

BHUSHAN STEEL LIMITED
The Future of Steel



**RIGHT TIMED.
RIGHT POSITIONED.**



ANNUAL REPORT 2011-12

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Forward Looking Statement: This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available sources and has not verified those information independently.



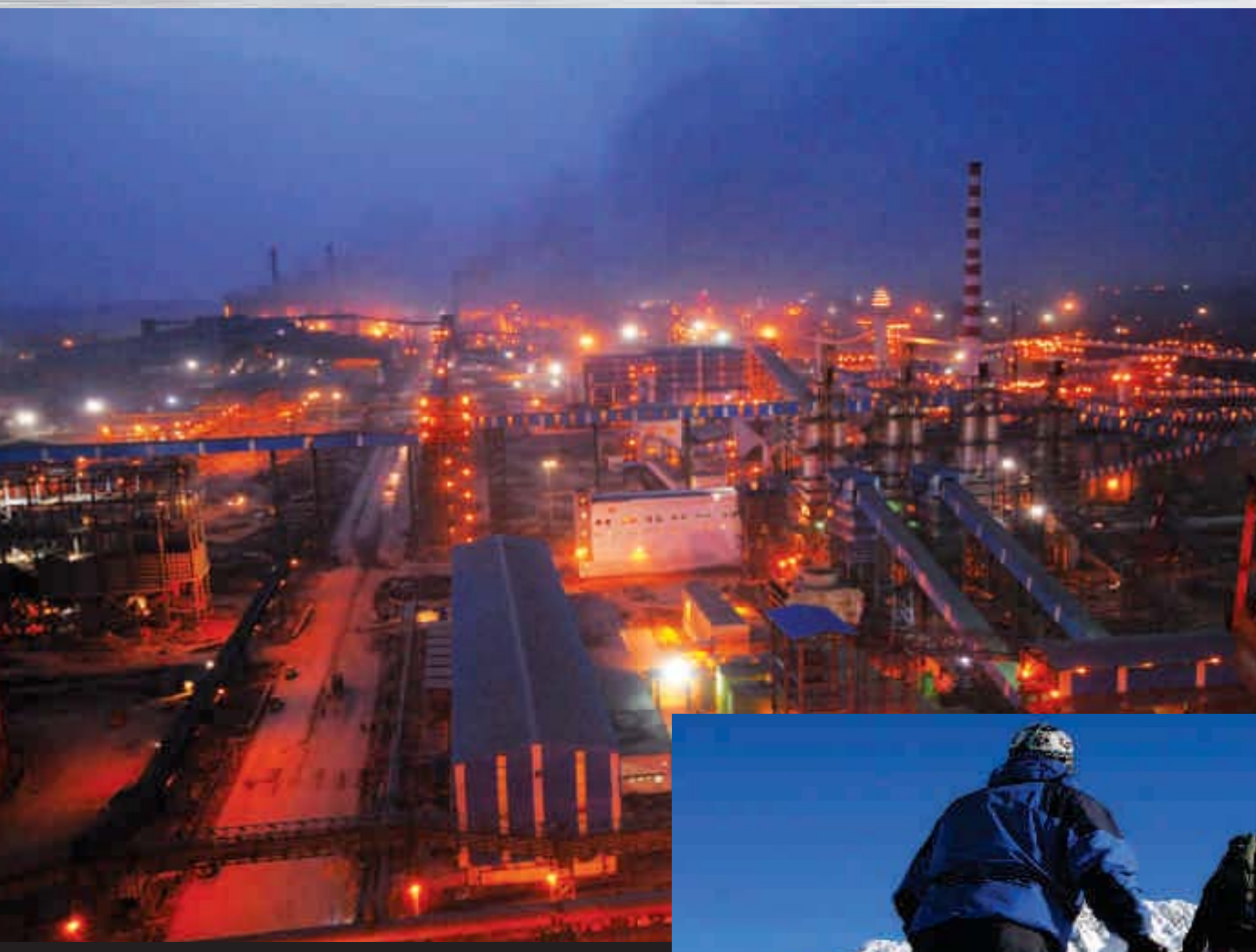
RIGHT TIMED. RIGHT POSITIONED.

In fast evolving and dynamic realm of business today, global opportunity landscape is fast tilting towards emerging economies including India. In order to make the most of impending opportunities, successful businesses need to time and position their strategic moves right.

Way back in 2005, we foresaw the steel demand burgeoning over medium to long-term in India. We resolved to make one of the largest Capex investments of recent times aimed at emerging as a leading Steel maker in India. Our steel sojourn was marked with several impediments such as softening global demands and tightening liquidity. Our steely resolve and astute project implementation coupled with the robustness of our business model helped us achieve what we were set out for.

As the dust of economic uncertainty settles down over coming months, Phase III of our integrated steel complex in Orissa would approach commissioning in FY 13. With the demand growth picking momentum, we would be ready with mammoth capacities – 5 MTPA of primary steel, 2.2 MTPA of secondary steel and 840 MW of power (including Bhushan Energy Limited). Having persevered with our mission expansion for 8 years, we would reap its benefits for all our stakeholders over many decades to come.

In view of evolving global opportunity landscape, we find ourselves right timed and right positioned.





EXPANSIONS. RIGHT TIMED.

All our greenfield and brownfield expansions, in primary as well as secondary steel making, have been meticulously planned, in line with potential demand growth in our target markets. Our capability to embrace best of global technologies, processes and machineries in each of our expansions has kept us in top stead of product quality.

The prevalent economic slowdown and tightening of liquidity did result in overall slowdown in major capital expenditures. Subsequently, capacity addition in steel sector in India has been quite moderate in recent times. Our right timed expansions put us in an advantageous position to serve growing demand with ready and running capacities as and when the demand acceleration peaks in coming years.

Our robust strategies and effective implementation have been instrumental in furthering our expansion agenda successfully amidst all challenges. In FY 12, we added ERW pipes in our product portfolio by adding a new line at our Khopoli plant.

The 2.5 MTPA phase III expansion of HR Coil at integrated Orissa steel plant is slated for completion during FY 13. With this, we will go on to add 5 MTPA of greenfield capacity in just 8 years which would be the fastest ever such feat in the industry. Growing from just 0.9 MTPA of secondary steel in 2005 to 5 MTPA of primary steel and 2.2 MTPA of processed steel by FY 14, we would catapult ourselves into the echelons of steel leadership in India.





CAPACITIES. RIGHT PLACED.

From 45.1 kg in 2008 to 52 kg in 2011, India's per capita steel consumption has been steadily growing. Despite marked improvements in recent years, India still lags far behind the world average of 203 kg and China's average of 427 kg.

With consistent growth in per capita steel consumption over coming years, our primary as well as processed steel capacities are right placed to mine the best of unfolding growth in domestic and exports markets. Our traditional customer segments of automobile and consumer durables are poised to continue their growth momentum in light of growing domestic demands. The fact that many global players are choosing India to be their global manufacturing base is only growing to accelerate demand growth for our products.

Our steel manufacturing capacity in Orissa is located in a region with rich availability of staple raw materials such as iron ore, coal and water. Its proximity to ports makes the vital difference in terms of importing raw materials as well as exporting finished steel as and when desired.

Our two secondary steel plants, one each at Khopoli in Maharashtra and Sahibabad in NCR region of Delhi, are strategically located to cater to various manufacturing clusters in northern and western India. With a vision to sell most of our manufactured steel as high value added finished steel, we are poised to add new processing lines at Orissa. By adding Orissa as our third secondary steel location, we would enhance our capabilities to cater to manufacturing clusters in southern and eastern parts of the country.

With our capacities rightly placed, we would make the most of impending opportunities.





RANGE. RIGHT MIXED.

In the competitive world of business, having a wide array of products in line with market demand helps as a springboard in the up cycle and cushion in the down cycle. At Bhushan Steel, we have maintained a right mix of products. Our dominance in high-end CR steel is well established in automobile and consumer goods segment.

In secondary steel segment, we added ERW pipes in our product portfolio in the year under review. Courtesy our continuous expansion and diversification, we have made some pioneering product initiatives in India and maintained a diverse line of product offerings for our customer segments globally. As a leading steel player in India today, our varied product range includes Hot Rolled Coils, Cold Rolled Coils, Galvanized Sheets, Galume, Colour Coated Sheets, Drawn Tubes, Tempered Steel Strips, ERW Pipes and Wire Rods amongst others. Apart from these, we also generate Power for captive consumption.

