



# BOARD'S REPORT

To,  
**The Members,**  
**Steel Authority of India Limited,**  
**New Delhi**

The Board of Directors has the pleasure of presenting the 48<sup>th</sup> Annual Report of Steel Authority of India Limited (SAIL, the Company) together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2020.

## A. FINANCIAL REVIEW

Your Company achieved sales turnover of ₹61,025 crore during the Financial Year 2019-20, which is lower by 7.91% as compared to corresponding period of last year (CPLY) mainly due to decrease in Net Sales Realisation (NSR) of Saleable Steel of 5 Integrated Steel Plants by about 12%. During the Financial Year (FY) 2019-20, the Profit before Tax and Profit after Tax is ₹3,171 crore and ₹2,022 crore respectively as compared to Profit before Tax of ₹3,338 crore and Profit after Tax of ₹2,179 crore in CPLY.

The profit of your Company during the FY 2019-20 has declined on account of decrease in Net Sales Realisation of Saleable Steel of 5 Integrated Steel Plants, adverse stock valuation rate, adverse techno economic parameters like specific usage of coal/other raw materials, lower CDI rate, higher usage of power, increase in foreign exchange loss, higher stores and spares expenses, repair & maintenance, security expenses, depreciation and interest charges. However, the same has been partially offset by decrease in input prices, like imported coking coal rate as well as decrease in salary & wages, royalty rate of iron ore, improvement in BF productivity, positive impact of rail price settlement for FY 2015-16 to 2018-19. Further, there has been one-time gain on valuation of BSP slime, embedded scrap in slag dump and sub grade Iron Ore Fines.

Your Company continued its thrust on judicious fund management with timely repayment of loans including interest, advance planning and action for future fund raising, etc. to meet our growth objectives. The Company had borrowings of ₹54,127 crore as on 31<sup>st</sup> March 2020 vis-à-vis ₹45,170 crore as on 31<sup>st</sup> March 2019 in line with INDAS. The Company has hedged the foreign currency risk on Buyers' Credit and External Commercial Borrowings. The debt equity ratio of the Company as on 31<sup>st</sup> March, 2020 increased to 1.36:1 from 1.18:1 as on 31<sup>st</sup> March 2019 primarily due to increase in borrowings during the year. The net worth of the Company increased to ₹39,777 crore as on 31<sup>st</sup> March 2020 from ₹38,152 crore as on 31<sup>st</sup> March 2019.

In the wake of the outbreak of the Global Pandemic and the consequential industrial atmosphere, your Company has taken various counter measures to strategise its procurement, reschedule its expenditure wherever possible, pursue to renegotiate

high value Contracts, factoring debts and identify and undertake all possible measures to reduce cost and drive austerity.

The Board of Directors of your Company, considering the challenging liquidity situation in an uncertain business environment due to Covid-19 Pandemic, has decided not to recommend any dividend for the FY 2019-20. Further, no amount has been transferred to general reserve during the year under review.

M/s. CARE Ratings, M/s. India Ratings and M/s Brickwork Ratings, RBI approved Credit Rating Agencies, assigned 'CARE AA- Outlook: Negative', 'India Ratings AA- Outlook: Negative' and 'BWR AA Outlook: Negative' ratings respectively for SAIL's long-term borrowing programme.

## B. OPERATIONS REVIEW

### Production Review

During the FY 2019-20, in spite of the challenges of the market and the lock down & restrictions imposed by COVID-19 Pandemic, your Company recorded the highest ever Saleable Steel production of 15.147 million tonne (MT) with a growth of 1% over previous year 2018-19. Hot Metal and Crude Steel production during the FY 2019-20 was 17.438 MT and 16.155 MT respectively.

Your Company, in its endeavour to become energy and cost efficient, achieved highest ever Crude Steel production through continuous casting route at 14.6 MT with a growth of 6% over previous year and registered best annual figures for Specific Energy Consumption of 6.47 G.Cal/TCS and BF productivity of 1.80 T/m<sup>3</sup>/day owing to better capacity utilisation of bigger blast furnaces.

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 18 new Steel Products during FY 2019-20. Some of these products have been developed from the newly commissioned production facilities viz., Cold Rolling Mill-III at Bokaro Steel Plant, New Plate Mill at Rourkela Steel Plant, Medium Structural Mill at Durgapur Steel Plant and Wire Rod Mill, Bar Mill & Universal Section Mill at IISCO Steel Plant.

In the wake of the outbreak of the COVID-19 Pandemic and the subsequent stringent measures initiated by the Government of India to contain its spread, despatches of saleable steel and other products and also supply of raw materials to Plants/Units were adversely affected. Further, with the series of restrictions imposed to contain the disease, your Company immediately formulated its counter measures across all areas of operations; production at all the Plants/Units was rationalized to the extent feasible considering minimal safe operational requirements, availability of raw materials, off-take in the markets and available inventories.





While the impact of the global pandemic and measures to contain the same was limited to a few weeks during the end of FY 2019-20, the continuing restrictions through Q1 of FY 2020-21, and also still prevailing, are likely to have an adverse effect on the performance in FY 2020-21. However, your Company is constantly and proactively reviewing and monitoring the situation and adapting and revising its operational strategies accordingly.

Bhilai Steel Plant (BSP) achieved best ever yearly production of Prime UTS-90 Rails from Universal Rail Mill and Rail & Structural Mill at 12.85 lakh tonnes during 2019-20 against 9.85 lakh tonnes in 2018-19, being a growth of 30.5% over previous year and also crossing the one million tonne mark for the first time ever. The improvement in production from new Universal Rail Mill, enabled a record loading of long rails at 6.33 lakh tonnes in FY 2019-20 against 4.41 lakh tonnes in FY 2018-19, registering thereby a growth of 43.5%. Further, percentage of long rail loading increased from 48% in 2018-19 to 52% in the year 2019-20. In addition to this, by producing 2.36 MT of Hot Metal during 2019-20, Blast Furnace#8 has crossed the milestone of cumulative production of 4 MT of Hot Metal after blowing-in, becoming the fastest among big blast furnaces in SAIL to reach this level on 11<sup>th</sup> February, 2020. At SMS-III, the new Converter (BOF-3) started operations in February, 2020 and the Shop achieved its best ever monthly production of 1,56,878 tonnes with an average best of 32 heats per day. It also recorded its highest number of 41 heats since inception on 27<sup>th</sup> February, 2020. The production of Cast Blooms at Steel Melting Shops at 18.44 lakh tonnes is the best ever yearly performance against the previous best of 14.36 lakh tonnes in 2018-19, with a growth of 28.4%. At the Bar and Rod Mill, trial rolling of new profiles of TMT Bars (2x12, 16, 25, 32 mm) was successfully carried out in the FY 2019-20. The mill is under stabilization and is being ramped up to a production level of around 1400 T/day. The mill has produced 1.83 lakh tonnes of finished products during 2019-20, with hot trials of "SAIL SeQR" grade steel also being carried out successfully. Steps for manufacturing of Rails with chemistry of R-260 Grade of Steel as per EN-13674 have been initiated. Trial heats were made at SMS-III, rolling was done at URM and the process of testing has started.

Durgapur Steel Plant (DSP) gave exemplary support for Odisha Cyclone (FANI) relief work by rolling and supplying ~ 27,500 pcs. (7,300 T) of WPB 160 structurals from Medium Structural Mill in May, 2019. Further, 449 nos. of LHB (Linke Hofmann Busch) wheels were supplied to Indian Railways during 2019-20. LHB wheels, an import substitution product, are safer, light weight and enable high speed movement on broad gauge. DSP recorded highest ever exports of Saleable Steel at 345206 T, registering a growth of 22% over CPLY. Besides this, the Plant also recorded the best ever despatch of 12,994 numbers of WAG9 Wheels (an import substitution product) for electric locomotives.

At Rourkela Steel Plant (RSP), the Blast Furnace#5 crossed the milestone of 15.0 MT cumulative production of Hot Metal on 22<sup>nd</sup> February, 2020 and the state-of-the-art New Plate Mill achieved the highest ever annual production of 8.7 lakh tonnes. The API 5Lx70 Grade steel was successfully produced and rolled for pipeline transportation system. In addition to this, first lot of maraging steel plates rolled in Plate Mill was dispatched to MIDHANI, Hyderabad for "GAGANYAN" (Human Space Programme of ISRO) on 28<sup>th</sup> December, 2019.

Bokaro Steel Plant (BSL) registered the best ever figures for Specific Energy Consumption at 6.67GCal/TCS, BF Productivity at 1.70 T/m<sup>3</sup>/day and Specific Water Consumption at 3.44 m<sup>3</sup>/TCS during the FY 2019-20. BSL has developed a number of new products like IRS grade B Steel for M/s. Hindustan Shipyard Limited Vizag, High Tensile Low Alloy Cold Rolled Annealed Grade-IS 513 ISC410LA, High Strength Cold Rolled Annealed Grade-IS 513 ISC440W, etc. to cater to the shipbuilding and automotive sectors. Further, under green initiatives, a 2 MW Rooftop- grid-connected Solar Power System and On-Line Continuous Stack monitoring systems have been installed in major shops, in addition to plantation of 74500 saplings.

At IISCO Steel Plant (ISP), production of TMT bars under new brand "SAIL SeQR" was started on 1<sup>st</sup> May, 2019 and about 2.3 lakh tonnes were dispatched during the

FY 2019-20. Further, various new grades like MIG (Metal Inert Gas) welding electrode grade, High Carbon Grades in WR Coils, CHQ Boron, EN8D, SAE1006, etc. were also developed and produced during 2019-20. ISP has also successfully rolled profile of 150x150 billets from 200x280 blooms.

At Salem Steel Plant (SSP), Duplex Grade (32202) was developed and commercialised for chlorine resistant tube manufacturing, submersible pumps, petrol & oil exploration, oil refinery application and desalination plants.

#### Power

Your Company has always strived to maximize its captive power potential in view of reliability of power supply as well as availability of power at optimum cost. During the FY 2019-20, about 64% of the total requirement of 1295 MW was met from the captive Power Plants, which was an increase of 9% over previous year. SAIL is the first non-utility power producer in the Country to have gainfully utilized the concept of Open Access Regulations, laid down in the Electricity Act, 2003, by way of starting inter-regional wheeling of surplus captive power. Continuing the legacy, this year too, SAIL Plants procured about 463 Million Units through open access, recording a growth of 7% over previous financial year.

With the objective to enhance the share of captive power and supply reliable power at optimum cost to all ongoing expansion projects, new captive power facility of 290 MW is being installed by NTPC-SAIL Power Company Limited (NSPCL), a Joint Venture Company of SAIL & NTPC Ltd.

Besides above, optimization of electricity consumption in various steel making processes is major thrust areas of SAIL Plants for lowering the power consumption per tonne of saleable steel production. As a responsible corporate house, your Company has laid adequate emphasis on development and usage of renewable power sources. A Capacity of 3010 KWp of Roof Top Solar (RTS) power plants has already been installed and further installation of 6195 KWp capacity RTS plants is planned in FY 2020-21 at various Units of the Company across the Country.

#### Raw Materials



During the FY 2019-20, total requirement of iron ore was met from the captive sources. Your Company's captive mines produced about 29.28 million tonnes (MT) of iron ore. However, in case of clean coking coal, a requirement of about 1.532 MT was met from indigenous sources (Coal India Limited & captive sources) and for the balance requirement of coking coal (13.70 MT), the Company had to depend on imports due to constraint of availability of required quantity and quality, within the Country. In the FY 2019-20, production from the captive collieries of the Company was about 0.71 MT, out of which 0.30 MT was raw coking coal and balance 0.41



MT was non-coking coal. In case of fluxes, around 1.49 MT of limestone and 0.93 MT of dolomite were produced, giving a production of 2.42 MT fluxes from captive sources. For thermal coal, your Company depends entirely on purchases from Coal India Limited except for small quantity produced from the captive mines.

With total mineral production of 32.41 MT, SAIL has emerged as the largest miner for steel making input mineral in the Country for the FY 2019-20.

#### **Selling of Iron ore from Captive Mines in Open Market**

On account of expiry of mining leases of Private Merchant Miners by 31<sup>st</sup> March, 2020 in the Country, Ministry of Mines, Government of India vide Order dated 16<sup>th</sup> September, 2019 has entrusted SAIL with the responsibility to make available in the open market, 25 percent of its total mineral production of the previous year. The permission is valid for a period of two years w.e.f. 16<sup>th</sup> September, 2019.

Further, in another separate Order dated 16<sup>th</sup> September, 2019, Ministry of Mines, has allowed SAIL to dispose off the old stock of 70 MT of low grade iron fines and ores (including slime) lying dumped across different captive mines of the Company. In this regard, efforts are being made in obtaining approval of respective State Governments and other concerned statutory authorities.

Further, on obtaining approvals for selling fresh iron ore from captive mines in Odisha, out of 1.6 lakh tonnes of iron ore fines auctioned, 80,068 tonnes has been dispatched to the selected parties.

#### **Grant of Forest Clearance(FC)**

In order to expedite capacity expansion projects of mines, following Forest Clearances have been obtained during 2019-20:

- Stage-II FC of 124.313 Ha of Sabik Kisam forest land under 6.9 Sq mile lease of Bolani Mine was granted on 29<sup>th</sup> April, 2019.
- Stage-II FC of 14.15 Ha of forest land under Topailore Lease of Gua Mine was granted on 4<sup>th</sup> October, 2019.
- Stage-II FC of 87.09 Ha of Sabik Kisam forest lands under 5.1 Sq mile lease of Bolani Mine was granted on 6<sup>th</sup> November, 2019.

However, Stage-II Forest Clearance for the capacity expansion of Gua and Chiria Mines and opening of South-Central blocks in Kiriburu-Meghahatuburu Mines in Saranda forest in Jharkhand is awaited from MoEFCC. In view of its criticality to the capacity expansion projects, the matter is being actively pursued at the level of MoEFCC, Ministry of Steel and Government of Jharkhand.

#### **Grant of Environment Clearance (EC)**

In order to expedite the process of selling of dump iron ore from captive mines, proposals for amendment of existing environment clearances for ML-130 lease of Barsua-Taldih-Kalta Iron Mines, 5.1 Sq Mile lease of Bolani Ores Mines and Duargaiburu & Topailore leases of Gua Iron Ore Mine have been considered by Expert Appraisal Committee(EAC) of MoEFCC in the meetings held during December, 2019 to May, 2020. Consequently, EAC of MoEFCC has recommended for amendment of EC for the following:

- Topailore lease of Gua on 27<sup>th</sup> February, 2020.
- ML-130 lease of Barsua-Taldih-Kalta on 5<sup>th</sup> May, 2020.

For rest of the proposals, clarifications asked by EAC are being complied with. Further, MoEFCC vide Order dated 18<sup>th</sup> May 2020 issued the amendment in EC order for Topailore lease of Gua Mine and made provision for selling 6 MTPA iron ore dump from the lease.

Delay in grant of environment clearance for development of 1 MTPA iron ore mine at Kalwar-Nagur lease of Bhilai Steel Plant, even after deposition of Net Present Value for entire forest land on 4<sup>th</sup> October, 2019, is a matter of concern.

#### **Extension of lease period and reservation of new areas**

- Lease period of Duargaiburu lease of Gua Mines extended upto 21<sup>st</sup> February, 2029 by Government of Jharkhand vide Order dated 25<sup>th</sup> June, 2019.
- Lease period of Topailore lease of Gua Mines extended upto 8<sup>th</sup> March, 2040 by Government of Jharkhand vide Order dated 23<sup>rd</sup> October, 2019.
- Amalgamation of three leases of Kiriburu-Meghahatuburu granted by Government of Jharkhand on 30<sup>th</sup> July, 2019 and amalgamated lease extended upto 27<sup>th</sup> March, 2030.
- Lease period of Jhillingburu-II of Gua Ore Mines extended upto 11<sup>th</sup> May, 2020 by Government of Jharkhand vide Order dated 30<sup>th</sup> October, 2019.
- Lease period of Tasra Coal Mine extended upto 30<sup>th</sup> April, 2022 by Government of Jharkhand vide Order dated 31<sup>st</sup> October, 2019.
- Lease period of Hirri Dolomite Lease extended upto 5<sup>th</sup> May, 2029 by Government of Chhattisgarh vide Order dated 28<sup>th</sup> February, 2020.
- Lease period of 6.9 Sq Mile Lease of Bolani Mine extended upto 13<sup>th</sup> November, 2032 by Government of Odisha vide Order dated 17<sup>th</sup> March, 2020.

However, delay in extension of lease periods of remaining leases of Chiria and Gua leases, Tulsidamar Dolomite lease and reservation of area for sand for stowing, are matter of concern.



## Status of Return of Sitanala and Parbatpur Coal Blocks

### Sitanala Coal Block

Consequent to the SAIL's letter dated 12<sup>th</sup> March, 2018 to Ministry of Coal(MoC) regarding returning of Sitanala Coal Block, MoC, vide letter dated 4<sup>th</sup> October, 2018 issued a Termination Notice against Allotment Agreement and Allotment Order, in respect of Sitanala Coal Block and on 25<sup>th</sup> October, 2018 advised the bank to invoke the Bank Guarantee(BG) of ₹10.43 crore. SAIL had preferred Writ Petitions before the Delhi High Court to challenge the Order dated 4<sup>th</sup> October, 2018. Though, Hon'ble Delhi High Court declined to pass any interim order, but clarified that if the petitioner prevails in this petition, the consequential direction for refund of the amount collected by invoking the BG will be passed. The matter is sub-judice.

### Parbatpur Coal Block

Consequent to the SAIL's letter dated 8<sup>th</sup> March, 2018 to Ministry of Coal (MoC) about returning of Parbatpur Coal Block, MoC, vide letter dated 5<sup>th</sup> December, 2019 issued a Termination Notice against Allotment Agreement and Allotment Order in respect of Parbatpur Coal Block and advised the bank to invoke the BG of ₹62.57 crore.

SAIL has preferred Writ Petitions before the Delhi High Court challenging the Order dated 5<sup>th</sup> December, 2019. In response, vide Order dated 19<sup>th</sup> December, 2019, the Hon'ble Delhi Court directed for maintaining status quo in respect of the BG, till the next date of hearing.

In view of the outbreak of COVID-19 pandemic and consequential lockdown, the matter on both the above mentioned cases could not be placed on scheduled dates and the next date of hearing is yet to be informed.

In the meanwhile, on the request of SAIL, MoC, vide Gazette Notification dated 13<sup>th</sup> February, 2020, has appointed Chairman Coal India Limited(CIL) as the designated custodian to manage and operate Parbatpur Central Coal Mine. Efforts are being made to handover the Parbatpur Coal Block to BCCL/CIL.

### Sales & Marketing

During the Financial Year 2019-20, your Company achieved its best ever sales volume of over 14.23 million tonnes (MT), registering a growth of about 2.8% over previous year. Continuing its efforts to enhance presence in the international markets, the Company took a big leap, with exports being highest ever at about 1.18 MT, achieving thereby a growth of over 54% over the previous year. Further, in our pursuit for increased exports, your Company has entered into several new markets for various product categories.

The steel business scenario was initially subdued but picked up in the latter half of the Financial Year 2019-20, in spite of certain major consumption segments being under stress. The sales pattern indicated a growth in consumption for long products compared to the flat products for the Company.

With the ramping up of production at the Universal Rail Mill (URM) at Bhilai Steel Plant(BSP), record 6.33 lakh tonnes of long rail panels (260 meters) were supplied to Indian Railways in the FY 2019-20, registering a growth of around 43% over previous year. URM produces the longest single rail in the world (130 meters). During the FY 2019-20, record 12.85 lakh tonnes of rails of prime quality were produced at BSP, and highest ever dispatch of 12.35 lakh tonnes of rails was made to Indian Railways, which is a growth of around 31% over 2018-19. Besides prime rails, the despatch of -12994 WAG9 wheels for electric locomotives and 13612 S profile locomotive wheels have been all time best.

Your Company's presence in certain critical areas of defence and space exploration has been strategically significant with supply of DMR steel materials to critical Defence Projects in the Country, in addition to various special grades of alloy steels during the FY 2019-20. SAIL has enhanced its efforts towards increasing sales of special quality steel to the consumers. At the new Wire Rod Mill of IISCO Steel Plant, special grade WRC in grades SAE 15B 25, SAE 1006 EN 8 D have been developed, apart from a number of High Carbon and Aluminium Killed grade. Production and supplies of High Carbon WRC in grades upto 78B as well as EN 8D have been stabilized. Further, various grades of CR Coils for auto and electrical stamping applications are being worked upon.

Your Company launched its brand "SAIL SeQR" reinforcement bars during the FY 2019-20 and sold about 2 lakh tonnes in the first year itself. During the coming years, in addition to contribution to top line value, this brand is expected to not only meet the quality expectation of the retail sector but also to drive brand presence of the Company.

To popularize usage of steel in designing in general and boost the "NEX" brand of structural in specific, your Company has been organizing seminars, workshops, lecture sessions, etc. amongst opinion makers, consumers, designers, etc., besides working amongst engineering students and academicians. Further, to educate & tap the vast potential of rural India, the Company organized around 180 "Gaon Ki Ore" workshops in 21 States/Union territories. Small consumers continued to be a focus area and 0.67 MT of steel was sold through the retail marketing channels.

Your Company continues to have a significant presence in supplies to the Project sector. Large quantities of Plates, HR Coils, TMT and Structural were supplied to prestigious Infrastructure, Power and Irrigation projects during the Financial Year 2019-20. SAIL was one of the major suppliers of steel to certain prestigious Infrastructure projects like Metro Rail Projects in 10 cities across the Country, Narmada Shipra river linking Phase II, Narmada (Indira Sagar) Parwati river linking Project, Western Dedicated Freight Corridor, Maharashtra Samruddhi Mahamarg from Nagpur to Mumbai, MG Setu Project Patna, etc. Your Company is catering to the prestigious Tupul-Jiribham-Imphal Railway Project in Manipur, which is the World's tallest girder Railway bridge. SAIL also supplied materials to various other important irrigation & water supply projects in MP, Telengana and Bihar, like Irrigation Projects of Kundalia, Kaleshwaram Lift Irrigation Project and Ganga Water Supply Project in Bihar. The Company is meeting the requirements of critical Atomic Power Plants of Rawatbhata in Rajasthan and Kakrapara in Gujarat. Further, SAIL is also associated with a host of prestigious Power Projects like Neyvile Lignite Power Plant at Ghatampur in UP, NTPC Patratu Power Plant in Jharkhand, Chausa Thermal Power Plant in Bihar, Yadadari Power Plant in Telengana and Ennore Power Plant in Tamil Nadu.

Your Company has a leadership position in consumer mind space and is striving sincerely to bridge the ever changing expectation gaps with improved services, products and processes.

#### 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 & Small Enterprises during Financial Years 2019-20 and 2018-19 is given below:

(₹ crore)

| Particulars                 | 2019-20 | 2018-19 |
|-----------------------------|---------|---------|
| Total Amount of Procurement | 4961.03 | 6141.98 |
| Total Procurement from MSE  | 1431.27 | 1241.47 |
| %age Procurement from MSE   | 28.85   | 20.21   |

#### Modernisation & Expansion Plan

The Modernisation and Expansion Plan (MEP) at Rourkela, Burnpur, Durgapur, Bokaro and Salem Steel Plants and all major facilities under MEP of Bhilai Steel Plant have been completed. The various facilities are under operation, stabilization and ramp up.

During the year 2019-20, Bhilai Steel Plant of your Company has achieved many milestones including, operationalization of 3<sup>rd</sup> Converter (1<sup>st</sup> heat taken in Feb'20) of SMS-III along with Argon Rinsing Station -III, Ladle Furnace-3, two kilns of RMP-III, Power generation from Top Pressure Recovery Turbine (TRT) and Pulverised Coal Injection (PCI) trial in BF-8 along with Oxygen enrichment in PRMS system.

The Revised Cost Estimates (RCE) of MEP of all the Plants except Bokaro Steel Plant have been approved during the year 2019-20. Considering the RCEs approved so far, the indicative investment for MEP is likely to be ₹79,420 crore (Gross) (excluding the sustenance schemes). The RCE of Bokaro Steel Plant (BSL) is under finalization. The cumulative expenditure of ₹66,585 crore (Gross) has been incurred till March, 2020 on MEP (excluding sustenance schemes).

A capital expenditure of ₹4,114 crore has been incurred during FY 2019-20 against the revised estimates of ₹4,000 crore and capex planned for the Financial Year 2020-21 is ₹4,000 crore.

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

### C. HUMAN RESOURCE MANAGEMENT REVIEW

Your Company recognizes contribution of its Human Resources in providing it the competitive advantage. The Company has achieved its present level of excellence through investment in its human resource, where 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 the Company.

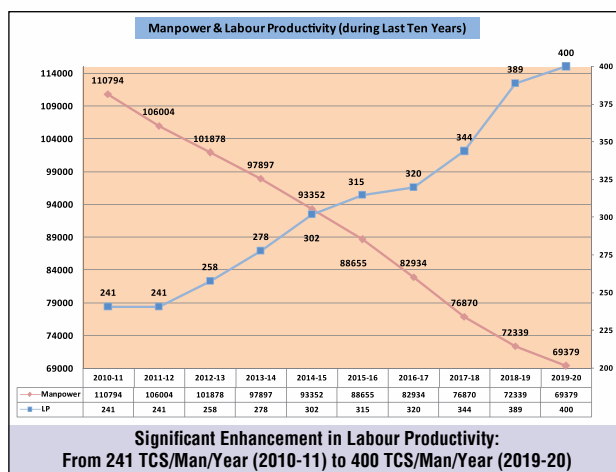
Your Company provides an environment conducive for learning, encourages adoption of best practices in every area and nurtures creativity and innovation among employees. Human Resource initiatives in SAIL are focused on developing team spirit, employee empowerment and their involvement in various improvement activities. Strategic alignment of HRM to business priorities and objectives has facilitated smooth transition to 'state-of-the-art' technology in the Modernization and Expansion Projects.

#### Enhanced Productivity with Rationalized Manpower

Your Company achieved the Labour Productivity (LP) of 400 TCS/Man/Year in 2019-20. The manpower strength of the Company was 69,379 nos. as on 31<sup>st</sup> March, 2020 with manpower rationalization of 2,960 nos. achieved during the year. The enhanced productivity with rationalized manpower could be achieved as a result of judicious recruitments, building competencies and infusing a sense of commitment and



passion among employees to go beyond and excel. Trend of enhanced productivity and manpower rationalization since 2010-11, onwards is depicted below:



#### Developing Employee Capabilities & Competencies

Your Company believes that people's development is the key for overall growth of the organisation. Training and development activities have facilitated development of employee's knowledge and skills, resulting in advancement of competencies, thereby leading to attainment of organisation's goals and objectives. SAIL has been making sustained efforts through various training and development activities with focus on preservation, transfer and improvement of skills, knowledge and technology in collaboration with reputed organizations and development of effective managerial competencies in association with premier institutes.

Preparing employees for tomorrow is being given a major thrust for effectively taking up challenges and discharging new roles and responsibilities is being given a major thrust. Overall 42,068 employees were trained against target of 34,048 employees during the Financial Year 2019-20 on various contemporary technical and managerial modules.

#### Harmonious Employee Relations

SAIL has maintained its glorious tradition of building and maintaining a conducive and fulfilling employer-employee relations environment. The healthy practice of sorting out and settling issues through discussions with trade unions/workers' representatives enabled the Company in ensuring workers' participation at different levels and establishing a peaceful industrial relations climate. Some of the bipartite forums are functioning since early seventies and are sufficiently empowered to address different issues related to wage, safety, and welfare of workers, thus, helping in establishing a conducive work environment.

Bipartite forums like National Joint Committee for Steel Industry (NJCS), Joint Committee on Safety, Health & Environment in Steel Industry (JCSSI), etc. with representation from major central Trade Unions as well as representative Unions of Plants/Units meet on periodic basis and jointly evolve recommendations/ action plans for ensuring a safe environment & harmonious work culture which gets substantiated from the harmonious Industrial Relations witnessed over the years by SAIL Plants/Units, marked with diverse work culture at multi-locations.

In addition, Quality Circles, Suggestion Schemes, Shop Welfare Committees, Safety Committee, Canteen Management Committee, Productivity Committee, etc. also offer multiple avenues for enhanced workers' participation. Workers are also kept abreast of strategic business decisions and their views sought thereon through structured / interactive workshops.

Communication is done in a structured manner with employees at various levels on a wide range of issues impacting the Company's performance as well as those related to employees' welfare across the Company. Mass communication campaigns are undertaken at Chief Executive Officer / Senior Officers' level involving structured discussion with large group of employees. These interactive sessions help employees to align their working with the goals and objective of the Company leading to not only higher production and productivity but also enhance the sense of belongingness of the employees.

#### Grievance Redressal Mechanism

Effective internal grievances redressal mechanism has been evolved and established in SAIL Plants and Units, separately for Executives and Non-executives. Joint grievance committees have been set up at Plant / Unit level for effective redressal of grievances.

SAIL Plants/Units are maintaining 3 stage grievance handling mechanism 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 prevailing in the Steel Plants/Units. The system is comprehensive, simple and flexible and has proved effective in promoting harmonious relationship between employees and management.

291 staff grievances were received during the FY 2019-20, with 13 grievances pending from previous year, 298 staff grievances have been disposed of during the year, achieving 98% fulfilment.

Further, during FY 2019-20, 649 grievances were received under Centralised Public Grievance Redressal and Monitoring System (CPGRAMS), a National level online system managed by Department of Administrative Reforms and Public Grievance (DARPG), Government of India and 16 grievances had been carried forward from the previous Financial Year. Total 633 grievances have been disposed off during FY 2019-20, within average time of 12 days, thereby achieving fulfilment rate of 95% and 32 grievances are pending for disposal as on 31<sup>st</sup> March, 2020.

#### Remuneration Policy

In SAIL, pay and other benefits for executives are based on the Presidential Directives issued by Ministry of Steel, Government of India. The last pay revision effective from 1<sup>st</sup> January, 2007 was implemented in accordance with Presidential Directives dated 5<sup>th</sup> October, 2009. In case of Non-executive employees, the salaries and wages are finalized / revised in bipartite forum of National Joint Committee for Steel Industry (NJCS). The last NJCS agreement was finalized and signed on 1<sup>st</sup> July, 2014, effective from 1<sup>st</sup> January, 2012. In terms of notification dated 5<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs, Government of India, the provisions of section 197 of the Companies Act, 2013 are not applicable to Government Companies. As such, the disclosures to be made in the Board's Report in respect of overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits are not included in this Report.

#### Initiatives for Socio-economic Development of SCs /STs & Other Weaker Sections of the Society

SAIL Plants and Units including Mines are situated in economically backward regions of the Country with predominant SC/ST population. Your Company has made commendable contribution to the overall development of civic, medical, educational and other facilities in these regions. Some of the contributions are:

- Recruitment of non-executive employees is carried out mainly on regional level and hence, a large number of SCs/STs and other weaker section of the society get the benefit of employment in SAIL.
- Over the years, a large group of ancillary industries have also developed in the vicinity of Steel Plants. This has created opportunities for local unemployed persons for jobs and development of entrepreneurship.
- For jobs of temporary & intermittent nature, generally contractors are engaged for executing job contracts wherein they deploy workmen from the local areas, which again provides an opportunity for employment of local candidates from economically weaker section.
- Establishment of SAIL Steel Plants in economically backward areas has given a fillip to the economic activities, thus, benefiting the population in the peripheral areas with different types of services. Steel Townships developed by SAIL have the best of medical, education and civic facilities and are like an oasis for the local Scheduled Castes, Scheduled Tribes and other population who share the benefits of prosperity and development along with SAIL employees.

SAIL has undertaken several initiatives for the socio-economic development of SCs/STs and other weaker sections of the society which are mainly as under:

- Special Schools have been started exclusively for poor, underprivileged children at five Integrated Steel Plant locations. The facilities provided include free

education, mid-day meals, uniforms including shoes, text books, stationery items, school bags, water bottles and transportation in some cases.

- No tuition fee is charged from SC/ST students studying in the Company run schools, 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 and 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 tribal children. They are being provided free education, uniforms, text books, stationery, meals, boarding, lodging and medical facilities for their overall growth at residential hostels, Saranda Suvan Chhatravas, Gyanodaya Hostel and an exclusive Gyan Jyoti Yojana for the nearly extinct Birhor Tribe.
- For Skill Development and better employability, tribal school passouts have been sponsored for coaching in premier institutes for IIT/JEE entrance examinations and for trainings along with monthly stipend, accommodation, transportation and food facility at various ITIs, Nursing and other vocational training institutes.

#### Implementation of Presidential Directives on Reservation for SC/ST

- Your Company follows Presidential Directives on Reservation for Scheduled Castes and Scheduled Tribes in the matter of recruitments and promotions. As on 31<sup>st</sup> March, 2020, out of total manpower of 69379, 11542 belong to SCs (16.64%), 10614 belong to STs (15.30%) and 10037 belongs to OBCs(14.47%).
- Liaison Officers have been appointed as per Presidential Directives for due compliance of the Orders and instructions pertaining to reservation for SCs/ STs/OBCs at Plants/Units of SAIL.
- SC/ST Cell is functioning in all of the main Plants/Units. A member belonging to SC/ST community is associated in all Departmental Promotion Committees (DPCs)/Selection Committees. A sufficiently senior level officer of SC/ST category is nominated for the purpose as per the level of the Recruitment Board /Selection Committees/DPC.
- Internal workshops are conducted at regular intervals through an external expert for Liaison Officers for SC/ST/OBC and other dealing officers of SAIL Plants/Units to keep them updated on the reservation policy for SC/ST and other related matters.
- Plants/Units of SAIL have SC/ST Employees' Welfare Associations which conduct regular meetings with Liaison Officers on implementation of reservation policy & other issues. In addition, an Apex level umbrella body namely SAIL SC/ ST Employees Federation also exists in SAIL to represent the issues of SC/ST Employees in a coordinated manner. A meeting is organised on a regular basis with the Federation at the level of Director (Personnel).

#### Implementation of Right to Information Act, 2005

The provisions under the Right to Information Act, 2005(Act) are being complied by all the Plants and Units of SAIL. All statutory reports, including Annual Report, are being sent to Ministry of Steel and also being uploaded on the website of the Company-[www.sail.co.in](http://www.sail.co.in). Your Company has appointed Public Information Officers(PIO)/Assistant. Public Information Officers and Appellate Authorities and Transparency Officer under Sections 5 and 19(1) of the Act in each Plant and Unit for speedy redressal of the queries received under the Act. Under Section 5(5), all the officers/ line managers responsible for providing information to the PIO are called Deemed PIO, and are made equally responsible as PIO, towards timely submission of information to the applicant.

An exclusive RTI Portal has been developed with link available on the website of the Company. All the Plants/Units have listed 17 manuals and details of Authorities under the Act are uploaded on the website of the Company. Quarterly Returns and Annual Returns on implementation of the Act are being submitted online through the CIC portal. Implementation of online request has already been introduced from 1<sup>st</sup> May, 2015. A compilation of Record Retention Policy of various functions of Corporate Office has also been uploaded on the website of the Company. In addition to this, compilations of important decisions of CIC, DoPT circulars and High Court cases are also available on the website of the Company.

Awareness Programs/Workshops on 'Obligation of Public Authorities under RTI' have been organised across Plants/Units and Information Commissioner has been present in most of these programs. Further, awareness programmes on the RTI Act are also held at Plants, Units and Corporate Office.

SAIL received a total of 1,637 applications and 210 appeals under the Act during the Financial Year 2019-20 and all of them have been disposed-off within the stipulated time frame under the Act. CIC has also taken up 25 cases and most of these cases were disposed-off in favour of the Company.

Since enactment of the Act, SAIL has received a total of 44,161 applications and 6,623 appeals upto 31<sup>st</sup> March, 2020, which were disposed-off within the stipulated time. Out of these, 843 cases were taken up by the CIC and most of these cases were disposed-off in favour of the Company.

### Citizen Charter

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.

SAIL's Citizen Charter has outlined commitment of SAIL towards its stakeholders, thereby empowering them to demand better products and services. Objectives of the Citizen's Charter of SAIL may be summarized as 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.
- Working towards the delight of citizens, by fail-safe processes and in case of exigencies leveraging its service recovery processes, like Grievance Redressal, Handling Complaints, etc.

### Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has set up Internal Complaints Committees in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. These Committees have been set up to redress complaints received regarding sexual harassment. All employees of the Company are covered under these Rules. The details of sexual harassment complaints received and disposed off during the year 2019-20 are as under:

|   |   |   |
|---|---|---|
| Number of complaints pending as on 1 <sup>st</sup> April, 2019  | : | 2 |
| Number of complaints received in 2019-20                        | : | 2 |
| Number of complaints disposed off                               | : | 4 |
| Number of complaints pending as on 31 <sup>st</sup> March, 2020 | : | 0 |

### Empanelment of SAIL Hospitals under Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PM-JAY), a flagship scheme of Government of India

SAIL has signed an MoU with National Health Authority (NHA) for empanelment of Company run hospitals at Plants/Mines directly under PM-JAY on 18th December, 2019 as National Health Care Providers (NHCPs). The MoU is aimed at partnering Government of India in its endeavor to ensure universal access to good quality health care services to the deprived population of the Country. The scheme provides cashless and paperless treatment to the beneficiaries at empanelled hospitals.

### Upgradation of Ispat General Hospital, Rourkela to a Super Speciality Hospital

In the background of the announcement made by Hon'ble Prime Minister of India during his visit to Rourkela Steel Plant on 1st April, 2015, a 150 bedded ISPAT Post Graduate Institute and Super Speciality Hospital (SSH) is coming up in the complex of Ispat General Hospital at Rourkela Steel Plant of SAIL with full funding by the Government of India. Under the project, five super-specialties namely Neurology, Neurosurgery, Cardiology, Cardio-Thoracic Vascular Surgery (CTVS) and Nephrology are coming up at SSH, Rourkela. The new state of the art hospital would provide quality healthcare facilities and specialized treatment at the doorstep of the population residing in the peripheral areas.

## D. AWARDS & ACCOLADES WON DURING THE YEAR



Your Company has won the following awards during the Financial Year 2019-20:

- 7 Vishwakarma Rashtriya Puraskar Awards (involving 38 employees) for the Performance Year 2017.
- SCOPE Corporate Communication Excellence Awards 2019 for Corporate Communications Excellence Award in Crisis Communication and Internal Communication.
- Highest Performer in the category of Import Dry Bulk Cargo at Haldia Port under Kolkata Port Trust (KoPT) and Second Highest Performer in the category of Import Dry Bulk Cargo at Kolkata Port (KDS) under Kolkata Port Trust (KoPT) for the year 2018-19.
- Adjudged Highest Importer of Limestone through Paradip Port in 2018-19 during "Third Edition of Smart Logistics Summit & Awards" at Bhubaneswar on 21<sup>st</sup> June, 2019 organized by M/s. Maritime Gateway, a leading media company in the maritime sector.
- 'Best PSU' in Education Category under the CSR Times Awards, 2019 in recognition of the initiative for setting up of 'DAV Rowghat Ispat Sr. Sec. Public School' in one of the Aspirational Districts- Kanker at Antagarh, Rowghat Mining area in Chhattisgarh.
- 7<sup>th</sup> Construction World Global Award in Leading growing Steel Company (Large Category).
- Awarded with Observer Dawn-International Business Award-2019 in the categories, Best Turnaround Company and Best Corporate Communication in PSU.
- "Top Rankers Excellence Awards 2020" in the category of Best Corporate Communication.
- "Governance Now 7<sup>th</sup> PSU Award" in Strategic Investment.
- Bhilai Steel Plant's pavilion was adjudged the best for Excellence in Display at Rajyostav 2019.
- RDCIS bagged prestigious awards during 2019-20 like IIM-TSL New Millennium Award, M. Visvesvaraya Award, etc.

## E. ENVIRONMENT MANAGEMENT

Within the ambit of notified environmental standards applicable for emission and discharge of pollutants into the environment and rules pertaining to eco-friendly management of various wastes, being generated inside the Plant premises as well as in the townships, SAIL Plants and Mines operate their processes without disturbing the ecological balance. Your Company has also 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. Besides, your Company is committed to address the stakeholders' concerns and communicate its environmental philosophy to all the stakeholders. The Corporate Environmental Policy is available at the website of the Company- [www.sail.co.in](http://www.sail.co.in).

### Improvement in Emissions and Discharges

SAIL Plants and Mines are efficiently operating the pollution control devices/facilities and maintaining regularly through revamping/refurbishing/revitalization and also upgrading them as and when required, for the purpose of complying with the applicable environmental standards, which are becoming more and more stringent day by day. Concerted efforts have resulted in achieving major improvements during the FY 2019-20 over the last five years in the following areas:

- The Particulate Matter (PM) Emission Load has reduced by more than 16% to 0.68 kg/tcs.
- Specific Water consumption has reduced by more than 9 % to 3.50 m<sup>3</sup>/tcs.
- Specific Effluent Discharge has reduced by more than 14 % to 1.83 m<sup>3</sup>/tss.
- Specific Effluent Load has reduced by around 13 % to 0.082 kg/tcs.
- Utilisation of BF slag has increased by around 11% to 98.62 %.
- Specific CO<sub>2</sub> emission has been reduced by more than 2% to 2.54 T/tcs.
- Total Solid Waste Utilisation has increased by more than 5% to 88.32%

### Adoption of Energy-Efficient Technologies and State-of-the-Art Pollution Control Equipment/Facilities

Your Company has already implemented latest state-of-the-art clean technologies and best available and feasible pollution control facilities in the course of its Modernization and Expansion Plan and thereafter, in its drive for adoption of cleaner technologies. Some of the major clean technologies are as under:

- Tall Coke Oven Batteries along with Coke Dry Cooling Plant, Land based Pushing Emission Control System, Computerised Combustion Control System, etc. at BSP, RSP and ISP.
- Sinter Plant integrated with improved ignition system (multi-slit burners), Waste Heat Recovery facility from sinter cooler, etc. at RSP and ISP.
- Blast Furnace of higher capacity, equipped with Top Pressure Recovery Turbine,

Waste Heat Recovery facility, Pulverised Coal Injection, Cast House De-dusting System and torpedo ladle at BSP, RSP and ISP.

- Progressively switching over to Cast House Slag Granulation Plant from offsite slag granulation facility.
- Phasing out of energy-intensive ingot route with continuous casting.
- Walking Beam Reheating Furnace (RHF) in place of pusher type RHF at the Rolling Mill in reducing energy consumption as well as CO<sub>2</sub> emission.
- Introduction of Variable Voltage Variable Frequency (VVVF) drives in Plant machineries.
- New BOF Converters provided with a dedicated gas holder at SMS-III of BSP and SMS-I & II of BSL, for recovery and its use as fuel.
- Maximisation of Coal Dust Injection in Blast Furnaces.
- Up-gradation of BF stoves with heat recovery system at BSP and BSL.
- New Gas-fired boilers for power generation at BSP and ISP and use of by-product gas in boilers in place of coal for power generation at DSP.
- Replacement of 8 nos. of air pre-heater block of Power Plant and improved design pumps of Pump House#2 at BSP.
- Repair of recuperators of Reheating Furnace (RHF), full skid insulation of RHF, insulation of 800 m steam line, partial commissioning of alternate coke oven gas line in BSL.
- Installation of energy-efficient LED lights instead of conventional lighting systems at Plants and Units.

#### New Initiatives

##### a. Environment friendly disposal of Poly Chlorinated Bi-Phenyls (PCBs) - an environmental pollutant

Bhilai Steel Plant, in partnership with the MoEF&CC and UNIDO, has initiated a project for setting up a disposal facility for Polychlorinated Biphenyls (PCBs), categorized as Persistent Organic Pollutants (POPs) at its site. The project is at advance stage of completion. On commissioning, the project will systematically dispose of the PCB wastes accumulated over the years not only in SAIL Plants but also in other industrial establishments across the Country. This unique facility will help the nation in fulfilling its international commitment.

##### b. Bio-sequestration of CO<sub>2</sub>

For the purpose of reduction of CO<sub>2</sub> emission and sequestration of the generated carbon back into the system, SAIL is assessing its carbon footprint in one hand and potential of sequestration of CO<sub>2</sub> through its existing biotic resources, on the other. A project on carbon sequestration through afforestation has been taken up at the site of Rourkela Steel Plant. M/s. Tropical Forest Research Institute, Jabalpur, has been engaged as the sequestration partner to carry out the project in February, 2014. The project has been successfully completed in March, 2020.

##### c. Enhancing utilization of wastes through application of 4Rs (Reduction, Reuse, Recycling and Recovery):

With a view to increase utilization of wastes being generated inside Plant boundary, in the recent years, some R&D based initiatives like steam maturing of BOF slag, dry granulation of BOF slag, use of BOF slag as rail track ballast, substitutes to natural aggregates, in road making, as soil ameliorant and in cement making have been undertaken in the recent years.

##### d. Application of Renewable Energy towards a new era

Your Company has set a target of installation of 242 MW renewable energy Power Plants at the following locations:

- 120 MW capacity Solar Power Plant at Bokaro.
- 50 MW capacity Solar Power Plant at Salem.
- 40 MW capacity Solar Power Plant at Rourkela.
- 25 MW capacity Solar Power Plant at Kulti.
- 7 MW capacity Solar Power Plant at Bhilai.



Besides, some of the major initiatives undertaken towards implementation of renewable energy projects include setting up of (i) 10 MW Hydel Power Plant at Mandira Dam, RSP, under a Joint Venture initiative with Green Energy Development Corporation of Odisha Limited (GEDCOL) and (ii) 6.195 MW roof top Solar Units on different buildings at the various Plants/Units locations under Ministry of New and Renewable Energy (MNRE) scheme. Further, 3 MW roof top Solar Power units have been installed on various buildings of SAIL Plants & Units and 1 MW ground mounted Solar Power Plant has been connected with electrical grid system of the State Electricity Board at RSP.

##### e. Bio-digester for processing of wastes

As a green initiative and in compliance with the "Solid Waste Management (SWM) Rules, 2016", DSP and RSP have installed bio-digesters for processing of about 400 kg canteen wastes per day, resulting in safe disposal of such biodegradable wastes inside Plant premises. The bio-digester converts the bio-degradable solid wastes into compost, which is used as manure for horticulture. BSL has also taken up a project for installation of a bio-gas plant for processing of 500 kg of canteen waste per day, which is at advanced stage of completion.

#### Environmental Management System (EMS) linked with ISO-14001



Environmental Management System (EMS) linked to ISO 14001 is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency. Implementation of EMS has helped SAIL's Plants and Mines to ensure that their performance being always within the applicable regulatory requirements.

The EMS (ISO-14001) was implemented at the four Integrated Steel Plants and the Company is striving to cover all the Plants and Units under its purview. In the recent years, IISCO Steel Plant, Alloy Steels Plant, Chandrapur Ferro Alloy Plant, Barsua Iron Ore Mine, Gua Ores Mine, Meghahatuburu Iron Ore Mine and Thirteen warehouses (Ahmedabad, Hyderabad, Ghaziabad, Faridabad, Vizag, Chennai, Mumbai, Delhi, Durgapur, Dankuni, Bokaro, Bangalore and Kanpur) of CMO have also been certified with ISO 14001.

#### Sustainable Development Projects

Restoration and rehabilitation of degraded ecosystem is essential for maintaining and enhancing bio-diversity as well as replenishing the ecosystem services. About 250 acres of old barren overburden dumps and water void in 200 acres of limestone mined out area in Purnapani have been successfully restored to fully functional ecosystems that generate ecosystem services and goods as well as sequester CO<sub>2</sub>.



**Plantation**



Your Company realizes the role of plantation in overall environmental management initiatives. It is a well-known fact that plants play an important role in balancing the ecosystem and function as a carbon sink. Keeping the enormous contribution of the plants in mind, SAIL has long been adopting extensive afforestation program religiously in its Plants and Mines since its nascent stage. More than 21 million saplings have been planted across SAIL Plants and Mines till date. Giving special thrust for plantation, more than 4.44 lakhs of saplings have been planted during 2019-20.

**F. STRATEGIC INITIATIVES OF THE COMPANY**

Your Company has adopted a multi-pronged approach that includes organic growth, brown-field projects, technology leadership through strategic alliances, ensuring raw material security by developing new mines, diversifying in allied areas, etc. In line with the above approach, SAIL has formed Joint Venture Companies in different areas viz. power generation, rail wagon manufacturing, slag cement production, securing coking coal supplies from new overseas sources, etc. New initiatives are currently being explored in areas such as pellet manufacturing in a joint venture, outsourcing of power distribution and township maintenance services in SAIL townships, etc. The status of Strategic Initiatives taken by your Company in the recent past includes the following:

- **Installation of Pellet Plant in JV with KIOCL:** SAIL has taken steps to install Pellet Plants in Joint Venture with Kudremukh Iron Ore Company Limited (KIOCL) at SAIL Plants / Mines for utilization of the Pellets in the Steel Plants of the Company. M/s. MECON has prepared a Techno Economic Feasibility Report (TEFR) for a 4 MTPA capacity Pellet Plant at Bokaro Steel Plant in Phase-I. Further actions like Characterization Study at RDCIS for production of Pellets and discussions with KIOCL on formation of the Joint Venture are being taken.
- **Closure/Exit from non-operational and non-performing Joint Venture Companies and Subsidiary Companies of SAIL:** During the FY 2019-20, your Company exited from two Joint Venture Companies, namely SAL-SAIL JVC

Limited and TMT SAL-SAIL JVC Limited, which were incorporated to install Steel Processing Units (SPUs) at Lakhimpur and Barabanki respectively. Shares held by SAIL in these Joint Ventures have been transferred to the JV Partner. In addition to this, modalities have also been finalized for exit of SAIL from Abhinav SAIL JVC Limited which was created to install a SPU at Hoshangabad in MP. These have been agreed by Insolvency Resolution Professional (IRP) appointed by National Company Law Tribunal (NCLT) for Abhinav Steel and Power (JV partner of SAIL). Exit of SAIL from this JV will be completed after approval of Committee of Creditors of Abhinav Steel and Power is obtained.

- **Disinvestment of SAIL Plants:** The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 27th October, 2016 had accorded 'in principle' approval for strategic disinvestment of three units of Steel Authority of India Limited (SAIL) viz. Visveswaraya Iron & Steel Plant (VISP), Bhadravati, Karnataka, Salem Steel Plant (SSP), Tamil Nadu and Alloy Steels Plant (ASP), Durgapur, West Bengal.

Subsequently, SAIL Board had accorded 'in-principle' approval for the Strategic Disinvestment of these Steel Plants. The entire process of the Strategic Disinvestment is being overseen by an Inter-Ministerial Group (IMG) which is chaired by the Secretary (DIPAM) and co-chaired by Secretary (Steel). Chairman, SAIL and Director (Finance), SAIL are special invitees in the IMG.

SAIL has appointed M/s. SBI Capital Markets Ltd as Transaction Advisor (TA), M/s. Luthra & Luthra Law Offices as Legal Advisor (LA), M/s. Protocol Insurance Surveyors & Loss Assessors Pvt. Ltd. as Asset Valuer (AV) and M/s. KPMG as Tax-cum-Accounting Consultant (TCA) to assist SAIL in the disinvestment process.

Preliminary Information Memorandum (PIM) / Expression of Interest (EOI) of ASP, SSP and VISP were issued on 4th July, 2019. EOI bids were opened on 10th September, 2020 and the eligible bidders have been shortlisted. The second stage of tendering has been initiated. The Confidential Information Memorandum (CIM) and Request for Proposal (RFP) have been issued to the shortlisted bidders.

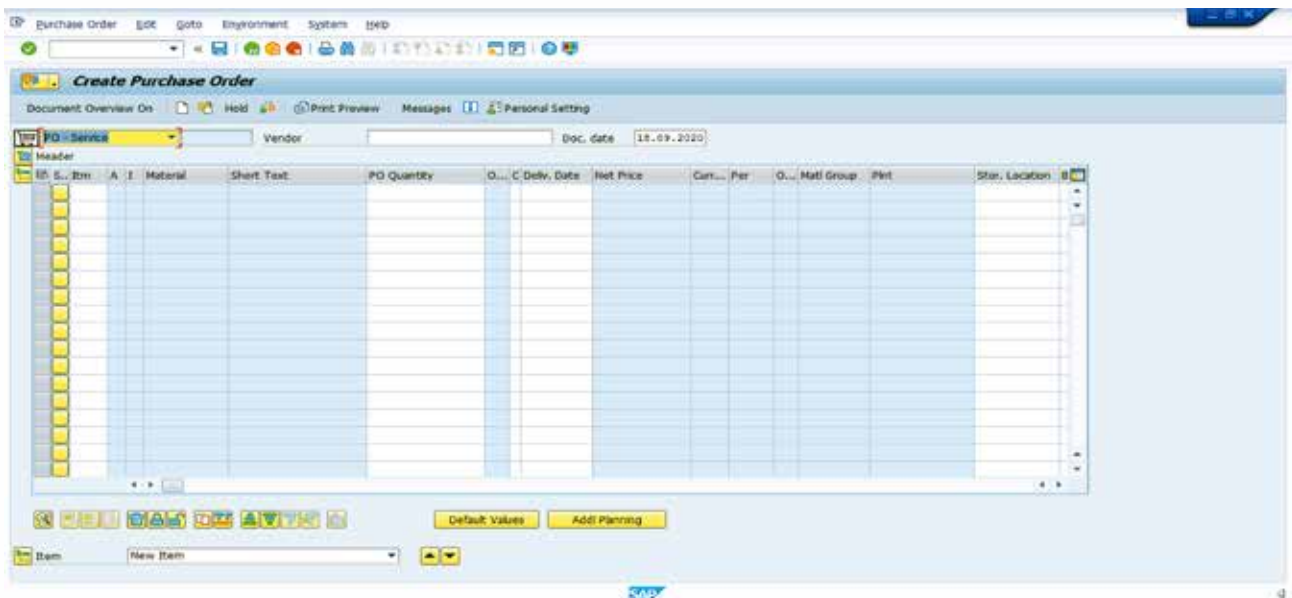
**Business Excellence Initiatives**

**Implementation of Management Systems**

Most of SAIL Plants/Units are certified to ISO 9000, ISO 14000, OHSAS 18000/ISO 45000, SA 8000, ISO 50000 and ISO 27000 Management Systems. Further, Empanelment of Certification Agencies for the third cycle i.e. 2020-2023 was completed in March, 2020 for Certification to six Management Systems i.e. ISO 9000, ISO 14000, OHSAS 18000/ISO 45000, SA 8000, ISO 27000 and ISO 50000 and related training.

**Information Technology Related Initiative**

In today's world of dynamic business environment, wherein, the competition is growing tremendously, your Company is leveraging information technology (IT) to face the challenges in the market place, in order to maintain and improve its competitive advantage. With this objective, your Company is continuing with various IT initiatives within the organization to strengthen its business processes and provide seamless and competitive services to business partners. Some of these initiatives are given below:



- With an aim to integrate all aspects of business operations and to optimize all organisational resources through standardization of business processes and adoption of best practices, SAIL had already implemented Enterprise Resource Planning (ERP) at four of its Integrated Steel Plants i.e. Bhilai Steel Plant (BSP), Durgapur Steel Plant (DSP), Bokaro Steel Plant (BSL), Rourkela Steel Plant (RSP) and its marketing setup at Central Marketing Organization (CMO). The 5<sup>th</sup> Integrated Steel Plant i.e. IISCO Steel Plant (ISP) as well as the Corporate Office (CO) have also gone live on SAP-ERP during the Financial Year 2019-20. Further, SAIL initiated cloud journey by adopting Cloud model for ISP and CO ERP implementation.
- 24x7 Online Information to Customers has been made available on Customer Portal, wherein, they get information on Orders, Invoices and Financials alongwith automated communications through SMS and Mail. For enhancing customer satisfaction by way of faster resolution of customer complaints, online complaint logging system has been enabled.
- To improve logistics, bill payment to various transporters, online bill submission has been enabled at some of the Plants/Units for automated processing leading to transparency of operations, faster bill processing cycle, savings of man hours and elimination of manual errors. B2B IT interface has been setup with few vendors for automatic data transfer of Purchase Order and Invoice. Automatic email to vendor on generation of payment voucher has further facilitated the payment process.
- Visibility of inventory at Plants/Units improved by automating data transfer from Plants/Units ERP System to Marketing ERP System on daily basis.
- Technology is changing by leaps and bounds with the growth of mobile applications and digitization. In this regard, SAIL has initiated the process of making Employee Information viz. Leave Application, Medical Booking and other Employee Self services on Mobiles at some of the Plants, as a step towards digitization. Further, your Company is embracing concept of paperless office by implementing online approval system.
- As a step towards preventive safety measure, SAIL has designed a Portal, wherein, safety issues at workplace can be recorded and shared within the Company and corrective measures can be taken accordingly.
- The procurements are being maximized through GeM Portal of Government of India and the same has been directly integrated with SAP system.
- SAIL has adopted unified domain across all Plants/Units for its mailing system.
- SAIL implemented online SAIL Employees Rendering Volunteerism & Initiatives for Community Engagement (SERVICE) portal for registration by employees/ex-employees/groups for Voluntary Philanthropic Activity. This system was inaugurated by Hon'ble Minister of Steel. Innovation portal for both executives and non-executives of SAIL & young managers has also been implemented to facilitate sharing suggestions and ideas.
- Realising that IT is the way forward, your Company has appointed IT consultant for defining and strategizing enterprise wide IT Roadmap for SAIL.

**Corporate Communication**



**Strategic Objective**

In the recent challenging period, the Corporate Communication function has become the cynosure of all eyes in the business world. The companies around the world realized the significance and the utmost need to have a full-fledged and evolved team of communicators, who in the regular as well as in times of crisis, keep the good word and works of the organization in proper perspective and public focus. The Corporate Communication is a round-the-clock exercise where the communicators of the corporate, strategize to bring the best image of the Company to the world in tandem with the evolving realities, goals and targets of the Company.

**Internal Communication efforts**

Apart from the routine internal communications activities, the first ever “Brand Manual” was launched for the Company to usher in a uniform branding code & culture of its products across the Country. Effective internal communication drive was maintained including publication of “SAIL News” for employees and a section of external stakeholders. Another important initiative was ideation of Company Level Award Scheme, to promote employee engagement and boost the morale of the employees, which was launched on 22<sup>nd</sup> January '20 by Hon'ble Minister of Petroleum and Natural Gas and Steel and Minister of State for Steel. The popular and loved theme ‘Needle to Chandrayaan’, introduced this year and used for the Company’s Notebook, etc., gained wide popularity.

**External Communications Efforts**

**Media Relations** - Excellent media relations were maintained through proactive and regular interactions with various media like newspapers, electronic including television and web based media by sharing Company’s important news on a regular and timely manner. Along with this, there were several interviews conducted and covered by top national media outlets to get an overview, vision, target roadmaps of SAIL management. A trend setting initiative of introducing ‘SAIL Track’ - an in-house Audio Visual news capsule for reaching out to large number of stakeholders through smart phones as well as various social media platforms was successfully launched. Press Meet with Chairman on SAIL’s turnaround and a media visit to SAIL’s flagship Bhilai Steel Plant were successfully organized, as a result, SAIL was widely covered in all the media.

**Efficacious Brand Outreach** - During the year, extensive branding of SAIL’s products and brand signage was installed at Press Club of India, New Delhi and a steel art structure at Uchana, Haryana, thereby, establishing a strong brand presence of SAIL in the region. In addition to this, participation in exhibitions, release of advertisements in various publications and sponsorships of several events further enhanced pan-India brand presence of SAIL.

**Crisis Communication** - As a new initiative, the Crisis Communication Guidelines were framed, which resulted in a consistent and unified approach in managing communication during crisis and post-crisis period across all Plants and Units of the Company. Further, massive communication drive towards disaster management was undertaken during the ‘Fani’ cyclone in Odisha as well as during the continuing Covid-19 Pandemic.

**Implementation of Government initiatives** - On the occasion of 150<sup>th</sup> birth anniversary of Mahatma Gandhi, first ever Talk on Gandhian Philosophy was organized at SAIL on 21<sup>st</sup> September, 2019. It was also ensured that Government of India’s schemes like Swachh Bharat Abhiyan, Jal Shakti Abhiyan, Run for Unity, Yoga Day, Ispati Irada, Har Ek Kaam Desh Ke Naam, etc. were effectively implemented by your Company. Further, the ground breaking ideation of Drum-to-Dustbins for promoting ‘say no to plastic’ campaign was organised across all Plants and Units of SAIL.

**Social Media Efforts** - In addition to this, extensive use of social media platforms like Facebook, Twitter, Instagram, LinkedIn, etc. was undertaken for wider dissemination of Company’s information and for better engagement of various stakeholders. The average growth in social media penetration of SAIL across various platforms witnessed an impressive surge.

**G. VIGILANCE ACTIVITIES**

The objective of SAIL Vigilance is to facilitate an environment enabling people to work with integrity, efficiency and in a transparent manner, upholding highest ethical standards for the organization. To achieve this objective, the Vigilance Department carries out preventive, proactive and punitive actions with greater emphasis in the preventive and proactive functions. Following activities were undertaken during the Financial Year 2019-20:

- To increase vigilance awareness amongst employees, vigilance awareness sessions and workshops were regularly held at various Plants and Units of the Company. A total of 156 workshops involving 2594 participants were organized for enhancing Vigilance Awareness on Whistle Blower Policy, Purchase/Contract Procedures, Conduct & Discipline Rules, Common Irregularities, System and Procedure followed in SAIL, etc.
- Periodic Surprise Checks including Joint Checks were conducted regularly in vulnerable areas of the Company. A total of 2354 periodic checks including file scrutiny and Joint Checks were conducted at different Plants/ Units.
- 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 these Intensive Examinations, high value procurement/contracts are scrutinized comprehensively and necessary recommendations are forwarded to concerned departments for implementing suggestions for improvement.
- As per the Guidelines of Central Vigilance Commission, Vigilance Awareness Week was observed in SAIL during 28<sup>th</sup> October to 2<sup>nd</sup> November, 2019. The week started with administering the Integrity pledge and reading out the messages of dignitaries on 28<sup>th</sup> October 2019 at SAIL Corporate Office as well as in all Plants/Units of SAIL. During the week, Workshops/ Sensitization Programmes, Anti Corruption March/Walkathon, Customers Meet, etc. were organised. Further, events like quiz, essay, slogan & drawing/ poster, debate competition were organized for the employees and their families across SAIL. As outreach measures, various events like Speech/Oratory competition, Poster/Drawing competition, Essay/Slogan competition, Inter school debate competition, Quiz competition were organized for School and College Students across various townships of SAIL and metro cities of Delhi and Kolkata.
- The following four thrust areas were identified by SAIL Vigilance:
  - (i) Scrutiny of projects w.r.t. change orders
  - (ii) Scrutiny of emergency procurement and contract cases
  - (iii) Scrutiny of repeat orders placed for procurement and contracts
  - (iv) Scrutiny of cases where there is delay in payment of bills.
- 'Inspiration-Prerna', an in-house publication of SAIL Vigilance is being published regularly. The above publication contains case studies and informative articles to enhance awareness of the readers.
- As on 01.04.2019, a total of 102 complaints were pending and the closing balance as on 31.03.2020 was 119. The summary of disposal of complaints during 2019-20 is as under:

**Complaints Disposed:**

|   |            |
|---|------------|
| Closed as found anonymous / pseudonymous (filed in line with CVC Guidelines)  | 306        |
| Closed as no vigilance angle / allegations not substantiated  | 249        |
| Referred to other departments   | 96         |
| Closed with preventive/administrative recommendations   | 134        |
| Regular Departmental Actions (RDAs) initiated (Include 4 cases of Major Penalty against 8 employees and 21 cases of Minor Penalty against 26 employees) | 25         |
| <b>Total Disposed</b>   | <b>810</b> |

**Vigil Mechanism**

The Company has adopted Vigil Mechanism for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. All employees of the Company and directors on the Board of the Company are covered under this Mechanism. This Mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. It also provides for adequate safeguards against the victimization of employees who avail the Mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. No complaint was received during the Financial Year 2019-20.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report covering the performance and outlook of the Company is attached and forms part of this Report.

**AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS**

The Statutory Auditors' Report on the Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 along with Management's replies thereon is placed at **Annexure-I** to this Report. The comments of Comptroller & Auditor General of India (C&AG) on the Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 under Section 143(6)(b) of the Companies Act, 2013 and the Management's replies thereon are placed at **Annexure-II** to this Report.

**COST AUDITORS**

Pursuant to the direction of the Central Government for Audit of Cost Accounts, the Company has appointed M/s. Shome & Banerjee, Kolkata, M/s. R. J. Goel & Co., New Delhi and M/s. R.M. Bansal & Co., Kanpur as Cost Auditors for the Financial Year 2019-20.

**SECRETARIAL AUDITOR'S REPORT**

In terms of the provisions of Section 204 of the Companies Act, 2013, the Board of Directors has appointed M/s. Agarwal S. & Associates, Company Secretaries, as the Secretarial Auditor to conduct Secretarial Audit of the Company for the FY ended on 31<sup>st</sup> March, 2020. Secretarial Audit Report is placed at **Annexure-III** to this Report.

With regard to the observation of the Secretarial Auditor, that composition of the Board of Directors of the Company was not as per requirements during a part of the FY 2019-20, it is stated that appointment of Independent Directors on the Board of the Company is made by the Company based on nomination by Government of India. The Company has requested Ministry of Steel, Government of India for nomination of requisite number of Independent Directors on its Board.

In respect of observation regarding performance evaluation of the Directors not being carried out pursuant to the Regulation 17(10), 25(4) and 19(4) read with Schedule-II Part D(A) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is mentioned that Ministry of Corporate Affairs has vide its Notification dated 5<sup>th</sup> June, 2015 notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which, inter-alia, provides that Sub Sections (2), (3) & (4) of Section 178 regarding appointment, performance evaluation and remuneration shall not apply to

Directors of the Government Companies. Further, the Ministry of Corporate Affairs vide Notification dated 5<sup>th</sup> July, 2017 has notified certain amendments in Schedule IV of the Companies Act, 2013 relating to Code for Independent Directors. As per the Notification, in Schedule IV, the clauses relating to evaluation of performance of Non-Independent Directors, Chairperson and Board have been exempted for Government Companies.

#### **CORPORATE GOVERNANCE**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report and Auditors' Certificate on compliance of conditions of Corporate Governance is placed at **Annexure-IV** to this Report.

In terms of the SEBI Regulations, 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 uploaded on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

#### **BUSINESS RESPONSIBILITY REPORT**

As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report describing the initiatives taken by the Company from Environmental, Social and Governance perspective forms part of this Annual Report.

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

IISCO-Ujain 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.

Your Company has four other subsidiary Companies namely, SAIL Refractory Company Limited (SRCL), SAIL Jagdishpur Power Plant Limited, SAIL Sindri Projects Limited and Chhattisgarh Mega Steel Limited. SRCL is operating the Salem Refractory Unit which was acquired by SAIL from Burn Standard Company Limited on 16<sup>th</sup> December, 2011. 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 have not taken off. SAIL Jagdishpur Power Plant Limited has been Struck-Off from the Register of Companies and SAIL Sindri Projects Limited is in the process of being Struck-Off. Chhattisgarh Mega Steel Limited was incorporated as a Special Purpose Vehicle with an objective of fast tracking developmental processes such as land acquisition, R&R activities, ensuring power and water linkages, securing necessary statutory approval/in-principle approval from Ministry of Environment, Forest and Climate Change, etc. for setting up of an Ultra Mega Steel Project. The project is no longer being pursued by SAIL.

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 at the Registered Office of the Company and the Subsidiary Companies concerned between 11 AM to 1 PM on working days. A hard copy of the details of accounts of subsidiaries shall be furnished to the shareholders on receipt of written request.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to provisions of Section 129(3) of the Companies Act, 2013, the duly Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 are placed at **Annexure-V** to this Report.

#### **AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

The Statutory Auditors' Report on the Consolidated Financial Statements along with the Management's replies thereon is placed at **Annexure-VI** to this Report. The comments of Comptroller & Auditor General of India (C&AG) on the Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 under Section 143(6)(b) read with Section 129(4) of the Companies Act, 2013 and Management's replies thereon are placed at **Annexure-VII** to this Report. Further, the statement containing salient features of the financial statements of the subsidiary, joint venture and associate companies in the prescribed Form AOC-1 is placed at **Annexure-VIII** to this Report.

#### **EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rules prescribed therein is placed at **Annexure-IX** to this Report.

#### **BOARD MEETINGS**

During the year, 10 meetings of the Board of Directors of the Company were held, the details of which are given in the Corporate Governance Report.

#### **AUDIT COMMITTEE**

The Audit Committee of the Board was initially formed by the Company in 1998. The Audit Committee has been reconstituted from time to time in terms of the SEBI Regulations and Companies Act, 1956/2013. The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of. The composition and other details pertaining to the Audit Committee are given in the Corporate Governance Report at **Annexure-IV**.

#### **INTERNAL FINANCIAL CONTROL (IFC) AND ITS ADEQUACY**

The Company has well established and documented policies and procedures, which are adhered to for transparent, efficient and ethical conduct of business and for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial disclosures. Further, the Company has a good corporate governance structure, and strong management processes, controls, policies and guidelines which drives the organization towards its business objective and also meets the needs of various stakeholders.

Your Company's robust protocols such as independent internal audit, documented policies, guidelines, procedures, regular review by Audit Committee / Board, etc. helps in compliance of Internal Financial Controls under the Companies Act, 2013, SEBI (LODR) Regulations, 2015, etc. The Company is committed to the highest standards of Corporate Governance where the Board is accountable to all stakeholders for reporting effectiveness of Internal Financial Control (IFC) and its adequacy. Corporate Governance has been carried out in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, etc.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013(the Act), the Directors state that:

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) 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) 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) the Directors have prepared the Annual Accounts on a Going-Concern basis;
- (v) the Directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **INDEPENDENT DIRECTORS' DECLARATION**

In terms of Section 149(6) of the Companies Act, 2013, necessary declaration has been given by each Independent Director stating that he/she meets the criteria of independence. In terms of Section 149(7) of the Companies Act, 2013, Independent Directors of the Company have undertaken requisite steps towards registration of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

In the opinion of the Board, the Independent Director(s) appointed during the year possess integrity, necessary expertise and experience.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

In terms of the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the details of Loans, Guarantees and Investments given during the FY ended on 31<sup>st</sup> March, 2020 are given in **Annexure-X** to this Report.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188**

All the contracts / arrangements / transactions entered by the Company during the Financial Year 2019-20, with the related parties were in the ordinary course of business and on an arm's length basis. The transactions with the related parties have been disclosed in the financial statements. Therefore, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 do not form part of the Report.

#### **DIVIDEND DISTRIBUTION POLICY**

In terms of the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has adopted Dividend Distribution Policy which is uploaded on the website of the Company - [https://sail.co.in/sites/default/files/Dividend\\_Distribution\\_Policy\\_2017.pdf](https://sail.co.in/sites/default/files/Dividend_Distribution_Policy_2017.pdf)

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies(Accounts) Rules, 2014, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in **Annexure-XI** to this Report.



#### RISK MANAGEMENT POLICY

Enterprise Risk Management (ERM) is a strategic business discipline that supports the organization's objectives by addressing its risks and managing the impact of these risks. It is the practice of planning, coordinating, executing and handling the activities of an organization in order to minimize the impact of risk on investment, earnings and also strategic, financial and operational risks.

The Enterprise Risk Management Policy of your Company was approved by the Board much before the same became a statutory requirement and since then, risk management in SAIL has grown and developed in line with internal and external business and economic changes. The Policy provides guidance for the management towards business risks across the Organisation. It focuses on ensuring that the risks are identified, evaluated and mitigated within a given time frame on a regular basis.

Currently, the architecture of Enterprise Risk Management in SAIL comprises a well-designed multi-layered organization structure, with each Plant/Unit having its own perceived Risks which are under constant monitoring by the Risk Owners / Risk Champions who frame and implement the mitigation strategy and take it to its logical conclusion. Risk Management Committee of the Plant/Unit Chaired by the Head of the Plant /Unit periodically reviews the risks and its mitigation status and reports the same to Chief Risk Officer (CRO) of SAIL. SAIL Risk Management Committee (SRMC) oversees the Risk Management function in the Company by addressing issues pertaining to the policy formulation as well as evaluation of risk management function to assess its continuing effectiveness. Risks identified by the Risk Champion/Risk Officer are deliberated in the Risk Management Committee and strategy for mitigating such risks is formulated. Roles and responsibility of Board, Audit Committee, SAIL Risk Management Committee, Risk Management Steering Committee, CRO, Risk Officer/Risk Champion related to risk management are defined under the Policy and duly approved by the Board. The Enterprise Risk Management Policy of your Company is uploaded on its website <https://sail.co.in/company/company-policies>.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

SAIL's Social Objective is synonymous with Corporate Social Responsibility. Apart from the business of manufacturing steel, the objective of your Company is to conduct business in ways that provide social, environmental and economic benefits to the communities in which it operates. For any organization, CSR begins by being aware of the impact of its business on society. With the underlying philosophy and a credo to make a meaningful difference in people's lives, your Company has been structuring and implementing CSR initiatives right from the inception. These efforts have seen the obscure villages, where SAIL Plants are located, turn into large industrial hubs today.

The CSR initiatives of your Company have always been undertaken in conformity to the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and DPE Guidelines on CSR & Sustainability, 2014. SAIL carries out

CSR projects in and around periphery of steel townships, mines and far flung location across the Country in the thrust areas falling in line with Schedule-VII of the Companies Act, 2013, namely, Education, Healthcare, Access to Drinking Water, Sanitation, Rural Development in Peripheral Areas, Environment Sustainability, Women Empowerment, Assistance to Divyangs, Sustainable Income Generation through Self-Help Groups, Promotion of Art and Culture, etc.

The details of various CSR initiatives taken by the Company along with the Report on CSR in prescribed format are placed at **Annexure XII** to this Report. The CSR Policy of the Company is available on the website of the Company [www.sail.co.in](http://www.sail.co.in).

#### CSR initiatives on COVID-19

In the wake of the unprecedented global fallout of the pandemic COVID-19 which also had a severe impact across the Country, the Government of India initiated pro-active actions on a war-footing to combat/mitigate and control the outbreak of Covid-19 which included, inter-alia, lock-down w.e.f. 25<sup>th</sup> March, 2020, operation of only essential services and strict measures at work-places such as deployment of skeletal manpower and strict adherence to various safety precautions.





Your Company, as a responsive corporate organization is responsible to ensure the health and safety of its facilities/premises, employees at the Plants/Units and all other persons working at the sites. SAIL has activated a scaled response towards management of Covid-19 at its Plants, Units, Mines and Townships. SAIL Hospitals at five Integrated Steel Plant locations have earmarked 10% of the beds (330 beds) of the total beds (3300 Beds) as isolation wards and have set up a testing centre at IGI Hospital, Rourkela for Covid-19 patients. Quarantine Facilities have also been created at guest houses/hostels in the townships and at Mines hospitals for over 600 persons. SAIL Plants and Units have installed touch-free hand-sanitizers, water dispensers, spraying disinfectants, using digital thermal recorders at prominent locations, ensuring continuous water supply in all the peripheral villages/areas.

During the FY 2019-20, your Company has contributed an amount of ₹5.0 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund and has also allocated ₹3.0 crore to the Plants/Units for augmenting facilities to contain the COVID-19 outbreak.

SAIL, with the help of district authorities, civil society organizations, Self-Help Groups and its employees, has actively implemented the lockdown rules, social

distancing norms and effective use of Aarogya Setu App for breaking the chain of transmission of COVID-19 virus in the peripheral areas of steel Plants and Units from March, 2020 onwards.

In order to support the vulnerable sections of society, daily-wage earners/ labourers, poor peasants and their families, who were left with dwindled resources during lockdown, SAIL Plants and Units, through district authorities, distributed dry ration packets (comprising of rice, dal, salt, condiments, wheat atta, soap, etc.), milk packets, milk powder, khichdi, routine medicines, sanitary napkins for women, etc. More than 6000 dry ration kits were distributed across Plants of SAIL and the activity is continuing. Daily cooked meals to patients and healthcare workers were also served.

The Plants/Units have also shifted patients and health workers. CSR departments of Plants also facilitated stitching of Face Masks, Gamachhas, Aprons, Gloves, etc., and their distribution to peripheral areas, District Authorities, Ministry of Steel/PMO through SHGs. SHGs have prepared and distributed more than 15000 Masks so far. Awareness campaigns and sanitation/cleanliness drives are also going on at various rural locations under CSR.

**Swachh Bharat-Swachh Vidyalaya Abhiyaan**

SAIL actively participated in the "Swachh Bharat Abhiyan" initiated by the Hon'ble Prime Minister of India. Under the campaign, 672 toilets had been constructed in schools falling within the periphery of its Plants & Mines in the States of Chhattisgarh, West Bengal, Odisha, Jharkhand, Madhya Pradesh and Tamil Nadu. The toilets are also being maintained with the help of respective School Management Committees.

**Healthcare:** SAIL's extensive & specialised Healthcare Infrastructure provided specialized and basic healthcare to 173.6 lakh people living in the vicinity of its Plants and Units during the period 2011-2020. In order to deliver quality healthcare at the doorsteps of the needy, regular health camps are being organised in various villages on fixed days for the people living in the periphery of Plants/Units/Mines. During the FY 2019-20, about 1500 Health Camps have been organized benefitting approx. 64,000 villagers. 5 Mobile Medical Units (MMUs) running in the Plant peripheries have benefitted about 34,000 villagers at their doorsteps. 24 Primary Health centres at Plants exclusively provided free medical care and medicines to more than 62,200 villagers.

**Education:** To develop the society through education, SAIL is supporting about 77 schools, providing modern education to more than 40,000 children in the steel townships, 20 Special Schools (Kalyan & Mukul Vidyalayas) are benefitting around 4028 BPL category students at integrated steel plant locations with facilities of free education, mid-day meals, uniform including shoes, text books, stationary items, school bag, water bottles, etc., under CSR. SAIL in association with the Akshaya





Patra Foundation, is providing Mid-day meals to 64,000 students in over 600 Govt. schools in Bhilai and Rourkela.

**Women Empowerment & Sustainable Income Generation:** Vocational and specialised skill development training targeted towards sustainable income generation has been provided to 425 youths & 1018 women of peripheral villages in areas such as Nursing, Physiotherapy, LMV Driving, Computers, Mobile repairing, Welder, Fitter, Electrician training, Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Achar/Pappad/ Agarbati/Candle making, Screen printing, Handicrafts, Sericulture, Yarn Weaving, Tailoring, Sewing and embroidery, Gloves, Spices, Towels, Gunny-bags, Low-cost-Sanitary Napkins, Sweet Box, Soap, Smokeless chullah making, etc. 753 youth have been sponsored for ITI training at ITCs Bolani, Bargaon, Baliapur, Bokaro Private ITI and Rourkela, etc.

**Connectivity & Water facilities in Rural Areas:** Over 79.03 lakh people across 450 villages have been connected to mainstream by SAIL, since its inception, by constructing and repairing roads. Over 8176 water sources have been installed, since inception, thereby enabling easy access to drinking water to over 50 lakh people living in far-flung areas.

**Environment Conservation:** Maintenance of parks, water bodies, botanical gardens and plantation & maintenance of over 5 lakh trees in the townships is being undertaken.

**Support to Divyangs & Senior Citizens:** Divyang children/people are being supported through provision of equipments like-tricycle, motorized vehicles, calipers, hearing aids, artificial limbs, etc. SAIL supports centres and programmes at SAIL Plants like "Schools for blind, deaf & mentally challenged children" and "Home and Hope" at Rourkela; "Ashalata Kendra" at Bokaro; various programs like "Handicapped Oriented Education Program" and "Durgapur Handicapped Happy Home" at Durgapur; and "Cheshire Home" at Burnpur. Old age homes are being supported at different Plant townships like "Siyam Sadan" at Bhilai, "Acharya Dham and Badshah" at Durgapur, "Sr. Citizens Home" at Rourkela, etc.

**Sports, Art & Culture:** SAIL is regularly organizing inter-village sports tournaments, extending support to major National sports events and tournaments. Also, supporting and coaching aspiring sportsmen and women through its residential sports academies at Bokaro (Football), Rourkela (Hockey) - with world class astro-turf ground, Bhilai (Athletics for boys), Durgapur (Athletics for girls) and Kiriburu, Jharkhand (Archery). Cultural events like Chhattisgarh Lok Kala Mahotsav, Gramin Lokotsav are organised every year.

**Development of Aspirational Districts:** In order to provide comprehensive development of both physical and social infrastructure, SAIL has undertaken CSR activities in 7 Aspirational Districts, viz. Kanker, Narayanpur and Rajnandgaon in Chhattisgarh and West Singhbhum, Bokaro, Ranchi in Jharkhand and Nuh in Haryana.

**SAIL Employees Rendering Volunteerism & Initiatives for Community Engagement (SERVICE) Scheme:** The 'SERVICE' Scheme was launched by Shri Dharmendra Pradhan, Hon'ble Minister of Petroleum & Natural Gas and Steel on 17<sup>th</sup> January, 2020. This scheme has been primarily introduced to provide a platform to the SAIL employees to contribute to the basic concerns of the community, provide opportunities for employee engagement, and explore the senior executives to encourage socially responsible behaviour within the core business of SAIL. The SAIL supported volunteerism scheme "SERVICE" explicitly encourages and values employee volunteerism to benefit not only the ecosystem of SAIL but will also be an integral element of the CSR of SAIL. The scheme provides an opportunity to assess and harness employees' volunteer interests, specific needs within the community, and synergise broadly with the SAIL's strategic CSR priorities. SAIL's investment in community involvement through its own employees also provide the impetus for building long-term loyalty, enhance legitimacy with the wider public, build trust and brand equity that, in turn, reinforces other strategic objectives of SAIL. Over 29,000 volunteers have registered on the SERVICE portal upto March, 2020. Salient features of the "SERVICE" scheme are detailed as under:

- SAIL shall support its employees to engage in Theme based Voluntary Philanthropic Activities (VPAs) every year.
- SAIL shall provide support for carrying out VPAs under CSR in the form of infrastructure and funding.
- SAIL shall recognize the contribution of its employees for the VPAs in the form of awards comprising citation and monetary benefits.
- SERVICE will be implemented through interactive online portal.

#### GENERAL DISCLOSURES

- During the year, the Company has not accepted any deposits under the Companies Act, 2013.
- No significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future. However, attention of Members is drawn to the statement on contingent liabilities in notes forming part of the Financial Statements.

#### DIRECTORS AND KEY MANAGERIAL PERSONNEL

- Shri Amit Sen has been appointed as Director w.e.f. 5<sup>th</sup> November, 2019.
- Shri N. Shankarappa has been appointed as Independent Director w.e.f. 13<sup>th</sup> November, 2019.
- Prof. Ashok Gupta, Mrs. Anshu Vaish and CA Parmod Bindal have ceased to be Independent Directors w.e.f. 18<sup>th</sup> November, 2019.
- Dr. G. Vishwakarma has ceased to be Director w.e.f. 31<sup>st</sup> January, 2020.
- Shri Anirban Dasgupta has been appointed as Director w.e.f. 1<sup>st</sup> February, 2020.
- Shri Nilanjan Sanyal and Dr. Samar Singh have ceased to be Independent Directors w.e.f. 4<sup>th</sup> February, 2020.
- Shri Saraswati Prasad, Special Secretary & Financial Adviser, Ministry of Steel ceased to be Director w.e.f. 17<sup>th</sup> March, 2020.
- Shri Vijoy Kumar Singh, Additional Secretary & Financial Adviser, Ministry of Textiles having additional charge of Financial Adviser, Ministry of Steel appointed as Government Director w.e.f. 17<sup>th</sup> March, 2020.
- Shri Vivek Gupta has ceased to be Director w.e.f. 31<sup>st</sup> July, 2020.

#### ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the sincere and untiring efforts and contribution made by every member of the SAIL Family. The Directors acknowledge with deep sense of appreciation, the valuable guidance, support and co-operation received from Government of India, particularly from the Ministry of Steel, Ministry of Environment, Forests, & Climate Change, DIPAM, Niti Aayog, Department of Public Enterprises, Railways, State Governments, Electricity Boards, etc. The Board also convey its gratitude to all its stakeholders, including Bankers, Vendors, Customers, Investors and Members for their continued support and confidence reposed in the Organisation.

The Directors also thank the Comptroller & Auditor General of India, Statutory Auditors, Cost Auditors, Secretarial Auditor and other professionals associated with the Company for their valued contribution.

The Directors of your Company are immensely grateful for the invaluable contribution rendered by every person risking their life and safety to combat the pandemic and deeply regret the loss of human life due to COVID-19 Pandemic.

For and on behalf of the Board of Directors



**(Anil Kumar Chaudhary)**

Chairman

Place: New Delhi

Dated: 19<sup>th</sup> September, 2020