (SSP) & Visvesvaraya Iron & Steel Plant (VISP) as Cost Auditor(s) for the Financial Year 2013-14.

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) 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 and Foundry Company Limited, a wholly owned subsidiary of the erstwhile Indian Iron and 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, 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

Dr. Jagdish Khattar and Prof. Subrata Chaudhuri ceased to be Directors w.e.f. 20.08.2013 (A.N.)

Shri Binod Kumar has been appointed as Director (Commercial) on 02.12.2013 and joined SAIL Board on 03.12.2013.

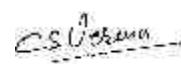
Shri P.K. Sengupta and Shri P.C. Jha ceased to be Directors w.e.f. 12.01.2014 (A.N.)

Shri R.S. Sharma, Shri N.C. Jha, Shri D.K. Mittal and Mrs. Parminder Hira Mathur have been appointed as Directors w.e.f. 19.02.2014.

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: 14th August, 2014

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

The world economy has experienced subdued growth for another year in 2013. Underperformance in the world economy was observed across almost all regions and major economic groups. Most developed economies continued struggling against the lingering effects of the financial crisis, grappling in particular with the challenges of taking appropriate fiscal and monetary policy actions. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new headwinds during 2013 on both international and domestic fronts.

In its latest World Economic Outlook update, IMF projects a 3.4% growth for 2014. Global growth is expected to rebound from the second quarter of 2014. With somewhat stronger growth expected in some advanced economies next year, the global growth projection for 2015 is at 4%. Downside risks remain a concern. Increased geopolitical risks could lead to sharply higher oil prices. Global growth could be weaker for longer, given the lack of robust momentum in advanced economies.

World Steel Scenario

World crude steel production reached 1606 million tonnes for the year 2013, up by 3% compared to 2012. The growth came mainly from Asia while crude steel production in all other regions (other than Africa) decreased in 2013 compared to 2012. China's crude steel production in 2013 reached 779 million tonnes, an increase of 6.6% over 2012. The EU recorded a negative growth of 1.8% compared to 2012, producing 165.6 million tonnes (MT) of crude steel in 2013.

It was feared that there would be a lower steel demand in 2013 due to continued Eurozone crisis and anticipated hard landing of China. However, there has been a stronger than expected performance in the developed world in the second half of the year. The world finished steel consumption in 2013 grew by 3.6% to 1.48 billion tonnes. While steel consumption in this period grew at 6.1% in China, the growth was much weaker in India at 1.8%. In India, steel demand is expected to grow by 3.3% to 76.2 MT in 2014, due to an improved outlook for the construction and manufacturing sectors, even though it will be constrained by high inflation and structural problems (Source: Worldsteel).

Indian Economic Environment

Financial Year 2013-14 constituted another sub 5% GDP growth year, with the overall GDP growth for fiscal 2013-14 estimated at 4.7%, which is only marginally higher than 4.5% of 2012-13. Industrial growth remains the weakest link in reviving economic growth, staying put at 0.4% over previous year.

Mining & Quarrying and Manufacturing posted negative growth of (-) 1.4% & (-) 0.7% respectively. For eight 'core' industries – coal, fertilizer, electricity, crude oil, natural gas, refinery products, steel, and cement – the average growth rate declined from 6.5 per cent during 2012-13 to 2.7 percent during 2013-14. However, there has been a marginal recovery in construction sector which grew at 1.6% aggregated for the sector. The growth registered in electricity was 6.1% while capital goods and consumer durables showed decline of 3.6% and 12.2% respectively.

However, IMF in its latest outlook (July, 2014) has stated that growth in India appears to have bottomed out, and activity is projected to pick up gradually after the post-election recovery in business sentiment, offsetting the effect of an unfavourable monsoon on agricultural growth.

Indian Steel Scenario

Amongst the large steel consuming nations, the steel consumption growth in India has been 2nd only to China. With the steel consumption growth rate in China projected to moderate to around 3% in future, India is going to emerge as fastest growing major steel consuming nation.

During 2013-14, domestic crude steel production was 81.5 million tonnes, a growth of 4% over 2012-13. Total finished steel at 85 million tonnes, registered a growth of 4.1% during 2013-14. Export of finished steel at 5.6 million tonnes exceeded the imports of 5.4 million tonnes, after a gap of 5 years. Higher exports were driven by volatility of the rupee, and mismatched demand-supply situation in 2013-14 vis-à-vis previous year.

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.
- SAIL is at the completion stage of its on-going 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 provide opportunities for enhanced steel consumption.

Threats:

- Intensification of competition from domestic as well as foreign steel producers. Fall in international steel prices due to decline in raw material prices both for iron ore & coking coal.
- Excess steel capacity in the country could lead to a margin squeeze.
- Slowing growth in China could potentially increase competition from cheap imports.

C. RISKS AND CONCERNS

- Continued subdued demand growth for steel may lead to excess capacity situation, especially in flat products.
- Strengthening of rupee against foreign currency may reduce export competitiveness and enhance competitiveness of imported steel.
- Movement of bulk materials for higher steel production will demand adequate support in terms of transportation and logistics, failing which the production may be impacted.

D. OUTLOOK

During Financial Year 2014-15, the renewed focus on infrastructure viz. development of smart cities, ports, Pradhan Mantri Gram Sadak Yojna, power plants, plan for doubling pipeline grid, metro for tier 2 cities, industrial corridor, incentives for housing, and revival of SEZ etc. will go a long way to consolidate growth, giving a fillip to the steel sector which has faced stagnant demand of late.

Further, in the General Budget for 2014-15, a host of measures inter alia, opening up of more sectors for FDI, plans to accelerate manufacturing growth and facilitating investments, would give a push to the economy. The GDP growth for fiscal 2014-15 has been projected in the range 5.4% to 5.7%, with the subsequent achievement of 7%-8% in the next 3-4 years. The pick-up in GDP growth, and especially in the steel using sectors such as construction, infrastructure and manufacturing are expected to revive growth for steel consumption.

E. STRENGTHS & WEAKNESSES

Strengths

Strengths of SAIL include diversified product mix, well established nationwide marketing network, captive iron ore resources, skilled

manpower, captive power plants, land bank for future expansion, dedicated R&D wing and strong balance sheet.

Further, the on-going modernisation is going to take SAIL ahead in terms of modern technology adoption, automation, product quality, bigger product basket, process efficiency & diversification opportunities.

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 278 tonnes of Crude Steel per man per year during the Financial Year 2013-14. 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

Dependence on external sources for key input – coking coal leads to exposure of the Company to the market risk.

Regular superannuation in large numbers, over the years, have resulted in skill depletion largely in the technical areas. Transfer of skill and knowledge has to be given thrust. Besides, technological up-gradations and modernization also call for consistent efforts towards competency development of employees.

Adverse employee age mix, with the average age of 47 years is a serious concern. Skilled and competent manpower is required to move to a more favourable manpower age profile.

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 current expansion programme contribute to value addition, as almost all semis will be converted to Finished Steel.

F. REVIEW OF FINANCIAL PERFORMANCE

1. FINANCIAL OVERVIEW OF SAIL

SAIL achieved a sales turnover of ₹ 51866 crore during the financial year 2013-14, which was higher by 5% over CPLY turnover of ₹ 49350 crore. The profit after tax of ₹ 2616 crore was higher by 21% (₹ 446 crore) over last year (₹ 2170 crore). The comparative performance of major financial parameters during the financial years 2013-14 and 2012-13 is given below:

(₹ crore)		
Particulars	2013-14	2012-13
Sales Turnover	51865.99	49,349.69
Profit before interest, depreciation, exceptional items and tax (EBIDTA)	4949.76	5,620.62
Less: Interest and Finance Charges	967.64	747.66
Less: Depreciation	1716.69	1,402.98
Profit before tax (PBT) before exceptional items	2265.43	3,469.98
Exceptional items : Loss(-)/Gain(+)	959.12	-229.32
Profit before tax (PBT) after exceptional items	3224.55	3,240.66
Less: Provision for taxation	608.07	1,070.31
Profit after tax (PAT)	2616.48	2,170.35
Dividend (as a % of Equity) :		
Interim dividend (%)	20.20	16.00
Final dividend (%)	-	4.00
Net-worth	42,666	41,025
EBIDTA to net sales (%)	12.8	12.3
Return (PAT) on net worth (%)	6.1	5.3
EBIDTA to average capital employed (%)	17.1	16.9
Earning per share of Rupee 10/- each	6.3	5.2
Debt-equity Ratio	0.59:1	0.53:1

Higher production & sales along with lower cost of imported coal helped improve the bottom line, offsetting more than ₹1000 crore of additional provision made during the year on account of revision of wages/perks of non-executives pending w.e.f. 1.1.2012. Profit for the year includes receipt of ₹1056 crore from M/s Vale, Australia on account of a favourable arbitration/court award in case of a commercial dispute with SAIL.

The net worth of Company improved substantially from ₹ 41,025 crore as on 31st March, 2013 to ₹42,666 crore as on 31st March, 2014 and this helped in generation of internal resources for funding expansion plans of SAIL.

1.2 Initiatives taken by the SAIL Management

1.2.1 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.

1.2.2 Marketing

Number of initiatives were taken during 2013-14 for improving customer satisfaction and strengthening our position in the steel market some of which are given as under –

- Despatch of total wheels to Indian Railways from Durgapur Steel Plant in 2013-14 was 55,613 nos. as against 47,649 nos. in previous year, a growth of 16.7% over last year. Supply of Axels to Indian Railways also registered a growth of 52% over previous year.
- 24 new products were developed during the year for a wide variety of application. Some of the products developed are:
 - ✓ SuperFormable LPG grade Hot Rolled Coils (EN 10120 P245NB)
 - ✓ IS-1786 Fe 415 S Grade TMT Wire Rods (10/ 12 mm) for construction sector
 - ✓ SAIL EME Grade Customized Plates for Earth Moving Equipment manufacturing
 - ✓ 41CrV3 grade Billets for Tools & Spanners segment

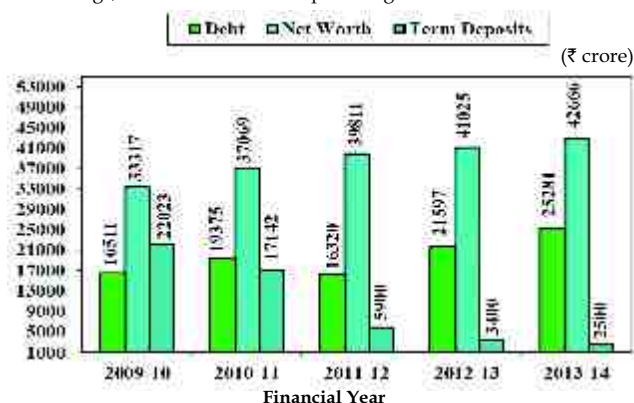
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- ✓ HSFQ 350 HR Coils for Auto sector
- Marketing of Special Steel Plants was brought under the SAP-ERP system w.e.f. 01.01.2014 thus integrating the same with marketing of the company's five integrated steel plants.
- SAIL has the largest marketing network among all steel producers in the country. As on 1st April, 2014 SAIL's functional network of marketing offices consists of 37 Branch Sales Offices, 27 Customer Contact Offices, 25 Departmental Warehouses and 24 Functional Consignment Agency yards. In addition, marketing effort is supplemented by a strong dealer network of almost 2950 dealers spread across the country.



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 ₹360 crore through short-term deposits with scheduled banks. The Company has maintained term deposits with Banks of ₹2,500 crore against borrowings of ₹25,281 crore as at the year-end. The total debt during the current year increased by ₹3,684 crore. The Company hedged the foreign currency risk on Buyers' Credit availed during the year. M/s India Ratings & Research Pvt. Ltd. (erstwhile 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. The trend of borrowings, net worth and term deposits is given as under:-



1.4 Contribution to SAIL Gratuity Trust

The total contribution made by the Company to SAIL Gratuity Trust upto 31.03.2014 was ₹ 3349.09 crore. The fund size has grown to ₹ 4594.43 crore as on 31.03.2014, 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 million tonnes per annum (MTPA) (installed capacity) to 23.5 MTPA progressively in the current phase.

During the year capital expenditure of ₹9,890 crore has been incurred (₹ 9,731 crore in previous year). The same has been funded by a mix of borrowings and internal accruals.

2. ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE COMPANY

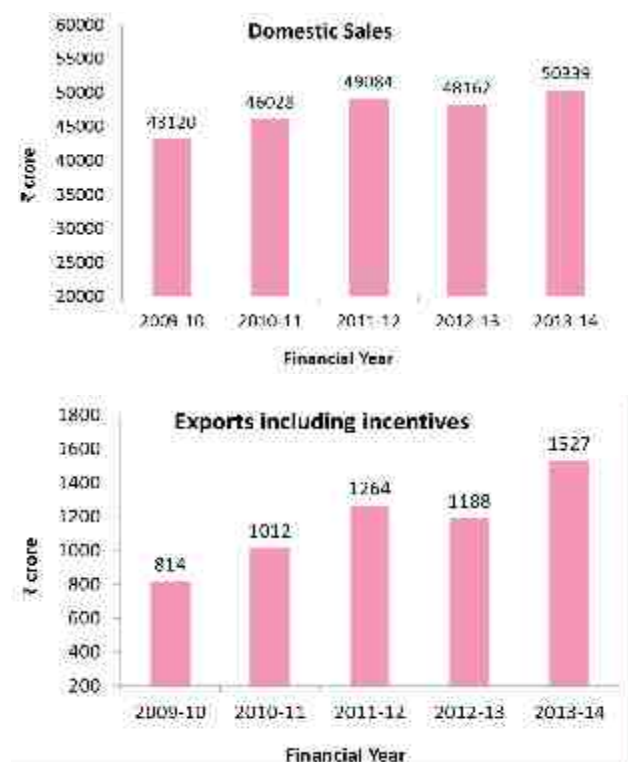
2.1 Revenue from Operations

a) Sale of Products

(₹ crore)

Particulars	FY 2013-14	FY 2012-13	Change %
Sales of Saleable Steel Products	49660.42	47253.95	5%
Sales of Other Products	2205.57	2095.74	5%
Total Sales Turnover	51865.99	49349.69	5%
Less: Excise Duty	5677.29	5388.64	5%
Net Sales Turnover	46188.70	43961.05	5%

b) 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/sheet, CR coils/sheets, Galvanised Plain/Corrugated Sheets and Long products comprising Rails, Structural, Wire-rods and Merchant Products. In addition, Electric Resistance Welded Pipes, Spiral Welded Pipes, Electric Tin Plates and Silicon Steel Sheets formed part of Company's rich product-mix. The product category-wise sales turnover during 2013-14 is given as under:-

Products Category	% of Sales value
Saleable Steel:	
Flat Products and PET	
(Pipes, Electrical sheets, Tin plates) Products (a)	52
Long Products (b)	38
Integrated Steel Plants - Mild Steel (c = a + b)	90
Alloy & Special Steel Plants -	
Alloy & Special Steel (d)	6
Total Saleable Steel (e = c + d)	96
Secondary Products (Pig Iron, Scrap, Coal Chemicals etc.) (f)	4
Total (g = e + f)	100

c) Sale of Services - Service Charges

(₹ crore)

FY 2013-14	FY 2012-13	Change %
25.91	34.88	-25.7%

Revenue from sale of services decreased by about ₹ 9 crore during the current year.

d) Other Operating Revenues

(₹ crore)

FY 2013-14	FY 2012-13	Change %
483.80	444.65	8.8%

Other operating revenues increased by about ₹ 39 crore over previous year primarily on account of higher realisation from social amenities and sundries.

2.2 Other Income

(₹ crore)

FY 2013-14	FY 2012-13	Change %
881.41	1119.12	-21.2%

Other income decreased by about ₹ 238 crore over previous year mainly due to reduction in interest income from term deposits.

2.3 Expenditure

(₹ crore)

Particulars	FY 2013-14	FY 2012-13	Change %
Raw Materials Consumed	19272	21202	-9%
Employee Remuneration & Benefits	9579	8637	11%
Finance Cost	968	748	29%
Depreciation	1717	1403	22%
Other Expenses	13035	12158	7%

The decrease in raw material cost was on account of decrease in input prices, particularly of imported coal, indigenous coal, purchased BF coke, etc. During the year, the Employees' Remuneration & Benefits has increased mainly due to increase in actuarial valuation including wage revision arrears for non-executives due w.e.f. 1-1-2012. Higher finance cost was due to increase in borrowings and increase in depreciation was due to capitalization of new facilities. The increase in other expenses was on account of increase in the cost of stores & spares, power & fuel, repairs & maintenance, freight outward, security expenses, etc.

2.4 Contribution to Exchequer

During the year, SAIL contributed ₹11560 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	2013-14	2012-13	Change %
a Non Current Assets			
Fixed Assets			
- Tangible	25256.52	15234.63	66%
- Intangible	1514.13	1542.77	-2%
Capital Work-in-Progress	33650.54	35890.85	-6%
Non Current Investments	720.20	718.36	0%
Long Term Loans & Advances	3794.32	3176.96	19%
Other Non- Current Assets	135.43	568.46	-76%
b Current Assets			
Inventories	15200.82	16008.21	-5%
Trade Receivables	5481.98	4424.18	24%
Cash & Bank Balances	2855.95	3850.35	-26%
Short Term Loans & Advances	1160.51	988.73	17%
Other Current Assets	2191.49	1814.96	21%
Total (a + b)	91961.89	84218.46	

- The capital work-in-progress decreased by ₹ 2240 crore on account capitalization of various capital schemes in steel plants.
- Long Term Loans & Advances increased by ₹ 617 crore. The increase was on account of Minimum Alternate Tax (MAT) Credit and

Deposits with other agencies.

- Other Non-Current Assets reduced by ₹ 433 crore mainly due to reduction in Long Term Claims Recoverable.
- The inventories decreased by ₹ 807 crore mainly on account of decrease of finished/semi-finished products inventory by ₹ 966 crore. However, stores & spares inventory increased by ₹ 169 crore.
- Increase in trade receivables was by ₹ 1058 crore mainly on account of increase in debtors.
- The cash & bank balances decreased by ₹ 994 crore on account of capital expenditure.
- Short Term Loans & Advances increased by ₹ 172 crore. The increase was mainly on account of advances recoverable from others.

2.6 Non-Current/Current Liabilities

(₹ crore)

Particulars	2013-14	2012-13	Change %
a Non Current Liabilities			
Long-Term Borrowings	13632.22	13485.55	1%
Deferred Tax Liability (Net)	2040.46	1728.53	18%
Other Long-Term Liabilities	1381.30	1271.12	9%
Long-Term Provisions	3901.28	4204.16	-7%
b Current Liabilities			
Short-Term Borrowings	10634.48	8015.02	33%
Trade Payables	3205.34	3322.04	-4%
Other Current Liabilities	12478.51	8654.70	44%
Short-Term Provisions	2021.95	2512.70	-20%
Total	49295.54	43193.82	14%

- Minor increase in long term-borrowings by 1% was due to issue of non-convertible bonds.
- The decrease in long-term provisions by ₹ 303 crore was mainly on account of decrease in the accrued leave liability and employee defined benefit schemes.
- The short-term borrowings increased by ₹ 2619 crore on account of raising of loans from banks & foreign currency loans.

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

(₹ crore)

Plant/Unit	2013-14	2012-13
Bhilai Steel Plant (BSP)	2084.84	2048.22
Durgapur Steel Plant (DSP)	415.60	552.66
Rourkela Steel Plant (RSP)	212.20	363.37
Bokaro Steel Plant (BSL)	202.01	307.50
IISCO Steel Plant (ISP)	-653.05	-158.73
Alloy Steels Plant (ASP)	-92.59	-119.53
Salem Steel Plant (SSP)	-375.55	-419.73
Visvesvaraya Iron & Steel Plant (VISP)	-122.68	-116.67
SAIL Refractory Unit (SRU)	3.00	9.76
Chandrapur Ferro Alloys Plant (CFP)	-77.65	-38.74
Raw Materials Division/Central Units*	1628.42	812.55
SAIL: Profit Before Tax (PBT)	3224.55	3240.66
SAIL: Profit After Tax (PAT)	2616.48	2170.35

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

The Profit After Tax (PAT) of SAIL during the financial year 2013-14 has increased by ₹ 446 crore.

G. MATERIALS MANAGEMENT

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

Cost Reduction

- Apart from the initiatives taken during previous years contributing to reduction in cost, the following new initiatives were taken this year:
 - Procurement by Global Tenders increased and new vendors were added resulting in increase in savings.

- Review of specifications of Ferro Alloys was started and international specifications adopted for a few items, to increase participation in tenders.
- Reverse Engineering was initiated for development of drawings and development of vendors for spare parts with single/limited vendors.
- Consolidated procurement items increased with 4 new items. Total number of such items is now 41.

Systems Improvement

- The Systems improvement measures taken last year were reviewed and the following corrective actions were taken:
 - The Guidelines for Centralised Procurement was amended and constitution of Sourcing Team revised.
 - General Conditions of Contract for Supply Contract was amended.

Other Highlights

- Procurement through Reverse Auction was ₹ 4846 crore.
- Sale of Secondary products through Forward Auction was ₹ 3192 crore.

H. FOREIGN EXCHANGE CONSERVATION

The Company endeavors to procure equipment, raw materials and other inputs from indigenous sources to the extent they become available to the Company, at the commercially acceptable prices/costs and meet the requirements of the technologies being used in the Company. 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. AMR SCHEMES

Besides Modernisation and Expansion Projects, the Addition, Modification & Replacement (AMR) Schemes have also been taken up which are required for management of existing operations and primarily focuses on improving the current level of efficiency & output in incremental measures. AMR Schemes are undertaken for improving or revamping of existing facility for sustaining the existing operation, balancing / debottlenecking of production processes, improvement in energy & other resource consumption / services / safety and environment. Replacement includes mostly replacing the existing Plant & Equipment / facility with better performance Plant & Equipment / facility; Re-building of certain facility like Coke Oven Batteries after its useful life is one of the types of replacement scheme. Accordingly, a number of AMR schemes costing around ₹ 2485.68 crores are under implementation in different SAIL Plants as under:

- ❖ Installation of Oxygen Evacuation Facilities for 2x1250 TPD New Oxygen Plant; Cold Repair of COB-9, Up-gradation of Stoves of BF-4, Modification of Mid stack Cooling System of BF-7 and Detailed Project report for development of Rowghat Iron Ore Deposit at **Bhilai Steel Plant**.
- ❖ Coal Dust Injection in BF-4; Rebuilding of COB-3; Installation of Additional Heat Treatment Facilities in SPP; Rehabilitation of Mandira Dam; Installation of 125 tpd Sulphuric Acid Plant and Replacement of 2 nos, of Process ESPs in SP-1 at **Rourkela Steel Plant**.
- ❖ Installation of Bell Less Top Charging System (BLT) in BF-3, Rebuilding of COB-5, Upgradation of Wheel Press Electronics and Hydraulic System of Wheel and Axle Plant and Augmentation of Wheel Machining Facilities of Wheel and Axle Plant at **Durgapur Steel Plant**.
- ❖ Replacement of Converter Shell Trunion Ring and Pedestal Assembly in SMS-2 and Rebuilding of COB-7 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 of SAIL is India's premier research organization in the field of ferrous metallurgy. Recognizing that

development and assimilation of new technologies & process innovations are basic tenets for sustainable growth, SAIL has given thrust for its R&D efforts through its well equipped R&D Centre located at Ranchi. It has more than three hundred diagnostic equipment and adequate pilot facilities under fifteen major laboratories. The centre undertakes research projects encompassing the entire spectrum of iron & steel starting from raw materials to finished products. In the year 2013-14, 93 projects were pursued and 50 projects completed with substantial benefits to the organization.

R&D Centre also pursues pioneering work in the area of development of niche products as per market requirements aiming at superior performance based on application. During the year twenty four products have been developed and some of the noteworthy products include high strength, super formable LPG grade, rails with high fracture toughness for Indian Railways, High strength Formable Quality (HSFQ) grade steel for auto sector, Earthquake resistant steel etc.

The efforts of RDCIS engineers and scientists have culminated in filing of 36 patents and 35 copyrights (in association with SAIL Plants) during 2013-14. As many as 91 technical papers (30 international) were published and 168 papers (91 international) were presented. In addition, RDCIS undertook contract research work and provided consultancy services and know-how to organisations outside SAIL, yielding external earning of ₹ 230.00 lakhs.

In recognition of the contributions made by the Centre, RDCIS has bagged several prestigious awards (12 in total) during 2013-14 like, Metallurgist of the Year, Young Metallurgist of the year, SAIL Award 2013, Dr M Viswernaraya Award 2013 etc.

L. ENVIRONMENTAL PROTECTION AND CONSERVATION

Environmental Management

The Company is committed to a clean and sustainable environment. In doing so, SAIL management takes care in safeguarding the environment from the threat of increased pollution by adopting two pronged strategy:

- Rigorous monitoring and maintenance of pollution control facilities through strict adherence to Standard Operating Practices (SOPs) and Standard Maintenance Practices (SMPs)
- Progressive installation of energy and environment-friendly technologies in the modernization program of SAIL. Some of these technologies are coke-dry quenching, waste-heat recovery from blast furnace stoves & sinter machines, secondary emission control from BOF, 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 steel making and continuous casting, de-sulphurisation of hot metal and BF and BOF slag utilization.

Environment management at SAIL addresses control of pollution through clean-up as well as cleaner technologies, use of research and development to prepare environmentally friendly products and operation of facilities with the least impact on the environment. All environmental programmes at SAIL Plants and Units attend to critical issues such as resource optimization, environmental protection, mitigation of adverse environmental impacts, if any, as well as smooth operational and maintenance programmes for environment and pollution control. In order to minimize adverse impact on environment, the Environment Management Division (EMD), as nodal agency, facilitates the environment management and pollution control activities in and around the Steel Plants and Mines of SAIL located across the Country.

With spending of about ₹ 5000 cr. on pollution control schemes, SAIL is marching ahead with its massive modernization-cum-expansion programme, installing more efficient & environment friendly state-of-the-art technologies.

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

Effective environment management plays a key role in the efforts of steel industry to operate in a sustainable manner. Your Company has embraced the Environmental Management System (EMS) enthusiastically, to continually improve the environmental performance

and increase the operating efficiencies with concomitant economic advantages. SAIL has progressively introduced Environment Management System (ISO 14001) certification in its Plants and Mines, resulting in improvement in waste management, water & energy conservation, noise reduction, control of stack and fugitive emissions, improved housekeeping etc. SAIL has also introduced ISO 14001 in its CMO warehouses which establishes its commitment towards greening of supply chain.

EMS linked with ISO-14001:2004 have been implemented at CFP, Chandrapur and two Warehouses of CMO at Ahmedabad and Ghaziabad, during the year 2013-14.

Major Pollution Control Activities implemented during the year

- Augmentation of Coal Grinding facilities of Coal Dust Injection Unit in BF #6 & 7 at BSP
- Rebuilding of Coke Oven Battery #2 at DSP with state-of-the-art pollution control facilities.
- Installation of New ESP in MP Boiler #3 at CPP-I, replacing the old ESP, at RSP.
- Installation of New Coke Oven Battery #6, with Coke Dry Quenching facility, at RSP.
- Provision of Dry fog dust suppression system in the Highline area of BF complex at BSL.
- Installation of Cast House Slag Granulation Plant (Unit#3) with BF-2 at BSL.

Improvement in environmental footprints and operational efficiency.

SAIL Plants have taken various initiatives to reduce environmental footprint and enhance operational efficiency by improving operational discipline and minimize emissions. This has led to improvement in environmental parameters as well as in techno-economic efficiency, enabling us to produce greener and more environmental friendly steel. Here are some major improvements:

- SAIL Plants recorded the best ever Specific Energy Consumption of 6.59 Gcal/tcs, with an improvement of 1% over 2012-13. This was achieved, as a result of higher volume of Crude Steel being produced through energy efficient CC route (up by 3% over last year).
- SAIL achieved the lowest ever Particulate Matter (PM) Emission Load (0.86 kg/tcs), Specific Water Consumption (3.66 m³/tcs) and Specific Effluent Discharge (2.16 m³/tcs) during FY'14.
- SAIL Plants have also reduced their CO₂ Emission levels to 2.69 T/tcs which is their lowest ever emission, showing significant improvement over previous years.

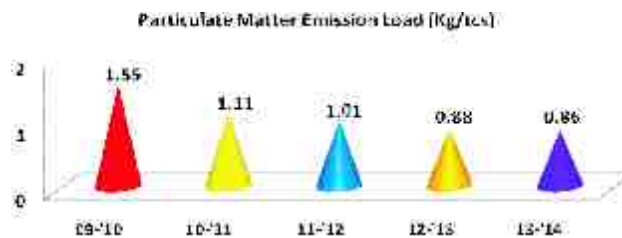
Improvement in Air and Water Pollution Level

SAIL Plants are effectively maintaining the air pollution control devices and regularly up-grading them in order to maintain the norms which are becoming stricter day by day. Due to the continuous efforts, the specific Particulate Matter (PM) emission load from the major stacks has been reduced by more than 44% in the last five years.

Water pollution level at the steel Plants are taken care of by effective utilization of the installed Effluent Treatment Plants (ETPs) at the various shops, rejuvenation of the existing water re-circulation systems and recycling of used water for other operational purposes. The treated effluent from the ETPs, are then let out through the outfalls outside the plant boundary only after meeting the stipulated norms of effluent discharge. The specific effluent load at the discharges has been reduced by more than 35% in the last five years. The integrated steel Plants have also initiated actions towards achieving zero effluent discharge.

In the existing Plants, various measures like replacement of multi-cyclones and bag filters by ESPs, changing of worn out bag houses by the new ones, revamping of ESPs, installation of Dry Fog Dust Suppression systems, replacement of the worn out ductings and pipelines, rigorous cleaning and maintenance of ETPs, installation of Cast House Slag Granulation plant, construction of Secured Landfill etc. and strengthening the monitoring of environmental aspects and enhancement of the environmental awareness amongst the employees have resulted in improvement of environmental performances which are reflected through the following environmental indices:

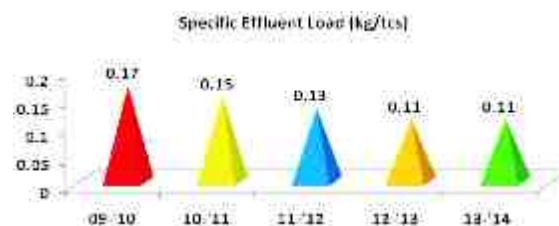
-- PM Emission Load has reduced to 0.86 kg/tcs from 1.55 kg/tcs in 2009-10, which is a reduction of more than 44% in the last 5 years.



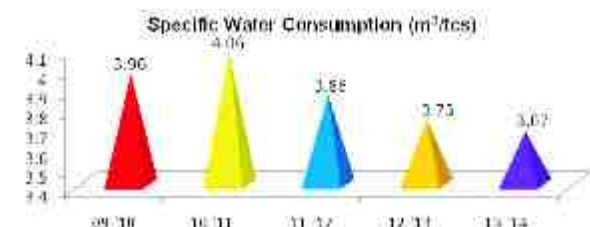
-- Specific Effluent Discharge has reduced to 2.16 m³/tss from 2.53 m³/tss in 2009-10, which is a reduction of about 15% over the last 5 years.



-- Specific Effluent load has reduced to 0.11 kg/tcs from 0.17 kg/tcs in 2009-10, which is a reduction more than 35% in the last 5 years.



-- Specific Water Consumption has reduced to 3.67 m³/tcs from 3.96 m³/tcs in 2009-10, which is a reduction of more than 7% in the last 5 years.



Compliance with Environmental / Clearances Forestry Clearance / Consent / Mining Plan conditions

Furthering its commitment to Rules, Regulations & Laws of the land and to ensure that regulatory requirements are duly identified and adhered to, SAIL has initiated various actions that go beyond the Statutory Compliances. The Company ensures compliance to the conditions stipulated by the statutory authorities in Environmental/ Forestry Clearance/Consents.

SAIL has a suitable set up at Plant/Unit level for management and execution of compliance conditions and challenges faced in this area. Quarterly review of the environmental performance, including the compliance of Environmental Clearance/Consent conditions, is done through a detailed interactive discussion between the Environment Management Division (EMD) and Head of Environmental Control Departments (ECDs) of the respective plants. Regular reviews and visits of the plants are made by the Desk Officers of EMD and their findings are communicated to the respective plants/management. Compliance Reports as per the grant orders of environment/ forestry clearances and mining plan are submitted to the respective statutory authorities on regular basis.

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A system has been developed where any deviation pertaining to the environmental policy and cases of violation of environmental clearance conditions, as pointed by the statutory authorities, are duly reported to the SAIL Board by the respective Plants and Mines.

New Initiatives on Environment during 2013-14

- For enhancing waste utilisation
 - A project has been taken up, jointly with BSL, SAIL and the South Eastern Railways for utilisation of weathered LD Slag of BSL as rail track ballast.
 - Under R&D Master Plan of SAIL, a project on "Laboratory Scale Study for Development of Technology for Dry Granulation of LD/BOF Slag (Hydro-mechanical study)" is in progress. The technology is being developed in association with IIT, Kharagpur.
- Carbon sequestration project through afforestation at RSP (Technology Mission-3) under R&D Master Plan is in progress. M/s TFRI, Jabalpur and SAIL are jointly working on this project.
- For Gainful Utilisation of Municipal Solid Wastes, a comprehensive Municipal Solid Waste Management Model has been prepared for implementation at the steel plant townships.

Plantation

SAIL realizes the role of plantation in overall environment management initiatives. Extensive afforestation programme has been consistently followed in all the Plants and Mines over the last few decades. The green belt developed by afforestation adds not only to aesthetic environment but also helps in watershed management, soil protection, erosion control, landslide stabilization and developing windbreaks. About 2.05 lakh saplings have been planted in and around the SAIL plants and mines during the year 2013-14. A cumulative of 183.9 lakhs saplings have been planted since inception.

Eco-restoration of degraded lands

A project on restoration and rehabilitation of degraded ecosystems is under execution at the Purnapani Limestone & Dolomite Quarry (PLDQ). 172.92 acres of mined out area has been successfully restored so far to productive ecosystems at PLDQ, by planting more than 3.23 lakhs saplings. Pisciculture has been put into practice in five abandoned quarries filled with water.

During 2013-14, a similar project has been initiated at the Bolani Ores Mines, for restoration of a total area of 75 acres.

M. TECHNOLOGICAL CONSERVATION

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

- Desilting of tailing ponds: To increase the life of the tailing pond and to reduce the surface water pollution, around 4.339 lakh cu.m slimes from Hitkasa tailing pond of Dalli (Mech.) Mines of BSP has been de-silted during the year.
- Re-circulation of overflow water from Hitkasa Tailing pond of Dalli (Mech.) Mines of BSP was done to the tune of 57.859 lakh m³ water during the year as a measure towards conservation of water and also to minimise surface water pollution through less discharge into the surrounding environment.

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'.
- 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 revised the same in 2013. As per these Guidelines, the Company has put in place a Sustainable Development (SD) Policy and taken up specific SD projects across its Units. For the year 2013-14 under the MoU

with Government of India, SAIL has selected SD projects on "Installation of Solar Power Units at ISP hospital" and "Biodiversity Conservation at Bolani Iron Ore Mine".

- Information on the Company's efforts and initiatives made towards Sustainable Development is being reported through SAIL's Corporate Sustainability Reports. The Corporate Sustainability Report for the year 2012-13 has been adjudged to have met the criteria of Application Level 'A' by the Global Reporting Initiative (GRI), Amsterdam. Sustainability Reports of SAIL obtained 'A' level GRI statement for three consecutive years.

O. 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 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 including Backward Integration of Coal Mines for improving the quality of Coal by setting up Beneficiation Plant and Coal Washeries.
- Organizational Support with requisite skill-mix for expeditious completion of Projects.
- IT Strategy and ERP implementation at Plant and Units of SAIL.
- Reconciliation of Title Deeds of land at different Plants/Units.

The Internal Audit System is supplemented by well-documented Policies, Guidelines and Procedures and regular reviews are being carried out by the Internal Audit Department. The reports containing significant audit findings are periodically submitted to the Management and Audit Committee.

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 HIGHLIGHTS

	(₹ crore)									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Gross Sales	51866	49350	50348	47041	43935	48738	45555	39189	32280	31805
Net Sales	46189	43961	45654	42719	40551	43204	39508	33923	27860	28523
Earnings before depreciation, interest & tax (EBIDTA)	5909	5621	7658	9030	11871	10946	12955	10966	7381	11097
Depreciation	1717	1403	1567	1486	1337	1288	1235	1211	1207	1127
Interest & Finance charges	968	748	678	475	402	259	251	332	468	605
Profit before exceptional items	4184	3470	5413	7069	-	-	-	-	-	-
Exceptional items : Gain(+)/Loss(-)	959	-229	-262	125	-	-	-	-	-	-
Profit before tax (PBT)	3225	3241	5151	7194	10132	9399	11469	9423	5706	9365
Provision for tax/Income Tax Refund (-)	608	1070	1608	2289	3378	3228	3932	3221	1693	2548
Profit after tax (PAT)	2616	2170	3543	4905	6754	6170	7537	6202	4013	6817
Dividends	834	826	826	991	1363	1074	1528	1280	826	1363
Equity Capital	4131	4131	4131	4130	4130	4130	4130	4130	4130	4130
Reserves & Surplus (net of DRE)	38536	36894	35680	32939	29186	24018	18874	13054	8255	5881
Net Worth	42666	41025	39811	37069	33317	28148	23004	17184	12386	10011
(Equity Capital and Reserves & Surplus)										
Total Loans	25281	21597	16320	19375	16511	7563	3045	4181	4298	5770
Net Fixed Assets	26771	16777	17127	15059	13615	12305	11571	11598	12162	12485
Capital Work-in-progress	33651	35891	28205	22226	14953	6550	2390	1199	758	366
Current Assets (including short term deposits)	26891	27616	28431	36544	39154	34676	26318	20379	17384	14187
Current Liabilities & Provisions	15212	13012	12225	12172	11073	12277	9439	6500	8108	6608
Working Capital	11679	14604	16206	24372	28081	22398	16879	13879	9276	7579
(Current Assets less Current liabilities)										
Capital Employed	38450	31381	32921	39431	41696	34704	28450	25476	21438	20064
(Net Fixed Assets + Working Capital)										
Mkt price per share (In Rs.)	71.40	62.35	94.05	170.00	252.55	96.45	184.75	113.00	83.15	62.95
(As at the end of the period)										
Key Financial Ratios										
EBDITA to average capital employed (%)	16.9	17.5	21.0	21.7	31.1	34.7	48.0	46.4	35.3	62.9
PBT to Net Sales (%)	7.0	7.4	11.3	16.8	25.0	21.8	29.0	27.8	20.5	32.8
PBT to average capital employed (%)	8.4	10.1	14.2	17.3	26.6	29.8	42.5	39.9	27.3	53.1
Return on average net worth (%)	6.1	5.4	9.2	13.9	22.0	24.1	37.5	42.0	35.8	92.9
Net worth per share of Rs. 10 (Rs.)	103.3	99.3	96.4	89.7	80.7	68.1	55.7	41.6	30.0	24.2
Earnings per share of Rs. 10(Rs.)	6.3	5.3	8.6	11.9	16.4	14.9	18.2	15.0	9.7	16.5
Price - earning ratio (times)	11.3	11.9	11.0	14.3	15.4	6.5	10.1	7.5	8.6	3.8
Dividend per share of Rs. 10 (Rs.)	2.0	2.0	2.0	2.4	3.3	2.6	3.7	3.1	2.0	3.3
Effective dividend rate (%)	2.8	3.2	2.1	1.4	1.3	2.7	2.0	2.7	2.4	5.2
Debt - Equity (times)	0.6	0.5	0.4	0.5	0.5	0.3	0.1	0.2	0.3	0.6
Current ratio (times)	1.8	2.1	2.3	3.0	3.5	2.8	2.8	3.1	2.1	2.1
Capital employed to turnover ratio (times)	1.5	1.6	1.5	1.2	1.1	1.4	1.6	1.5	1.5	1.6
Working capital turnover ratio (times)	4.4	3.4	3.1	1.9	1.6	2.2	2.7	2.8	3.5	4.2
Interest coverage ratio (times)	2.3	2.6	3.8	7.1	14.4	29.0	46.4	29.3	13.1	16.4
DIVIDEND PAY OUT RATIO	31.9	38.1	23.3	20.2	20.2	17.4	20.3			

PRODUCTION

Unit: '000T

Item	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06*	2004-05
Hot Metal	14447	14266	14116	14888	14505	14442	15199	14606	14603	13202
Crude Steel	13579	13417	13350	13761	13506	13411	13964	13506	13471	12459
Pig Iron	223	214	106	261	323	267	441	509	578	364
Saleable Steel	12880	12385	12400	12887	12632	12494	13044	12581	12051	11030
- Semi Finished Steel	2760	2422	2527	2394	2392	2206	2243	2278	2273	1751
- Finished Steel	10120	9962	9872	10493	10240	10288	10801	10303	9778	9279

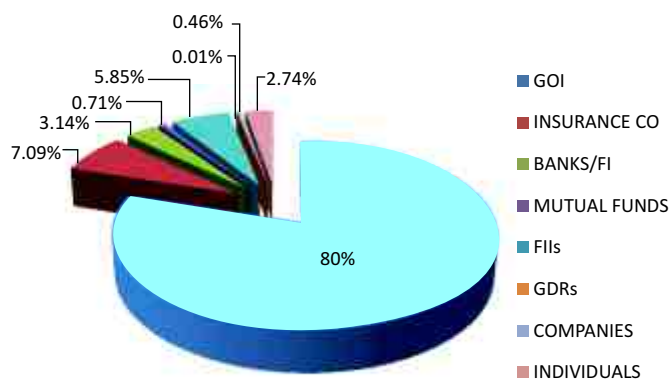
* Production of erstwhile IISCO (now ISP) has been included from 2005-06 onwards after its merger with SAIL

VALUE ADDED STATEMENT

For the year	2013-14		2012-13	
Value of own production	51825		52380	
Other Revenues	1344	53169	1571	53951
Less: Cost of Raw Materials	19272		21202	
Stores and Spares	3179		3112	
Power and Fuel	4942		4830	
Excise Duty	5677		5389	
Freight Outward	976		953	
Other Operating Cost	3634	37680	4437	39923
Total Value Added		15489		14028
Establishment Cost		9579		8637
Financing Cost		968		748
Dividend Provision		834		826
Corporate Income Tax		608		1070
Dividend Tax		142		135
Income Retained in Business				
Depreciation	1717		1403	
Retained in Business	1641	3358	1209	2612
Total Value Applied		15489		14028

SHAREHOLDING PATTERN AS ON 31.3.2014

CATEGORY	No. of Equity Shares	No. of Holders	Amt. / (₹ Crore)	% of Equity
GOVERNMENT OF INDIA	3304293713	1	3304.29	80.00
INSURANCE COMPANIES	292953452	12	292.95	7.09
BANKS/FI	129513499	75	129.51	3.14
MUTUAL FUNDS	29263779	31	29.26	0.71
FOREIGN INSTITUTIONAL INVESTORS	241684645	175	241.68	5.85
GLOBAL DEPOSITORY RECEIPTS	454185	2	0.45	0.01
COMPANIES	19146284	3163	19.15	0.46
INDIVIDUALS	113215732	388998	113.22	2.74
TOTAL	4130525289	392457	4130.53	100.00



Balance Sheet

as at 31st March, 2014

	Note No.	As at 31st March 2014	As at 31st March 2013
(₹ crore)			
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4130.53	4130.53
(b) Reserves and Surplus	2	38535.82	36894.11
Non-Current Liabilities			
(a) Long-Term Borrowings	3	13632.22	13485.55
(b) Deferred Tax Liabilities (Net)		2040.46	1728.53
(c) Other Long - Term Liabilities	4	1381.30	1271.12
(d) Long-Term Provisions	5	3901.28	4204.16
Current Liabilities			
(a) Short-Term Borrowings	6	10634.48	8015.02
(b) Trade Payables	7	3205.34	3322.04
(c) Other Current Liabilities	8	12478.51	8654.70
(d) Short-Term Provisions	9	2021.95	2512.70
TOTAL		91961.89	84218.46
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10A	25256.52	15234.63
(ii) Intangible Assets	10B	1514.13	1542.77
(iii) Capital Work-in-Progress	11	33650.54	35890.85
(b) Non-Current investments	12	720.20	718.36
(c) Long-Term Loans and Advances	13	3794.32	3176.96
(d) Other Non-Current Assets	14	135.43	568.46
Current Assets			
(a) Inventories	15	15200.82	16008.21
(b) Trade Receivables	16	5481.98	4424.18
(c) Cash and Bank Balances	17	2855.95	3850.35
(d) Short-Term Loans and Advances	18	1160.51	988.73
(e) Other Current Assets	19	2191.49	1814.96
TOTAL		91961.89	84218.46

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

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

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

Place : New Delhi
Dated : May 28, 2014

Annual Report 13-14

Statement of Profit & Loss

for the year ended 31st March, 2014

(₹ crore)

	Note No.		Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations	20	52375.70	49829.22	
Less : Excise Duty		<u>5677.29</u>	<u>46698.41</u>	<u>5388.64</u>
Other Income	21		<u>881.41</u>	<u>1119.12</u>
Total Revenue			<u>47579.82</u>	<u>45559.70</u>
Expenses				
Cost of Materials Consumed	22	19271.16	21198.48	
Purchase of Stock in Trade		0.78	3.21	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	23	894.63	-2016.09	
Employee Benefits Expense	24	9578.51	8637.09	
Finance Costs	25	967.64	747.66	
Depreciation and Amortisation Expense		1716.69	1402.98	
Other Expenses	26	<u>13035.06</u>	<u>45464.47</u>	<u>42131.25</u>
			<u>2115.35</u>	<u>3428.45</u>
Add: Adjustments pertaining to Earlier Years	27		<u>150.08</u>	<u>41.53</u>
Profit before Tax and Exceptional Items			<u>2265.43</u>	<u>3469.98</u>
Add: Exceptional Items :				
Foreign Exchange Loss (-)		-97.14	-229.32	
Compensation received for Non Performance of Contract		<u>1056.26</u>	<u>959.12</u>	<u>-229.32</u>
Profit before Tax			<u>3224.55</u>	<u>3240.66</u>
Less : Tax Expense				
Current Tax		683.26	1057.96	
Deferred Tax		331.97	12.44	
MAT Credit		-520.11	-	
Earlier Years		<u>112.95</u>	<u>608.07</u>	<u>1070.31</u>
Profit after Tax			<u>2616.48</u>	<u>2170.35</u>
Earnings per Share				
Profit after Tax			2616.48	2170.35
Average Number of Equity Shares (Face Value ₹10/- each)			4130525289	4130525289
Basic and Diluted Earnings per Share (₹)			6.33	5.25
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/-
(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/-
(S.K.Mittal)
Partner
M.No.8506

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

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

Place : New Delhi
Dated : May 28, 2014

Cash Flow Statement

(₹ crore)

For the Year	2013-14	2012-13
A. Cash flow from Operating Activities		
Net Profit/loss (-) before taxation	3224.55	3240.66
Add / (Less) Adjustments for :		
Depreciation	1599.49	1406.40
Interest and Finance Charges	967.64	747.66
Bad debts written-off	7.71	0.34
Provision for Others	(652.28)	1085.89
Profit on sale of Fixed Assets	(7.78)	(25.44)
Interest Income	(584.13)	(826.46)
Dividend Income	(124.91)	(59.46)
Operating cash flow before working capital change	4430.29	5569.59
Adjustments for changes in :-		
(Increase) / Decrease in Inventories	807.39	(2265.84)
(Increase) / Decrease in Sundry Debtors	(1077.04)	329.51
(Increase) / Decrease in Loans and Advances	(337.49)	(704.44)
Increase / (Decrease) in Current liabilities	2761.96	731.59
(Increase) / Decrease in Other Current Assets	62.27	(269.20)
Cash generated from Operations	6647.38	3391.21
Direct Taxes Paid	(764.29)	(986.73)
Net Cash from Operating Activities	5883.09	2404.48
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(8871.46)	(9120.44)
Proceeds from sale of Fixed Assets	34.42	38.84
Loans to Other Companies	0.14	2.26
(Increase) / Decrease in Term Deposits with Banks	932.08	2512.23
Purchase/Sale of investments (net)	(1.84)	(33.32)
Interest received	589.63	835.84
Dividend received	124.91	59.46
Net Cash from/ (used in) Investing Activities	(7192.12)	(5705.13)
C. Cash flow from Financing Activities		
Increase in Reserve & Surplus	1.25	4.26
Increase/(Decrease) in Borrowings (net)	3344.01	5142.92
Interest and Finance Charges paid	(929.20)	(747.57)
Dividend Paid	(999.60)	(991.32)
Tax on Dividend	(169.75)	(160.76)
Net Cash from / (used in) Financing Activities	1246.71	3247.53
Net Increase in Cash & Cash Equivalents (A+B+C)	(62.32)	(53.12)
Cash & Cash Equivalents (Opening) (Refer note 17)	277.23	330.35
Cash & Cash Equivalents (Closing) (Refer note 17)	214.91	277.23
(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/-
(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.
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Sd/-
(S.K.Mittal)
Partner
M.No.8506

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

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

Place : New Delhi
Dated : May 28, 2014

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, 2013 (to the extent notified) and provisions of the Companies Act, 1956 (to the extent applicable) 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 Rs.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.

P. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of Contingent Liabilities in Financial Statements.

Note (Forming Part of the Balance Sheet)

1: SHARE CAPITAL

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Authorised		
5,00,00,00,000 equity shares of Rs. 10 each	5000.00	5000.00
(5,00,00,00,000 equity shares of Rs. 10 each)		
Issued, Subscribed & Fully Paid-up		
4,13,05,25,289 equity shares of Rs.10 each fully paid.	4130.53	4130.53

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Numbers	Amount (₹ crore)	Numbers	Amount (₹ crore)
- Equity shares with voting rights				
Shares outstanding at the beginning of the year	4130071104	41300711040	4129934944	41299349440
Shares Converted into shares with Voting Rights during the year			136160	1361600
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	4130071104	41300711040	4130071104	41300711040
- Equity shares without voting rights *				
Shares outstanding at the beginning of the year	454185	4541850	590345	5903450
Shares Issued during the year				
Shares Converted into shares with Voting Rights during the year	0	0	136160	1361600
Shares outstanding at the end of the year	454185	4541850	454185	4541850

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

(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	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	3304293713	80.00	3304293713	80.00

(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.

Note (Forming Part of the Balance Sheet)

2 : RESERVES AND SURPLUS

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Capital Reserve		
As per last Balance Sheet	2.99	2.99
Securities Premium Reserve		
As per last Balance Sheet	235.12	235.21
Less : Adjustment towards Bond Issue Expenses	<u>0.02</u>	<u>0.09</u>
	235.10	235.12
Bond Redemption Reserve		
As per last Balance Sheet	585.43	440.11
Additions during the year	251.13	145.32
Deductions during the year	<u>19.35</u>	<u>-</u>
	817.21	585.43
General Reserve		
As per last Balance Sheet	4831.13	4668.13
Additions during the year	<u>264.00</u>	<u>163.00</u>
	5095.13	4831.13
Prime Minister's Trophy Award Fund *		
As per last Balance Sheet	24.02	19.67
Additions	2.25	5.04
Less: Utilisation	<u>0.98</u>	<u>0.69</u>
	25.29	24.02
Surplus in Statement of Profit & Loss		
Balance as per last account	31215.42	30314.68
Add : Surplus of Current Year	2616.48	2170.35
Less : Proposed Dividend	-	165.22
Less : Interim Dividend Paid	834.35	660.88
Less : Tax on Proposed Dividend	-	28.03
Less : Tax on Interim Dividend Paid\$	141.67	107.16
Less : Transfer to Bond Redemption Reserve	231.78	145.32
Less : Transfer to General Reserve	<u>264.00</u>	<u>163.00</u>
	<u>32360.10</u>	<u>31215.42</u>
	38535.82	36894.11

*PM Trophy 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.

\$ Tax on Interim Dividend paid is net of reversal excess provision of previous year.

Note (Forming Part of the Balance Sheet)

3 : LONG TERM BORROWINGS

(₹ crore)

					As at 31st March, 2014	As at 31st March, 2013
SL No.	INT%	MATURITY	CALL/PUT option (yr)	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	8.75	15-Sep-2019		(b,d)	100.00	150.00
13	8.80	22-Jun-2019		(a)	825.00	825.00
14	7.70	11-May-2019	5/5	(a)	-	525.00
15	8.90	1-May-2019	5/nil	(b)	950.00	950.00
16	9.30	25-May-2018		(a,k)	360.00	360.00
17	8.25	6-May-2018	3/3	(a)	800.00	-
18	9.18	27-Aug-2017		(a)	300.00	300.00
19	8.75	8-Nov-2017	3/3	(a)	500.00	500.00
20	8.80	26-Oct-2015		(b,c)	154.00	168.00
					8226.00	8015.00
UNSECURED						
B Term Loans						
1				(e) KFW, Germany	458.22	406.91
2				(f) Bank of Tokyo Mitshibishi	798.93	1085.80
3				(g) Bank of Tokyo Mitshibishi	1198.40	1085.80
4				(h) Sumitomo Mitsubishi Banking Corp	1527.60	1527.60
5	2.00			(i) Natexis Banque	24.22	22.36
6				(j) State Bank Of India	366.84	310.00
				(l) Mizuho Corporate Bank Ltd	827.85	827.85
					5202.06	5266.32
C					204.16	204.16
				(m) Steel Development Fund	-	0.07
				(n) Others	-	-
					13632.22	13485.55

- (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. Installment payable on 26th October 2014 has been shown in Other Current Liabilities
- (d) Redeemable in 3 equal instalments of ₹50 crore each on 15th September of 2014, 2019 and 2024. Installment payable on 15th September, 2014 has been shown in Other Current Liabilities
- (e) 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 meeting 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 meeting periphery development. The principal and interest is repayable half yearly. The loan is Guaranteed by Government of India.
- (f) 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.
- (g) The loan is repayable in 3 equal Instalment on 11th August starting from 2015 at an interest rate of 6 month LIBOR +1%. Interest is paid half yearly.
- (h) The loan is repayable in 3 equal Instalment on 16th November starting from 2015 at an interest rate of 6 month LIBOR +1.06%. Interest is paid half yearly.
- (i) The loan is repayable by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- (j) 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.
- (k) Redeemable in 5 equal yearly Instalment starting w.e.f. 25th May, 2018.
- (l) The loan is repayable in 3 equal Instalment on 21st December starting from 2016 at an interest rate of 6 month LIBOR +1.75%. Interest is paid half yearly.
- (m) Terms of Repayment is to be decided by SDF management Committee.
- (n) Interest free loan from Government of Maharashtra repayable on 26th October, 2014.

Note (Forming Part of the Balance Sheet)

4 : OTHER LONG TERM LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
		(₹ crore)
Interest accrued and not due on borrowings	707.46	715.73
Trade payables	0.71	11.29
Others	673.13	544.10
	<u>1381.30</u>	<u>1271.12</u>

5 : LONG TERM PROVISIONS

Provisions for Employee Benefits		
- Gratuity	440.19	304.81
- Accrued Leave	2074.48	2239.91
- Employee Defined Benefit Schemes	1160.34	1512.09
Others		
- Mines closure	104.21	91.20
- Others	122.06	56.15
	<u>3901.28</u>	<u>4204.16</u>

6 : SHORT TERM BORROWINGS

Secured		
Loans repayable on demand		
- From banks (a)	3334.89	731.16
Unsecured		
Other Loans and Advances		
Other Loans	0.00	400.00
Foreign Currency Loans	7299.59	6883.86
	<u>10634.48</u>	<u>8015.02</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

Micro and Small Enterprises	21.44	13.86
Subsidiary Company	5.43	5.31
Others	3178.47	3302.87
	<u>3205.34</u>	<u>3322.04</u>

Note (Forming Part of the Balance Sheet)

8 : OTHER CURRENT LIABILITIES

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long term debts	1014.70	96.38
Interest accrued but not due on borrowings	626.63	579.92
Income received in advance from		
Customers	858.60	642.75
Others	43.98	32.53
	902.58	675.28
Liability towards Investor Education and Protection Fund, not due		
Unpaid Dividends	13.58	11.67
Unclaimed Matured Deposits and Interest Accrued thereon	1.03	1.09
	14.61	12.76
Security deposits	568.12	495.72
Less : Investments received as security deposit	0.01	0.01
	568.11	495.71
Other payables		
For Capital works	1479.59	1381.02
Others	7872.29	5413.63
	12478.51	8654.70

9 : SHORT TERM PROVISIONS

Provisions for Employee Benefits		
- Gratuity	50.63	0.00
- Accrued Leave	188.94	214.11
- Employee Defined Benefit Schemes	146.40	176.28
Others		
- Taxation	51.96	0.00
- Pollution Control & Peripheral Development	106.62	117.62
- Exchange Fluctuation	0.00	8.17
- Proposed Dividend	0.00	165.23
- Tax on Dividend	0.00	28.08
- Wage Revision	1130.39	1472.30
- Mines Afforestation/Overburden removal	262.59	237.25
- Others	84.42	93.66
Total	2021.95	2512.70

Note (Forming Part of the Balance Sheet)

10A : TANGIBLE FIXED ASSETS

Description	GROSS BLOCK(AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 31st March, 2013	Additions / Adjustments	Deductions	As at 31st March, 2014	Up to 31st March, 2013	For Less : On Sales/ the Adjustments Year	Up to 31st March, 2014	As at 31st March, 2013
A. PLANTS, MINES & OTHERS								
Land(including cost of development)								
-Freehold Land	180.30	77.10	0.00	257.40	0.86	0.01	0.87	179.44
-Leasehold Land	297.62	58.43	0.00	356.05	64.86	14.47	79.33	232.76
Buildings	2260.73	537.86	0.09	2798.50	1219.80	60.36	1280.09	1040.93
Plant & Machinery								
-Steel Plant	31624.24	10338.60	94.31	41868.53	20546.42	1218.47	21677.52	11077.82
-Others	2448.73	77.65	20.66	2505.72	1635.20	104.50	1720.68	813.53
Furniture & Fittings	105.55	20.51	1.26	124.80	79.38	3.17	81.66	26.17
Vehicles	1162.82	59.29	7.76	1214.35	533.67	49.93	577.70	629.15
Office Equipments	55.87	1.86	1.20	56.53	34.11	1.72	34.86	21.76
Miscellaneous Articles	266.77	21.07	4.72	283.12	170.51	8.65	175.74	96.26
Roads,Bridges & Culverts	211.17	6.97	0.44	217.70	64.85	3.87	68.65	146.32
Water Supply & Sewerage	421.31	162.19	0.40	583.10	283.04	13.77	296.44	138.27
EDP Equipments	382.56	17.55	7.38	392.73	257.13	35.23	285.68	125.43
Railway Lines & Sidings	304.26	160.75	0.03	464.98	195.22	11.69	206.89	109.04
Sub-total 'A'	39721.93	11539.83	138.25	51123.51	25085.05	1525.84	26486.11	14636.88
Figures for the previous year	38830.23	984.94	93.24	39721.93	23663.03	1488.98	25085.05	14636.88

B. SOCIAL FACILITIES

Land(including cost of development)								
-Freehold Land	10.92	0.00	0.00	10.92	-	-	-	10.92
-Leasehold Land	6.89	0.00	0.00	6.89	5.54	0.12	5.66	1.35
Buildings	593.49	20.29	0.48	613.30	247.74	9.91	257.23	345.75
Plant & Machinery - Others	124.26	6.00	1.26	129.00	78.61	3.41	81.26	45.65
Furniture & Fittings	26.19	1.59	3.64	24.14	16.80	0.95	16.03	9.39
Vehicles	11.94	0.11	0.64	11.41	8.57	0.70	8.70	3.37
Office Equipments	4.16	0.24	0.11	4.29	2.14	0.16	2.25	2.02
Miscellaneous Articles	190.84	13.70	5.14	199.40	98.87	9.57	105.67	91.97
Roads, Bridges & Culverts	64.37	13.61	0.01	77.97	24.03	1.15	25.17	40.34
Water Supply & Sewerage	117.84	0.03	0.20	117.67	104.11	1.17	105.13	13.73
EDP Equipments	15.00	0.66	3.03	12.63	12.24	0.90	10.50	2.76
Sub-total 'B'	1165.90	56.23	14.51	1207.62	598.65	28.04	617.60	567.25
Figures for the previous year	1127.03	45.21	6.34	1165.90	576.78	26.13	598.65	567.25

C. ASSETS RETIRED FROM ACTIVE USE

Unserviceable / Obsolete Assets	30.50	6.33	7.73	29.10	-	-	-	30.50
Figures for the previous year	30.89	2.90	3.29	30.50	-	-	-	30.50
Total ('A'+B'+C')	40918.33	11602.39	160.49	52360.23	25683.70	1553.88	27103.71	15234.63
Figures for the previous year	39988.15	1033.05	102.87	40918.33	24239.81	1515.11	25683.70	15234.63

Note (Forming Part of the Balance Sheet)

10B : INTANGIBLE FIXED ASSETS

Description	GROSS BLOCK(AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 31st March, 2013	Additions / Adjustments	Deductions	As at 31st March, 2014	Up to 31st March, 2013	For Less : On Sales/ the Adjustments Year	Up to 31st March, 2014	As at 31st March, 2013
A. PLANTS, MINES & OTHERS								
Computer Software	99.28	3.67	0.06	102.89	68.47	15.93	84.34	30.81
Mining Rights	1684.18	20.43	0.00	1704.61	172.26	36.81	209.07	1511.92
Sub-total 'A'	1783.46	24.10	0.06	1807.50	240.73	52.74	293.41	1542.73
Figures for the previous year	1770.25	13.22	0.01	1783.46	360.39	-101.40	240.73	1542.73
B. SOCIAL FACILITIES								
Computer Software	0.63	0.01	0.01	0.63	0.59	-0.01	0.59	0.04
Sub-total 'B'	0.63	0.01	0.01	0.63	0.59	-0.01	0.59	0.04
Figures for the previous year	0.64	-0.01	0.00	0.63	0.57	0.02	0.59	0.04
Total ('A'+ 'B')	1784.09	24.11	0.07	1808.13	241.32	52.73	294.00	1542.77
Figures for the previous year	1770.89	13.21	0.01	1784.09	360.96	-101.38	241.32	1542.77

Note : Allocation of Depreciation

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

(₹ crore)	Current Year	Previous Year
	1716.69	1402.98
	7.12	7.33
	-117.20	3.42
	1606.61	1413.73

Note (Forming Part of the Balance Sheet)

11 : CAPITAL WORK-IN-PROGRESS

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Expenditure during construction pending allocation (Note 11.1)	4.40	2.80
Capital Work-in-progress		
Steel Plants & Units	33362.09	35554.64
Township	104.12	101.66
Ore Mines and Quarries	272.30	244.44
	33738.51	35900.74
Less: Provisions	132.42	63.34
Construction Stores and Spares	41.76	52.39
Less: Provision for non-moving items	1.71	1.74
	33650.54	35890.85

11.1 : EXPENDITURE DURING CONSTRUCTION (pending allocation)

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Opening Balance (a)	2.80	1.12
Expenditure incurred during the year		
Employees' Remuneration & Benefits		
Salaries & Wages	128.73	133.23
Company's contribution to Provident Fund	10.94	11.98
Travel Concession	3.04	3.05
Welfare Expenses	0.19	0.64
Gratuity	7.65	6.40
Technical Consultants' fees & know-how	8.77	17.93
Power & Fuel	99.68	85.83
Other expenses	96.72	37.84
Interest & Finance charges	844.55	799.84
Depreciation	7.12	7.33
	1207.39	1104.07
Less: Recoveries		
Interest Earned	1.66	0.75
Liquidated Damages	4.55	5.35
Hire Charges	0.50	0.90
Sundries	1.44	4.43
Net expenditure during the year (b)	1199.24	1092.64
Total (a)+(b)	1202.04	1093.76
Less : Amount allocated to Fixed Assets/ Capital Work-in-progress	1197.64	1090.96
Balance carried forward	4.40	2.80

Note (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 31st March, 2014	As at 31st March, 2013	
(A) Unquoted						
Trade Investments						
Subsidiary Companies						
SAIL Refractory Company Limited	50,000 (50,000)	10	0.05		0.05	
SAIL- Jagdishpur Power Plant Ltd.	50,000 (50,000)	10	0.05		0.05	
IISCO Ujjain Pipe & Foundary Company Limited (under liquidation)	30,00,000 (30,00,000)	10	3.00		3.00	
SAIL Sindri Projects Limited	50,000 (50,000)	10	0.05	3.15	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 49,02,50,050	10	490.25		490.25	
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 (9,87,18,048)	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	92,91,400 (74,46,400)	10	9.29		7.45	
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 (1,27,79,850)	10	18.10		18.10	
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 (1,20,00,000)	10	12.00	712.34	12.00	710.50
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	*		*	

Note (Forming Part of the Balance Sheet)

				(₹ crore)	
	Number of Fully Paid up equity shares	Face Value Per Share (₹)		As at 31st March, 2014	As at 31st March, 2013
MSTC Limited	80,000 (80,000)	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
Total (A)				727.62	725.78
(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
Total (B)				0.06 @	0.06
Total (A+B)				727.68	725.84
Less : Provision for diminution in value of investments				7.48	7.48
				720.20	718.36
@ Market value of quoted investments				8.27	8.10

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

12.1 : SHARES IN CO-OPERATIVE SOCIETIES

				(₹)	
	Number of Fully Paid up Shares	Face Value Per Share (₹)		As at 31st March, 2014	As at 31st March, 2013
Bokaro Steel Employees' Co.-operative Credit Society Limited	116500 (116500)	10		1165000	1165000
Bokaro Steel City Central Consumers' Co.-operative Stores Limited	250 (250)	10		2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100		2500	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100		137700	137700
Bolani Ores Employees' Consumer Co.-operative Society Limited	200 (200)	25		5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20		460000	460000
				1772700	1772700

Note (Forming Part of the Balance Sheet)

13 : LONG TERM LOANS AND ADVANCES

			(₹ crore)	
	As at 31st March, 2014		As at 31st March, 2013	
Capital Advances	142.66		217.38	
Less: Provision for doubtful capital advances	1.00	141.66	7.12	210.26
Security Deposits		59.69		30.71
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	324.03		396.42	
Others	1.14	325.17	4.65	401.07
Advances recoverable in cash or in kind or for value to be received				
Contractors & suppliers	187.73		198.07	
Employees	0.97		1.20	
Income tax paid in advance / recoverable	414.28		510.08	
MAT Credit Entitlement	520.11		0.00	
Others	4.66	1127.75	4.68	714.03
Deposits				
Port trust, Excise authorities, Railways etc.	53.09		68.85	
Others	2126.70	2179.79	1796.18	1865.03
		3842.06		3229.10
Less : Provision for other Loans & advances		47.74		52.14
		3794.32		3176.96
Particulars of long term loans and advances				
Secured, Considered Good		257.65		304.46
Unsecured, Considered Good		3536.67		2872.50
Doubtful		51.27		61.79
		3845.59		3238.75

14 : OTHER NON CURRENT ASSETS

			(₹ crore)	
	As at 31st March, 2014		As at 31st March, 2013	
Long Term Trade Receivables	50.46		38.93	
Less : Provision	28.55	21.91	26.97	11.96
Particulars				
Secured, considered good		-		-
Unsecured, considered good		21.91		11.96
Doubtful		28.55		26.97
		50.46		38.93
Long Term Claims Recoverable		111.00		552.89
Interest Receivable/ Accrued - Employees		2.52		3.61
		135.43		568.46

Note (Forming Part of the Balance Sheet)

15 : INVENTORIES*

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Stores & Spares		
Production	2605.74	2377.76
Fuel Stores	123.64	140.77
Others	24.93	21.97
	<u>2754.31</u>	<u>2540.50</u>
Add: In-transit	148.59	175.38
	<u>2902.90</u>	<u>2715.88</u>
Less: Provision for Non Moving/Obsolete items	194.91	176.05
	<u>2707.99</u>	<u>2539.83</u>
Raw materials	2525.12	2215.03
Add: In-transit	1004.32	1323.76
	<u>3529.44</u>	<u>3538.79</u>
Less: Provision for unusable materials	8.13	7.76
	<u>3521.31</u>	<u>3531.03</u>
Finished / Semi-finished products		
- Finished Goods	6368.27	7760.32
- Work-in-Progress	2437.42	1960.82
	<u>8805.69</u>	<u>9721.14</u>
Add: In-transit	165.83	216.21
	<u>8971.52</u>	<u>9937.35</u>
	<u>15200.82</u>	<u>16008.21</u>

* Valued as per Accounting Policy 'G'

16 : TRADE RECEIVABLES

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Trade Receivable over six months	566.30	452.57
Less : Provision	130.89	124.17
	<u>435.41</u>	<u>328.40</u>
Trade Receivables less than six months	5046.57	4095.78
Less : Provision	0.00	0.00
	<u>5046.57</u>	<u>4095.78</u>
	<u>5481.98</u>	<u>4424.18</u>
Particulars		
Secured, considered good	0.00	3.27
Unsecured, considered good	5481.98	4420.91
Doubtful	130.89	124.17
	<u>5612.87</u>	<u>4548.35</u>

Note (Forming Part of the Balance Sheet)

17 : CASH & BANK BALANCES

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
(i) Cash and Cash Equivalents				
Balance with Banks *				
Current Account	5.03		3.78	
Term Deposits with maturity upto 3 months	0.14		15.91	
Term Deposits under Bank Lien / pledge against loan	0.14		0.16	
Term Deposits as per court orders with maturity upto 3 months	0.42		0.48	
Unpaid Dividend Account	13.58	19.31	11.67	32.00
Cheques on hand		194.59		243.91
Cash and Stamps on hand		1.01		1.32
		<u>214.91</u>		<u>277.23</u>
(ii) Other Bank Balances *				
Term Deposits with maturity more than 3 months	2500.00		3402.87	
Term Deposits as per court orders	95.64		127.86	
Earmarked Term Deposits	45.40	2641.04	42.39	3573.12
		<u>2855.95</u>		<u>3850.35</u>
* Includes				
- Maturity period upto 12 months		2641.74		3589.67
- Maturity period more than 12 months		1.91		-

18 : SHORT TERM LOANS AND ADVANCES

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Loans and advances to related parties	126.25		113.71	
Less: Provision for doubtful related parties advances	1.39	124.86	1.39	112.32
Other loans and advances				
Loans				
Employees	92.05		101.30	
Others	3.56	95.61	0.19	101.49
Advances recoverable in cash or in kind or for value to be received				
Contractors & suppliers	195.81		195.48	
Employees	6.89		7.22	
Income tax paid in advance / recoverable	1.24		1.35	
For purchase of shares	51.21		51.08	
Others	640.34	895.49	479.00	734.13
Security Deposits		7.66		3.42
Deposits				
Port trust, Excise authorities, Railways etc.	0.13		0.69	
Others	92.99	93.12	69.88	70.57
		<u>1216.74</u>		<u>1021.93</u>
Less : Provision for other Loans & Advances		56.23		33.20
		<u>1160.51</u>		<u>988.73</u>
Particulars of short term loans and advances				
Secured, Considered Good		41.28		39.45
Unsecured, Considered Good		1119.23		949.28
Doubtful		57.62		34.59
		<u>1218.13</u>		<u>1023.32</u>

Note (Forming Part of the Balance Sheet)

19 : OTHER CURRENT ASSETS

	(₹ crore)	
	As at 31st March, 2014	As at 31st March, 2013
Gold Coins on hand	0.26	0.26
Interest Receivable/Accrued		
Term Deposits	7.38	7.83
Employees	4.35	4.76
Others	36.39	39.94
	<u>48.12</u>	<u>52.53</u>
Less : Provision for doubtful interest	3.39	3.39
	<u>44.73</u>	<u>49.14</u>
Others		
Receivables other than Trade	101.03	95.43
Claims recoverable	2107.40	1722.69
Export Incentive	23.18	19.41
	<u>2231.61</u>	<u>1837.53</u>
Less Provision	85.11	71.97
	<u>2146.50</u>	<u>1765.56</u>
	<u>2191.49</u>	<u>1814.96</u>

Note (Forming Part of the Statement of Profit and Loss)

20 : REVENUE FROM OPERATIONS

	(₹ crore)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of Products		
Domestic	50339.29	48162.13
Exports	1497.01	1158.23
Export Incentives	29.69	29.33
Sub Total (a)	<u>51865.99</u>	<u>49349.69</u>
Sale of Services		
Service charges	25.91	34.88
Sub Total (b)	<u>25.91</u>	<u>34.88</u>
Other Operating Revenues		
Social amenities-recoveries	249.93	231.50
Sale of empties etc.	39.82	40.93
Sundries	194.05	172.22
Sub Total (c)	<u>483.80</u>	<u>444.65</u>
Total (a+b+c)	<u>52375.70</u>	<u>49829.22</u>

Note (Forming Part of the Statement of Profit and Loss)

21 : OTHER INCOME

	(₹ crore)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income		
Customers	159.12	142.88
Employees	24.77	30.36
Term Deposits	360.27	635.67
Others	39.97	17.55
Sub Total (a)	584.13	826.46
Dividend Income		
Dividend from Investments	124.91	59.46
Sub Total (b)	124.91	59.46
Other Non-operating Income		
Subsidy, relief and concession	16.51	13.14
Grant-in-aid	0.00	0.02
Profit on sale of fixed assets (net)	7.78	25.44
Other Non-operating income	5.05	59.66
Write back of Other liabilities	73.19	75.19
Liquidated damages	23.40	30.99
	125.93	204.44
Less: Expenses attributable to non-operating income	1.17	1.94
Sub Total (c)	124.76	202.50
Provisions no longer required written back		
Loans & Advances	14.59	3.78
Sundry Debtors	13.14	8.23
Stores & Spares	8.45	5.19
Others	11.43	13.50
Sub Total (d)	47.61	30.70
Total (a+b+c+d)	881.41	1119.12

22 : COST OF MATERIALS CONSUMED

	(₹ crore)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Iron ore	3238.63	3279.85
Coal	14443.74	13526.35
Coke	644.34	2977.51
Limestone	1021.69	887.20
Dolomite	431.47	406.80
Ferro Manganese	547.10	510.33
Ferro Silicon	168.50	157.97
Silico Manganese	744.34	745.98
Intermediary Products	2.70	0.52
Zinc	97.09	75.86
Aluminium	247.06	242.41
Others	1443.09	1423.44
	23029.75	24234.22
Less : Inter Account adjustments	3758.59	3035.74
	19271.16	21198.48

Note (Forming Part of the Statement of Profit and Loss)

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

(₹ crore)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening stock		
- Finished Goods	7976.53	5468.18
- Work in Progress	1960.82	2178.27
	9937.35	7646.45
Less : Closing stock		
- Finished Goods	6534.10	7976.53
- Work in Progress	2437.42	1960.82
	8971.52	9937.35
	965.83	-2290.90
Less : Excise Duty on accretion(-) / Depletion to stock	71.20	-274.81
Net Accretion(-)/Depletion to stock	894.63	-2016.09

24 : EMPLOYEE BENEFITS EXPENSE

(₹ crore)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries & Wages	7398.69	6137.34
Leave Encashment	240.18	779.77
Company's contribution to Provident & other Funds	861.56	554.61
Travel Concession	128.32	33.77
Welfare Expenses	51.57	486.56
Gratuity	898.34	645.30
	9578.66	8637.35
Less : Grants in Aid received from Government of Karnataka	0.15	0.26
	9578.51	8637.09

25 : FINANCE COSTS

(₹ crore)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Cost		
- Foreign Currency Loans	130.48	124.81
- Non Convertible Bonds	145.61	108.25
- Bank Borrowings - working capital	71.52	21.65
- Steel Development Fund Loans	3.33	3.85
- Others	166.29	197.29
Other Borrowing Costs	447.74	291.79
Interest under Income Tax Act	2.67	0.02
	967.64	747.66

Note :
**Expenditure on Interest & Finance charges
not included above & charged to:**
Expenditure During Construction
Interest Cost

Foreign Currency Loans	220.63	184.34
Non Convertible Bonds	619.07	568.74
Steel Development Fund Loans - Interest	4.85	4.31
Others	0.00	9.28
Other Borrowing Cost	0.00	33.17
	844.55	799.84

Note (Forming Part of the Statement of Profit and Loss)

26 : OTHER EXPENSES

				(₹ crore)
		Year ended 31st March, 2014	Year ended 31st March, 2013	
Consumption of Stores & Spares Parts				
Consumption of Stores & Spares Parts	4153.33		4065.52	
Less: Departmentally manufactured stores	973.95		953.24	
Less: Finished products internally consumed as stores and spares	839.35	2340.03	979.06	2133.22
Power and Fuel		4942.15		4830.44
REPAIRS & MAINTENANCE				
Buildings	216.07		178.79	
Plant & Machinery	533.71		481.20	
Others	181.75	931.53	164.47	824.46
Freight Outward		976.43		950.23
Handling Expenses				
- Raw Material	251.79		198.76	
- Scrap Recovery	224.85	476.64	163.63	362.39
Royalty and Cess		915.56		975.48
Conversion Charges		277.65		328.76
Excise Duty on Inter-Plant Transfer / Internal Consumption		461.94		385.47
Demurrage & Wharfage		93.72		55.99
Water Charges & Cess on Water Pollution		92.75		76.57
Insurance		17.06		16.31
Postage, Telegram & Telephone		20.60		19.78
Printing & Stationery		9.40		10.12
Rates & Taxes		67.72		65.68
Rent		24.77		13.84
Security Expenses		344.04		310.05
Travelling Expenses		184.18		210.87
Training Expenses *		38.81		25.75
Remuneration to Auditors				
- Audit Fees	1.43		1.33	
- Tax Audit Fees	0.43		0.42	
- In other Services	0.92		0.96	
- Out of Pocket Expenses	0.79	3.57	0.68	3.39
Cost Audit Fee and Reimbursement of Expenses		0.15		0.14
Provisions				
- Doubtful Debts, Loans and Advances	63.04		29.06	
- Stores , Spares and Sundries	135.42	198.46	24.25	53.31
Write-Offs - Miscellaneous		7.71		0.34
Voluntary Retirement Compensation		0.01		0.23
Handling Expenses - Finished goods		121.73		119.80
Cash Discount (net)		75.28		64.81
Commission to Selling Agents		7.60		7.59
Export Sales Expenses		25.36		18.37
Miscellaneous		380.21		294.53
		13035.06		12157.92
* Training expenses not included above and charged to primary heads of account		58.83		66.38

Note (Forming Part of the Statement of Profit and Loss)

27 : ADJUSTMENTS PERTAINING TO EARLIER YEARS

(₹ crore)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sales	-5.62	-28.70
Raw materials consumed	-4.76	-6.99
Stores & Spares consumed	-1.98	-2.02
Repair & Maintenance	1.13	-1.47
Excise Duty	0.00	2.20
Other expenses	0.97	-9.28
Depreciation	-117.20	3.42
Interest	-21.19	0.00
Net Debit / Credit (-)	-148.65	-41.53

Other Notes to Financial Statements

28.1 : CONTINGENT LIABILITIES

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
(i) Claims against the Company pending appellate/judicial decisions :		
a) Excise Duty	1350.97	1120.73
b) Sales Tax on inter-state stock transfers from plants to stockyards*.	743.12	740.94
c) Other sales tax matters	167.41	172.19
d) Income Tax	1028.85	797.30
e) Other duties, cess and levies	5274.71	2151.82
f) Civil Matters **	1918.04	831.59
g) Entry Tax	1443.85	1166.18
h) Miscellaneous **	541.14	449.31
* No liability is expected to arise, as sales tax has been paid on eventual sales. ** includes claims of ₹ 45.88 crore (₹22.54 crore), against which there are counter-claims of ₹ 26.85 crore (₹18.41 crore).		
(ii) Other claims against the Company not acknowledged as debt:		
a) Sales Tax	23.12	17.32
b) Duties, cess and levies	257.14	250.38
c) Civil Matters	50.31	23.03
d) Miscellaneous \$	7167.45	5498.71
\$ includes claims of ₹ 100.94 crore (₹100.94 crore), against which there are counter-claims of ₹ 103.95 crore (₹103.95 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	30.39	29.33
(iv) Bills drawn on customers and discounted with banks	47.94	66.89
(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 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, the entry tax amount included in Note No. 28.1(i)(g), includes disputed demand of ₹91.55 crore (₹81.64 crore). The Company has deposited ₹81.88 crore (₹70.57 crore) against the said demand which has been shown as deposit and disclosed under Long-term Loans and Advances.

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 ₹1071.28 crore (₹888.46 crore) in Chattisgarh State and ₹214.81 crore (₹170.32 crore) in Odisha State respectively.

In respect of the case pertaining to Chattisgarh State, liability of ₹1071.15 crore (₹891.04 crore), based on legal opinion, has been provided in the books towards entry tax @3% against the demand @6%. The Company has deposited ₹1071.15 crore (₹891.04 crore) and ₹78.12 crore (₹53.74 crore) in Chattisgarh and Odisha State respectively against the said demand which has been treated as Deposit and disclosed under Long-term Loans and Advances.

- b) 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 ₹291.76 crore (₹217.40 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 disclosed under Short Term Loans and Advances.
- c) Pending decision by 'Appellate Tribunal For Electricity', the claims of ₹79.30 crore (₹50.06 crore) made by Damodar Valley Corporation in respect of electricity supplied to Durgapur Steel Plant and Alloy Steels Plant of the Company, has been disclosed as contingent liability included in Note No. 28.1(i)(h).
- d) Rourkela Steel Plant of the Company has proposed to the Government of 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.
- e) BCCL has claimed an amount of ₹60.21 crore towards 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.
- f) The Contingent Liabilities stated in para 28.1 also include court/arbitration cases where the Company has lost the cases in first or subsequent appeals and has gone to appeal in the higher forums.

29. FIXED ASSETS

29.1 Land:

- (i) Includes 66484.91 acres (67178.24 acres) owned/possessed/taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- (ii) Includes 35902.82 acres (35903.35 acres) in respect of which title is under dispute.

- (iii) 8200.76 acres (10881.28 acres) transferred/agreed to be transferred or made available for settlement to various Joint Ventures / Central / State Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- (iv) 6345.43 acres (6156.20 acres) given on lease to various agencies/employees/ex-employees.
- (v) Includes 4066.88 acres (4262.42 acres) under unauthorised occupation.
- (vi) 824.86 acres (824.86 acres) of Land which is not in the actual possession, shown as deemed possession.
- (vii) ₹59.88 crore is lying under deposits (in respect of land already acquired) with the District & Sessions Judge, Bokaro during the year 2007 towards compensation payable to land losers.
- (viii) Vide Notification of Acquisition in the Gazette of India (Extraordinary) bearing No S.O. 1309(E) dated 08.06.2012 and No. S.O. 2484 E dated 13.10.2012, National Highway Authority of India Ltd (NHAI) has acquired 6.486 acres of Land of the Plant. The compensation for the land is under determination by NHAI and will be accounted for on final determination.

- 29.2 Buildings include net block of ₹22.58 crore (₹25.26 crore) for which conveyance deed is yet to be registered in the name of the Company.

- 29.3 Assets retired from active use and waiting for disposal amounting to ₹29.10 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.

- 29.4 a) Capital work-in-Progress includes ₹38.07 crore (₹107.17 crore) (Consultancy charges) in respect of some deferred capital schemes, which are to be implemented in the near future. Therefore, no provision is required at this stage.
- b) Capital Work-in-Progress includes ₹115.38 crore (₹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.
- c) Capital Work-in-Progress includes ₹122.03 crore (₹121.80 crore) in respect of 20 Hi Sendzemir Mill which could not be completed due to accident in the trailer carrying Mill Housing. The case filed by M/s. Waterbury Farrel, original supplier, was dismissed by Hon'ble District Court of Salem by their order dated 13.08.2013 and retendering process is going on to complete the balance portion of work on risk purchase basis.

- 29.5 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, 2014, the net foreign exchange variations of ₹340.44 crore (net debit) [₹134.53 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, 2014, an amount of ₹433.70 crore (net debit) [₹220.08 crore (net debit)] is yet to be depreciated/amortised as at 31st March, 2014.

- 29.6 Estimated amount of contracts remaining to be executed and not provided for (net of advances), on capital account are ₹13724.69

crore (₹17750.86 crore) and on revenue account are ₹1459.72 crore (₹1085.96 crore).

- 30.1** As part of its Modernization and Expansion Plan / other Capital Schemes in IISCO Steel Plant, Burnpur, in the opinion of the Management, the following Assets have become usable and have been capitalized after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during the year:

(₹ crore)

Sl. No.	Name of Package	Amount Capitalized	Date of Capitalization as taken by the Management	Depreciation charged for the year
1.	Coke Oven Battery & Related Facilities	1791.05	28/10/2013	37.66
2.	Sinter Plant & Related Facilities	2142.66	02/03/2014	8.69
3.	Wire Rod Mill & Related Facilities	681.97	14/10/2013	15.23
4.	Power Blowing Station	639.16	03/10/2013	15.81
5.	Others (including AMR schemes)	202.64		8.08
	Total	5457.48		85.47

- 30.2** As part of its Modernization and Expansion Plan / other Capital Schemes in Rourkela Steel Plant, in the opinion of the Management, the following Assets have become usable and have been capitalized after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during the year:

(₹ crore)

Sl. No.	Name of Package	Amount Capitalized	Date of Capitalization as taken by the Management	Depreciation charged for the year
1.	Coal Handling Plant under 4.2 MTPA Expansion	341.67	01/03/2014	1.50
2.	RMHC New OBBP	630.71	01/03/2014	2.78
3.	New 7 Mtr COB-6 and related facilities	894.84	01/03/2014	3.94
4.	Set up of 1X300 Sqm Sinter Plant (PKG 020)	871.12	01/03/2014	3.83
5.	New Slab Caster	798.57	14/10/2013	21.08
6.	Set up of Boiler, Steam Turbine Generator, Back Pressure Turbine Generator and Balance of Plant (PKG 011)	488.40	15/03/2014	2.15
7.	Installation of New MSDS - IV, V, VI (PKG-087)	118.20	01/03/2014	0.52
8.	Others (including AMR Schemes)	705.45		73.05
	Total	4848.96		108.85

- 30.3** Further, an amount of ₹15502.02 crore, detailed below, is kept under Capital Work-in-Progress representing capital expenditure on various Packages/Schemes installed/ under installation and in the opinion of the Management, not yet ready for operation. The same will be capitalized after completion of installation, trial run, removal of all defects and getting ready for commercial production:

(₹ crore)

Sl. No.	Name of the Plant	Amount
1.	IISCO Steel Plant (ISP)	9182.93
2.	Rourkela Steel Plant (RSP)	6319.09

- 30.4** Boiler 3 (appearing in Note No. 11- Capital Work-in-Progress at a value of ₹37.00 crore) was damaged on 12th March, 2013 due to explosion. Insurance claim was lodged by the Contractor working on the project for the damages caused due to explosion. The insurance claim was refuted twice by the Insurer. However, the Contractor has been further pursuing the claim with the Insurer. In the meantime, a contract has been awarded to the same Contractor for repairing of the Boiler at a value of ₹22.00 crore, net of Cenvat. The amount on the repair job will be charged to Statement of Profit & Loss as and when it is incurred.

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 Unions of non-executives filed writ petition 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 ₹95.48 crore (₹130.51 crore), in respect of tax deducted at source, 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. 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 2014 are as under:

(₹ crore)

No.	Description	As at 31st March' 2014	As at 31st March' 2013
i.	The principal amount remaining unpaid to supplier as at the end of the year.	21.44	15.30
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	-	-

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		For the year ended	
		31st March' 2014	31st March' 2013
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, additional liability of ₹22.30 crore has been provided towards supply of electricity by BPSCL, on account of completion of reconciliation of accounts pertaining to earlier years.

31.5 The Company has stock of iron ore fines of 41.12 million tonnes (41.15 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.

32. STATEMENT OF PROFIT & LOSS

32.1 Net Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2014: ₹3257.40 crore (Previous year: ₹3617.90 crore) and cumulatively upto 31st March 2014: ₹6900.19 crore (Previous year: ₹18288.38 crore). During the year, the provisional rates of supplies to Indian Railways have been finalised upto 31st March, 2012, resulting in decrease in net sales of ₹925.06 crore for the period from 1st January, 2008 to 30th June, 2010 and increase in net sales by ₹678.96 crore for the period from 1st July, 2010 to 31st March, 2012. As a result, the net sales and profit for the year are lower by ₹246.10 crore and ₹277.27 crore respectively.

32.2 Sales include Railway Receipts (RR) made upto 31st March, 2014 and endorsed in favour of the customers and retired upto 21st April, 2014.

32.3 Prior period income includes:

- ₹120.94 crore towards write back of depreciation on fixed assets depreciated at 100% in earlier years as against 95% of the cost of fixed assets.
- ₹20.67 crore towards interest income on deposits made by Bokaro Steel Plant in the name of 'District & Sessions Judge - A/c Land' and utilised fully for payment to land owners in respect of land acquired by the Bokaro Steel Plant.

32.4 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.

32.5 The research and development expenditure charged to Statement of Profit & Loss and allocated to fixed assets, during the year, amount to ₹106.05 crore (₹145.07 crore) and ₹4.38 crore (₹2.56 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	
	31st March' 2014	31st March' 2013
Employee Benefits Expense	65.48	100.90
Cost of Materials Consumed	4.81	0.29
Stores & Spares Consumed	2.95	9.86
Power & Fuel	1.81	1.64
Repairs & Maintenance	2.62	2.42
Other Expenses	26.18	26.28
Finance Cost	0.08	0.26
Depreciation	3.73	3.58
Sub-total	107.66	145.23
Less: Transferred to Inter Account Adjustments	1.61	0.16
Total	106.05	145.07

32.6 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 2014, 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, 2014 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 ₹ 8.51 crore as the net realisable value is higher than the book value. Similarly, the net realizable value of Pipe Coating Plant at RSP is higher than the book value at ₹ 40.30 crore

32.7 During the year, the unspent carried forward amount of ₹17.19 crore on account of Corporate Social Responsibility (CSR) activities pertaining to the year 2012-13, was incurred in full. Against the approved budgeted amount of ₹40.00 crore towards the CSR activities for the year 2013-14, the Company spent ₹44.87 crore during the year.

32.8 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 additional depreciation amount on such assets at the rates prescribed in Schedule XIV is ₹6.40 crore.

32.9 Information on leases as per Accounting Standard 19 on 'Leases':

- 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.
- 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 ₹ 11.98 crore (₹11.18 crore).

(₹ in crore)

32.10 After the expiry of long term wage agreements with non-executives on 31st December, 2011, the Company entered into a Memorandum of Understanding with the Unions, for implementation of wage revision of non-executives w.e.f. 1st January, 2012. Accordingly, Employee Benefits Expense charged to the Statement of Profit & Loss and Expenditure. During Construction (EDC) for the year ended 31st March, 2014 are inclusive of wage revision arrears of non-executives upto 31st March, 2013, amounting to ₹431.30 crore and ₹1.92 crore respectively.

32.11 As per the Department of Public Enterprises (DPE's) Guidelines, the Company is required to contribute 30% of salary (Basic Pay+ Dearness Allowance) in respect of executive employees as superannuation benefits, which may include Contributory Provident Fund (CPF), Gratuity, Pension and Post-Superannuation Benefits. From 1.1.2007 to 31.3.2013, the Company had been providing for Superannuation Benefits, as per details given in the table below. During the year, contribution rate to Post-retirement Medical Benefit (PRMB) Schemes for executive employees has been actuarially computed and as per the Actuary's Report dated 5th May, 2014, the cost of PRMB Schemes as a proportion of salary for the executive employees is 4.26%. To comply with the DPE's Guidelines relating to contribution to Superannuation Benefits within overall limit of 30% of salary of executive employees, the provision for pension benefit has been reduced from 12% to 9% (rounded-off) during the year, as per details given below:

Sl. No.	Superannuation Benefit	Percentage of Salary Provided by the Company	
		From 1.1.2007 to 31.3.2013	From 1.4.2013 to 31.3.2014
1.	Contribution to Provident Fund	12.00%	12.00%
2.	Gratuity	4.81%	4.81%
3.	Post-retirement Medical Benefits	1.19%	4.26%
4.	Pension (balance portion of Superannuation Benefits)	12.00%	8.93%

Further, as per Memorandum of Understanding entered on dated 25th January, 2014 between SAIL Management and the Unions of non-executive employees, pension benefit for non-executives has been agreed @6% of salary w.e.f. 1st January, 2012.

Keeping in view the above, an excess provision of other benefits for executive employees upto 31st March 2013, of ₹201.21 crore in Employee Benefits Expense (EBE) and ₹9.63 crore in Expenditure During Construction (EDC), has been written back during the year, as per details given below:

Name of Plant/Unit	Write back of Provision for Other Benefits	
	Employee Benefit Expense	Expenditure during Construction
Bhilai Steel Plant	42.46	5.96
Durgapur Steel Plant	23.31	
Rourkela Steel Plant	28.32	2.36
Bokaro Steel Plant	40.13	1.31
IISCO Steel Plant	11.57	
Alloy Steels Plant	5.06	
Salem Steel Plant	4.78	
Visvesvaraya Iron & Steel Plant	3.77	
Raw Materials Division	7.96	
SAIL Refractory Unit	1.72	
Central Marketing Organisation	12.03	
Research & Development Centre	10.95	
Corporate Office	6.60	
Growth Division & Kulti Works	0.85	
Chandrapur Ferro Alloy Plant	1.70	
Total	201.21	9.63

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 combined for earned leave and half pay leave. Encashment of accumulated earned leave is also allowed upto 30 days once in a financial year.

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

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

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

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

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

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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	4508.07 (4134.62)	2454.02 (2131.08)	1230.01 (1200.02)	117.43 (105.27)	23.07 (20.07)	317.86 (281.05)
ii)	Service Cost	187.08 (158.46)	118.20 (116.57)	9.08 (11.06)	5.48 (5.52)	2.77 (1.30)	0.00 (0.00)
iii)	Interest Cost	352.90 (344.75)	191.10 (176.34)	97.43 (102.02)	9.62 (9.15)	1.98 (1.72)	22.80 (21.35)
iv)	Actuarial Gains(-) / Losses(+)	757.11 (537.46)	-65.70 (463.81)	-407.76 (13.47)	-13.18 (8.39)	-3.31 (2.86)	65.67 (83.11)
v)	Past Service Cost	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
vi)	Benefits Paid	719.97 (667.22)	434.20 (433.78)	85.54 (96.56)	9.70 (10.90)	2.49 (2.88)	74.48 (67.65)
vii)	Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	5085.19 (4508.07)	2263.42 (2454.02)	843.22 (1230.01)	109.65 (117.43)	22.02 (23.07)	331.85 (317.86)

(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	2013-14	2012-13
i)	Fair Value of plan assets as at the beginning of the year	4203.26	4114.34
ii)	Expected return on plan assets	336.27	317.19
iii)	Actual Company's contribution	719.92	367.20
iv)	Actuarial gain/ (loss)	54.89	71.75
v)	Benefits payments	719.97	667.22
vi)	Fair value of plan assets as at the end of the year	4594.37	4203.26
vii)	Present value of defined benefit obligation [33.1.2(a)(vii)]	5085.19	4508.07
viii)	Net liability recognised in the Balance Sheet (vii)-(vi) *	490.82	304.81

* The Company does not expect to contribute any amount to the Gratuity Fund during the year 2014-15, 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	187.08 (158.46)	118.20 (116.57)	9.08 (11.06)	5.48 (5.52)	2.77 (1.30)	0.00 (0.00)
ii)	Interest Cost	352.90 (344.75)	191.10 (176.34)	97.43 (102.02)	9.62 (9.15)	1.98 (1.72)	22.80 (21.35)
iii)	Actuarial Gains(-)/Losses (+)	702.22 (465.71)	-65.70 (463.81)	-407.76 (13.47)	-13.18 (8.39)	-3.31 (2.86)	65.67 (83.11)
iv)	Past Service Cost	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
v)	Expected Return on Plan Assets	336.27 (317.19)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
vi)	Total (i+ii+iii+iv-v)	905.93 (651.73)	243.60 (756.72)	-301.25 (126.55)	1.92 (23.06)	1.44 (5.88)	88.47 (104.46)
vii)	Employees' Benefits Expenses :						
	a) Charged to Profit & Loss Account (Note 24)	898.34 (645.30)	240.18 (743.93)	-301.16 (126.55)	- (0.00)	1.44 (5.88)	88.47 (104.46)
	b) Charged to Expenditure During Construction (Note 11.1)	7.59 (6.43)	3.42 (12.79)	-0.09 (0.00)	- (0.00)	- (0.00)	- (0.00)
	c) Other Expenses Charged to Profit & Loss Account (Note 26)	- (0.00)	- (0.00)	- (0.00)	1.92 (23.06)	- (0.00)	- (0.00)
viii)	Actual Return on Plan Assets	391.14 (388.96)					

(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	0.52	-0.43
ii)	Increase/(decrease) on present value of defined benefit obligations as at 31st March, 2014	23.19	-19.94

(f) Actuarial Assumptions :

Sl. No.	Description	As at 31st March, 2014	As at 1st April, 2013
i)	Discount Rate (per annum)	9.19%	8.15%
ii)	Mortality Rate	IALM (1994-96) Ultimate	LIC (1994-96) Ultimate
iii)	Withdrawal Rates (per annum)	Executives & Non-executives- 0.10% to 0.50% depending upon the age	Executives & Non-executives- 0.10% to 0.50% depending upon the age
iv)	Medical Cost Trend Rates (per annum)	5% for hospital cost and Nil for Medi-claim premium.	5% for hospital cost and Nil for Medi-claim premium.
v)	Estimated Rate of Return on Plan Assets	8% p.a.	8% p.a.
vi)	Salary Escalation	Executives : 7% p.a. Non-Executives : 6% p.a. All employees- 7.5% step-up after every 10 years of service starting 2017.	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.
		The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors	

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33.2 Segment Reporting

- Business Segments: The five Integrated Steel Plants and three Alloy Steel Plants, being manufacturing units, have been considered as primary business segments for reporting under Accounting Standard-17 - 'Segment Reporting' issued by Ministry of Corporate Affairs.
- Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.
- In the opinion of the management, the captive mines are not a reportable business segment of the Company as per Para 27 of 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.

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
	Prime Gold-SAIL JVC Limited
	VSL SAIL JVC Limited
	Abhinav SAIL JVC Limited
Nature of Relationship	Name of the related party
Key Management Personnel	Shri C.S.Verma
	Shri Shuman Mukherjee (upto 1st May, 2013)
	Shri Anil Kumar Chaudhary
	Shri S.S. Mohanty
	Shri H.S. Pati
	Shri T.S.Suresh
	Shri Kalyan Maity
	Shri Binod Kumar (w.e.f. 3rd December 2013)
	Shri N.K. Kothari
	Shri A. Maitra
	Shri P.K. Singh
	Shri S. Chandrasekaran
	Shri G.S. Prasad
	Shri P.S. Bhadauria
	Shri S.S. Verma
	Shri A. Bandopadhyay
	Shri S. Hanumantha Rao
	Shri M.N. Rai
	Shri M.R. Panda
	Shri S. Varadarajan
	Shri Raman
	Shri Somdev Das
	Shri K.K. Singh
	Shri A.J. Malhotra (upto 12th August, 2013)
	Shri Randev Mitra (w.e.f. 13th August, 2013)

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

(₹ in crore)

Sl.No.	Particulars	Associate/ Joint Ventures	Key Management Personnel	Total	Note No. and Account Head
i)	Purchase of Investment	1.84 (1.50)	-	1.84 (1.50)	12 : Non-Current Investment
ii)	Advance for purchase of Shares	0.14 (0.27)	-	0.13 (0.27)	18 : Short Term Loans and Advances
iii)	Other Loans and Advances	-	- (0.04)	- (0.04)	13 : Long Term Loans and Advances
iv)	Services Rendered	4.34 (0.90)	-	4.34 (0.90)	21 : Other income
v)	Rental Income	0.19 (0.02)	-	0.19 (0.02)	
vi)	Interest Income	- (0.02)	-	- (0.02)	
vii)	Sale of Goods	70.78 (56.88)	-	70.78 (56.88)	20 : Revenue from Operations
viii)	Services Received	41.38 (33.48)	-	41.38 (33.48)	26 : Other Expenses
		1.80 (1.26)	-	1.80 (1.26)	11 : Capital WIP
ix)	Managerial Remuneration	-	6.75 (7.01)	6.75 (7.01)	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	103.99 (102.15)	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	0.14 (0.27)	18 : Short Term Loans and Advances
vi)	Trade Receivable	2.88 (2.19)	16 : Trade Receivables
vii)	Trade Payable	5.03 (2.71)	7 : Trade Payables
viii)	Security Deposit	0.33 (0.32)	4 : Other Long Term Liabilities

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D. Disclosure of Material Transactions with Related Parties

(₹ crore)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013	Note No. and account head
Purchase of Investment S & T Mining Co. Pvt. Limited	1.84	1.50	12 : Non-Current Investment
Advance for Purchase of Shares SAIL Kobe Iron India Pvt. Ltd. TMTSAL SAIL JV Limited SAL SAIL JVC Limited Prime Gold SAIL JVC Limited VSL SAIL JVC Limited	- - - 0.12 0.02	0.25 0.01 0.01 - -	18 : Short Term Loans and Advances
Sale of Goods Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited	25.76 45.02	26.12 30.76	20 : Revenue from Operations
Services Rendered Bhilai Jaypee Cement Limited Bokaro Jaypee Cement Limited Mjunction Services Limited	4.34 0.17 0.02	0.90 0.02 -	21 : Other Income
Auction Services Mjunction Services Limited	38.38 1.80	29.12 1.26	26 : Other Expenses 11 : Capital WIP
Consultancy Received S & T Mining Co. Pvt. Limited	1.22	1.90	11 : Capital WIP
Conversion Charges SAIL-Bansal Services Centre Ltd.	1.78	2.46	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 31st March, 2014	As on 31st March, 2013
Deferred Tax Liability		
Difference between book and tax depreciation	3527.79	2947.63
Total	3527.79	2947.63
Deferred Tax Assets		
Retirement Benefits	164.76	101.53
Others	1322.57	1117.57
Total	1487.33	1219.10
Net Deferred Tax Liability	2040.46	1728.53

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:

(₹ in crore)

Sl. No.	Name of the Joint Venture Company	% of Company's ownership interest	Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
1.	NTPC SAIL Power Company Pvt. Ltd. (*)	50	1707.88	940.39	883.50	695.57	29.96	41.03
2.	Bokaro Power Supply Co. Pvt. Ltd. (@)	50	550.76	271.09	380.06	354.70	0.35	19.39
3.	Mjunction Services Limited (**)	50	118.24	47.31	68.40	42.42	-	3.55
4.	SAIL Bansal Service Centre Ltd. (@)	40	13.30	11.73	8.25	8.28	-	-
5.	Romelt SAIL (India) Ltd. (\$)	15	-	-	-	-	-	-
6.	UEC SAIL Information Technology Limited (\$)	40	-	-	-	-	-	-
7.	North Bengal Dolomite Ltd. (\$)	50	-	-	-	-	-	-
8.	N.E Steel & Galvanising Pvt.Ltd (\$)	49	-	-	-	-	-	-
9.	Bhilai Jaypee Cement Limited (@)	26	253.49	176.18	192.86	190.75	0.87	1.76
10.	Bokaro Jaypee Cement Limited (@)	26	179.60	131.37	163.91	133.17	1.32	-
11.	S & T Mining Co. Pvt. Limited (@)	50	3.76	1.18	1.38	3.19	-	0.63
12.	International Coal Ventures Private Limited (@)	28.57	6.76	0.64	-	-	-	-
13.	SAIL-MOIL Ferro Alloys Private Limited(**)	50	6.93	6.01	0.07	0.27	-	-
14.	SAIL SCI Shipping Pvt. Limited (@)	50	0.07	0.01	0.01	0.03	-	-
15.	SAIL SCL Kerala Limited (@)	43.8	14.28	12.05	16.34	17.77	1.31	-
16.	SAIL RITES Bengal Industry Pvt. Limited (**)	50	31.26	16.27	0.06	0.01	-	18.15
17.	SAIL Kobe Iron India Pvt. Limited(*)	50	0.25	-	-	-	-	-
18.	SAL SAIL JVC Limited(@)	26	0.06	0.04	-	-	-	-
19.	TMT SAL SAIL JV Limited(@)	26	0.01	-	-	-	-	-
20.	SAIL-BENGAL Alloy Castings Private Limited (**)	50	0.45	0.45	-	-	-	-
21.	Prime Gold-SAIL JVC Limited(**)	26	0.37	-	-	-	-	-
22.	VSL SAIL JVC Limited (\$\$)	26	-	-	-	-	-	-
23.	Abhinav SAIL JVC Ltd (\$\$)	26	-	-	-	-	-	-

* Based on audited accounts for the year 2013-14

** Based on unaudited accounts for the year 2013-14

@ Based on audited accounts for the year 2012-13

\$ Information not available

\$\$ Operation yet to be started

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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 1st April, 2013	208.20	91.20	29.05	328.45
Additions during the year	8.39	13.01	33.82	55.22
Amounts utilised during the year	12.12	-	4.75	16.87
Balance as at 31st March, 2014	204.47	104.21	58.12	366.80

- 33.7. 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
- ii) There are no loans and advances in the nature of loans, to firms/companies, in which Directors are interested.

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	58372	144.04	-	-	166888	423.34	43951	104.06
	(47998)	(120.70)	(-)	(-)	(118432)	(314.01)	(58372)	(144.04)
Steel Ingots	217492	669.99	-	-	2056	5.64	101120	306.97
	(120483)	(356.72)	(-)	(-)	(48)	(0.14)	(217492)	(669.99)
Saleable steel	1090219	3941.64	-	-	11611314	46923.37	1006566	3590.32
	(815911)	(2916.40)	(-)	(-)	(10745823)	(44873.54)	(1090219)	(3941.64)
In process material	401630	1287.94	-	-	-	-	515156	1404.34
	(283158)	(881.25)	(-)	(-)	(-)	(-)	(401630)	(1287.94)

ALLOY STEELS PLANTS

Pig Iron	7201	21.60	-	-	2798	8.62	7831	23.32
	(7320)	(20.97)	(-)	(-)	(12001)	(36.49)	(7201)	(21.60)
Steel Ingots	31028	118.54	-	-	0	0.00	21695	85.16
	(26091)	(102.99)	(-)	(-)	(0)	(0.00)	(31028)	(118.54)
Saleable Steel	131627	798.43	-	-	460543	2737.05	95283	644.34
	(111237)	(789.58)	(-)	(-)	(386614)	(2380.41)	(131627)	(798.43)
In process material	80345	679.11	-	-	-	-	68836	560.85
	(89907)	(704.89)	(-)	(-)	(-)	(-)	(80345)	(679.11)

SUNDRIES

Calcium Ammonium Nitrate(in terms of 25% N)	1023	0.00	-	-	0	0.00	1023	0.00
	(1023)	(0.00)	(-)	(-)	(0)	(0.00)	(1023)	(0.00)

Middlings/Rejects	649475	0.00	-	-	52278	16.51	785677	0.00
	(554351)	(12.92)	(-)	(-)	(56277)	(21.33)	(649475)	(31.42)

Others (By-products etc.)	2276.06	0.78			1751.46		2252.16	
	(1740.03)	(2.09)			(1740.86)		(2228.42)	

TRADING ACTIVITIES

Saleable Steel	0	0.00	0	0.00	0	0.00	0	0.00
	(0)	(0.00)	(484)	(1.12)	(-3976)	(-17.09)	(4460)	(16.22)
		9937.35		0.78		51865.99		8971.52
		(7646.45)		(3.21)		(49349.69)		(9937.35)

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35. Expenditure incurred in foreign currency on account of

	(₹ crore)	
	Current Year	Previous Year
Know-how	83.45	78.39
Interest	233.99	166.11
Professional and consultation fees	45.56	41.57
Others	95.34	68.07
Total	458.34	354.14

36. Earnings in foreign exchange on account of

Export of goods (Calculated on FOB basis)	1496.96	1157.95
Other Income	1056.26	0.00
	2553.22	1157.95

37. Value of imports

(Calculated on CIF basis)

Raw materials	13404.62	12886.26
Capital goods	1706.80	1369.22
Stores, Spares and Components	486.32	454.52
Total	15597.74	14710.00

38. Value of raw materials consumed

	Rs/crore	%	Rs/crore	%
Imported	13333.85	57.90	12667.63	52.27
Indigenous	9695.90	42.10	11566.59	47.73
	23029.75	100.00	24234.22	100.00
Less: Inter Account Adjustments	3758.59		3035.74	
	19271.16		21198.48	

39. Value of Components and Spare Parts consumed

Imported	397.98	10.25	371.48	19.22
Indigenous	3486.48	89.75	1560.82	80.78
	3884.46	100.00	1932.30	100.00
Less: Inter Account Adjustments	1813.30		1932.30	
	2071.16		0.00	

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 2012-13 and interim dividend for the year 2013-14 on account of non-resident shareholders are as under :-

	Current Year	Previous Year
Final Dividend (2012-13)		
a) Number of non-resident shareholders	5050	3908
b) Number of ordinary shares held by them	226976379	142797339
c) Amount of Dividend (₹ crore)	9.08	11.42
Interim Dividend (2013-14)		
a) Number of non-resident shareholders	4693	3775
b) Number of ordinary shares held by them	259305842	163777777
c) Amount of Dividend (₹ crore)	52.38	16.67

41. 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 2014

A. BUSINESS SEGMENT

(₹ crore)

PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	OTHERS	INTER SEGMENT SALES	SAIL
REVENUE											
- External Sales											
Current Year	17612.78	7521.71	9093.01	13624.87	1176.54	531.11	2039.11	202.06	64.80		51865.99
Previous Year	(17451.40)	(7672.26)	(8188.86)	(12455.78)	(1072.40)	(544.72)	(1514.16)	(405.53)	(44.58)		(49349.69)
- Inter Segment Sales											
Current Year	1387.52	621.18	294.79	374.05	1848.13	264.50	6.76	41.39	3341.42	-8179.74	0.00
Previous Year	(1335.33)	(473.39)	(237.70)	(231.27)	(1627.78)	(276.09)	(9.83)	(67.40)	(2709.15)	(-6967.94)	(0.00)
- Total Revenue											
Current Year	19000.30	8142.89	9387.80	13998.92	3024.67	795.61	2045.87	243.45	3406.22	-8179.74	51865.99
Previous Year	(18786.73)	(8145.65)	(8426.56)	(12687.05)	(2700.18)	(820.81)	(1523.99)	(472.93)	(2753.73)	(-6967.94)	(49349.69)
RESULT											
- Operating Profit/(-) Loss (Before Interest expenses and exceptional items)											
Current Year	2359.10	541.97	439.00	410.10	-529.85	-84.19	-281.57	-122.62	501.13		3233.07
Previous Year	(2306.93)	(673.03)	(560.77)	(551.23)	(-105.01)	(-112.73)	(-326.56)	(-116.61)	(786.59)	(0.00)	(4217.64)
- Interest Expenses											
Current Year											967.64
Previous Year											(747.66)
- Exceptional items (Foreign exchange variation & write back of entry tax liability)											
Current Year											-959.12
Previous Year											(229.32)
- Income Tax											
Current Year											608.07
Previous Year											(1070.31)
- Net Profit / Loss (-)											
Current Year											2616.48
Previous Year											(2170.35)
OTHER INFORMATION											
- Segment Assets											
Current Year	20470.79	4789.09	16387.48	13383.87	16684.61	668.50	3187.49	551.04	15839.02		91961.89
Previous Year	(17106.21)	(4583.11)	(14082.98)	(12830.06)	(15560.43)	(819.57)	(3731.83)	(700.49)	(14803.78)	(0.00)	(84218.46)
- Segment Liabilities											
Current Year	5520.31	1711.86	3011.73	2981.27	1183.51	245.15	374.20	159.14	18435.69		33622.86
Previous Year	(4518.20)	(1661.61)	(2301.85)	(2818.29)	(1291.57)	(259.11)	(446.78)	(206.99)	(14475.34)		(27979.74)
- Capital Expenditure											
Current Year	3714.33	597.01	2331.92	1106.95	1304.17	7.19	-14.05	2.39	336.78		9386.69
Previous Year	(3510.49)	(910.33)	(2047.18)	(767.86)	(1269.38)	(7.91)	(-0.53)	(3.65)	(371.70)	(0.00)	(8887.97)
- Depreciation											
Current Year	331.61	259.36	370.31	315.10	131.84	14.80	145.68	13.82	134.17		1716.69
Previous Year	(271.01)	(268.72)	(320.89)	(311.71)	(50.41)	(15.43)	(147.91)	(13.56)	(3.34)	(0.00)	(1402.98)
- Non Cash Expenses other than depreciation											
Current Year	26.35	60.69	15.72	24.90	25.92	7.26	0.19	4.86	32.57		198.46
Previous Year	(3.41)	(6.18)	(5.14)	(15.86)	(1.39)	(4.14)	(0.16)	(6.78)	(10.25)	(0.00)	(53.31)

B. GEOGRAPHICAL SEGMENT

(₹ crore)

Particulars	Current Year	Previous Year
Sales Revenue		
India	50368.98	48191.46
Foreign Countries	1497.01	1158.23
Total	51865.99	49349.69

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

								(₹ crore)
Expenses	Township	Education	Medical	Social & Cultural activities	Cooperative Societies	Transport & Dairy	Total	Previous Year
Employees' Remuneration & Benefits								
-Salaries & Wages	204.21	105.04	298.10	7.32	2.01	14.04	630.72	610.24
-Company contribution to Provident Fund	19.01	9.68	26.54	0.72	0.21	1.39	57.55	57.55
-Travel concessions	6.13	2.04	6.57	0.12	0.00	1.25	16.11	7.49
-Welfare expenses	10.09	8.91	68.46	3.70	0.00	1.17	92.33	92.78
- Consumption of Medicines	0.00	0.00	61.25	1.06	0.00	0.00	62.31	58.80
-Gratuity	33.55	21.94	34.88	0.99	0.08	1.92	93.36	73.34
Total	272.99	147.61	495.80	13.91	2.30	19.77	952.38	900.20
Stores & Spares	23.64	0.58	6.64	1.00	0.00	0.62	32.48	32.42
Repair & maintenance	120.49	1.23	17.57	0.41	0.19	1.35	141.24	115.23
Power & Fuel	385.34	3.29	2.99	1.73	0.00	0.21	393.56	367.13
Miscellaneous expenses	55.21	4.33	17.49	2.35	0.00	7.58	86.96	59.56
Depreciation	18.11	0.87	8.94	0.09	0.00	0.02	28.03	26.15
Total	875.78	157.91	549.43	19.49	2.49	29.55	1634.65	1500.69
Less: Income	178.48	6.09	63.86	1.16	0.00	0.34	249.93	234.50
Net Deficit	697.30	151.82	485.57	18.33	2.49	29.21	1384.72	1266.19

Auditors' Report

Annexure – I to the Directors' Report

Independent Auditors' Report	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 31st March 2014, the Statement of Profit and Loss and the 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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; - entry tax amounting to ₹91.55 crore (current year ₹9.91 crore) in the state of Uttar Pradesh, Rs 1071.28 crore (current year ₹182.82 crore) in the state of Chhattisgarh and ₹214.81 crore (current year ₹44.49 crore) in the state of Odisha (refer note no.28.2(a)); - claims of ₹291.76 crore (current year ₹74.36 crore) by DVC for supply of Power (refer note no. 28.2(b)); - In respect of Rourkela Steel Plant (RSP), depreciation and interest has been short provided by ₹104.92 crore and ₹28.74 crore respectively (refer note no. (30.2)). resulting in overstatement of profit by ₹133.66 crore and fixed assets by similar amount. The total impact of para (1) to (2) has resulted in overstatement of profit for the year by ₹455.24 crore, cumulative Profit by ₹1803.06 crore, understatement of Liability by ₹1669.40 crore, overstatement of fixed assets by ₹133.66 crore (including interest during construction ₹28.74 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	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 Years 2012-13 & 2013-14. As part of its Modernization and Expansion Plan / other Capital Schemes in Rourkela Steel Plant, the Assets have been capitalized after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during the year. The capitalisation has been done in accordance with applicable Accounting Standards and Generally Accepted Accounting Principles. The position has been adequately explained in Note No. 30.2 forming part of the financial statements. Therefore, there is no over statement of profit.

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Independent Auditors' Report

Management's Replies

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 Company as at March 31, 2014;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- 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:

- Claims/demands against the Company where the Company has lost in the first or subsequent appeals and has made further appeals before higher courts / forums (refer note no. 28 (f));
- Sales to Government agencies recognised on provisional contract prices (refer note no. 32.1);
- Capitalisation at IISCO Steel Plant (valuing ₹5457.48 crore) during the financial year (refer note no. 30.1);
- Capital work-in-progress includes ₹115.38 crore in respect of Steel processing Unit at Bettiah not yet capitalised [refer note no. 29.4(b)];
- Balance confirmation, reconciliation and consequential adjustments, if any (refer note no. 31.3);
- Reversal of pension component of employee benefit expenses of ₹201.21 crores and expenditure during construction ₹9.63 crores [refer note no. (32.8)];
- Prior period income includes ₹120.94 crores towards write back of depreciation on certain fixed assets, erroneously depreciated earlier at 100% instead of 95% required as per the Company's policy and Schedule XIV of the Companies Act, 1956 read with section 205 and 350 of the Companies Act, 1956. [refer note no. 32.3(a)];
- Prior period income includes interest of ₹20.67 crore received on short term deposits held in the name of District & Session Judge A/c land, for payment to land oustees [refer note no. (32.3(b))];
- Net realisable value of assets retired from active use (refer note no. 29.3);
- Explosion of Boiler no.3, lying in capital work in progress valuing ₹37 crore at IISCO Steel Plant. Loss due to damage, if any, is not yet determined (refer note no. 30.4); Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- 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.
- As required by Section 227(3) of the Act, we report that:
 - 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;
 - 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;
 - 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.; and
 - 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;
 - On the basis of written representations received from the directors as on 31 March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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.K Acharya]
Partner
(M. No. 78371)

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 : 28th May, 2014

Place: New Delhi
Dated: 11th August, 2014

Annexure to the Auditor's Report

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements)

Comments	Management's Replies
1. a) The Company has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets. However, the location and extent of area in few of the plants in respect of land needs to be updated in the fixed assets registers and have to be reconciled with the revenue records as to the extent of holding and location of land 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. 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. 2. a) The inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/estimates. b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business. c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account. 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. 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. 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. 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. 6. The Company has not accepted any public deposits during the year. In respect of public deposits accepted in earlier years, there are no unmatured outstanding deposits. 7. The Company has an internal audit system, which is generally commensurate with the size and nature of its business. 8. We have broadly reviewed the records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained in respect of the applicable products. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete. 9. According to the information and explanations given to us in respect of statutory and other dues: a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other statutory dues, with appropriate authorities. b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March, 2013. a) According to the information and explanations given to us, there are disputed statutory dues, which have not been deposited as on 31st March, 2014 as given herein below:	

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Comments	Management's Replies
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Statute	Nature of Dues	Amount (₹ in 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	132.67	High Courts
	TDS Refund Claim	8.11	High Courts
	Income Tax Disputes	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

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- According to the information and explanations given to us and records examined by us, charges have been created in respect of secured bonds issued.
- The Company has not raised any money by public issue during the year.
- To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year except in Visvesvaraya Iron & Steel Plant Bhadravati, an employee of the company was involved in delivery material without following the specified procedures of collection of advances for sale of products. An amount of ₹2.68 crore remains unrecoverable on this account.

The procedures have been strengthened to avoid the recurrence of such case. A complaint has been filed with the Police and the matter is under investigation. Also, efforts are being made to recover the balance amount of ₹2.68 crore.

For S.K. Mittal & Co.
Chartered Accountants
Firm Registration No.
001135N
Sd/-
[S. K. Mittal]
Partner
(M. No. 8506)
Place : New Delhi
Dated : 28th May, 2014

For O.P. Totla & Co.
Chartered Accountants
Firm Registration No.
000734C
Sd/-
[S.K Acharya]
Partner
(M. No. 78371)

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: 11th August, 2014

Comments of C&AG

(Annexure-II to the Directors' Report)

MANAGEMENT'S REPLIES TO THE 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 2014

Comments	Management 's Replies
The preparation of financial statements of Steel Authority of India Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28th May, 2014. 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, 2014. 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 supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:	
A. Comments on Financial Statements Balance Sheet Assets	
Non Current Assets	
(i) Fixed Assets	
Tangible Assets-₹25256.52 crore	
During the course of Audit, it was noted that the management had reported commissioning of the Bettiah SPU; the Board Committee was also informed that some of major packages of IISCO Steel Plant were commissioned. It was, however, noted that Bettiah SPU was not capitalized and the dates of the capitalisation of IISCO plant and machinery in the accounts of the Company were at variance with the dates reported about commissioning to the Board. The date of capitalization has a direct bearing on the Statement of Profit and Loss since depreciation as well as interest on funds borrowed for the project would be charged in the Statement of Profit and Loss. In view of the above, we are unable to verify the correctness of dates of capitalization and consequently the depreciation charged.	Informing Board Committee about completion of individual packages of the Bettiah SPU and of some of the major packages of IISCO Steel Plant (ISP) does not imply that the assets were ready for commercial production. It is a well established accounting principle that an asset is capitalised when the same is ready for commercial production after trial run and free from major defects. As the mentioned assets were under hot trial run, not free from major defects when reported to the Board, the assets were not ready for commercial production and capitalization. The units mentioned by Audit have been / will be capitalised in line with the Accounting Standards and Generally Accepted Accounting Principles consistently followed by the Company, duly supported by technical committee. Therefore, depreciation and interest charged in the Statement of Profit and Loss is correct.
(ii) Current Assets	
Note 15: Inventories -₹15200.82 crore	
This includes ₹51.95 crore being the value of estimated 8,688 tonnes of extractable skull from the LD slag at Salem Steel Plant (SSP). Valuation of skull is not justified because slag as such is not a saleable inventory. Since there was no physical existence of skull stock of 8,688 tonnes in hand at SSP as on 31.3.2014, it cannot be considered as inventory. Thus presumptive consideration of skull which was not in existence on the balance sheet date and valuing the same at ₹51.95 crore has resulted in overstatement of inventories and profit by ₹51.95 crore.	As per the technical evaluation, the LD slag at Salem Steel Plant contains chromium, nickel, copper, iron, etc. in various proportion depending upon the grade of stainless steel produced. The weighted average of metallic portion recoverable from slag is about 16%. The quantity of slag generated up to 31st March 2014 is 54298 tonnes and the skull content is estimated at 8688 tonnes. Hence, valuation of ₹51.95 Crore has been correctly worked out and there is no overstatement of inventories and profit.
Sd/- (Sushil Kumar Jaiswal) Principal Director of Commercial Audit & Ex-Officio Member, Audit Board, Ranchi Place: Ranchi Date : 14th August, 2014	Sd/- (C.S. Verma) Chairman Place: New Delhi Date: 14th August, 2014

Annexure – III to the Directors' Report

A. Energy Conservation

(a) Measures Taken

Important energy conservation schemes implemented in SAIL during the Financial Year 2013- 14 are listed below:

(i) Bhilai Steel Plant (BSP)

- (a) Hot repair of Battery No.#2 and Battery No.#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) New Oxygen Plant on BOO basis.
- (e) Waste heat recovery from sinter cooler for hot water generation at SP #3 (RDCIS project) – system installed, likely to be commissioned in June'14.

(ii) Durgapur Steel Plant (DSP)

- (a) Rebuilding of 3 nos. ceramic and 2 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) Replacement of 6 nos. aluminium blades with FRP ones in cooling tower fans of WMD.
- (b) Introduction of VVVF drives in discharge side roller table of hot strip mill.
- (c) Replacement of recuperator tubes RHF #5 of hot strip mill.
- (d) Relining of BF stove# 4.1.
- (e) Improvement in bath temperature by replacement of heat exchanger tubes in Pickling Line#2 of CRM (RDCIS project).

(iv) Bokaro Steel Plant (BSL)

- (a) Additional BF gas line laid & charged up to boiler end of Captive Power plant. Connection to burner to be done after repair / replacement of burner.
- (b) Repair of 5 nos. of soaking pits with castables instead of bricks.
- (c) 8 Nos. of modified cover cast with castable instead of bricks in soaking pits.
- (d) Capital repair of 2 nos. of recuperators in soaking pits in Slabbing Mill.
- (e) Capital repair of 2 nos of Bell Annealing furnaces using castables and fiber lining at CRM.
- (f) Introduction of cast house slag granulation facilities in CH-3.
- (g) Improvement in the operation of combustion system for rotary kiln of RMP.

- b. Important energy conservation schemes under implementation in the year 2014-15 are listed below:

(i) Bhilai Steel Plant

- a. CR of BF-6 and Stove # 20.
- b. BF-7 stack cooler modification.
- c. BF stove # 10 upgradation.
- d. BF stoves repair – 1, 2, 4 & 17.
- e. Replacement of 2 nos. recuperators in Fce 2 & 3 of PM.
- f. Replacement of hearth block and skid insulation in Fce. 1 & 2 of PM.
- g. Electrical Energy savings through optimized operation, illumination control, installation of VVVF etc.
- h. Modernization of SP-II.
- i. Commissioning of new SP-III M/c.
- j. Commissioning of COB-11.
- k. Repair of LD gas holder.
- l. 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.
- m. Installation of modified BF gas burners in Boilers 2 and 4.
- n. Introduction of modified ladle heating system in SMS.

(ii) Durgapur Steel Plant

- a. Hot Repair of Batt 1A & 1B
- b. Introduction of Bell less top BF 3
- c. Modification of GCP- BF 3
- d. Electrical Energy savings through optimized operation, illumination control, installation of VVVF etc.
- e. Introduction of mixed gas firing system in post ignition chamber in SP #2 at DSP

(iii) Rourkela Steel Plant

- a. Increase in BOF gas recovery from 60 to 80 Nm³/tcs
- b. Relining of BF stove #4.1 & 4.2
- c. Mixed Gas firing in MP boiler #3
- d. Enhancing mixed Gas firing in PBS of CPP-I
- e. Introduction of CDI in BF #4
- f. Introduction of CDI in BF #5
- g. VVVF drive for CA blowers of stoves of BF #4
- h. Back Pressure Turbine in CDCP of COB #6 (3 MW)
- i. Commissioning of TRT in BF #5 (6 MW)
- j. Adoption of energy efficient combustion control system and auto change over system for stoves of BF #4 at RSP

(iv) Bokaro Steel Plant

- a. Hot complex repair of Batt#6 & composite maintenance of oven top equipments.
- b. Commissioning of new sulphuric acid plant.
- c. Sinter Plant – Revamping of Band - 1.
- d. Provision of electro static precipitator.
- e. Increase in Blast temperature by repair in BF#4.

- f. Commissioning of CHSGP of BF 2 & 3
- g. Use of castable in 8 pits
- h. Hot strip Mill
 - i. Change of recuperator in reheating furnace IV.
 - ii. Ensure 100% skid insulation during each campaign repair
 - iii. Provision of heat shield in delay table.
 - iv. Use of improved castables at charging side uptake in 2 furnaces & fibre base in one face.
- i. Electrical Energy Consumption.
 - Provision of soft Starter
 - VVVF installation.
 - Energy efficient light
- j. Use of BF gas in boiler # 7 & 8 @ 15,000 Nm³/hr
- (v) IISCO Steel Plant**
 - a. Replacing 40 watt fluorescent tube lights & 27 watt CFL to LED light
 - b. Steam leakages liquidation and thermal insulation of steam lines
 - c. Alternate route to replace 96"Φ BF Gas line (Central junction) for Boiler Plant
 - d. Improving Coke Rate from 740 kg/THM to 735 Kg/THM
 - e. Installation of VFD for the motor driven Boiler feed Pumps

(c) Impact of measures on energy consumption

The measures implemented during 2013-14 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	2553.22
ii) Foreign Exchange used:	
a) CIF Value of imports	15597.74
b) Other expenditure in foreign currency	458.34

For and on behalf of Board of Directors

sd/-
(C.S. Verma)
 Chairman

Place: New Delhi
 Dated: 14th August, 2014

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Unit	2013-14	2012-13
POWER & FUEL CONSUMPTION			
1. <u>ELECTRICITY</u>			
a) Total Power Purchased (including JV Power)			
Units	Million KWH	7414	7170
Total Amount	₹ Crore	3503	3234
Average Rate per Unit	₹/ KWH	4.72	4.51
b) Own Generation			
Through Steam Turbine/Generator			
Units	Million KWH	592	636
Units per Gega Calories of Energy Input	G Cal.	228	239
Average Rate per Unit	₹/KWH	8.49	7.73
2. <u>COAL</u>			
i) Coking Coal			
Quantity	Million Tonne	14.37	11.88
Total Cost	₹ Crore	14335	13526
Average Rate	₹/Ton	9979	11386
ii) Non-Coking Coal			
Quantity	Million Tonne	0.601	0.559
Total Cost	₹ Crore	266	263
Average Rate	₹/Tonne	4435	4692
3. <u>FUELOILS</u>			
Quantity	000 Kilo Litres	25	59
Total Cost	₹ Crore	124	319
Average Rate	₹/Kilo Litres	49239	54235
4. <u>OTHERS</u>			
i) Coke			
Quantity	000 Tonne	424	1416
Total Cost	₹ Crore	644	2978
Average Rate	₹/Tonne	15196	21024
ii) Miscellaneous. (Oxygen, LPG, Gases, Process Steam etc.)			
Total Cost	₹ Crore	1009	892

B CONSUMPTION PER TONNE OF SALEABLE STEEL (SS) PRODUCTION

	Unit	2013-14	2012-13
Purchased Electricity	Kwh/tss	508	499
Fuel Oils	KL/tss	2	4
Coking Coal	Kg/tss	1138	968
Coke	Kg/tss	34	115
Non-coking Coal	Kg/tss	45	43

- 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.
 3. Previous year figures have been regrouped wherever required.

FORM 'B'

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

- Productivity and Quality Improvement
- Product Development and Application
- Automation
- Energy Conservation and Environment

2. Benefits Derived as a result of R & D efforts (2013-14)

Productivity and Quality Improvement

- **Improvement in coke quality through optimization of coal blend composition, BSL**

The imported coking coal usage in BSL blend varies from 82% to 87% and the micro-fines content in coal charge is generally >45%. High micro-fines content resulted in operational problem and deterioration in coke properties. To reduce micro-fines in charge coal, reduction in number of hammers in crushers and group-wise crushing of coals were identified as implementable options available under present context. Plant trials were carried out with different number of hammers in crushers and group-wise crushing. During December 2013 to February 2014 an improvement in M_{10} by 0.34 unit against M_{10} value of 9.9% in 2012-13 was observed.

Pilot oven carbonization tests at both 82% and 87% imported coal usage levels were carried out using group-wise crushing under similar conditions of BSL and an improvement in M_{10} of 0.3 to 0.4 unit was observed. Pilot oven tests showed production of coke of much superior M_{40} values (M_{40} of 82.1% to 84.6% against M_{40} at BSL of 71.6% to 76.3%). Thus, suggesting potential for improvement – may be by control of heating and coal charge granulometry.

- **Single balling drum and optimisation of MgO in sinter operation at Sinter Plant, BSL**

Two drum sinter mix granulation was envisaged by the supplier and the same was in practice resulting in the following problems:-

1. Non uniform mixing i.e. poor homogeneity of sintermix
2. Variation in moisture and Carbon content in different layers
3. Low degree of filling i.e 5.6%

This resulted in poor strength, low yield of sinter and higher percentage of return fines.

RDCIS studied the problem and addressed the same to minimise the variation by operating one drum so that degree of filling can be increased to the desired level (15-20%) eliminating the moisture variation, and reduction variation in carbon leading to the improvement of heat transfer. The scheme has been implemented.

Optimum MgO operation: MgO content in sinter was maintained at 4.2%. Dolomite to lime stone ratio was decreased to achieve MgO to 3.8 %. This has helped in increasing the crushing index of flux.

Single balling drum and low MgO operations resulted in increase in the degree of filling from 5.6 to 11.2%.

- **Evaluation of Iron bearing material simulating Blast Furnaces, DSP**

The high temperature strength at 550 C as indicated by RDI plays a significant role in wind acceptability in the upper shaft of BF. Similarly, iron bearing material having close size range, less percentage of fines (<5 mm) and better reducibility lead to improved permeability and permitting higher CDI rate.

In view of the importance of RDI, RI and softening-melting properties of burden materials, a project was taken up for studying

them for iron bearing material and its combination simulating DSP condition.

The results of study can be summarized as follows:

- RI and RDI for sinter & ore carried out; RDI is satisfactory (20-25) and RI is on lower side (55-61).
- Softening-Melting test for different burden composition carried out in melt down equipment.. With 70% sinter in burden gives lower softening-melting range and cohesive zone will be in the lower part of furnace leading to improved gas utilization and techno-economic benefit.

- **Performance improvement of SMS-I, RSP**

Rourkela Steel Plant is producing various special steels through BOF-VOD/VAR-LF-CC route in SMS-I. Shop was facing acute operational problems of poor first turn down (FTD) conditions (Turndown temp < 1600°C, and C < 0.05%) at BOF with high FeO (~30%) in slag.

Work was undertaken to improve the flux addition system in BOF for accurate and smooth addition of the fluxes for improved turn down condition. Improved secondary refining process was also envisaged for improvement in key performance parameters with respect to improved desulphurisation and reduced aluminium consumption.

This resulted in reduction in FeO content in FTD slag along with higher turndown temperature. Technological interventions with respect to modification in secondary refining practice have helped to achieve desulphurisation level of 58% in trial heats as compared to 40% in base heats. The lower sulphur level in the steel (0.015-0.017%) has helped in increasing the acceptance level of Tin Plate (TP) grade steel to ~ 80% as compared to ~ 52%. This improved process has also resulted in average Al consumption to 3.76 kg/tcs in trial heats as compared to 4.17 kg/tcs.

- **Improvement in performance of converter by modification in lance tip design at SMS-I, BSL**

The project was undertaken to improve the Blowing efficiency and life of Oxygen Lance tip being used in SMS-I, BSL. Modified Lance tips designed with Mach No. of 1.97 for an average flow rate of 280Nm³/min were tried out in converter #2 of SMS-I, BSL. Additional modifications in cooling arrangements like dimpling, extra cooling fins were also provided. Modified lance tip life exceeding 300 heats and an average of >200heats was achieved as compared to an average of ~25 heats for existing tips. Additional process improvements like decrease in slag oxygen potential (slag FeO%) by 2% and better slag formation were observed by use of Modified Lance tips.

- **Improvement in mould material for enhanced performance of caster mould, BSP**

A project was undertaken at the Continuous casting shop of SMS-II, BSP to improve the mould performance of the old casters and evaluate the effect of introducing Nickel coating in the copper plate moulds. In this context, it was decided to introduce coating of moulds in the slab and combi-caster and monitor the performance in terms of the enhanced mould service life and the slab product quality.

Trials with coated moulds started in July, '13 in Caster No. 2 and have surpassed 650+ heats as against 225-240 earlier without any machining/dressing of the broadside mould plates. Also, the slab quality has shown an appreciable improvement with no diversions on account of Star Cracks and lowering of NMI related defects by 0.5% as compared to non coated moulds from the same caster. A similar result was also observed in the case of combi-caster blooms when rolled rails from coated moulds showed lower NMI values for 65 mts and 26 mts length.

- **Improvement in performance of Reheating Furnaces by enhancing life of discharge end slots and skid pipe insulation in Plate Mill, BSP**

Plate Mill of BSP is having 3 pusher type reheating furnaces of capacity 120 T/hr./furnace used for heating slabs at a temperature of 1250-1300°C. All the furnaces have 8 nos. of slots at discharge end to facilitate the movement of extractors for taking out the slabs from the furnace. The slots are made with 70% Al_2O_3 low cement castable (LCC) with a mechanical anchoring system. Existing life of slots is 3-4 months only. Inside the furnace, slabs are pushed on water cooled skid pipes lined with 70% Al_2O_3 low cement castable. The present life of castable insulation is about 3-4 months.

In order to improve the life of slots and skid pipes to 6-8 months, this project was undertaken jointly with BSP. All the 8 nos. of slots in furnace no.3 were made with 85% alumina high abrasion resistant ultra low cement castable (ULCC) along with installation of water cooling pipe. All the skid pipes were also relined in the same furnace with 60% Al_2O_3 andalusite based castable after dismantling the old material and welding with SS-304 "Y" shaped anchors over skid pipes using RDCIS designed and fabricated formats. The furnace is running satisfactorily since 18/09/2013 with more than 6 months life against 3-4 months earlier. This is expected increase furnace availability for more production. Because of improved skid insulation, steam generation has reduced from 8.0 tons/hour before modification to 4.0 tons/hr after modification.

- **To develop roll pass design capability for existing and future rails**

Rail in R- 52 kg and R- 60 kg profile are being produced at Rail and Structural Mill, Bhilai Steel Plant. Present Roll Pass Design for R- 52 Rail exists from the inception of the mill, whereas R- 60 profile was developed by Bhilai Steel Plant later on. To cater the need of the customer some changes had been made over the period of time with regard to rail profile. However, around 10% rails are downgraded or rejected on account of various defects. Further Indian Railways demands proper crown in rail head and formation of toe radius in flange, which do not contribute to rejection/ down-gradation but overall quality of the rail profile.

To address these issues a roll pass design consultant was engaged in this project to develop roll pass designing capabilities at Bhilai Steel Plant and rationalize the existing roll pass design to minimize generation of defects during rail rolling. Thorough studies were carried out for these defects. Cobbles from different passes were studied to analyze the flow of metal. Based on cobble analysis and reduction schedule, pass profile and drafting sequence was modified. For reduction in lap generation, modifications were carried out in roughing stand roll (950 stand). Templates for modified pass profile were developed at Roll turning shop and rolls were prepared as per template.

Trial results showed improvement in toe formation in flange. Now proper radius is observed in rail profile. Modifications in roughing pass have resulted in reduction in lap generation by around 1.5%. Reduction in lap has also resulted increased production of long rail from Rail Mill. For improvement of the rail profile in term of head crown and symmetry, some corrections in pass profile were suggested and implemented and results are encouraging.

- **Model based optimization of rolling parameters to achieve improved quality and productivity of Hot Rolled Non-Oriented (HRNO) coils at Hot Strip Mill, RSP**

The present production of Cold Rolled Non-Oriented (CRNO) grade steel at Silicon Steel Mill, RSP is around 80,000 tons per annum. It was envisaged to increase it under the SAIL R&D master plan. One of the bottlenecks for increasing its production was the high input gauge (≥ 2.6 mm) of Hot Rolled Non-Oriented (HRNO) coils against the desired thickness of 2.3 mm. Coils with less than 2.5 mm thickness, are rolled in cold reversing silicon mill in 4 passes to 0.5 mm finished gauge, whereas 5 passes are needed for

more than 2.5 mm thickness. Reducing one pass rolling in cold reversing mill can improve its production by more than 10%.

The rolling of HRNO coils, manually by operators, poses difficulty in accurate prediction of rolling load and motor current in finishing stands of the Hot Strip Mill. The flow stress of HRNO steel changes non-linearly with temperature, contrary to other grades. It also varies with marginal variation in steel chemistry. So, for safe operation, operators do not give high reduction. Additionally, the operator based rolling also does not redistribute loads in different stands, leading to very high stand load and improper mass flow balance.

Model based optimization of reduction schedule was the main approach of this project. A Level-2 mill setup model was developed indigenously, validated with HSMM simulation software and installed in the mill. Successful trials were conducted in 8 different phases and were found suitable for rolling CRNO coils. Trials were conducted with this model at HSM, RSP.

With implementation of the above measures, about 70% of trial coils could be rolled to 2.4 -2.5 mm gauge and the number of passes in Cold Reversing Mill of SSM, RSP could be reduced from 5 to 4 with thinner gauge HRNO coils.

- **Improvement in productivity & quality at Pickling Lines by modifying bath heating system at CRM, RSP**

Graphite block heat exchangers are used at pickling lines, CRM, RSP to maintain the pickling bath temperature. This type of heat exchanger has less efficiency due to cross contamination of steam and acid, frequent leakages, clogging of pores and maintenance prone. The bath heating system of tank #3, PL-2 and tank #4, PL-1 have been modified by replacing carbon type heat exchanger with new generation tantalum shell & tube heat exchanger. This leads to higher flow rate during circulation of acid and reduces the tendency of tubes clogging with ferrous salt. Flushing arrangement has also been provided to clean tantalum tubes during weekly shutdown and remove any salt deposited in tubes. Further automatic temperature control system has been introduced to control the flow of heating medium i.e. steam to heat exchanger based on the actual bath temperature in pickling tank. The trials with the new system in tank #3, PL #2 has been started on Feb. 04, 2014 and the system is in regular use since then. The bath temperature is being maintained at set value i.e. $85^\circ C \pm 2^\circ C$. The new system was installed in tank #4, PL #1 on Feb.10, 2014 and is under stabilization.

The major benefits achieved with the new system in PL #2 are:

- The average line speed of PL-2 increased from 55-60 to 62-65 mpm.
- Consistent bath temperature ($85 \pm 2^\circ C$) maintained compared to earlier $80 \pm 5^\circ C$.
- No operational delay due to lower bath temperature.
- Reduction in under-pickling of coils leading to better surface quality.
- No steam leakages and clogging of heat exchanger.
- Reduction in steam consumption by 50% (from 3000 to 1500 kg/hr).

- **Development of Roll Bite Lubrication system for Finishing Stands of HSM, BSL**

Hot Strip Mill (HSM) of Bokaro Steel Plant was not provided with inbuilt facilities for introducing lubrication at roll bite. Rolling of HR coils without lubrication had disadvantages of higher work roll wear, shorter campaign size, higher roll force, etc. An automatic roll bite lubrication (RBL) system was therefore developed, installed and commissioned at all the seven finishing stands of HSM.

After commissioning of the RBL system, an extended trial was carried out to stabilise its operation. Subsequently, performance of the RBL was evaluated in terms of its effect on roll wear, campaign size of rolling, roll force, power, etc. It was revealed that the use of

RBL was beneficial in achieving following benefits:

- Suppression of work roll peeling leading to reduction in its grinding off-take by 10-20% at different stands at the existing campaign size of rolling.
- Reduction in average specific work roll consumption by 15-20% from 0.65-0.70 kg/t without RBL to 0.55 kg/t with RBL.
- Increase in average campaign size of rolling by over 15% from around 95 km without RBL to 111 km with RBL.
- Reduction in roll force and power consumption by 5-10%, which may be useful in rolling of new high strength steels and the existing steels in critical sizes.

Use of RBL was also beneficial in improving surface quality of HR coils as there was reducing trend of ridge formation. These benefits of RBL could be achieved at much lower specific oil consumption of 20-25 ml/t of HR coils.

- **Heat treatment of armour plates in polymer quenchant at SPP, RSP**

Special Plate Plant, RSP is the only unit in the country to produce Quenched and Tempered (Q&T) Plates for Defence & Indian Navy. Q&T Plates from RSP has been used extensively for the manufacture of Vijayanta tanks, T-72 tanks, BMP-II vehicles, MBT-Arjun tanks, T-90 tanks & mine protected vehicles. Special Plate Plant has been processing Armour plates through oil quenching since its inception.

To take care of the shortcomings experienced with oil and water quenching, polymer quenching technology has been developed. With polymer quenching technology, cooling rate is faster than oil quenching & lower than that of water quenching.

On successful completion of laboratory scale trials and analyses, heat treatment with polymer quenchant was taken up for trials at SPP. To carry out plant trials, suitable pumps and motors were procured and installed. To maintain proper lubricity, grease and its application system were procured. Based on required cooling rates for plates, polymer quenchant was selected and procured.

Trials were successfully conducted in presence of CQA (Met) for all grades and thickness of plates ranging from 6 mm to 130 mm to establish polymer quenching technology at SPP. Mechanical testing was carried out for the heat treated plates and properties achieved for all thickness and grades confirmed to the stringent stipulations of the defence specifications.

- **Reduction in mill operational delay through process simulation by Finite Element Method at WRM, BSP**

Wire Rods are manufactured by multi-pass rolling in roughing, intermediate and finishing group of stands. Three dimensional thermal-mechanical coupled elasto-plastic FEM has been used for simulation of roughing group of nine stands of Wire Rod Mill of Bhilai Steel Plant. The analysis was conducted by DEFORM-3D code based on lagrangian formulation. The distribution of strains, stresses, strain rates and temperature, roll separating force, roll torque and work piece shape at every stage of multi stand rolling has been obtained. The results allowed for direct analysis and gave better information about metal flow in roll gap. The simulation has been used to evaluate an alternate scheme of groove geometries, roll gap settings and other process parameters of roughing group to improve the rolling process and reduce cobble. Successful trial rolling was also conducted with alternate rolling scheme.

This is the first time in wire rod mill, where multi-stand rolling simulation was carried out. Analysis of results, done in May, 2013 are encouraging:

- **Improvement in productivity and quality at AP Line, Silicon Steel Mill, RSP**

This project was part of the COE project to enhance the production of CRNO steel at RSP. The objectives of this project were to increase productivity of Anneal Pickling Line (AP Line) by more than 10% (from 15 to 17 t/hr) and to eliminate under-pickling at higher line speed.

In view of this, an industrial water filter was installed in the water supply line of AP Line. All suspended particles above 200 micron size were filtered out. Further, a Closed-loop rinse water circulation system was also installed to improve the rinsing efficiency, strip surface quality and to reduce waste water generation. In order to improve the pickling bath heating and improved productivity of AP Line, skid mounted indirect acid heating systems have been installed for Tank# 3, Tank# 4A & 4B(combined). This system is under stabilization.

The above measures have already started improving the surface quality of pickled coils. Significant improvement in line productivity will accrue after stabilization of acid heating system.

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:

- Super Formable LPG grade HR Coil at BSL for export quality cylinders
- Customized SG 295 LPG grade HR Coil at BSL for export quality cylinders
- IS 513 CR1 340 grade CR Coils at BSL for auto components
- IS 513 CR1 390 grade CR Coils at BSL for auto components
- ASTM 572 Gr. 50 plates at RSP for construction
- IS 15962 E 250 S grade HR coils at RSP for construction
- IS 15962 E 250 S grade HR plates at RSP for construction
- M 36 (350) grade CRNO coils at RSP for electrical motors
- Export quality slabs (JISG 3106 SM 400A) at RSP for construction
- Export quality slabs (EN 10025 355JR) at RSP for construction
- IS-1786 Fe 415 S grade TMT rebars (28 mm) at BSP for construction
- IS-1786 Fe 415 S grade TMT wire rods (10/ 12 mm) at BSP for construction
- Rails with high fracture toughness at BSP for railways
- Plates conforming to UST as per EN 10160 with acceptance level S2E3 for S235 & S355 grades at BSP for excavator, bridges & wind mills
- SAIL EME grade customized plates at BSP for earthmoving equipment manufacturers
- 41CrV3 grade billets at DSP for tools & spanners
- IS 1786 Fe 415 S grade TMT rebars (16 mm) at DSP for construction
- IS 1786 Fe 415 S grade TMT rebars (20/ 25 mm) at DSP for construction
- IS 15962 E 250S structurals (angles) at DSP for construction
- IS 15962 E 350S structurals (joist) at DSP for construction
- IS 1786 Fe 415 S grade TMT rebars (20 mm) at ISP for construction
- IS 1786 Fe 500 grade TMT wire rods (8 mm) at ISP for construction
- HSFQ 350 HR coils (2-4 mm) at SSP for auto components
- HSFQ 350 HR coils (5-8 mm) at SSP for auto components
- **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:

- Export quality slabs (JISG 3106 SM 400A) at RSP
- Export quality slabs (EN 10025 355JR) at RSP
- Plates conforming to UST as per EN 10160 with acceptance level S2E3 for S235 & S355 grades at BSP for excavator, bridges & wind mills
- IS 15962 E 250S structurals (angles) at DSP
- IS 15962 E 350S structurals (joist) at DSP

Automation

- **Development of an automatic cut to length system for the improvement of productivity at Shearing Line-1, HRCF, BSL**
The coils received at HRCF (Hot Rolled Coil Finishing) from Hot Strip Mill is cut in the range of 4.5 to 10 meters at shearing line,

packaged and despatched to customer. Existing shear system consists of traditional servo roll, encoder and logic block to measure the length and initiate the cut command at appropriate time, that have been outlived, poses several problems in running and maintenance of its component resulting in mis-cut, length variation in first cut, intermediate cuts and last cut. All these abnormalities lead to rejection of sheets and also sometimes jamming of the sheets in the piler.

To overcome the above problems, an improved automation and control system based on length measurement by high sensitivity laser Doppler sensor along with PLC system was designed and introduced for shear drive and fulfilment of various interlocks to operate the shear to cut the desired set length.

The results achieved through the implementation of the auto cut-to-length system by Introduction of non contact Laser Doppler Velocimeter by RDCIS for the first time in SAIL and achieving accuracy of 0.65% of set length consistently as against 1% earlier. Not only these systems are less likely to fail, but also the faults are much easier to diagnose and rectify. The advance features of such system provide very good help in planning better production practices. The new system has distinct advantages over the old one in terms of high accuracy, simplicity, user friendliness and faster diagnosis of the faults resulting in improvement of productivity at shearing line-1, HRCF, BSL and continuous operation for the longer time.

- **Automatic tracking of HR Coils using camera vision technology over fibre optic network at HRCF, BSL**

Hot Rolled Coil Finishing (HRCF) plant plays an important role for the transportation of HR coils (@ 600 coils/day) from Hot Strip Mill (HSM) to the various destinations. Transportation of coils is carried out through metallic belt conveyors. Due to design/orientation of the coilers and the direction of the conveyors, the coil details are sighted on either side of the conveyor and coil turntable operator cannot view the same for all the coils. Operator has to rotate the coil to-wards his field of view and again re-rotate the same to the designated conveyor for onward transportation. This leads to delay in operation besides, sometimes due to wrong identification, few coils are sent to unwarranted destination which creates complexities in operation leading to added cost for manual transportation of coils to right locations. It is essential to track the coils movement over the conveyor belt to ensure smooth and efficient operation of the shop. In order to improve the operational efficiency of this complex process, an automatic tracking of HR coils using camera vision technology has been designed and implemented in February, 2014. In this system, several CCD (Charged Coupled Device) cameras have been positioned at the strategic locations for capturing the coil image. The acquired image is transmitted to the respective operator's cabin through a low loss Fibre Optic network with the help of fibre optic transmitters and receivers. Additionally, the video recording of the coil movement is also made available at master control room for the retrieval of relevant information for scheduling and optimization of the entire process. It is expected that incorporation of this on-line tracking system will enhance the operational logistics at the shop floor and thereby improve the overall productivity of HRCF substantially.

- **Automation of stacking conveyor network using wireless signals in old area of RMHP, DSP**

Raw Materials Handling Plant of Durgapur Steel Plant has three stacking conveyors in old area. Conveyor A9 & A10A are used to stack screened lump ore whereas conveyor A10 is used to stack base mix using wing trippers. The material which is stacked is reclaimed and dispatched to Sinter Plant & Blast Furnace through a network of other conveyors.

To have a reliable communication of control signals of conveyor motors from drive houses to the lime plant substation, a wireless signal transmission system for automation of stacking conveyor

network has been conceived, designed, developed and implemented successfully in the old area of RMHP. The network works on point to multipoint configuration, where one master station communicates with three remote stations. The system comprises of radio modem & RTU based transmitters & receivers which were integrated with the existing PLC.

The system is in operation from February 20, 2014. The system will result in easier fault diagnosis, troubleshooting and will facilitate in reduction of downtime, thereby increase in production.

Energy Conservation and Environment

- **Improvement in the operation of combustion system for Rotary Kilns of RMP, BSL**

Refractory Materials Plant (RMP) at Bokaro Steel Plant is equipped with six rotary kilns for calcination of limestone to calcined lime for use in Basic Oxygen Furnace. The kilns were originally designed for firing Pitch Creosote Mixture (PCM) through mechanical atomisation type liquid fuel burner. The design pressure of PCM was 25 kgf/cm² for all kilns of RMP. Over the years due to reduction in efficiency of PCM pump, PCM pressure reduced to 10-15 kgf/cm² affecting the atomization and combustion of PCM. This project was undertaken to improve the combustion efficiency by auto control of air/fuel ratio.

RDCIS has developed two-stage atomisation liquid fuel burner using (steam and compressed air as atomizing media) suitable for rotary kiln. RDCIS has also developed a dual fuel burner using Coke oven (CO) gas and PCM as firing fuels. The dual fuel burner can be used to fire surplus CO gas as and when available and any one or both the fuels can be used at any combination to supply heat for calcination process. Combustion air is provided in two streams (namely primary air-I and primary air-II) from two separate air blowers. The flame length of the burner is varied by regulating the proportion of primary air-I and primary air-II to attain the desired temperature profile along the kiln length. The firing capacity of the new dual fuel burner designed for rotary kiln is 2.5 t/hr of PCM & 6,000 Nm³/hr of CO gas. Introduction of dual fuel burner along with Auto control facility for air/fuel ratio in rotary kiln # 3 & 4 has improved the combustion efficiency. Introduction of dual fuel burner along with fuel and air auto-control facility in rotary kiln # 3 & 4 has resulted in reduction in specific fuel consumption by more about 5.2 %. Rotary kiln # 3 & 4 of RMP now is capable to produce calcined lime stone 90 t/shift with LOI in the range of 2-5 % on continuous basis. Both rotary kilns (kiln # 3 & 4) can be run with auto control of air/fuel ratio for better fuel efficiency.

- **To optimize preheating of steel ladles by modification of heating stands and on-line monitoring of shell temperature in SMS-II, BSL**

Steel Melting Shop (SMS) – II of Bokaro Steel Plant (BSL) is having six nos. (four in BC bay and two in AB bay) of ladle heating stands. All these stands are designed ladle heating burners using coke oven gas (COG) as fuel for pre-heating of ladles. The performance of ladle heating system in SMS – II was not satisfactory. The ladles were not heated beyond a temperature of about 900 C even after 24 hrs of heating with the existing combustion system.

In view of above, it was proposed to take up this project to develop and commission high temperature ladle heating system in two stands of SMS-II of BSL. The objective of the project is to introduce high temperature ladle heating system to heat up the ladles upto 1100-1150 C.

The new design of ladle heating system was installed and commissioned on 15th February, 2014 and 3rd March, 2014 in ladle heating stand # 5 & # 1 respectively. The ladle preheat temperature of more than 110° C was obtained within 18 hrs in the modified ladle heating stands against about 900 C in 24 hrs in the other ladle heating stands. The expected life of the ceramic blanket based U-fold insulation is about 9 months. Improvements in lining life of the ladle and lesser formation of skull are expected due to high and uniform heating of ladle at 1100 C.

- **Improvement of Ignition Furnace life in all three machines of Sinter Plant, BSL**

Ignition furnace ignites coke breeze in sinter top layer, ensuring ignition & sintering in subsequent layers. Top mounted curtain-flame burners were introduced in all three Bands, replacing conventional side mounted burners at Sinter Plant, BSL during 2003-04. These burners generate shorter, curtain shaped flame; resulting in reduced specific gaseous fuel consumption as compared to conventional system. Due to low under-grate suction, evidences of direct flame heating of beams were very common. In addition, frequent machine stoppages and quick start/stops caused excessive thermal shocks on furnace beams. All these resulted in frequent failures of beams, which called for excessive maintenance hours.

To overcome the above, modified ignition furnace was designed, installed and commissioned in all three sinter machines on 16th July, 2012 in machine #1, 9th December, 2012 in machine #2 and 11th August, 2013 in machine #3

Following changes were incorporated:

- Beam design modified, refractory material changed to high alumina (90%) cement castable from 70% alumina low moisture castable.
- Furnace location shifted by 3 m towards sinter discharge end, to have more space for furnace and machine accessories like compaction roller, leveller etc.
- Discharge side wall dispensed with, to eliminate its damage due to heating directly by flame.
- Provision of state-of-the-art roller arrangements, to have fast and smooth erection and dismantling of the roof beams, without any damage to the cast structure even though there is no crane approach at the ignition hood location.
- Height of furnace increased from 0.5 to 0.7 m from bed-top to enhance beam life, while that of the post-ignition furnace reduced to 0.6 m from bed-top for both the furnace roofs to be at the same level for easy movement on rollers.

After the innovation, furnace beam life on an average increased to 14 months (campaign life) from less than 3 months previously achieved.

- **Studies on control of ionic, surface and particulate properties for generic attenuation of water quality impact**

Closed loop water is continuously recycled, with a small percentage discharged as blowdown and replenished through make up water. The challenges of closed loop circuit water management is multi-dimensional – e.g., stress induced through high and variable heat load, high heat flux, poor system design (e.g. low flow areas) and frequent process and microbial contamination, etc. These factors, unless managed properly lead to corrosion, pitting, scale formation, erosion and biofouling- in isolation or in combination. In order to meet these challenges, a large number of proprietary chemicals are used to render particulate, ionic, and surface properties of water in such a manner that undesired effects of water quality parameters are attenuated. Since proprietary chemicals are costly and their environmental fate are not known, there is a need to understand their effectiveness vis-à-vis generic chemicals and physical processes in controlling ionic surface and particulate properties. Although individual effect of many water quality parameters are available in literature, very little technical information is available in public domain about the combined effect of various ionic, surface & particulate properties & quality parameters of water on flow loop & system. The effectiveness of proprietary chemicals vis-à-vis generic chemicals is also not well established. Moreover, currently there exists no tool for comparison between various chemicals for their treatment effectiveness.

Towards this end, a recirculating water treatment simulator has been conceptualised, designed, developed and installed at RDCIS to study effect of various parametric variables in isolation and

combination, in presence as well as absence of various proprietary and generic inhibitors. It has been found that conductivity and DO induced corrosion are independent of each other whereas the same is not true for pH induced corrosion and conductivity induced corrosion. Maintenance of pH in optimal range and DO in minimal range is most crucial for reducing water quality impact on the system in terms of corrosion and scale formation. Within the tolerable range of maintenance significant performance gap could not be observed between proprietary inhibition and generic control. It has also been found for both the prime factors responsible for corrosion, there is little effect of inhibitor. It has been concluded that it is possible to replace proprietary treatment with generic treatment with proper process control in place in actual plant conditions. It is therefore also possible to move from system performance based approach to parameter based approach.

The re-circulating water treatment simulator developed can be used as optimization tool for chemical treatment programs, Identify effectiveness of an existing chemical treatment program, Compare performance of various chemical inhibitors and generate baseline and time series data of any treatment regime.

- **Study the effectiveness of Alkaline Chlorination in cyanide attenuation of coke oven effluent, DSP**

Often it is found difficult in steel plant to achieve the cyanide norm of Coke Oven effluent. The same can be achieved through chemical oxidation. This project aims to explore efficiency of alkaline chlorination as oxidation method vis-à-vis Hydrogen Peroxide (H₂O₂) in reducing the cyanide content of Coke Oven effluent.

Detailed Laboratory scale study for generation of time series data was carried out in laboratory at RDCIS, Ranchi. Fabrication of experimental unit and bench scale study at DSP site to optimize treatment was conducted.

Based on experimental results, it was found that Sodium Hypochlorite is more effective in attenuation of cyanide content of coke oven effluent. It was dosed at 0.5-1% of effluent flow rate and it could bring down cyanide level in effluent below 0.2 mg/l. It is recommended that the same can be adopted by plant.

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. This has been approved by SAIL Board on 26th August, 2011. 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 bench mark. 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 and Technology Missions Project 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 aims 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

The expenditure on R&D for financial year 2013-14 is under finalisation.

	(₹ crore)
Capital	4.38
Revenue	106.05
Total	110.43
% of Turnover	0.21

5. Conservation of Energy

The information is given at annexure 'A'.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Technology development, absorption, adaption 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 modernization/ continuous improvements. 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. 3 of RSP.
- Rebuilding of environment friendly Coke Oven Battery No. 7 & 8 of BSL.
- Rebuilding of environment friendly Coke Oven Battery No. 9, 7 & 8 of BSP.
- Rebuilding of environment friendly Coke Oven Battery No. 2, 5 & 4 of DSP.
- Coke Dry Quenching in new 7 m tall batteries at ISP, BSP & RSP.
- Selective crushing of Coal (for improved coke quality) at DSP.
- Partial Briquetting of Coal Charge for improving coke strength a BSP & RSP.
- Capacity addition & upgradation of 2 Mtpa Chasnalla Coal Washery to 4 Mtpa is being planned to maximize usage of indigenous coking coal in the coal blend.

Area: Sinter Making/Agglomeration

- Base Blending for Sinter mix (for improved sinter quality).
- Calcined lime addition for better sinter strength
- System for recovery of sensible heat from sinter for increased energy efficiency in ignition furnace at the new Sinter plant 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 in five Blast Furnaces at BSP, two Blast Furnaces at DSP, four Blast Furnaces at BSL, two Blast Furnaces at RSP and one Blast Furnace at ISP for reducing Coke rate and cost of production of hot metal.
- Two stage Gas Cleaning Plant in eight Blast Furnaces, to each at RSP, BSP and ISP and one each at DSP & BSL (for improvement in quality of BF gas).

- Introduction of Cast House Slag Granulation technology in five Blast Furnaces of BSP, three Blast Furnaces of RSP, two Blast Furnaces of DSP, five Blast Furnaces of BSL and one Blast Furnace of VISP for improving productivity, reducing environmental pollution and gainful utilization of Slag.
- Introduction of High Hot Blast technology in Blast Furnaces stoves in three Blast Furnaces each at BSP & BSL and one Blast Furnace each at DSP, RSP and ISP.
- Closed Loop Cooling System with De-Mineralised/soft water in two BFs at BSP and one BF each at BSL, RSP & ISP 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 and BSP for generation of power.
- 4060 cum Blast Furnace at BSP, ISP & RSP.

Area: Steel Making

- Hot Metal Desulphurization system after mixer for charging low sulphur hot metal in the BOF converters for improved steel quality at RSP & SSP.
- 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 and RSP.
- Introduction of Electro-magnetic stirring for improved product quality in the continuous casting machine 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.
- Site 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 RHF for improved product quality yield and reduction of energy

Area: Rolling & Finishing (Flat Products)

- New Hot Strip Mill at RSP
- 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 Hot Strip Mill of BSL.
- Installation of Walking Beam RHF for improved product quality, yield and reduction in energy consumption in Hot Strip Mills at 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 1 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, 2014, the Board of Directors comprised a full time Chairman, 6 whole time Directors (WTD) and 11 non-executive Directors (Non-ED) (including 9 independent Directors). During the year, 13 Board meetings were held on 01.04.2013, 01.05.2013, 30.05.2013, 07.06.2013, 05.07.2013, 14.08.2013, 19.08.2013, 20.09.2013, 11.11.2013, 12.12.2013, 14.02.2014, 25.02.2014 and 28.03.2014.

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 2013-14	Attendance at last AGM	No. of other Directorships held as on 31.3.2014 *	No. of Board Committee(s) as Chairman/Member as on 31.3.2014**
1. Shri C.S. Verma	Executive	13	Yes	2	-
2. Dr. Jagdish Khattar (upto 20.08.2013)	Non-Executive Independent	6	-	7	1-M
3. Prof. Subrata Chaudhuri (upto 20.08.2013)	Non-Executive Independent	5	-	1	1-M
4. Shri Shuman Mukherjee (upto 01.05.2013)	Executive	2	-	-	-
5. Shri P.K. Sengupta (upto 12.01.2014)	Non-Executive Independent	7	Yes	-	1-M
6. Shri P.C. Jha (upto 12.01.2014)	Non-Executive Independent	10	Yes	-	1-C 1-M
7. Shri Upendra Prasad Singh	Non-Exe. (Govt. Nominee)	12	-	-	-
8. Shri Anil Kumar Chaudhary	Executive	13	Yes	-	1-M
9. Dr. Isher Judge Ahluwalia	Non-Executive Independent	9	-	-	-
10. Shri Sujit Banerjee	Non-Executive Independent	12	Yes	-	-
11. CA. Arun Kumar Srivastava	Non-Executive Independent	13	Yes	-	1-C
12. Shri S.S. Mohanty	Executive	13	Yes	2	1-M
13. Shri H.S. Pati	Executive	13	Yes	-	1-M
14. Shri T.S. Suresh	Executive	13	Yes	-	-
15. Shri E.K. Bharat Bhushan (upto 29.04.2013)	Non-Exe. (Govt. Nominee)	1	-	5	-
16. Shri Kalyan Maity	Executive	13	Yes	-	-
17. Shri Vinod Kumar Thakral (from 04.06.2013)	Non-Exe. (Govt. Nominee)	9	-	4	-
18. Dr. Atmanand (from 18.07.2013)	Non-Executive Independent	8	Yes	-	2-M
19. Shri J.M. Mauskar (from 18.07.2013)	Non-Executive Independent	6	Yes	-	1-M
20. Shri Binod Kumar (from 02.12.2013)	Non-Executive Independent	4	-	1	-
21. Shri R.S. Sharma (from 19.02.2014)	Non-Executive Independent	2	-	7	1-M
22. Shri N.C. Jha (from 19.02.2014)	Non-Executive Independent	2	-	1	-
23. Shri D.K. Mittal (from 19.02.2014)	Non-Executive Independent	1	-	7	-
24. Mrs. Parminder Hira Mathur (from 19.02.2014)	Non-Executive Independent	2	-	-	1-M

* 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

1. Terms of Reference:

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

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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 31.03.2014 consisted of CA. Arun Kumar Srivastava, Dr. Atmanand, Shri J.M. Mauskar, Shri R.S. Sharma and Mrs. Parminder Hira Mathur.

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
CA. Arun Kumar Srivastava	Chairman	8
Dr. Jagdish Khattar (upto 20.08.2013)	Member	4
Prof. Subrata Chaudhuri (upto 20.08.2013)	Member	3
Shri P.K. Sengupta (upto 12.01.2014)	Member	5
Shri P.C. Jha (upto 12.01.2014)	Member	7
Dr. Atmanand (from 18.07.2013)	Member	3
Shri S.S. Mohanty (for one meeting)	Member	1

(d) Nomination & Compensation Committee

- 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 six 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.
- The details of remuneration to whole time Directors are given below: (₹)

Name of the Director	Salary	Retirement & other Benefits	Total
Shri C.S. Verma	2008960	2728113	4737073
Shri Shuman Mukherjee (upto 01.05.2013)	415390	352517	767907
Shri Anil Kumar Chaudhary	1691310	1564702	3256012
Shri S.S. Mohanty	1729932	1750688	3480620
Shri H.S. Pati	1646208	1579192	3225400
Shri T.S. Suresh	1699436	1207756	2907192
Shri Kalyan Maity	1746702	1365152	3111854
Shri Binod Kumar (from 03.12.2013)	603935	342371	946306
Total	11541873	10890491	22432364

- 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.
- The salary of the Whole Time Directors is governed by Pay Scales and Rules of the Government. No variable incentive is being paid to the Directors except Performance Related Pay being paid to them on annual basis as per DPE guidelines.

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, 1956/2013.

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

- A Shareholders/Investors Grievance Committee under the Chairmanship of an Independent Director, namely Dr. Atmanand 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.
- Name of compliance officer: Shri M.C. Jain, Secretary.
- There was no complaint pending for redressal as on 31.03.2013. Number of shareholders complaints received during the period from 01.04.2013 to 31.03.2014 were 49. During the year, all the complaints were resolved and no complaint was pending for redressal as on 31.03.2014.

(f) General Body Meetings

Location and time where last three AGMs held:

Financial Year	Date	Time	Location
2012-13	20.09.2013	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
2011-12	21.09.2012	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
2010-11	22.09.2011	10.30 a.m.	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.

- In the last 3 years, two Special Resolutions have been passed in the AGMs and none through Postal Ballot.
 - No Special Resolution is proposed to be conducted through Postal Ballot upto the ensuing AGM.
- (g) Disclosures
- There were no transactions by the Company of material nature with Promoters, Directors or the Management, their Subsidiaries, 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.
 - 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 also the 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 2013-14. However, there was shortfall in a few number of Independent Directors for short periods from 01.04.2013 to 30.04.2013, 04.06.2013 to 18.07.2013 and 20.08.2013 to 18.02.2014, though the vacancy(ies) were filled up within the period specified under the Listing Agreement. 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	30.06.2013	30.09.2013	31.12.2013	31.03.2014
Date of Publication	15.08.2013	12.11.2013	15.02.2014	29.05.2014
Name of the Newspapers	Mint (E), Hindustan (H)	Financial Express (E), Jansata (H)	Mint (E), Business Bhaskar (H)	Business Line (E), Economic Times(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 23rd September, 2014 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.
- ii) Financial Year: 1st April, 2013 – 31st March, 2014.
- iii) Date of Book Closure: 12th August, 2014 to 29th August, 2014 (Both days inclusive).
- iv) The Company has paid Interim Dividend of ₹2.02 per share for the Financial Year ended March 31st, 2014 on 20th February, 2014. No final dividend has been proposed by the Board of Directors for the Financial Year ended 31st March, 2014.
- 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 2013-14 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 2013-14 are indicated below:

MONTH & YEAR	SENSEX		SAIL at BSE		NIFTY		SAIL at NSE	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APR '13	19622.68	18144.22	65.20	56.40	5962.30	5477.20	65.40	56.40
MAY '13	20443.62	19451.26	65.60	55.80	6229.45	5910.95	65.70	55.85
JUN '13	19860.19	18467.16	58.00	48.10	6011.00	5566.25	61.25	48.10
JUL '13	20351.06	19126.82	53.35	38.05	6093.35	5675.75	53.35	37.90
AUG '13	19569.20	17448.71	48.25	37.65	5808.50	5118.85	49.20	37.60
SEP '13	20739.69	18166.17	53.70	45.80	6142.50	5318.90	53.70	45.80
OCT '13	21205.44	19264.72	63.20	49.20	6309.05	5700.95	63.10	49.15
NOV '13	21321.53	20137.67	68.75	60.85	6342.95	5972.45	68.75	60.75
DEC '13	21483.74	20568.70	73.40	68.00	6415.25	6129.95	73.50	67.60
JAN '14	21409.66	20343.78	74.80	63.75	6358.30	6027.25	74.90	63.65
FEB '14	21140.51	19963.12	64.55	54.05	6282.70	5933.30	65.50	54.05
MAR '14	22467.21	20920.98	73.95	54.30	6730.05	6212.25	73.80	54.10

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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 mandatorily 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, 2014:

Shareholding	Shareholders		Amount	
	Number	% to Total	In Rupees	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	357840	91.07	422931560	1.02
501-1000	19163	4.99	191630	0.37
1001-2000	8480	2.16	129275290	0.31
2001-3000	2565	0.65	65604580	0.15
3001-4000	1134	0.29	40940810	0.09
4001-5000	927	0.24	43798690	0.10
5001-10000	1251	0.32	91744240	0.22
10001- 50000	789	0.20	159850610	0.38
50001- 100000	83	0.02	60097380	0.14
Above 100000	225	0.06	40137003110	97.17
Total	392457	100.00	41305252890	100.00

x) Shareholding Pattern as on 31st March 2014:

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	2,92,63,779	0.71	
b Banks & Financial Institutions	12,95,13,499	3.14	
c Insurance Companies	29,29,53,452	7.09	
d Foreign Institutional Investors (FIIs)	24,16,84,645	5.85	
Sub-Total	69,34,15,375	16.79	
4 Others			
a Private Corporate Bodies	1,91,46,284	0.46	
b Indian Public	10,84,10,032	2.62	
c NRIs/OCBs	48,05,700	0.12	
d Any other (Please specify) - GDR	4,54,185	0.01	
Sub-Total	13,28,16,201	3.21	
GRAND TOTAL	4,13,05,25,289	100.00	

xi) Status of dematerialization as on 31.03.2014:

Particulars	No. of Shares	% of Capital	No. of Accounts
NSDL	4,09,91,42,360	99.24	240816
CDSL	2,46,00,237	0.60	99866
Total Dematerialised	4,12,37,42,597	99.84	340682
Physical-Government of India	0	0	0
Physical - Other Shareholders	67,82,692	0.16	51775
Total	4,13,05,25,289	100.00	392457

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, 2014.

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, 2014, 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 Company.

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

Place: New Delhi

Date : 06.08.2014

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: investor.relation@sail.co.in
- Financial Year reported: 2013-14
- 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):
(i) Manufacture of Hot Rolled and Cold Rolled steel product
(ii) Manufacture of Rail
(iii) Manufacture of plate, wire rod
- Total number of locations where business activity is undertaken by the Company:
(i) International locations: Nil
(ii) 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 and 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, Meghahatuburu, 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): ₹ 51866 Crore
- Total profit after taxes (INR): ₹ 2616.48 Crore
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.71%

- 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

- 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
- 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.
- 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

- Details of Director / Directors responsible for BR:
 - 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@sail.co.in

- 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:
 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
 - Businesses should promote the well-being of all employees.
 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
 - Businesses should respect and promote human rights.
 - Businesses should respect, protect and make efforts to restore the environment.
 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
 - Businesses should support inclusive growth and equitable development.
 - 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 Sr. No. 1 against any principle , is 'No', please explain why: (Tick up to 2 options)

Sl. 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 sixth 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, GoI. Therefore, need for formal policy has not been felt.	The Company has systems and procedures to assess customer needs and addressing them. The Customer Satisfaction 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/csrfpolicy.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.

In July 2007, the Company 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 dealing 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 791 complaints from various sources including those referred by Central Vigilance Commission, Ministry of Steel were received in SAIL vigilance during 2013-14. 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
- High strength cold rolled steel (CR1390) for lighter auto components

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 in SAIL	Current Year	Previous Year
Specific Energy Consumption (GCal/Ton of Crude Steel)	6.59	6.68
Specific Water Consumption (m ³ /TCS)	3.67	3.73
Particulate Matter (PM) emission load (kg/TCS)	0.86	0.88

ii) 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.

SAIL is highly efficient in its use of raw materials with the technology available today. Key raw materials needed in steelmaking include iron ore, coal, limestone, dolomite etc. Iron ore and fluxes are sourced through captive mines, most of which are situated close to the plants and most of which have Environment Management System (EMS) – ISO 14001 certification ensuring maximum sustainability. Coking coal, the only raw material which is imported, is primarily shipped in capsize vessels and is sourced from globally recognized lead player who make continuous efforts to minimize their environmental footprint. Coal is also being used in the captive power plants of steel plants to meet the power requirement for steel making. The transportation of all raw materials is carried out through rail.

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 major wastes produced during iron and steel making comprise BF and SMS slag (which covers ~ 90% of the total wastes generated). The slags are gainfully utilized internally as well as sold to outside agencies for production of other products. During the year 2013-14, 86.4% of BF slag and 80.3% of BOF slag were utilized. Wastes like, BF dust, Mill scale, lime/dolo fines and refractory wastes are also used internally and sold to outside agencies. During 2013-14, the total solid waste utilisation was 87.5%, out of which 34.5% wastes were internally recycled. By-product gases like Coke Oven gas, BF gas and LD gas are used as fuels at the different shops of the plants. Waste oil, spent oil and used oil are either re-used or sold to registered recyclers.

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

1. Please indicate the Total number of employees

As on 1/4/2014 total number of employees in SAIL: 97897 (Exe. – 14780; Non-Exe.-83117)

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

As on 1/4/2014, number of contract labour engaged at SAIL plants/units: 95829 (Including 61920 engaged in Projects/ Modernization)

3. Please indicate the Number of permanent women employees

As on 1/4/2014 permanent women employees in SAIL: 5612 (Exe.-1015; Non-Exe.-4597)

4. Please indicate the Number of permanent employees with disabilities

Total Number of Permanent employees with disabilities in SAIL plants/units as on 1/4/2014: 852 (Exe.-118, Non-exe.-734)

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

Yes. For non-executive employees, National Joint Committee for Steel Industry (NJCS) is the apex body which consists of

representatives from Central Trade Union Organizations of INTUC, AITUC, HMS & CITU and representatives from recognized union of main plants. Further, all plants/units have recognized union for non-executive employees. Executives are represented by the respective Officer Associations (OA) of their plants which are affiliated to Steel Executives' Federation of India (SEFI) - the apex body representing executives in SAIL.

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

All non-executive employees of SAIL are under the ambit of NJCS while all Executives are under the purview of SEFI.

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

Information pertaining to Child labour/forced labour/ involuntary labour and Discriminatory Employment is given in the table.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual Harassment	4	1
3.	Discriminatory employment	Nil	Nil

8. 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 2013-14 total 48127 regular 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, GoI 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. In addition to this direct expenditure, expenditure to the tune of Rs. 200 crs. 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.

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?

49 number of complaints were received from the shareholders and all the complaints were resolved during 2013-14

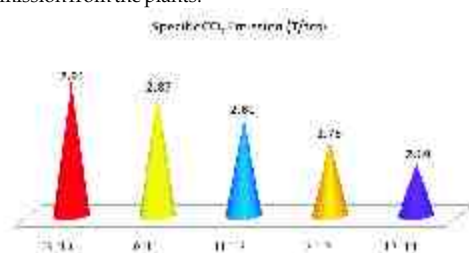
Principle 6: Business should respect, protect, and make efforts to restore the environment

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

Corporate Environmental Policy of SAIL not only covers the Company as a whole but also encourages its business associates to adopt similar approach for environmental protection and strive for enhancement of environmental awareness amongst general populace around the plants and mines.

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 hyper link for web page etc.

Yes, the company has been taking ample measures through continual technology up-gradation and improvements in the steel plants for both processes and products to ensure gradual incremental reduction in emission of greenhouse gases. Specific Carbon Dioxide emission from SAIL plants has gradually reduced over the years from 2.91 in 2009-10 to 2.69 in 2013-14, a reduction of 8%. The on-going expansion-cum-modernisation projects at SAIL has particularly addressed incorporation of energy efficient and environment friendly technologies which shall substantially reduce CO₂ emission from the plants.



SAIL has also taken up a new project on "Carbon sequestration through afforestation at RSP (Technology Mission-3) under R&D Master Plan" which shall be contributing towards sequestration of CO₂ and reduction in global warming potential.

The company has also adopted Sustainable Development Policy and started publishing its GRI - 'A' level checked Corporate Sustainability Report which is available in the Corporate Governance section of the Company's website (www.sail.co.in).

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

Yes. Company has adopted Enterprise Risk Management Policy and has established mechanisms to identify and assess potential environmental risks and accordingly mitigation plan has been developed.

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 has undertaken various projects for implementation under Clean Development Mechanism. Till now 6 VER projects have been registered, out of which 5 have been verified. Other projects are at different stages of CDM cycle.
5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy etc.? Y/N. If yes, please give hyper link for web page etc.**
Yes, adoption of clean technologies and energy efficient technologies are embedded in the entire technological up-gradation and modernization programme undertaken at SAIL plants/mines. Several clean and green technologies are coming up in the on-going expansion cum modernization projects of SAIL. (refer to the company's web site www.sail.co.in)



Coke Dry Cooling Plant at ISP

Dry Fog Dust Suppression System at BSL

The Company has also introduced various renewable energy projects like use of coal bed methane in re-heating furnaces, bio-diesel in locomotives, agro based fuel in boilers and solar water heating and lighting systems.

6. **Are the Emissions/Wastes generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
The emissions generated are mostly within the permissible limit as prescribed by the CPCB/SPCB. The wastes generated are handled and managed as per the stipulated guidelines/rules. These are reported by the company to the CPCB/SPCB on regular basis.
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.**
There have been no significant cases of show cause/ legal notices received from CPCB/ SPCB which are not resolved to satisfaction during the year. Action plan against these show cause/ legal notices were made in consultation with Regulatory Authorities and were implemented accordingly.

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)
E. Standing Conference of Public Enterprises (SCOPE)
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 Policies, 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.

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

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 initiated the process of Impact assessment study of CSR activities 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 has conducted Baseline survey & recommendation for CSR Projects for up-liftment of the socio economic condition of villagers in 28 villages around Burnpur.

- 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.

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 1-2% Profit after Tax of previous year. For the year 2013-14, the expenditure on CSR activities has been ₹62.06 crore (including the expenditure of unspent amount of last year). In addition to this, expenditure to the tune of ₹200 crs. 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 provided Mid-Day Meal to more than 73,000 students everyday in over 550 different Government schools of Bhilai and Rourkela through Akshaya Patra Foundation.
- Over 3000 medical camps were organized at various places benefiting more than 2.16 lakh people by providing free health check-up, path-lab treatment, medicine, immunization, etc.
- Healthcare provided to around 90,000 people during 2013-14 at 7 Health Centres (Kalyan Chikitsalaya) being run at steel townships.
- Facilitated Life-Line Express, a train-cum-hospital with fully equipped Operation Theatre, during November, 2013. Surgery related to Hearing, Movement, Restoration of Sight, Cleft Lip, Dental & Epilepsy Treatment undertaken. Total patient registration - 6221 nos., Surgeries - 344 nos., Dental Procedures - 485 nos., Epilepsy Treatment - 218 nos., Aids provided to 265 (Hearing aids) & 20 nos. (Splints).
- 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 and developed as "Model Steel Villages" across the country (in eight states).
- DSP has set up of 2 (Two) nos. of Production-cum-Training Centres on Reeling and Spinning of Silk Yarn in association with Jharkhand Silk, Textiles & Handicraft Development Corporation Limited (JHARCRAFT) and Swami Vivekananda Vani Prachar Samity for Rural Unemployed Women residing in the peripheries of Durgapur Steel Township.
- Besides running Vocational Training Institutes (VTI), SAIL is supporting vocational training of the local youth at other ITIs/ITCs/VTIs.
- RSP supported ITI training of 110 youths at ITC, Bargaon, under the rehabilitation/prevention program for the left wing extremists.
- ISP has provided vocational training to 110 nos. students in 7 different trades like Welding Technology, Electrical Technician, Computer Hardware, Computer Software, AC Refrigeration Technician, Two Wheeler mechanic & Mobile repairing, through Asansol Ramakrishna Vocational Training Centre.
- RMD has supported 480 local youth for ITI training in 2012-14 & 2013-15 session at reputed ITCs at Rourkela.
- Sustainable Income generation: Vocational training has been provided to in areas such as Improved Agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar/Pappad/Agarbatti 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 benefiting common masses by way of financial inclusion/self-help groups/training for income generation and then empowering them to be part of main stream.

- Art & Culture: for promoting the local art and culture, Gramin Lokotsavs are being organised every year at SAIL plant locations like Chhattisgarh Lok Kala Mahotsav by Bhilai, Synergy - 'Lok Samskruti Mahotsav' by RSP.

- To promote local games, Gramin Khel Melas (Sports Competitions) are organised by SAIL in the peripheral areas throughout the year eg. Gramin Kabaddi Pratiyogita & Gramin Football Pratiyogita at Durgapur, Bokaro Steel Gramin Football Tournament, Samvardhan - Rural Sports Football Tournaments in five peripheral locations of Rourkela, etc. For the first time, an exclusive Rural Women's Football Tournament was organised by RSP.

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 1617 complaints were received from customers (end consumers) in 2013-14 out of which 41 (amounting to <0.5%) were pending as on March 31, 2014, 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 - This has been closed by the Commission vide its order dated 02.01.2014.

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 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, 2014	31 st March, 2014	31 st March, 2014
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, 2014			
	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, 2014.	15.42	(-)0.01	(-) 0.01
	ii) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	54.77	(-)0.01	Nil
	b) Dealt with in the holding Company's accounts.	Nil	Nil	Nil
	i) For the financial year ended 31 st March, 2014.			
	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	66.30	(-)0.01	(-) 0.01
	iii. Total Assets	128.54	0.04	0.04
	iv. Total Liabilities	62.19	*	-
	v. Investment (except in case of investment in subsidiaries)	-	-	-
	vi. Turnover	148.42	-	-
	vii. Profit before Taxation	23.28	*	(-) 0.01
	viii. Provision for Taxation	7.86	-	-
	ix. Profit after Taxation	15.42	*	(-) 0.01
	x. Proposed Dividend	3.00	-	-

Note: The Company holds 30,00,000 equity shares of ₹10/- each in IISCO Ujjain Pipe & Foundry Co. Ltd. The Hon'ble High Court of Calcutta had directed winding-up of the Company with effect from 10th July, 1997 and the official liquidator has taken over the possession of the assets of the Company. The liquidator, after disposing the assets of the Company, is in the process of settling the outstanding dues. The cumulative loss of IISCO Ujjain Pipe & Foundry Co. Ltd. upto 10th July '97 was ₹17.05 crore.

For and on behalf of Board of Directors

sd/-
(M.C. Jain)
Secretary

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

Sd/-
(C.S. Verma)
Chairman

Place : New Delhi

Dated : August 08, 2014

Consolidated Balance Sheet

as at 31st March, 2014

(₹ crore)

	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	4130.53	4130.53
(b) Reserves and Surplus	2	39170.91	37510.86
Share application money pending allotment		5.21	2.93
Non-Current Liabilities			
(a) Long-Term Borrowings	3	14168.07	14154.90
(b) Deferred Tax Liabilities (Net)		2222.16	1899.72
(c) Other Long Term Liabilities	4	1385.45	1275.87
(d) Long-Term Provisions	5	4096.77	4333.19
Current Liabilities			
(a) Short-Term Borrowings	6	10738.06	8110.16
(b) Trade Payables	7	3221.80	3437.07
(c) Other Current Liabilities	8	12839.53	9066.40
(d) Short-Term Provisions	9	2046.38	2582.69
Minorities Interest	9A		
TOTAL		94024.87	86504.32
ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10A	26773.14	16832.63
(ii) Intangible Assets	10B	1522.18	1551.17
(iii) Capital Work-in-Progress	11	33958.51	36161.11
(b) Non-Current Investments	12	12.13	14.52
(c) Long-Term Loans and Advances	13	4094.79	3456.33
(d) Other Non-Current Assets	14	136.39	50.94
Current Assets			
(a) Current investments		44.32	58.01
(b) Inventories	15	15365.49	16165.92
(c) Trade Receivables	16	5500.62	4550.55
(d) Cash and Bank Balances	17	3157.97	4177.21
(e) Short-Term Loans and Advances	18	1170.78	1060.06
(f) Other Current Assets	19	2288.55	2425.87
TOTAL		94024.87	86504.32

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

Sd/-
For S.K.Mittal & Co.
Chartered Accountants

Sd/-
For O.P.Totla & Co.
Chartered Accountants

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

Place : New Delhi

Dated : August 06, 2014

Annual Report 13-14

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2014

(₹ crore)

	Note No.		Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations	20	52912.09	50429.86	
Less : Excise Duty		5810.94	47101.15	44974.51
Other Income	21		800.54	1051.01
Total Revenue			47901.69	46025.52
Expenses				
Cost of materials consumed	22	20007.17	21962.44	
Purchase of stock in trade		5.85	7.94	
Changes in inventories of finished goods, work-in-progress	23	896.49	-2019.40	
Employee Benefits expense	24	9710.25	8755.73	
Finance Cost	25	1057.27	846.08	
Depreciation and Amortisation expense		1841.94	1526.61	
Other expenses	26	12132.67	45651.64	42376.88
			2250.05	3648.64
Add: Adjustments pertaining to earlier years	27		149.81	40.93
Profit before tax and exceptional items			2399.86	3689.57
Less: Exceptional items				
Foreign Exchange Loss (+)/ Gain(-)		97.16	229.33	
Exchange variation treated as interest cost		-1056.26	0.00	
Write back of entry tax liability		-0.47	-959.57	229.26
Profit before tax			3359.43	3460.31
Less : Provision for taxation				
Current tax		775.19	1118.99	
Deferred tax		341.85	19.27	
Earlier years		113.40	707.91	1131.23
Mat Credit		-522.53	0.00	
Profit for the year			2651.52	2329.08
Minorities Interest			0.00	0.00
Share of profit of associate			-0.39	0.00
			2651.13	2329.08
Earnings per Share				
Profit after tax			2651.52	2329.08
Average Number of equity shares (Face value ₹ 10/- each)			4130525289	4130525289
Basic and Diluted Earnings per share (₹)			6.42	5.64
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)
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In terms of our report of even date

Sd/-
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M.No.013117

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

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

Place : New Delhi

Dated : August 06, 2014

Consolidated Cash Flow Statement

(₹ crore)

For the year	2013-14	2012-13
A. Cash flow from Operating Activities		
Net Profit / loss (-) before taxation	3359.43	3460.31
Add / (Less) Adjustments for :		
Share of profit of Associate	-0.39	0.00
Depreciation	1726.45	1530.25
Interest and Finance Charges	1057.27	846.08
Bad debts written-off	8.28	0.62
Provision for Others	(628.86)	1093.87
Profit on sale of Fixed Assets	(6.26)	(23.12)
Interest Income	(616.89)	(853.39)
Dividend Income	(3.39)	(4.79)
Operating cash flow before working capital change	4895.64	6049.83
Adjustments for :-		
(Increase) / Decrease in Inventories	800.43	(2280.63)
(Increase) in Sundry Debtors	(958.35)	290.02
(Increase) in Loans and Advances	(300.32)	(799.06)
Increase in Current Liabilities	2621.70	801.24
(Increase)/Decrease in Other Current Assets	134.17	(247.82)
Cash generated from Operations	7193.27	3813.58
Direct Taxes Paid	(853.82)	(990.64)
Net Cash from Operating Activities	6339.45	2822.94
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(8957.03)	(9216.43)
Proceeds from sale of Fixed Assets	34.25	39.94
Loans to Other Companies	5.37	(2.95)
Purchase/ (sale) of investments (net)	16.08	(4.39)
Interest received	534.59	862.33
Dividend received	3.39	4.79
Net Cash from / (used in) Investing Activities	(8363.35)	(8316.71)
C. Cash flow from Financing Activities		
Increase in Share application money pending allotment	2.28	0.66
Increase in Reserve & Surplus	1.25	15.13
Increase/(Decrease) in borrowings (net)	3210.39	5003.44
Interest and Finance Charges paid	(1018.89)	(849.12)
Dividend Paid	(999.58)	(991.32)
Tax on Dividend	(190.80)	(170.25)
Net Cash from / (used in) Financing Activities	1004.65	3008.54
Net Increase in Cash & Cash Equivalents (A+B+C)	(1019.25)	(2485.23)
Cash & Cash Equivalents (Opening) (Refer note 17)	4177.21	6662.44
Cash & Cash Equivalents (Closing) (Refer note 17)	3157.97	4177.21
(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 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.

Sd/-
(M.C. Jain)
Secretary

Sd/-
For S.K.Mittal & Co.
Chartered Accountants
Sd/-
(M.K. Juneja)
Partner
M.No.013117

For and on behalf of Board of Directors
Sd/-
(Anil Kumar Chaudhary)
Director (Finance)

In terms of our report of even date
Sd/-
For O.P.Totla & Co.
Chartered Accountants
Sd/-
(S.K. Acharya)
Partner
M.No.078371

Sd/-
(C.S. Verma)
Chairman

Sd/-
For B.N. Misra & Co.
Chartered Accountants
Sd/-
(S.C. Dash)
Partner
M.No.050020

Place : New Delhi
Dated : August 06, 2014

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, 2013 (to the extent notified) and provisions of the Companies Act, 1956 (to the extent applicable) 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 which ever is higher.

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. Capital expenditure on assets not owned by the Company is amortised 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.

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 Rs.10 lakhs in case of SAIL, Rs.1 lakh in case of NTPC-SAIL Power Company Private Limited and Rs.5 lakh 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. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of Contingent Liabilities in Financial Statements.

Q. 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.

Note (Forming Part of the Consolidated Balance Sheet)

1. SHARE CAPITAL

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Authorised		
5,00,00,00,000 equity of ₹ 10 each	5000.00	5000.00
(5,00,00,00,000 equity of ₹ 10 each)		
Issued, Subscribed & Fully Paid-up		
4,13,05,25,289 equity shares of ₹ 10 each fully paid.	4130.53	4130.53
(4,13,04,00,545 equity shares of ₹10 each fully paid.)		

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	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	0	0	0	00
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 during the previous year and 23900 shares arising out of conversion of GDR into ordinary shares.

(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	As at 31 st March 2014		As at 31 st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	3304293713	80.00	3304293713	80.00

(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.

Note (Forming Part of the Consolidated Balance Sheet)

2. RESERVES AND SURPLUS

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Capital Reserve				
As per last Balance Sheet	104.10		93.23	
Additions during the year	0.00		10.87	
	<u>104.10</u>	104.10	<u>104.10</u>	104.10
Securities Premium Account				
As per last Balance Sheet	235.12		235.21	
Less : Adjustment towards Share/Bond Issue Expenses	0.02	235.10	0.09	235.12
Bond Redemption Reserve				
As per last Balance Sheet	585.43		440.11	
Additions during the year	251.13		145.32	
Deductions during the year	19.35	817.21	0.00	585.43
General Reserve				
As per last Balance Sheet	4998.38		4807.72	
Additions during the year	268.26	5266.64	190.66	4998.38
Prime Minister's Trophy Award Fund*				
As per last Balance Sheet	24.02		19.67	
Additions	2.25		5.04	
	<u>26.27</u>		<u>24.71</u>	
Less: Utilisation	0.98	25.29	0.69	24.02
Surplus/Debit balance (-) in Statement of Profit & Loss				
Balance as per last account	31563.81		30546.25	
Add: Surplus	2651.13		2329.08	
Less: Proposed Dividend	0.00		165.22	
Less: Dividend Paid	834.35		660.88	
Less: Tax on Proposed Dividend	9.51		42.28	
Less: Tax on Dividend Paid	148.47		107.16	
Less: Transfer to Bond Redemption Reserve	231.78		145.32	
Less: Transfer to General Reserve	268.26	32722.57	190.66	31563.81
		<u>39170.91</u>		<u>37510.86</u>

* 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.

Note (Forming Part of the Consolidated Balance Sheet)

3. LONG TERM BORROWINGS

(₹ crore)

					As at 31st March, 2014	As at 31st March, 2013
Sl No.	Int%	Maturity	Call/put Option (yr)	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	8.75	15-Sep-2019		(b,d)	100.00	150.00
13	8.80	22-Jun-2019		(a)	825.00	825.00
14	7.70	11-May-2019	5/5	(a)	0.00	525.00
15	8.90	1-May-2019	5/nil	(b)	950.00	950.00
16	9.30	25-May-2018		(a,k)	360.00	360.00
17	8.25	6-May-2018	3/3	(a)	800.00	0.00
18	9.18	27-Aug-2017		(a)	300.00	300.00
19	8.75	8-Nov-2017	3/3	(a)	500.00	500.00
20	8.80	26-Oct-2014		(b,c)	154.00	168.00
					8226.00	8015.00
B. Term Loans from Banks						
		30-Sep-2014		Axis Bank	232.95	665.48
1				others	272.12	665.48
UNSECURED						
C. Term Loans						
1				(e) KFW, Germany	458.22	406.91
2		11-03-2015		(f) Bank of Tokyo Mitshibishi	798.93	1085.80
3				(g) Bank of Tokyo Mitshibishi	1198.40	1085.80
4				(h) Sumitomo Mitsubishi Banking Corp	1527.60	1527.60
5	2.00			(i) Natexis Banque	24.22	22.36
6				(j) State bank Of India	366.84	310.00
				(l) Mizuho Corporate Bank Ltd	827.85	827.85
				Others	28.76	0.00
D. Others					5230.82	5266.32
				(m) Steel Development Fund	204.16	204.16
				(n) Others	2.02	3.94
					14168.07	14154.90

- (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. Instalment payable on 26th October 2014 has been shown in Other Current Liabilities.
- (d) Redeemable in 3 equal instalments of ₹ 50 crore each on 15th September of 2014, 2019 and 2024. Instalment payable on 15th September, 2014 has been shown in Other Current Liabilities.
- (e) 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 meeting 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 meeting periphery development. The principal and interest is repayable half yearly. The loan is Guaranteed by Government of India.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) The loan is repayable by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- (j) 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.
- (k) Redeemable in 5 equal yearly instalments starting w.e.f. 25th May 2018.
- (l) 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.
- (m) Terms of Repayment is to be decided by SDF Management Committee.
- (n) Includes Interest free loan from Government of Maharashtra repayable on 26th October 2014.

Note (Forming Part of the Consolidated Balance Sheet)

4. OTHER LONG TERM LIABILITIES

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Interest accrued and not due on borrowings	707.46	715.73
Trade payables	1.06	13.37
Others	676.93	546.77
	<u>1385.45</u>	<u>1275.87</u>

5. LONG TERM PROVISIONS

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Provisions for Employee Benefits		
- Gratuity	526.28	338.13
- Accrued Leave	2076.07	2241.66
- Employee Defined Benefit Schemes	1160.85	1512.09
Others		
- Mines closure	104.27	91.25
- Others	229.30	150.06
Total	<u>4096.77</u>	<u>4333.19</u>

6. SHORT TERM BORROWINGS

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Secured		
Loans repayable on demand		
- From Banks	(a) 3433.40	813.06
- From other parties		
Other loans and advances		
From Banks	(b) 4.69	4.69
Loans and advances from related parties	0.38	0.32
Unsecured		
Other loans and advances		
Other Loans	0.00	408.23
Foreign Currency Loans	7299.59	6883.86
	<u>10738.06</u>	<u>8110.16</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 31st March, 2014	As at 31st March, 2013
Micro and small enterprises	21.44	13.86
Others	3200.36	3423.21
	<u>3221.80</u>	<u>3437.07</u>

Note (Forming Part of the Consolidated Balance Sheet)

8. OTHER CURRENT LIABILITIES

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term debts	1183.50	273.74
Interest accrued but not due on borrowings	629.01	582.36
Income received in advance from		
Customers	868.69	707.55
Others	82.74	32.53
	951.43	740.08
Liability towards Investor Education and Protection Fund, not due		
Unpaid Dividends	13.58	11.67
Unclaimed Matured Deposits and intt. Accrued thereon	1.03	1.09
	14.61	12.76
Security deposits	626.79	549.50
Less : Investments received as security deposit	0.01	0.01
	626.78	549.49
Other payables		
Sundry creditors for Capital works	1497.15	1399.56
Other payables	7937.05	5508.41
	12839.53	9066.40

9. SHORT TERM PROVISIONS

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Provisions for Employee Benefits		
- Accrued Leave	190.68	214.51
- Employee Defined Benefit Schemes	146.52	176.38
Others		
- Taxation	77.64	23.46
- Pollution Control & Peripheral Development	106.62	117.62
- Exchange Fluctuation	0.00	8.17
- Proposed Dividend	0.00	165.23
- Tax on Dividend	9.51	42.33
- Wage Revision	1130.39	1472.30
- Mines Afforestation/Overburden Removal	262.59	237.25
- Others	122.43	125.44
Total	2046.38	2582.69

Note (Forming Part of the Consolidated Balance Sheet)

10A. TANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31st March, 2013	Additions / Adjustments	Deductions	As at 31st March, 2014	Up to 31st March, 2013	For the Year	Less : On Sales / Adjustments	Up to 31st March, 2014	As at 31st March' 2014	As at 31st March, 2013
A. PLANTS, MINES & OTHERS										
Land(including cost of development)										
-Freehold Land	188.96	77.28	0.00	266.24	0.86	0.01	0.00	0.87	265.37	188.10
-Leasehold Land	380.98	71.92	0.00	452.90	76.87	16.97	0.01	93.83	359.07	304.02
Buildings	2514.04	539.95	-1.32	3055.31	1300.68	69.99	0.07	1370.60	1684.71	1213.09
Plant & Machinery										
-Steel Plant	31869.61	10339.94	94.32	42115.23	20760.06	1232.46	87.37	21905.15	20210.08	11274.66
-Others	4169.89	104.25	23.32	4250.82	2121.87	196.85	18.42	2300.30	1950.52	1891.33
Furniture & Fittings	125.92	21.00	1.23	145.69	86.04	4.90	0.91	90.03	55.66	39.88
Vehicles	1164.65	59.50	7.82	1216.33	534.26	50.17	5.91	578.52	637.81	630.38
Office Equipments	57.04	1.97	1.21	57.80	34.68	1.88	0.98	35.58	22.22	22.21
Miscellaneous Articles	285.26	21.66	4.66	302.26	176.11	10.67	3.45	183.33	118.93	99.88
Roads, Bridges & Culverts	222.55	6.97	0.16	229.36	66.09	4.27	0.07	70.29	159.07	156.56
Water Supply & Sewerage	433.00	162.20	0.24	594.96	283.99	14.28	0.37	297.90	297.06	150.29
EDP Equipments	394.61	18.38	7.66	405.33	265.18	37.16	6.95	295.39	109.94	129.42
Railway Lines & Sidings	331.69	161.55	0.12	493.12	197.00	13.00	0.09	209.91	283.21	134.69
Sub-total 'A'	42138.20	11586.57	139.42	53585.35	25903.69	1652.61	124.60	27431.70	26153.65	16234.51
Figures for the previous year	41148.53	1086.46	96.79	42138.20	24357.32	1613.46	67.09	25903.69	16234.51	

B. SOCIAL FACILITIES

Land(including cost of development)										
-Freehold Land	10.92	0.00	0.00	10.92	-	-	-	-	10.92	10.92
-Leasehold Land	6.89	0.00	0.00	6.89	5.54	0.12	0.00	5.66	1.23	1.35
Buildings	593.72	20.29	0.48	613.53	247.74	9.91	0.42	257.23	356.30	346.02
Plant & Machinery-Others	124.26	6.00	1.26	129.00	78.61	3.41	0.76	81.26	47.74	45.65
Furniture & Fittings	26.19	1.59	3.64	24.14	16.80	0.95	1.72	16.03	8.11	9.39
Vehicles	11.94	0.11	0.64	11.41	8.57	0.70	0.57	8.70	2.71	3.37
Office Equipments	4.16	0.24	0.11	4.29	2.14	0.16	0.05	2.25	2.04	2.02
Miscellaneous Articles	190.88	13.70	5.14	199.44	98.87	9.57	2.77	105.67	93.77	91.97
Roads, Bridges & Culverts	64.37	13.61	0.01	77.97	24.03	1.15	0.01	25.17	52.80	40.34
Water Supply & Sewerage	117.84	0.03	0.20	117.67	104.11	1.17	0.15	105.13	12.54	13.73
EDP Equipments	15.00	0.66	3.03	12.63	12.24	0.90	2.64	10.50	2.13	2.76
Sub-total 'B'	1166.17	56.23	14.51	1207.89	598.65	28.04	9.09	617.60	590.29	567.52
Figures for the previous year	1127.30	45.21	6.34	1166.17	576.78	26.13	4.26	598.65		567.52

C. ASSETS RETIRED FROM ACTIVE USE

Unserviceable / Obsolete Assets	30.60	6.33	7.73	29.20	-	-	-	-	29.20	30.60
Figures for the previous year	30.89	3.00	3.29	30.60	-	-	-	-	30.60	
Total ('A'+ 'B'+ 'C')	43334.97	11649.13	161.66	54822.44	26502.34	1680.65	133.69	28049.30	26773.14	16832.63
Figures for the previous year	42306.72	1134.67	106.42	43334.97	24934.10	1639.59	71.35	26502.34		16832.63

Note (Forming Part of the Consolidated Balance Sheet)

10B. INTANGIBLE FIXED ASSETS

(₹ crore)

Description	GROSS BLOCK (AT COST)		DEPRECIATION			NET BLOCK			
	As at 31st March, 2013	Additions / Deductions	As at 31st March 2014	Up to 31st March, 2013	For the Year	Less : On Sales / Adjustments	Up to 31st March 2014	As at 31st March, 2013	As at 31st March, 2014
A. PLANTS, MINES & OTHERS									
Good Will	5.89	0.00	5.89	0.57	0.00	0.00	0.57	5.32	5.32
Computer Software	108.20	5.13	113.27	74.31	17.74	0.06	91.99	21.28	33.89
Mining Rights	1684.18	20.43	1704.61	172.26	36.81	0.00	209.07	1495.54	1511.92
Sub-total 'A'	1798.27	25.56	1823.77	247.14	54.55	0.06	301.63	1522.14	1551.13
Figures for the previous year	1811.27	13.55	1798.27	391.26	-99.32	44.80	247.14	1551.13	
B. SOCIAL FACILITIES									
Computer Software	0.64	0.01	0.64	0.60	-0.01	-0.01	0.60	0.04	0.04
Sub-total 'B'	0.64	0.01	0.64	0.60	-0.01	-0.01	0.60	0.04	0.04
Figures for the previous year	0.65	-0.01	0.64	0.58	0.02	0.00	0.60	0.04	
Total ('A + B')	1798.91	25.57	1824.41	247.74	54.54	0.05	302.23	1522.18	1551.17
Figures for the previous year	1811.92	13.54	1798.91	391.84	-99.30	44.80	247.74	1551.17	

(₹ crore)

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
- Total**

Current Year	Previous Year
1841.94	1526.61
7.12	7.33
-115.49	3.64
1.62	2.71
1735.19	1540.29

Note (Forming Part of the Consolidated Balance Sheet)

11. CAPITAL WORK-IN-PROGRESS

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Expenditure during construction		4.73		3.09
pending allocation (Note 11.1)				
Capital Work-in-progress				
Steel Plants & Units	33634.29		35819.94	
Township	138.66		101.66	
Ore Mines and Quarries	272.53		244.45	
	34045.48		36166.05	
Less: Provisions	132.43	33913.05	63.34	36102.71
Construction Stores and Spares	42.44		57.05	
Less: Provision for non-moving items	1.71	40.73	1.74	55.31
		33958.51		36161.11

11.1. EXPENDITURE DURING CONSTRUCTION

(pending allocation)

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Opening balance	(a)	3.09		1.12
Expenditure incurred during the year				
Employees' Remuneration & Benefits				
Salaries & Wages	128.73		134.99	
Company's contribution to Provident fund	10.94		11.98	
Travel Concession	3.04		3.05	
Welfare Expenses	0.19		0.64	
Gratuity	7.65	150.55	6.40	157.06
Technical Consultants' fees & know-how		8.81		18.22
Power & Fuel		99.68		85.83
Other expenses		96.72		37.84
Interest & Finance charges		844.55		799.84
Depreciation		7.12		7.33
		1207.43		1106.12
Less: Recoveries				
Interest Earned	1.66		0.75	
Liquidated Damages	4.55		5.35	
Hire Charges	0.50		0.90	
Sundries	1.44	8.15	4.43	11.43
Net expenditure during the year	(b)	1199.28		1094.69
Total (a)+(b)		1202.37		1095.81
Less : Amount allocated to Fixed Assets/ Capital Work-in-progress		1197.64		1092.72
Balance carried forward		4.73		3.09

Note (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 31st March, 2014	As at 31st March, 2013
(A) Unquoted				
Trade Investments				
Subsidiary Companies				
IISCO Ujjain Pipe & Foundry Company Limited (under liquidation)	30,00,000 (30,00,000)	10	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
SAIL- Bansal Service Centre Limited	32,00,000 (32,00,000)	10	3.20	3.20
Romelt SAIL (India) Limited	63,000 (63,000)	10	0.06	0.06
Others				
TRL Krozaki Refractories Limited	22,03,150 (22,03,150)	10	11.35	11.35
Almora Magnesite Limited	40,000 (40,000)	100	0.37	0.76
Indian Potash Limited	3,60,000 (3,60,000)	10	0.18	0.18
Cement & Allied Products (Bihar) Limited	2 (2)	10	0.00 *	0.00 *
Chemical & Fertilizer Corporation (Bihar) Limited	1 (1)	10	0.00 *	0.00 *
Bhilai Power Supply Company Limited	5 (5)	10	0.00 *	0.00 *
MSTC Limited	80,000 (80,000)	10	0.01	0.01
Bihar State Finance Corporation	500 (500)	100	0.01	0.01
Investment in Mutual Funds			0.00	2.00
ICVL Global PTE Ltd.			0.03	0.03
Shares in Co.-operative Societies (Note No. 12.1)			0.18	0.18
Total (A)			12.13	14.52
(B) Quoted			19.55	21.94
HDFC Limited	60,000 (60,000)	2	0.01	0.01
HDFC Bank Limited	2500 (2,500)	2	0.00	0.00 *
ICICI Bank Limited	28600 (28,600)	10	0.05	0.05
Total (B)			0.06	0.06
Total (A+B)			19.61	22.00
Less : Provision for diminution in value of investments			7.48	7.48
			12.13	14.52
@ Market value of quoted investments			8.27	8.10
* Cost being less than ₹ 50,000/-, figures not given.				

12.1 : SHARES IN CO-OPERATIVE SOCIETIES

(₹)

	Number of Fully Paid up Shares	Face Value Per Share (₹)	As at 31st March, 2014	As at 31st March, 2013
Bokaro Steel Employees' Co.-operative Credit Society Limited	116500 (116500)	10	1165000	1165000
Bokaro Steel City Central Consumers' Co.-operative Stores Limited	250 (250)	10	2500	2500
NMDC Meghahatuburu Employees' Consumers Co-operative Society Limited	25 (25)	100	2500	2500
DSP Employees' Co-operative Society Limited	1377 (1377)	100	137700	137700
Bolani Ores Employees' Consumer Co.-operative Society Limited	200 (200)	25	5000	5000
IISCO Employees Primary Co-operative Stores Limited	23000 (23000)	20	460000	460000
			1772700	1772700

Note (Forming Part of the Consolidated Balance Sheet)

13. LONG TERM LOANS AND ADVANCES

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Capital Advances	145.53		219.95	
Less: Provision for doubtful capital advances	1.00	144.53	7.12	212.83
Security Deposits		61.72		86.56
Loans and advances to related parties	6.66		10.53	
Less: Provision for doubtful related party advances	2.53	4.13	2.53	8.00
Other loans and advances				
Loans				
Employees	331.68		403.33	
Others	1.14	332.82	4.65	407.98
Advances recoverable in cash or in kind or for value to be received				
Contractors & suppliers	203.99		224.67	
Employees	2.55		1.20	
Income tax paid in advance / recoverable	595.94		758.97	
MAT Credit	606.31		0.00	
Others	4.74	1413.53	4.69	989.53
Deposits				
Port trust, Excise authorities, Railways etc.	58.52		72.38	
Others	2127.28	2185.80	1742.29	1814.67
		4142.53		3519.57
Less : Provision for other Loans & advances		47.74		63.24
		4094.79		3456.33
Particulars of long term loans and advances				
Secured, Considered Good		262.60		305.04
Unsecured, Considered Good		3832.19		3151.29
Doubtful		51.27		72.89
		4146.06		3529.22
Amount due from				
-Directors		0.00		0.00
-Officers		0.01		0.08

14. OTHER NON CURRENT ASSETS

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Long Term Trade Receivables	50.46		39.03	
Less : Provision	28.55	21.91	27.07	11.96
Particulars				
Secured, considered good		0.00		0.00
Unsecured, considered good		21.91		11.96
Doubtful		28.55		27.07
		50.46		39.03
Long Term Claims recoverable		111.00		35.23
Interest Receivable/Accrued				
Employees		2.52		3.61
OTHERS				
-- Pre operative expenses		0.54		0.14
-- Preliminary expenses		0.42		
		136.39		50.94

Note (Forming Part of the Consolidated Balance Sheet)

15. INVENTORIES*

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Stores & spares				
-- Production	2639.87		2406.21	
-- Fuel Stores	125.05		173.68	
-- Others	67.09		25.41	
	2832.01		2605.30	
Add: In-transit	151.31		182.01	
	2983.32		2787.31	
Less: Provision for Non Moving/Obsolete items	195.20	2788.12	176.29	2611.02
Raw materials	2577.11		2274.26	
Add: In-transit	1012.00		1324.80	
	3589.11		3599.06	
Less: Provision for unusable materials	8.47	3580.64	8.20	3590.86
Finished / Semi-finished products				
-- Finished Goods	6389.18		7895.78	
-- Work-in-Progress	2441.55		1851.95	
-- Stock in Trade	0.17		0.10	
	8830.90		9747.83	
Add: In-transit	165.83	8996.73	216.21	9964.04
		15365.49		16165.92

* Valued as per Accounting Policy (G)

16: TRADE RECEIVABLES- CURRENT

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Trade Receivables over six months	572.55		490.60	
Less : Provision	135.43	437.12	129.04	361.56
Trade Receivables less than six months	5063.85		4189.62	
Less : Provision	0.35	5063.50	0.63	4188.99
		5500.62		4550.55
Particulars				
Secured, considered good		0.00		27.26
Unsecured, considered good		5500.62		4523.29
Doubtful		135.78		129.67
		5636.40		4680.22

17. CASH & BANK BALANCES

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
(i) Cash and Cash Equivalents				
Balance with Banks *				
Current account	58.81		88.26	
Term Deposit with maturity upto 3 months	22.16		81.64	
Term Deposit under Bank Lien / pledge against loan	0.14		0.16	
Term Deposit as per court orders with maturity upto 3 months	0.42		0.48	
Term Deposit - PM Trophy with maturity upto 3 months	17.65		37.16	
Unpaid Dividend Account	13.58	112.76	11.67	219.37
Cheques on hand		194.90		244.22
Cash and Stamps on hand		1.10		1.41
Sub total		308.76		465.00
(ii) Other Bank Balances *				
Term Deposit with maturity more than 3 months	2695.06		3541.15	
Term Deposit as per court orders	96.43		128.86	
Earmarked Term Deposit	57.72	2849.21	42.20	3712.21
Total		3157.97		4177.21
* Includes				
- Maturity period less than 12 months	2876.07		3827.91	
- Maturity period more than 12 months	13.51	2889.58	3.74	3831.65

Note (Forming Part of the Consolidated Balance Sheet)

18. SHORT TERM LOANS AND ADVANCES

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Loans and advances to related parties	66.82		117.15	
Less: Provision for doubtful related party advances	<u>1.39</u>	65.43	<u>1.39</u>	115.76
Other loans and advances				
Loans				
Employees	93.76		103.42	
Others	<u>3.56</u>	97.32	<u>5.42</u>	108.84
Advances recoverable in cash or in kind or for value to be received				
Contractors & suppliers	229.67		222.79	
Employees	8.43		8.19	
Income tax paid in advance / recoverable	66.22		58.44	
For purchase of shares	7.31		7.50	
Others	<u>650.61</u>	962.24	<u>497.28</u>	794.20
Security Deposits		7.84		3.74
Deposits				
Port trust, Excise authorities, Railways etc.	0.90		0.69	
Others	<u>93.54</u>	<u>94.44</u>	<u>69.88</u>	<u>70.57</u>
		1227.27		1093.11
Less : Provision for other Loans & advances		56.49		33.05
		<u>1170.78</u>		<u>1060.06</u>
Particulars of short term loans and advances				
Secured, Considered Good		41.94		39.45
Unsecured, Considered Good		1128.84		1020.61
Doubtful		<u>57.88</u>		<u>34.44</u>
		<u>1228.66</u>		<u>1094.50</u>

19. OTHER CURRENT ASSETS

(₹ crore)

	As at 31st March, 2014		As at 31st March, 2013	
Gold Coins on hand		0.26		0.26
Interest Receivable/Accrued				
Loans to subsidiary company	0.00		0.00	
Loans to other companies	0.00		0.00	
Term Deposits	12.58		9.91	
Employees	4.35		4.76	
Others	<u>123.28</u>		<u>42.15</u>	
	140.21		56.82	
Less Provision for doubtful interest	<u>3.39</u>	136.82	<u>3.39</u>	53.43
Others				
Receivables other than Trade	102.42		174.11	
Claims recoverable	2112.49		2241.43	
Export Incentive	<u>23.18</u>		<u>19.41</u>	
	2238.09		2434.95	
Less Provision	<u>86.62</u>	<u>2151.47</u>	<u>62.77</u>	<u>2372.18</u>
		<u>2288.55</u>		<u>2425.87</u>

Note (Forming Part of the Consolidated Balance Sheet)

20. REVENUE FROM OPERATIONS

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
SALE OF PRODUCTS		
Domestic	50860.78	48644.40
Energy & Steam	0.00	44.72
Exports	1497.01	1158.23
Export Incentives	29.69	29.33
Sub Total (a)	52387.48	49876.68
SALE OF SERVICES		
Service charges (Gross)	38.59	55.97
Sub Total (b)	38.59	55.97
Other Operating Revenues		
Social amenities-recoveries	250.00	234.55
Sale of empties etc.	39.82	40.93
Sundries	196.20	221.73
Sub Total (c)	486.02	497.21
Total (a+b+c)	52912.09	50429.86

21. OTHER INCOME

(₹ crore)

	Year ended 31st March, 2014	Year ended at 31st March, 2013
INTEREST INCOME		
Customers	159.12	142.88
Employees	25.41	30.84
Term Deposits	383.48	653.35
Others	48.88	26.32
Sub Total (a)	616.89	853.39
Dividend Income		
Dividend from other investments	3.39	4.79
Sub Total (b)	3.39	4.79
Other Non-operating income		
Subsidy, relief and concession	16.51	19.31
Grant-in-aid	0.00	0.02
Other Non-operating income	12.81	13.51
Profit on sale of fixed assets (net)	6.26	23.12
Liquidated damages	23.40	30.51
Write back of liabilities	73.35	75.19
	132.33	161.66
Less: Expenses attributable to non-operating income	1.17	1.94
Sub Total (c)	131.16	159.72
PROVISIONS NO LONGER REQUIRED WRITTEN BACK		
Loans & advances	14.59	3.78
Sundry Debtors	13.14	8.23
Stores & Spares	8.45	5.19
Others	12.92	15.91
Sub Total (d)	49.10	33.11
Total (a+b+c +d)	800.54	1051.01

Note (Forming Part of the Consolidated Balance Sheet)

22. RAW MATERIALS CONSUMED

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Iron ore	3238.63	3279.85
Coal	15065.19	13969.31
Coke	644.34	2977.51
Limestone	1109.24	887.20
Dolomite	431.47	406.80
Ferro Manganese	547.10	510.33
Ferro Silicon	168.50	157.97
Silico Manganese	744.34	745.98
Intermediary Products	2.70	0.52
Zinc	97.09	75.86
Aluminum	247.06	242.41
Others	1488.31	1762.30
	23783.97	25016.04
Less : Inter account adjustment for raw material	3776.80	3053.60
	20007.17	21962.44

23. Changes in Inventories of Finished goods, Work in progress

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Opening stock		
-- Finished Goods	7996.97	5655.12
-- Work-in-Progress	1966.97	2014.76
-- Stock in Trade	0.10	0.02
	9964.04	7669.90
Less : Closing stock		
-- Finished Goods	6553.10	8043.83
-- Work-in-Progress	2443.45	1920.11
-- Stock in Trade	0.17	0.10
	8996.72	9964.04
	967.32	-2294.14
Less : Variation in Excise Duty on opening and closing stock of finished goods	70.83	-274.74
Net Accretion(-)/Depletion to stock	896.49	-2019.4

24. EMPLOYEE BENEFIT EXPENSE

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Salaries & Wages	7498.23	6233.03
Leave Encashment	241.57	779.99
Company's contribution to Provident & other funds	876.18	563.83
Travel concession	128.41	34.13
Welfare expenses	63.14	498.16
Gratuity	902.87	646.85
	9710.40	8755.99
Less : Grants in Aid received from Government of Karnataka	0.15	0.26
	9710.25	8755.73

Note (Forming Part of the Consolidated Balance Sheet)

25. FINANCE COST

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Interest Cost		
-- Foreign Currency Loans	130.48	124.81
-- Non Convertible Bonds	145.61	108.25
-- Bank Borrowings - working capital	83.56	39.33
-- Steel Development Fund Loans	3.33	3.85
--Others	243.54	277.82
-- Interest under income tax act	2.67	0.02
-- Other Borrowing Cost	448.08	292.00
	<u>1057.27</u>	<u>846.08</u>

Note :

**Expenditure on Interest & Finance charges
not included above & charged to:**
Expenditure During Construction
Interest Cost

Foreign currency loans	220.63	184.34
Non Convertible Bonds	619.07	568.74
Steel Development Fund loans - Interest	4.85	4.31
Others	0.00	9.28
Other Borrowing Cost	<u>0.00</u>	<u>33.17</u>
	<u>844.55</u>	<u>799.84</u>

26. OTHER EXPENSES

(₹ crore)

	As at 31st March, 2014	As at 31st March, 2013
Consumption of Stores & Spares Parts	2377.00	2178.39
Power and Fuel	3730.69	3669.48
REPAIRS & MAINTENANCE		
Buildings	218.95	180.21
Plant & Machinery	611.40	552.47
Others	<u>187.53</u>	<u>169.65</u>
Freight outward	1017.88	902.33
	1015.11	1028.54
Handling expenses		
- Raw Material	264.26	209.12
- Scrap recovery	<u>224.85</u>	<u>163.63</u>
Royalty and cess	489.11	372.75
Conversion charges	916.51	976.63
Excise Duty on inter-plant transfer / internal consumption	278.16	329.12
Demurrage & wharfage	461.94	385.47
Water charges & Cess on water pollution	93.72	55.99
Insurance	117.29	105.74
Postage, Telegram & Telephone	19.57	18.80
Printing & stationery	22.24	20.70
Rates & Taxes	9.77	10.54
Rent	72.17	68.51
Security expenses	27.12	15.84
Travelling expenses	356.05	321.48
Training expenses *	190.29	216.80
	39.55	26.36
Remuneration to Auditors		
- Audit fees	1.53	1.42
- Tax Audit fees	0.44	0.45
- In other Services	0.92	0.96
- Out of pocket expenses	<u>0.82</u>	<u>0.70</u>
Cost Audit Fee and reimbursement expenses	3.71	3.53
	0.15	0.14
Provisions		
- Doubtful debts, loans and advances	63.55	29.21
- Stores , Spares and Sundries	<u>137.43</u>	<u>26.70</u>
Write-offs	200.98	55.91
Voluntary Retirement Compensation	8.28	0.62
Handling expenses - Finished goods	0.01	0.23
Cash Discount (net)	125.79	122.68
Commission to selling agents	94.32	83.05
Export sales expenses	24.07	9.34
Provision for wealth tax	25.36	18.37
Sales expenses	0.01	0.01
Miscellaneous	0.00	12.34
	<u>415.82</u>	<u>287.79</u>
	<u>12132.67</u>	<u>11297.48</u>
	58.83	63.04

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

Note (Forming Part of the Statement of Profit and Loss)

27 : ADJUSTMENTS PERTAINING TO EARLIER YEARS

(₹ in crore)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sales	-7.01	-28.70
Other revenues	0.00	1.03
Raw materials consumed	-4.76	-6.99
Stores & spares consumed	-1.98	-2.02
Power & fuel	-1.43	0.00
Employee Remuneration and Benefits	0.00	0.00
Repair & Maintenance	1.13	-1.47
Excise duty	0.00	2.20
Other expenses	0.92	-8.62
Depreciation	-115.49	3.64
Interest	-21.19	0.00
Net Debit	-149.81	-40.93

(-) indicate credit

Other Notes to 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 31st March, 2014	As on 31st March, 2013
A.	Subsidiary Company		
	SAIL Refractory Company Limited (SRCL)	100	100
	SAIL-Jagdishpur Power Plant Limited (SJPPPL)	100	100
	SAIL Sindri Projects Limited (SSPL)	100	100
B.	Joint Venture Companies		
	NTPC SAIL Power Company Private Limited (NSPCL)	50	50
	Bokaro Power Supply Company Private Limited (BPSCL)	50	50
	Mjunction Services Limited (MSL)	50	50
	Bhilai Jaypee Cement Limited	26	26
	Bokaro Jaypee Cement Limited	26	26
	S & T Mining Company Private Limited	50	50
	SAIL & MOIL Ferro Alloys Private Limited	50	50
	International Coal Ventures Private Limited	28.57	28.57
	SAIL-SCI Shipping Private Limited	50	50
	Steel SCL Kerala Limited	48.36	48.36
	SAIL-RITES Bengal Wagon Industry Private Limited (SRBWIPL)	50	50
	SAIL Kobe Iron India Private Limited	50	50
	SAL SAIL JVC Limited	26	26
	TMTSAL SAIL JV Limited	26	26
	Sail-Bengal Alloy Castings Private Limited	50	-
	Prime Gold-SAIL JVC Limited	26	-
	VSL SAIL JVC Limited	26	-
	Abhinav SAIL JVC 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;
- SJPPPL in Power generation; and
- SSPL in manufacture of Fertilisers.

28.3 The accounts of UECSAIL Information Technology Limited (USIT), Romelt SAIL (India) Limited, N.E. Steel & Galvanising Private Limited, North Bengal Dolomite Limited and SAIL Bansal Service Centre Limited (SBSCL), 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, SJPPPL 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

		(₹ in crore)	
		As at 31st March, 2014	As at 31st March, 2013
(i)	Claims against the Group pending appellate/judicial decisions against which the Group has counter claims of ₹26.85 crores (₹18.41 crores) * includes sales tax on inter-state stock transfers from SAIL plants to stockyards - ₹743.12 crores (₹740.94 crores) for which no liability is expected to arise, as sales tax has been paid on eventual sales	12484.92	7443.39
(ii)	Other claims against the Group not acknowledged as debts against which the Group has counter-claims of ₹103.95 crores (₹62.42 crores)	7534.78	5809.01
(iii)	Disputed income tax/service tax/ other demand on joint venture company for which company may be contingently liable under the joint venture agreement	30.39	29.33
(iv)	Bills drawn on customers and discounted with banks	47.94	66.89
(v)	Price escalation claims by contractors/suppliers and claims by certain employees, extent whereof is not ascertainable	-	-

30.2 In respect of SAIL:

a) Pending final decision by the Hon'ble Supreme Court of India in Special Leave Petition 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, the entry tax amount included in Note No. 30.1(i), includes disputed demand of ₹91.55 crore (₹81.64 crore). The Company has deposited ₹81.88 crore (₹70.57 crore) against the said demand which has been shown as deposit and disclosed under Long term Loans and Advances.

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 ₹1071.28 Crore (₹888.46 crore) in Chhattisgarh State and ₹214.81 crore (₹170.32 crore) in Odisha State respectively. In case of NSPCL, the entry tax amount in Note No. 30.1(i) includes disputed demand of ₹0.80 crore (₹0.68 crore) in the state of Odisha.

In respect of the case pertaining to Chattisgarh State, liability of ₹1071.15 crore (₹891.04 crore), based on legal opinion, has been provided in the books towards entry tax @3% against the demand @6%. The Company has deposited ₹1071.15 crore (₹891.04 crore) and ₹78.12 crore (₹53.74 crore) in Chhattisgarh and Odisha State

respectively against the said demand which has been treated as Deposit and disclosed under Long term Loans and Advances.

b) 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 ₹291.76 crore (₹217.40 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. 30.1(i). Against the said claim, the entire amount has been paid to DVC against bills raised by them, and disclosed under short term loans and advances.

c) Pending decision by 'Appellate Tribunal For Electricity', the claims of ₹ 79.30 crore (₹ 50.06 crore) made by Damodar Valley Corporation in respect of electricity supplied to Durgapur Steel Plant and Alloy Steels Plant of the Company, has been disclosed as contingent liability included in Note No. 30.1(i).

d) 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.

e) BCCL has claimed an amount of ₹60.21 crore towards 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.

f) The Contingent Liabilities stated in para 30.1 also include court/arbitration cases where the Company has lost the cases in first or subsequent appeals and has gone to appeal in the higher forums.

31. FIXED ASSETS

31.1 Land:

- Includes 66484.91 acres (67178.24 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 35902.82 acres (35903.35 acres) in respect of which title is under dispute.
- 8200.76 acres (10881.28 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.
- 6345.43 acres (6156.20 acres) given on lease to various agencies/employees/ex-employees.
- Includes 4066.88 acres (4262.42 acres) acres under unauthorised occupation.
- 824.86 acres (824.86 acres) of Land shown as deemed possession which is not in actual possession.
- ₹59.88 crore is lying under deposits (in respect of land already acquired) with the District & Sessions Judge, Bokaro during the year 2007 towards compensation payable to land losers.
- Vide Notification of Acquisition in the Gazette of India (Extraordinary) bearing No S.O. 1309(E) dated 08.06.2012 and No. S.O. 2484 E dated 13.10.2012, National Highway Authority of India Ltd (NHAI) has acquired 6.486 acres of Land of the Plant. The compensation for the land is under determination by NHAI and will be accounted for on final determination.

31.2 In case of SAIL, Buildings include net block of ₹22.58 crore (₹25.26 crore) and in case of SRCL, Land and Building includes ₹6.78 crore (₹6.78 crore) respectively for which conveyance deed is yet to be registered in the name of the Companies.

31.3 In case of SAIL, assets retired from active use and waiting for disposal amounting to ₹ 29.10 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.

In case of SRCL, in respect of Immovable Property, Revenue records, continue to remain in the name of Burn Standard Company Limited

31.4 a) Capital work in Progress includes ₹38.07 crore (₹107.17 crore) (Consultancy charges) in respect of some deferred capital schemes, which are to be implemented in the near future. Therefore, no provision is required at this stage.

b) Capital Work in Progress includes ₹115.38 crore (₹103.95 crore) 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.

c) Capital Work in Progress includes ₹122.03 crore (₹121.80 crore) in respect of 20 Hi Sendzimir Mill which could not be completed due to accident in the trailer carrying Mill Housing. The case filed by M/s. Waterbury Farrel, original supplier, was dismissed by Hon'ble District Court of Salem by their order dated 13.08.2013 and retendering process is going on to complete the balance portion of work on risk purchase basis.

31.5 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, 2014, the net foreign exchange variations of ₹340.44 crore (net debit) [₹134.53 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, 2014, an amount of ₹433.70 crore (net debit) [₹220.08 crore (net debit)] is yet to be depreciated/amortised as at 31st March, 2014.

31.6 Estimated amount of contracts remaining to be executed and not provided for (net of advances) on capital account are ₹13811.91 crore (₹17835.84 crore) and on revenue account, are ₹1459.72 crore (₹1085.96 crore).

32.1 As part of its Modernization and Expansion Plan / other Capital Schemes in IISCO Steel Plant, Burnpur of SAIL, in the opinion of the Management, the following Assets have become usable and have been capitalized after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during the year:

(₹ crore)

Sl. No.	Name of Package	Amount Capitalized	Date of Capitalization as taken by the Management	Depreciation charged for the year
1.	Coke Oven Battery & Related Facilities	1791.05	28/10/2013	37.66
2.	Sinter Plant & Related Facilities	2142.66	02/03/2014	8.69
3.	Wire Rod Mill & Related Facilities	681.97	14/10/2013	15.23
4.	Power Blowing Station	639.16	03/10/2013	15.81
5.	Others (including AMR schemes)	202.64		8.08
	Total	5457.48		85.47

32.2 As part of its Modernization and Expansion Plan / other Capital Schemes in Rourkela Steel Plant of SAIL, in the opinion of the Management, the following Assets have become usable and have been capitalized after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during the year:

(₹ crore)

Sl. No.	Name of Package	Amount Capitalized	Date of Capitalization as taken by the Management	Depreciation charged for the year
1.	Coal Handling Plant under 4.2 MTPA Expansion	341.67	01/03/2014	1.50
2.	RMHC New OBWP	630.71	01/03/2014	2.78
3.	New 7 Mtr COB-6 and related facilities	894.84	01/03/2014	3.94
4.	Set up of 1X300 Sqm Sinter Plant (PKG 020)	871.12	01/03/2014	3.83
5.	New Slab Caster	798.57	14/10/2013	21.08
6.	Set up of Boiler, Steam Turbine Generator, Back Pressure Turbine Generator and Balance of Plant (PKG 011)	488.40	15/03/2014	2.15
7.	Installation of New MSDS - IV, V, VI (PKG-087)	118.20	01/03/2014	0.52
8.	Others (including AMR Schemes)	705.45		73.05
	Total	4848.96		108.85

32.3 Further, an amount of ₹15502.02 crore, detailed below, is kept under Capital Work-in-Progress representing capital expenditure on various Packages/Schemes installed/under installation and in the opinion of the Management, not yet ready for operation. The same will be capitalized after completion of installation, trial run, removal of all defects and getting ready for commercial production:

(₹ crore)

Sl. No.	Name of the Plant	Amount
1.	IISCO Steel Plant (ISP)	9182.93
2.	Rourkela Steel Plant (RSP)	6319.09

32.4 In respect of SAIL/ISP, Boiler 3 (appearing in Note No. 11- Capital Work in Progress at a value of ₹37.00 crore) was damaged on 12th March, 2013 due to explosion. Insurance claim was lodged by the Contractor working on the project for the damages caused due to explosion. The insurance claim was refuted twice by the Insurer. However, the Contractor has been further pursuing the claim with the Insurer. In the meantime, a contract has been awarded to the same Contractor for repairing of the Boiler at a value of ₹22.00 crore, net of Cenvat. The amount on the repair job will be charged to Statement of Profit & Loss as and when it is incurred.

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 ₹95.48 crore (₹130.51 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. 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 2014 are as under:

(₹ in crore)

No.	Description	As at 31 st March' 2014	As at 31 st March' 2013
i.	The principal amount remaining unpaid to supplier as at the end of the year.	21.44	15.30
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 2014	31st March 2013
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.	-	-

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, additional liability of ₹22.30 crore has been provided towards supply of electricity by BPSCL, on account of completion of reconciliation of accounts pertaining to earlier years.

33.5 SAIL has stock of iron ore fines of 41.12 million tonnes (41.15 million

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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 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.

33.7 The long term lease against land of 15.43 acres has not been executed between SAIL and SRBWIP as per the Joint Venture Agreement entered on 14.09.2010 between SAIL and SRBWIP as of now. The company has taken loan from DENA Bank against Building, Plant & Machinery and Furniture & Fixtures on pre-disbursement condition that long term lease between SAIL and the Company to be executed within 36 months from the date of sanction i.e. 25th July, 2012.

34. STATEMENT OF PROFIT & LOSS

34.1 In respect of SAIL, Net Sales include sales to Government agencies recognised on provisional contract prices during the year ended 31st March 2014: ₹3257.40 crore (Previous year: ₹3617.90 crore) and cumulatively upto 31st March, 2014: ₹6900.19 crore (Previous year: ₹18288.38 crore). During the year, the provisional rates of supplies to Indian Railways have been finalised upto 31st March, 2012, resulting in decrease in net sales of ₹925.06 crore for the period from 1st January, 2008 to 30th June, 2010 and increase in net sales by ₹678.96 crore for the period from 1st July, 2010 to 31st March, 2012. As a result, the net sales and profit for the year are lower by ₹246.10 crore and ₹277.27 crore respectively.

34.2 Sales include Railway Receipts (RR) made upto 31st March, 2014 and endorsed in favour of the customers and retired upto the cut-off date i.e. 21st April, 2014.

34.3 In case of SAIL, Prior Period income includes:

- ₹120.94 crore towards write back of depreciation on fixed assets depreciated at 100% in earlier years as against 95% of the cost of fixed assets.
- ₹20.67 crore towards interest income on deposits made by Bokaro Steel Plant in the name of 'District & Sessions Judge - A/c Land' and utilised fully for payment to land owners in respect of land acquired by the Bokaro Steel Plant.

34.4 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.

34.5 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 ₹106.05 crore (₹145.07 crore) and ₹4.38 crore (₹2.56 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, 2014	31 st March, 2013
Employee Benefits Expenses	65.48	100.90
Cost of Materials Consumed	4.81	0.29
Stores & Spares Consumed	2.95	9.86
Power & Fuel	1.81	1.64
Repairs & Maintenance	2.62	2.42
Other Expenses & Provisions	26.18	26.28
Finance Cost	0.08	0.26
Depreciation	3.73	3.58
Sub-total	107.66	145.23
Less: Transferred to Inter Account Adjustments	1.61	0.16
Total	106.05	145.07

34.6 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 2014, 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, 2014 for IISCO Steel Plant, Alloy Steels Plant and 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 ₹8.51 crore as the net realisable value is higher than the book value. Similarly, the net realizable value of Pipe Coating Plant at RSP is higher than the book value at ₹40.30 crore.

34.7 During the year, the unspent carried forward amount of ₹17.19 crore on account of Corporate Social Responsibility (CSR) activities of SAIL, pertaining to the year 2012-13, was incurred in full. Against the approved budgeted amount of ₹40.00 crore towards the CSR activities for the year 2013-14, the Company spent ₹44.87 crore during the year.

34.8 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 additional depreciation amount on such assets at the rates prescribed in Schedule XIV is ₹6.40 crore.

34.9 In respect of SAIL, Information on leases as per Accounting Standard 19 on 'Leases':

- The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received upfront, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.
- In respect of assets taken on lease/rent: The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit and Loss during the year is ₹11.98 crore (₹11.18 crore).

34.10 After the expiry of long term wage agreements with non-executives on 31st December, 2011, SAIL entered into a Memorandum of Understanding with the Unions, for implementation of wage revision of non-executives w.e.f. 1st January, 2012. Accordingly, Employee Benefits Expense charged to the Statement of Profit & Loss and Expenditure During Construction (EDC) for the year ended 31st March, 2014 are inclusive of wage revision arrears of non-executives upto 31st March, 2013, amounting to ₹431.30 crore and ₹1.92 crore respectively. In case of SRCL, the wage revision for non-executives is due from 16th December, 2013. As per agreement, an amount of ₹0.40 crore and ₹2.67 crore has been provided towards Salary & Wages and additional Provision for Gratuity respectively.

34.11 As per the Department of Public Enterprises (DPE)'s Guidelines, the Company is required contribute 30% of salary (Basic Pay+ Dearness Allowance) in respect of executive employees as superannuation benefits, which may include Contributory Provident Fund (CPF), Gratuity, Pension and Post-Superannuation Benefits. From 1.1.2007 to 31.3.2013, the Company had been providing for Superannuation Benefits, as per details given in the table below. During the year, contribution rate to Post-retirement Medical Benefit (PRMB) Schemes for executive employees has been actuarially computed and as per the Actuary's Report dated 5th May, 2014, the cost of PRMB Schemes as a proportion of salary for the executive employees is 4.26%. To comply with the DPE's Guidelines relating to contribution to Superannuation Benefits within overall limit of 30% of salary of executive employees, the provision for pension benefit has been reduced from 12% to 9% (rounded-off) during the year, as per details given below:

Sl. No.	Superannuation Benefit	Percentage of Salary Provided by the Company	
		From 1.1.2007 to 31.3.2013	From 1.4.2013 to 31.3.2014
1.	Contribution to Provident Fund	12.00%	12.00%
2.	Gratuity	4.81%	4.81%
3.	Post-retirement Medical Benefits	1.19%	4.26%
4.	Pension (balance portion of Superannuation Benefits)	12.00%	8.93%

Further, as per Memorandum of Understanding entered on dated 25th January, 2014 between SAIL Management and the Unions of non-executives employees, pension benefit for non-executives has been agreed @6% of salary w.e.f. 1st January, 2012.

Keeping in view the above, an excess provision of other benefits for executive employees upto 31st March 2013, of ₹201.21 crore in Employee

Benefits Expense (EBE) and ₹9.63 crore in Expenditure During Construction (EDC), has been written back during the year, as per details given below:

(₹ crore)

Name of Plant/Unit	Write back of Provision for Other Benefits	
	Employee Benefit Expense	Expenditure during Construction
Bhilai Steel Plant	42.46	5.96
Durgapur Steel Plant	23.31	
Rourkela Steel Plant	28.32	2.36
Bokaro Steel Plant	40.13	1.31
IISCO Steel Plant	11.57	
Alloy Steels Plant	5.06	
Salem Steel Plant	4.78	
Visvesvaraya Iron & Steel Plant	3.77	
Raw Materials Division	7.96	
SAIL Refractory Unit	1.72	
Central Marketing Organisation	12.03	
Research & Development Centre	10.95	
Corporate Office	6.60	
Growth Division & Kulti Works	0.85	
Chandrapur Ferro Alloy Plant	1.7	
Total	201.21	9.63

34.12 In case of SRCL, the 1992 pay revision of the officers of Burn Standard Co. Ltd. was implemented on 1.1.2000 prospectively. No provision was created for the arrear amount.

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 Note No. 33.1 and 33.6 respectively of 'Other Notes to Financial Statements' forming part of the independent Financial Statements of SAIL.

35.2 Segment Reporting

- 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.
- Geographical segments have been considered for Secondary Segment Reporting, by treating sales revenue in India and foreign countries as separate geographical segments.
- In respect of SAIL, in the opinion of the management, the captive mines are not a reportable business segment of the Company as per Para 27 of 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.

The disclosure of segment-wise information is given at Annexure-I.

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
Nature of Relationship Key Management Personnel	SAL SAIL JVC Limited
	Prime Gold-SAIL JVC Limited
	VSL SAIL JVC Limited
	Abhinav SAIL JVC Ltd
	Name of the related party Shri C.S.Verma Shri Shuman Mukherjee (upto 1 st May, 2013) Shri Anil Kumar Chaudhary

Shri S.S. Mohanty Shri H.S. Pati Shri T.S.Suresh Shri Kalyan Maity Shri Binod Kumar (w.e.f. 3 rd December 2013) Shri N.K. Kothari Shri A. Maitra Shri P.K. Singh Shri S. Chandrasekaran Shri G.S. Prasad Shri P.S. Bhadauria Shri S.S. Verma Shri A. Bandopadhyay Shri S. Hanumantha Rao Shri M.N. Rai Shri M.R. Panda Shri S. Varadarajan Shri Raman Shri Somdev Das Shri K.K. Singh Shri A.J. Malhotra (upto 12 th August, 2013) Shri Randev Mitra (w.e.f. 13 th August, 2013) Shri Rahul Kumar Shri R.K. Singh Shri J.K. Arora Shri Sahil Arora Shri S.K. Dey Shri Viresh Oberoi Shri Harsh vardhan Sachdev
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B. Details of transactions between the Company and the Related Parties during the Year

(₹ in crore)

Sl. No.	Particulars	Associate/Joint Ventures	Key Management Personnel	Total	Note No. and account head
i)	Other Loans and Advances	-	(0.04)	(0.04)	13 : Long term Loans and Advances
ii)	Services rendered	4.34 (0.90)	-	4.34 (0.90)	21: Other income
iii)	Rental Income	0.19 (0.02)	-	0.19 (0.02)	
iv)	Interest Income	-	-	-	
v)	Sale of Goods	70.78 (56.88)	-	70.78 (56.88)	20 : Revenue from Operations
vi)	Services received	41.38 (33.48)	-	41.38 (33.48)	26 : Other Expenses
		1.80 (1.26)	-	1.80 (1.26)	11 : Capital WIP
vii)	Managerial Remuneration	-	7.76 (7.98)	7.76 (7.98)	24: Employees' Benefits Expenses

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

(₹ in 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	0.14 (0.27)	18 : Short Term Loans and Advances
iv)	Trade Receivable	2.88 (2.19)	16 : Trade Receivables
v)	Trade Payable	5.03 (2.71)	7 : Trade Payables
vi)	Security Deposit	0.33 (0.32)	4 : Other long Term Liabilities

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D. Disclosure of Material Transactions with Related Parties

(₹ crore)

	For the year ended 31st March, 2014	For the year ended 31st March, 2013	Note No. and account head
Sale of Goods			
Bhilai Jaypee Cement Limited	25.76	26.12	20 : Revenue from Operations
Bokaro Jaypee Cement Limited	45.02	30.76	
Services Rendered			
Bhilai Jaypee Cement Limited	4.34	0.90	21 : Other income
Bokaro Jaypee Cement Limited	0.17	0.02	
Mjunction Services Limited	0.02	-	
Auction Services			
Mjunction Services Limited	38.38	29.12	26 : Other Expenses
	1.80	1.26	11 : Capital WIP
Consultancy Received			
S & T Mining Co. Pvt. Limited	1.22	1.90	11 : Capital WIP
Conversion Charges			
SAIL-Bansal Services Centre Ltd.	1.78	2.46	26 : Other Expenses

- 35.4 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:

SAIL

(₹ crore)

	As on 31st March 2014	As on 31st March 2013
Deferred Tax Liability		
Difference between book and tax depreciation	3527.79	2947.63
Total	3527.79	2947.63
Deferred Tax Assets		
Retirement Benefits	164.76	101.53
Others	1322.57	1117.57
Total	1487.33	1219.10
Net Deferred Tax Liability	2040.46	1728.53

SRCL

	As on 31st March, 2014	As on 31st March, 2013
Deferred Tax Liability		
Difference of Book and tax depreciation	0.15	0.20
Deferred Tax Assets		
Retirement Benefits	0.87	0.21
Others	0.00	0.00
Total Deferred Tax Assets	0.87	0.21
Net Deferred Tax Assets	0.72	0.01

NSPCL

	2013-14	2012-13
Deferred Tax Liability		
Difference of Book depreciation and tax depreciation	195.72	211.71
Less : Deferred Tax Assets		
Provisions & Other Disallowances for tax purpose	5.32	9.52
	190.40	202.19
Less : Recoverable from customer	-	17.05
Net Deferred Tax Liability	190.40	185.14

MSL

Particulars	Deferred tax assets/(liabilities) as at 01.04.2013	Current year Charge / (Credit)	Deferred tax assets/(Liabilities) as at 31.03.2014
Deferred Tax Liabilities			
Difference between book and tax depreciation	(1.63)	0.32	(1.95)
Total Deferred Tax Liability	(1.63)	0.32	(1.95)
Deferred Tax Assets			
Difference between book and tax depreciation			
Provision for Compensated Absences	0.27	0.03	0.24
Provision for doubtful debts	0.11	0.04	0.07
Provision for Gratuity	0.07	0.01	0.06
Others	0.25	0.02	0.23
Total Deferred Tax Assets	0.70	0.10	0.60
Net Deferred Tax Assets/(Liabilities)	(0.93)	0.42	(1.35)

BJCL

Sl. No.	Particulars	2013-14	2012-13
1.	Deferred Tax liability on account of - Timing difference in WDV of Fixed Assets	24.21	(22.48)
2.	Deferred Tax Assets on account of :		
	- Employees' Benefits	0.18	0.22
	- Unabsorbed Business Loss	8.17	0.22
	- Unabsorbed Depreciation	31.37	26.05
	- Others	-	-
	Net Deferred Tax Liabilities/(Assets)	(15.51)	11.99

BOJCL

Sl. No.	Particulars	2013-14	2012-13
1.	Deferred Tax liability on account of - Timing difference in WDV of Fixed Assets	15.32	12.53
2.	Deferred Tax Assets on account of :		
	- Employees' Benefits	0.09	0.06
	- Others	0.00	9.42
		0.09	9.48
	Net Deferred Tax Liability/(Assets)	15.23	3.05

BPSCCL

Deferred Tax Asset / Liability included in Balance Sheet comprises of	2013-14	2012-13
Deferred Tax Assets:		
Gratuity	(1.58)	(1.78)
Leave Salary	(1.39)	(1.62)
Post Retirement Medical Benefits	(0.25)	(0.39)
Settlement Benefit	(0.03)	(0.03)
Long Term Service Award	(0.01)	(0.01)
	3.26	(3.83)
Deferred Tax Asset/Liability :		
Depreciation	(5.11)	(1.44)
Net Deferred Tax Assets	(8.37)	(5.27)

- 35.5 Since there was no transaction during the year 2012-13, in case of SAIL-Bengal Alloy Castings Private Limited and Abhinav SAIL JVC Limited, previous year figures have not been consolidated. The previous year figures considered this year are not same as those of the figures considered in the consolidated financial statements for the year 2012-13 due to unaudited financial statements of certain joint venture companies being audited during the year. Figures for the previous year have been considered based on audited/unaudited financial statements received for the Financial Year 2013-14. Since the accounts of SAIL Bansal Service Centre Limited for the current year have not been consolidated, the previous year figures for the same have also not been considered for comparative purpose.

- 35.6 The previous year's figures have been re-arranged/re-grouped/re-cast, wherever necessary. Figures in brackets pertain to previous year.

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, 2014 and the annexed Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year ended on that date.

We report that:

- 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	127.15	143.08
SAIL Sindri Projects Limited	0.05	0.00
SAIL Jagdishpur Power Plant Limited	0.04	0.00

(₹ Crore)		
Name of the Joint Venture Company	Assets	Revenues
NTPCSAIL Power Company Private Limited	1707.89	883.50
Mjunction Services Limited	118.25	68.40
Bhilai Jaypee Cement Limited	232.03	181.43
Bokaro Jaypee Cement Limited	193.24	193.31
S & T Mining Company Private Limited	3.77	1.38
SAIL-RITES Bengal wagon Industry Private Limited	31.26	0.06
SAIL-BENGAL Alloy Castings Private Limited	0.45	0.00
Prime Gold-SAIL JVC Limited	0.37	0.00
SAIL SCI Shipping Pvt. Ltd.	0.07	0.01

- 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, 2014 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 Associate Company	Share of Profit
Almora Magnesite Limited	(-) 0.39

(₹ Crore)		
Name of the Joint Venture Company	Assets	Revenues
Bokaro Power Supply Company Private Limited	529.84	395.29
SAIL & MOIL Ferro Alloys Pvt. Ltd.	6.92	0.07
International Coal Ventures Private Limited	6.85	0.00
SAIL SCL Kerala Limited	26.33	10.82
SAIL Kobe Iron India Private Limited	0.25	0.00
SAL SAIL JVC Limited	0.07	0.00
TMTSAL SAIL JV Limited	0.01	0.00
VSL-SAIL JVC Limited	0.25	0.00
Abhinav SAIL JVC Limited	0.02	0.00

- The Accounts of IISCO-Ujjain Pipe & Foundry Company Limited, another Subsidiary Company of SAIL have not been consolidated as the said company is under liquidation.
- The Accounts of UEC SAIL Information Technology Limited (USIT), Romelt SAIL (India) Limited, N.E. Steel & Galvanising Private Limited, North Bengal Dolomite Limited and SAIL Bansal Service Centre Limited, 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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

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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

1. The Company has not provided for;

- entry tax amounting to ₹91.55 crore (current year ₹9.91 crore) in the state of Uttar Pradesh, ₹1071.28 crore (current year ₹182.82 crore) in the state of Chhattisgarh and ₹214.81 crore (current year ₹44.49 crore) in the state of Odisha (refer note no.30.2(a));
- claims of ₹291.76 crore (current year ₹74.36 crore) by DVC for supply of Power (refer note no. 30.2(b));

- In respect of Rourkela Steel Plant (RSP), depreciation and interest has been short provided by ₹104.92 crore and ₹28.74 crore respectively (refer note no. (32.2)). resulting in overstatement of profit by ₹133.66 crore and fixed assets by similar amount
The total impact of para (1) to (2) has resulted in overstatement of profit for the year by ₹445.24 crore, cumulative Profit by ₹1803.06 crore, understatement of Liability by ₹1669.40 crore, overstatement of fixed assets by ₹133.66 crore (including interest during construction ₹28.74 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, 2014;
- 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

- Claims/demands against the Company 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));
- Sales to Government agencies recognised on provisional contract prices (refer note no.34.1);
- Capitalisation at IISCO Steel Plant (valuing ₹5457.48 crore) during the financial year (refer note no.32.1);
- Capital work-in-progress includes ₹115.38 crore in respect of Steel processing Unit at Bettiah not yet capitalised (refer note no.31.4(b));
- Balance confirmation, reconciliation and consequential adjustments, if any (refer note no. 33.3);
- Reversal of pension component of employee benefit expenses of ₹201.21 crores and expenditure during construction ₹9.63 crores (refer note no. (34.11));
- Prior period income includes ₹120.94 crores towards write back of depreciation on certain fixed assets, erroneously depreciated earlier at 100% instead of 95% required as per the Company's policy and Schedule XIV of the Companies Act, 1956 read with section 205 and 350 of the Companies Act, 1956. (refer note no. (34.3(a)));
- prior period income includes interest of ₹20.67 crore received on short term deposits held in the name of District & Session Judge A/c land, for payment to land oustees (refer note no.(34.3(b)));
- Net realisable value of assets retired from active use (refer note no.31.3);
- Explosion of Boiler No.3, lying in capital work-in-progress valuing ₹37.00 crore at IISCO Steel Plant. Loss due to damage, if any, is not yet determined (refer note no.32.4);

NTPC SAIL Power Company Private Limited

Capital expenditure on assets not owned by the company is written off in four years.

SAIL SCI Shipping Private Limited

Refer Note No.33.6 to the financial statements with respect to Paid-up Share Capital of the Company.

SAIL-RITES Bengal Wagon Industry Private Limited

Refer to Note No. 33.7 to the financial statements with respect to long term lease as per Joint Venture Agreement.

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 Regn No.: 001135N
sd/-

[M.K. Juneja]
Partner
(M. No. 013117)

For O.P. Totla & Co.
Chartered Accountants
Firm Regn No.: 000734C
sd/-

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

For B.N. Misra & Co.
Chartered Accountants
Firm Regn No.:321095E
sd/-

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

Place : New Delhi
Dated : 6th August, 2014

PRINCIPAL EXECUTIVES AS ON 01.08.2014

CORPORATE OFFICE	STEEL PLANTS / UNITS	
NEW DELHI Chairman C. S. Verma Directors <i>Finance</i> Anil Kumar Chaudhary <i>Technical</i> S. S. Mohanty <i>Personnel</i> H. S. Pati <i>Commercial</i> Binod Kumar <i>Projects & Business Planning</i> T. S. Suresh <i>Raw Materials & Logistics</i> Kalyan Maity Executive Directors <i>Vigilance</i> D. Bartaria <i>Power, Elec. & SAILCON</i> Tejveer Singh <i>Coal Import Group</i> Ms. Arti Luniya <i>Personnel & Administration</i> Atul Srivastava <i>Operations & I/c EMD</i> N. Bhattacharya CMMG S. K. Garg <i>Chairman's Sectt.</i> P. S. Srivastava <i>Law & PLO</i> Jagmohan Sharma <i>Finance & Accounts</i> O. P. Arora M&HS Dr. S. K. Gupta – Dir. <i>Logistic & Infra.</i> D. K. Sama ICVL A. K. Mathur O.S.D. S. Mukherjee Chief of Corporate Affairs R.K. Singhal Secretary, SAIL M.C. Jain Safety Executive Director B. B. Mishra Growth Division General Manager A. K. Dutta Management Training Institute Executive Director (HRD) M. R. Panda	STEEL PLANTS/UNITS Bhilai Steel Plant <i>Chief Executive Officer</i> S. Chandrasekaran Executive Directors <i>Personnel & Administration</i> L. T. Sherpa <i>Works</i> Y. K. Degan <i>Projects</i> S. B. Jagdale I/c S. K. Pradhan M&HS Dr. Subodh Hiran – Dir I/c <i>Materials Management</i> R. K. Nehru <i>Mines</i> S. K. Saha P. K. Sinha <i>Finance & Accounts</i> N. K. Kapila Durgapur Steel Plant <i>Chief Executive Officer</i> P. K. Singh Executive Directors <i>Personnel & Administration</i> S. K. Mishra <i>Finance & Accounts</i> R. K. Sarda <i>Projects</i> Amit Kumar Ray <i>Works</i> Madhusudan <i>Materials Management</i> Shantanu Chakravarty Rourkela Steel Plant <i>Chief Executive Officer</i> G. S. Prasad Executive Directors <i>Personnel & Administration</i> M. Misra <i>Works</i> A. Kumar <i>Materials Management</i> Umesh Kumar <i>Projects</i> Shishir Kr. Acharya M. K. Das M&HS Dr. A. K. Singh – Dir I/c Bokaro Steel Plant <i>Chief Executive Officer</i> A. Maitra Executive Directors <i>Personnel & Administration</i> S. Prasad <i>Finance & Accounts</i> A. Kumar <i>Projects</i> M. Ravi Varma <i>Works</i> A. Bandyopadhyay <i>Materials Management</i> S. Dasgupta	BPSC R. Bhargava M&HS Dr. M. Anant Kekre – Dir. I/c IISCO Steel Plant Executive Directors I. C. Sahu I/c <i>Works</i> R. K. Rath <i>Personnel & Administration</i> Dr. N. Mohapatra <i>Finance & Accounts</i> Sudhir Kumar <i>Projects</i> R. N. Das I/c A. K. Rath <i>Materials Management</i> H. Bhattacharjee Alloy Steels Plant Executive Director S. Das Salem Steel Plant Executive Director Raman Visvesvaraya Iron & Steel Plant Executive Director M. Ravi UNITS Research & Development Centre for Iron & Steel Executive Director Dr. B. K. Jha Raw Materials Division Executive Director Alok Shrivastava <i>Personnel & Administration</i> R. K. Sharma <i>Projects</i> K. K. Jain Centre for Engineering & Technology Executive Director Neeraj Mathur Central Marketing Organisation Executive Directors <i>Finance & Accounts</i> Amitava Sarkar <i>Marketing – Long Product</i> S. R. Rai <i>Marketing – Flat Product</i> P. K. Mishra <i>Marketing – Commercial</i> Alok Sahay <i>Marketing – ITD</i> T. K. Sahu Transport & Shipping Executive Director P. Raychaudhary SAIL Refractory Unit Executive Director S. Kaul Chandrapur Ferro Alloy Plant. Executive Director P. S. Bhaduria Collieries Executive Director U. K. De

NOTICE

STEEL AUTHORITY OF INDIA LIMITED

REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD, NEW DELHI-110003

CIN: L27109DL1973GOI006454

NOTICE IS HEREBY GIVEN THAT the 42nd Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Tuesday, the 23rd September, 2014 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 31st March, 2014 together with Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri S. S. Mohanty (DIN: 02918061), who retires by rotation at this Annual General Meeting and is eligible for re-appointment.
3. To appoint a director in place of Shri H. S. Pati (DIN:05283445), who retires by rotation at this Annual General Meeting and is eligible for re-appointment.
4. To fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the Financial Year 2014-2015.
5. To confirm payment of Interim Dividend @ 20.20% of the Paid-up Equity Share Capital by the Company in the month of February, 2014 as Final Dividend for the Financial Year 2013-14.

SPECIAL BUSINESS

6. To appoint Shri Binod Kumar (DIN: 06379761) as a Whole Time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Shri Binod Kumar, (DIN: 06379761) who was appointed as an Additional Director of the Company by the Board of Directors under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company 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 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To appoint Shri R. S. Sharma (DIN: 00013208) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Shri R.S. Sharma (DIN: 00013208), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company 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 under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3(three) consecutive years for a term upto 18th February, 2017."
8. To appoint Shri N.C. Jha (DIN: 00657309) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149

and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Shri N.C. Jha (DIN: 00657309), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company 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 under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3(three) consecutive years for a term upto 18th February, 2017."

9. To appoint Shri D.K. Mittal (DIN:00040000) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Shri D.K. Mittal (DIN:00040000), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company 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 under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3(three) consecutive years for a term upto 18th February, 2017."

10. To appoint Smt. Parminder H. Mathur (DIN:00077306) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Smt. Parminder H. Mathur (DIN: 00077306), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company 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 under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3(three) consecutive years for a term upto 18th February, 2017."

11. To raise funds upto ₹5,000 crore through issue of Bonds/Debentures on Private Placement basis and in this regard to consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to make Offer(s) or Invitation(s) to raise funds through Private Placement of Secured Non-convertible Debentures/Bonds of up to ₹ 5,000 crore, in one or more tranches to such person or persons, including eligible investors (whether residents and/or non-residents and/or institutions/incorporate bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or

one or more international markets), Non-resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Developments Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, companies, private or public, or other entities, authorities and such other persons, who may or may not be the bond/debenture holders of the Company, in one or more combinations thereof, including the green-shoe option (within overall limit of Rs.5,000 crore, as stated above), as the Board may, at its sole discretion decide on such terms and conditions as may be finalized by the Board or any Committee thereof as may be approved and authorized by the Board or such other functionary of the Company as may be approved by the Board/ or such Committee."

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to authorize the Committee of the Board to determine the terms of the Issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration/undertaking, etc. required to be included in the Private Placement Offer Letter and any other regulatory requirement for the time being in force."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/ or a Committee thereof as may be approved and authorized by the Board, if any, be and are hereby authorized to do all necessary acts, deeds, actions, and other things and to take all such steps as may be required or considered necessary or incidental thereto for giving effect to this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or to any one or more Directors of the Company."

12. To create mortgage and/or charge over the movable and immovable properties of the Company and in this regard to consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution**:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 180 (1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws and provisions of Articles of Association of the Company, to the Board of Directors of the Company (the "Board") or any Committee thereof, to create charge, hypothecation, mortgage, pledge in addition to existing charges, mortgages and hypothecations created by the Company on any movable and/or immovable properties of the Company wheresoever situated, both present and future and on the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of any banks, financial institutions, hire purchase/lease companies, body corporate, trustees for the holders of Debentures/Bonds/Other

Instruments/Securities or any other persons on such terms and conditions and covenants as the Board or the Committee thereof may think fit for securing borrowings of funds, availed or to be availed, from time to time, by way of Term Loans, External Commercial Borrowings, issue of Debentures/Bonds, etc. not exceeding the limit prescribed under Section 180(1)(c) of the Companies Act, 2013.

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted and approved by the Board of Directors) be and is hereby authorized, and it shall always be deemed to have been so authorized to finalize and execute with the lenders the requisite agreements, documents, deeds and writings for borrowing and/or creating the aforesaid mortgage(s) and / or charges and to do all such other acts, deeds and things and to take all such steps as may be required or considered necessary or incidental thereto for giving effect to the above resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or to any one or more Directors of the Company."

13. To ratify the remuneration of the Cost Auditors of the Company for the Financial Year 2014-15 and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 9,50,000/- plus service tax as applicable and reimbursement of Daily Allowance, travelling expenses and out of pocket expenses to be paid to the Cost Auditors viz. M/s. Sanjay Gupta & Associates, New Delhi (for Bokaro Steel Plant and Rourkela Steel Plant), M/s. K. C. Kohli & Co., New Delhi (for Bhilai Steel Plant, Durgapur Steel Plant and IISCO Steel Plant) and M/s. R.J. Goel & Co., New Delhi (for Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron and Steel Plant) for the Financial Year 2014-15, as approved by the Board of Directors, be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors



(M.C. Jain)
 Secretary

New Delhi
 Dated: 23rd August, 2014
 Registered Office: Ispat Bhawan, Lodi Road, New Delhi-110003.
 CIN: L27109DL1973GOI006454

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Notes:

1. The relevant Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013, in respect of the business Item Nos.6 to 13 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 BLANK PROXY FORM IS ENCLOSED.
A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.
4. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.
5. The Register of Members of the Company will remain **closed from 12th August, 2014 to 29th August, 2014 (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 2006-07 (Interim). The Company has, thereafter, paid/declared the following dividends:

Year	Interim Dividend (%)	Final Dividend (%)
2006-2007	-	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	4.00
2013-2014	20.20	-

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 at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
11. In compliance with provisions of Clause 35B of the Listing Agreement and Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to all the Shareholders of the Company in respect of items to be transacted at this Annual General Meeting. Details regarding User ID and Password including instructions for e-voting are provided in this Notice. All members are requested to read those instructions carefully before casting their e-vote. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not be allowed to vote again at the Meeting. Members who have not voted electronically can cast their vote at the venue of AGM.
12. **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.
13. **Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.**
14. **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 102(1) OF THE COMPANIES ACT, 2013.

Item No. 6

On nomination by the President of India vide Government's Notification No.6(2)/2013-SAIL-PC-Vol.II dated 2nd December, 2013, Shri Binod Kumar (DIN: 06379761) was appointed as an Additional Director of the Company with effect from 2nd December, 2013 subject to his re-appointment by the shareholders in the Annual General Meeting. His tenure as Director is for a period of five years from 2.12.2013 or till the date of his superannuation or until further orders, whichever is earliest. He is liable to retire by rotation in terms of provision of the Companies Act, 2013. In terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company, he would hold office upto the date of the ensuing Annual General Meeting. The notice under Section 160 of the said Act has been received from a member proposing the name of Shri Binod Kumar as a candidate for the office of Director of the Company.

Shri Binod Kumar, aged 57 years, is a B.Tech. in Metallurgy from IIT/Kanpur. Shri Kumar joined SAIL's marketing team in 1980. In his over 33 years of service in SAIL, Shri Kumar held several important positions in the Central Marketing Organisation of the Company, which manages the country's largest steel marketing network. He has also worked closely with the SAIL Plants and R&D centre in the development of a number of commercially viable steel grades for specific strategic applications.

Shri Binod Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Save and except Shri Binod Kumar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution set out at Item No.6 of the Notice.

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.

Item No. 7

On nomination by the President of India vide Government's Notification No.6(5)/2013-SAIL(PC) dated 18th February, 2014, Shri R. S. Sharma (DIN: 00013208) was appointed as an Additional Director of the Company with effect from 19th February, 2014. His tenure as non-official part-time Director is for a period of three years with effect from 19th February, 2014 or until further orders, whichever is earlier. In terms of the provisions of Section 161(1) of the Act, Shri R.S. Sharma would hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Shri R.S. Sharma for the office of Director of the Company.

Shri R.S. Sharma, aged 63 years, is the former Chairman and Managing Director of India's premier national oil company-Oil and Natural Gas Corporation Ltd. (ONGC). He was also concurrently the Chairman of ONGC Videsh Ltd. (OVL), Mangalore Refinery & Petrochemicals Ltd (MRPL) and five other ONGC Group companies during 56 month period May, 2006 to January, 2011.

Shri R.S. Sharma, a Fellow Member of the Institute of Cost Accountants of India (earlier Institute of Cost & Works Accountant of India) and an

Associate Member of the Indian Institute of Bankers, has participated in various management programmes in India and overseas. Prior to joining ONGC in the middle management level, he has functioned as Regional Head of Finance for overseas operation of another PSU. Shri Sharma has also had over 10 years banking experience with specialized experience in Credit Appraisal. Shri R.S. Sharma had led ONGC and Group Companies to a commendable height of corporate excellence.

He is currently having diverse assignments and Board positions as under:

- | | |
|---|--|
| • Chairman | - Lloyd's Register-South West Asia |
| • Chairman | - Hydrocarbon Committee, FICCI |
| • Chairman | - Quality Review Board, Institute of Cost Accountants of India |
| • Promoter - Director | - Corevalues Consulting Pvt. Ltd. |
| • Director | - Avendus Capital Pvt. Ltd. |
| • Non Executive Non Independent - Jubilant Energy NV Director | |
| • Non Official Part Time Director | - Dedicated Freight Corridor Corporation of India Ltd. |
| • Non Official Part Time Director | - Rail Vikas Nigam Ltd. |
| • Director | - Steag O&M Company Pvt Ltd. |
| • Independent Director | - Steel Authority of India Ltd. |
| • Additional Director | - Hinduja Leyland Finance Ltd. |

While Shri Sharma was instrumental for ONGC getting numerous awards and accolades for its various activities, he himself was also conferred with several prestigious awards and accolades. Out of his personal accolades a few are worth mentioning, like CNBC TV18 CFO Award in 2005, 2006, 2007; Amity Corporate Leadership Award in 2009; CII Outstanding Performance Award in 2010; ICONOCLAST CEO Award in 2010 and Star Lifetime Achievement Award for HR Leadership in February, 2011.

Shri R.S. Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri R.S. Sharma that he meets with the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act.

Save and except Shri R.S. Sharma and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution set out at Item No.7 of the Notice.

Keeping in view the vast expertise and knowledge of Shri R.S. Sharma, 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.

Item No. 8

On nomination by the President of India vide Government's Notification No.6(5)/2013-SAIL(PC) dated 18th February, 2014, Shri N.C. Jha (DIN: 00657309) was appointed as an Additional Director of the Company with effect from 19th February, 2014. His tenure as non-official part-time Director is for a period of three years with effect from 19th February, 2014 or until further orders, whichever is earlier. In terms of

the provisions of Section 161(1) of the Act, Shri N.C. Jha would hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Shri N.C. Jha for the office of Director of the Company.

Shri N.C. Jha, aged 62 years, superannuated from Coal India Limited, a Maharatna CPSU as its Director (Technical) and CMD (Addl. Charge) in January, 2012. He holds B.Tech and M.Tech degrees in Mining Engineering from Indian School of Mines, Dhanbad with First Class Manager's Certificate to manage Coal Mines from DGMS. During his career spanning 37 years in Coal India Limited, he specialised in the areas of Planning & Design of Underground and Open Cast Mines, Quality Control of the coal supplies and Coal Resource Development. For his outstanding contribution to the Mining Industry, he received awards like, "National Geo-Science Award 2009 in Mining Technology" from the Vice- President of India, "D.D. Thakkar Award of 2011" from Mining Geological and Metallurgical Institute of India (MGMI) and "Eminent Engineering Personality Award for 2011" from the Institution of Engineers (India). He is a past President of MGMI and a Fellow of the Institution of Engineers (India).

Shri Jha has served on the Boards of Coal India Limited, Central Mine Planning & Design Institute Ltd, Bharat Coking Coal Limited, South Eastern Coalfields Ltd, International Coal Ventures Pvt. Ltd., Monnet Ispat & Energy Limited, MP Monnet Mining Company Ltd and Urtan North Mining Company Ltd. At present, he is also on the Board of MSTC Limited (earlier Metals & Scrap Trading Corporation) and Chair Professor (Sandvik Chair) at ISM, Dhanbad, engaged in teaching and guiding research projects.

Shri N.C. Jha is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri N.C. Jha that he meets with the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act.

Save and except Shri N.C. Jha and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution set out at Item No.8 of the Notice.

Keeping in view the vast expertise and knowledge of Shri N.C. Jha, 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.

Item No. 9

On nomination by the President of India vide Government's Notification No.6(5)/2013-SAIL(PC) dated 18th February, 2014, Shri D.K. Mittal (DIN:00040000) was appointed as an Additional Director of the Company with effect from 19th February, 2014. His tenure as non-official part-time Director is for a period of three years with effect from 19th February, 2014 or until further orders, whichever is earlier. In terms of the provisions of Section 161(1) of the Act, Shri D.K. Mittal would hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Shri D.K. Mittal for the office of Director of the Company.

Shri Dinesh Kumar Mittal, aged 61 years, is a former Indian Administrative Service (IAS) officer of 1977 batch of UP cadre. He is a B.Sc. and M.Sc. (Physics) from University of Allahabad. During 36 years as a Public Servant he has had hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agricultural Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance. He was Secretary to the Government of India in the Ministry of Corporate Affairs and also in the Ministry of Finance, Department of Financial Services. He has held directorship in various CPSEs and Private organizations like, IL&FS Infrastructure Development Corporation, Reserve Bank of India, SBI, Life Insurance Corporation of India, Exim Bank of India, IIFCL and

IIFCL (UK). He is currently holding the position of Director in several Companies as under : Business Strategy Advisory Services Pvt. Ltd., Max Life Insurance Company Limited, Balrampur Chini Mills Ltd., Shivalik Mercantile Cooperative Bank, HSBC Asset Management (India) Pvt. Ltd., Bharti Airtel Ltd. and ONGC Tripura Power Co. Ltd.

Shri D.K. Mittal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Shri D.K. Mittal that he meets with the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act.

Save and except Shri D.K. Mittal and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution set out at Item No.9 of the Notice.

Keeping in view the vast expertise and knowledge of Shri D.K. Mittal, 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.

Item No. 10

On nomination by the President of India vide Government's Notification No.6(5)/2013-SAIL(PC) dated 18th February, 2014, Smt. Parminder H. Mathur (DIN:00077306) was appointed as an Additional Director of the Company with effect from 19th February, 2014. Her tenure as non-official part-time Director is for a period of three years with effect from 19th February, 2014 or until further orders, whichever is earlier. In terms of the provisions of Section 161(1) of the Act, Smt. Parminder H. Mathur would hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Smt. Parminder H. Mathur for the office of Director of the Company.

Smt. Parminder H. Mathur, aged 64 years, is a former Indian Administrative Service (IAS) Officer 1974 batch of Himachal Pradesh Cadre and retired as Additional Chief Secretary to the Government of Himachal Pradesh. She is a post graduate in Political Science and an M.B.A. from Leeds University, U.K.

During her 35 years as a public servant she has worked in several key sectors like Industries, Labour & Employment, Transport, Women & Child Development, Social Justice & Empowerment, Relief & Rehabilitation, Disaster Management, Food & Civil Supplies, Rural Development etc. She has extensive experience in Human Resource Development, Personnel Management, Vigilance Management, Gender Sensitisation & Women Empowerment.

She has been associated with Public Sector Undertakings in her capacity as Managing Director of HP States Small Industries & Export Corporation and as Director in several State Public Sector Undertakings such as HP Financial Corporation, State Industrial Development Corporation, and HP State Civil Supplies Corporation. She has held Director level posts in two Navratna CPSEs viz Hindustan Petroleum Corporation Ltd. and Videsh Sanchar Nigam Ltd.

Smt. Parminder H. Mathur is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. The Company has received a declaration from Smt. Parminder H. Mathur that she meets with the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act.

Save and except Smt. Parminder H. Mathur and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution set out at Item No.10 of the Notice.

Keeping in view the vast expertise and knowledge of Smt. Parminder H. Mathur, Board considers it desirable that the Company should continue to avail itself of her services as a Director and recommend this Resolution for approval of the shareholders.

Item No.11

Your Company has taken up a massive Modernisation & Expansion programme of its Plants and also for augmentation of Raw Material supplies from its own mines. The expansion programme has been decided to be funded through a mix of debt and equity. The Company has already spent about ₹53,270 crore on its expansion programme till 31.03.2014. A sum of ₹9,000 crore is planned to be spent during the current Financial Year 2014-15. In order to part finance this expenditure, your Company plans to borrow about ₹5,000 crore during the year. On analysis of the various options of raising funds through borrowing in Domestic and International Market, it has been decided by the Board of Directors to raise the funds through private placement of Secured Non-convertible Debentures/ Bonds to the extent of ₹5,000 crore during the year.

The provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 mandate the Company to seek approval of shareholders by means of a Special Resolution for raising funds through private placement of non-convertible debentures/bonds. Accordingly, approval of Shareholders for the resolution as set out in Item No.11 of the Notice is being sought to borrow funds by Offer or Invitation to subscribe to Secured Non-convertible Debentures / Bonds for an amount upto ₹ 5,000/- crore. This resolution would be valid for the period of one year from the date of this AGM. The terms of conditions of Secured Non-convertible Debentures / Bonds shall be decided by the Board of Directors / Committee thereof or any one or more Directors, as may be required.

The Board recommends the Resolution for your approval as Special Resolution.

None of your Directors or relatives of the Directors and other Key Managerial Personnel are concerned or interested, financial or otherwise, in the said resolution.

Item No.12

Your Company has taken up a massive Modernisation & Expansion programme of its Plants and also augmentation of Raw Material supplies from its own mines. The expansion programme has been decided to be funded through a mix of debt and equity. The borrowings of the Company are in general required to be secured by mortgages / charges / hypothecation or encumbrances on all or any of the movable or immovable properties of the Company. It is proposed to seek consent of the members in terms of Section 180(1)(a) of the Companies Act, 2013 to enable the Company to create charge, hypothecation, mortgage, pledge on any movable, immovable properties of the Company both

present and future and on the whole or substantially the whole of the undertaking or undertakings of the Company and wherever situated upto the limit prescribed under Section 180(1)(c) of the Act and to authorize the Board to take necessary action in this regard.

In view of the above, your Directors recommend to the members to pass a Special Resolution under the provisions of Section 180(1)(a) of the Companies Act, 2013 in order to enable the Board of Directors of the Company to create mortgage and / or charge for securing the borrowings of the Company, as and when necessary.

None of the Directors and / or Key Managerial Personnel or their relative(s) is / are concerned or interested in the resolution.

Item No.13

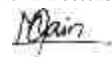
The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 11th August, 2014 has considered and approved the appointment of M/s. Sanjay Gupta & Associates, New Delhi (for Bokaro Steel Plant and Rourkela Steel Plant), M/s. K. C. Kohli & Co., New Delhi (for Bhilai Steel Plant, Durgapur Steel Plant and IISCO Steel Plant) and M/s. R.J. Goel & Co., New Delhi (for Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron and Steel Plant) as the Cost Auditors of the Company for the Financial Year 2014-15, at a total remuneration of ₹9,50,000/- plus service tax as applicable, reimbursement of Daily Allowance, travelling expenses and out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on the recommendation of the Audit Committee, is required to be subsequently ratified by the Members of the Company. Accordingly, the resolution for ratification of the fee of the Cost Auditors as set out at Item No. 13 of the Notice is submitted for approval of the Shareholders.

None of the Directors and/or Key Managerial Personnel of the Company and / or their relatives are concerned or interested in the resolution.

The Board recommend the resolution for your approval.

By order of the Board of Directors



(M.C. Jain)
 Secretary

New Delhi

Dated: 23rd August, 2014

Registered Office: Ispat Bhawan, Lodi Road, New Delhi-110003

CIN: L27109DL1973GOI006454

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 S.S. Mohanty	Shri H.S. Pati
Date of Birth	14-6-1956	2-3-1955
Date of Appointment	15-3-2012	1-5-2012
Expertise in Specific functional areas	Production, Planning and Management of Steel Plants	Human Resource Management
Qualifications	M.Sc. Engg. (Mech) & PG Diploma in Indl Mgt.	MA (Economics) & DSW
List of Companies in which outside Directorship is held.	• S & T Mining Co. Pvt. Ltd. – Director • International Coal Ventures Pvt. Limited – Director • Indian Iron & Steel Sector Skill Council – Addl. Director	-
Chairman/Member of the Committees of the Board of the Companies on which he is a Director.	-	SAIL • Stakeholders Relationship Committee - Member

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The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field
- Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234.

DOB Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on 11th August, 2014 in the Dividend Bank details field.
- (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (x) Click on the EVSN for STEEL AUTHORITY OF INDIA LIMITED on which you choose to vote.
 - (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy *

(*) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

- (A) The voting period begins on 15th September, 2014 at 9.00 AM and ends on 17th September, 2014 at 6.00PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 11th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Wenceslaus Furtado on toll free number 1800 200 5533.

Other Information:

1. Shri Sachin Agarwal, Practising Company Secretary, has been appointed as a Scrutiniser to scrutinize the e-voting process in a fair and transparent manner.
2. The Scrutiniser shall within a period of not exceeding three (3) working days from conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in the employment of the Company and will make a Scrutiniser's Report of votes cast in favour or against, if any, forthwith to the Chairman of the meeting.
3. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date (i.e. record date), being 11th August, 2014.
4. The Results on resolutions shall be declared at or after Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
5. The Results declared along with the Scrutinizer's Report shall be available on the website of the Company (www.sail.co.in) and on M/s CDSL's website (www.cdslindia.com) within two (2) days of passing of the resolutions and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.



STEEL AUTHORITY OF INDIA LIMITED

CIN: L27109DL1973GOI006454

Registered Office: Ispat Bhawan, Lodi Road, New Delhi - 110 003

Tel: +91 11 24367481, Fax: +91 11 24367015, E-mail: investor.relation@sailco.com, Website: www.sail.co.in

ATTENDANCE SLIP

42nd Annual General Meeting to be held on Tuesday, 23rd September, 2014 at 10.30 hours

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
*Folio No.	
DP ID No./ Client ID No.	
No. of Shares Held	
NAME OF PROXY (IN BLOCK LETTERS, TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF THE MEMBER)	

I, hereby record my presence at the 42nd Annual General Meeting of the Company to be held on Tuesday, 23rd September, 2014 at NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001.

* Applicable in case of Shares held in Physical Form

Member's/Proxy's Signature _____

NOTE:

- 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.
- Entry to the hall will be strictly on the basis of admission card as provided by R&TA.
- Members in person/Proxy holders may please carry photo-ID card for identification/verification purposes.
- Shareholder(s) present in person or through registered proxy shall only be entertained.
- 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).
- No gifts will be distributed at the Annual General Meeting.

STEEL AUTHORITY OF INDIA LIMITED

CIN: L27109DL1973GOI006454

Registered Office: Ispat Bhawan, Lodi Road, New Delhi - 110 003

Tel: +91 11 24367481, Fax: +91 11 24367015, E-mail: investor.relation@sailco.com, Website: www.sail.co.in

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	
Registered address	
Folio No./DP ID-Client ID	
Email ID	

I/We, being the member(s) of shares of the above named company, hereby appoint:

1. Name: Address:
E-mail Id: Signature: , or failing him

2. Name: Address:
E-mail Id: Signature: , or failing him

3. Name: Address:
E-mail Id: Signature: , or failing him

as my /our proxy and to vote (on a poll) for me /us and on or my /our behalf at the 42nd Annual General Meeting of the Company to be held on 23rd September, 2014 at 1030 hours and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No. Resolutions

Ordinary Business

- To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 31st March, 2014 together with Directors' and Auditors' Reports thereon.
- To appoint a director in place of Shri S.S. Mohanty (DIN: 02918061), who retires by rotation at this Annual General Meeting and is eligible for re-appointment.
- To appoint a director in place of Shri H.S. Pati (DIN: 05283445), who retires by rotation at this Annual General Meeting and is eligible for re-appointment.
- To fix the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India for the Financial Year 2014-2015.
- To confirm payment of the Interim Dividend @ 20.20% of the Paid-up Equity Share Capital by the Company in the month of February, 2014 as Final Dividend for the Financial Year 2013-14.

Special Business

- To appoint Shri Binod Kumar (DIN: 06379761) as Whole Time Director
- To appoint Shri R.S. Sharma (DIN: 00013208) as an Independent Director for a period of three years.
- To appoint Shri N.C. Jha (DIN: 00657309) as an Independent Director for a period of three years.
- To appoint Shri D.K. Mittal (DIN: 00040000) as an Independent Director for a period of three years.
- To appoint Smt. Parminder H. Mathur (DIN: 00077306) as an Independent Director for a period of three years.
- To raise funds upto ₹ 5,000 crore through issue of Secured Non-convertible Debentures/ Bonds on Private Placement basis.
- To create mortgage, charge, etc. on the properties of the Company for securing the borrowings.
- To ratify Remuneration of Cost Auditors of the Company for the Financial Year 2014-15.

Signed this day of 2014

Signature of Member(s).....

Signature of proxy holder(s).....

NOTE:

This Proxy Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Ispat Bhawan, Lodi Road, New Delhi-110003 not less than 48 hours before the commencement of the Annual General Meeting.

Please
affix
₹ 1
Revenue
Stamp

STEEL AUTHORITY OF INDIA LIMITED

CIN: L27109DL1973GOI006454

Registered Office: Ispat Bhawan, Lodi Road, New Delhi - 110 003

Tel: +91 11 24367481 Fax: +91 11 24367015, E-mail: investor.relation@sailco.in, Website: www.sailco.in

Ref No: SAIL/B&CA/AR/2014

Date: 01.08.2014

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 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@sailco.in or send a letter at the following address.

MCS Limited, Unit: SAIL, F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi- 110020

OR COMPANY ADDRESS as mentioned above.

You can also download the registration form our website: www.sailco.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-1
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.sailco.in
- 3) Shareholders are requested to keep Company informed as and when there is any change in the e-mail address. Unless the e-mail ID given hereunder is changed by you by sending another communication in writing the Company will continue to send the notices / documents to you the above mentioned e-mail ID
- 4) If shares held in electronic mode, kindly register your e-mail id with your DP.



A MAHARATNA COMPANY

THE SAIL NETWORK



CORPORATE OFFICE	UNIT	COMMISSIONING AGENCY	★	BRANCH SALES OFFICES	★
INTEGRATED STEEL PLANTS	COLD HEAT EXCHANGERS	SALES RESIDENT MANAGER	★	1. NORTHERN REGION	★
ALLOY AND SPECIAL STEEL PLANTS	REGIONAL OFFICES	CUSTOMER CONTACT OFFICE	★	2. EASTERN REGION	★
PIONEERING ALLOY PLANT	DISTRIBUTION WAREHOUSE	SAIL REFRACTORY UNIT (SRI)	★	3. WESTERN REGION	★
		TRANSPORT & SHIPPING OFFICE	★	4. SOUTHERN REGION	★

There's a little bit of SAIL in everybody's life

BOOK POST

*Permitted to post on prepayment of postage in cash at BPC, SJ Stg., New Delhi - 110003, under CPMG, Delhi Circle, Licence No. DEL/BDM/BPC SJ Stg./SAIL/06/22-08-2014 to 28-08-2014/170238/13 dated 14-08-2014.

To,



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED

www.sail.co.in

There's a little bit of SAIL in everybody's life