



BHUSHAN STEEL LIMITED

The Future of Steel

Annual Report 2016-17

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Brij Bhushan Singal

Non-Executive Chairman

Mr. Neeraj Singal

Vice-Chairman, Managing Director & Chief Executive Officer

Mr. Nittin Johari

Whole-time Director (Finance) & Chief Financial Officer

Mr. Rahul Sen Gupta

Whole-time Director (Technical) & Executive Vice President

Mr. P. K. Aggarwal

Whole-time Director (Commercial) & Executive Vice President

Mr. B.B. Tandon

Independent Director

Mr. M.V. Suryanarayana

Independent Director

Mr. Ashwani Kumar

Independent Director

Mr. Rakesh Singhal

Independent Director

Mr. Pradeep Patni

Independent Director

Mr. Sahil Goyal

Independent Director

Mr. Pankaj Sharma

Independent Director

Mr. Kapil Vaish

Independent Director

Smt. Monica Aggarwal

Independent Director

Mr. A. K. Deb

Nominee Director of SBI

Dr. Rajesh Yaduvanshi

Nominee Director of PNB

Mr. Vipin Anand

Nominee Director of LIC

LEAD BANKERS

State Bank of India
Punjab National Bank

WORKS

P.O. Shibapur, Meramandali
Distt.: Dhenkanal - 759 121
(Odisha) INDIA

Site IV, Sahibabad Industrial Area,
Distt. Ghaziabad - 201 010
(U.P.) INDIA

Village: Nifan, Savroli,
Kharpada Road,
Taluka-Khalapur, Near Khopoli,
Distt.: Raigad - 410 203
(Maharashtra) INDIA

COMPANY SECRETARY

Mr. O.P. Davra

AUDITORS

Mehra Goel & Co.
Chartered Accountants
Mehrotra & Mehrotra
Chartered Accountants

REGISTERED AND CORPORATE OFFICE

Bhushan Centre, Ground Floor, Hyatt Regency
Complex, Bhikaji Cama Place
New Delhi-110066
Phone No.: 011- 71194000
Fax No.: 011- 46518611
e-mail : bsl@bhushansteel.com
Website : www.bhushansteel.com
CIN : L74899DL1983PLC014942

REGISTRAR & SHARE TRANSFER AGENTS

M/S RCMC SHARE REGISTRY PVT. LTD.
B-25/1, First Floor, Okhla Industrial Area Phase II,
New Delhi - 110020.
Phone : 011 – 26387320, 26387321, 26387323
Fax : 011 - 26387322
e-mail : shares@rcmcldelhi.com

BOARD'S REPORT

Dear Shareholders,

Your directors are pleased to present the 34th Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2017.

FINANCIAL RESULTS

Particulars	Year Ended	
	31st March 2017	31st March 2016
Gross Revenue	1502730.17	1312406.77
Profit /Loss Before Depreciation and Tax	(243947.46)	(246462.30)
Depreciation & Amortisation	168561.21	172952.46
Profit /Loss Before Tax	(412508.67)	(419414.76)
Provision for Deferred Tax	(62396.54)	(86426.96)
Profit /Loss After Tax	(350112.13)	(332987.80)
Total Comprehensive Income	(350173.36)	(332899.79)
Profit /Loss brought forward from Previous Year	(416374.86)	(83387.06)
Profits/Loss available for appropriation	(766486.99)	(416374.86)

• As per IND - AS

DIVIDEND

In view of the loss incurred during the financial year ended March 31, 2017, the Board does not consider it expedient to recommend any dividend.

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

GROSS REVENUE AND EXPORTS:

During the year your Company has achieved the Gross sales of ₹ 15027 Crores in comparison of previous year's level of ₹ 13124 Crores.

Further the company has achieved the Export Turnover of ₹ 2863 Crores, registering a growth of 139% over previous year's level of ₹ 1198 crores. The export turnover during the FY 2016-17 is higher due to increase demand of HR coil in international market. First time our company has started to export HR coil in such a huge quantity. The major shipment has been exported to South East Asia and Europe.

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.

COMPLETION OF BALANCE CAPEX FACILITIES :

Your company is under implementation of completion of balance capex facilities like Coke Dry Quenching and Reheating Furnace. These facilities are expected to be completed in FY 2017-18.

FINANCE:

The Working Capital facilities for its Sahibabad, Khopoli and Orissa Plants were last sanctioned for the FY 2014-15. Thereafter no enhancement in working capital facilities were sanctioned to the company.

IRON ORE MINES

The Company has bagged Kalmong west iron ore mine in Sundergarh district in an auction. The Iron Ore mine has a reserve of 92 million tonne.

ISSUE AND REDEMPTION OF PREFERENCE SHARES

The Company has made an allotment of 6,00,000 3% Redeemable Cumulative Preference Shares of ₹ 100 each on 31st March 2017 and redeemed 4,89,900 Redeemable Cumulative Preference shares of ₹ 100 each as per the terms of the Issue out of the proceeds of the fresh issue of shares.

INSOLVENCY PROCESS

The lenders have decided to take company into National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code due to the default made by the Company in repayment of borrowings and interest thereon.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Changes in the composition of the Board of Directors and other Key Managerial Personnel

Smt. Monica Aggarwal joined the Board as an Additional Independent Director in its meeting held on 12th December 2016.

There is no change in the Key managerial personnel of the Company during the year under review except the appointment of Mr. Neeraj Singal as Chief Executive Officer (CEO) and Mr. Nittin Johari as Chief Financial Officer (CFO) w.e.f. 05.07.2017.

Currently the Board of Directors of the Company consists of 17 directors, out of which Nine are Independent directors, Three are Nominee directors, Four are Executive directors and One is Non-executive Chairman.

Independent Directors' Declarations

All Independent directors have given declarations that they meet the criteria of independence as laid down under section 149 of the Companies Act, 2013 which has been relied on by the Company and placed at the Board meeting.

Retirement by rotation

In terms of Section 152 of the Companies Act, 2013 Mr. Nittin Johari and Mr. Rahul Sen Gupta Directors would retire by rotation at the forthcoming AGM and is eligible for re-appointment. Mr. Nittin Johari and Mr. Rahul Sen Gupta, Directors of the Company have offered themselves for the reappointment.

Further as per the requirement of Companies Act, 2013, the following policies of the Company are attached herewith marked as Annexure 'A' and Annexure 'B':

- Policy for selection of Directors and determining Directors independence; and
- Remuneration Policy for Directors, Key Managerial Personnel and other employees.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provision of Section 135 of the Companies Act 2013 read with CSR Rules the Company has constituted a CSR Committee consisting of three Directors, of which one is Independent Director. The composition, terms of reference etc. of the CSR Committee are laid out in the Corporate Governance Report which forms part of this Annual Report.

The CSR policy of the Company has been uploaded on the Company's website www.bhushansteel.com.

In pursuance of the provisions of the Companies Act, 2013 and CSR Policy of the Company it is required to spend two percent of the average net profits of the Company for the three immediately preceding financial years. The Company incurred heavy losses in preceding two financial years and the average net profit for three financial year is in negative thus the company was not required to spend any money for CSR activities during the current financial year ending March 31, 2017.

However the Company is firm on its commitment to incur the sum on CSR activities required to be spent during the financial years 2014-15 and 2015-16 as soon as financial position of the Company improves and there is adequate cash flows.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company, is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report and presented in a separate section as Annexure 'C'. The requisite certificate from the Auditors of the Company confirming compliances with the conditions of corporate governance is part of the report on Corporate Governance.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is presented in a separate section as Annexure 'D' forming part of the Report.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates and AS - 27 on Financial Reporting of Interests in Joint Ventures, the audited consolidated financial statement is provided in the Report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has three (3) Subsidiary Companies as on March 31, 2017. The members may refer to the financial statements forming part of the Annual Report as required under the provisions of Section 129(3) of the Companies Act, 2013.

The Consolidated Financial Statements presented by the Company include financial results of all its subsidiaries, joint ventures and associates. The Audited Financial Statements of the Subsidiary Companies have been reviewed by the Audit Committee and the Board.

A policy for determining material subsidiaries is displayed on the website of the Company- www.bhushansteel.com.

No Company has become Joint venture during the financial year 2016-17. A report on the performance and the financial position of the Subsidiaries, Associates and Joint venture as per Form AOC-1 are presented in the consolidated financial statement and hence not repeated here for the sake of brevity. Most of the Subsidiaries and Joint venture of the Company have not commenced operations and their contribution to the overall performance of the Company is insignificant.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

The Company has a Board approved policy on Related Party Transactions, which has been disclosed on the website of the Company and can be viewed at www.bhushansteel.com

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required.

There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholder approval as per provision of Companies Act 2013 read with applicable rules and Regulation 23 of SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015.

All related Party Transactions are placed before the Audit Committee for approval. Prior Omnibus approval of the Audit Committee is obtained for the transactions which are of forseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted alongwith a statement giving details of all related party transactions is placed before the Audit Committee from time to time.

RISK MANAGEMENT

Bhushan Steel follows well-established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the

organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy.

The Senior Management assists the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework.

INTERNAL FINANCIAL CONTROLS

The Board has laid down Internal Financial Controls within the meaning of the explanation to Section 134 (5) (e) of the Companies Act, 2013. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134(3) (c) of the Companies Act, your directors state that:

- in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for the year ended 31st March 2017;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Policy is displayed at Company's website -www.bhushansteel.com.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of various committees. The Independent directors also carried out the evaluation of the Chairman and the non-independent directors, the details of which are covered in the Corporate Governance Report.

- ▶ Criteria for evaluation of Directors – For the purpose of proper evaluation, the Directors of the Company have been divided into 3 (three) categories i.e. Independent, Non-independent and non-executive and executive directors. The criteria for evaluation includes factors such as engagement, strategic planning and vision, team spirit and consensus building, effective leadership, domain knowledge, management qualities, team work abilities, result, achievements, understanding and awareness etc.

AUDITORS AND AUDITORS' REPORT**Statutory Auditors**

M/s Mehra Goel & Co., Chartered Accountants and M/s. Mehrotra & Mehrotra, Chartered Accountants, Joint Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. M/s. Mehrotra & Mehrotra are eligible for re-appointment and have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report contain one qualification/ reservation etc which is self-explanatory and do not call for any further comments.

Cost Auditors

The Board on the recommendation of the Audit Committee has appointed M/s Kabra & Associates as cost auditors for conducting the audit of cost records of the Company for the financial year 2016-17. In terms of the Section 148 of the Companies Act, 2013 and the rules made thereunder, remuneration of the Cost Auditors was ratified by the members of the Company in the Annual General meeting.

Secretarial Audit

The Board has appointed R. K Rai, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as Annexure 'E' to this Report. The remarks in the Secretarial Audit Report are self-explanatory and do not call for any further comments.

DISCLOSURES:

- ▶ **CSR Committee**
The CSR Committee comprises Mr. B. B. Singal (Chairman), Mr. B. B. Tandon, and Mr. Nittin Johari as other members.
- ▶ **Audit Committee**
The Audit Committee comprises Mr. B. B. Tandon (Chairman), Mr. B. B. Singal, Mr. M. V. Suryanarayana and Mr. Ashwani Kumar as other members.
- ▶ **Nomination and Remuneration Committee**
The Nomination and Remuneration Committee comprises Mr. M.V. Suryanarayana (Chairman), Mr. B. B. Singal and Mr. B. B. Tandon as other members.

NUMBER OF MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance presented as Annexure 'C' to this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made guarantee given and securities provided, if any are given in the financial statement.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2016-17.

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

The particulars relating to conservation of energy, technology absorption,

foreign exchange earnings and outgo, as required to be disclosed under sub-section 3(m) of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014 are provided in Annexure 'F' to this Report.

EXTRACT OF ANNUAL RETURN

Extract of Annual Return of the Company is annexed herewith as Annexure 'G' to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing disclosures pertaining to remuneration and also the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure 'H' to this Report.

DEPOSITS

The Company has not accepted any deposits from the Public falling within the purview of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

- ▶ Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year- 3 Shareholders holding 171 Shares
- ▶ Number of shareholders who approached listed entity for transfer of shares from suspense account during the year- 1 shareholder holding 150 Shares
- ▶ Number of shareholders to whom shares were transferred from suspense account during the year- 1 shareholder holding 150 Shares
- ▶ Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year- 2 Shareholders holding 21 Shares

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

TRANSFER OF UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, the declared dividends, which remained unpaid/ unclaimed for a period of seven years have been transferred by the Company to the IEPF established by the Central Government pursuant to Section 125 of the said Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed against the Company by the regulators or courts or tribunals during financial year 2016-17 impacting the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

There was no change in the nature of the business of the Company. There were no material changes and commitments affecting the financial position of the Company occurring between 31st March, 2017 and the date of this Report.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude & appreciation for the valuable guidance & support received from Government of India, Government of Australia, various State Governments particularly including States of Orissa, Maharashtra & Uttar Pradesh; Banks and the financial Institutions; various stakeholders such as Shareholders, Debenture-holders, Customers, Dealers, Suppliers and all the business associates among others. Your Directors also wish to place on record their deep sense of appreciation & gratitude to all Company's employees for their continuous commitment & enormous personal efforts as well as their collective contribution towards the growth of the Company.

The Directors look forward to their continued support in future.

for and on behalf of the Board of Directors,

(B. B. SINGAL)
CHAIRMAN

Place : New Delhi

Dated : 05.07.2017

ANNEXURE 'A'

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

INTRODUCTION

1.1 Bhushan Steel Limited (BSL) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, BSL ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

1.2 BSL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. BSL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2. Scope and Exclusion:

2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 **"Director"** means a director appointed to the Board of a company.
- 3.2 **"Nomination and Remuneration Committee"** means the committee constituted by BSL's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.
- 3.3 **"Independent Director"** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

4. Policy:

4.1 Qualifications and criteria

- 4.1.1 Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- 4.1.2 In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee may take into account factors, such as: General understanding of the Company's business dynamics, social perspective; Educational and professional background Standing in the profession; Personal and professional ethics, integrity and values; Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- 4.1.3 The proposed appointee shall also fulfill the following requirements: Shall possess a Director Identification Number; Shall not be disqualified under the Companies Act, 2013; Shall give his written consent to act as a Director ; Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings; Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel; Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; Such other requirements

as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

- 4.1.4 The Nomination and Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

- 4.2.1 The Nomination and Remuneration Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

- 4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (b) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

- (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.
- 4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

4.3 Other directorships / committee memberships

- 4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- 4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- 4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

ANNEXURE 'B'

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

1. PREAMBLE

- a. The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board") and for Key Managerial Personnel ("KMP") and the Management Personnel ("MP") of the Company (collectively referred to as "Executives"). The expression KMP shall have the same meaning as defined under the Companies Act, 2013, "management personnel" means personnel of the company excluding Board of Directors comprising such levels of managerial personnel as may be decided from time to time. This Policy also provides a framework for identification of persons who are qualified to become directors and who may be appointed as senior management for recommendation of their appointment to the board. "Senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

- b. This Policy has been framed by the Nomination and Remuneration Committee of the Board of Directors and based on its recommendation, approved by the board of directors of the Company.
- c. The policy may be reviewed by the Nomination and Remuneration Committee of the Board of Directors.

2. AIMS & OBJECTIVES

- a. The aims and objectives of this remuneration policy may be summarized as follows:
- b. The remuneration policy aims to enable the company to attract, retain and motivate high quality members for the Board and executives.
- c. The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry practices and relevant Indian corporate regulations.
- d. The remuneration policy will ensure that the interests of Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
- e. The remuneration policy will ensure that remuneration to Executives involves a balance between fixed pay and incentive (by way of increment/bonus/promotion/any other form) reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. PRINCIPLES OF REMUNERATION

- a. Support for Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's objectives.
- b. Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- c. Internal equity: The Company shall remunerate the Executives in terms of their roles and responsibilities within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- d. External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures.
- e. Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- f. Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration, whether as part of increment or separately and in such form as may be considered appropriate.
- g. Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

4. REMUNERATION TO NON EXECUTIVE DIRECTORS

Non Executive directors may be paid remuneration by way of fee and reimbursement of expenses for participation in the Board and other meetings and commission and/or such other payments as may be permitted by the law applicable to such payments. Such payments shall be subject to the provisions of Companies Act, 2013.

5. COMPENSATION STRUCTURE

Executives unless otherwise decided by the Committee shall receive a competitive remuneration package consisting of the following components:

Fixed salary

Fixed salary rewards the executives for their day-to-day job performance and ensures a balanced overall remuneration package. The fixed salary shall comprise of basic salary and allowances as per the rules of the Company.

Personal benefits

Executives may have access to benefits/perquisites as per the rules and regulations of the Company. Executives may also be entitled to retirement benefits such as provident fund, gratuity and/or such other benefits as per the rules of the Company.

6. CRITERIA FOR IDENTIFICATION OF THE BOARD MEMBERS AND APPOINTMENTS OF SENIOR MANAGEMENT

The members of the board shall possess appropriate skills, qualification, characteristics and experience. The objective is to have a Board with diverse background and experience in business, government, academics, technology, human resources, social responsibilities, finance, law etc. and in such other areas as may be considered relevant or desirable to conduct the Company's business in a holistic manner.

Independent directors shall be person of integrity and possess expertise and experience and/or someone who the Committee/board believes could contribute to the growth/philosophy/strategy of the Company.

In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements.

Director should possess high level of personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.

The candidate for the appointment of senior management should possess adequate qualification, characteristics and work experience.

The candidate for senior management should also possess high level of personal and professional ethics, integrity and values.

For any appointment of senior management, the existing employees in the organisation may be preferred. While assessing the candidature of existing employee, his/her past performance in the Company should be taken into consideration.

7. AMENDMENTS TO THIS POLICY

The Nomination and Remuneration Committee is entitled to amend this policy including amendment or discontinuation of one or more incentive programmes introduced in accordance with this Policy.

8. APPROVAL AND PUBLICATION

This remuneration policy as framed and recommended by the committee was approved by the Board of Directors.

The policy of the Company has been uploaded on the Company's website www.bhushansteel.com.

ANNEXURE 'C'

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance has always been the top priority of the Company and has been taken high in letter and in spirit. Your Company strongly believes in maintaining transparency, accountability and integrity which are the main components in Corporate Governance. The philosophy is manifested in its operations through standards of ethical behavior, both within the organization as well as in external relationships too. The Company aims at maximizing shareholder's value and its philosophy is based on the fair and transparent disclosure of issues related with the Company's business, financial performance and matters relating to stakeholders' interest. We believe that Corporate Governance is the key element in improving efficiency, growth and investor's confidence.

Your Company's practices relating to the Corporate Governance for the Financial Year ended 31st March 2017 are discussed in the following sections:

2. BOARD OF DIRECTORS:

The current policy of the Company is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate its functions of governance and management. As on 31.03.2017 the Board of Director consists of Seventeen (17) Directors, out of which four (4) are Executive Directors and Thirteen (13) are Non Executive Directors, Nine (09) of whom being independent.

The Directors have expertise in the fields of industry, operations, finance, legal and management. The board shapes the vision of the Company and provides strategic guidance and independent views to the Company's management while discharging its fiduciary responsibilities.

Composition and category of Directors are as under :-

Category	Name of Directors
Promoter /Executive Director	Sh. Neeraj Singal
Promoter Non-Executive Director & Chairman	Sh. B B Singal
Non-Promoter Executive Directors	Sh. Nittin Johari Sh. Rahul Sen Gupta Sh. P.K. Aggarwal
Independent Non-Executive Directors	Sh. B.B. Tandon Sh. M. V. Suryanarayana Sh. Rakesh Singhal Sh. Ashwani Kumar Sh. Pradeep Patni Sh. Kapil Vaish Smt. Monica Aggarwal Sh. Sahil Goyal Sh. Pankaj Sharma
Nominee Directors	Sh. A. K. Deb (SBI) Dr. Rajesh Yaduvanshi (PNB) Sh. Vipin Anand (LIC)

Except Mr. B.B. Singal and Mr. Neeraj Singal who are related to each other, no other directors are inter-se related. Further all the Independent directors are meeting the criteria as laid down in Section 149(6) of the Companies Act, 2013 read with Regulation 16(b) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

THE ATTENDANCE RECORD OF THE DIRECTORS AT THE BOARD MEETINGS HELD DURING FINANCIAL YEAR 2016-17 AND AT THE LAST ANNUAL GENERAL MEETING AS ALSO THE NUMBER OF DIRECTORSHIPS, COMMITTEE MEMBERSHIPS AND COMMITTEE CHAIRMANSHIPS HELD BY THEM IN OTHER COMPANIES AS ON 31.03.2017 ARE GIVEN BELOW:

Sr No	Name of Directors	Attendance Particulars			No of directorships, committee membership and chairmanship of Public companies		
		No. of Board Meetings held during their tenure in the F.Y.2016-17	No. of Board Meeting Attended	Attendance at Last AGM	Other Directorships (*)	Committee membership (*) (#)	Committee Chairmanship (*) (#)
1	Sh. B.B. Singal	05	04	YES	6	4	3
2	Sh. Neeraj Singal	05	04	NO	3	2	-
3	Sh. A. K. Deb	05	05	NO	3	2	-
4	Dr. Rajesh Yaduvanshi	05	03	NO	2	-	-
5	Sh. Vipin Anand	05	03	NO	-	-	-
6	Sh. B.B. Tandon	05	05	YES	8	9	2
7	Sh. M. V. Suryanarayana	05	05	NO	2	2	-
8	Sh. Rakesh Singhal	05	05	NO	1	-	-
9	Sh. Ashwani Kumar	05	05	NO	7	6	4
10	Sh. Pradeep Patni	05	02	NO	-	-	-
11	Sh. Sahil Goyal	05	05	NO	2	-	-
12	Sh. Pankaj Sharma	05	03	NO	-	-	-
13	Sh. Kapil Vaish	05	03	NO	1	1	1
14	Sh. Nittin Johari	05	05	YES	1	-	-
15	Sh. Rahul Sen Gupta	05	03	NO	3	-	-
16	Sh. P.K. Aggarwal	05	05	YES	2	1	-
17	Smt Promila Bhardwaj@	01	01	NO	-	-	-
18	Smt. Monica Aggarwal +	03	01	NO	1	-	-

@ Ceased to be director w.e.f. 04.06.2016.

+ Joined the Board on 03.09.16 but her office of Director vacated on 17.09.2016 and she rejoined the Board on 12.12.2016.

* Excludes Directorships, Committee memberships and Committee Chairmanships of Private Limited Companies, Foreign Companies and Companies incorporated U/s 8 of the Companies Act, 2013

In accordance with Regulation 26 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 Memberships / Chairmanships of only Audit Committee and Stakeholder Relationship Committee have been considered.

None of the Director is member in more than ten committees and Chairperson of more than five committees across all listed entities.