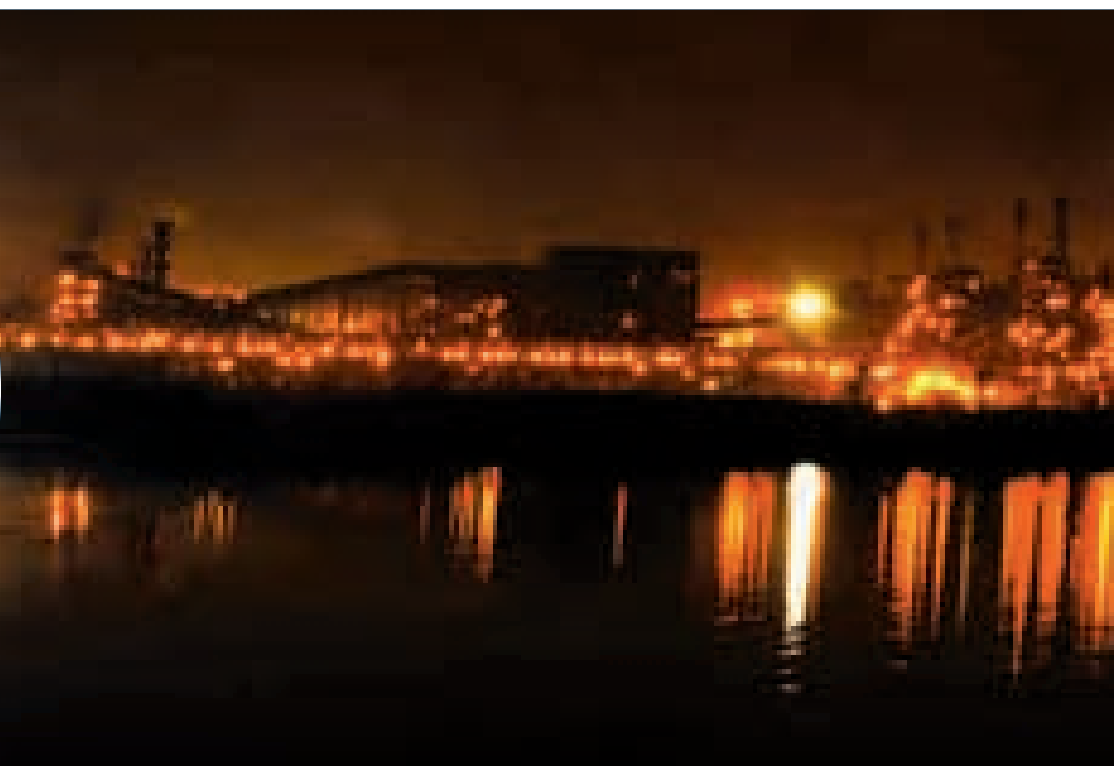




In the echelons of
steel leadership



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in the echelons of steel leadership



We have dominated the Indian secondary steel sector for well over a decade with premium value-added products. At the turn of the first decade of this century, we have some good news and some great news to share.

The good news is that we have just completed the fastest-built greenfield steel plant of India in the current year. Having commenced in 2005, five years is all we took – from the drawing board to the completion of the HR mill. The project brought a record greenfield capacity of 2.2 million tonne of primary steel and 410 MW of thermal power generation (including 300 MW from Bhushan Energy Limited) to our fold.

The great news is that we are fast progressing with the brownfield expansion at the same site in Orissa. And are geared up to cross the finishing line by 2012, adding another 3 MTPA to our primary steel capacity. In doing so, we would have added 5.2 MTPA of primary steel capacity in India, in less than 7 years' period – a rare feat that has never been achieved by an entrant ever before.

Having made our entry in the echelons of steel leadership, we are well on course to fortify our steel leadership.

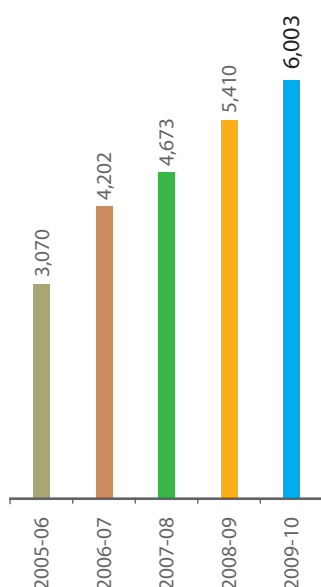
10 years' financial summary

(Rs. in crores except EPS)

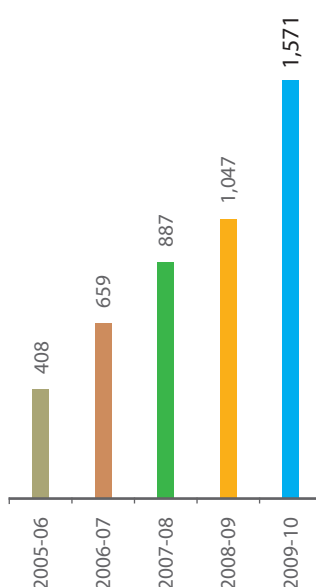
Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Sales	1,058	1,139	1,263	1,745	2,868	3,070	4,202	4,673	5,410	6,003
EBITDA	177	183	202	277	410	408	659	887	1,047	1,571
Cash Profit	105	108	133	203	317	312	580	688	741	1,165
Net Profit	46	40	55	90	153	154	313	424	421	846
EPS (Rs)	14	14	15	22	38	38	75	100	99	199
Net Worth	481	528	573	663	805	960	1,338	2,022	2,781	4,421
Gross Block (Including CWIP)	940	989	1,302	1,529	2,044	3,091	4,586	7,495	10,682	14,795

Performance at a glance

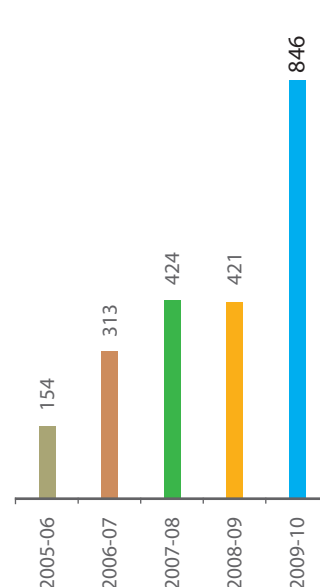
GROSS SALES (Rs. in crores)



EBITDA (Rs. in crores)



NET PROFIT (Rs. in crores)



Milestones in our Journey

1988-1997

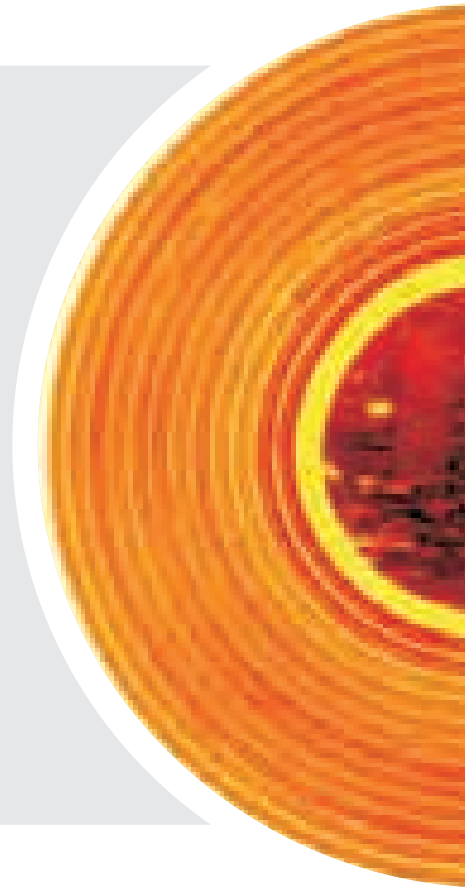
- New cold rolling mill 60,000 TPA
- Total Installed Capacity 120,000 TPA
- Continuous galvanising line 100,000 TPA
- Shift from full hard to drawn & deep drawn grade
- Skin pass mill, Cut to length, CR Slitter
- Hitachi CR Mill (1700 mm) 350,000 TPA for auto-grade steel
- GP/GC Line 40,000 TPA
- Power Plant 24 MW

1998-2006

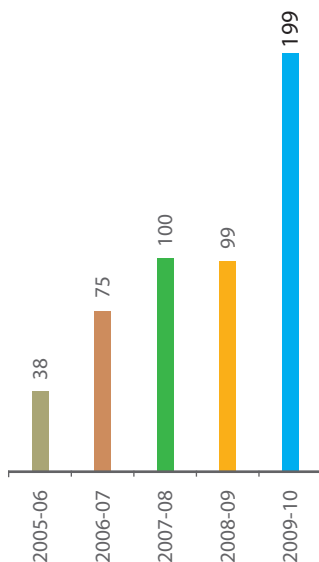
- Continuous Galvanising Line 85,000 TPA
- Replacement of CR Mill-50,000 TPA
- Khopoli (Mumbai) project commissioned 425,000 MTPA
- Colour Coated, HTSS, H&T
- Drawn Tubes installed apart from CR & GP
- Introduction of Galume - 1st time in the country
- Power Plant 24 MW

2007-2010

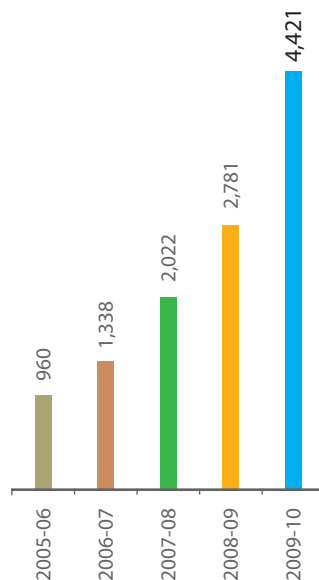
- Completion of Integrated Steel & Power Complex at Orissa
- Sponge Iron 1,360,000 TPA
- Billets 300,000 TPA
- Slabs 2 MTPA
- Hot Rolled Coil 1.90 MTPA
- Power Plant 110 MW



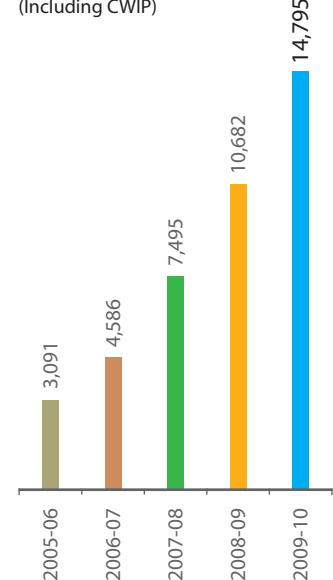
EPS (Rs.)



NET WORTH (Rs. in crores)



GROSS BLOCK (Rs. in crores)
(Including CWIP)



Message from the Chairman



Dear Shareholders,

Your company's story had been a story of pursuing leadership, ever since its inception. With absolute focus on delighting customers, the company has deployed best of global technologies and know-how and has scored many firsts in India in the process.

I am delighted to address you post a landmark fiscal year 2009-10, which will go as a truly transformational year in your company's pursuit of steel leadership. I congratulate you all on your company's successful foray into the primary steel domain with the completion of the state-of-the-art HR Coil mill at our integrated Steel & Power Complex in Orissa. Your company has completed the marathon 'mission integration' in a record time of just 60 months – from the drawing board to completion. I am glad that your Company kept its own track record, of completing expansions within the stipulated time and cost frames, intact with this project too.

Our long cherished dream of transforming into a truly integrated producer of quality steel in primary and secondary segment has become a reality. Bhushan Steel now is the youngest primary steel producer and the first one to produce autograde HR steel in India, coupled with the stature of being the oldest and largest manufacturer of autograde CR steel. Our dependence on external sources for primary steel is over. With the captive supply of quality steel from our Orissa plant, we will serve even improved quality to our valued customers. The integrated operations shall start improving our profitability from fiscal year 2010-11.

Moving forward has long been a way of life at Bhushan Steel. And will continue to drive our ensuing brownfield expansion at our Orissa plant. The teams are working relentlessly to complete the expansion by 2012. Once this expansion is complete, your company will emerge as an integrated Steel & Power major in India.

Your company has posted consistently improving internal accruals over the last decade and thereby strengthened its investment appetite towards its greenfield and brownfield expansions into steelmaking. Having completed the HR Mill, the company is confident of further strengthened cash flow going forward.

As the investment towards phase III (brownfield expansion) will also ease out over the coming 18-24 months, your company is exploring more projects in the states of West Bengal and Karnataka. In addition, the Company is undertaking capacity expansion of value-added steel at its existing plants at Khopoli and Sahibabad.

To summarise, your company has made its way into the echelons of Steel and Power leadership and is ready to contribute to the growth aspirations of India by making a significant impact in these two critical infrastructure input areas.

Such a wonderful journey would not have been possible without significant contributions from all our stakeholders. I would like to thank all you shareholders for your continued trust in our leadership abilities. I would like to reassure our lenders including banks and institutions from India and across the globe that the company remains committed to deliver value on their investments and thank them for their continued participation in our journey. I thank the Government of Orissa for their support in enabling us contribute 2.2 MTPA of steelmaking capacity to the nation. Last but not a bit least, I place on record my sincere appreciation to the Board of Directors, Executive Management and each and every member of 'team Bhushan' including our extended family of suppliers, advisors, partners and consultants for their valuable contributions made.

I am very confident of an exciting future of aggressive growth ahead and invite you all to continue participating in and partaking from our value creation and nation building in the future too.

Best regards,

B. B. Singal
Chairman

Session with the Vice Chairman & MD



How do you feel on completion of your long pursued 'Mission Integration'?

Elated, Content, Appreciative and Hungry! Elated for this was a long cherished dream as well as a strategic and logical business move. Content for the mission got completed in just 60 months (within stipulated timeframe) in spite of recessionary headwinds blowing for about 18 months in between. Appreciative for the project execution team together with the team of suppliers did a commendable job in completing and commencing this modern temple of Bhushan Steel's future growth with amazing precision. And Hungry for more as our stakeholders are accustomed of pursuing next level of growth at all times and rightfully deserve a bigger and profitable future, post this mammoth achievement.

Now that you have entered steelmaking successfully, what benefit does it bring to the company and its customers?

The company currently consumes about 1.2 MTPA of primary steel for its downstream businesses, which was bought till recently from external sources. Bhushan Steel's control over availability, quality and cost of input steel was very limited. With the completion of our own HR Mill, the company will have access to better quality HR Coils produced at our state-of-the-art facility on seamless and on-demand basis. The margin on the upstream product which external suppliers were earning till now will remain with the company and significantly impact its bottomline. With our present capacity of 2.2 MTPA, the surplus production will get sold to external buyers, generating topline as well as bottomline growth. As for the customers, the benefits will come in form of an even improved quality of steel that they will

Neeraj Singal
Vice Chairman & Managing Director

get. With the input requirements being met through captive source, Bhushan Steel will ensure more predictable supply timelines to its customers, notwithstanding any market vagary of any kind.

How do you view your Company's financial performance in the current year?

The recessionary trends of the previous year continued through the first half of fiscal year 2009-10 and it was only towards the second half when things started to improve somewhat. In the backdrop of such macro-economic conditions, the Company delivered exceptional results once again. Aided by significant increase in volumes sold, our Net Sales grew by 13.7% to reach Rs. 5,641 crore in the current year. Our EBITDA grew by 50% to reach Rs. 1,571 crore and PAT grew by 101% to reach Rs. 846 crore in the current year. EBITDA margin reflected the early trends of the benefits of our backward integration. This coupled with the lower average raw material cost helped our EBITDA margin grow to 27.85% in the current year from 21.12% in the previous year. The impact of backward integration shall get rightly reflected in the subsequent years.

How is the Phase III expansion progressing in Orissa?

Going by the current status of development, I am confident that we will keep our project completion track record of 'on or ahead of schedule' intact. Being brownfield expansion, the land was already available. The fund requirement for the entire project is in place. Leveling work has been completed. Civil and structural work is progressing in full swing. Orders for major equipments like Slab Casters, BOF, Blast Furnace and Sinter plant etc. have all been placed and delivery of these equipments will start in due course. We are confidently progressing to complete this game-changing expansion on or before the scheduled completion target of October 2012.

With the completion of our own HR Mill, the company will have access to better quality HR Coils produced at our state-of-the-art facility, on seamless and on-demand basis. The margin on the upstream product which external suppliers were earning till now will remain with the company and significantly impact its bottomline.

Thought leadership in steel



In order to manufacture our downstream products, we were depending on others to supply us primary steel. Despite market leadership in value-added steel for automobile and white goods segment, we were to live with constricted margins and unpredictable market vagaries. Our limitations prompted us on the marathon 'mission integration'.





We started the backward integration with target capacity of 2.2 MTPA, though our vision was forward looking. We planned our greenfield expansion project in a modular way, with Phase I targeted and commissioned within 30 months and Phase II targeted and commissioned within 60 months from the day of site identification.

Our HR mill capacity was forward planned, keeping future expansions in mind. Our funding arrangements and internal accruals were favourable. The E&C teams from major machinery and implementation suppliers were on site. Adding further capacity in light of future growth made a great business sense.

We went ahead with another capacity expansion (a brownfield one) while phase II was still progressing. We confronted the recessionary headwinds coupled with global financial crisis and weathered them well. At the end of fiscal year 2009-10, we have made significant progress on the Phase III expansion plan.

Like every man-made physical thing, steel leadership also is made twice – first in thoughts then in reality. At Bhushan Steel, we have well envisioned it in thoughts and are progressing to translate it into a profitable reality.

Integration leadership in steel



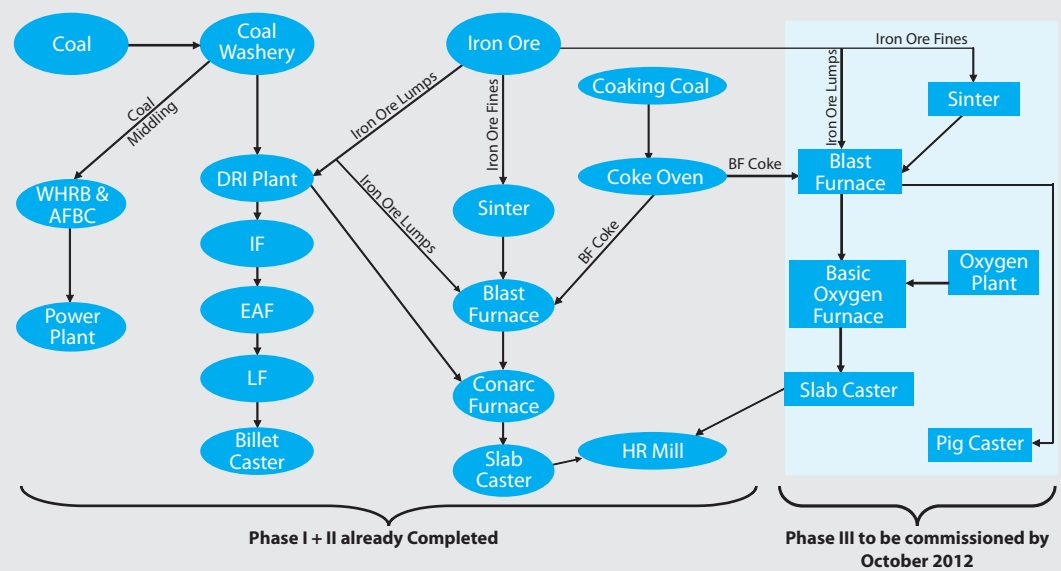
With the completion of our integrated Steel & Power complex at Orissa during current year, we have completed our 'mission integration' and transformed ourselves into an integrated steelmaker. We now are amongst select Indian companies which cover the entire value cycle of steel making – from iron ore to the maximum value added products like colour coated sheets.

Our dependence on third-party supply of HR Coil has become a thing of the past with our Orissa plant now supplying to our Sahibabad and Khopoli units. In doing so, the company's profitability will enhance handsomely. Our state-of-the-art Orissa complex is also housing 410 MW of power generation capacity (including 300 MW from associate company Bhushan Energy Limited). The company's dependence on grid power is over and the captive power shall also contribute to enhanced profitability of the company, going forward.

The surplus primary steel produced at our Orissa plant will be sold in the market. The same will go towards expanding our revenues and profits over coming years.



Steel making process flow chart



Scale leadership in steel

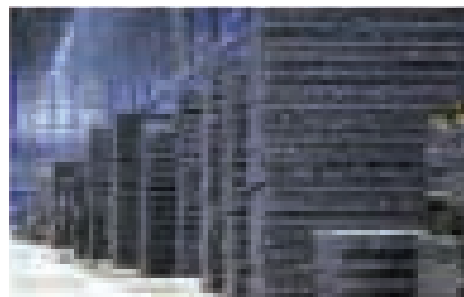


We have traditionally been amongst the leading producers of downstream flat steel products in India. Our two processing plants at Sahibabad and Khopoli have a combined cold rolling production capacity of 1 MTPA.

Our grandeur entry into primary steel making is as much a story of scale as it is a story of speed, if we take the technology as a given. Never in over a century old history of Indian steel making, have a new player entered with capacity as big as 2.2 MTPA of steel besides 410 MW of captive power. Neither has these dual feats been ever achieved in a brisk timeframe of just 5 years in the past. Nor have we ever seen any player initiate a major expansion of nearly doubling its steelmaking capacity, when the first greenfield expansion was still in progress. We are the only player to go ahead with a brownfield expansion of additional 3.0 MTPA, while our greenfield project was only half way through. In the course of our challenging journey to build scale, we had to confront the recessionary headwinds.



Despite these daunting challenges, we stayed focussed and kept moving. Having added 2.2 MTPA of steel making in 5 years flat, we are on course to add another 3.0 MTPA in another 2 years. Having clocked 5.2 MTPA primary steel by fiscal year 2012-13 together with about 1.7 MTPA of processed steel and 840 MW of power, we will emerge as a truly integrated Steel and Power major in India.



Production Capacities - Present & Proposed

	Current	Proposed by FY 13
HR Coil/ Slabs/ Billets / Wire Rods etc.	2.20 MTPA	5.20 MTPA
CR/ GP/ Colour Coated/ Pipe etc.	1.00 MTPA	1.70 MTPA
Power*	458 MW	840 MW

*includes 300 MW in current and 485 MW in FY 13 from associate Company - Bhushan Energy Limited

Quality leadership in steel



Our obsession with quality has consistently grown in intensity, ever since our arrival in Indian steel sector. Our Sahibabad and Khopoli plants were built on best of global technologies and went on to produce processed steel of highest grade (auto-grade), helping the company command significant premium on its products and maintain healthy margins, year after year.





Most of the automobile and white-goods manufacturers from India have trusted Bhushan Steel in their quest of quality products. Not surprising then, we have maintained a dominant market share in these quality conscious segments. Our fascination with tomorrow's technology is as old as our existence and has got reflected in many firsts in Indian steel sector – from widest CR mill (1700 mm) to producing galume to special steel grades (upto 25.4 mm thickness).

Our quest of absolute quality led to a technical collaboration with Sumitomo Metals of Japan. Having blossomed into a long-term collaboration based on mutual trust and compatible growth aspirations, we have deployed Sumitomo's steelmaking prowess in running our primary steel plant at Orissa. Sumitomo Metals is not only introducing the best quality practices of Japanese steelmaking at our plant, but have also deployed a team of their technocrats to supervise the optimal and smooth running of the operations with special focus to quality.

Sumitomo Metals shall off-take surplus production and sell it under their brand name in the markets of India and abroad.

Sustainability leadership in steel



A school of thought in Economics says that man cannot produce anything without natural inputs and goes on to define production as the process of adding utility in things provided by the nature. How true!

Sustainable growth can only be achieved by balancing sustainability with growth. While natural resources are limited in supply, it is imperative for companies and businesses globally to minimise wastages and optimise their usage. Bhushan Steel is a responsible corporate citizen and works towards efficient usage of all natural resources including energy.

In order to ensure sustainable growth over long term, the Company has been making various arrangements towards continued availability of all critical inputs like iron ore, thermal and coking coal, coke, water and power. The company's current and future needs of power energy are secured with the captive power generation.

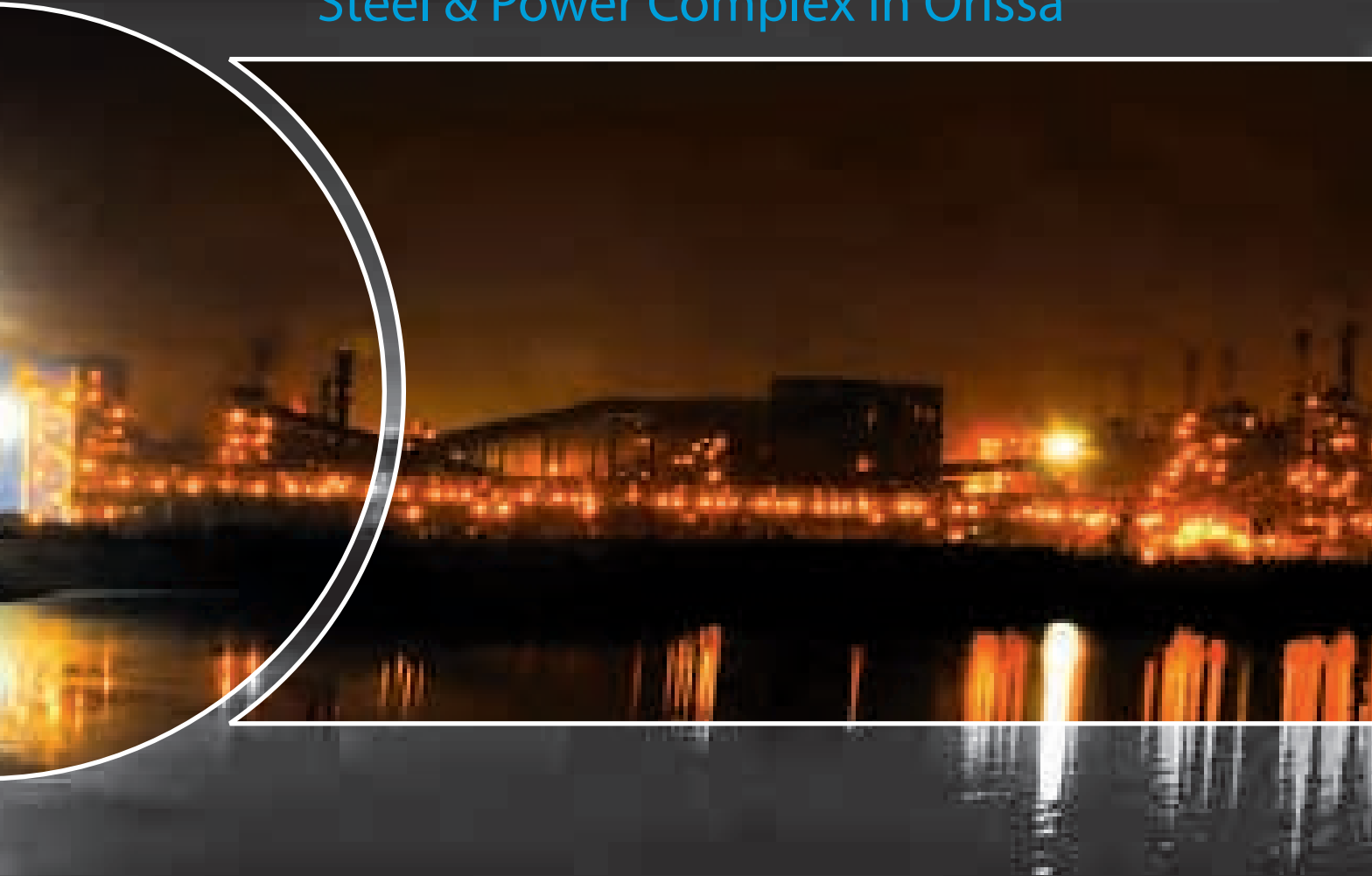


The company has received a prospecting license for an iron ore mine at Barbil in Orissa. Exploration work is fast progressing and the input supply is likely to start by the fiscal year 2012-13. The Company has also been allotted a coking coal mine, which has grades of primary soft coking coal with estimated reserves of about 55 million tonne.

The Company has also been allotted thermal coal mines at Patrapara with reserves of about 325 million tonne. The supply from this mine too will start coming in by the fiscal year 2012-13.

With an aim to ensure long term supply of quality coking coal, the Company has already made a strategic investment in Bowen Energy, Australia. Bowen Energy has licences to explore 3 coking coal blocks in Bowen basin in Queensland, Australia.

Pictorial tour of our Integrated Steel & Power Complex in Orissa



MOST MODERN INTEGRATED STEEL & POWER COMPLEX

- **2.2 Million Tonne Per Annum (MTPA) installed capacity includes 1.9 MTPA of Hot Rolled Coil and 0.3 MTPA of Billet**
- **410 MW Captive Power (including 300 MW from Bhushan Energy Limited)**
- **Deploys best available technologies, thereby enabling Bhushan Steel to produce Auto Grade HR Coil for the first time in India**
- **Technical assistance from Sumitomo Metals, Japan**
- **Allocation of captive mines for iron ore, thermal coal and coking coal**
- **Additional 3 MTPA capacity expansion in full swing**

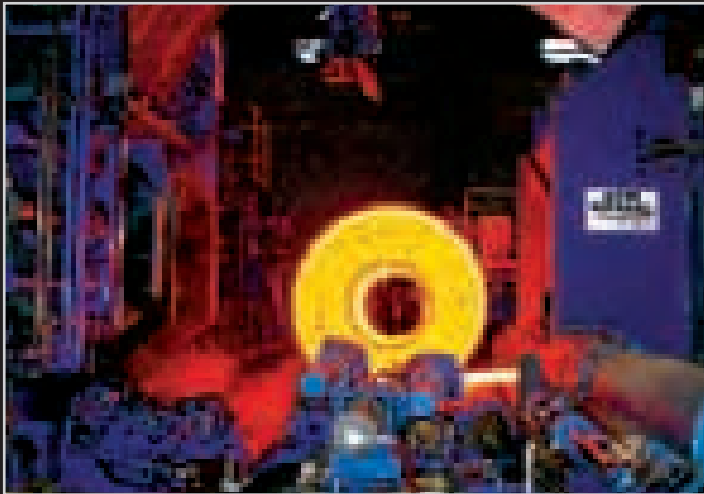


President of Sumitomo Metal Industries Limited, Japan
'Dr. Hiroshi Tomono' during his visit to our facilities



Dr. Heinrich Weiss, Chairman, SMS Siemag visited the
Orissa plant during the current year

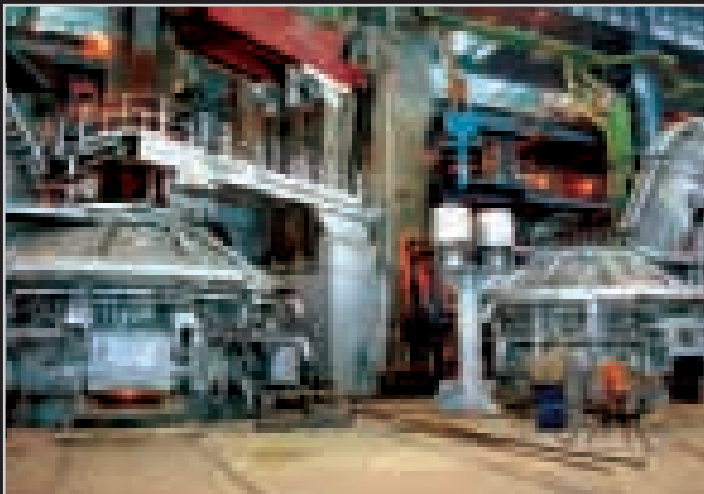
A glimpse of key sections & facilities



HR Coil production



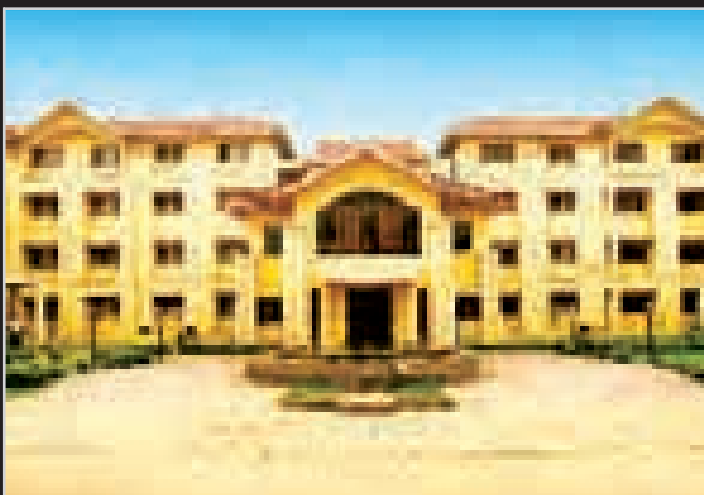
HR Finishing Mill



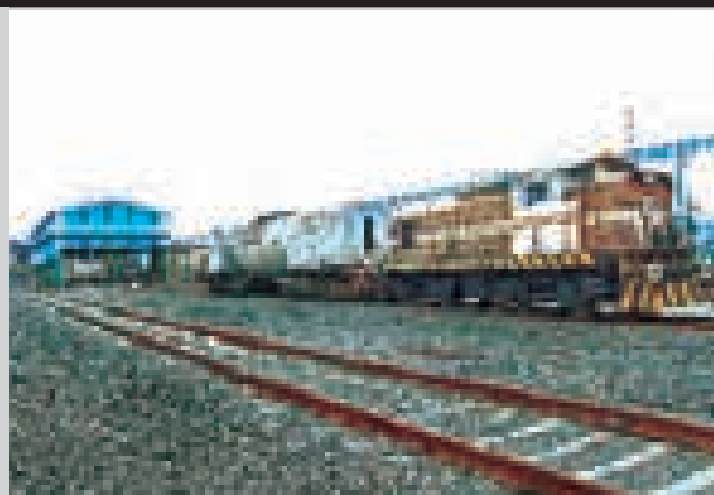
Conarc Furnace



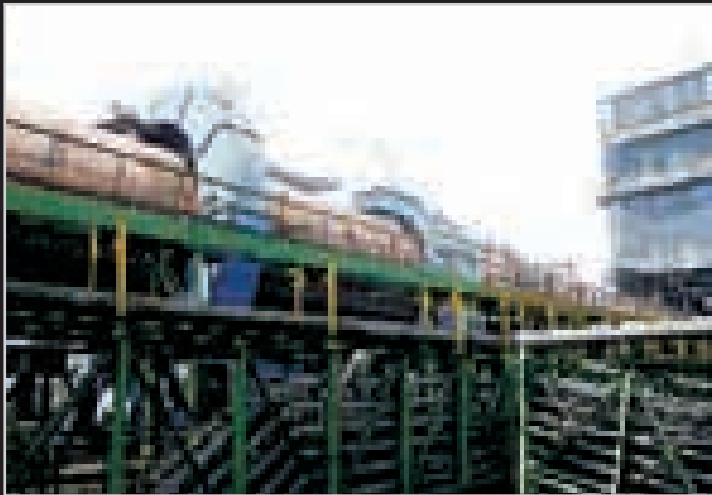
Slab Caster



Housing Colony



Railway track



DRI Kiln



Billet Caster



Blast Furnace



Power Plant



Coke Oven Plant

Corporate Information

Board of Directors

Shri Brij Bhushan Singal
Chairman

Shri Neeraj Singal
Vice Chairman & Managing Director

Shri Mohan Lal
Director

Shri B.B. Tandon
Director

Shri V.K. Mehrotra
Director

Shri M.V. Surya Narayana
Director

Smt Sunita Sharma
Nominee Director of LIC

Shri Nittin Johari
Whole time Director (Finance)

Shri Rahul Sen Gupta
Whole time Director (Technical)

Shri P.K. Aggarwal
Whole time Director (Commercial)

Company Secretary

Shri O.P. Davra

Auditors

Mehra Goel & Co.
Chartered Accountants

Technical Support

- 1 ABB
- 2 Air Liquide Engineering SA, France
- 3 BHEL
- 4 China Shougang International, China
- 5 Daehyuntech, South Korea
- 6 Danieli Corus, The Netherlands
- 7 Ebner, Austria
- 8 Fimi, Italy
- 9 Hitachi, Japan
- 10 Intech Machinery Co. Limited, Korea
- 11 KCI Special Cranes, Finland
- 12 KIC Limited, Korea
- 13 Kvaerner Clecim, France
- 14 L & T
- 15 LOI Thermoprocess GmbH, Germany
- 16 Man B & W, Germany
- 17 Mecon
- 18 MillTech, Korea
- 19 Outotec, Germany
- 20 Paul Wurth, Italy
- 21 Qualical AG, Switzerland
- 22 RITES
- 23 Schalker, Germany
- 24 Siemens AG, Germany
- 25 SMS Siemag, Germany
- 26 Sumitomo Metal, Japan
- 27 Techint S.P.A., Italy
- 28 Waldrich Siegen, Germany
- 29 WAPCOS

Registered and Corporate Office

F-Block, 1st Floor, International Trade Tower,
Nehru Place, New Delhi – 110 019, INDIA

Tel : 011 - 42297777, 42295555

Fax : 011-26478750, 26415845

Works

- Site IV, Sahibabad Industrial Area,
Distt. Ghaziabad -201 010 (U.P.) INDIA
- Village: Nifan, Sarvoli, Kharpada Road,
Taluka-Khalapur, Near Khopoli,
Distt.: Raigad - 410 203 (Maharashtra)
INDIA
- P.O. Shibapur, Meramandali
Distt.: Dhenkanal - 759 121 (Orissa)
INDIA

Bankers

1 Allahabad Bank	17 Exim Bank	33 State Bank of Bikaner & Jaipur
2 Andhra Bank	18 Federal Bank	34 State Bank of Hyderabad
3 Axis Bank	19 HSBC Bank	35 State Bank of India
4 Bank of Baroda	20 ICICI Bank	36 State Bank of Indore
5 Bank of India	21 IDBI Bank	37 State Bank of Mysore
6 Bank of Maharashtra	22 Indian Bank	38 State Bank of Patiala
7 Bank of Rajasthan	23 Indian Overseas Bank	39 State Bank of Travancore
8 Barclays Bank	24 IndusInd Bank	40 Syndicate Bank
9 Bayerische Landesbank	25 ING Bank	41 The Bank of Tokyo-Mitsubishi UFJ Ltd
10 Canara Bank	26 J & K Bank	42 UCO Bank
11 Central Bank of India	27 LIC	43 Union Bank of India
12 Corporation Bank	28 Nord LB	44 United Bank of India
13 Credit Agricole Bank (Calyon Bank)	29 Natixis	45 Vijaya Bank
14 Deutsche Bank	30 Oriental Bank of Commerce	46 WEST LB
15 Dena Bank	31 Punjab & Sind Bank	47 Yes Bank
16 DBS Bank	32 Punjab National Bank	

Branch Network

Agartala	Coimbatore	Jaipur	Nashik
Agra	Dehradun	Jammu	Patna
Ahmedabad	Delhi	Kullu	Pune
Aurangabad	Faridabad	Karnal	Parwanoo
Ahmednagar	Gurgaon	Kolkata	Rishikesh
Bengaluru	Guwahati	Kanpur	Siliguri
Bhubaneshwar	Haldwani	Ludhiana	Vadodara
Bhatinda	Hyderabad	Mandigovindgarh	Varanasi
Chandigarh	Hosur	Mumbai	
Chennai	Indore	Nagpur	

Registrar & Share Transfer Agents - RCMC Share Registry Pvt. Ltd. B- 106, Sector -2, Noida (U.P.) 201 301



Directors' Report

The Members,

Your directors have pleasure in placing before you the 27th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS:

(Rs in Lacs)

	Year ended	
	March 31, 2010	March 31, 2009
Profit Before Depreciation and Tax	136050.05	79519.22
Depreciation & Amortisation	20913.56	23440.67
Profit Before Tax	115136.49	56078.55
Provision for Current Taxation	19570.00	5315.00
MAT Credit Utilised	2665.00	3525.00
Provision for Deferred Tax	8321.83	4958.10
Provision for FBT	-	150.00
Profit After Tax	84579.66	42130.45
Profit brought forward from Previous Year	7318.24	18405.03
Profits available for appropriation	91897.90	60535.48
Which the Directors appropriated as under:		
Proposed Dividend on Equity Shares	1061.79	1061.79
Dividend on Preference Shares	23.31	-
Provision for Dividend Tax	180.22	180.45
Transfer to Debenture Redemption Reserve	1975.00	1975.00
Transfer to General Reserve	81449.25	50000.00
Balance carried forward to Balance Sheet	7208.33	7318.24
Total	91897.90	60535.48

DIVIDEND:

The Directors recommend dividend of Re. 1.00 per share on 10% Redeemable Cumulative Preference Shares, proportionately from the date of allotment till 31st March 2010 and dividend of Rs. 2.50 per share on Equity Shares for the year ended 31st March, 2010 for approval by the Members at the ensuing Annual General Meeting.

HIGHLIGHTS:

During the year, your Company has partially installed the Phase II of the integrated steel plant at Orissa with the production facility of Hot Roll Coil Mill (1.90 Mtpa)

Your Company has also acquired Bowen Energy Ltd, Australia through Wholly-owned subsidiary, which has coking coal mines in Queensland, Australia.

The total income of the Company has increased to Rs 6003 Crore, registering a growth of 10.96 % over previous year's level of Rs 5410 Crore.

EXPANSION PROJECT:

The Company commenced the implementation of its integrated steel plant at Meramandali, Orissa in January 2005 as a backward integration to produce HR Coils in phased manner. The Phase I of the Green field integrated steel plant had already started commercial production in 2007 with production facilities of Sponge Iron (680000 tpa), Billets (300000 tpa), and power plant (110 MW). The phase II of this project has also been partially installed with the production capacity of Hot Roll Coil Mill (1.90 Mtpa) . With this the implementation risk attached with Phase II of Orissa project has been mitigated. We are the only major player to complete the Greenfield steel project of 3 Million Tonne in India during last 14-15 years.

Production of HR Coil from this project is being utilized capitively in our Sahibabad and Khopoli Plants for manufacturing CR Coils, Colour Coated Sheets etc. which will help in improving EBITDA per tonne significantly of your Company in years to come. Captive use of HR Coils will also remove the off take/marketing risk of the Orissa Plant and will help the Company in mitigating the risk of main raw material i.e. HR Coil.

The Company has been allocated Iron Ore Mines and Coal Mines by the Orissa Government, the initial statutory clearances and land acquisition work on both the mines have started. Both the Mines are likely to be operational within a period of two to three years. The Company has also acquired Bowen Energy Ltd, Australia through Wholly-owned subsidiary, having coking coal mines in Queensland, Australia. Substantial part of the exploration work on these mines have also been started.

The Company's Brownfield project Phase III at Orissa is scheduled for completion on October 2012, which is in addition to Phase II capacity, envisaging setting up of 3 MTPA Crude Steel Capacity to ensure optimum utilization of infrastructure and resources at the existing plant of Hot Rolling (HR) mill to its full capacity. With the completion of Phase III the total finished goods capacity of the company will increased to 4.7 MTPA.

FINANCE:

The total project cost for the phase III of Orissa Project is envisaged at Rs 6583 Crore. Out of which the Rupee Term Loan of Rs 2733 Crore from SBI Syndication and ECA for Euro 70 Million from Natixis and Bayerische Landes Bank had already been tied up. During the year the Company has tied up with ECB for USD 300 Million from State Bank of India for phase III of Orissa Project.

The ECA for USD 49.55 millions from Deutsche Bank AG, Tokyo and Rupee Term Loan for Rs 556 Crore from IDBI syndication has been tied up for our upcoming ERW pipe plant at Khopoli.

The Working Capital facilities for Sahibabad, Khopoli and Orissa Plants have been appraised by PNB, the lead Bank, for Rs 4360 Crore (Fund Based limit of Rs 1380 Crore, excluding export credit and Non Fund Based limit of Rs 2980 Crore) for the Financial year 2009-10 and Rs 5656 Crore (Fund Based limit of Rs 2231 Crore excluding export credit and Non Fund Based limit of Rs 3425 Crore) for the Financial year 2010-11

CREDIT RATING:

The Long Term rating of the Company has revised from Care A to Care A+ by Credit Analysis & Research Ltd as per the provisions of BASEL II guidelines of RBI.

The Credit Analysis & Research Ltd (CARE) has also revised the short term rating for short term credit facilities of the Company from PR1 (PR One) to PR1+ (PR One Plus).

EXPORTS:

Efforts of your Company on Export front, to respond to the National priority, continue to be rewarding with the achievement of Export Turnover of Rs 1217 crore in spite of the recession in Global economy. Whereas the Export Turnover of most of the Exporters in the country has a negative trend due to the recession in international market during the last year.

With a firm commitment and through sustained efforts, your Company continues to maintain good rapport with Global Customers. Our quality products and timely delivery have found wide acceptance in the highly competitive international market.

Our products are being exported across the globe.

CHANGE IN SHARE CAPITAL

i) Increase in Authorised Share Capital:

The Authorised Share Capital of the Company has been increased from Rs. 95 Crore to Rs. 150 Crore by creation of 55,00,000 Preference Shares of Rs. 100 each.

ii) Issue and allotment of Preference Shares:

The Company has issued and allotted 36,68,300 Preference Shares of Rs. 100 each.

JOINT VENTURE COMPANY – ANDAL EAST COAL COMPANY PRIVATE LIMITED:

Ministry of Coal, Government of India has allotted Andal East Coal Block jointly to Bhushan Steel Limited, Jai Balaji Steel Limited and Rashmi Cement Limited. As per the terms of the allotment, three companies have formed a Joint Venture Company under the name and style of Andal East Coal Company Private Limited for mining of coal from Andal East Coal Block. The Joint Venture Company shall do all the necessary jobs for exploration and mining of Coal for the allotted coal block. The coal extracted from the mine shall be distributed among the allocates in the proportion of their assessed requirements in the Allotment Letter.

SPECIAL PURPOSE VEHICLE- ANGUL SUKINDA RAILWAY LIMITED

Bhushan Steel Limited along with Railway Vikas Nigam Limited and Jindal Steel & Power Limited has formed a Special Purpose Vehicle (SPV) under the name and style of Angul Sukinda Railway Limited for the construction of new railway line in the jurisdiction of East Coast Railway between Angul in Angul district, Orissa to Sukinda Road in Jajpur district, Orissa. With this the Company will be able to achieve easy movement of iron ore from mines to the plant at a lower cost.

QUALITY:

In today's global competition and open economy, quality plays a vital role in marketing the products and stay ahead of others. Therefore, great emphasis is given to manufacturing products that meet high standards of quality in the global market and customer satisfaction.

Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems (reducing manual handling to a minimum), high attention to complaint resolution, online communication and information exchange, quality circles etc.

DIRECTORS:

LIC has withdrawn Sh. M. V. Suryanarayana, as a Nominee Director w. e. f. 13th August, 2009 from the Board of Directors of the Company and nominated Ms. Sunita Sharma w.e.f. 11th January, 2010 as a Nominee Director of LIC on the Board of Directors of the Company.

Mr. Ravi Kant Srivastava has resigned from the directorship of the Company w. e. f. 22nd October, 2009.

Your Directors place on record their sincere appreciation of the valuable guidance and advice received from Sh. M.V. Suryanarayana, Nominee director and Mr. Ravi Kant Srivastava, Director during their tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956, Company's Articles of Association and approval given by the Shareholders, Sh. Nittin Johari, Sh. Rahul Sen Gupta and Sh. V. K. Mehrotra, Directors are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible Sh. Nittin Johari, Sh. Rahul Sen Gupta and Sh. V. K. Mehrotra have offered themselves for re-appointment.

During the year, Sh. M. V. Suryanarayana was appointed as Additional Director w.e.f. 13th October, 2009 and he would hold office as a Director upto the date of this Annual General Meeting. A Notice has been received from member signifying his intention to propose his appointment as Director along with security deposit as per provisions of Section 257 of the Companies Act, 1956.

Necessary resolutions for members' approval for their appointment / re-appointment form part of the notice of Annual General Meeting.

Your Directors recommend their appointment / re-appointment.

FIXED DEPOSIT:

The Company has not accepted any fixed deposit from the Public and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

AUDITORS & AUDITORS' REPORT:

M/s. Mehra Goel & Co., Chartered Accountants, New Delhi, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. M/s. Mehra Goel & Co., Chartered Accountants have informed the Company that if appointed, their appointment will be within the prescribed limits U/s 224 (1B) of the Companies Act, 1956. Accordingly, members' approval is being sought for their re-appointment as the Auditors of the Company at the ensuing Annual General Meeting.

There is no adverse qualifications/ remarks in the Auditor Report therefore, do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under sub Section 2AA of Section 217 with respect to the Directors' Responsibility Statement, the Directors' of your Company declare as under :-

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there are no material departures;
- ii) that the directors had 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 of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE:

Pursuant to the provisions of Section 292A of the Companies Act, 1956 (as amended), and in accordance with the requirements of clause 49 of the listing agreement(s), the Board of Directors of the Company has reconstituted a Committee of Board of Directors as Audit Committee consisting of Sh. B. B. Tandon, Sh. B. B. Signal, Sh. M.V. Suryanarayana, and Sh. V. K. Mehrotra as its members. Sh. B. B. Tandon is the Chairman of the Audit Committee. Audit Committee shall have such powers and authority as provided under the aforesaid provisions and shall act in accordance with the terms of reference to be specified in writing by the Board of Directors from time to time.

PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars of Employees are given in Annexure – 'A' forming part of this Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' forming part of this Report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Your Company has implemented the conditions of Corporate Governance as contained in clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance and Management Discussion & Analysis along with necessary certificates are given in Annexure 'C', 'D', 'E' and 'F' forming part of this Report.

HUMAN RESOURCE DEVELOPMENT:

Your Company achieved a record level of turnover due to the untiring efforts put in by the people at all levels. Industrial relations remain cordial throughout the year and the Board records its appreciation for the contribution of all employees towards the growth of the Company without which the achievements made would not have been possible.

SUBSIDIARIES:

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. The Company has been granted exemption under Section 212(8) of the Companies Act, 1956 for the year ended March 31, 2010 by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the individual Annual Reports of its subsidiary Companies. As per the terms of the Exemption Letter, a statement containing brief financial details of the Company's Subsidiaries for the year ended 31st March, 2010 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any investor of the Company / its subsidiaries of seeking such information at any point and are also available for inspection by any investors of the Company/its subsidiaries at the Corporate Office of the Company and that of the head offices of the respective subsidiary Companies.

Detail of subsidiaries of the Company are covered in the Annual Report.

GROUP:

Pursuant to intimation from the promoters, the name of the Promoters and entities comprising the 'group' as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are disclosed herein below.

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 for the purpose of Regulation 3(1)(e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

Bhushan Energy Ltd.

Bhushan Aviation Ltd.

Bhushan Buildwell Pvt. Ltd.

Bhushan Infrastructure Pvt. Ltd.

Bhushan Energy Trading Pvt. Ltd.

Bhushan Placement Services Pvt. Ltd.

Bhushan General Traders Pvt. Ltd.

Bhushan Consumer Electronics Pvt. Ltd.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude for the valuable guidance and support given by Government of India, various State Government departments, financial Institutions, Banks, and various stake holders such as Shareholders, Debenture holders, Customers, Dealers, Suppliers and Investors during the year under review. The Directors look forward to their continued support in future.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company at all levels towards the growth of the Company.

for and on behalf of the
Board of Directors,

Sd/-

(B. B. SINGAL)
CHAIRMAN

Place : New Delhi
Dated : July 31, 2010

Annexure - A

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Sr. No.	Name	Designation	Remuneration (Rs.)	Qualification	Age	Exp.	Date of Commencement of Employment	Nature Of Duties	Last Employment
1	2	3	4	5	6	7	8	9	10

EMPLOYED THROUGH THE YEAR AND WAS IN RECEIPT OF REMUNERATION OF NOT LESS THAN RS. 24,00,000 PER ANNUM.

1.	Sh. Neeraj Singal*	Vice Chairman and Managing Director	9036914	Graduate	42	23	01.04.1992	Operations and day to day Management	Executive Director with Bhushan Metallics Ltd.
2	Sh. Nittin Johari*	Whole time Director-Finance	3324000	M. Com., FCA	47	25	06.01.1995	Corporate financing and other related matters	Financial Controller with Wimco Limited
3.	Sh. Ashok Kumar Raina	Executive Director	4821600	B.E. (Metallurgy)	62	36	01.10.2008	Managing the affairs of the Company	Managing Director with M. G. Trade Services (India) Limited
4.	Sh. Shankar Batra	Executive Vice President	2823960	B.Com. ICWA ACS	51	30	02.09.1996	Managing the Commercial and Marketing Operations	Manager (Finance) with Steel Authority of India Ltd.
5.	Sh. Anil Ahuja	Senior Vice President	2537104	B.E. (Mechanical)	49	27	01.02.2006	Managing RM procurement, new project development & foreign acquisitions	Executive Director in SCAW Industries Ltd.
6.	Sh. Atulya Kumar Verma	Chief Operating Officer	2850000	B.E (Metallurgy)	47	25	20.06.2008	Managing the affairs of Orissa Plant of the Company	Jt. Executive President with Hindalco (Unit-Birla Power)

EMPLOYED FOR PART OF THE YEAR AND WAS IN RECEIPT OF REMUNERATION OF NOT LESS THAN RS. 2,00,000 PER MONTH.

1.	Smt. Ritu Singal*	Senior Executive	1951666	Graduate	38	18	01.02. 2005	Managing the Affairs of the Company	Senior Executive with Bhushan Ltd.
2.	Sh. S.N. Rai	Senior Vice President	193549	Diploma in mechanical Engg. PGDBM (Marketing & Business Administration)	65	42	02.03.2010	Managing the project related to iron ore beneficiation and slurry pipe line	Vice President (Projects) with Essar Steel
3.	Sh. S.P. Srivastava	Sr. V.P. (Logistics & PPC)	148388	PGDBM-Business Management	59	34	08.03.2010	Managing all logistics and Production planning operations at Orissa plant	Vice President with Ispat Industries Ltd.

NOTES :

- Remuneration as shown above includes salary, allowances, medical expenses, house rent, taxable value of perquisites but excludes gratuity provision.
 - Sh. Neeraj Singal is a relative of Sh. B. B. Singal, Chairman and Smt. Ritu Singal is wife of Sh. Neeraj Singal, Vice Chairman & Managing Director and Daughter-in-law of Sh. B. B. Singal, Chairman.
 - None of the above mentioned employee hold equity shares of the Company except Mr. Neeraj Singal and Smt. Ritu Singal, who holds 22.09 % and 3.10 % of Paid-up Equity Share Capital of the Company respectively.
- * Nature of employment contractual, other employees are in the permanent employment of the Company, governed by its rules and conditions of service.

Annexure - B

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st March, 2010.

A. CONSERVATION OF ENERGY:

a. Energy Conservation measures taken:

- I. 100% utilization of waste gases coming out from 8 nos. of DRI kilns with installation of waste heat recovery boilers & power generation unit.
- II. Heat recovery of waste gases coming out from hot blast stoves of blast furnace-1 with installation of waste heat recovery heat exchangers to pre-heat the BF gas & combustion air utilized for firing of hot blast stoves.
- III. Usage of BF gas as a fuel in sinter plant furnace, lime calcination plant furnace, reheating furnace of HSM & heating of coke oven batteries.
- IV. Injection of pulverized coal (up to 150 Kg/THM) in Blast Furnace-1. Ultimate saving in consumption of high grade metallurgical coke by same amount.
- V. Installation of back pressure turbine for power generation with utilization of low pressure steam discharged from turbo-blower's turbines of Blast Furnace-1.
- VI. Use of char in boilers which is a bi-product for DRI Kiln 1 to 8.
- VII. Installation of active front end drives in Main Mill drives of HSM help in regeneration of energy.
- VIII. Installation of Induction generator in Oxygen Plant for Expansion turbine.

b. Additional investments & proposal for reduction of consumption of energy:

- I. Utilization of coke oven gas as fuel (Calorific value- 4500 Kcal/Nm³) in HSM reheating furnace.
- II. Generation of 14 MW electrical power with installation of BF gas top pressure recovery turbine & generator in Blast furnace-2 (Under construction).
- III. Generation of 45 MW electrical power with installation of Coke dry Quenching in Coke Oven -2 (Under Engineering).
- IV. Installation of waste heat recovery system in Blast Furnace-2 (Under construction)

c. Impact of the above measures:

Energy Conservation measures has resulted in achieving:

- I. Generation of 33 MW power from Waste gas of DRI.
- II. Saving in consumption of metallurgical coke by around 20 Kg/Ton of liquid pig iron produced achieved from waste heat recovery system of Blast Furnace-1.
- III. Drastic reduction in the consumption of LPG & LDO in Sinter plant, HSM Re-heating furnace & calcination plant.
- IV. Ultimate saving in consumption of high grade metallurgical coke.
- V. Generation of 12 MW power from low pressure steam discharged from turbo-blowers of Blast Furnace-1.
- VI. Reduction in the consumption of coal required for generation of Steam for power plants.
- VII. Reduced power requirement & improvement in power factor.
- VIII. Generation of 250KW power on continuous basis.

The details regarding present energy consumption including captive generation are furnished as per Form A of the Annexure to the Rules.

FORM-A

I. POWER & FUEL CONSUMPTION

	2009-10	2008-09
1. ELECTRICITY PURCHASED		
Unit (No. in Lacs) KWH (including used for Project)	3952.31	2169.76
Total Amount (Rs. in Lacs)	17780.35	9302.50
Rate per Unit (Rs.)	4.50	4.29
2. OWN GENERATION (THROUGH FURNACE OIL GENERATOR)		
Unit (No. in Lacs) KWH	3210.64	2226.87
Unit per ltr. of oil (Excluding RLNG consumed alongwith Furnace Oil)	6.49	6.92
Rate per Unit (Rs.)	2.96	2.73
3. OWN GENERATION (THROUGH STEAM TURBINE GENERATOR)		
Unit (No. in Lacs) KWH (including units sold)	5783.85	3963.37
Unit per MT of Steam	270.24	259.35
4. FUEL OIL CONSUMED IN MANUFACTURING		
Qty. (Ltrs. in Lacs)	47.82	61.38
Total Amount (Rs. In Lacs)	1025.03	1292.89
Avg. Rate (Rs.)	21.43	21.06
5. LPG		
Qty. (Kg. in Lacs)	21.38	98.39
Total Amount (Rs. In Lacs)	559.94	3766.96
Avg. Rate (Rs.)	26.19	38.28
6. RLNG		
Qty. (Thousand BTU in Lacs)	11156.89	3107.58
Total Amount (Rs. in Lacs)	3817.33	1161.41
Avg. Rate (Rs.)	0.34	0.37

II. CONSUMPTION PER UNIT OF PRODUCTION

	2009-10	2008-09
Production (MTs)	1560374	1113123
Elect. (Unit/ MT)	557	618
Fuel Oil (Ltrs. / MT)	3.92	5.51
LPG (Kg. / MT)	1.75	11.21
RLNG (Thousand BTU/MT)	914.15	353.94
Elect. (Rs./ MT)	995.51	1183.60
Fuel Oil (Rs. / MT)	83.99	116.15
LPG (Rs./ MT)	45.88	429.04
RLNG (Rs. / MT)	312.78	132.28

B. TECHNOLOGY ABSORPTION

FORM- B

RESEARCH & DEVELOPMENT (R&D)

1	Specific areas in which R&D is carried out by the Company	<p>Due to the latest and advanced testing facilities installed at the Company's R&D centre, detailed testing of the various imported steel samples brought from different Automobile Industries were analyzed & the auto grade specification required for the outer body panels has been very well established. This has enabled 95% indigination of the automobile industry.</p> <p>Tied up with SMI for higher Strength Steel production for automotive application.</p> <p>Further latest and advanced facilities installed at the Company's R&D centre , started developing various Special grade steels required for Automobile in hot rolled and further cold rolled like EDD , high tensile structural steels, even in the early stages of Steel Melting and Slab Caster Plant stabilization and Hot strip mill startup period.</p> <p>This effort will be further continued for development of all special grade steels in hot rolled and cold rolled required for automobile, white goods , line pipes, electrical stamping (NGO), high tensile HSLA grades for wider Market and niche segment.</p>
2	Benefits derived as a result of the above R&D	<p>Indignation of the car body sheet panel has been achieved up-to 95% at the major car industries. Ultra low carbon steel (ULC-IF steel) and Dent resistant high tensile material i.e. APFC 340, APFC 390 & SPC 440 has been well developed and established for the outer body panels</p> <p>New grades required for the automotive sector other than the EDD quality sheet have been produced, supplied and performing well at the various automobile manufacturers.</p> <p>Rolling up to 1700 mm width has been achieved.</p> <p>Non Scalloping material with equiaxed grain structure for the bearing case industry has been established.</p> <p>Enameling grade for the kitchen ware application has been accepted by the market.</p> <p>Approval granted by Honda Motors Japan for Outer body skin panels & Production of Alu Zinc (Galume) Started.</p> <p>In the initial stabilization period of ConArc – LRF-CCM operation, Plant has started developing Special Steel Grades for cold rolling for automobile and White goods industry like D/DD/EDD, Tube making Grades steel, Medium & High carbon steels, Micro Alloyed Steel (Low Alloy High Strength-HSLA) like SAE1541, SAE1060, SAE1045, and high tensile structural steel in St52.3, etc, were successfully done .</p>
3	Future Plan of action	<p>The efforts are continued to achieve 100% indigination of the auto industry.</p> <p>Material to be tried for optimizing different annealing cycles for getting optimum properties.</p> <p>To reduce process cost & reduce failure and Improve performance of the existing and newly developed products.</p> <p>Upgradation of ECI</p> <p>Upgradation fo GP-III</p> <p>Level II up gradation of Hitachi Mill</p> <p>Health Check up & upgradation of Hitachi</p> <p>Energy security by putting gas turbine</p> <p>Putting up one new EDT Machine</p> <p>Most of the automobile & white goods sector requirements in extra low Carbon steel EDD, IF, etc. will be developed. Steels for High tensile applications in Engineering Structural , Power transmission, Line pipe application for gas & oil transportation, electrical stamping (NGO), etc shall be developed during the coming financial year 2010-11.</p>
4	Expenditure on R&D (Rates in Lacs) Capital / Recurring	Not segregated

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1 Efforts in brief made towards technology absorption, adaptation & innovation	<p>COMPANY'S PLANT AT SAHIBABAD DIST. GHAZIABAD U.P</p> <p>a) The project for installation of latest 6HI UCM cold rolling mill from Hitachi Japan with allied facilities like Electrolytic cleaning line, 100% Hydrogen furnace, 4 HI skin-pass mill from Clecim France with electrostatic oiler from Ravrine Italy, sophisticated roll grinding machine & electro discharge texturing machine from Waldrich siegen Germany, Fully automatic CR Slitting lines from FIMI Italy, CTL & multi blanking line with electro magnetic stacker from Henrich George Germany and full fledged laboratory and R&D centre to meet the stringent requirements of car body manufactures is already in operation.</p> <p>Additional Roll Grinding facility with on line crack detection from Waldrich Siegen – Germany, has been implemented.</p> <p>b) Integrated power generation has been planned with two DG sets of 12 MW each from MANB&W- Germany already in full operation.</p> <p>c) Technical Assistance Contract with Sumitomo Metal Industries- Japan for development, sample test and evaluation and simulation of various grades required by the Indian Industry has been renewed for further period of six years.</p> <p>d) Upgradation of ISO/TS 16949 from 2002 version to 2009</p> <p>e) Certificate has been obtained from Duns & Brandstreet Information Services India Pvt. Ltd (DUNS Number 65-008-1524) for supplying our material directly to Auto OEM's abroad like (GM, Ford, Chrysler, Volkswagon etc.)</p> <p>f) Installation of Kathabar coil cooling system imported from LOI Thermo process Germany has resulted in increased productivity & also helped in eliminating rejection due to pin rust.</p> <p>g) 08 Numbers Hydrogen bases added from Ebner Austria.</p> <p>h) Narrow CRCA facility added.</p> <p>i) One more 6HI cold rolling mill (1250mm width) is started; this will further increase our production capacity.</p> <p>j) One new process line is also under installation stage. This will start producing material during current year and with this line we will produce Galume material (Al + Zn).</p> <p>k) One colour coating line is also ordered for this plant. Engineering of the line is going on very fast pace.</p> <p>Commissioning of Colour coated line completed and cold run trials under progress Service Center for colour coating line is being established. Commissioning of 3rd Roll grinding from Waldrich Siegen Germany completed. Commissioning of CTL from Fimi & Daehyun completed. Erection of CTL from Daehwa Started. Erection of CRS from Daehwa started</p> <p>COMPANY'S PLANT AT KHOPOLI, MAHARASHTRA</p> <p>The most advanced state-of-the-art facilities have been installed at Khopoli, Maharashtra :</p> <ol style="list-style-type: none"> 1) 1 no. Narrow cold rolling mill with capacity to roll high carbon steel has been installed. The mill has most modern automation and control system from ABB 2) 6 nos. Wide size annealing bases and 4 nos. Narrow annealing bases from Ebner, Germany have been installed 3) A very sophisticated hardening and tempering furnace controlled with ABB automation system has been installed. 4) Continuous Grinding Line from Bruer, Germany has been set up for attaining high quality of grinding and polishing on steel strips 5) 1 no. Ultra Modern Facility to process tubes for the production of boiler tubes has been put up. Precision tubes, drawn tubes and various square and rectangular tubular section can be produced to meet all market segments 6) Narrow cold rolling mill complex has got additional facilities – <ul style="list-style-type: none"> • CR Slitter for multi-slitting operation having sophisticated Siemens controls
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- Rewinding Line for rewinding and inspection, again with state-of-the-art ABB automation
 - CR Slitter for multi-slitting of steel strips with Siemens automation system
 - Cut-to-Length machine to cut steel strip within close tolerances
- 7) Service centre has been put up with most modern facilities :
- CR Slitter from Daehyun, Korea for the processing of slits of wider strips having controls from Mitsubishi
 - 2 nos. Cut-to-length from Daehyun, Korea for cutting of steel strip with high precision
 - Very sophisticated Cut-to-length from Fimi, Italy for the cutting of steel strips within close tolerances
 - CR Slitter with most sophisticated controls from ABB
 - Tension leveling line for obtaining perfect leveled steel sheets to meets Indian and overseas elite market
- 8) Skin Pass Mill has already been commissioned successfully. Flattening spangles, improving surface roughness, partly eliminating the yield point elongation
- 9) Electrical Discharge Texturing Machine has been installed to obtain desired roughness for processing of high quality of steel strips. Electrodes are mounted on the machine in a manner which maximizes flexibility in respect of the roll diameters that can be textured. It helps to improve the painting process of the final product, enhancing its appearance, as well cold forming operation, reducing die wear
- 10) 5 nos. Profile Machines have been installed for the processing of high quality profile of GI, GL and color products for various commercial applications
- 11) 100% Hydrogen atmosphere controlled bell annealing furnaces for achieving uniform properties in CRCA.
- 12) Electro static oiler for controlled oiling for CRCA applied for auto sector and appliance industries.
- Research & development centre:
QUV accelerated weather tester for life cycle tests for prepainted products.
- R & D efforts:
QUV for predicting relative durability to outdoor environments
- Quality systems:
BSL Khopoli has been now certified for latest version of ISO 2001 - 2008.
Also, certified for ISO 14001-2004 for the environmental management system.
Presently, on the way for ISO 18001 OHSAS and TS 16949 certification for auto sector.

COMPANY'S PLANT AT MERAMANDALI, DISTT. DHENKANAL, ORISSA.

- a) Company's Plant at Orissa is a backward seamless integration to manufacture HR Coils, Billets & Blooms along with Power generation facilities.
- b) Process routes for the above are DRI-BF-EAF/Billet Caster and SP-BF-DRI-CONARC-Slab Caster-Hot strip Mill alongwith Captive Power Plants. All machines and Technology are from world renowned suppliers like SMS Siemag-Germany, Tenova-Italy, Lurgy, Concast, PaulWorth, Danieli corus etc.
- In this Project, production facilities completed are DRI Kilns I, II, III, IV, V, VI & VII, Power Plant 33MW, 77MW, 220MW, and 220 KW switch yard, 6 Nos Induction Furnaces/Electric Protection with 2-Strand Billet Caster, 60T EAF with 3-Strand Billet/Bloom Caster, 150TPD & 405 TPD Oxygen Plant with Oxygen, Nitrogen & Argon separation, full pledged Railway Yard with Wagon Tippler, Truck tippler, Stacker reclaimers, Iron Ore Crushing and Screening complex, Raw Material Handling Plant, Utility Department with Water treatment and Cooling with water pipeline and Tower, new Steel Making shop-2 now equipped with Twin Shell ConArc 180T each Steel capacity with 2 nos LRF for Secondary refining of Steel, 1700mm wide single strand Slab Caster, 1850mm wide Hot Strip Mill equipped with HAGC, CVC, Profile & Flatness control, presently with RM-2, Coil Box, 6Stand FM, 2 nos down coilers and 1 no gas fired Re-heating Furnace commissioned so far. Blast Furnace-1 cold commissioning activities were completed & ready for Hot commissioning in Apr-May 2010. SMS-2 will have HMDS and RH-degasser which are getting ready for commissioning during mid 2010.

	<p>Apart from the above , 4.5 MTPA expansion work in going on in full swing to get 3800 cum BF-2, SP-2, BOF Shop, Slab Caster and allied facilities , capacity enhancement of HSM with addition of 2Nos RHF, RM-1,F7, 3rd DC, Coil Yard, which will be completed by Oct 2012.</p>
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	<p>COMPANY'S PLANT AT SAHIBABAD, DISTT. GHAZIABAD, U.P.</p> <p>a) All the automobile grades have been well established and being supplied to almost all the major car manufacturers. This has resulted in 95% indigenization of the vehicles resulting in import substitution and substantial cost saving for the car manufacturers.</p> <p>b) Due to Integrated power generation facilities, continuous un-interrupted supplies of material to the customer to meet their tight schedule and production targets.</p> <hr/> <p>COMPANY'S PLANT AT KHOPOLI, MAHARASHTRA.</p> <p>Product developments:</p> <p>a) CRCA: All the automobile grades have been well established for the auto sector in EDD and IF grades.</p> <p>b) Bare Galume product well established for grades with YS 230 to 550 Mpa grades in acrylic coated condition confirming to 1000 Hrs. of salt spray corrosion tests.</p> <p>c) Prepainted products:</p> <p>1) All paint systems i.e RMP, SMP, PVDF, SDP developed and well established.</p> <p>2) High scratch & dust repellant paint system (HSDR quality) for clean roof application.</p> <p>3) Different wrinkle finish paint for high class roofing/cladding/sandwich panels.</p> <hr/> <p>COMPANY'S PLANT AT MERAMANDALI, DISTT. DHENKANAL, ORISSA.</p> <p>Future development of special grade steel like IF steel, extra low Carbon Steel, API-5L (X70 to X80) through Hot Metal treatment through HMDS and Steel vacuum treatment in RH-degasser for wider application and improved market.</p> <p>BOF route steel making will enhance further development of low carbon high purity steels for automobile sector application through cold rolling and direct hot rolled and micro-alloyed route.</p> <p>Enhancement of HSM capacity will lead to increased productivity, process control and cost reduction in final product.</p> <p>Larger capacity BF-2 will have increased productivity and cost reduction in Iron & Steel production</p>
3) In case of import of technology (imported) during the last 5 years reckoned from the beginning of the financial year, following information may be furnished :	<p>COMPANY'S PLANT AT SAHIBABAD, KHOPOLI AND DHENKANAL</p> <p>Main Mill equipment and design has only been imported through SMS-Siemag , Corus, Tenova, etc.</p> <p>Commissioning and Operation of these equipment has been done with help of original supplier with full involvement of our Technical personnel.</p> <p>There is no special technology import involved so far, in Steel making and rolling technology.</p>

FOREIGN EXCHANGE EARNINGS & OUTGO :

1) Activities relating to exports, initiatives taken to increase development and services and export plans.	Company's products are recognised in the International market as conforming to stringent international standards.
2) Total foreign exchange used and earned.	Used : Rs.2783 Crores. Earned : Rs.1221 Crores.

Annexure - C

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company is committed to attain the highest standard of Corporate Governance. It recognises that the Board is accountable to all the Stockholders for good governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make appropriate disclosure and enhanced shareholders value without compromising in anyway and in compliance with laws and regulations.

2. BOARD OF DIRECTORS:

The Board of Director consists of ten Directors.

Composition and category of Directors is as follows :-

Category	Name of Directors
Promoters/Executive Director	Sh. Neeraj Singal
Promoter Non-Executive Director and Chairman	Sh. B B Singal
Non-Promoter Executive Directors	Sh. Nittin Johari Sh. P.K. Aggarwal Sh. Rahul Sen Gupta
Independent Non-Executive Directors	Sh. Mohan Lal Sh. B.B. Tandon Sh. V.K. Mehrotra Sh. M. V. Suryanarayana
Nominee Directors	Ms. Sunita Sharma (Nominee Director LIC)

During the year Sh. M. V. Suryanarayana was appointed as additional Director w.e.f. 13th October, 2009 and Sh. Ravi Kant Srivastava resigned from the directorship w.e.f. 22nd October, 2009.

Smt. Sunita Sharma was appointed as nominee director of LIC w.e.f. 11th January, 2010 in place of Sh. M. V. Suryanarayana whose nomination withdrawn as Director by LIC w.e.f. 13th August, 2009.

Presently the Board consists of Ten (10) Directors, out of which Six (06) are Non-Executive Directors, Five (05) of whom are independent.

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS, LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER DIRECTORSHIP AND CHAIRMANSHIP / MEMBERSHIP OF COMMITTEE OF EACH DIRECTOR IN VARIOUS COMPANIES.

Sr. No	Name of Directors	Attendance Particulars			No of directorships and committee membership / chairmanship of other Public Companies			Remarks
		No. of Board Meetings held during their tenure	No. of Board Meeting Attended	Attendance at Last AGM	Other Directorships (*)	Committee Membership (*) (#)	Committee Chairmanship (*) (#)	
1.	Sh. B.B. Singal	04	04	YES	4	5	4	
2.	Sh. Neeraj Singal	04	04	YES	4	3	-	
3.	Sh. Mohan Lal	04	04	NO	2	-	-	
4.	Sh. B.B. Tandon	04	04	YES	14	9	1	
5.	Sh. V.K. Mehrotra	04	03	YES	1	2	-	
6.	Sh. M. V. Suryanarayana	04	04	NO	-	1	-	
7.	Smt. Sunita Sharma	01	-	N. A.	-	-	-	
8.	Sh. Nittin Johari	04	04	YES	3	-	-	
9.	Sh. Rahul Sen Gupta	04	04	YES	1	-	-	
10.	Sh. P.K. Aggarwal	04	03	YES	1	1	-	

(*) Excludes directorship/ Committee membership/ Committee Chairmanship of Private Limited Companies, Foreign Companies, and Companies incorporated U/s 25 of the Companies Act, 1956.

(#) Committee here means Audit Committee and Shareholders' / Investors' Grievances Committee. Membership of Committees includes chairmanship also.

NO. OF BOARD MEETINGS HELD AND THE DATES ON WHICH HELD :

During the year 2009-2010 Four (04) Board Meetings were held on 30/04/2009, 30/07/2009, 22/10/2009 and 29/01/2010.

3. AUDIT COMMITTEE :

The Company has an Audit Committee of Directors since 28th June, 1997. Presently the Committee consists of Four Directors namely (1) Sh. B.B. Tandon (2) Sh. B.B. Singal (3) Sh. M.V. Suryanarayana and (4) Sh. V.K. Mehrotra. Sh. B.B. Tandon is the Chairman of the Audit Committee.

Audit Committee has power (a) to investigate any activity within its terms of reference, (b) to seek information from any employee, (c) to obtain outside legal or other professional advice and (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Committee conform to the provisions of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement as detailed hereunder:-

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management. (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow-ups there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Reviewing the utilization of proceeds of funds raised by the Company.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- l. Reviewing, with the management, quarterly financial statements before submission to the Board for approval.
- m. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems.

During the year, the committee has met four times on 30/04/2009, 30/07/2009, 22/10/2009 and 29/01/2010. Sh. B.B. Singal, Sh. M.V. Suryanarayana have attended all the four meetings while Sh. V.K. Mehrotra was present in three meetings. Sh. B. B. Tandon attended both the meetings of Audit Committee held during his tenure as member of the Audit Committee.

4. REMUNERATION COMMITTEE :

This Committee has been constituted for making recommendations of Remuneration of Executive Directors of the Company. The Committee reviews Company's Policy on specific remuneration package for the Executive Directors including pension, rights, any compensation and recommend the managerial remuneration as per the policy.

COMPOSITION:

This Committee comprises of Sh. Mohan Lal, Sh. M.V. Suryanarayana, Sh. V. K. Mehrotra and Sh. B.B. Singal. Sh. Mohan Lal Non-Executive Director is the Chairman of the Committee. During the year the Committee met on 30.04.2009, 30.07.2009 and 22.10.2009. Sh. Mohan Lal, Sh. B.B. Singal and Sh. M.V. Suryanarayana have attended all the three meetings.

REMUNERATION POLICY:

The remuneration policy is directed towards rewarding performance based on review of achievement on a periodical basis. The remuneration policy is in consonance with the existing Industrial practice. The remuneration structure of the Executive Directors comprises salary, perquisites and allowances, contribution to provident fund leave encashment and gratuity.

DETAIL OF REMUNERATION PAID TO DIRECTORS :

(a) Remuneration paid to Executive Directors :

Sr. No.	Name	Designation	Salary & Perks (Rs)
1.	Sh. Neeraj Singal	Vice Chairman and Managing Director	9,036,914
2.	Sh. Nittin Johari	Whole-Time Director	3,324,000
3.	Sh. Rahul Sen Gupta	Whole-Time Director	2,360,000
4.	Sh. P.K. Aggarwal	Whole-Time Director	2,371,000
		TOTAL	

(b) Sitting fees paid to Non – Executive Directors: The Non-Executive Directors are paid sitting fees for each Meeting of the Board as well as any other committee meetings attended by them.

Sr. No.	Name	Designation	Sitting Fees (Rs)	No. of Equity shares held
1.	Sh. B.B.Singal	Chairman	-	8311626
2.	Sh. Mohan Lal	Director	35,000	-
3.	Sh. V.K. Mehrotra	Director	30,000	-
4.	Sh. M.V. Suryanarayana	Director	55,000	10
5.	Sh. B.B. Tandon	Director	30,000	-
6.	Sh. Ravi Kant Srivastava	Director	10,000	-
		TOTAL	1,60,000	8311636

(c) Besides salary and perks Executive Directors are entitled to the Company's contribution to provident fund, superannuation or annuity fund, leave encashment and gratuity

(d) No Commission is paid to any Director.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

This Committee comprises Sh. B.B. Singal, Sh. Neeraj Singal, and Sh. P.K. Aggarwal, Directors. This Committee has been constituted for Investors' Grievances, suggesting and monitoring measures to improve investors' satisfactions. Sh. B.B. Singal is the Chairman of the Committee.

The board has designated Mr. O.P. Davra as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review were 129. All the complaints were disposed off and there were no complaints pending as on 31st March, 2010.

6. GENERAL BODY MEETINGS:

Location and time for the last three (03) Annual General Meetings (AGMs):

2008-2009	2007-2008	2006-2007
On Saturday the 26th September 2009 at 11:00 A.M. at Airforce Auditorium, Subroto Park, New Delhi- 110 010.	On Monday the 22nd September, 2008 at 11:00 A.M. at Airforce Auditorium, Subroto Park, New Delhi- 110 010.	On Monday the 17th September, 2007 at 11:00 A.M. at Airforce Auditorium, Subroto Park, New Delhi- 110 010.
Special resolutions passed by AGM / EGM held in last three years are as below :		
Two Special resolutions were passed in AGM regarding Re-appointment of Smt. Ritu Singal as Senior Executive and Further Issuance of Securities.	Two Special resolutions were passed in AGM regarding alteration of Articles of Association and Further Issuance of Securities.	Two Special resolutions were passed in AGM regarding Raising of Resources through Issue of Securities and Increase in remuneration of Mrs. Ritu Singal.

Special Resolutions passed through Postal Ballot

During the year ended 31st March 2010, two special resolutions have been passed by the Company's shareholders through postal ballots and result of postal ballots was declared by the Chairman on 2nd December, 2009. The Company has complied with the provisions of Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 while passing the Special Resolutions through postal ballots.

Detail of Voting Patterns for both the resolutions :

Number of valid postal ballot forms received.	171
Votes cast in favour of the Resolution	28378302
%age of Votes cast in favour of the Resolution.	99.9998%
Votes cast against the Resolution.	32
%age of Votes cast against of the Resolution.	0.0002%

Mr. R.S. Bhatia, a practicing Company Secretary appointed by the Board of Directors of the Company as the scrutinizer for conducting the Postal Ballot.

A Notice of postal ballot dated 14th May, 2010 pursuant to Section 192A (2) of the Companies Act, 1956, has been sent to the members for Increase in Authorised Share Capital, Amendment in Memorandum and Articles of Associations, Further issue of Securities and Re-appointment of Whole-time Directors. Members have given their consent and above mentioned resolutions have been passed with overwhelming majority.

Further a Notice of postal ballot dated 12th July, 2010 pursuant to Section 192A (2) of the Companies Act, 1956, has been sent to the members in respect of resolutions for sub-division of equity share capital and consequential amendment in Memorandum of Association, proposed to be passed as Special Resolutions.

- 7(a). Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- There were no materially significant transactions with related parties which were in conflict with the interests of the Company.
- 7(b). Detail of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- None.
- 7(c). The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to Audit Committee.

8. ADOPTION OF NON-MANDATORY REQUIREMENTS :

The Registered Office of the Company has a Chairman Office for Sh. B.B. Singal, non executive Chairman of the Company.

Besides mandatory requirements your Company has voluntarily constituted a Remuneration Committee to consider and recommend the remuneration of Executive Directors. The Company also endeavours to comply with other non-mandatory requirements of Clause 49 as well.

9. MEANS OF COMMUNICATION :

The Company publishes un-audited Quarterly financial results and audited annual financial results normally in "Economic Times" (English), "Business Standard" (English), "Jansatta", "Nav Bharat Times" (Hindi), and "Business Standard" (Hindi) Newspapers. The results are promptly furnished to the Stock Exchanges for display on their respective web-sites.

Both "Management Discussion & Analysis" and "Shareholder Information" form part of the Annual Report.

10. GENERAL SHAREHOLDERS' INFORMATION :

- (i) Annual General Meeting for the year ending 31st March, 2010 - On 25th September, 2010 at 11:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110010.
- (ii) As required under Clause 49(IV) (G) (i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment at the forthcoming Annual General Meeting (AGM) are given in the Notes to the Notice of the AGM to be held on 25th September, 2010.

(iii) Financial Year: 1st April 2010 to 31st March 2011.**Financial Reporting for the Quarter ending :**

30th June, 2010	31st July, 2010
30th September, 2010	Between mid October, 2010 to mid November 2010
31st December, 2010	Between mid January, 2011 to mid February 2011
31st March, 2011	Between mid April, 2011 to mid May 2011.

Financial results of the Company are put on the Web sites of SEBI (<http://www.sebi.gov.in>) as well as of Company (<http://www.bhushansteel.com>) immediately after the Board Meeting.

(iv) Date of Book Closure:

The Book closure starts from 23rd September, 2010 to 25th September, 2010 (both days inclusive) for the purpose of Annual declaration of dividend on equity shares for the year 2009-10 at the 27th Annual General Meeting of the Company to be held on 25th September, 2010 and also for the purpose of sub-division of equity shares.

(v) Dividend payment date:

Within 30 days from the date of A.G.M i.e. 25th September, 2010

(vi) Listing of Shares:

The Equity Shares of the Company are listed on the following Stock Exchanges.

(1) Bombay Stock Exchange Ltd.

(2) National Stock Exchange of India Ltd.

Annual Listing Fee including fees for the year 2010-11 have been paid on due dates to both the Stock Exchanges i.e. BSE and NSE.

(vii) Stock Code:

(1) Bombay Stock Exchange Ltd.: 500055.

(2) National Stock Exchange of India Ltd.: BHUSANSTL.

(viii) Market Price Data:

High, low of Company's Equity Shares (Rs.10/- per share) as per Stock prices of the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) during each month from April, 2009 to March, 2010.

DATE	NSE		BSE	
	High	Low	High	Low
April, 2009	453.40	358.50	452.00	357.05
May, 2009	709.80	412.15	709.80	410.10
June, 2009	872.00	612.50	875.00	613.00
July, 2009	805.00	490.00	803.70	506.25
August, 2009	1105.00	762.20	1105.00	770.00
September, 2009	1413.00	1050.10	1412.00	1051.15
October, 2009	1449.00	1116.50	1448.70	1125.00
November, 2009	1406.00	1049.00	1405.90	1050.00
December, 2009	1547.00	1304.05	1491.00	1304.55
January, 2010	1718.70	1351.15	1718.00	1351.20
February, 2010	1674.80	1415.30	1681.00	1420.00
March, 2010	1789.00	1612.00	1772.00	1605.25

(ix) Share price performance in comparison to broad based indices – NSE Nifty and BSE Sensex based on share price on 31st March, 2010.

During financial year 2009-2010, BSL share price was increased in NSE by 333.30% and in BSE by 321.70% as compared to increase in NSE Nifty by 73.59% and BSE Sensex by 79.85%.

(x) Registrar and Transfer Agent:

RCMC Share Registry Pvt. Ltd.

Unit: BHUSHAN STEEL LIMITED

B-106, Sector -2, NOIDA - 201301

Ph. No. 0120-4015880, Fax No. 0120-2444346

(xi) Share Transfer System:

Pursuant to SEBI Circular Nos. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002 and D&CC/FITTC/CIR-18/2003 dated 12th February, 2003, M/s. RCMC Share Registry Pvt. Ltd., which is already the Depository Interface of the Company for both NSDL & CDSL, have been appointed as Registrar and Transfer Agents (RTA) w.e.f. 31st March, 2003 for all the work related to share registry in terms of both physical and electronic.

Share Transfer Committee:

It approves the transfer and transmission of securities, issuance of duplicate share certificate. This Committee comprises Sh. P.K. Aggarwal and Sh. O.P. Davra.

Physical Mode:

Transfer of Equity shares in physical form are registered within a period of 15-20 days from the date of receipt. After transfer Share Certificates are immediately sent. The Equity shares of the company are to be traded compulsorily in Demat mode w.e.f. 25th September, 2000.

Dematerialised Mode:

The Company's Equity Share are eligible for dematerialisation. The Company had signed Agreements with both the Depositories namely: NSDL and CDSL. The Shareholders may therefore hold Company's Share in Electronic Mode. The Company's ISIN No. for both the Depositories is INE824B01013.

(xii) Distribution of Shareholding as on 31st March, 2010

Sr. No.	Category	%age
1	Promoters	69.16
2	Banks, Institutions, Mutual Funds	01.32
3	Foreign Institutional Investors, NRI's	02.08
4	Others	27.44

(xiii) Dematerialisation of Shares & Liquidity:

29636623 equity shares of the Company's paid up equity share capital has been dematerialized upto 31st March, 2010. Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India (SEBI).

(xiv) Conversion of Warrants:

There was no conversion of Warrants during the year ended 31st March, 2010.

(xv) Plant locations:

- (i) Plot No. 23, Site-IV, Sahibabad Industrial Area, Sahibabad, Distt. Ghaziabad, U.P.
- (ii) Plot 28/4, Site-IV, Sahibabad Industrial Area, Sahibabad, Distt. Ghaziabad, U.P.
- (iii) Village – Nifan, Savroli and Dehvali, Taluka-Khalapure, Distt. Raigad (Near Khopoli), Maharashtra.
- (iv) Meramandali, Distt. Dhenkanal, Orissa.

(xvi) Transfer of unclaimed amounts to Investor Education and Protection Fund:

The investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (as indicated in the Notes to the Notice) before crediting the same by the Company to the Investor Education and Protection Fund.

During the year under review the Company has credited a sum of Rs.81715/- to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.

11. COMMITTEE ON BORROWINGS:

The Company has a Committee of Directors on Borrowings since 26th November, 1996.

Presently, the Committee consists of three Directors namely (1) Sh. B. B. Singal, (2) Sh. Neeraj Singal and (3) Sh. Nittin Johari. Sh. B.B. Singal is the Chairman of the Committee.

Twenty Eight (28) Nos. of Meetings of Committee of Board of Directors on Borrowings were held during the year 2009-2010 on 07-04-2009, 30-04-2009, 14-05-2009, 19-05-2009, 19-06-2009, 27-06-2009, 08-07-2009, 31-07-2009, 17-08-2009, 25-08-2009, 04-09-2009, 09-09-2009, 21-09-2009, 26-09-2009, 30-10-2009, 03-11-2009, 30-11-2009, 10-12-2009, 16-12-2009, 21-12-2009, 28-12-2009, 21-01-2010, 30-01-2010, 05-02-2010, 26-02-2010, 13-03-2010, 22-03-2010 and 25-03-2010

12. ADDRESS FOR CORRESPONDENCE:

Regd. Office: Bhushan Steel Limited.
F-Block, 1st Floor, International Trade Tower,
Nehru Place, New Delhi-110019.
Tel.: 011-42295555, 42297777
Fax: 011-26478750
Web site: www.bhushansteel.com

Annexure - D

Management Discussion & Analysis

The management of Bhushan Steel Limited presents its analysis report covering performance and outlook of the Company. The report has been prepared in compliance with the Corporate Governance requirement prescribed in the Listing Agreement. The management accepts responsibility for the integrity and objectivity of the financial statements.

INDUSTRY STRUCTURE & DEVELOPMENTS

The Indian steel industry is divided into Integrated producers and Secondary producers. Integrated steel producers have traditionally integrated steel units have captive plants for iron ore and coke, which are main inputs to these units. The integrated producers constitute most of the mild steel production in India. Their main products include flat steel products such as Hot Rolled, Cold Rolled and Galvanised steel. They also produce long and special steel in small quantities.

Secondary producers use steel scrap or sponge iron/direct reduced iron (DRI) or hot briquetted iron (HBI). It comprises mainly Electric Arc Furnace (EAF) and Induction Furnace (IF) units, apart from other manufacturing units like the independent hot and cold rolling units, rerolling units, galvanizing and tin plating units, sponge iron producers, pig iron producers, etc. Secondary producers largely produce long steel products.

Flat Products

Derived from Slabs, this category includes plates and Hot Rolled (HR) steel such as Coils/ Sheets. While plates are used for applications such as shipbuilding etc., HR Steel is the most widely used variety for steel, and other downstream flat products such as Cold Rolled (CR) Steel and Galvanised Steel are made from it.

Long products

These products derive their name from their shape. They are made by using billets and blooms and include Rods, Bars, pipes, Ropes and Wires, which are used largely by the housing/ construction sector.

Global Steel Industry

The year 2008-09 has been unprecedented for the steel industry, initially started on a positive note with steel demand and prices reaching historic peaks. However, this upward trend for the global steel industry was halted by the impact of a downswing in economic activities and got reflected in the sharp decline in production by almost all major steel producers of the world

Throughout 2008-09 steel industry continued to be under demand and margin pressure across the globe.

Advanced economies buckled under pressure of large inventories coupled with stand still demand; the rest of the world (excluding China and India) suffocated under low domestic demand; their high degree of export dependency on the Advanced world added to their woes. This reconfirmed the concept of increasing global integration and global trade coupling (except China and India).

Crude Steel Production

World crude steel production declined by 8% from 1,329 million tonnes in 2008 to 1,223 million tonnes for the year of 2009. Steel production declined in nearly all the major steel producing countries and regions including the EU, North America, South America and the CIS in 2009. However, Asia in particular China and India, and the Middle East showed positive growth in 2009. Asia produced 799 Million tonnes of crude steel in 2009, an increase of 3.6% compared to 2008; its share of world steel production increased to 65% in 2009 from 58% in 2008.

Steel Consumption

The global economic and financial crisis impacted steel consumption- It declined by 6.7% from 1202 mn tonnes in 2008 to 1,121 mn tonnes in 2009. Of the consumption, 50% was flats (largely consumption led demand) and 50% was long products (largely infrastructure driven demand). World consumption of finished steel excluding BRIC countries registered a decline of 26.8% in 2009. Steel consumption of BRIC countries grew by 18% largely due to the massive consumption of steel from China to satiate stimulated domestic demand.

In 2009, the top 10 nations accounted for 77% of the steel consumption – their consumption registered a 2.8% CAGR during 2004 to 2009.

Global Steel Trade

The impact of the global crisis loomed large on global trade of steel which declined about 30% (estimated at 300 mn tonnes). This was largely due to the relatively high dependence of the emerging world on the advanced world which collapsed under the pressure of the global meltdown. As a result, the export dependency on the advanced world declined substantially which was compensated by stimulated domestic demand in emerging economies especially China and India.

China – an Economic Power

China, the new Economic Power, played as global economic savior in 2009, preventing the world economy from expected decline. Aggressive fiscal and monetary stimulus in 2009 offset much of the impact of the global recession. After a relatively weak

first quarter (January- March 2009), the economy accelerated to register a 8.7% growth in GDP, strengthening its position as the world's fastest growth economy. But this, when compared with the double –digit expansion during 2003-07 and the 9.6% growth in 2008, reflects the global meltdown effect on China.

In 2009, the Chinese economy was driven largely by public investment. The Chinese Government pumped in US\$ 1.4 trillion as loan to the economy (to industry and individuals) against US\$ 0.6 trillion in 2008 which facilitated infrastructure creation. Consequently, the fixed investment to GDP ratio grew 58% in 2009 against 49% in 2008, the highest in three decades.

In line with the global meltdown, China reduced its dependence on exports, especially to advanced economies which were significantly affected than other geographies. Consequently, export dependency declined from 32% in 2008 to 24% in 2009; exports to advanced economies dropped to about 15% of total exports in 2009 against 24% in 2008; overall exports in value terms declined from US\$ 1,428 billion in 2008 to around 1,200 billion in 2009. Despite this drop, China dominated global trade and emerged as the world's largest merchandise exporter, leveraging its cost competency against peer nations.

The focus on the domestic market was reflected in a number of statistics. Real incomes grew 9.8% in urban areas and 8.5% in rural areas. Further, government incentivized car purchase scheme and accelerated automotive sales to 13.6 mn units (China emerged as the world's largest car producer in 2009). Incentives by local governments accelerated housing demand (housing accounts for a lion's share of the Chinese revenue), boosting land sale incomes by about 60% to US\$233 billion in 2009.

Intelligent crisis management by the Chinese Government strengthened its brand as the preferred investment destination, owing to which, FDI into China declined by US\$ 2 billion (from US\$ 92 billion 2008 to US\$ 90 billion 2009) compared with a 39% world- over decline and 47% collapse in advanced economies. Consequently, even in a gloomy global scenario, china's forex reserves ballooned from US\$ 1.95 trillion as on December 31, 2008 to US\$ 2.45 trillion as on December 31, 2009.

Indian Economy

India registered a strong come-back in 2009-10 displaying its ability to withstand extreme external adversities, which destabilized major economies. India recorded a GDP growth of 7.2% in 2009-10 against 6.7% in 2008-09. This was largely due to timely economic stimulus fueling investment and consumption. The key drivers to India's economic growth during the year 2009-10 were:

- Strong IIP Growth: 10.4%
- Core Infrastructure Industry Growth: 5.5%
- Automobile Production: 26%

Capitalizing on the high degree of domestic dependency, low credit leverage and debt exposure and the Government's thrust on infrastructure creation are expected to accelerate the Indian economy in 2010-11 and beyond. Preliminary guidance by the Central Government for the economic growth in 2010-11 is estimated at 8.2% and 9% in 2011-12.

Indian Steel Industry

Indian steel industry stood out in the global steel industry due to its resilience during the downturn. While the steel production in the world dipped by 8% in 2009, it registered a growth of around 4% in this period.

This clearly demonstrates India's strong domestic consumption story. Even though the real estate and housing sector showed marked decline during this period, the same was compensated by sustained growth in sectors like infrastructure, manufacturing and automobile. Government intervention in the form of fiscal stimulus helped to propel growth in the end user industry.

India is the 5th Largest producer of steel in the world and it was expected that it will become 2nd largest by 2015 on the back of the capacity addition. India is also the world's largest producer of DRI with around 21 Mn tonnes of production during 2009-10.

India's per capita steel consumption is 48 kg in F.Y. 2009-10 compared to the world average of 190 kg. Within the country the semi-urban and rural sector has significant growth opportunities due to its low per capita consumption as compared to urban area.

The growth in demand for steel has outpaced the growth in production, leading to increased import dependency. The CAGR for production during the given period is 6.5% and CAGR for consumption is 9.1%.

Slow pace in creation of incremental capacities and rising demand made the country a net importer of steel. The net import of steel stood at 4.0 million tonnes that grew at a CAGR of 26% from 2004-05 to 2009-10, and export registered a declining trend of 8% from 2004-05 to 2009-10.

To make up this demand supply mismatch various Brownfield and Greenfield expansion programmes are announced. The capacity addition by various Indian steel producers as well as foreign producers are on the anvil. Around 222 MoUs have been signed by the various steel players with the State Government to set up an additional capacity of 275 Mn tonnes by 2020.

Challenges for The Indian Steel Industry

Exports of Iron ore

India is the 4th largest producer which produced 226 million tonnes of iron ore during 2009-10. In terms of reserves, India has 8th largest reserve worldwide. However iron ore industry in India is small as compared to its global counterpart, although country has 4% of world reserves. Iron ore exports registered a 6% CAGR over the last five years which constitute 47% of iron ore produced in the country.

Coal Dependency

India prime and medium coking coal constitutes around 12% of the total reserves in the country. The country produced 33 Mn tonnes coking coal during 2008-09 which was just 7% of total coal produced in the country. The country is deficient in coking coal and largely depends on import. However some integrated players like Tata Steel and SAIL have 60% and 30% captive availability of coal. Coking coal imports into India are growing at a CAGR of around 10% from 2004-05 to 2008-09. Various Indian steel companies are scouting to acquire mining concessions for raw material security required for their existing units and for expansion plans.

Logistics

Inadequate infrastructure and logistics have significantly impacted the steel industry. Every ton of steel produced involves transportation of approximately 5 tonnes of materials. This implies that by 2020 around 1000 million tonnes of material is required to be transported. This requires a huge investment in key infrastructure including railways, ports and highways.

Raw Material Prices

The escalating raw material prices during 2009-10 caused immense pressure on cost of production of integrated steel producers as well as secondary steel producers. The steel producers are heavily dependent on coking coal import, and the price rise by Iron Ore and coking coal majors has impacted the margins of the Indian steel producers. The largest Long Term Agreement Price for coking coal has escalated from US\$ 129 to US\$ 200 with shift to quarterly pricing and for iron ore the hike was from 90% to 100%.

COMPANY'S PROSPECTS

Bhushan Steel Limited (BSL) is assiduously working on joining the league of the fastest and most scalable steel producers in India. Currently, BSL is a leading secondary steel producer with presence in high value-added automobile and white goods segment (outer/ skin panels, etc). BSL's strengths in value-added secondary flat steel product offerings – to the niche automobile and white goods segments – are validated by its marquee client roster. BSL is now backward integrating into HR production, with a 4.7mtpa steel project in progress in the mineral-rich state of Orissa. BSL has also chalked out a strategic plan to eventually ensure raw material sourcing from captive mines.

The Company commenced the implementation of its integrated steel plant at Meramandali, Orissa in January 2005 as a backward integration to produce HR Coils in phased manner. The Phase I of the Green field integrated steel plant started commercial production in 2007 with production facilities of Sponge Iron (680000 tpa), Billets (300000 tpa), and power plant (110 MW). The phase II of the project has been partially installed with the production capacity of Hot Roll Coil Mill (1.90 Mtpa).

The Company's Brownfield project Phase III at Orissa is scheduled for completion in October 2012 which is envisaging setting up of 3 MTPA Crude Steel Capacity in addition to Phase II capacity to ensure optimum utilization of infrastructure and resources at the existing plant to utilize the full capacity of Hot Rolling (HR) mill being implemented. The total steel making capacity of the Company shall be 4.7 MTPA once the project will be completed.

The Company has been allocated Iron Ore Mines and Coal Mines by the Orissa Government, the work on both the mines have started and are likely to be operational within two years time. The Company has also acquired Bowen Energy Ltd, Australia, which has the license for exploring coking coal mines in Queensland, Australia. Thus going forward the Company is expected to improve the profitability.

PERFORMANCE

The Company is engaged in Steel business, which is context of Accounting Standard (AS)-17 issued by the institute of Chartered Accountants of India is considered the only business segment. The overall operational performance of the Company has been much satisfactory during the year. The plants have operated optimally during the year and there were no major break downs or shutdowns. Brief performance of the Company is as follows:

(Rs. in Crores)

Particulars	FY 2009-10	FY 2008-09	Variation
Turnover	6003.07	5409.55	593.52
PBDIT	1570.51	1047.31	523.20
Interest and Financial Charges	210.01	252.12	(42.11)
Cash Profit	1164.80	740.54	424.26
Depreciation	209.14	234.41	(25.27)
Profit Before Tax	1151.36	560.78	590.58

RISKS AND CONCERNS

Input Risk

Rising cost of raw materials may impact margins/ profitability. With rising cost of raw materials such as iron ore and coking coal/coke, access to captive raw materials has become critical for steel manufacturers.

The major raw materials required for the project are iron ore fines and coal. The plant is located in an area where iron ore fines are easily available at reasonable rates from various private mine owners.

The Company currently procures coal through linkages and daily'e-auctions' organized by Coal India Limited and its subsidiaries. The Company also imports coal from Australia and South Africa.

The coal mine at New Patrapara has approximate 325 million tonnes of reserves. The mine is expected to be operational by 2012.

The Iron ore mines having reserve about 200 Million Tonnes to meet the requirement of the Company for a period of 25 years has been allotted by the Government and the work has begun and expected to be operational by 2012.

The Company has also acquired Bowen Energy Ltd, Australia, which has the license for exploring coking coal mines in Queensland, Australia.

Thus going forward, the company shall use its own coking coal and Iron ore for captive consumption which to be operational by 2012 and mitigate the input risk.

INTERNAL CONTROL SYSTEM

A strong internal control system with flexibility always helps the management to implement its object and the Company always gives priority to it to achieve the following objectives:-

1. Efficiency of operation
2. Accuracy and promptness of financial reporting
3. Safeguard of Company assets
4. Compliance with laid down policies and procedures.
5. Compliance with rule and regulations.

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONSHIP

Industrial and employee relations with the Company remain cordial throughout the year. It has been with the fulfillment of our market commitments, prompt communication, participation in social activities and to provide challenging and safe working atmosphere in the Company, wherein every employee can develop his own strength and deliver his expertise in the interest of the Company.

Board of Directors on record thank all the employees for their valuable contribution towards the growth of the Company. As on 31st March 2010, the total employee strength was 4741.

Bhushan Steel encourages individuals to go beyond the scope of their work, undertake voluntary projects that enable to learn and contribute innovative ideas in meeting goals of the Company.

Annexure - E

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

This is to inform you that the company has adopted Code of Business Conduct and Ethics for its employees including the Managing Director/ whole-time Directors/ Non-executive Directors. The said Code is posted on the Company's website.

I confirm that the Company has in respect of the Financial year ended 31st March, 2010 received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Business Conduct and Ethics as applicable to them.

For the purpose of this declaration, Senior Management team means the members of the Management one level below the Managing Director as on 31st March, 2010.

Sd/-

Neeraj Singal

Managing Director

Place : New Delhi

Dated : July 31, 2010

Annexure - F

Auditors' Report On Corporate Governance

To

The Shareholders of

BHUSHAN STEEL LIMITED

We have examined the compliance of conditions of Corporate Governance by Bhushan Steel Limited, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

On the basis of representation received from Registrars and share transfer Agents and as per the records maintained by the Company which are presented to the Shareholders' / Investors' Grievance Committee, we state that during the year ended 31st March, 2010, no investor grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For MEHRA GOEL & CO.

Chartered Accountants

(Registration No.000517 N)

Sd/-

(GEETIKA MEHRA)

Partner

M.No.: 510525

Place : New Delhi

Dated : July 31, 2010

Auditors' Report

To

**The Shareholders of
BHUSHAN STEEL LIMITED**

We have audited the attached Balance Sheet of BHUSHAN STEEL LIMITED as on 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the accounts, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by the report comply with the requirements of Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For MEHRA GOEL & CO.
Chartered Accountants
(Registration No.-000517N)

Sd/-

R.K. MEHRA
Partner
M.No.:6102

Place : New Delhi
Dated : July 31, 2010

Annexure

(Referred to in paragraph 1 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) In our opinion the fixed assets covering significant value have been physically verified by the Management during the year at reasonable intervals and having regard to the size of the Company and the nature of its assets and on the basis of the information and explanations given by the Management, no material discrepancies have been noticed on such verification.
- c) No substantial part of fixed assets have been disposed off during the year.
- ii) a) As per information & explanations given to us, the inventory of the Company in its possession have been physically verified by the Management at reasonable intervals. Stocks in the possession and custody of the third parties and stocks in transit as on 31st March, 2010 have been verified by the Management with regard to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods.
- b) The procedures of physical verification of inventories of the Company followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventories. As explained to us, no material discrepancies were noticed on such physical verification as compared to book records.
- iii) In our opinion and according to information & explanations given to us, the Company has not taken/granted any loans, secured or unsecured from / to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our Audit, no major weakness has been noticed in the internal controls. We have not observed any continuing failure to correct major weaknesses in such internal control.
- v) a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needs to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, each of these transactions entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market price at the relevant date.
- vi) To the best of our knowledge, the Company has not accepted any deposits covered under section 58A and 58AA or any other provisions of the Companies Act, 1956.
- vii) To the best of our knowledge and explanations given to us, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii) To the best of our knowledge, the Central Government has prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, which have been maintained by the Company and these have been broadly reviewed by us and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
- ix) a) To the best of our knowledge and according to the information and explanations given to us the Company is regular in depositing undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues applicable to it with the appropriate authorities.
- b) According to the information and explanations given to us there were no arrears of outstanding Income Tax, Wealth Tax, Sales Tax/VAT, Service Tax, Cess, Custom Duty, Excise Duty and any other statutory dues as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) To the best of our knowledge and according to information and explanations given to us there are no dues of Income Tax / Sales Tax / VAT / Custom Duty / Wealth Tax / Excise Duty / Cess / Service Tax which have not been deposited on account of any dispute except in the following cases :-

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which amount related	Forum where dispute is pending
The Central Excise Act, 1944	Differential Duty on material supplied to earthquake victims	0.31	F.Y. 2001-02	Commissioner CESTAT
	Seizure	0.60	Jan. 2002	High Court, Allahabad
	Job work challan	0.50	Oct. 2000 to Nov. 2000	High Court, Allahabad
	Modvat on Welding Electrodes	0.40 0.46	April – May 1998	High Court, Allahabad
	Demand of Excise duty, refunded by the authorities, on returned of Imported Capital Goods	0.52	Sept.2003	High Court, Allahabad
	Modvat on Tank Fitted on Trailer for Temporary storage used in emergency	2.16	Jan.1999	Commissioner CESTAT
Sales Tax	Penalty on Trade Tax (Net of Rs. 0.38 Lacs paid under protest)	0.75	F.Y. 1993-94	Tribunal Trade Tax Ghaziabad

- x) The Company has no brought forward losses and has not incurred any cash losses during the financial year covered by our Audit and the immediate preceding financial year.
- xi) In our opinion, the Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.
- xii) On the basis of verification of accounts and records maintained by the Company and to the best of our knowledge & belief, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
- xiv) To the best of our knowledge and according to information given to us, the Company is not a dealer or trader in securities. The Company has invested in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts, and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the Company in its own name.
- xv) To the best of our knowledge and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks/ Financial Institutions.
- xvi) To the best of our knowledge and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the Cash Flow Statement and other records examined by us and information & explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investments.
- xviii) According to the information & explanations given to us, the Company has made preferential allotment of Preference Shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956. In our opinion and according to information and explanations given to us, the price, at which Preference Shares have been issued, is not prejudicial to the interest of the Company.
- xix) To the best of our knowledge and according to the information & explanations given to us, the Company has created securities/ charges as on the date of our report, in respect of Secured Debentures issued to the satisfaction of the Trustee of the Debentures.
- xx) According to the information & explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi) Based upon the audit procedure performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For MEHRA GOEL & CO.
Chartered Accountants
(Registration No.-000517N)

Sd/-

R.K. MEHRA
Partner
M.No.:6102

Place : New Delhi
Dated : July 31, 2010

Balance Sheet as at 31st March, 2010

(Rs. in Lacs)

	Schedule No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	7915.47	4247.17
Reserves & Surplus	2	391251.59	199172.73
		399167.06	203419.90
Preference Share Application Money			
		-	40044.00
Loan Funds			
Secured Loans	3	832696.00	513632.22
Unsecured Loans	4	307714.53	292992.57
		1140410.53	806624.79
Deferred Tax Liability (Net)			
(Refer Note No.12 of Schedule 17)		32953.82	24631.99
Total		1572531.41	1074720.68
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	5	368589.43	328185.93
Less: Depreciation		160657.03	139588.87
Net Block		207932.40	188597.06
Capital Work in Progress		1110932.50	740013.28
		1318864.90	928610.34
Investments			
	6	37004.46	10772.71
Foreign Currency Monetary Item Translation Difference Account			
		-	613.45
Current Assets, Loans & Advances			
Inventories	7	196267.17	123035.89
Sundry Debtors	8	73392.31	61982.23
Cash & Bank Balances	9	12019.78	12436.82
Loans & Advances	10	95341.57	76909.96
		377020.83	274364.90
Less : Current Liabilities & Provisions			
Current Liabilities	11	156713.36	136870.02
Provisions	12	3645.42	2770.70
		160358.78	139640.72
Net Current Assets			
		216662.05	134724.18
Total		1572531.41	1074720.68
Significant Accounting Policies			
Notes on Accounts	16		
	17		

As per our report of even date attached

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO.6102

Place: New Delhi
Dated: July 31, 2010

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Lacs)

	Schedule No.	Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Sales of Products	597398.64	539531.51	
Less: Excise Duty	36271.77	561126.87	494324.44
Export Incentives		2908.16	1423.54
Other Income	13	11777.66	1805.57
TOTAL INCOME		575812.69	497553.55
EXPENDITURE			
Manufacturing & Other Expenses	14	418761.43	392822.19
Profit Before Interest, Depreciation and Tax		157051.26	104731.36
Interest & Financial Charges	15	21001.21	25212.14
Profit Before Depreciation		136050.05	79519.22
Depreciation		20913.56	23440.67
Profit Before Tax		115136.49	56078.55
Less : Income Tax			
- Current Tax	19570.00		5315.00
- MAT Credit Utilised	2665.00		3525.00
- Deferred Tax	8321.83		4958.10
- Fringe Benefits Tax	-	30556.83	150.00
Profit After Tax		84579.66	42130.45
Profit Brought Forward from Previous Year		7318.24	18405.03
Profit Available For Appropriation		91897.90	60535.48
APPROPRIATIONS			
Proposed Dividend on Equity Shares		1061.79	1061.79
Proposed Dividend on Preference Shares		23.31	-
Provision For Dividend Tax		180.22	180.45
Transferred to Debenture Redemption Reserve		1975.00	1975.00
Transferred to General Reserve		81449.25	50000.00
Balance Carried Forward to Balance Sheet		7208.33	7318.24
		91897.90	60535.48
Basic Earning Per Share (Rs.)		199.08	99.20
Diluted Earning Per Share (Rs.)		199.08	99.20
Nominal Value of Share (Rs.) (Refer Note No.14 of Schedule17)		10.00	10.00
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No.000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO.6102

Place: New Delhi
Dated: July 31, 2010

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	115136.49	56078.55
Adjustments for :		
Depreciation	20913.56	23440.67
Provisions (Retirement Benefits)	188.21	94.87
Interest & Financial Charges	21001.21	25212.14
Interest/Dividend Income on Investment	(263.77)	(261.64)
Interest Income (others)	(2398.43)	(1289.96)
Profit on Sale of Investment	(0.21)	(14.96)
Loss / (Profit) on Sale of Fixed Assets	(131.55)	(68.16)
Provision for Doubtful Debts	287.32	170.01
Loss / (Gain) on Exchange Rate Change	(3511.88)	1750.62
Sales Tax Subsidy	2383.82	-
Operating Profit Before Working Capital Changes	153604.77	105112.14
Adjustments for :		
Increase(-) / Decrease in Inventories	(73231.28)	(10072.58)
Increase(-) / Decrease in Other Receivables	(11708.77)	56.80
Increase(-) / Decrease in Loans & Advances	(21079.60)	(16060.49)
Increase / Decrease(-) in Trade Payables	10726.96	(20756.57)
Cash Flow from Operating Activities	58312.08	58279.30
Less : Direct Tax Paid (Net of Refund)	(18607.93)	(4602.36)
Net Cash Flow from Operating Activities (A)	39704.15	53676.94
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(290274.80)	(177344.90)
Sale of Fixed Assets	148.48	322.84
Purchase of / Adv.for Investments in subsidiary /joint venture	(3787.56)	(1426.69)
Purchase of Investment – Others	(22608.64)	(28501.55)
Sale of Investments	500.21	25016.51
Interest Income	2399.79	1318.22
Dividend Income	5.37	2.54
Net Cash Used In Investing Activities (B)	(313617.15)	(180613.03)

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest & Financial Charges Paid	(101651.28)	(98194.29)
Proceeds From Cash Credit from Banks (Net)	6865.64	(602.88)
Proceeds From Other Borrowings	299376.98	196205.30
Proceeds From Share/ Share Application Money	70005.00	40044.00
Dividend Paid	(919.93)	(661.36)
Dividend Tax Paid	(180.45)	(180.45)
Net Cash Flow From Financing Activities (C)	273495.96	136610.32
Net Increase in Cash and Cash Equivalents (A+B+C)	(417.04)	9674.23
Opening Balances of Cash and Cash Equivalents	12436.82	2762.59
Closing Balances of Cash and Cash Equivalents	12019.78	12436.82

Note:-

- The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard (AS) - 3, on 'Cash Flow Statement'.
- Cash and Cash equivalents include Rs. 680.67 Lacs (Previous year Rs. 538.81 Lacs) in respect of unclaimed dividend, the balance of which is not available to the Company.
- Figures in brackets represents cash out flow.

As per our report of even date attached

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO. 6102

Place: New Delhi
Dated: July 31, 2010

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Schedules forming part of the Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-1 SHARE CAPITAL		
Authorised		
8,00,00,000 Equity Shares of Rs.10/- Each	8000.00	8000.00
45,00,000 (Previous Year 15,00,000) Preference Shares of Rs.100/- Each	4500.00	1500.00
	12500.00	9500.00
Issued		
4,32,89,600 * Equity Shares of Rs.10/- each	4328.96	4328.96
36,68,300 (Previous Year Nil) 10% Redeemable Cumulative Preference Shares of Rs.100/- each	3668.30	-
	7997.26	4328.96
Subscribed & Paid Up		
4,24,71,662 * Equity Shares of Rs.10/- each fully paid up	4247.17	4247.17
36,68,300 (Previous Year Nil) 10% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up	3668.30	-
	7915.47	4247.17
*(of the above, 2,09,54,920 Equity Shares were allotted on conversion of Debentures)		
SCHEDULE-2 RESERVES & SURPLUS		
Capital Reserve :		
At Commencement of the year	44.88	44.88
Add : Addition during the year	2383.82	-
	2428.70	44.88
Debenture Redemption Reserve :		
At Commencement of the year	5425.00	3450.00
Add : From Profit & Loss Account	1975.00	1975.00
	7400.00	5425.00
Securities Premium Account :		
At Commencement of the year	25433.86	25433.86
Add : Addition during the year	106380.70	-
	131814.56	25433.86
General Reserve :		
At Commencement of the year	160950.75	110950.75
Add : From Profit & Loss Account	81449.25	50000.00
	242400.00	160950.75
Surplus as per Profit & Loss Account	7208.33	7318.24
	391251.59	199172.73
SCHEDULE-3 SECURED LOANS		
Debentures		
60 8.15 % Redeemable Non Convertible Debentures of Rs.100 Lac each (See Foot Note No.1 & 4)	6000.00	6000.00
1000 10.20% Redeemable Non Convertible Debentures of Rs.10 Lac each (See Foot Note No.2 & 4)	10000.00	10000.00
100 12 % Redeemable Non Convertible Debentures of Rs.100 Lac each (See Foot Note No.3 & 5)	10000.00	10000.00
	26000.00	26000.00

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
Cash Credit (See Foot Note No.6)		
From Banks		
a) Foreign Currency Loans	6454.91	1613.37
b) Rupee Loans	46945.41	45335.64
	53400.32	46949.01
Term Loan (See Foot Note No.7)		
1. From Banks		
a) Foreign Currency Loans	175835.80	45109.14
b) Rupee Loans	560541.26	392481.51
	736377.06	437590.65
2. From Financial Institutions		
Rupee Loans	16914.24	3052.35
Vehicle Loan from Bank (See Foot Note No.8)	4.38	40.21
	832696.00	513632.22

Foot Note:

- (1) 8.15% Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from the 4th year from the date of disbursement i.e. 24th April, 2006.
- (2) 10.20% Redeemable Non-Convertible Debentures are redeemable at par in one bullet payment at the end of 7th year from the date of allotment i.e. 26th March, 2007.
- (3) 12% Redeemable Non-Convertible Debentures (subordinate debt) are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e. 31st March, 2008.
- (4) Secured by first charge on pari passu basis on the fixed assets of the Company.
- (5) Secured by Subsequent and subservient charge by way of hypothecation on the present and future assets of the Company so as to maintain minimum asset coverage of 1.25 times, throughout the currency of the Debentures. Debentures are further secured by pledge of Equity Shares of Bhushan Steel Limited, having market value not less than 1.5 times of loan, held by promoters/ promoter entities, and Personal Guarantee of Shri B.B. Singal & Shri Neeraj Singal.
- (6) Secured by hypothecation of stocks & book debts, second charge on Company's land, building and other immovable properties ranking pari passu inter-se, personal guarantee of two promoter Directors.
- (7) Secured by mortgage of land & building and charge on all of the Company's immovable & movable properties (except book debts) both present and future including movable machinery, spares, tools & accessories, ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks etc. for securing borrowing for working capital requirement, except Rs. 118277 Lacs (Previous Year Nil) secured by subsequent & subservient charge on movable assets. The above includes Rs 104955 Lacs (Previous Year Rs. 123395 Lacs) on which security by way of mortgage of land & building and charges on all the Company's immovable properties is yet to be created. Out of these loans Rs. 572098 Lacs (Previous Year Rs 358554 Lacs) is guaranteed by personal guarantee of two promoter Directors and Rs.171119 Lacs (Previous Year Rs 82089 Lacs) is guaranteed by personal guarantee of one promoter Director. Foreign Currency Loans include ECA Loans of Rs. 121171 Lacs (Previous Year Nil) secured by specific charge on the assets financed & personal guarantee of two promoter Directors.
- (8) Secured by hypothecation of specific assets.

Schedules forming part of the Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-4 UNSECURED LOANS		
Rupee Loans From Banks		
- Term Loan / Commercial Paper*	180465.31	49657.32
Foreign Currency Loans		
- From Foreign Banks**	112194.71	240844.97
- From Others	15054.51	2490.28
	127249.22	243335.25
	307714.53	292992.57

*Including Commercial Paper Rs.10000 Lacs (Previous Year Nil), maximum balance of Commercial Paper outstanding during the year Rs.20000 Lacs (Previous Year Rs.2500 Lacs), and are personally guaranteed by two promoter Directors.

**Rs. 101730 Lacs (Previous Year Rs. 238347 Lacs) personally guaranteed by two promoter Directors.

Note:- Amount repayable within one year Rs.31573 Lacs (Previous Year Rs.15034 Lacs).

SCHEDULE-5 FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost as at 01.04.2009	Addition During the Year	Sale During the Year	Adjustment During the Year	Cost as at 31.03.2010	As at 01.04.2009	During the Year	Adjustment During the Year	Written Back During the Year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets												
Freehold Land	11398.92	3418.53	-	-	14817.45	-	-	-	-	-	14817.45	11398.92
Leasehold Land	6036.93	1140.71	-	-	7177.64	116.60	14.67	-	-	131.27	7046.37	5920.33
Building	41974.25	34757.42	-	-	76731.67	8467.39	1991.05	-	-	10458.44	66273.23	33506.86
Railway Siding	27.50	-	-	-	27.50	1.37	1.31	-	-	2.68	24.82	26.13
Plant & Machinery	262779.08	736.93	664.27	-	262851.74	127747.57	19106.90	-	664.27	146190.20	116661.54	135031.51
Furniture & Fixtures	1187.61	108.52	-	-	1296.13	599.58	119.06	-	-	718.64	577.49	588.03
Vehicles	3316.56	933.85	81.64	-	4168.77	1626.67	340.02	-	64.71	1901.98	2266.79	1689.89
Intangible Assets												
Computer Software	367.51	53.45	-	-	420.96	344.51	40.85	-	-	385.36	35.60	23.00
Assets Not Owned by Company	1097.57	-	-	-	1097.57	685.18	183.28	-	-	868.46	229.11	412.39
Total	328185.93	41149.41	745.91	-	368589.43	139588.87	21797.14	-	728.98	160657.03	207932.40	188597.06
Previous Year	292708.97	36942.20	1465.24	-	328185.93	116807.22	23992.21	-	1210.56	139588.87		
Capital Work in Progress [Includes Pre-operative expenses and advances to suppliers unsecured considered good]											1110932.50	740013.28
											1318864.90	928610.34

NOTES:

1. Certain Buildings under possession of the Company are pending registration in the name of the Company.
2. No write off has been done for leasehold land acquired on lease of 90 years and more.
3. Addition to Plant & Machinery and Capital Work In Progress includes Adjustment on account of gain (Previous Year loss) of foreign exchange fluctuation for the year Rs.31119.58 Lacs (Previous Year Rs.29988.46 Lacs).
4. Depreciation for the year includes Rs.883.58 Lacs (Previous Year Rs.551.54 Lacs) charged to capital work in progress.

(Rs. in Lacs)

		As at 31.03.2010		As at 31.03.2009
SCHEDULE-6 INVESTMENTS				
LONG TERM INVESTMENTS (FULLY PAID)				
NON TRADE (AT COST)				
QUOTED				
Tata Steel Ltd.				
13,500 * (Previous Year 12000) Equity Shares of Rs.10/- each	58.08		49.08	
Nil (Previous Year 9,000)Cumulative Compulsorily Convertible Preference Shares of Rs.100/- each	-		9.00	
*1500 shares were allotted on conversion of 9000 Cumulative Compulsorily Convertible Preference Shares				
Sequent Scientific Ltd.				
(Earlier known as P I Drugs & Pharmaceuticals Ltd.)				
62,000 Equity Shares of Rs.10/- each	43.58		43.58	
	101.66		101.66	
UNQUOTED				
Jawahar Credit & Holdings Limited				
43,21,871 Equity Shares of Rs. 10/- each	940.31		940.31	
Bhushan Capital & Credit Services Limited				
43,21,871 Equity Shares of Rs. 10/- each	940.31		940.31	
Bhushan Buildwell Pvt. Limited				
4,900 Equity Shares of Rs. 10/- each	0.49		0.49	
	1881.11		1881.11	
TRADE (AT COST)				
UNQUOTED				
Bhushan Energy Limited				
3,00,00,000 (Previous Year Nil) Equity Share of Rs.10/- each	10500.00		-	
Andal East Coal Company Pvt. Ltd.				
2,00,500 (Previous Year Nil)Equity Shares of Rs.10/- each	20.50		-	
In Subsidiaries				
Bhushan Steel (Australia) Pty Ltd.				
39,99,929 Equity Shares of One AUD Per Share	1430.30		1430.30	
Bhushan Steel Global FZE				
One Equity Share of One Million Dirhams	111.53		111.53	
	12062.33	14045.10	1541.83	3524.60
CURRENT INVESTMENTS (FULLY PAID)				
NON TRADE				
QUOTED				
LIC MF Liquid Fund - Dividend Plan				
136639865.502 Units (Previous Year Nil)	15003.19		-	
UNQUOTED				
Indusind Bank Limited				
250 Redeemable Non Convertible Bonds of Rs.10,00,000/- each	2475.00	17478.19	2475.00	2475.00
		31523.29		5999.60
ADVANCE FOR SHARE CAPITAL				
In Subsidiaries				
Bhushan Steel (Australia) Pty Ltd.				
Share Application Money		5081.17		1273.11
In Others				
Angul Sukinda Railway Ltd.				
Share Application Money		400.00		-
Bhushan Energy Limited				
Share Application Money		-		3500.00
		37004.46		10772.71
	As at 31.03.2010		As at 31.03.2009	
Aggregate Value of	Book Value	Market Value	Book Value	Market Value
Quoted Investments	15104.85	15173.11	101.66	55.61
Unquoted Investments	16418.44	-	5897.94	-

Schedules forming part of the Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-7 INVENTORIES		
Raw Material	107509.42	71631.85
Finished Goods	39775.54	24084.62
Work-in-Progress	31335.83	16325.08
Stores	16966.44	9158.35
Scrap	679.94	1835.99
	196267.17	123035.89
SCHEDULE-8 SUNDRY DEBTORS		
(Unsecured)		
Outstanding for a Period exceeding Six Months		
- Considered Good	6145.49	6287.77
- Considered Doubtful	728.37	465.88
	6873.86	6753.65
Less: Provision	728.37	465.88
	6145.49	6287.77
Others - Considered Good	67246.82	55694.46
	73392.31	61982.23
SCHEDULE-9 CASH & BANK BALANCES		
Cash on Hand	64.15	49.52
Balances with Scheduled Banks:		
- In Current Accounts	9978.30	12379.71
- In Deposit Accounts*	1977.33	7.59
(Including interest accrued but not due)		
	12019.78	12436.82
*[Including Rs.776.06 Lacs (Previous Year Rs.6.30 Lacs) under bank lien]		
SCHEDULE-10 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	36013.22	25562.06
Inter Corporate Deposit	10050.00	9550.00
Security Deposits	2125.31	1808.53
MAT Recoverable	-	2665.00
Balance with Excise Department	24.21	12.94
Excise Duty Recoverable / Service Tax Recoverable	47128.83	37311.43
	95341.57	76909.96
SCHEDULE-11 CURRENT LIABILITIES		
Sundry Creditors	97851.95	86339.02
Creditors for Capital Goods/ Expenditure	55563.48	46289.84
Unclaimed Dividend *	680.67	538.81
Due to Directors	5.45	9.22
Interest Accrued but not Due	2611.81	3693.13
	156713.36	136870.02

* These figures do not include any amounts, due and outstanding, to be credited to Investors' Education and Protection Fund.

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-12 PROVISIONS		
Proposed Dividend	1085.10	1061.79
Tax on Dividend	180.22	180.45
Provision For Tax (Net)	1504.82	841.39
Retirement Benefits	875.28	687.07
	3645.42	2770.70
	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE-13 OTHER INCOME		
Profit on Sale of Non Trade Investments		
- From Current Investments	0.21	14.96
Interest Earned*		
- From Long Term Investments	258.40	259.10
- From Bank on FDRs	0.57	213.82
- From Others	2397.86	1076.14
	2656.83	1549.06
*[Including Income Tax Deducted at Source Rs.298.64 Lacs (Previous Year Rs.259.76 Lacs) and Excluding interest earned of Rs.41.60 Lacs (Previous Year Rs.28.92 Lacs) transferred to Project]		
Dividend:		
- From Long Term Non - Trade Investments	2.18	2.54
- From Current Non-Trade Investments	3.19	-
	5.37	2.54
Profit on Sale of Fixed Assets (Net)	131.55	68.16
Exchange Fluctuation (Net)	8554.52	-
Other Income	429.18	170.85
	11777.66	1805.57
SCHEDULE-14 MANUFACTURING & OTHER EXPENSES		
Raw Material Consumed	385757.82	324813.62
Purchase of Goods Traded	641.98	611.93
Stores Consumed	16407.22	10582.16
Packing Material Consumed	2470.54	1698.49
Power & Fuel	21498.03	20382.67
Repairs & Maintenance		
- Plant & Machinery	1305.38	1319.51
- Buildings	102.67	89.10
Excise Duty Provided on Stock (Net)	1857.97	(2824.28)
Exchange Fluctuation (Net)	-	6411.23
Salary,Wages & Bonus	13349.34	9541.13
Contribution to P.F. and Other Funds	498.50	347.22
Staff Benefits	245.72	197.80
Rates & Taxes	524.07	2306.47
Administrative Expenses	17415.10	6030.30
Legal & Professional Expenses	783.90	484.09
Rent	402.07	256.17
Insurance	817.17	546.56
Auditors' Remuneration	70.00	42.00
Selling & Distribution Expenses	16974.04	13519.04
Commission to Selling Agents	464.20	493.02
Bad Debts written off	24.83	-
Less : Provision for Doubtful Debts written back	24.83	-
	-	-
Provision for Doubtful Debts	287.32	170.01
	287.32	170.01
	481873.04	397018.24

Schedules forming part of the Accounts

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
Increase/Decrease in Stock of Finished Goods, Work-in-Progress and Scrap		
Opening Stock		
Finished Goods	24084.62	36519.71
Work-in-Progress	16325.08	14035.67
Scrap	1835.99	1507.43
	42245.69	52062.81
Closing Stock		
Finished Goods	39775.54	24084.62
Work-in-Progress	31335.83	16325.08
Scrap	679.94	1835.99
	71791.31	42245.69
Net (Increase)/Decrease in Stock	(29545.62)	9817.12
	452327.42	406835.36
Less: Transfer to Project under Commissioning		
Pre-operative Expenses / Trial Run Expenses (Net)	30176.25	11165.51
Cost of Material Transferred to Project/ Internal Use	3389.74	2847.66
	418761.43	392822.19
SCHEDULE-15 INTEREST & FINANCIAL CHARGES		
Interest on :		
- Debentures	4282.04	4244.39
- Term Loans	80569.12	58611.46
- Others	8575.15	18511.06
Exchange Fluctuation	-	13485.31
Commission & Bank Charges	7143.65	5893.07
	100569.96	100745.29
Less: Borrowing cost transferred to Project Under Commissioning / Trial Run	79568.75	75533.15
	21001.21	25212.14

SCHEDULE-16 SIGNIFICANT ACCOUNTING POLICIES

1. CONVENTION

Financial statements are prepared in accordance with generally accepted accounting principles, applicable Accounting Standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

2. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3. BASIS FOR PREPARATION OF ACCOUNTS

Financial statements are prepared in accordance with the historical cost convention on accrual basis.

4. FIXED ASSETS

Fixed Assets are stated at cost, net of Modvat/Cenvat/Vat, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term monetary items attributable to depreciable fixed assets are capitalised. Capital expenditure on assets not owned by the Company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets.

Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

5. INTANGIBLE ASSETS

Computer software is capitalised on the date of installation and is amortised over a period of three years.

6. IMPAIRMENT OF ASSETS

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

7. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except:-

- a) Cold Rolling Plant situated at Sahibabad acquired prior to 1st April, 1996, Galvanizing Plant, Power Plant acquired before 1st April, 2002 including addition or, extension forming integral part of above plants on which depreciation is provided on written down value method.
- b) Plant situated at Khopoli (Maharashtra) on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation has been provided as aforesaid over the residual life of the respective plants.

Capital expenditure on assets not owned by the Company is amortized over a period of five years from the year in which the relevant assets have been completed and available for use.

Premium on leasehold land is amortized over the period of lease except on leasehold land acquired on lease of ninety years or more. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5000 or less are depreciated in full in the year of purchase.

8. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currency outstanding at the year end are translated at exchange rate applicable on the date of Balance Sheet. Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets, are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or 31st March, 2011, whichever is earlier.

9. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

10. INVESTMENTS

Investments are classified into current investments and long term investments. Current investments are stated at the lower of cost and quoted / fair value. Long term investments are stated at cost, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

11. DIVIDEND INCOME

Dividend on investments is accounted for as and when the right to receive the same is established.

12. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are inclusive of sales during trial run, excise duty, custom duty and net of sales tax & discount. Export sales are net of ocean freight, insurance and discount.

13. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except scrap which is valued at net realisable value. The Cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise Duty on closing stock of finished goods and scrap is accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

14. MODVAT /CENVAT/VAT

Modvat/Cenvat/VAT claimed on capital goods is credited to Assets / capital work in progress account. Modvat/Cenvat/VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

15. INCOMETAX

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company. Provision for fringe benefit tax is made on fringe benefits taxable under the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset.

In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Liability for timing differences between the book and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

16. CLAIMS

Claims receivables are accounted for depending on the certainty of receipt and claims payables are accounted for at the time of acceptance.

17. PROPOSED DIVIDEND

Dividend as proposed by the Directors is provided for in the books of account, pending approval at the Annual General Meeting.

18. EMPLOYEES' BENEFITS

Short term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

Company's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the balance sheet represent the present value of the obligations as reduced by the fair value of Plan Assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the profit and loss account.

19. PROVISION AND CONTINGENT LIABILITY

Show cause notices issued by various government authorities are not considered as obligation. Where the demand notices are raised, the show cause notice, disputed by the Company, are classified as possible obligation.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

20. FINANCIAL DERIVATIVES TRANSACTIONS

In respect of the financial derivative contracts the premium/ interest paid and profit/loss on settlement is charged to profit and loss account. The contracts entered into are mark to market at the year end and the resultant profit /loss is charged to profit and loss account except where these relate to long term monetary items attributable to depreciable fixed assets in which case it is adjusted to the cost of fixed assets.

SCHEDULE - 17 NOTES ON ACCOUNTS

(Rs. in Lacs)

	Current Year	Previous Year
1. Contingent Liabilities in respect of:		
a) Sales Tax	0.75	0.75
b) Excise Duty	4.95	4.95
c) Outstanding guarantees issued by the banks counter guaranteed by the Company including letter of credits	79395.10	45422.28
d) Bills Discounted	11524.91	4763.89
2. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs.393176.57 Lacs (Previous Year Rs.237664.08 Lacs) (Net of Advances).		
3. There is no present obligation arising from past events requiring provision in accordance with the guiding principle as enunciated in Accounting Standard (AS)-29, as it is not probable that an outflow of resources embodying economic benefit will be required.		
4. 10% Redeemable Cumulative Preference Shares of Rs. 100/- each are allotted at a price of Rs.3000/- per share during the year on private/preferential placement basis. The Preference Shares are redeemable at a premium of Rs. 2900/- before the expiry of ten years from the date of allotment i.e. 29th January, 2010 and 31st March, 2010 for 13,34,800 and 23,33,500 shares respectively.		
5. In some cases, the Company has received intimation from Micro & Small Enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006". Based on the information received, the amount remaining unpaid as at 31st March, 2010 was Rs.85.30 Lacs (Previous Year Rs. 112.47 Lacs). No payments beyond the appointed date were noticed to such vendors. No interest is paid or payable under the Act.		

(Rs. in Lacs)

	Current Year	Previous Year
6 (a) Managerial Remuneration:		
Salary	155.55	138.36
Perquisites	15.37	12.79
	170.92	151.15
Note: Provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations, done on an overall company basis, hence, amount pertaining to the Directors is not ascertainable and, therefore, not included in the above figures.		
(b) Administrative Expenses includes :		
- Directors' Sitting Fee	1.60	1.25
(c) Computation of Net Profit in accordance with section 349 of the Companies Act, 1956		
Profit Before Taxation	115136.49	56078.55
Add: Depreciation as per Accounts	20913.56	23440.67
Provision for Doubtful Debts	287.32	170.01
Directors' Sitting Fees	1.60	1.25
Managerial Remuneration	170.92	151.15
	136509.89	79841.63
Less: Depreciation as per Section 350 of Companies Act, 1956	20913.56	23440.67
Profit on Sale of Fixed Assets (Net)	131.55	68.16
Profit on Sale of Investments (Net)	0.21	14.96
Net Profit for the year	115464.57	56317.84
Maximum Remuneration Allowed @ 11 %	12701.10	6194.96
Managerial Remuneration Paid	170.92	151.15
7. Auditors' Remuneration includes :		
- Audit Fees	50.00	30.00
- Tax Audit Fees	8.00	5.00
- Other Services	12.00	7.00
	70.00	42.00

8. As per Accounting Standard (AS)-18, the disclosure of transaction with related parties as defined in the Accounting Standard are given below :

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Subsidiary companies

Bhushan Steel Global FZE

Bhushan Steel (Australia) PTY Ltd.

- Bowen Energy Ltd, Australia (from 28th July, 2009)

- Kondor Holdings PTY Ltd.

- Bowen Coal PTY Ltd.

- Bowen Consolidated PTY Ltd.

- Capricorn Metals Ltd.

- Capricorn Resources (Australia) Ltd.

- Golden Country Resources (Australia) PTY Ltd.

- Bowen Energy (Asia) PTE Ltd.

b) Joint Venture

Andal East Coal Company Pvt. Ltd (Incorporated on 22nd September, 2009)

c) Associates

Angul Sukinda Railway Ltd. (from 27th May, 2009)

Bhushan Energy Ltd. (from 2nd December, 2009)

d) Key Management Personnel

Sh. Neeraj Singal (Vice Chairman & Managing Director)

Sh. P.K. Aggarwal (Whole time Director)

Sh. Nittin Johari (Whole time Director)

Sh. Rahul Sen Gupta (Whole time Director)

e) Relatives of Key Management Personnel

Smt. Ritu Singal (Wife of Vice Chairman & Managing Director)

f) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Bhushan Energy Ltd. (up to 1st December, 2009)

Arshiya International Ltd.

Bhushan Aviation Ltd.

(II) Transactions Carried out with related parties referred in (I) above, in ordinary course of business:

(Rs. in Lacs)

PARTICULARS	Subsidiary Companies		Joint Venture		Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP & their relatives have significant influence		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration and Perks	-	-	-	-	-	-	170.92	151.15	19.52	14.00	-	-	190.44	165.15
Investment in Share Capital/Share Application Money	3808.06	1426.69	20.50	-	7400.00	-	-	-	-	-	-	3500.00	11228.56	4926.69
Purchase of Goods/ Services	-	-	-	-	8428.15	-	-	-	-	-	6817.47	6322.41	15245.62	6322.41
Sales of Goods/Services	17890.37	14242.55	-	-	224.52	-	-	-	-	-	-	-	18114.89	14242.55
Sales of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	104.85	-	104.85
Rent Received	-	-	-	-	-	-	-	-	-	-	0.13	-	0.13	-
Outstanding														
Receivable	336.76	686.06	-	-	-	-	-	-	-	-	154.55	-	491.31	686.06
Payable	-	-	-	-	308.27	-	5.45	9.22	-	1.20	481.90	588.68	795.62	599.10

Disclosure in Respect of Material Related Party Transactions during the year:

1. Remuneration & Perks include payment to Shri Neeraj Singal Rs. 90.37 Lacs (Pre. Year Rs. 87.79 Lacs), Shri P. K. Aggarwal Rs.23.71 Lacs (Pre. Year Rs.18.76 Lacs), Shri Nittin Johari Rs.33.24 Lacs (Pre. Year Rs.25.30 Lacs), Shri Rahul Sengupta Rs.23.60 Lacs (Pre. Year Rs. 19.30 Lacs) and Smt Ritu Singal Rs.19.52 Lacs (Pre. Year Rs. 14.00 Lacs).
2. Investment in Share Capital/ Share Application Money include Bhushan Steel (Australia) PTY Ltd. Rs. 3808.06 Lacs (Pre. Year Rs. 1426.69 Lacs), Andar East Coal Company Pvt. Ltd. Rs. 20.50 Lacs (Pre. Year Nil), Bhushan Energy Ltd. Rs. 7000 Lacs (Pre. Year Rs. 3500 Lacs) and Angul Sukinda Railway Ltd. Rs.400 Lacs (Pre. Year Nil).
3. Purchase of Goods/Services is from Arshiya International Ltd. Rs.3699.61 Lacs (Pre. Year Rs.5173.51 Lacs), Bhushan Energy Ltd. Rs. 9847.39 Lacs (Pre. Year Rs. 1148.90 Lacs) and Bhushan Aviation Ltd. Rs. 1698.62 Lacs (Pre. Year Nil).
4. Sale of Goods/ Services is to Bhushan Steel Global FZE Rs.17890.37 Lacs (Pre. Year Rs. 14242.55 Lacs) and Bhushan Energy Ltd. Rs.224.52 Lacs (Pre. Year Nil).
5. Sale of Fixed Asset is to Bhushan Energy Ltd. Nil (Pre. Year Rs. 104.85 Lacs).
6. Rent Received is from Bhushan Aviation Ltd. Rs. 0.13 Lacs (Pre. Year Nil).

9. The Company has an Indian Joint Venture with M/s Andar East Coal Company Pvt Ltd. as on 31st March, 2010 and having sharing of 33 1/3 %. Its proportionate share in the Assets, Liabilities, Income and Expenditure of the Joint Venture is as under :-

(Rs. in Lacs)

As at 31st March, 2010		For the Period Ended 31st March, 2010	
Capital	20.50	Income	Nil
Liabilities	0.60	Expenditure	0.64
Assets	20.46	Loss during the year	0.64
Contingent Liabilities	522.67		
Capital Commitment	Nil		

10. The Company is engaged in the steel business, which in the context of Accounting Standard (AS)-17, is considered the only primary business segment.

Gross Revenue of the Company as per Geographical Segment is as follows:

(Rs.in Lacs)

	Current Year	Previous Year
Within India	475671.01	393245.21
Outside India	121727.63	146286.30
Total	597398.64	539531.51

The Company has common fixed assets and liabilities for producing goods for domestic as well as overseas market.

11. Fixed Assets include one cold rolling mill established in 1992 damaged in fire accident in the year 1998-99. The amount received from Insurance Company for reinstatement /repair of the mill is included in other liabilities as the matter is still sub-judice. The amount received shall be adjusted on final disposal of the pending suit.

12. Major components of deferred tax assets and liabilities arising on account of timing difference are :

(Rs. in lacs)

		Current Year	Previous Year
Deferred Tax Liability			
(i) Related to Fixed Assets		33351.65	24907.11
Total (A)		33351.65	24907.11
Deferred Tax Assets			
(i) Provision of Doubtful Debts		247.57	158.35
(ii) Other Items		150.26	116.77
Total (B)		397.83	275.12
Deferred Tax Liability Net (A-B)		32953.82	24631.99
13. Pre-operative Expenses			
(In respect of project to be capitalised)			
Opening Balance		146820.75	62311.57
Add: Pre-operative Expenses			
1. Transferred from Profit & Loss Account	24033.03	10512.57	
2. Trial Run Exp./(Gain) (Net) transferred from Profit & Loss Account	6143.22	652.94	
3. Depreciation	883.58	551.54	
4. Interest & Financial Charges			
- During Construction	72937.50	69598.48	
- During Trial Run	6631.25	110628.58	5934.67
		257449.33	149561.77
Less : Interest earned during construction period		41.60	28.92
		257407.73	149532.85
Less: Capitalised			
- Pre-Operative Exp.		6430.74	2712.10
TOTAL		250976.99	146820.75

14. Earning Per Share

	Current Year	Previous Year
(i) <u>Weighted Average No. of Equity Shares</u> Equity Share, at the beginning of the Year	42471662	42471662
(ii) <u>Equity Shares for Calculating Diluted Earning per Share</u> Weighted Average No. of Equity Shares	42471662	42471662
(iii) Profit After Tax (Rs. In Lacs)	84579.66	42130.45
Less: -Dividend on preference shares (Including Dividend Tax)	27.18	-
Profit after dividend on preference shares	84552.48	42130.45
(iv) Earning Per Share (Rs.)		
- Basic [(iii)/(i)]	199.08	99.20
- Diluted [(iii)/(ii)]	199.08	99.20

15. Investments purchased (including dividend reinvested) and sold during the year

(Rs.in Lacs)

Sr. No.	Particulars	Unit / Shares (Nos.)	Cost
1.	L072SG SBI Premier Liquid Fund – Super Institutional - Growth	3489768	500.00

16. The Company in respect of Khopoli unit was availing sales tax exemption scheme. However during the year, the Company has opted "deferral scheme" of sales tax and paid VAT on the basis of Net Present Value (NPV).
Tax difference between the amount payable and amount paid under NPV, amounting to Rs. 2383.82 Lacs (Previous Year Nil), being capital receipt, has been credited to Capital reserve.

17. DERIVATIVES

- I The Company has not entered into any derivatives instruments to hedge the foreign currency contracts. There is no derivative contract outstanding as on the date of the Balance Sheet.
- II The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below :-

	Current Year		Previous Year	
	US\$ equivalent (Million)	INR equivalent (Lacs)	US\$ equivalent (Million)	INR equivalent (Lacs)
a) Amount receivable in Foreign Currency on Account of				
Sale of Goods	11.39	5103.35	21.00	10618.75
Advance against Goods	107.02	47945.43	113.05	57156.59
b) Amount payable in Foreign Currency on Account of				
Acceptances	159.49	71450.89	180.15	91083.34
Bills Discounted	17.48	7831.91	7.05	3562.74
Creditors	31.00	13886.25	19.36	9788.53
Loans /Interest Payable	694.29	311039.33	567.64	286997.92

18. As per Accounting Standard (AS)-15 "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standards are given below:-

A. Defined Contribution Plans:

Contribution to defined contribution plan, recognized as expenses / pre-operative expenses is as under:

(Rs. In Lacs)

	Current Year	Previous Year
a) Employer contribution to Provident Fund /Other Funds	498.39	347.11
b) Employer contribution to State Plans	31.84	32.42
i) Employee State Insurance	31.73	32.31
ii) Maharashtra Labour Welfare Fund	0.11	0.11

B. Defined Benefit Plans :

- a) Leave Encashment/ Compensated Absence.
- b) Contribution to Gratuity Funds - Employee's Gratuity Fund.

In accordance with Accounting Standard (AS) - 15 (Revised 2005), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumptions:

(Rs. in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
i) Actuarial Assumptions				
Discount Rate (per annum)	8%	8%	8%	8%
Rate of increase in compensation levels	5%	5%	5%	5%
Rate of return on plan assets.	-	-	8%	8%
Expected Average remaining working lives of employees (years)	26	25	26	25
ii) Change in the obligation during the year ended 31st March, 2010				
Present value of obligation as at 31st March, 2009	687.07	450.56	640.44	420.39
Impact of Transition provision of (AS)-15	-	-	-	-
Interest cost	54.97	36.05	48.97	33.63
Past Service cost	Nil	Nil	Nil	Nil
Current service cost	221.15	206.38	299.10	92.79
Curtailement cost	Nil	Nil	Nil	Nil
Settlement cost	Nil	Nil	Nil	Nil
Benefits Paid	(36.41)	(86.06)	(56.54)	(29.01)
Actuarial (gain)/ loss on Obligations	(109.87)	80.14	55.57	122.64
Present value of obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
iii) Change in fair value of Plan Assets				
Fair value of Plan Assets as at 31st March, 2009	-	-	647.50	453.21
Expected return on Plan Assets	-	-	60.85	42.51
Contributions	-	-	282.88	185.42
Benefits Paid	-	-	(56.54)	(29.01)
Actuarial gain/ (loss) on Obligations	-	-	(5.52)	(4.63)
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Plan Assets				
Present value obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
Funded Status	(816.91)	(687.07)	(58.37)	7.06
Present value of un-funded obligation as at 31st March, 2010	-	-	-	-
Un-funded Actuarial (gains)/ losses	-	-	-	-
Un-funded Net Asset/ (Liability) recognised in Balance Sheet	(816.91)	(687.07)	(58.37)	7.06
v) Expenses / Pre-Operative expenses recognised in Profit and Loss Account				
Current service cost	221.15	206.38	299.10	92.79
Past Service cost	-	-	-	-
Interest cost	54.97	36.05	48.97	33.63
Expected return on Plan Assets	-	-	(60.85)	(42.51)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(109.87)	80.14	61.09	127.27
Total Expense recognised in Profit and Loss Account / Pre-Operative expenses	166.25	322.57	348.31	211.18

The estimate of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.

19. The Company has not entered into any finance/ operating lease during the year.

20. Previous Year Figures have been regrouped wherever considered necessary.

21. Additional information pursuant to the provisions of Schedule-VI to the Companies Act, 1956 (As certified by the management):

	Current Year Qty. (MT)	Previous Year Qty. (MT)
(I) Installed Capacity:		
Cold Rolled Steel Strips/Sheets/Coils	1000000	1000000
Cold Rolled Galvanised Steel Strips/Sheets/Coils	465000	465000
Colour Coated Galvanised Steel Strips/Sheets/Coils	80000	80000
Precision Tubes	100000	100000
Hardened & Tempered Cold Rolled Steel Strips	11000	11000
High Tensile Steel Strapings	20000	20000
Sponge Iron	680000	680000
Billets	340000	340000
Wire Rods	20000	20000
Formed Sections	3000	3000

Under the liberalised Industrial Policy of Government of India, the Company's products do not require any Industrial licence.

(II) Production:		
Cold Rolled Steel Strips/Sheets/Coils {Including 655175 MT (Previous Year 464390 MT) used Captively and 304 MT (Previous Year 286 MT) internally consumed}	1163437	804231
Cold Rolled Galvanised Steel Strips/Sheets/ Coils {Including 86375 MT (Previous Year 74562 MT) used Captively and 802 MT (Previous Year 235 MT) internally consumed}	531149	386120
Colour Coated Galvanised Steel Strips/Sheets/ Coils {Including 3511 MT (Previous Year 2381 MT) internally consumed}	97593	76393
Precision Tubes {Including 884 MT (Previous Year 527 MT) used Captively and 1639 MT (Previous Year 1652 MT) internally consumed}	106101	72916
Hardened & Tempered Cold Rolled Steel Strips	9596	7777
High Tensile Steel Strapings {Including 501 MT (Previous Year 359 MT) internally consumed}	7536	8806
Sponge Iron {Including 311528 MT (Previous Year 352445 MT) used Captively}	400619	352445
Billets {Including 35743 MT (Previous Year 59248 MT) used Captively }	299083	302229
Wire Rods {Including 1527 MT (Previous Year 1231 MT) used internally}	34000	52455
Formed Sections	962	923

(III) Quantitative information in respect of opening stock, closing stock & turnover of finished products and consumption of raw materials: (Rs. in Lacs)

	Current Year		Previous Year	
	Qty. (MT)	Value	Qty. (MT)	Value
a) Opening Stock:				
Cold Rolled Steel Strips/ Sheets/Coils	15762	5831.14	20888	8248.07
Cold Rolled Galvanised Steel Strips/Sheets/Coils	13414	5293.76	17846	7831.09
Colour Coated Galvanised Steel Strips/Sheets/Coils	2071	970.36	3916	2050.67
Precision Tubes	7189	2780.53	5781	2609.98
Hardened & Tempered Cold Rolled Steel Strips	482	403.28	551	328.37
High Tensile Steel Strapings	492	217.40	1209	572.63
Sponge Iron*	1365	168.18	39359	6655.01
Billets	31956	8140.67	29653	7756.60
Wire Rods	999	273.79	1533	451.00
Formed Sections	14	5.51	34	16.29
		24084.62		36519.71

* Include Transferred for Captive use Nil (Previous Year 36967 MT)

(Rs. in Lacs)

	Current Year		Previous Year	
	Qty. (MT)	Value	Qty. (MT)	Value
b) Closing Stock :				
Cold Rolled Steel Strips/ Sheets/Coils	23111	8805.56	15762	5831.14
Cold Rolled Galvanised Steel Strips/Sheets/Coils	22450	9876.09	13414	5293.76
Colour Coated Galvanised Steel Strips/Sheets/Coils	2362	1137.45	2071	970.36
Precision Tubes	7110	2940.61	7189	2780.53
Hardened & Tempered Cold Rolled Steel Strips	351	211.83	482	403.28
High Tensile Steel Strapings	404	184.19	492	217.40
Sponge Iron	84775	8475.41	1365	168.18
Billets	31806	7962.43	31956	8140.67
Wire Rods	564	176.69	999	273.79
Formed Sections	11	5.28	14	5.51
		39775.54		24084.62
c) Turnover :				
i) Finished Goods				
Cold Rolled Steel Strips/ Sheets / Coils	500609	205137.94	344681	169451.66
Cold Rolled Galvanised Steel Strips / Sheets / Coils	434936	191349.26	315755	162508.40
Colour Coated Galvanised Steel Strips/Sheets / Coils	93791	47829.26	75857	47851.07
Precision Tubes	103657	45669.52	69329	37161.52
Hardened & Tempered Cold Rolled Steel Strips	9727	7776.39	7846	7096.73
High Tensile Steel strapings	7123	3586.86	9164	5434.12
Sponge Iron	5681	771.41	1027	146.11
Billets	263490	70611.09	240678	80531.09
Wire Rods	32908	9141.34	51758	18278.54
Formed Sections	965	434.16	943	455.29
ii) Others		15091.41		10616.98
		597398.64		539531.51
Others include resold of Coal waste 93634 MT (Previous Year Nil), Coal 59772 MT (Previous Year 44486 MT) and Zinc 437 MT (Previous Year Nil).				
d) Raw Material Consumed * :				
HR / CR Steel Strips/Sheets/ Coils and Steel Scrap/ Sponge Iron	1326089	294954.28	888021	258069.41
Zinc and Alloys	42457	42584.60	26502	26353.68
Iron Ore	749446	26888.06	611143	23315.54
Coal	948786	16186.39	751576	13020.62
Dolomite	35711	486.99	33614	442.94
Paints	2959	4657.50	2179	3611.43
		385757.82		324813.62
* Notes				
i) Including material resold i.e. HR Coils Nil (Previous Year 1380 MT) and Zinc 437MT(Previous Year Nil) and Coal Waste 93634 MT (PreviousYear Nil).				
ii) Including 6818 MT(PreviousYear 5057 MT) Project Scrap consumed.				
iii) Excluding 166374 MT (Previous Year 216021 MT) coal used in AFBC Boiler for generation of Electricity.				
e) Purchase of Goods Traded :				
Coal	59772	641.98	44486	611.93
		641.98		611.93

(Rs. in Lacs)

	Current Year Value	Previous Year Value
(IV) Value of Import on C.I.F. Basis:		
- Raw Material	201600.69	132308.71
- Capital Goods	58383.49	128091.88
- Stores/Spare parts	2347.27	888.69
(V) Expenditure in Foreign Currency :		
- Travelling	162.30	184.55
- Sales Commission	216.89	281.70
- Machinery Repair & Maintenance	64.56	111.65
- Technical Consultancy	486.73	54.44
- Interest & Finance Charges	10560.62	33829.31
- Capital Machinery / Indirect Expenses	4380.34	-
- Legal Expenses	59.64	-
- Rates & Taxes	30.62	30.92
- Shipping Charges	2.56	-
- Subscription	4.09	0.55
(VI) Earnings in Foreign Exchange :		
- FOB Value of Export	121727.63	146286.30
- Interest Received	-	29.13
- Compensation Received	369.20	-

VII) Value of Imported / Indigenous Raw Material, Stores and Spare Parts Consumed:

(Rs. in Lacs)

	Current Year		Previous Year	
	Value	% age	Value	% age
Raw Material:				
Imported	189297.61	49.07	120090.77	36.97
Indigenous	196460.21	50.93	204722.85	63.03
	385757.82	100.00	324813.62	100.00
Stores/Spare Parts:				
Imported	1116.38	6.80	197.86	1.87
Indigenous	15290.84	93.20	10384.30	98.13
	16407.22	100.00	10582.16	100.00

(VIII) Remittance in foreign currency on account of Dividend :

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below :

	Current Year	Previous Year
(a) Number of Non-Resident Shareholders	234	198
(b) Number of Equity Shares held by them	9,77,507	11,24,626
(c) (i) Amount of dividend paid (Gross) (in Rs.)	2443767	2811565
(ii) Tax deducted at source (in Rs.)	-	-
(iii) Year to which dividend relates	2008-2009	2007-2008

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M.NO.6102

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 31, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	14942 of 1983	State Code: 55
Balance Sheet Date:	31 03 2010	
	Date Month Year	

II. Capital Raised during the year (Rs. in lacs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	3668

III. Position of Mobilisation and Deployment of Funds (Rs. in lacs)

Total Liabilities	1572531	Total Assets	1572531
-------------------	---------	--------------	---------

SOURCES OF FUNDS

Paid-up Capital	7915	Reserves & Surplus	391251
Deferred Tax Liability (Net)	32954	Secured Loans	832696
Unsecured Loans	307715		

APPLICATION OF FUNDS

Net Fixed Assets (Including Capital Work-in-Progress)	1318865	Investments	37004
Net Current Assets	216662		

IV. Performance of Company (Rs. in lacs)

Turnover & Other Income	575813	Total Expenditure	460676
Profit Before Tax	115137	Profit After Tax	84580
Earning Per Share in Rs. Basic & Diluted	199.08	Dividend	25 %

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)	721041
Product Description	Corrugated coated with Zinc Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more.
Item Code No. (ITC Code)	721049
Product Description	Flat Coated with Zinc Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more.
Item Code No. (ITC Code)	720918
Product Description	Flat Cold Rolled Products of Iron or Non Alloy Steel of a width of 600 MM or more of a thickness of less than 0.5 MM.

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 31, 2010

Statement Pursuant To Section 212 of the Companies Act, 1956 Related to Subsidiary Companies as at 31st March, 2010

Sl.No.	Name of Subsidiary	Bhushan Steel Global FZE	Bhushan Steel (Australia) PTY Ltd.	Bowen Energy Ltd.	Bowen Coal PTY Ltd.	Bowen Consolidated PTY Ltd.	Bowen Energy (Asia) PTE. Ltd.	Capricorn Metals Ltd.	Capricorn Resources (Australia) Ltd.	Kondor Holdings PTY Ltd.	Golden Country Resources (Australia) PTY Ltd.
1	Financial Year of the Subsidiary ended on	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
2	Shares of the Subsidiary held by the Company on the above date										
	(a) Number	1	39,99,929	4,87,21,051	10	15	7	5	20	10	51,150
	Face Value	ordinary share of AED 10 lacs each	ordinary shares of AUD 1 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of \$ 1 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each	ordinary shares of AUD 0.20 each
	(b) Extent of holding	100%	100%	59.65%	100%	100%	100%	100%	100%	100%	100%
3	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary, so far as they concern members of the Company :										
	(a) dealt with in the accounts of the Company for the year ended 31st March, 2010 (Rs. / lacs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2010 (Rs. / lacs)	9.40	(162.97)	1.53	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Net aggregate amount of profits / (losses) of the subsidiary since it become a subsidiary, so far as they concern members of the Company :										
	(a) dealt with in the accounts of the Company for the year ended 31st March, 2010 (Rs. / lacs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2010 (Rs. / lacs)	350.76	(156.04)	(64.20)	Nil	(0.49)	Nil	Nil	(0.45)	2.05	3.25

Summary of Financial Information of Subsidiary Companies

Name of Subsidiary	Country	Reporting Currency	Capital	Reserves	Total Assets including Current Assets	Total Liabilities excluding Shareholder's Funds	CWIP included in Total Assets	Investments included in Total Assets	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
Bhushan Steel Global FZE	Dubai	AED	1,11,52,589	3,50,76,077	43,38,75,324	38,76,46,658	-	-	1,70,97,68,556	9,39,907	-	9,39,907	-
Bhushan Steel (Australia) PTY Ltd.	Australia	AUD	# 65,11,47,212	(1,56,03,524)	63,57,01,834	1,58,146	7,38,34,057	37,01,75,363	-	(1,62,97,476)	-	(1,62,97,476)	-
Bowen Energy Ltd.	Australia	AUD	62,53,58,870	(64,19,858)	82,22,98,125	20,33,59,113	71,47,31,676	40,57,778	-	1,52,910	-	1,52,910	-
Bowen Coal PTY Ltd.	Australia	AUD	82	-	11,34,289	11,34,207	11,34,207	-	-	-	-	-	-
Bowen Consolidated PTY Ltd.	Australia	AUD	123	(49,469)	123	49,469	-	-	-	-	-	-	-
Bowen Energy (Asia) PTE. Ltd.	Singapore	AUD	315	-	72,43,669	72,43,354	72,43,359	-	-	-	-	-	-
Capricorn Metals Ltd.	Australia	AUD	41	-	41	-	-	-	-	-	-	-	-
Capricorn Resources (Australia) Ltd.	Australia	AUD	164	(45,185)	19,80,651	20,25,672	19,74,490	-	-	-	-	-	-
Kondor Holdings PTY Ltd.	Australia	AUD	82	2,05,426	3,89,14,862	3,87,09,354	3,87,09,353	-	-	-	-	-	-
Golden Country Resources (Australia) PTY Ltd.	Australia	AUD	4,20,218	3,25,248	1,19,81,718	1,12,36,252	1,19,81,718	-	-	-	-	-	-

including share application money Rs. 508117027

Notes: Exchange Rate as on 31st March, 2010 of AUD 1= Rs. 41.077 and AED 1= Rs. 11.153

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICECHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 31, 2010

Auditors' Report on the Consolidated Financial Statements

To

The Board of Directors of

BHUSHAN STEEL LIMITED

We have audited the attached Consolidated Balance Sheet of BHUSHAN STEEL LIMITED (the Company) and its subsidiaries, associates and joint venture (collectively referred to as "the Group") as at 31st March, 2010, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. Financial Statements of two foreign subsidiaries namely M/s Bhushan Steel (Australia) Pty Ltd. and M/s Bhushan Steel Global FZE, audited by us, have been prepared for the purpose of compliance with the provision of section 211 and 212 of the Companies Act, 1956. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. *We have relied on the unaudited consolidated financial statements of a foreign subsidiary, namely M/s Bowen Energy Limited (Australia), whose consolidated financial statements reflect total assets of Rs. 8097.64 Lacs as at 31st March, 2010, total revenue of Rs. 1.63 Lacs, cash outflows amounting to Rs. 274 Lacs for the year then ended and on the unaudited financial statements of two associates, namely M/s Bhushan Energy Limited and M/s Angul Sukinda Railway Limited, wherein the Group's share of profit aggregates Rs.25.20 Lacs. These unaudited financial statements / consolidated financial statements have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the subsidiaries, associates is based solely on such unaudited financial statements / consolidated financial statements, prepared by the Management.*
2. We did not audit the financial statements a joint venture, namely M/s Andal East Coal Company Pvt. Ltd. , whose financial statements reflect total assets of Rs. 59.56 Lacs as at 31st March, 2010, total revenue of Rs. (1.94) Lacs and cash inflows amounting to Rs. 14.99 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
3. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS)-21, Consolidated Financial Statements, (AS)-23, Accounting for Investments in Associates in Consolidated Financial Statements and (AS)-27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit as aforesaid and subject to our comment in Para (1) above , to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2010;
 - b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For MEHRA GOEL & CO.

Chartered Accountants
(Registration No.-000517N)

Sd/-

R.K.MEHRA

Partner

M.No.6102

Place : New Delhi

Dated : July 31, 2010

Consolidated Balance Sheet as at 31st March, 2010

(Rs. in Lacs)

	Schedule No.	As at 31.03.2010	As at 31.03.2009
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	1	7915.47	4247.17
Reserves & Surplus	2	391338.44	199521.03
		399253.91	203768.20
Preference Share Application Money		-	40044.00
Minority Interest		2497.17	-
Loan Funds			
Secured Loans	3	832696.00	513632.22
Unsecured Loans	4	307714.53	292992.57
		1140410.53	806624.79
Deferred Tax Liability (Net)		32953.82	24631.99
(Refer Note No.11 of Schedule 17)			
Foreign Currency Translation Reserve		360.66	-
Total		1575476.09	1075068.98
APPLICATION OF FUNDS:			
Fixed Assets	5		
Gross Block		368596.55	328188.79
Less: Depreciation		160657.64	139589.19
Net Block		207938.91	188599.60
Capital Work in Progress		1119464.38	740212.46
		1327403.29	928812.06
Goodwill on Consolidation		367.06	-
Investments	6	30422.74	9923.64
Foreign Currency Monetary Item Translation Difference Account		-	613.45
Foreign Currency Translation Reserve		-	12.48
Current Assets, Loans & Advances			
Inventories	7	197546.28	123035.89
Sundry Debtors	8	75123.14	62763.82
Cash & Bank Balances	9	13125.30	12892.32
Loans & Advances	10	95513.41	77445.32
		381308.13	276137.35
Less :Current Liabilities & Provisions			
Current Liabilities	11	160379.52	137659.30
Provisions	12	3645.61	2770.70
		164025.13	140430.00
Net Current Assets		217283.00	135707.35
Total		1575476.09	1075068.98
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO.6102

Place: New Delhi
Dated: July 31, 2010

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Consolidated Profit & Loss Account for the year ended 31st March, 2010

(Rs. in Lacs)

	Schedule No.	Year ended 31.03.2010	Year ended 31.03.2009
INCOME			
Sales of Products		596600.46	539908.33
Less: Excise Duty		36271.77	494701.26
Export Incentives		2908.16	1423.54
Other Income	13	11571.27	1805.57
TOTAL INCOME		574808.12	497930.37
EXPENDITURE			
Manufacturing & Other Expenses	14	417758.98	392703.23
Profit Before Interest, Depreciation and Tax		157049.14	105227.14
Interest & Financial Charges	15	21284.80	25363.18
Profit Before Depreciation		135764.34	79863.96
Depreciation		20913.85	23440.90
Profit Before Tax		114850.49	56423.06
Less: Income Tax			
- Current Tax		19570.00	5315.00
- MAT Credit Utilised		2665.00	3525.00
- Deferred Tax		8321.83	4958.10
- Fringe Benefits Tax		-	13948.10
Profit After Tax		84293.66	42474.96
Add: Share of Profit/(Loss) of Associates		25.20	-
Less: Minority Interest		0.65	-
		84318.21	42474.96
Profit Brought Forward from Previous Year		7666.54	18408.82
Profit Available For Appropriation		91984.75	60883.78
APPROPRIATIONS			
Proposed Dividend on Equity Shares		1061.79	1061.79
Proposed Dividend on Preference Shares		23.31	-
Provision For Dividend Tax		180.22	180.45
Transferred to Debenture Redemption Reserve		1975.00	1975.00
Transferred to General Reserve		81449.25	50000.00
Balance Carried Forward to Balance Sheet		7295.18	7666.54
		91984.75	60883.78
Basic Earning Per Share (Rs.)		198.46	100.01
Diluted Earning Per Share (Rs.)		198.46	100.01
Nominal Value of Share (Rs.)		10.00	10.00
(Refer Note No.13 of Schedule 17)			
Significant Accounting Policies	16		
Notes on Accounts	17		

As per our report of even date attached

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO.6102

Sd/-
B.B. SINGAL
CHAIRMAN

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VICE CHAIRMAN &
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NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 31, 2010

Consolidated Cash Flow Statement for the year ended 31st March, 2010

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items and share of profit of Associates	114850.49	56423.06
Adjustments for :		
Depreciation	20913.85	23440.90
Provisions (Retirement Benefits)	188.40	94.87
Interest & Financial Charges	21284.80	25363.18
Interest/Dividend Income on Investments	(263.77)	(261.64)
Interest Income on Others	(2398.43)	(1289.96)
Profit on Sale of Investments	(0.21)	(14.96)
Diminution in value of investment written back	(1.61)	-
Loss / (Profit) on Sale of Fixed Assets	(131.55)	(68.16)
Provision for Doubtful Debts	287.32	170.01
Loss/(Gain) on Exchange Rate Change	(2977.85)	1750.62
Operating Profit Before Working Capital Changes	151751.44	105607.92
Adjustments for :		
Increase(-) / Decrease in Inventories	(74510.39)	(10072.58)
Increase(-) / Decrease in Other Receivables	(12518.24)	(724.79)
Increase(-) / Decrease in Loans & Advances	(20808.31)	(16583.83)
Increase / Decrease(-) in Trade Payables	16428.74	(19958.97)
Cash Flow from Operating Activities	60343.24	58267.75
Less : Direct Tax Paid (Net of Refund)	(18607.93)	(4602.36)
Net Cash Flow from Operating Activities (A)	41735.31	53665.39
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(322649.13)	(177523.83)
Sale of Fixed Assets	148.48	322.84
Purchase of Investments	(22904.22)	(29224.23)
Acquisition of Subsidiary	(1723.40)	-
Sale of Investments	500.21	25016.51
Interest Income	2402.78	1318.22
Dividend Income	5.37	2.54
Net Cash Used In Investing Activities (B)	(344219.91)	(180087.95)

(Rs. in Lacs)

	Year ended 31.03.2010	Year ended 31.03.2009
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest & Financial Charges Paid	(101946.90)	(98345.37)
Proceeds From Cash Credit From Banks (Net)	6864.64	(602.88)
Proceeds From Other Borrowings	326468.02	196205.30
Proceeds From Share/ Share Application Money	70005.00	40044.00
Capital Subsidy	2383.82	-
Dividend Paid	(919.93)	(661.36)
Dividend Tax Paid	(180.45)	(180.45)
Net Cash Flow From Financing Activities (C)	302674.20	136459.24
Net Increase in Cash and Cash Equivalents(A+B+C)	189.60	10036.68
Opening Balances of Cash and Cash Equivalents	12892.32	2855.64
Addition on acquisition on Subsidiary	43.38	-
Total	12935.70	2855.64
Closing Balances of Cash and Cash Equivalents	13125.30	12892.32

Note:- Cash and Cash equivalents include Rs.680.67 Lacs (Previous Year Rs.538.81 Lacs) in respect of unclaimed dividend, the balance of which is not available to the company.

As per our report of even date attached

FORMEHRA GOEL & CO.

Chartered Accountants
(Registration No.000517N)

Sd/-
R. K. MEHRA
PARTNER
M.NO.6102

Place: New Delhi
Dated: July 31, 2010

Sd/-
B.B. SINGAL
CHAIRMAN

Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Schedules forming part of Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-1 SHARE CAPITAL		
Authorised		
8,00,00,000 Equity Shares of Rs.10/- Each	8000.00	8000.00
45,00,000 (Previous Year 15,00,000) Preference Shares of Rs.100/- Each	4500.00	1500.00
	12500.00	9500.00
* Issued		
4,32,89,600 Equity Shares of Rs.10/- each	4328.96	4328.96
36,68,300 (Previous Year Nil) 10% Redeemable Cumulative Preference Shares of Rs.100/- each	3668.30	-
	7997.26	4328.96
* Subscribed & Paid Up		
4,24,71,662 Equity Shares of Rs.10/- each fully paid up	4247.17	4247.17
36,68,300 (Previous Year Nil) 10% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up	3668.30	-
	7915.47	4247.17
*(Of the above, 2,09,54,920 Equity Shares were allotted on conversion of Debentures)		
SCHEDULE-2 RESERVES & SURPLUS		
Capital Reserve:		
At Commencement of the year	44.88	44.88
Add : Addition during the year	2383.82	-
	2428.70	44.88
Debenture Redemption Reserve :		
At Commencement of the year	5425.00	3450.00
Add : From Profit & Loss Account	1975.00	1975.00
	7400.00	5425.00
Securities Premium Account :		
At Commencement of the year	25433.86	25433.86
Add : Addition during the year	106380.70	-
	131814.56	25433.86
General Reserve :		
At Commencement of the year	160950.75	110950.75
Add : From Profit & Loss Account	81449.25	50000.00
	242400.00	160950.75
Surplus as per Profit & Loss Account	7295.18	7666.54
	391338.44	199521.03

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-3 SECURED LOANS		
Debentures		
60 8.15 % Redeemable Non Convertible Debentures of Rs.100 Lac each (See Foot Note No.1 & 4)	6000.00	6000.00
1000 10.20% Redeemable Non Convertible Debentures of Rs.10 Lac each (See Foot Note No.2 & 4)	10000.00	10000.00
100 12 % Redeemable Non Convertible Debentures of Rs.100 Lac each (See Foot Note No.3 & 5)	10000.00	10000.00
	26000.00	26000.00
Cash Credit (See Foot Note No.6)		
From Banks		
a) Foreign Currency Loans	6454.91	1613.37
b) Rupee Loans	46945.41	45335.64
	53400.32	46949.01
Term Loan (See Foot Note No.7)		
1. From Banks		
a) Foreign Currency Loans	175835.80	45109.14
b) Rupee Loans	560541.26	392481.51
	736377.06	437590.65
2. From Financial Institutions		
Rupee Loans	16914.24	3052.35
Vehicle Loan from Bank (See Foot Note No.8)	4.38	40.21
	832696.00	513632.22

Foot Note:

- (1) 8.15% Redeemable Non-Convertible Debentures are redeemable at par in three equal annual installments commencing from the 4th year from the date of disbursement i.e.24th April, 2006.
- (2) 10.20% Redeemable Non-Convertible Debentures are redeemable at par in one bullet payment at the end of 7th year from the date of allotment i.e 26th March, 2007.
- (3) 12 % Redeemable Non-Convertible Debentures (subordinate debt) are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e 31st March, 2008.
- (4) Secured by first charge on pari passu basis on the fixed assets of the Company.
- (5) Secured by Subsequent and subservient charge by way of hypothecation on the present and future assets of the company so as to maintain minimum asset coverage of 1.25 times, throughout the currency of the Debentures. Debentures are further secured by pledge of Equity Shares of Bhushan Steel Limited, having market value not less than 1.5 times of loan, held by promoters/ promoter entities, and Personal Guarantee of Shri B.B. Singal & Shri Neeraj Singal.
- (6) Secured by hypothecation of stocks & book debts, second charge on Company's land, building and other immovable properties ranking pari passu inter-se, personal guarantee of two promoter Directors.
- (7) Secured by mortgage of land & building and charge on all of the Company's immovable & movable properties (except book debts) both present and future including movable machinery, spares, tools & accessories, ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks etc. for securing borrowing for working capital requirement, except Rs. 118277 Lacs (Previous Year Nil) secured by subsequent & subservient charge on movable assets. The above includes Rs 104955 Lacs (Previous Year Rs 123395 Lacs) on which security by way of mortgage of land & building and charges on all the Company's immovable properties is yet to be created. Out of these loans Rs. 572098 Lacs (Previous Year Rs 358554 Lacs) is guaranteed by personal guarantee of two promoter Directors and Rs.171119 Lacs (Previous Year Rs 82089 Lacs) is guaranteed by personal guarantee of one promoter Director. Foreign Currency Loans include ECA Loans of Rs. 121171 Lacs (Previous Year Nil) secured by specific charge on the assets financed & personal guarantee of two promoter Directors.
- (8) Secured by hypothecation of specific assets.

Schedules forming part of Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-4 UNSECURED LOANS		
Rupee Loans From Banks :		
- Term Loan / Commercial Paper *	180465.31	49657.32
Foreign Currency Loans :		
- From Foreign Banks **	112194.71	240844.97
- From Others	15054.51	2490.28
	127249.22	243335.25
	307714.53	292992.57

*Including Commercial Paper Rs.10000 Lacs (Previous Year Nil), maximum balance of Commercial Paper outstanding during the year Rs.20000 Lacs (Previous Year Rs.2500 Lacs), and are personally guaranteed by two promoter Directors.

**Rs. 101730 Lacs (Previous Year Rs. 238347 Lacs) personally guaranteed by two promoter Directors.

Note:- Amount repayable within one year Rs. 31573 Lacs (Previous Year Rs. 15034 Lacs).

SCHEDULE-5 FIXED ASSETS

(Rs. in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost as at 01.04.2009	Addition During the Year	Sale During the Year	Adjustment During the Year	Cost as at 31.03.2010	As at 01.04.2009	During the Year	Adjustment During the Year	Written Back During the Year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets												
Freehold Land	11398.92	3418.53	-	-	14817.45	-	-	-	-	-	14817.45	11398.92
Leasehold Land	6036.93	1140.71	-	-	7177.64	116.60	14.67	-	-	131.27	7046.37	5920.33
Building	41974.25	34757.42	-	-	76731.67	8467.39	1991.05	-	-	10458.44	66273.23	33506.86
Railway Siding	27.50	-	-	-	27.50	1.37	1.31	-	-	2.68	24.82	26.13
Plant & Machinery	262779.79	739.58	664.27	-	262855.10	127747.68	19107.06	-	664.27	146190.47	116664.63	135032.11
Furniture & Fixtures	1189.76	110.13	-	-	1299.89	599.79	119.19	-	-	718.98	580.91	589.97
Vehicles	3316.56	933.85	81.64	-	4168.77	1626.67	340.02	-	64.71	1901.98	2266.79	1689.89
Intangible Assets												
Computer Software	367.51	53.45	-	-	420.96	344.51	40.85	-	-	385.36	35.60	23.00
Assets Not Owned by Company	1097.57	-	-	-	1097.57	685.18	183.28	-	-	868.46	229.11	412.39
Total	328188.79	41153.67	745.91	-	368596.55	139589.19	21797.43	-	728.98	160657.64	207938.91	188599.60
Previous Year	292711.67	36942.36	1465.24	-	328188.79	116807.31	23992.44	-	1210.56	139589.19		
Capital Work in Progress											1119464.38	740212.46
[Includes Pre-operative Expenses and Advances to Suppliers unsecured considered good]												
											1327403.29	928812.06

NOTES:

1. Certain Buildings under possession of the Company are pending registration in the name of the Company.
2. No write off has been done for leasehold land acquired on lease of 90 years and more.
3. Addition to Plant & Machinery and Capital Work In Progress includes Adjustment on account of gain (Previous Year loss) of foreign exchange fluctuation for the Year of Rs.31119.58 Lacs (Previous Year Rs.29988.46 Lacs).
4. Depreciation for the year includes Rs.883.58 Lacs (Previous Year Rs.551.54 Lacs) charged to capital work in progress.

(Rs. in Lacs)

		As at 31.03.2010		As at 31.03.2009
SCHEDULE-6 INVESTMENTS				
LONG TERM INVESTMENTS (FULLY PAID)				
NON TRADE (AT COST)				
In others				
QUOTED				
Tata Steel Ltd.				
13,500*(Previous Year 12000) Equity Shares of Rs.10/- each	58.08		49.08	
Nil (Previous Year 9,000)Cumulative Compulsorily Convertible Preference Shares of Rs.100/- each	-		9.00	
*1500 shares were allotted on conversion of 9000 Cumulative Compulsorily Convertible Preference Shares				
Sequent Scientific Ltd.				
(Earlier known as P I Drugs & Pharmaceuticals Ltd.)				
62,000 Equity Shares of Rs.10/- each	43.58		43.58	
Rocklands Rich Fields Ltd.				
2,000 Ordinary Shares of AUD 0.20 each	0.21		0.21	
	101.87		101.87	
UNQUOTED				
Jawahar Credit & Holdings Limited				
43,21,871 Equity Shares of Rs.10/- each	940.31		940.31	
Bhushan Capital & Credit Services Limited				
43,21,871 Equity Shares of Rs.10/- each	940.31		940.31	
Bhushan Buildwell Pvt. Limited				
4,900 Equity Shares of Rs.10/- each	0.49		0.49	
	1881.11		1881.11	
TRADE AT COST				
UNQUOTED				
In Associates				
Bowen Energy Ltd.				
Nil (Previous Year 1,81,58,020) Ordinary Shares of AUD 0.20 each	-		1965.66	
Nil (Previous Year Including Rs 1212.76 Lacs of Goodwill)				
Bhushan Energy Limited				
3,00,00,000 (Previous Year Nil) Equity Shares of Rs.10/- each with Premium of Rs.25/- each				
Cost of Investment Including Rs.7398.58 Lacs	10500.00		-	
(Previous Year Rs. Nil) Goodwill				
Arising on Consolidation				
Add: Share of post acquisition profit	25.20		-	
	10525.20	12508.18	1965.66	3948.64
CURRENT INVESTMENTS IN OTHERS				
NON TRADE, QUOTED, FULLY PAID				
LIC MF Liquid Fund - Dividend Plan				
136639865.502 Units (Previous Year Nil)	15003.19		-	
Vector Resources Ltd.				
8,55,000 (Previous year Nil) shares of AUD 0.20 each and 3,12,500 (Previous year Nil) options	36.37		-	
	15039.56		-	
NON TRADE, UNQUOTED, FULLY PAID				
Indusind Bank Limited				
250 Redeemable Non Convertible Bonds of Rs.10,00,000/- each	2475.00	17514.56	2475.00	2475.00
ADVANCE FOR SHARE CAPITAL				
Angul Sukinda Railway Ltd.				
Share Application Money		400.00		-
Bhushan Energy Limited				
Share Application Money		-		3500.00
		30422.74		9923.64
		As at 31.03.2010	As at 31.03.2009	
Aggregate Value of	Book Value	Market Value	Book Value	Market Value
Quoted Investments	15141.43	15209.50	2067.53	832.69
Unquoted Investments	14881.31	-	4356.11	-

Schedules forming part of Consolidated Accounts

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-7 INVENTORIES		
Raw Material	107509.42	71631.85
Finished Goods	41054.65	24084.62
Work-in-Progress	31335.83	16325.08
Stores	16966.44	9158.35
Scrap	679.94	1835.99
	197546.28	123035.89
SCHEDULE-8 SUNDRY DEBTORS		
(Unsecured)		
Outstanding for a Period exceeding Six Months		
- Considered Good	6384.94	6559.37
- Considered Doubtful	728.37	465.88
	7113.31	7025.25
Less: Provision	728.37	465.88
	6384.94	6559.37
Others - Considered Good	68738.20	56204.45
	75123.14	62763.82
SCHEDULE-9 CASH & BANK BALANCES		
Cash on Hand	64.22	49.55
Balances with Scheduled Banks:		
- In Current Accounts	9978.30	12379.71
- In Deposit Accounts*	1977.33	7.59
(Including interest accrued but not due)		
Balances with other Banks:		
- In Current Accounts	1105.45	455.47
	13125.30	12892.32
*[Including Rs.776.06 Lacs (Previous Year Rs.6.30 Lacs) under bank lien]		
SCHEDULE-10 LOANS & ADVANCES		
(Unsecured, considered good)		
Advances Recoverable in Cash or in Kind* or for Value to be Received	36172.44	26090.03
Inter Corporate Deposit	10050.00	9550.00
Security Deposits	2137.93	1815.92
MAT Recoverable	-	2665.00
Balance with Excise Department	24.21	12.94
Excise Duty Recoverable / Service Tax Recoverable	47128.83	37311.43
	95513.41	77445.32
*[Includes Rs 27.09 lacs (Pervious Year Nil) Due from Director of Foreign Subsidiary]		
SCHEDULE-11 CURRENT LIABILITIES		
Sundry Creditors	98009.26	86351.58
Creditors for Capital Goods/ Expenditure	55563.48	46289.84
Unclaimed Dividend *	680.67	538.81
Due to Directors	5.45	9.22
Subsidiaries Bill Discounted	3508.85	776.72
Interest Accrued but not Due	2611.81	3693.13
	160379.52	137659.30

* These figures do not include any amounts, due and outstanding, to be credited to Investors' Education and Protection Fund.

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE-12 PROVISIONS		
Proposed Dividend	1085.10	1061.79
Tax on Dividend	180.22	180.45
Provision For Tax (Net)	1504.82	841.39
Retirement Benefits	875.47	687.07
	3645.61	2770.70

(Rs. in Lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE-13 OTHER INCOME		
Profit on Sale of Non Trade Investments		
- From Current Investments	0.21	14.96
Interest Earned*		
- From Long Term Investments	258.40	259.10
- From Bank on FDRs	0.57	213.82
- From Others	2397.86	1076.14
	2656.83	1549.06
*[Including Income Tax Deducted at Source Rs.298.64 Lacs (Previous Year Rs.259.76 Lacs) and Excluding interest earned of Rs.44.59 Lacs (Previous Year Rs.28.92 Lacs) transferred to Project]		
Dividend:		
- From Long Term Non - Trade Investments	2.18	2.54
- From Current Non - Trade Investments	3.19	-
	5.37	2.54
Profit on Sale of Fixed Assets (Net)	131.55	68.16
Exchange Fluctuation (Net)	8341.00	-
Diminution in the value of Investment Written Back	1.61	-
Other Income	434.70	170.85
	11571.27	1805.57
SCHEDULE-14 MANUFACTURING & OTHER EXPENSES		
Raw Material Consumed	385757.82	324813.62
Purchase of Goods Traded	641.98	621.11
Stores Consumed	16407.22	10582.16
Packing Material Consumed	2470.54	1698.49
Power & Fuel	21498.03	20382.67
Repairs & Maintenance		
- Plant & Machinery	1305.38	1319.51
- Buildings	102.67	89.10
Excise Duty on Stock (Net)	1857.97	(2824.28)
Exchange Fluctuation (Net)	-	6182.36
Salary, Wages & Bonus	13472.41	9573.94
Contribution to P.F. and Other Funds	498.57	347.22
Staff Benefits	246.94	198.30
Rates & Taxes	525.99	2307.26
Administrative Expenses	17588.45	6056.93
Legal & Professional Expenses	977.78	511.55
Rent	441.15	270.64
Insurance	818.97	546.73
Auditors' Remuneration	91.55	43.00

Schedules forming part of Consolidated Accounts

(Rs. in Lacs)

		Year Ended 31.03.2010	Year Ended 31.03.2009
Selling & Distribution Expenses		16994.44	13520.25
Commission to Selling Agents		605.24	524.83
Bad Debts written off	24.83	-	-
Less : Provision for Doubtful Debts written back	24.83	-	-
	-	-	-
Provision for Doubtful Debts	287.32	287.32	170.01
		482590.42	396935.40
Increase/Decrease in Stock of Finished Goods, Work-in-Progress and Scrap			
Opening Stock			
Finished Goods		24084.62	36519.71
Work-in-Progress		16325.08	14035.67
Scrap		1835.99	1507.43
		42245.69	52062.81
Closing Stock			
Finished Goods		41054.65	24084.62
Work-in-Progress		31335.83	16325.08
Scrap		679.94	1835.99
		73070.42	42245.69
Net (Increase)/Decrease in Stock		(30824.73)	9817.12
		451765.69	406752.52
Less: Transfer to Project under Commissioning			
Pre-operative Expenses / Trial Run Expenses (Net)		30616.97	11201.63
Cost of Material Transferred to Projects		3389.74	2847.66
		417758.98	392703.23
SCHEDULE-15 INTEREST & FINANCIAL CHARGES			
Interest on :			
- Debentures		4282.04	4244.39
- Term Loans		80569.12	58611.46
- Others		8575.15	18511.06
Exchange Fluctuation		-	13485.31
Commission & Bank Charges		7439.27	6044.15
		100865.58	100896.37
Less: Borrowing cost transferred to Project Under Commissioning / Trial Run		79580.78	75533.19
		21284.80	25363.18

SCHEDULE- 16 SIGNIFICANT ACCOUNTING POLICIES

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiaries and joint venture company have been combined on a Line by-Line basis by adding together like items of assets, liabilities, income & expenses. The intra-group balances and intra-group transactions and unrealized profits or losses are fully eliminated.
- ii. The Company holds 49.11% of equity of Jawahar Credit & Holding Limited and 49.56% of equity of Bhushan Capital & Credit Services Limited, however, the Company does not have significant influence on these companies i.e. Jawahar Credit & Holding Limited and Bhushan Capital & Credit Services Limited, hence, the financial statements of these companies have not been consolidated in terms of Accounting Standard (AS)-23 notified by Companies (Accounting Standards) Rules, 2006.
- iii. In case of foreign subsidiary, being integrated foreign operations, revenue items are consolidated at the exchange rate prevailing at the date of the transaction. Foreign currency monetary items are converted at rates prevailing at the end of the year. Non-Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the transaction date. Non-Monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Any exchange difference arising on consolidation is recognized in the Profit & Loss account.
- iv. In case of foreign subsidiaries, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- v. The excess of cost of the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as "goodwill" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investments, is in the excess of cost of investment of the Company, it is recognized as "Capital reserves" and shown under the head "Reserves and Surplus", in the consolidated financial statements.
- vi. In the case of Associate, investment in Associate is accounted for using equity method in accordance with Accounting Standard (AS)-23 "Accounting for Investments in Associates in Consolidated Financial Statements".
- vii. The difference between the cost of investment in the Associates and the net assets at the time of acquisition of shares in the Associate is identified in the Financial Statements as Goodwill or Capital Reserve as the case may be.
- viii. Interest in Joint venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS)-27, on "Financial Reporting of Interest in Joint Ventures" notified by Companies (Accounting Standards) rules, 2006.
- ix. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- x. The following subsidiary companies are considered in the preparation of consolidated financial statements:

Name of the Company	Country of Incorporation	% age of Voting Power either directly or through Subsidiaries as at 31st March, 2010
Bhushan Steel Global FZE	U.A.E.	100.00
Bhushan Steel (Australia) PTY Ltd.	Australia	100.00
Bowen Energy Ltd. (from 28th July, 2009) # **	Australia	59.65
Kondor Holdings PTY Ltd. *	Australia	100.00
Bowen Coal PTY Ltd. *	Australia	100.00
Bowen Consolidated PTY Ltd. *	Australia	100.00
Capricorn Metals Ltd. *	Australia	100.00
Capricorn Resources (Australia) Ltd. *	Australia	100.00
Golden Country Resources (Australia) PTY Ltd. *	Australia	100.00
Bowen Energy (Asia) PTE. Ltd. *	Singapore	100.00

** Subsidiary of Bhushan Steel (Australia) PTY Ltd.

Earlier associate company became subsidiary company w.e.f 28th July, 2009.

* Subsidiaries of M/S Bowen Energy Ltd. .

- xi. The Joint Venture Company considered in the Consolidated Financial Statement is :-

Name of the Company	Country of Incorporation	Proportion of Ownerships Interest
Andal East Coal Company Pvt. Ltd. (Incorporated on 22nd September, 2009)	India	33 1/3 %

- xii. The Associate Companies considered in the Consolidated Financial Statement are :-

Name of the Company	Country of Incorporation	Proportion of Ownerships Interest
Bhushan Energy Ltd. (from 2nd Dec., 2009)	India	29.64%
Angul Sukinda Railway Ltd. (from 27th May, 2009)	India	Pending Allotment
Bowen Energy Ltd. (upto 27th July, 2009)	Australia	22.23%

- xiii. The financial statements of the subsidiary, associate and joint venture companies used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31st March, 2010.

2. Investments other than in Subsidiaries, Joint Venture and Associates have been accounted as per Accounting Standard (AS)-13, on "Accounting for Investments".

3. OTHER SIGNIFICANT ACCOUNTING POLICIES:

I. CONVENTION

Financial statements are prepared in accordance with generally accepted accounting principles, applicable Accounting Standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

II. USE OF ESTIMATES

The preparation of Financial Statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

III. BASIS FOR PREPARATION OF ACCOUNTS

Financial statements are prepared in accordance with the historical cost convention on accrual basis.

IV. FIXED ASSETS

Fixed Assets are stated at cost, net of Modvat/Cenvat/Vat, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term monetary items attributable to depreciable fixed assets are capitalised. Capital expenditure on assets not owned by the Company is reflected in capital work in progress account till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

V. INTANGIBLE ASSETS

Computer software is capitalized on the date of installation and is amortised over a period of three years.

VI. IMPAIRMENT OF ASSETS

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

VII. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except:-

Cold Rolling Plant situated at Sahibabad acquired prior to 1st April, 1996, Galvanizing Plant, Power Plant acquired before 1st April, 2002 including addition or, extension forming integral part of above plants on which depreciation is provided on written down value method.

Plant situated at Khopoli (Maharashtra) on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of Fixed Assets, depreciation has been provided as aforesaid over the residual life of the respective plants.

Capital expenditure on assets not owned by the company is amortised over a period of five years from the year in which the relevant assets have been completed and available for use.

Premium on leasehold land is amortised over the period of lease except on leasehold land acquired on lease of ninety years or more. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5000 or less are depreciated in full in the year of purchase.

VIII. FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currency outstanding at the year end are translated at exchange rate applicable on the date of Balance Sheet. Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets, are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or 31st March, 2011, whichever is earlier.

IX. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

X. INVESTMENTS

Investments are classified into current investments and long term investments. Current investments are stated at the lower of cost and quoted / fair value. Long term investments are stated at cost, provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

XI. DIVIDEND INCOME

Dividend on investments is accounted for as and when the right to receive the same is established.

XII. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are inclusive of sales during trial run, excise duty, custom duty and net of sales tax & discount. Export sales are net of ocean freight, insurance and discount.

XIII. INVENTORY VALUATION

Inventories are valued at lower of cost or net realisable value except scrap which is valued at net realisable value. The Cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise Duty on closing stock of finished goods and scrap is accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

XIV. MODVAT / CENVAT / VAT / GST

Modvat/Cenvat/VAT/GST claimed on capital goods is credited to Assets / capital work in progress account. Modvat/Cenvat/VAT/GST on purchase of raw materials and other materials are deducted from the cost of such materials.

XV. INCOMETAX

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company. Provision for fringe benefit tax is made on fringe benefits taxable under the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset.

In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Liability for timing differences between the book and tax profits is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

XVI. CLAIMS

Claims receivables are accounted for depending on the certainty of receipt and claims payables are accounted for at the time of acceptance.

XVII. PROPOSED DIVIDEND

Dividend as proposed by the Directors is provided for in the books of account, pending approval at the Annual General Meeting.

XVIII. EMPLOYEES' BENEFITS

Short term employee benefits (benefits which are payable within twelve months after end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contribution.

Company's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare Fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the Balance Sheet represent the present value of the obligations as reduced by the fair value of Plan Assets. Any Asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

XIX. PROVISION AND CONTINGENT LIABILITY

Show cause notices issued by various government authorities are not considered as obligation. Where the demand notices are raised, the show cause notice, disputed by the company, is classified as possible obligation.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

XX. FINANCIAL DERIVATIVES TRANSACTIONS

In respect of the financial derivative contracts the premium/ interest paid and profit/loss on settlement is charged to Profit and Loss account. The contracts entered into are mark to market at the year end and the resultant profit /loss is charged to Profit and Loss account except where these relate to long term monetary item attributable to depreciable fixed assets in which case it is adjusted to the cost of fixed assets.

SCHEDULE- 17 NOTES ON ACCOUNTS

(Rs. in Lacs)

	Current Year	Previous Year
1. Contingent Liabilities in respect of :		
(a) Sales Tax	0.75	0.75
(b) Excise Duty	4.95	4.95
(c) Outstanding guarantees issued by the banks counter guaranteed by the company including letter of credits	79917.77	45422.28
(d) Bills Discounted	8016.06	4763.89
2. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs.393176.57 Lacs (Previous Year Rs.237664.08 Lacs) (Net of Advances).		
3. There is no present obligation arising from past events requiring provision in accordance with the guiding principle as enunciated in Accounting Standard (AS)-29 as it is not probable that an outflow of resources embodying economic benefit will be required.		

4. 10% Redeemable cumulative preference shares of Rs. 100/- each are allotted at a price of Rs.3000/- per share during the year on private/preferential placement basis. The preference shares are redeemable at a premium of Rs. 2900/- before the expiry of ten years from the date of allotment i.e. 29th January, 2010 and 31st March, 2010 for 13,34,800 and 23,33,500 shares respectively.
5. Unaudited financial statements of Bhushan Energy Ltd. and Angul Sukinda Railway Ltd., the Associate Companies, have been considered for consolidation.
6. Bowen Energy Ltd. (Australia) was an associate company till 27th July, 2009 and has become subsidiary w.e.f. 28th July, 2009. The consolidated financial statement of Bowen Energy Ltd. and its subsidiaries has been consolidated as certified by the management to be in compliance with the applicable Indian Accounting Standards and relevant provisions of the Companies Act, 1956.
7. Bhushan Steel (Australia) Pty Ltd. is 100% subsidiary of Bhushan Steel Ltd.. Bhushan Steel (Australia) Pty Ltd. is the holding company of Bowen Energy Ltd., a public quoted company, listed in Security Exchange in Australia and holds 59.65% equity shares of Bowen Energy Ltd.. Bhushan Steel (Australia) Pty Ltd. has invested the amount in Bowen Energy Ltd. out of proceeds received from its Holding Company (i. e. Bhushan Steel Limited) which are being utilized by Bowen Energy Ltd., in exploration of mines.

In Notes to Accounts on the Financial Statements of subsidiary M/s Bowen Energy Ltd.(Australia), following notes have been given involving material items:

"The Group has recorded a loss of \$11,523,326 and \$4,236,357 for the six months ended 31 December, 2009 and 31 December, 2008 respectively. The current liabilities of the Group exceed the current assets by \$4,819,884 and \$2,590,674 at 31 December, 2009 and 30 June, 2009 respectively. At 31 December, 2009 the Group had a deficiency of equity amounting to \$2,915,694.

These conditions indicate the existence of a significant uncertainty about the Group's ability to continue as a going concern, and therefore whether they will realise their assets and extinguish their liabilities in the ordinary course of business and at the amount stated in the interim financial report.

The financial report has been prepared on the basis of a going concern. This basis assumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities will occur in the normal course of business. To this end a letter of support has been received from the ultimate parent company, Bhushan Steel Limited, which the directors believe will be sufficient to ensure the Group can pay their debts as and when they fall due in the ordinary course of business."

The operating loss consist mainly expenditure incurred by the Company on exploration activity of its various mines which are still not operational, as such these expenses should have been treated as capital work in progress instead of operating loss.

In the opinion of the parent company's management, the above note is not relevant as operating loss has been capitalized to CWIP as per the Indian Accounting Standards. The funds will be made available to the subsidiary as and when required.

8. Related Party Information:

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Associates

Bowen Energy Ltd., Australia (up to 27th July, 2009)
 Angul Sukinda Railway Ltd.
 Bhushan Energy Ltd. (from 2nd December, 2009)

b) Key Management Personnel

Sh. Neeraj Singal (Vice Chairman & Managing Director)
 Sh. P.K. Aggarwal (Whole time Director)
 Sh. Nittin Johari (Whole time Director)
 Sh. Rahul Sen Gupta (Whole time Director)

c) Relatives of Key Management Personnel

Smt. Ritu Singal (Wife of Vice Chairman & Managing Director)

d) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

Bhushan Energy Ltd. (up to 1st December, 2009)
 Arshiya International Ltd.
 Bhushan Aviation Ltd.

(II) Transactions Carried out with related parties referred in (I) above, in ordinary course of business:

(Rs. in Lacs)

PARTICULARS	Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP & their relatives have significant influence		Grand Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration and Perks	-	-	172.05	151.15	19.52	14.00	-	-	191.57	165.15
Investments in Share Capital/Share Application Money	7400.00	-	-	-	-	-	-	3500.00	7400.00	3500.00
Purchase of Goods/ Services	8428.15	-	-	-	-	-	6817.47	6322.41	15245.62	6322.41
Sales of Goods/ Services	224.52	-	-	-	-	-	-	-	224.52	-
Sales of Fixed Assets	-	-	-	-	-	-	-	104.85	-	104.85
Rent Received	-	-	-	-	-	-	0.13	-	0.13	-
Outstanding										
Receivable	-	-	27.09	-	-	-	154.55	-	181.64	-
Payable	308.27	-	5.45	9.22	-	1.20	481.90	588.68	795.62	599.10

Disclosure in Respect of Material Related Party Transaction during the year:

1. Remuneration & Perks include payment to Shri Neeraj Singal Rs. 90.37 Lacs (Pre. Year Rs. 87.79 Lacs), Shri P. K. Aggarwal Rs.23.71 Lacs (Pre. Year Rs.18.76 Lacs), Shri Nittin Johari Rs.33.24 Lacs (Pre. Year Rs.25.30 Lacs), Shri Rahul Sengupta Rs.23.60 Lacs (Pre. Year Rs. 19.30 Lacs), Smt. Ritu Singal Rs.19.52 Lacs (Pre. Year Rs. 14.00 Lacs) and others Rs.1.13 Lacs (Pre. Year Nil).
2. Investment in Share Capital/ Share Application Money include Bhushan Energy Ltd. Rs. 7000 Lacs (Pre. Year Rs. 3500 Lacs) and Angul Sukinda Railway Ltd. Rs.400 Lacs (Pre. Year Nil).
3. Purchase of Goods/Services is from Arshiya International Ltd. Rs.3699.61 Lacs (Pre. Year Rs.5173.51 Lacs), Bhushan Energy Ltd. Rs. 9847.39 Lacs (Pre. Year Rs. 1148.90 Lacs) and Bhushan Aviation Ltd. Rs. 1698.62 Lacs (Pre. Year Nil).
4. Sale of Goods/ Services is to Bhushan Energy Ltd. Rs.224.52 Lacs (Pre. Year Nil).
5. Sale of Fixed Asset is to Bhushan Energy Ltd. Nil (Pre. Year Rs. 104.85 Lacs).
6. Rent Received is from Bhushan Aviation Ltd. Rs.0.13 Lacs (Pre. Year Nil).
9. The Company is engaged in the steel business, which in the context of Accounting Standard (AS) -17, is considered the only primary business segment and its subsidiary M/s Bowen Energy Ltd. has acquired Coal & other Metal Mines which are under exploration and are not under operation hence only one primary business segment has been considered.

Gross Revenue of the Company as per Geographical Segment is as follows:

(Rs. in Lacs)

	Current Year	Previous Year
Within India	475671.01	393245.21
Outside India	120929.45	146663.12
Total	596600.46	539908.33

The Company has common fixed assets and liabilities for producing goods for domestic as well as overseas market.

10. Fixed Assets include one cold rolling mill established in 1992 damaged in fire accident in the year 1998-99. The amount received from Insurance Company for reinstatement /repair of the mill is included in other liabilities as the matter is still sub-judice. The amount received shall be adjusted on final disposal of the pending suit.

11. Major components of deferred tax assets and liabilities arising on account of timing difference are:

(Rs. in Lacs)

	Current Year	Previous Year
Deferred Tax Liability		
(i) Related to Fixed Assets	33351.65	24907.11
Total (A)	33351.65	24907.11
Deferred Tax Assets		
(i) Provision of Doubtful Debts	247.57	158.35
(ii) Other Items	150.26	116.77
Total (B)	397.83	275.12
Deferred Tax Liability Net (A-B)	32953.82	24631.99

12. Pre-operative Expenses (In respect of projects to be capitalised)

(Rs. in Lacs)

	Current Year	Previous Year
Opening Balance	146877.28	62331.94
Add: Pre-operative Expenses		
1. Transferred from Profit & Loss Account	24473.75	10548.69
2. Trial Run Exp./ (Gain) (Net) transferred from Profit & Loss Account	6143.22	652.94
3. Depreciation	883.58	551.54
4. Interest & Financial Charges		
- During Construction	72949.53	69598.52
- During Trial Run	6631.25	5934.67
	111081.33	87286.36
	257958.61	149618.30
Less : Interest earned during construction period	44.59	28.92
	257914.02	149589.38
Less: Capitalised		
- Pre-Operative Exp	6430.74	2712.10
TOTAL	251483.28	146877.28

13. Earning Per Share

	Current Year	Previous Year
(i) <u>Weighted Average No. of Equity Shares</u>		
Equity Shares at the beginning of the Year	42471662	42471662
(ii) <u>Equity Shares for Calculating Diluted Earning per Share</u>		
Weighted Average No. of Equity Shares	42471662	42471662
(iii) Profit After Tax including Minority interest and share of profit of Associates (Rs. In Lacs)	84318.21	42474.96
Less: -Dividend on preference shares (Including Dividend Tax)	27.18	-
Profit after Dividend on preference shares	84291.03	42474.96
(iv) Earning Per Share (Rs.)		
- Basic [(iii)/(i)]	198.46	100.01
- Diluted [(iii)/(ii)]	198.46	100.01

14. The Company in respect of Khopoli unit was availing sales tax exemption scheme. However, during the year the Company has opted "deferral scheme" of sales tax and paid VAT on the basis of Net Present Value (NPV).

Tax difference between the amount payable and amount paid under NPV amounting to Rs. 2383.82 Lacs (Previous Year Nil) being capital receipt has been credited to Capital Reserve.

15. DERIVATIVES

- I. The Company has not entered into any derivatives instruments to hedge the foreign currency contracts. There is no derivative contract outstanding as on the date of the Balance Sheet.
- II. The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below :-

	Current Year		Previous Year	
	US\$ equivalent (Million)	INR equivalent (Lacs)	US\$ equivalent (Million)	INR equivalent (Lacs)
a) Amount receivable in Foreign Currency on Account of				
Sale of Goods	10.64	4766.59	21.00	10618.75
Advance against Goods	107.02	47945.43	113.05	57156.59
b) Amount receivable in Foreign Currency on Account of				
Acceptances	159.49	71450.89	180.15	91083.34
Bills Discounted	9.65	4323.06	5.51	2786.02
Creditors	31.00	13886.25	19.36	9788.53
Loans /Interest Payable	694.29	311039.33	567.64	286997.92

16. As per Accounting Standard (AS)-15, on "Employee Benefits", the disclosure of employee benefits as defined in the Accounting Standards are given below :-

A. Defined Contribution Plans:

Contribution to defined contribution plans, recognized as expenses / Pre-Operative Expenses is as under.

(Rs. in Lacs)

	Current Year	Previous Year
a) Employer contribution to Provident Fund & Other Funds	498.46	347.11
b) Employer contribution to State Plans	31.84	32.42
i) Employee State Insurance	31.73	32.31
ii) Maharashtra Labour Welfare Fund	0.11	0.11

B. Defined Benefit Plans:

- a) Leave Encashment/ Compensated Absence.
- b) Contribution to Gratuity Funds - Employee's Gratuity Fund.

In accordance with Accounting Standard (AS)-15 (Revised 2005), the actuarial valuation carried out in respect of the aforesaid defined benefit plans is based on the following assumptions :

(Rs. in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
i) Actuarial Assumptions				
Discount Rate (per annum)	8%	8%	8%	8%
Rate of increase in compensation levels	5%	5%	5%	5%
Rate of return on plan assets	-	-	8%	8%
Expected Average remaining working lives of employees (years)	26	25	26	25
ii) Change in the obligation during the year ended 31st March, 2010				
Present value of obligation as at 31st March, 2009	687.07	450.56	640.44	420.39
Impact of Transition provision of (AS)-15	-	-	-	-
Interest cost	54.97	36.05	48.97	33.63
Past Service cost	Nil	Nil	Nil	Nil
Current service cost	221.15	206.38	299.10	92.79
Curtailment cost	Nil	Nil	Nil	Nil
Settlement cost	Nil	Nil	Nil	Nil
Benefits Paid	(36.41)	(86.06)	(56.54)	(29.01)
Actuarial (gain)/ loss on Obligations	(109.87)	80.14	55.57	122.64
Present value of obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
iii) Change in fair value of plan Assets				
Fair value of Plan Assets as at 31st March, 2009	-	-	647.50	453.21
Expected return on Plan Assets	-	-	60.85	42.51
Contributions	-	-	282.88	185.42
Benefits Paid	-	-	(56.54)	(29.01)
Actuarial gain/ (loss) on Obligations	-	-	(5.52)	(4.63)
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
iv) Reconciliation of Present value of Defined Benefit obligation and Fair value of Plan Assets				
Present value of obligation as at 31st March, 2010	816.91	687.07	987.54	640.44
Fair value of Plan Assets as at 31st March, 2010	-	-	929.17	647.50
Funded Status	(816.91)	(687.07)	(58.37)	7.06
Present value of un-funded obligation as at 31st March, 2010	-	-	-	-
Un-funded Actuarial (gains)/ losses	-	-	-	-
Un-funded Net Asset/ (Liability) recognized in Balance Sheet	(816.91)	(687.07)	(58.37)	7.06

(Rs. in Lacs)

	Leave Encashment / Compensated Absence		Employee Gratuity Fund	
	Current Year	Previous Year	Current Year	Previous Year
v) Expenses/ Pre-Operative expenses recognised in Profit and Loss Account				
Current service cost	221.15	206.38	299.10	92.79
Past Service cost	-	-	-	-
Interest cost	54.97	36.05	48.97	33.63
Expected return on Plan Assets	-	-	(60.85)	(42.51)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognized during the year	(109.87)	80.14	61.09	127.27
Total Expense recognized in Profit and Loss Account / Pre operative expenses	166.25	322.57	348.31	211.18
The estimate of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors.				
The above details do not include expenditure/payables of joint venture amounting to Rs. 0.19 Lacs (Previous Year Nil) provided on accrual basis.				

17. Previous Year Figures have been regrouped wherever considered necessary.

18. Figures pertaining to the subsidiary companies and joint ventures have been reclassified where necessary to bring them in line with the company's financial statements.

FOR MEHRA GOEL & CO.

Chartered Accountants
(Registration No. 000517N)

Sd/-
R. K. MEHRA
PARTNER
M. NO.6102

Sd/-
B.B. SINGAL
CHAIRMAN

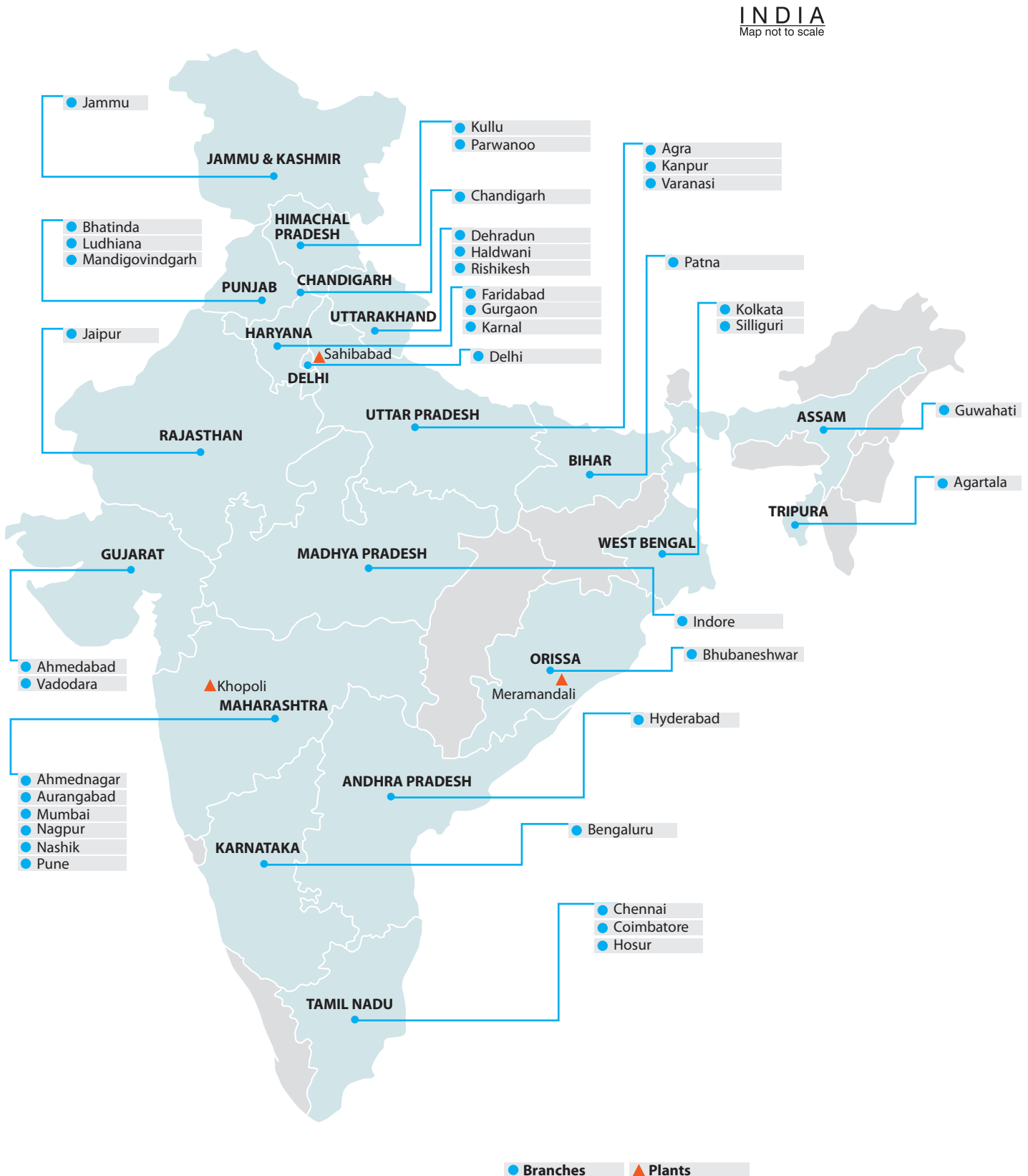
Sd/-
NEERAJ SINGAL
VICE CHAIRMAN &
MANAGING DIRECTOR

Sd/-
NITTIN JOHARI
WHOLETIME DIRECTOR
(FINANCE)

Sd/-
O. P. DAVRA
COMPANY
SECRETARY

Place: New Delhi
Dated: July 31, 2010

Pan India Presence





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