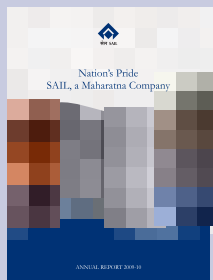




Nation's Pride
SAIL, a Maharatna Company

ANNUAL REPORT 2009-10



The Government of India has accorded the status of 'Maharatna' to Steel Authority of India Limited (SAIL) through a memorandum issued on 19th May 2010. Three other Central Public Sector Enterprises - Indian Oil Corporation Limited, NTPC Limited and Oil & Natural Gas Corporation Limited - have also received 'Maharatna' status.

The objective of the Maharatna Scheme, which was introduced by the Government on 4th February 2010, is "to delegate powers to the Boards of identified large-sized Navratna CPSEs so as to facilitate expansion of their operations, both in domestic as well as global markets".

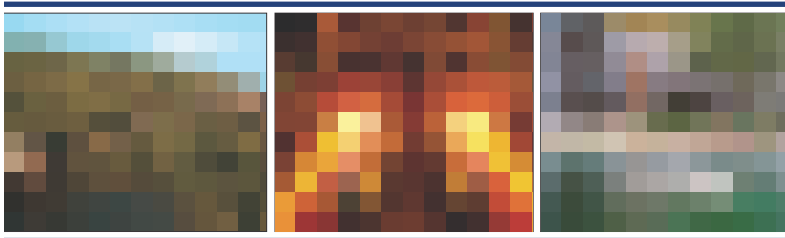


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SAIL fulfilled all the eligibility criteria set by the Government for achievement of Maharatna status as given below:

- Having Navratna status.
- Listed on Indian stock exchange, with minimum prescribed public shareholding under SEBI regulations.
- An average annual turnover during the last 3 years of more than ₹ 25,000 crore.
- An average annual net worth during the last 3 years of more than ₹ 15,000 crore.
- An average annual net profit after tax during the last 3 years of more than ₹ 5,000 crore.
- Significant global presence or international operations.



Subject to the condition that its Board has the requisite number of non-functional Directors, SAIL has been delegated the following powers as a Maharatna:

1. To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.
2. To enter into technology joint ventures or strategic alliances.
3. To obtain by purchase or other arrangements, technology and know-how.
4. To effect organisational restructuring, including establishment of profit centres, opening of offices in India/abroad, creating new activity centres, etc.
5. To create below Board level posts upto E-9 level and to wind up all below Board level posts. The SAIL Board will have powers to make all appointments, effect internal transfers and redesignation of all below Board level posts.
6. To structure and implement schemes relating to personnel and human resource management and training.
7. To raise debt from the domestic capital markets and from international markets, the latter being subject to the approval of RBI/Department of Economic Affairs, as may be required, and should be obtained through the Ministry of Steel.
8. To make equity investment to establish financial joint ventures and wholly owned subsidiaries and undertake mergers & acquisitions, in India or abroad, subject to a ceiling of 15% of the company's net worth, limited to ₹ 5,000 crore in one project. The overall ceiling on such investments in all projects put together will not exceed 30% of the net worth of SAIL. While normally the investment would be done directly by SAIL, in cases where it proposes to invest through a subsidiary into another joint venture, and also provide the additional capital for this purpose, the above stipulations would be in the context of SAIL.
9. The SAIL Board shall have the powers for mergers & acquisitions, subject to the conditions that (a) it should be as per the growth plan and in the core area of SAIL's functioning, and (b) the Cabinet Committee on Economic Affairs would be kept informed in case of investments abroad. Further, the powers relating to mergers & acquisitions should be exercised in such a manner that it should not lead to any change in the public sector character of SAIL.
10. SAIL Chairman is empowered to approve business tours abroad of functional Directors up to 5 days duration (other than study tours, seminars, etc.) in emergency, under intimation to the Secretary, Ministry of Steel.

The performance of SAIL as a Maharatna will be reviewed annually by the Inter-Ministerial Committee, and thereafter by the Apex Committee headed by the Cabinet Secretary.



vision

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

CREDO

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

We uphold highest ethical standards in conduct of our business.

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

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

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



Highlights 2009-10

- ❖ SAIL registered a turnover of ₹ 43,935 crore.
- ❖ EBITDA of ₹ 11,871 crore - a growth of 8.5%.
- ❖ Profit Before Tax (PBT) of ₹ 10,132 crore, higher by 8% - second highest since inception.
- ❖ Profit After Tax (PAT) of ₹ 6,754 crore, higher by 9.5%.
- ❖ Highest ever Net Worth of ₹ 33,317 crore, surpassing previous best of ₹ 28,148 crore - a growth of 18.4%.
- ❖ Total Dividend payout (including interim dividend of 16%) at 33% (₹ 1,363 crore).
- ❖ Earning Per Share of ₹ 16.35 as compared to ₹ 14.94 of 2008-09.
- ❖ Produced 14.5 million tonnes of Hot Metal, 13.5 million tonnes of crude steel and 12.6 million tonnes of saleable steel.
- ❖ Cost Reduction initiatives resulted in savings of around ₹ 1,082 crore.
- ❖ Share of value added steel in overall production grew to 37% compared to 30% in 2008-09.
- ❖ Record production of special quality and value added products of 4.62 million tonnes, a growth of 24% over FY'09.
- ❖ Best ever coke rate at 517 Kg/thm (1% improvement).
- ❖ Best ever specific energy consumption at 6.72 Gcal/tcs (Previous best of 6.74 Gcal/tcs achieved in FY'09).
- ❖ Highest ever labour productivity of 226 tonnes/ man/ year.
- ❖ Highest ever converter lining life of 11,036 blows achieved in a converter at BSP in September'09, surpassing previous best of 10,115 blows.
- ❖ Best ever sales of 4.45 million tonnes of long products, higher by 3% over last year.
- ❖ Distribution network expanded to 630 districts of the country with around 2500 dealers in place.
- ❖ Capex touched ₹ 10,606 crore more than twice the previous year (₹ 5,223 crore).
- ❖ Erstwhile Bharat Refractories Limited (BRL) merged with SAIL in July'09 and renamed SAIL Refractory Unit (SRU) and also acquired the assets of Malvika Steel Limited at Jagdishpur in Uttar Pradesh during the year.



Awards & Accolades in 2009-10

The performance of SAIL has been widely recognised by all stakeholders including leading financial institutions/ rating agencies and industry bodies, winning several awards/accolades in various fields. Some are:

- At the SCOPE & DPE function held in Oct'09, SAIL had the unique distinction of bagging four awards from Hon'ble Prime Minister, which was highest amongst all PSUs. This included, SCOPE Gold Trophy for "Excellence & Outstanding Contribution to the Public Sector Management" - Institutional Category 2006-07, two MoU Excellence Awards in the categories "Mining & Metals" and "Listed Companies" for the year 2007-08 and the highest individual award conferred by SCOPE - "Excellence & Outstanding Contribution to the Public Sector Management - Individual Category" to Chairman, SAIL for 2007-08.
- 24 SAIL employees, out of the total 52 employees have been selected for the Prime Minister's Shram Award from across the country. Out of the 24 awardees, 6 are to be conferred with Shram Vir award (from SAIL, Rourkela Steel Plant), while 18 with the Shram Shree awards (from SAIL, Bhilai Steel Plant).
- SAIL employees bagged the maximum no. of Viswakarma awards, declared in the country in Aug'09, amongst both private and public sector organisations. 63 employees of SAIL received Vishwakarma Award 2007 - 52% of total workmen awarded in the country.
- SAIL's Bhilai Steel Plant (BSP) bagged Prime Minister's Trophy for Best Integrated Steel Plant in India for the years 2006-07 and 2007-08 on 15th Feb 2010. With this BSP has gained the unparalleled distinction of being the only Steel Plant in the country, public or private, to have been honoured with 9 prestigious Prime Minister's trophy out of 16 times so far.
- SCOPE Meritorious Award for "Corporate Social Responsibility & Responsiveness 2008-09", conferred to SAIL.
- SAIL won Annual FICCI Award 2008-09 in the category of "The Vision Corporate Triple Impact - Business Performance: Social & Environmental action and globalization Award".
- Eight Gold, one Silver and six Bronze awards won by SAIL employees' teams in the International Quality Circle meet held in Philippines in 2009 - highest for any organisation in the country.
- In the National Convention of Quality Circles held in 2009, 22 "par-excellence", 33 "excellent" and 5 "distinguished" awards were bagged by SAIL teams, which is the highest won by any single organization in the country.
- Gold Trophy of "SCOPE Meritorious Award for R&D, Technology Development & Innovation" for 2007-08 conferred to SAIL.
- Seven Indian Institute of Metals Awards won by SAIL which included Metallurgist of the year award, MECON award, National Sustainability award to BSP and SSP.





- Institution of Engineers (India) awarded the Dr. M. Visvesvaraya Award - 2009 and the SAIL Award 2009 to SAIL RDCIS teams.
- SAIL won the National Centre for promotion of employment for disabled people (NCPEDP) - Shell Helen Keller Award 2009 in the organizational category for promotion of employment to disabled people.
- SAIL was awarded "SAFA Best Presented Accounts Award 2008" in the PSE category (Runner Up) by South Asian Federation of Accountants (SAFA).
- "India Pride Awards" by Dainik Bhaskar for Excellence in PSU - Metals, Minerals & Trade category to SAIL.
- "PSU Excellence Award" by Indian Chamber of Commerce to SAIL.
- "Golden Peacock National Quality Award" for the year 2010 from Institute of Directors, New Delhi in recognition of continuous thrust on quality to BSP.
- "Performance Excellence Award" 2007-08 for Enterprise Excellence on Financial & Operational Strength by Indian Institute of Industrial Engineering to BSP.
- "INSSAN Award" 2007-08 from Indian National Suggestion Scheme Association, in recognition of excellence in implementation of Suggestion Scheme to BSP.
- "National Energy Conservation Award" 2009 from Ministry of Power in recognition of efforts in energy conservation to BSP.
- "Golden Peacock OHS Award" 2008-09 from Institute of Directors, in recognition of occupational Health & Safety to DSP.
- "ISTD Award" 2008-09 from Indian Society for Training & Development, in recognition of Innovative HR Practices & Training Practices to DSP.
- "National Energy Conservation (NEC) Award-2009" (first prize) in the Integrated Steel Plant Sector from Ministry of Power, in recognition of planned and strategic initiatives towards energy conservation to DSP.
- "Golden Peacock Innovation Management Award" from Institute of Directors for its initiatives towards encouraging innovation to DSP.
- "Greentech Environment Excellence Gold Award" for the 6th consecutive year to RSP.
- "CII (ER) Productivity Award" 2008-09 from CII (Eastern Region), Kolkata in recognition of enhancing productivity to BSL.
- "Performance Excellence Award" 2007-08 from Indian Institute of Industrial Engineering, Mumbai in recognition of Excellent Performance.
- "Greentech Environment Excellence Award 2009" - Gold category from Greentech Foundation to BSL.
- "INSSAN Award" 2008-09 from Indian National Suggestion Scheme Association, in recognition of Suggestion based on Posters & Slogans to BSL.
- Government of Tamil Nadu conferred Industrial Relations - 2007 Award to Salem Steel Plant.
- International Quality Award in the gold category by business initiative direction, Madrid, Spain to VISL.



Board of Directors

(As on 21st August 2010)

Chairman

Shri C.S. Verma

Functional Directors

Finance

Shri Soles Bhattacharya

Commercial

Shri S.S. Ahmed

Technical

Shri V.K. Gulhati

Personnel

Shri B.B. Singh

Managing Directors

Rourkela Steel Plant

Shri S.N. Singh

Durgapur Steel Plant

Shri P.K. Bajaj

Bokaro Steel Plant

Shri S.S. Mohanty

Government Directors

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

Shri G. Elias
Joint Secretary
Ministry of Steel, Government of India

Independent Directors

Prof. Deepak Nayyar

Shri A.K. Goswami

Dr. Jagdish Khattar

Prof. Subrata Chaudhuri

Secretary

Shri Devinder Kumar

Bankers

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

Statutory Auditors

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

Chartered Accountants

M/s. Chaturvedi & Co.

Chartered Accountants

M/s. Tej Raj & Pal

Chartered Accountants

Registered Office

Ispat Bhawan, Lodi Road, New Delhi-110003

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