



ANNUAL
REPORT
2004-05



MAKING

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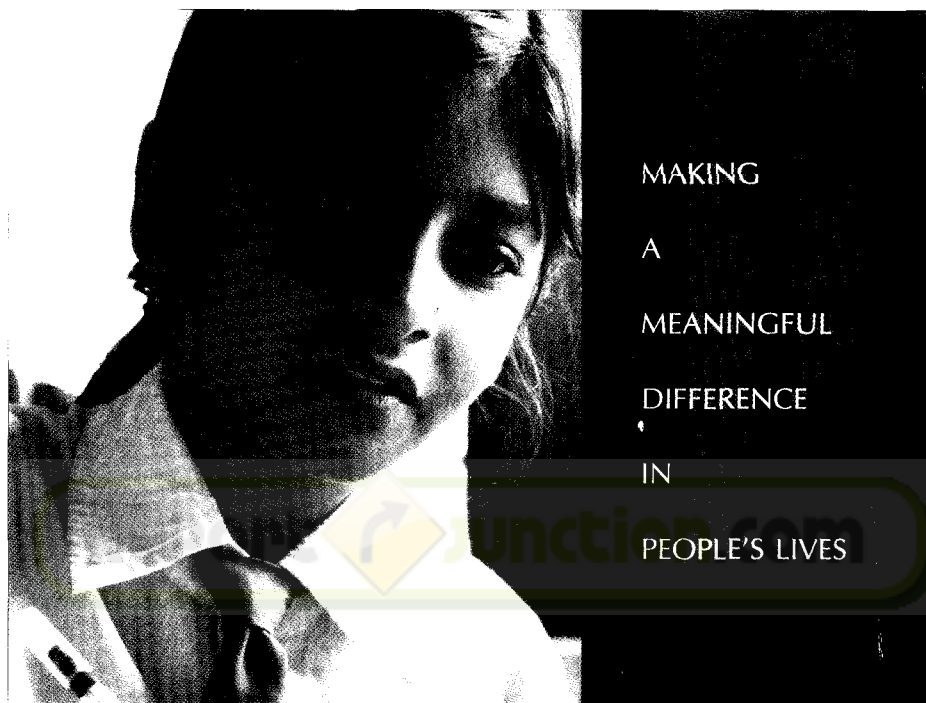
MEANINGFUL

DIFFERENCE

IN

PEOPLE'S LIVES

EDUCATION • HEALTH • ENVIRONMENT • CULTURE • SPORTS



SAIL is the largest steel maker in India. A leader who has nurtured its most precious asset -- the human resource. Committed to ensure a better quality of life, SAIL has reached out to a large number of people. Strengthening its commitment to building human and social capital. A responsible corporate citizen, it has been able to make a meaningful difference in people's lives and bring light into areas of darkness.

Contents

Making a Meaningful Difference in People's Lives	2
Company's Vision & Credo	4
Highlights 2004-05	5
Awards & Accolades	6
Board of Directors	8
Notice	10
Directors' Report	14
Ten Years at a Glance	24
Annual Accounts	28
Cash Flow Statement	30
Schedules	31
Auditors' Report	61
Comments of C&AG	66
Review of Accounts by C&AG	67
Corporate Governance Report	76
Management Discussion and Analysis Report	79
Corporate Governance Certificate	84
Consolidated Financial Statements	86
Subsidiary Companies	
Annual Report and Accounts	
The Indian Iron & Steel Company Limited	112
Maharashtra Elektrosmeti Limited	137
Bhilai Oxygen Limited	162
Principal Executives	166
Proxy	167



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Making a Meaningful Difference in People's



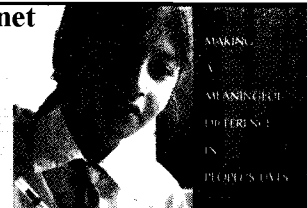
Education

Recognising that education is an integral part of human development, SAIL has been contributing in a big way in increasing the literacy rates in its townships & peripheral areas. In addition, initiatives like subsidised education, scholarship schemes, free education to children from SC/ ST communities and economically weaker sections, have helped to lay a solid foundation for the future.



Health

With plants & townships located in remote areas, SAIL has taken upon itself the responsibility of bringing healthcare within the reach of all in the neighbourhood. The company developed Primary, Secondary and Tertiary healthcare initiatives have resulted in access to improved health infrastructure for over 22 million people.



Environment

SAIL has taken up various initiatives such as water conservation, effluent treatment, extensive afforestation etc. to help preserve nature. In addition, it has developed a Bird Sanctuary, raised an Amla Plantation, set-up an Aushadi Vatika and started vermi-culture, among other initiatives. SAIL's partnership with nature grows stronger with each passing day.

Lives

• Education • Health • Environment • Culture • Sports



Culture

As one of the oldest and most fascinating cultures, India is a treasure-trove of heritage. Each SAIL plant/unit is a microcosm in itself, having diverse cultures. And SAIL is committed to preserving this legacy for the future. By promoting culture and supporting the preservation of heritage, SAIL is extending valuable support to nurture our rich & vibrant culture.



Sports

Team spirit is vital to success, in business, as in sports. Driven by the belief that a healthy mind resides in a healthy body, we spot and nurture young talents in many disciplines — in our various sports academies. By broad-basing sports at the grassroot level in the steel townships/company run schools, SAIL has embraced sports as a way of life.



VISION

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

CREDO

- We build lasting relationships with customers based on trust and mutual benefit.
- We uphold highest ethical standards in conduct of our business.
- We create and nurture a culture that supports flexibility, learning and is proactive to change.
- We chart a challenging career for employees with opportunities for advancement and rewards.
- We value the opportunity and responsibility to make a meaningful difference in people's lives.

Highlights 2004-05

- ✧ Highest ever Profit before tax (PBT) of Rs. 9,365 crore - increase of 256% over previous year.
- ✧ Profit after tax (PAT) at Rs. 6,817 crore - improved by 171% over previous year - the highest ever PAT.
- ✧ Highest ever production of 12.1 million tonnes of crude steel and 11.03 million tonnes of saleable steel.
- ✧ Highest ever turnover at Rs. 31,800 crore, an increase of 32% over previous year.
- ✧ Dividend @ 33% of paid up equity capital (including 15% maiden interim dividend) is highest ever declared by the Company.
- ✧ Reduction in borrowings by Rs. 2,920 crore during the year. Considering the investment of surplus funds in the year 2004-05, the Company is virtually debt free.
- ✧ Improvement in debt-equity ratio from 1.87:1 as on 31st March, 2004 to 0.58:1 as on 31st March, 2005.
- ✧ Rationalisation of manpower by 5053 - including 1440 employees separated through Voluntary Retirement Scheme.
- ✧ Labour productivity improved to 144 tonnes of crude steel per man per year from 137 tonnes in previous year.
- ✧ Reduction in energy consumption over previous year by 2%.
- ✧ Projects worth over Rs. 3,000 crore at various stages of implementation.
- ✧ Wide use of e-commerce, e-procurements worth Rs. 298 crore and e-selling worth Rs. 1,156 crore.
- ✧ Corporate plan drawn upto 2012, envisages production of 20 million tonnes of Hot Metal from current level of 13 million tonnes.



SAIL and its employees have been consistently winning awards and accolades every year in various fields. Some of the awards bagged by SAIL during 2004-05 are:



**ICWAI National Award
for Excellence in Cost
Management 2004**

SCOPE Award for "Excellence and Outstanding Contribution to the Public Sector Management — Special Turnaround Category" for the year 2003-04

"Certificate of Excellence" Award by Federation of Indian Export Organisation (FIEO), declared in 2004-05, for being one of the highest foreign exchange earners in 2002-03

Greentech Environment Excellence Gold Award in Metal Sector to Bhilai Steel Plant (BSP) for excellent performance in implementation of environment management systems. BSP also bagged the Greentech Safety Silver Award in Metallurgy Sector

Golden Peacock Innovation Award 2004 to Research & Development Centre for Iron & Steel (RDCIS) for technological innovation leading to improvement in production and profitability of the Company



Golden Peacock National Award for Innovative Product and Services to Rourkela Steel Plant (RSP) by the Institute of Directors

SAIL team adjudged the best team for the "National Training Award – Innovative Training Practices 2004-05" instituted by the Indian Society for Training & Development (ISTD)

Bokaro Steel Plant (BSL) awarded the 4th Annual Greentech Safety Award 2004-05



MoU with Government of India — “Excellent” rating in 2004-05 — for the third consecutive year

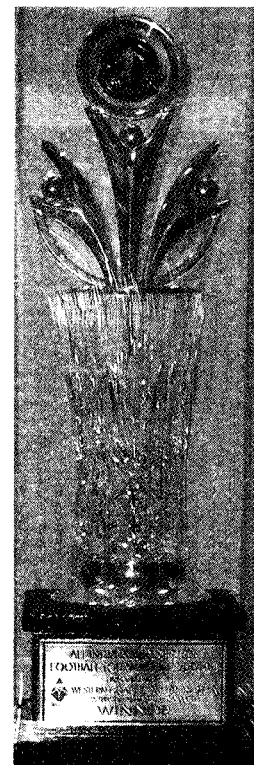
Four **Prime Minister's Shram Awards** for the year 2004. These include 2 Shram Vir awards and 2 Shram Shri awards. While the Shram Vir awards were won by one employee individually and one team comprising 2 employees of Bhilai Steel Plant (BSP), a team of 5 employees from BSP and one team of 2 employees from Visvesvaraya Iron & Steel Plant (VISL) won the one Shram Shri award each

Seven **Vishwakarma Rashtriya Puraskar 2003**. In these awards, declared in 2004, SAIL won 2 awards in Category 'B', involving 10 employees of Bhilai Steel Plant (BSP) and 5 awards in Category 'C' involving 17 employees of BSP and one employee of Bokaro Steel Plant (BSL)



Best House Magazine Award for 2004-05 conferred on SAIL's House Magazine "Ispat Bhasha Bharti" by Town Official Language Implementation Committee (Enterprises), Delhi for promotion of the Official Language

The All India Public Sector Football Trophy 2003-04 bagged by SAIL Football Academy team. The team has been elevated to the **Super Division League** of Indian Football Association (IFA)





Board of Directors *(As on 01.08.2005)*

Chairman

Shri V.S. Jain

Managing Directors

Durgapur Steel Plant

Dr. S.K. Bhattacharyya

Rourkela Steel Plant

Dr. Sanak Mishra

Bokaro Steel Plant

Shri U.P. Singh

Bhilai Steel Plant

Shri R.P. Singh

Functional Directors

Personnel

Shri Ashis Das

Commercial

Shri S.K. Roongta

Finance

Shri G.C. Daga

Technical

Shri K.K. Khanna

Directors

Shri V.K. Agarwal

Shri P.K. Sengupta

Dr. Amit Mitra

Shri A.K. Rath

Shri J.P. Singh

Secretary

Shri Devinder Kumar

Bankers

State Bank of India

Punjab National Bank

Canara Bank

Bank of Baroda

United Bank of India

Bank of India

Union Bank of India

Oriental Bank of Commerce

Allahabad Bank

Bank of Maharashtra

UCO Bank

Central Bank of India

State Bank of Patiala

Indian Overseas Bank

Syndicate Bank

Punjab & Sind Bank Ltd.

Jammu & Kashmir Bank

State Bank of Hyderabad

State Bank of Saurashtra

State Bank of Bikaner & Jaipur

State Bank of Indore

State Bank of Mysore

IDBI Bank

Statutory Auditors

M/s. P.A. & Associates
Chartered Accountants

M/s. S.K. Mittal & Co.
Chartered Accountants

M/s. Ray & Ray
Chartered Accountants