

Annual
Report
2004-05

The Power of Vision



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The
Future of
Steel

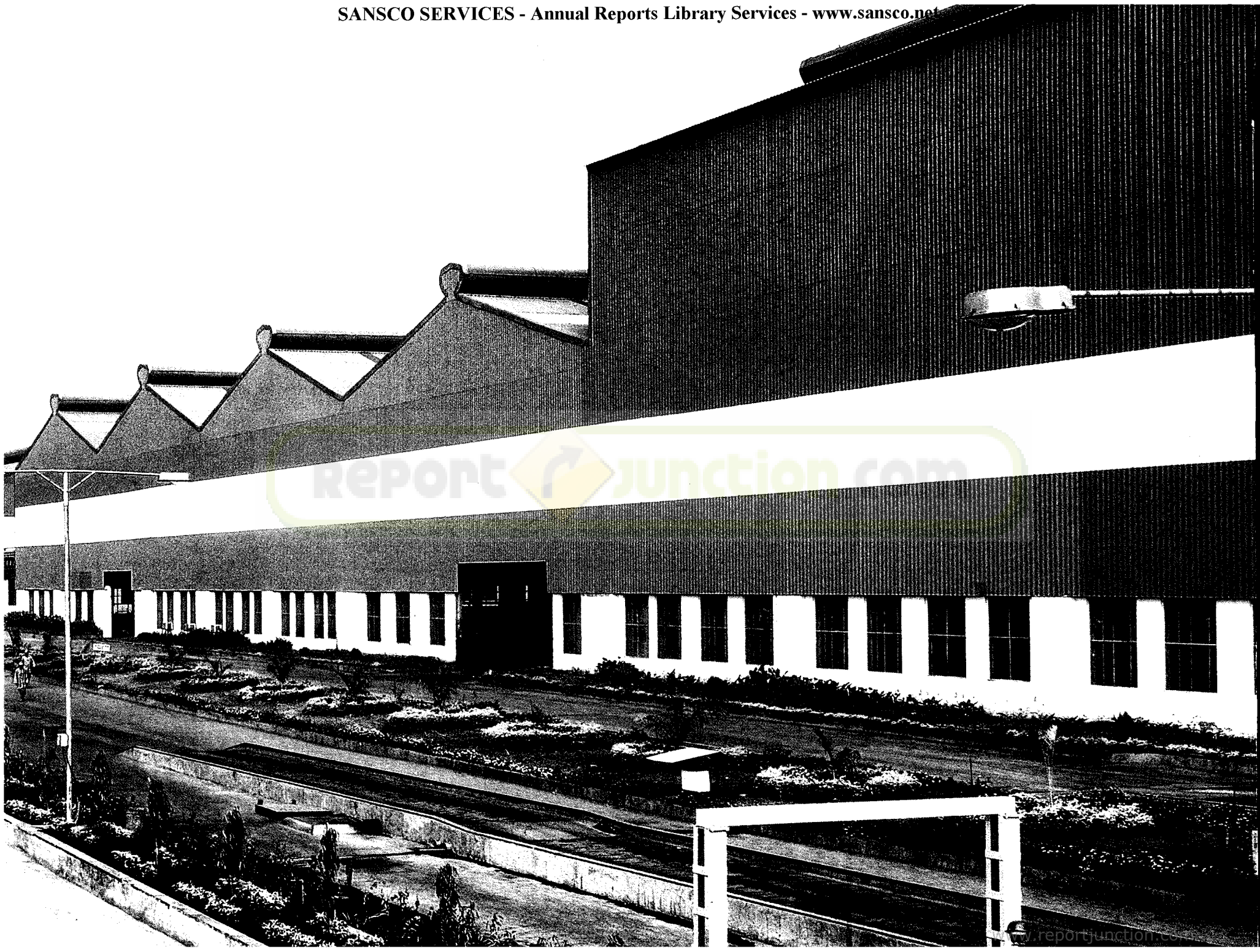


BHUSHAN

BHUSHAN STEEL & STRIPS LIMITED

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Chairman's Speech

Global acceptance of BSSL's Value

Added Steel Products by the most

discerning of international buyers

has helped the company to make its

mark in the world steel market.

A highly eventful year marked by huge expansion initiatives, large-scale integration of leading edge technologies and a tremendous growth in value and production has given BSSL the thrust to make its mark in the world steel market. A significant increase in exports and the global acceptance of BSSL's value added steel products by the most discerning of international buyers has further strengthened the position of the company.

However, the most extraordinary development of the year has been the initiation of the futuristic integrated Hot Rolling Steel Plant in Orissa as BSSL's backward integration strategy. With the recently commissioned state-of-the-art Khopoli plant that manufactures top of the line high value added steel and the Sahibabad plant operating at full capacities, the setting up of the integrated steel and power plant in Orissa ushers in a new era for BSSL as well as the Indian steel industry. Not only is this HR plant slated to be one of the most advanced Hot Rolling Steel Plants in the world, it also paves the way for the full-scale vertical integration of BSSL.

From the basic raw materials of iron ore to the finished value added steel, BSSL will be firmly present in every link of the value chain. Bringing about a substantial reduction in manufacturing costs, this vertical integration will also usher in much higher profit margins. BSSL has also been consistently posting healthy profits even in the most adverse years for steel manufacturers. Presently the organisation is moving from strength to strength financially, after the exponential increase in overall value in the year gone by.

The trademark BSSL commitment to the highest standards of quality through the best available and most advanced technology has paid rich dividends in the form of even greater customer satisfaction and a much larger customer base, both in India and abroad. BSSL is poised to leverage its inherent strengths and successes, and surge ahead towards new achievements.

B. B. Singal
Chairman

BHUSHAN STEEL & STRIPS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 22nd ANNUAL GENERAL MEETING OF THE MEMBERS OF BHUSHAN STEEL & STRIPS LIMITED WILL BE HELD ON WEDNESDAY THE 14TH SEPTEMBER, 2005 AT 10.00 A.M. AT THE AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI – 110010, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

- To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2005, the Balance Sheet as at that date and the report of Directors and Auditors thereon.
- To confirm payment of interim dividend and declaration of final dividend on Equity Shares.
- To appoint a Director in place of Sh. Sanjay Singal, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Sh. A. K. Khushu, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint M/s Mehra Goel & Co., Chartered Accountants, New Delhi, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution: **"RESOLVED AS A SPECIAL RESOLUTION THAT** subject to the approval of Central Government, pursuant to Sections 258 and 259 and pursuant to Section 31 of the Companies Act 1956, Article 128 of Company's Articles of Association be and is hereby amended by substituting the 'twenty' for the figure 'twelve'."
- To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: **"RESOLVED THAT** Sh. Ravi Kant Srivastava, who was appointed as Additional Director under Articles of Association of the Company and who ceases to hold office by the date of Annual General Meeting and in respect of whom the Company has also received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company."
- To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: **"RESOLVED THAT** Sh. Nittin Johari, who was appointed as Additional Director under Articles of Association of the Company and who ceases to hold office by the date of Annual General Meeting and in respect of whom the Company has also received a notice in writing, proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company."
- To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution: **"RESOLVED THAT** Sh. Rahul Sen Gupta, who was appointed as Additional Director under Articles of Association of the Company and who ceases to hold office by the date of Annual General Meeting and in respect of whom, the Company has also received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company."
- To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

APPOINTMENT OF SH. NITTIN JOHARI, AS WHOLE-TIME DIRECTOR (FINANCE).

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Section-I of Part-II of Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification (s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Nittin Johari, as Whole-Time Director (Finance) of the Company, for a period of five (5) years with effect from 25th July, 2005, on the terms and conditions including remuneration as set out below in this Resolution subject to the same not exceeding the limit specified in Schedule XIII to the Companies Act 1956, including any statutory modification (s) or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Nittin Johari.

The broad particulars of remuneration payable and the terms of appointments of Shri Nittin Johari, during the tenure of his appointment are as under:

Salary including perquisites and allowances consists of Rs. 55,000/- p.m. in the scale of Rs. 55,000 - 5,000 - 75,000/-.

The perquisites and allowances payable shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowance for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including

dependents; club fees, medical insurance and such other perquisites and/or allowances as may be determined from time to time upto the amounts specified above, subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act 1956, and other applicable provisions, if any of the Act. The said perquisites and allowances shall be evaluated, wherever applicable, as Per the Income Tax Act 1961, or any rules thereunder (including any Statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, Provision of office car/reimbursement of conveyance expenses as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.

The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Whole-time Director (Finance) of the Company at any time and also authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

APPOINTMENT OF SH. RAHUL SEN GUPTA, AS WHOLE-TIME DIRECTOR (TECHNICAL).

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Section-I of Part-II of Schedule XIII and all other applicable provisions, if any of the Companies Act 1956 (including any statutory modification (s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Rahul Sen Gupta, as Whole-Time Director (Technical) of the Company, for a period of five (5) years with effect from 25th July, 2005, on the terms and conditions including remuneration as set out below in this Resolution subject to the same not exceeding the limit specified in Schedule XIII to the Companies Act 1956, including any statutory modification (s) or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Rahul Sen Gupta.

The broad particulars of remuneration payable and the terms of appointments of Shri Rahul Sen Gupta, during the tenure of his appointment are as under: -

Salary including perquisites and allowances consists of Rs. 50,000/- p.m. in the Scale of Rs. 50,000 - 5,000 - 70,000/-.

The perquisites and allowances payable shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowance for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and/or allowances as may be determine from time to time upto the amounts specified above, subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act 1956, and other applicable provisions, if any, of the Act. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act 1961, or any rules thereunder (including any statutory modification (s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, Provision of office car/reimbursement of conveyance expenses as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.

The terms and conditions set out for appointment and payment of remuneration herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise the salary, perquisites and allowances payable to the said Whole-time Director (Technical) of the Company at any time and also authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

BY ORDER OF THE BOARD,
sd/-
(O.P. DAVRA)
COMPANY SECRETARY

PLACE: NEW DELHI
DATED: 25.07.2005

BHUSHAN STEEL & STRIPS LIMITED

NOTES FOR MEMBERS ATTENTION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY WHO NEED NOT BE A MEMBER, TO ATTEND AND VOTE ON HIS/HER BEHALF.

THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. MEMBERS ARE INFORMED THAT AS PER SEBI DIRECTIVE THE COMPANY HAS ENTERED INTO AN AGREEMENT WITH RCMC SHARE REGISTRY PVT. LTD., TO ACT AS SHARE TRANSFER AGENTS OF THE COMPANY WITH EFFECT FROM 31ST MARCH, 2003. FOR ALL MATTERS CONNECTED WITH TRANSFERS AND TRANSMISSION OF SHARES AND ALSO DEMATERIALIZATION OF SHARES AND OTHER RELATED FUNCTIONS ETC.

ANY CORRESPONDENCE RELATING TO SHARES CAN BE MADE TO THE COMPANY'S REGISTRAR AT:

**M/S RCMC SHARE REGISTRY PVT. LTD.
UNIT: BHUSHAN STEEL & STRIPS LIMITED,
1515 (1ST FLOOR), BHISHAM PITAMAH MARG,
KOTLA MUBARAKPUR (NEAR SOUTH EXTENTION),
NEW DELHI – 110 003
PHONE: 24697597, FAX: 24692345.**

3. MEMBERS / PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING.
4. DIRECTORS' REPORT DATED 02.05.2005 UNDER THE HEADING 'DIRECTORS' MENTIONED THAT SH. R. P. GOYAL AND SH. SANJAY SINGAL, DIRECTORS ARE LIABLE TO RETIRE BY ROTATION AT THE ENSUING A.G.M., SINCE SH. R. P. GOYAL RESIGNED FROM DIRECTORSHIP W.E.F. 25.07.2005, THEREFORE, PURSUANT TO PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY SH. SANJAY SINGAL AND SH. A. K. KHUSHU ARE LIABLE TO RETIRE BY ROTATION AT THE ENSUING A.G.M. (BEING ELIGIBLE THEY HAVE OFFERED THEMSELVES FOR RE-APPOINTMENT) INSTEAD OF SH. R. P. GOYAL AND SH. SANJAY SINGAL. AS SUCH THEIR NAMES ARE GIVEN IN THE NOTICE. SHAREHOLDERS TO TAKE NOTE OF DIRECTORS LIABLE TO RETIRE BY ROTATION ACCORDINGLY.
5. MEMBERS WHO HOLD SHARES IN DEMATERIALIZED FORM ARE REQUESTED TO BRING THEIR CLIENT ID AND DP ID NUMBERS FOR EASY IDENTIFICATION OF ATTENDANCE AT THE MEETING.
6. ALL DOCUMENTS REFERRED TO IN THE ACCOMPANYING NOTICE ARE OPEN FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY ON ALL WORKING DAYS, EXCEPT SATURDAYS AND HOLIDAYS, BETWEEN 11.00 AM AND 1.00 PM UPTO THE DATE OF THE ANNUAL GENERAL MEETING.
7. MEMBERS HAVING ANY QUERIES RELATING TO THE ANNUAL REPORT ARE REQUESTED TO SEND THEIR QUESTIONS AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 7 DAYS BEFORE THE DATE OF ANNUAL GENERAL MEETING.
8. MEMBERS HOLDING SHARES UNDER MORE THAN ONE FOLIO ARE REQUESTED TO SEND THEIR SHARE CERTIFICATES TO THE REGISTERED OFFICE OF THE COMPANY FOR CONSOLIDATION UNDER ONE FOLIO.
9. PURSUANT TO THE PROVISIONS OF SECTION 205A(5) OF THE COMPANIES ACT 1956, DIVIDEND FOR THE FINANCIAL YEAR ENDED 31-03-1998, AND THEREAFTER WHICH REMAIN UNCLAIMED FOR A PERIOD OF 7 YEARS WILL BE TRANSFERRED BY THE COMPANY TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) ESTABLISHED BY THE CENTRAL GOVERNMENT.

MEMBERS WHO HAVE NOT SO FAR ENCASHED THEIR DIVIDEND WARRANTS FOR THE FINANCIAL YEAR ENDED 31-03-1998 OR ANY SUBSEQUENT FINANCIAL YEAR ARE REQUESTED TO APPROACH THE COMPANY FOR OBTAINING FRESH PAY ORDER / DEMAND DRAFT IN LIEU OF EXPIRED DIVIDEND WARRANT. IT MAY ALSO BE NOTED THAT ONCE THE UNCLAIMED DIVIDEND IS TRANSFERRED TO THE SAID FUND AS ABOVE, NO CLAIM SHALL LIE AGAINST THE COMPANY OR THE FUND IN RESPECT THEREOF.
10. (a) THE COMPANY HAS ALREADY NOTIFIED CLOSURE OF REGISTER OF MEMBERS AND TRANSFER BOOKS FROM 12TH SEPTEMBER, 2005 TO 14TH SEPTEMBER, 2005 (BOTH DAYS INCLUSIVE) FOR DETERMINING THE NAMES OF MEMBERS ELIGIBLE FOR DIVIDEND, IF APPROVED ON EQUITY SHARES. IN RESPECT OF SHARES HELD IN ELECTRONIC FORM, DIVIDEND WILL BE PAID ON THE BASIS OF PARTICULARS OF BENEFICIAL OWNERSHIP FURNISHED BY THE DEPOSITORIES FOR THIS PURPOSE.
(b) THE DIVIDEND ON EQUITY SHARES, AS RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE ANNUAL GENERAL MEETING WILL BE PAID ON OR AFTER 14TH SEPTEMBER, 2005.
11. SHAREHOLDERS ARE REQUESTED TO KINDLY BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6:

At present the Company is having eleven directors on the Board; Article 128 of Company's Articles of Association provides for a maximum of 'twelve directors'.

Taking into consideration the size of the Company, the Board of the Company needs to be further broad based. It is, therefore, considered necessary to increase the strength of the Board from 'twelve' to 'twenty' as set out in the resolution.

The resolution is recommended for your approval.
None of the Directors is interested in the resolution.

ITEM NO. 7, 8 & 9:

Sh. Ravi Kant Srivastava, Sh. Nittin Johari and Sh. Rahul Sen Gupta, who were appointed as Additional Directors w.e.f. 25.07.2005, under the Articles of Association of the Company, hold office as Directors only up to the date of the ensuing Annual General Meeting. Notices have been received from members signifying their intention to propose their appointment as Directors. The Board considered it desirable that the Company should continue to avail itself of their services. Hence these resolutions
None of the Directors, except Sh. Ravi Kant Srivastava, Sh. Nittin Johari and Sh. Rahul Sen Gupta is interested in the said resolutions.

ITEM NO. 10 & 11:

Keeping in view the experience and long association with the company, Board recommended to appoint Mr. Nittin Johari, C.F.O., as the Whole-Time Director (Finance) and Mr. Rahul Sen Gupta, Vice President as the Whole-Time Director (Technical) of the Company for a period of 5 years w.e.f. 25.07.2005. Their appointment shall be subject to retirement by rotation as provided in the Act but they shall be eligible for re-appointment.

Mr. Nittin Johari, C.F.O., aged around 42 years is a Chartered Accountant with more than 20 years of experience. He is working with the organization since January, 1995, and currently promoted to the level of C.F.O. Presently he is looking after Corporate Financing functions of the Company.

Mr. Rahul Sen Gupta, Vice President, aged around 46 years is a B.Sc. (Engg.) with more than 24 years of experience. He is working with the organisation since May, 1995, and currently promoted to the level of Vice President. Presently he is looking after technical evaluation of equipments and negotiation of major contracts.

The term and conditions of their appointment and payment of remuneration are recommended by the Remuneration Committee as well as by the Board of Directors, detailed in resolution No. 10 & 11.

The remuneration payable to them shall be subject to the limits laid down in Companies Act 1956, read with Schedule XIII to the said Act.

They shall not be paid any sitting fee for attending meetings of the Board of Directors or Committee(s).

THE ABOVE MAY ALSO BE TREATED AS THE INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO SECTION 302 OF THE COMPANIES ACT 1956.

Shri Nittin Johari and Shri Rahul Sen Gupta are interested in the resolution, which pertain to their appointment and / or remuneration payable to them.

Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

Your Directors recommend the resolution set out at Item No. 10 & 11 of the notice for your approval.

BY ORDER OF THE BOARD,
sd/-
(O.P. DAVRA)
COMPANY SECRETARY

PLACE: NEW DELHI
DATED: 25.07.2005

One of the front-runners of the technological revolution in the Indian steel industry, Bhushan Steel & Strips Ltd. is at the cutting-edge of value added steel manufacturing. With a state-of-the-art Value Added Cold Rolling Plant at Khopoli, an earlier one at Sahibabad, and one of the most advanced Hot Rolling Plants in the world coming up in Orissa, Bhushan Steel is strengthening every link in the value chain. Through seamless backward integration, Bhushan Steel's vision of consolidating the entire steel manufacturing process from iron ore to specialised value added steel is rapidly taking shape.

Bhushan Steel's futuristic manufacturing facilities and exacting standards and quality norms have given its products global acceptance, especially in important international markets like Europe, USA, Canada, Africa, China, the Middle East etc. Be it specialised steel for the automobile and white goods industry or steel for highly discerning international clients, Bhushan Steel is masterfully shaping the future of steel.

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Hydrogen based Bell Annealing Furnace at the Sahibabad plant.

Power of technology



MILESTONES...

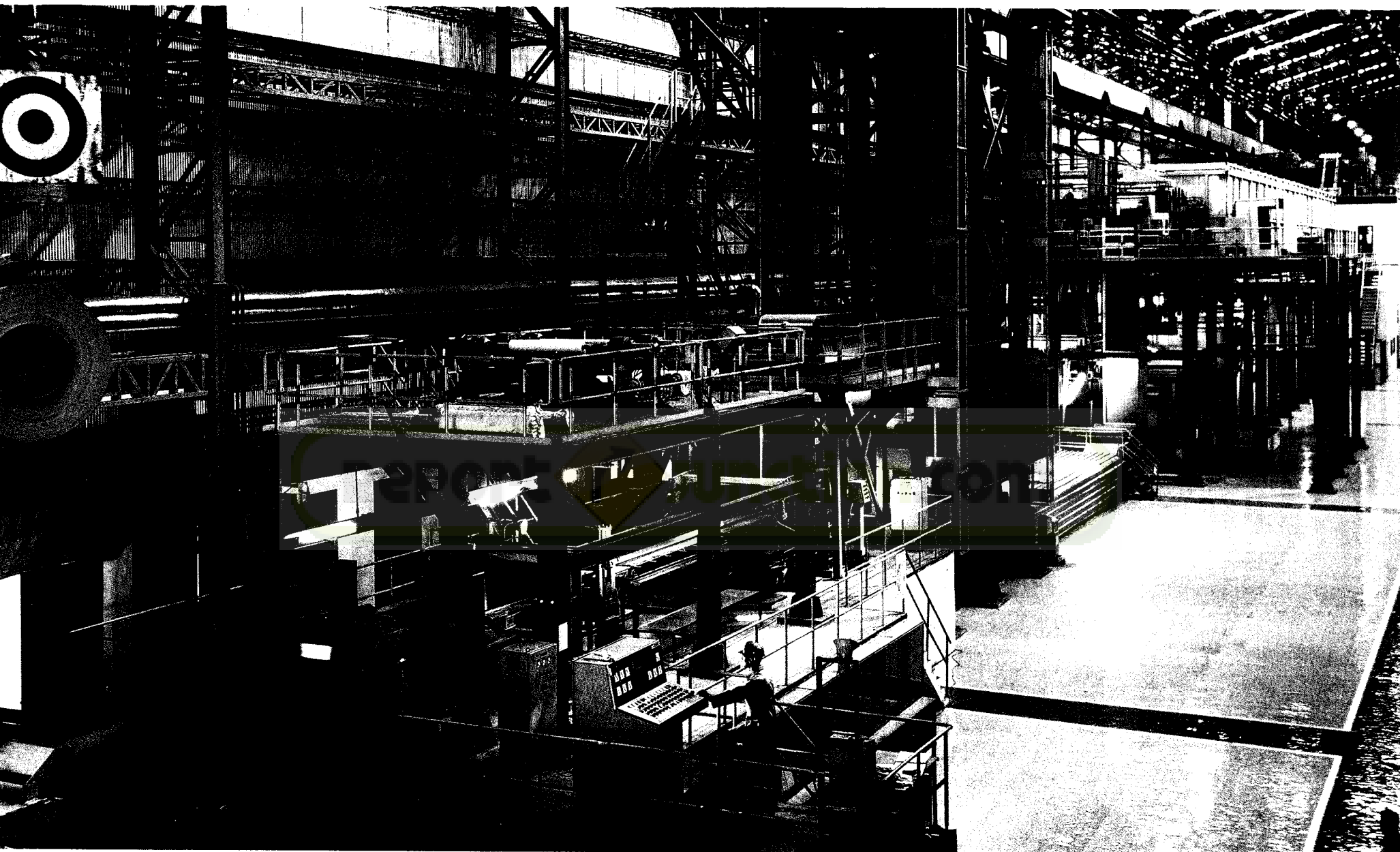
- Initiation of HR plant in Orissa
- Mumbai project fully commissioned - 4.25 lac tpa
- New products, Colour Coated, HTSS, H&T
- Drawn tubes installed apart from CR & GP
- Power plant - 24 MW
- Continuous Galvanising Line – 85,000 tpa
- 6 Hi CR Mill – 60,000 tpa
- Power Plant – 12 MW
- Kathabar & Annealing bases
- Hitachi CR Mill (1700 mm) – 350,000 tpa
- GP/GC Line – 40,000 tpa
- Power Plant – 12 MW
- Skin Pass Mill, Cut to length CR Slitter
- Auxiliary equipment to GP Line

Bhushan Steel's unwavering focus on acquiring and leveraging the latest and best available technology has engendered a period of unprecedented growth and progress. A commitment to provide their customers with the very best products has been the key reason for focusing on always obtaining the latest technology from the best technology providers in the world. The state-of-the-art Khopoli plant has been fully commissioned and is playing a pivotal role in the tremendous growth of exports as well as in the production of a much larger variety of value added steel, like Colour Coated Sheets, High Tensile Steel Strapping, Hardened and Tempered Strips, Spring Steel, Precision Tubes and the soon to be manufactured for the first time in India Galume value added steel.

The Sahibabad plant is operating at full capacity and giving a substantial volume thrust to the organization. The Khopoli plant which operates with the very latest technology became fully operational in the last financial year and is dynamically boosting the organisation with a production capacity of 425,000 MT per annum of Cold Rolled steel which includes 240,000 MT of galvanised steel.

BSSL is also in the process of implementing SAP, the global front-runner in Enterprise Resource Planning systems. Along with streamlining the functioning of all processes, it will lead to optimisation of resources and services. With sales of Rs. 2868 crores and an installed capacity of almost one million tons, Bhushan Steel is now India's third largest secondary steel producer after SAIL and TISCO. BSSL has the distinction of being the only producer of widest width CR steel, supplying automotive grade steel sheets for inner and outer panels to all leading four-wheeler and two-wheeler manufacturers in India.

The biggest landmark on its growth path, is of course the Orissa plant. This integrated steel and power plant will put BSSL firmly in the path of progress, transforming BSSL into a completely self-reliant organisation.



Colour coating line at the Khopoli plant.