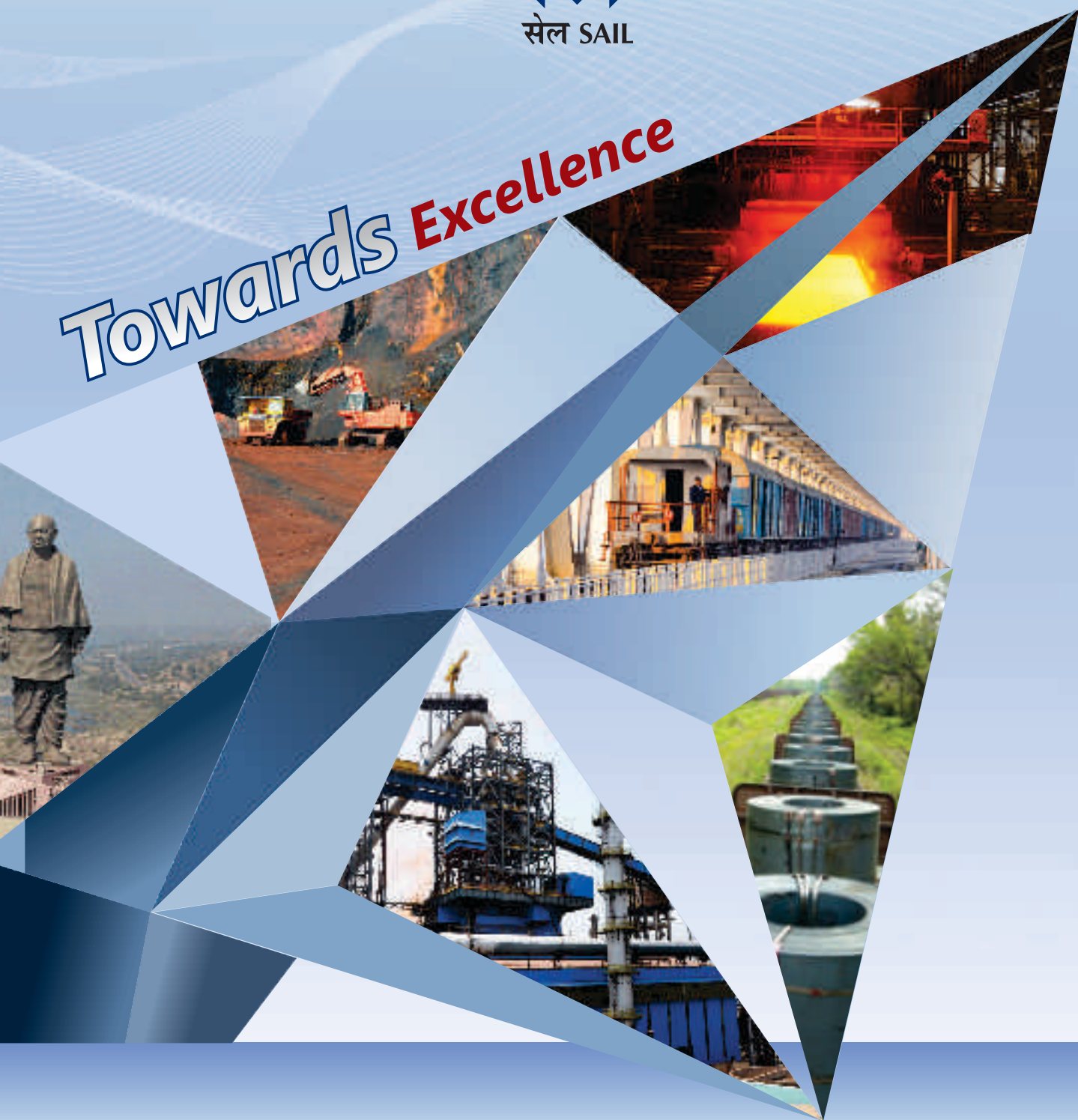




Towards Excellence



**ANNUAL
REPORT**

2020-21

Shri Narendra Modi Hon'ble Prime Minister of India Appreciates SAIL's Efforts in the fight against COVID





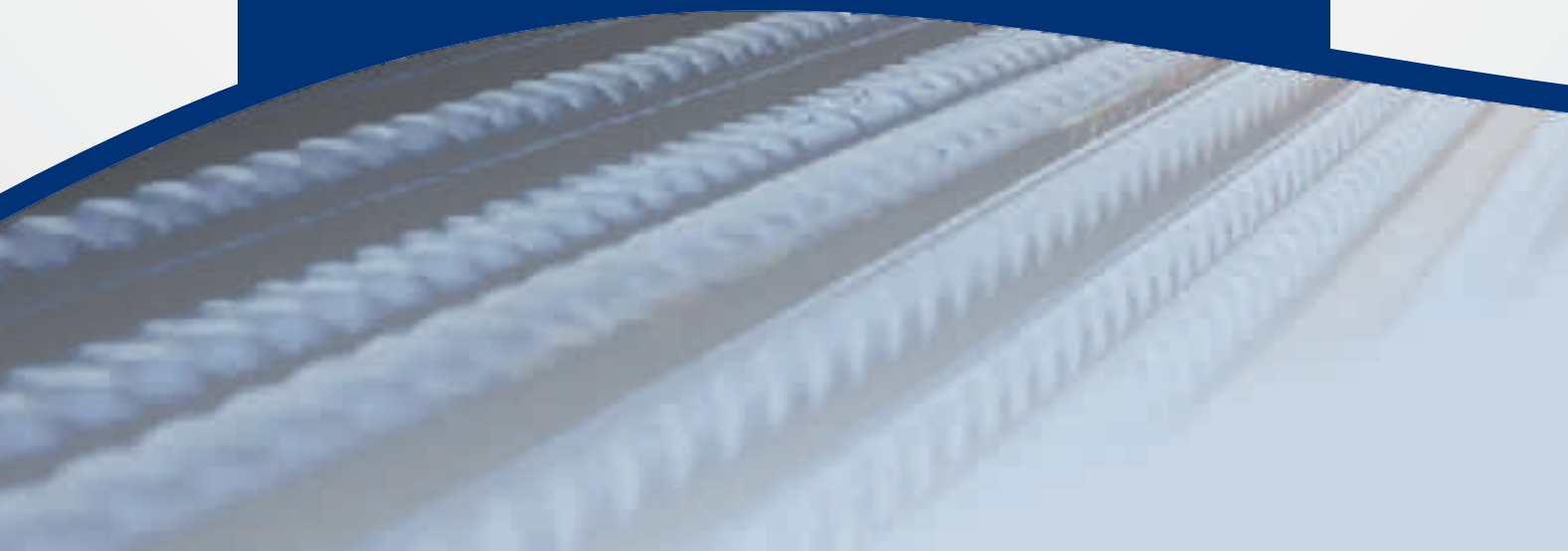
ATMANIRBHAR BHARAT built on the strength of SAIL Steel

- Agriculture • Energy • Housing • Sky Scrapers • Stadiums • Roads • Bridges • Highways
- Railways • Metros • Airports • Ports • Ships • Space Exploration • Hospitals • Construction
- Pipelines • Manufacturing • Defence

TO BE A RESPECTED WORLD-CLASS CORPORATION AND
THE LEADER IN INDIAN STEEL BUSINESS IN QUALITY,
PRODUCTIVITY, PROFITABILITY AND
CUSTOMER SATISFACTION.



VISION



WE BUILD LASTING RELATIONSHIPS WITH CUSTOMERS BASED
ON TRUST AND MUTUAL BENEFIT.

WE UPHOLD HIGHEST ETHICAL STANDARDS IN
CONDUCT OF OUR BUSINESS.

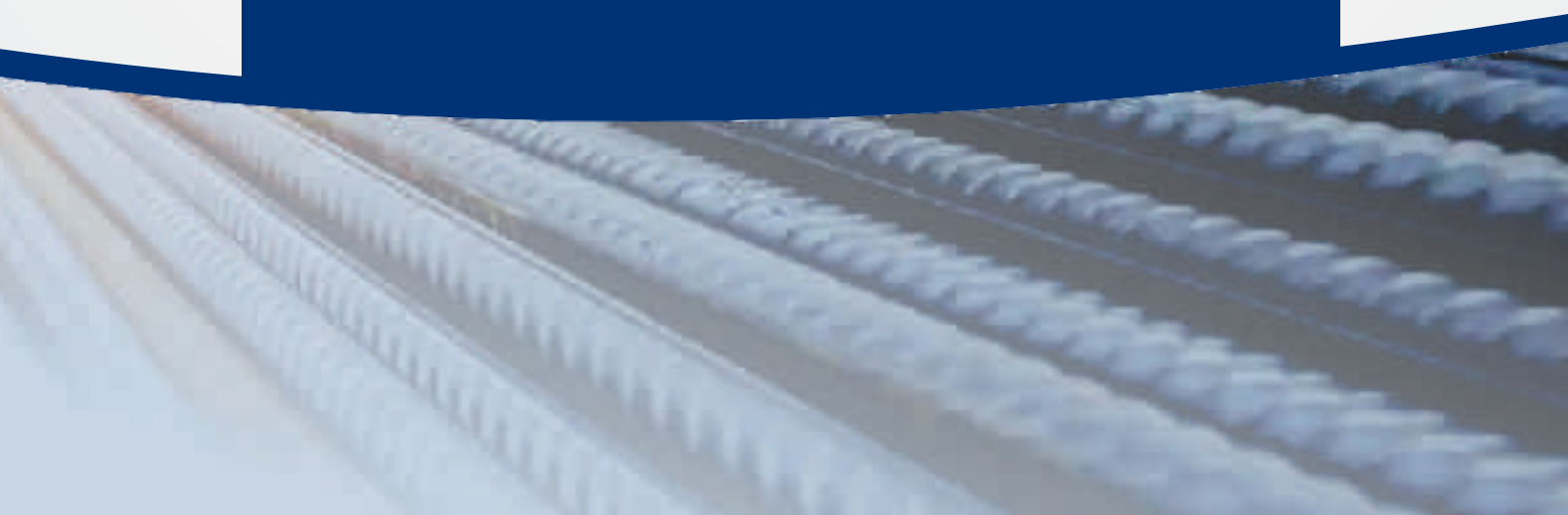
WE CREATE AND NURTURE A CULTURE THAT SUPPORTS
FLEXIBILITY, LEARNING AND IS PROACTIVE TO CHANGE.

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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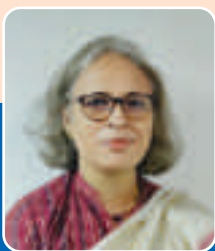
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Letter to Shareholders

Dear Shareholders,

It is my pleasure to present to you the Annual Report of the Company for the Financial Year 2020-21. As you all are aware, the year gone by saw one of the severest challenges ever faced by mankind. Covid-19 Pandemic has affected everyone across the globe, as a direct risk to the health and lives as well as threatening the livelihood by bringing down the economies. While the numbers which peaked significantly during the waves have since come down drastically, the comfort of having done away with the Pandemic has not yet been found.

Before I touch upon the performance of the Company, let me brief you on the various proactive measures taken by your Company to counter this ruthless pandemic. Your Company activated a scaled response towards management of Covid-19 at its Plants, Units, Mines and Townships. Your Company implemented the desired lockdown rules and other social distancing norms for breaking the chain of transmission of Covid-19 virus in the peripheral areas of Steel Plants and Units. SAIL Plants and Units are using full-body automatic sanitizers, touch-free hand-sanitizers, water dispensers, spraying disinfectants, using digital thermal recorders at prominent locations.

On the infrastructure front for Covid care, SAIL Hospitals at five Integrated Steel Plant locations initially earmarked 10% of the beds (330 beds) for Covid care which were later increased to more than 1000 beds. Your Company has also set up additional Covid care facilities at the integrated plant locations totalling to 1100 beds with gaseous oxygen facility from the respective Plant. SAIL Hospitals have also developed Covid-19 testing facilities like RAT, RTPCR, TRU-NAT in coordination with respective State Governments where regular testing of peripheral population is underway.

Partnering with the Nation in its fight against Covid-19, SAIL contributed ₹25 crore to the PM CARES Fund during FY'21. Your Company also stepped forward in making available the Liquid Medical Oxygen in different states. Till date, we have supplied more than One Lakh Tonne of Liquid Medical Oxygen.

Coming to the performance of your Company during FY'21, the year started on a disappointing note for the reasons mentioned above. As the demand for steel products in the domestic markets practically dissipated, your Company seized the available opportunity in the form of exports to sustain its cash flows and liquidity position. Production was regulated in line with the demand. The efficiency pointers or the techno-economic parameters also saw a major degradation due to operation of facilities at sub-optimal levels.

However, as the markets opened upon relaxations in lockdown, the demand started to surge. Your Company was aware of the situation and taking advantage of the same, set records in terms of sales volumes month after month. This helped the Company in pulling off its best ever annual sales performance of 14.937 Million Tonne (MT), growth of 5% over previous year. With simultaneous rise in the realisations, your Company achieved its highest ever annual sales turnover of ₹ 68,452 crore during the Financial Year, growth of more than 12% over previous year.

Your Company achieved its highest ever annual EBITDA or the Gross Margin at ₹13,740 crore on the back of improved operational performance as well as benevolent market conditions in the post lockdown period. Overcoming the challenges in the initial months of the fiscal, the Techno-economic Parameters viz., Coke Rate, CDI Rate and BF Productivity at 448 kg/thm, 78 kg/thm and 1.81 t/m³/day respectively recorded best ever statistics underlining the consistent efforts made by the Company in the area of efficiency improvement. The Profit Before Tax (PBT) at ₹ 6,879 crore is the highest during last ten years, more than doubling over previous year's performance. The Profit After Tax (PAT) was also the highest during the decade at ₹3,850 crore though it was impacted by the one-time hit of ₹1,289 crore from adoption of the new tax

regime under Section 115BAA. Other factors which affected the profitability are detailed in the Annual Report.

However, the highlight of the financial performance without a shadow of doubt was reduction in the leverage position. Your Company has reduced its debts from ₹51,481 crore as on 31st March, 2020 to ₹35,350 crore as on 31st March, 2021, a massive reduction of more than ₹16,000 crore. Consequently, the debt-equity for the Company improved to 0.87 as against 1.36 as on previous year end.

On the production front, Financial Year 2020-21 was impacted significantly due to Covid-19 Pandemic, yet the persistent efforts of SAIL Collective ensured growth quarter after quarter. The last quarter of the fiscal saw the Company achieve its best ever quarterly statistics in terms of Hot Metal, Crude Steel and Saleable Steel produced at 4.978 MT, 4.557 MT and 4.419 MT respectively, thus helping to bridge the deficit from the levels achieved in the previous year. The annual production of Hot Metal, Crude Steel and Saleable Steel stood at 16.582 MT (17.438 MT in FY'20), 15.215 MT (16.155 MT in FY'20) and 14.602 MT (15.083 MT in FY'20) respectively. The Company continued to increase production through concast route and reached 14.733 MT vis-à-vis 14.607 MT achieved during FY'20. The Company has completely stopped production through inefficient THF route. The saleable steel production from new facilities increased to 5.199 MT, growth of 8% over CPLY (4.799 MT).

A large number of new initiatives were undertaken across all the Plants for process improvements, with special emphasis on productivity & quality improvement, product development & commercialization, energy conservation and automation. The continuous activities in respect of product development have led to development of 17 new Steel Products during FY 2020-21 which will strengthen the Country in strategic areas such as shipbuilding, auto, railway, infrastructure & construction, etc. Some of these products have been developed from the newly commissioned production facilities, the most prominent among them being R-260 Rails, API X70 Plates, Wire Rods Coils in High Carbon/EN8 and EWNr, WDG4 Wheels, etc. The Plant wise details are provided in the Annual Report.

On the raw materials front, your Company met its entire requirement of iron from its captive sources. SAIL's captive mines produced about 30.06 MT of iron ore. However, for input requirements like coal and fluxes, the production from captive sources at 0.55 MT and 1.77 MT respectively was not enough to meet the entire requirement and accordingly, the Company had to depend on indigenous as well as foreign suppliers. Another noticeable area under Raw Materials was sale of iron ore. After obtaining permission from the respective State Governments in Odisha and Chhattisgarh, your Company was able to sell 3.2 MT of the mineral. The permission, however, is still awaited in the State of Jharkhand.

On the environment front, your Company has drawn its environmental vision in consonance with the Corporate Environmental Policy, which not only addresses the need for compliance of stipulated norms but also emphasises on striving to go beyond. While the SAIL Plants and Mines operate their processes without disturbing the ecological balance, they have also been taking all appropriate measures to restore and rehabilitate the degraded eco-system, to maintain and enhance bio-diversity. These include ecological restoration of mined out areas, fresh plantation, bio-sequestration of CO₂, enhancing utilization of wastes, utilization of renewable energy sources, etc. Structured plantation programmes are being carried out every year in the SAIL Plants and Mines. More than 1.72 lakh saplings were planted during the FY 2020-21, taking the cumulative plantation by SAIL to 21.21 million.

As a result of these efforts, all the sustainable parameters showed improvement with Specific PM Emission Load standing at 0.63 kg/tcs as against 0.68 kg/tcs in FY'20, Solid Waste utilisation improved to 90% vis-à-vis 88.32% during FY'20 and Specific Water Consumption reduced to 3.37 m³/tcs over 3.50 m³/tcs during FY'20. Specific Effluent Discharge and Specific Effluent Load declined to 1.62 m³/tss and 0.080 kg/tcs as against 1.83 m³/tss and 0.082 kg/tcs respectively during FY'21.

With an ambition for promotion of circular economy & improvement of environmental footprint, SAIL has signed an MoU with ICAR-IARI for participating as an industrial partner & part finance Ministry of Steel facilitated project of "Development of steel slag based cost effective eco-friendly fertilizers for sustainable agriculture and inclusive growth".

SAIL in association with SCOPE & Deutsche Gesellschaft für International Zusammenarbeit GmbH (GIZ) is setting up "Internal Carbon Price Mechanism". This mechanism will help SAIL to better manoeuvre in changed regulatory environment, evaluate returns on investments/projects for reduction of GHG emission and to be prepared for the anticipated low carbon economy without compromising on operational efficiency and market profitability.

On the marketing front, as mentioned earlier, your Company achieved its best ever sales volume of over 14.937 MT during the Financial Year 2020-21. Continuing with its strategy of strengthening its presence in the international markets as well as the export demand during initial months of the year, your Company achieved its highest ever exports at 1.94 MT, a quantum jump of 65% over the previous year. Some of the new markets serviced were: WRC to Kenya and Egypt and HRC to China. Further, the Company explored the export to Bangladesh through riverine route for supply of PM Plates.

The brand "SAIL SeQR" reinforcement bars launched last year has been growing strength to strength by clocking 2.5 lakh tonnes during FY 2020-21, which helps in consolidating uniform brand experience in retail channel. Further, "SAIL SeQR" TMT has been rolled out from BSP during FY 2020-21, thereby enhancing its pan-India footprint. During the coming years, in addition to contribution to top line value, the brand "SAIL SeQR" is expected to not only meet the quality expectation of the Retail Sector but also to drive brand presence of the Company. Comprehensive distribution and promotion plan has been drawn up for sale of SAIL SeQR to Retail customers. Accordingly, 20 SeQR workshops and 108 ASO meets were organized in various parts of the Country. Your Company has been working towards focused brand building initiatives on "NEX" brand of structural by holding webinars and workshops with key influencers.

Your Company is working towards expanding the 2-Tier and 1-Tier distributorship network across India, which will further strengthen our position in B2C space. As a part of supplementing this initiative, online e-portal "SAIL Suraksha" has been launched during FY 2020-21 enabling even the smallest of demand being serviced through the 2-Tier distributorship network.

Subsequent to launch of Mission Poorvodaya by Government of India, SAIL has introduced an Incentivization Scheme for development of MSMEs based in the districts in which its Integrated Steel Plants are located. Around 132 MSMEs have joined under the Scheme during FY 2020-21. Besides this, your Company jointly with Indian Steel Association and its other members has devised a scheme to supply select steel products to MSME members of Engineering Export Promotion Council (EEPC) at export parity price.

In order to help build awareness and acceptance of steel usage in rural areas, SAIL has an ongoing rural outreach programme "Gaon Ki Ore". During the Financial Year 2020-21, the organisation of workshops got impacted due to the Covid-19 Pandemic. Nevertheless, 117 workshops were still conducted during the Financial Year 2020-21 across the Country with focus on small consumers, etc.

Your Company has been contributing in nation building since inception by servicing the requirement of various Infrastructure Projects and also projects of Strategic Importance. Continuing the trend, SAIL has supplied significant quantity of Steel to Power Projects, Road, Rail, Airport & Port Infrastructure Projects, Metro Rail Projects, Irrigation & Drinking Water projects, Fertiliser Industry, Oil & Gas Sector, etc. During the FY 2020-21, your Company has supplied steel to number of Projects of National Importance including Katra to Banihal Tunnel Project; BRTF Leh-Ladakh Project; Leh Airport; Eastern Dedicated Freight Corridor Corporation; Lower Subansiri Hydel Project Assam; Jiribam-Imphal Railway Project for Northeast Frontier Railway; Agartala - Akhaura Rail Link Project; Tripura, Polavaram Multipurpose National Irrigation Project near Rajahmundry, Andhra Pradesh and Rambilli Navy Project of DRDO.

The consistently improving physical and financial position of your Company has prompted the credit rating agency viz.; CARE to upgrade the long term ratings to CARE AA (Stable Outlook) from CARE AA- (Negative Outlook). The short term borrowings programme of SAIL at CARE A1+ has been reaffirmed at this highest level.

Your Company is committed to the highest standards of Corporate Governance which are reinforced in its vision and credos. The philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that conforms fully to laws, regulations and guidelines including the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE guidelines, and to promote ethical conduct throughout the Organization, with the primary objective of enhancing shareholders value, while being a responsible corporate citizen. SAIL has formulated policies which ensure transparency, accountability, disclosures and reporting. Ethical conduct throughout the Organization is promoted with the primary objective of enhancing shareholders value. SAIL's efforts as a responsible corporate citizen and partner in Nation Building have been recognized in the form of awards and accolades by several forums.

Your Company believes that building trust will enhance its reputation and boost the confidence of its investors & stakeholders. In line with this, SAIL has been proactively and regularly sharing key information with all stakeholders through use of different communication channels. I take this opportunity to inform you that pursuant to the circulars from the Ministry of Corporate Affairs, the 49th Annual General Meeting (AGM) of the Company is being held through Video Conferencing (VC)/ Other Audio Visual Means providing our far spread shareholders an opportunity to attend the AGM, which otherwise was difficult as per the earlier practice requiring physical presence.

Your Company has been taking a number of strategic initiatives for its turnaround, growth and sustenance. In line with the National Steel Policy 2017, your company has formulated its VISION 2030, whereby it is envisaged to enhance the crude steel capacity to 50 MT. Your Company has started working on the land bank study for next phase of expansion.

The future projections for economy and steel industry had seen sharp decline during the Covid-19 Pandemic. With the economies around the world recovering much faster than expected, the estimates for GDP growth during CY 2020 emerged much better than the projections. This has prompted the IMF to raise its projection for the future years. IMF in its World Economic Outlook published during July 2021 has projected the World growth outlook for the years 2021 and 2022 at 6.0% and 4.9% respectively. The emerging market and developing economies are expected to fare better than their advanced counterparts by growing at 6.3% and 5.2% during 2021 and 2022 respectively. At the same time, advanced economies are projected to grow at 5.6% and 4.4% during the corresponding periods.

Similar sentiments have been echoed in the Short Range Outlook published by World Steel Association in April'21. It has been forecast that Global steel demand will reach 1,874 Million Tonnes (MT) in 2021, a growth of 5.8% over 2020. Again, the growth projected for 2022 at 2.7%, augurs well for the steel industry in the longer run. The growth rates for India are much sharper at 19.8% and 5.9% in 2021 and 2022 respectively. Hopefully, with the Government support especially in the area of construction and infrastructure, the projected growth rates can be maintained.

Your Company has been gearing up to capitalise the opportunities by giving thrust to increase its volumes, increase efficiencies and strengthen the logistics. To highlight the efforts, Saleable Steel production during April-July' 21 at 5.169 MT is the best ever performance by the Company for this period.

At the end, I take this opportunity to thank all the shareholders for their continued trust and support. I must also thank our valued Customers, trusted suppliers, the Central and State Governments and our talented employees, who have always stood by the Company and contributed in the progress of SAIL. I specially convey my thanks to the Ministry of Steel, whose continuous guidance and support especially during challenging times made it possible for the Company to deliver this commendable performance. I also thank all other stakeholders who have contributed internally and externally in the improved performance of the Company. I look forward to the continued support and unflinching trust they have placed in us.




(Soma Mondal)

Chairman

Place: New Delhi

Date: 1st September, 2021

HIGHLIGHTS

- 
- ◆ HIGHEST EVER TURNOVER ₹ 68452 CRORE
 - ◆ HIGHEST EVER EBITDA ₹ 13740 CRORE
 - ◆ REDUCTION IN BORROWINGS BY MORE THAN ₹ 16000 CRORE DURING FY 2020-21
 - ◆ DEBT-EQUITY IMPROVED TO BELOW ONE. STOOD AT 0.87 AS ON 31.03.2021



HIGHEST EVER QUARTERLY PRODUCTION IN Q4 FY'21

- ◆ HOT METAL 4.976 MT (PREVIOUS BEST 4.798 Q3 2020-21)
- ◆ CRUDE STEEL 4.557 MT (PREVIOUS BEST 4.368 Q3 FY 2020-21)
- ◆ SALEABLE STEEL 4.418 MT (PREVIOUS BEST 4.153 Q3 FY 2020-21)