BHUSHAN

BHUSHAN STEEL LIMITED

ANNUAL REPORT
2017-2018

TABLE OF CONTENTS

ANNUAL GENERAL MEETING

Date : September 25, 2018

Time : 12 Noon (IST)

Venue : Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110 001

GREEN INITIATIVES

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India and urges you to extend your support to the same by registering your email address with the Company's Registrar and Transfer Agent or your Depository Participant to receive communication, including the Annual Report, quarterly and half-yearly results, amongst others from the Company in electronic mode.

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on August 22, 2018)

Mr. T.V. Narendran
Non-executive Director and Chairman

Mr. Krishnava Dutt
Independent Director

Ms. Neera Saggi
Independent Director

Mr. Shashi Kant Maudgal
Independent Director

Mr. Srikumar Menon
Independent Director

Mr. Koushik Chatterjee
Non-executive Director

Mr. Anand Sen
Non-executive Director

Mr. Rajeev Singhal
Managing Director

Company Secretary
Mr. O. P. Davra

Registered Office
B - 9 to 12, Okhla Industrial Area, Phase-I
New Delhi-110020
Tel & Fax: 91-11-26811033
Email: bsl@bhushansteel.com
Website: www.bhushansteel.com

Corporate Office
23, Site IV, Sahibabad Industrial Area,
Distt.: Ghaziabad – 201010, Uttar Pradesh
Tel & Fax: 91-120-3028001

Works
P.O. Shibapur, Meramandali, Distt.: Dhenkanal – 759 121
Odisha, INDIA

23, Site-IV, Sahibabad Industrial Area Distt.: Ghaziabad – 201 010
Uttar Pradesh, INDIA

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

Corporate Identity Number
CIN L74899DL1983PLC014942

Auditors
M/s Walker Chandiok & Co LLP
(Firm Registration No. 001076N/N500013)

Registrar and Share Transfer Agent
RCMC Share Registry Pvt. Ltd.
B -25/1, First Floor
Okhla Industrial Area Phase II
New Delhi – 110 020
Tel: 91-11-2638 7320, 2638 7321, 2638 7323
Fax: 91-11-2638 7322
Email: investor.services@rcmcdelhi.com
Website: www.rcmcdelhi.com

DIRECTORS' REPORT

To the Members,

Bhushan Steel Limited

The Reconstituted Board of Directors presents to the Members the 35th Annual Report of the Company, which includes the Directors' Report **("Annual Report").**

In accordance with the applicable provisions of the Insolvency and Bankruptcy Code 2016 **("IBC/Code"),** the Corporate Insolvency Resolution Process **("CIRP Process")** of Bhushan Steel Limited **("Company")** was initiated by the Financial Creditors of the Company. The Financial Creditors petition to initiate the CIRP Process was admitted by the National Company Law Tribunal **("NCLT")** on July 26, 2017 **("Insolvency Commencement Date").** Mr. VijayKumar V. Iyer was appointed as the Interim Resolution Professional **("IRP")** to manage the affairs of the Company. Subsequently, Mr. Iyer was confirmed as the Resolution Professional **("RP")** by the committee of creditors **("CoC").** On appointment of the IRP/RP, the powers of the Board of Directors of the Company were suspended.

The RP invited expressions of interest and submission of a resolution plan in accordance with the provisions of the Code. Of the various resolution plans submitted, the CoC approved the resolution plan submitted by Tata Steel Limited **("TSL").** The RP submitted the CoC approved resolution plan to the NCLT on March 23, 2018 for its approval and the NCLT approved the resolution plan submitted by TSL and approved by the CoC **("Approved Resolution Plan")**, on May 15, 2018 **("IBC/NCLT Order")**. Pursuant to the NCLT order, TSL acquired the shares of the Company through its wholly-owned subsidiary, Bamnipal Steel Limited, on May 18, 2018 **("Acquisition")**. Post the Acquisition, a new Board was constituted in the current financial year i.e. on May 18, 2018 **("Reconstituted Board"** or **"Board")** and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

Members may kindly note that, the Directors of the Reconstituted Board **("Directors")** were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between July 26, 2017 to May 15, 2018), the RP was entrusted with the management of the affairs of the Company. Prior to the Insolvency Commencement Date, the erstwhile Board of Directors had the oversight on the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the provisions of the Companies Act, 2013, the rules and regulations framed thereunder **("Act")** and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 **("Listing Regulations").** The Reconstituted Board is not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the Acquisition.

IBC is a new legislation in India and the Approved Resolution Plan of the Company is amongst the first such resolution plan approved under the IBC. Members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan.

A. FINANCIAL RESULTS

₹ Crore

Particulars	Bhushan Steel Standalone		Bhushan Steel Group	
	2017-18	2016-17	2017-18	2016-17
Gross revenue from operations	**17,404.43**	15,027.30	**17,404.43**	15,027.30
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	**15,199.57**	12,105.28	**15,200.29**	12,106.08
Operating Profit	**2,204.85**	2,922.02	**2,204.14**	2,921.22
Add: Other income	**95.08**	71.96	**95.08**	71.96
Profit/(Loss) before finance cost, depreciation, exceptional items and taxes	**2,299.93**	2,993.98	**2,299.22**	2,993.18
Less: Finance costs	**6,304.90**	5,426.76	**6,304.90**	5,426.76
Profit / (Loss) before depreciation, exceptional items and taxes	**(4,004.97)**	(2,432.78)	**(4,005.68)**	(2,433.58)
Less: Depreciation	**1,785.66**	1,685.61	**1,785.66**	1,685.61
Profit / (Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax	**(5,790.63)**	(4,118.39)	**(5,791.34)**	(4,119.19)
Share of profit / (loss) of Joint Ventures & Associates	**-**	-	**-**	(121.65)
Profit / (Loss) before exceptional items & tax	**(5,790.63)**	(4,118.39)	**(5,791.34)**	(4,240.84)
Add/(Less): Exceptional Items	**(23,344.68)**	(6.69)	**(23,096.69)**	(6.69)
Profit / (Loss) before taxes	**(29,135.31)**	(4,125.08)	**(28,888.03)**	(4,247.53)
Less: Tax Expense / (income)	**(4,321.84)**	(623.96)	**(4,321.84)**	(623.96)
(A) Profit/(Loss) after taxes	**(24,813.47)**	(3,501.12)	**(24,566.19)**	(3,623.57)
(B) Net Profit / (Loss) for the Period	**(24,813.47)**	(3,501.12)	**(24,566.19)**	(3,623.57)
Total Profit / (Loss) for the period attributable to:				
Owners of the Company			**(24,565.88)**	(3,623.57)
Non-controlling interests			**(0.31)**	(8.72)
(C) Total other comprehensive income / (Loss)	**(2.93)**	(0.61)	**(2.87)**	1.84
(D) Total comprehensive income for the period [B + C]	**(24,816.40)**	(3,501.73)	**(24,569.06)**	(3,621.73)

Notes: The exceptional items include:

(₹ Crore)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(i)	Provision for impairment in property, plant & equipment and other assets	**(20,759.02)**	(6.69)
(ii)	Provision for impairment in financial assets	**(238.34)**	-
(iii)	Other exceptional items (refer note below)	**(2,347.33)**	-
		(23,344.68)	(6.69)

(i) Provision for impairment on non-current assets includes non-cash write down of fixed assets, Capital Work in Progress (CWIP) ₹ 19,112.80 crore, Provision for MAT credit ₹ 806.06 crore, provision for impairment of investment in associate companies Bhushan Energy Limited and others ₹ 368.81 crore, provision for certain non-current advances ₹ 471.36 crore. The previous year provision of ₹ 6.69 crore relates to provision on account of investment exposure in joint venture with Andal East Coal Company Pvt. Ltd.

(ii) Provision for impairment of finance assets of ₹ 238.34 crore represents impairment of coal block advances paid towards acquisition of de-allocated coal mine of ₹ 148.34 crore and provision for security deposits paid to Bhushan Energy limited of ₹ 90 crore.

(iii) Other exceptional items for the year ended March 31, 2018 include prior period items of ₹ 2,019.91 crore comprising of the following:

a) Amortisation of leasehold land accounted as operating lease - The Company has taken land properties on operating lease in previous years, which earlier were accounted as finance lease. Upon change in their classification as operating lease, the cumulative effect of amortisation from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'.

b) Accounting effect of oxygen plant accounted as finance lease - The Company entered into sale and leaseback arrangement for oxygen plant in earlier years (under the erstwhile management) which was accounted as operating lease. However, the terms of the lease require such arrangement to be classified as finance lease. Consequently, the asset has been recognised with corresponding finance lease obligation. Cumulative effect of reversal of operating lease rentals and booking of depreciation and finance cost from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'.

(iv) Post the Acquisition, pursuant to the Approved Resolution Plan, the new management has with effect from May 18, 2018 taken complete control of the operations of the Company. Further, the effect of the Approved Resolution Plan on the financial statements (standalone and consolidated) of the Company for the quarter and year ended March 31, 2018 had to be carefully assessed in order to prepare the financial statements in a manner such that as far as reasonably possible, the said financial statements present a true and fair view for the quarter and year ended March 31, 2018. It is for these reasons, that the financial statements were approved by the Audit Committee and adopted by the Board of Directors as of date. Considering the extra-ordinary situation under which the financial statements for the quarter and year ended March 31, 2018 was prepared, the Company made an application to the Securities and Exchange Board of India (**"SEBI"**) seeking extension of time to file the financial results. However, the request was not acceded to by SEBI.

B. FINANCIAL PERFORMANCE AND STATE OF AFFAIRS

During the year, the total turnover from operations was ₹ 17,404.43 crore. The increase in turnover was mainly due to increase in sales volume and increase in average realizations. During the year, the company recorded a net loss of ₹ 24,813.47 crore (previous year: Net Loss was ₹ 3,501.12 crore). The increase in loss is primarily due to higher exceptional charges over previous year. The basic and diluted earnings per share for financial year 2017 – 18 were at (₹1,095.45).

In accordance with the provisions of the Insolvency and Bankruptcy Code, the Company was admitted to the CIRP Process pursuant to the order of the NCLT on July 26, 2017. Pursuant to the IBC Order dated May 15, 2018, shares of the Company have been acquired by Bamnipal Steel Limited, a wholly-owned subsidiary of TSL. It is to be noted that during the CIRP Process (i.e. between July 26, 2017 to May 15, 2018), RP and prior to the Insolvency Commencement Date, the erstwhile Board of Directors were entrusted with and responsible for the management of the affairs of the Company.

C. DIVIDEND

In view of the net loss incurred during the financial year ended March 31, 2018, the Reconstituted Board does not recommend any dividend to the shareholders of the Company.

D. TRANSFER TO RESERVES

In view of the losses incurred by the Company, no amount has been transferred to reserves.

E. CAPEX AND LIQUIDITY

During the year, the Company has spent ₹ 314 crore on capital projects, largely towards balancing facilities and essential sustenance capital projects.

As on March 31, 2018, the liquidity position of the Company was ₹ 492 crore (excluding FD under Lien of ₹ 426 crore for LC opening) as against ₹ 129 crore as on March 31, 2017 (excluding FD under Lien of ₹ 26 crore).

During the year under review, the banking facilities of the company were frozen and no headroom was available as the Company was admitted to the CIRP Process.

F. MATERIAL CHANGES POST CLOSURE OF FINANCIAL YEAR

Pursuant to the Acquisition, the following key events took place in the Company:

(i) Increase in Authorized Capital of the Company

Pursuant to the NCLT order, the Board approved the increase in authorized capital of the Company from ₹ 300 crore (Rupees Three Hundred Crore) consisting of 40,00,00,000 (Forty Crore) equity shares of ₹ 2/- each and 2,20,00,000 (Two Crore Twenty Lakh) preference shares of ₹ 100/- each to ₹ 9,520 crore (Rupees Nine Thousand Five Hundred Twenty Crore) consisting of 4650,00,00,000 (Four Thousand Six Hundred Fifty crore) equity shares of ₹ 2/- each and 2,20,00,000 (Two Crore Twenty Lakh) preference shares of ₹ 100/- each.

(ii) Acquisition of control of the Company by Bamnipal Steel Limited

Pursuant to the NCLT order and approved resolution plan, on May 18, 2018, 79,44,28,986 (Seventy Nine Crore Forty Four Lakhs Twenty Eight Thousand Nine Hundred and Eighty Six) equity shares at ₹ 2/- per share for cash was allotted to Bamnipal Steel Limited **("Bamnipal")**, a wholly owned subsidiary of TSL. Pursuant to the allotment, Bamnipal holds 72.65% of the paid-up capital of the Company and has been classified as the promoter of the Company. Further, the erstwhile Promoters have been re-classified as retail shareholders.

(iii) Allotment of equity shares to eligible financial creditors

Pursuant to the NCLT order and Approved Resolution Plan, on May 18, 2018, 7,24,96,036 (Seven Crore Twenty Four Lakh Ninety Six Thousand and Thirty Six) equity shares at ₹ 2/- per share were allotted to eligible financial creditors on conversion of their existing loan to the extent of the shares allotted to them.

Further debts of eligible financial creditors were also paid (₹ 35,200 crore) in the manner provided in the Approved Resolution Plan.

(iv) Reconstitution of the Board of Directors

Consequent to the NCLT Order dated May 15, 2018, all the Directors as of the date of the order were deemed to have vacated/resigned from their office. Post the Acquisition, a new Board was constituted on May 18, 2018 consisting of Mr. Krishnava Dutt as Additional Director (Independent), Mr. Anand Sen, Mr. Shuva Mandal, Mr. Dibyendu Dutta as Additional Directors (Non-Executive) and Mr. Rajeev Singhal as Additional Director (Executive). Mr. Krishnava Dutt has been appointed for a period of 5 (five) years effective May 18, 2018.

On June 7, 2018, the Board appointed Ms. Neera Saggi and Mr. Shashi Kant Maudgal as Additional Directors (Independent) for a period of 5 (five) years.

On July 11, 2018, the Board appointed Mr. T.V. Narendran and Mr. Koushik Chatterjee as Additional (Non-Executive) Directors. Mr. Shuva Mandal and Mr. Dibyendu Dutta resigned as Members of the Board effective July 12, 2018.

On August 9, 2018, the Board appointed Mr. Srikumar Menon as Additional Director (Independent) for a period of 5 (five) years.

The approval of the shareholders for appointment of all Directors except Mr. Srikumar Menon was obtained through postal ballot. The results of the postal ballot were declared on August 21, 2018.

(v) Key Managerial Personnel.

Mr. Nittin Johari resigned as the Chief Financial Officer of the Company effective May 18, 2018.

Mr. Neeraj Singal ceased to be the Managing Director effective May 18, 2018.

Pursuant to the Acquisition, the Board appointed Mr. Rajeev Singhal as Managing Director of the Company for a period of 3 (three) years effective May 18, 2018. The Board also appointed Mr. Sanjib Nanda as Chief Financial Officer of the Company for a period of 3 (three) years effective May 18, 2018.

Mr. O. P. Davra is the Company Secretary and Compliance Officer of the Company.

(vi) Redemption of redeemable preference shares

During the period, the Company redeemed 1,82,59,885 (One Crore Eighty Two Lakhs Fifty Nine Thousand Eight Hundred and Eighty Five) redeemable preference shares for an amount of ₹ 100 per preference shareholder.

(vii) Re-classification of erstwhile promoters

Post the Acquisition, the Company submitted an application with the stock exchanges where its securities are listed, for re-classifying (i) Neeraj Singal; (ii) Brij Bhushan Singal; (iii) Ritu Singal; (iv) Aishwarya Singal; (v) Brij Bhushan Singal (HUF); and (vi) Bhushan Infrastructure Private Limited (collectively referred to as the "Erstwhile Promoter Group") as public shareholders under Regulation 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company received the approval from BSE Limited and National Stock Exchange of India Limited on June 25, 2018.

G. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Company incurred losses in the preceding three financial years. Thus the Company was not required to spend any money for CSR activities during the financial year 2017-18.

Post the Acquisition, the Board has reconstituted the CSR Committee and renamed it as Corporate Social Responsibility and Sustainability Committee.

On the recommendation of the newly constituted Corporate Social Responsibility and Sustainability Committee, the Board has adopted a new Corporate Social Responsibility and Sustainability Policy effective July 11, 2018.

The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company www.bhushansteel.com. A web link for the same is provided in the Corporate Governance Report.

H. CORPORATE GOVERNANCE

The Corporate Governance Report for financial year 2017-18 as stipulated under the Listing Regulations forms part of the Annual Report. The certificate from a practicing Company Secretary confirming compliance with the conditions of corporate governance forms part of the Corporate Governance Report.

1. Board Meetings

The Board met six times during the year, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

2. Selection of New Directors and Board Membership Criteria

Post the Acquisition, the Board of Directors of the Company has been reconstituted.

The Board on the recommendation of the Nomination and Remuneration Committee **("NRC/Commmittee")** has approved and adopted a revised Policy for Appointment & Removal of Directors. This Policy covers different parameters including board diversity, membership criteria and criteria for determining independence of Directors.

Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

The Policy on Appointment and Removal of Directors is annexed to this Report **(Annexure – 1)** and is also available on our website www.bhushansteel.com. A web link for the same is also provided in the Corporate Governance Report.

3. **Board Evaluation**

Pursuant to the provisions of the Act and Listing Regulations, the Board is required to carry an annual evaluation of its own performance, the directors individually as well as the evaluation of the working of various committees.

During financial year 2017-18, the Independent Directors met on March 16, 2018 to discuss and review the performance of the erstwhile Board and the management.

Subsequent to the Acquisition,the then existing Directors of the Company were deemed to have vacated their office effective May 18, 2018.

4. **Compensation Policy for the Board and Senior Management**

Post the Acquisition, based on the recommendations of the NRC, the Board has approved and adopted a revised Remuneration Policy for Directors, Key Managerial Personnel and all other employees of the Company **("Remuneration Policy")** effective July 11, 2018.

As part of this policy, the Company will strive to achieve alignment between pay and long-term sustainable performance.

The Remuneration Policy is annexed to this report **(Annexure – 2)** and is also available on the website of the Company www.bhushansteel.com. A weblink of the same is provided in the Corporate Governance Report.

5. **Particulars of Employees**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report **(Annexure -3).**

In addition, there are no employees drawing remuneration in excess of the limits sets out in the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

6. **Independent Directors Declaration**

Post the Acquisition, the Reconstituted Board comprises four Independent Directors. The Company has received the necessary declaration from each of the four Independent Directors in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and the Listing Regulations.

7. **Directors**

The year under review saw the following changes to the Board of Directors:

Induction to the Board

Mr. Vineet Prakash Jain, Nominee Director of Punjab National Bank was appointed as Nominee Director effective November 14, 2017 in place of Mr. Rajesh Yaduvanshi who resigned as Member of the Board effective October 25, 2017.

Cessation of Directorship

Mr. Rajesh Yaduvanshi, Nominee Director of Punjab National Bank resigned as Member of the Board effective October 25, 2017.

Mr. Kapil Vaish and Mr. M. V. Suryanaryana, Independent Directors, resigned as Members of the Board effective November 14, 2017 and January 05, 2018 respectively.

Mr. Nittin Johari, Whole Time Director and Chief Financial Officer resigned as Member of the Board effective November 27, 2017.

Directorships post May 15, 2018

Post closure of financial year 2017-18 and pursuant to the Acquisition, the Board of Directors of the Company was reconstituted, details of which are covered under the head "Material Changes Post Closure of Financial Year".

Re-appointment

In accordance with the provisions of the Act, Mr. Anand Sen will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board recommends and seeks your support in confirming the re-appointment of Mr. Anand Sen as a Director on the Reconstituted Board.

8. **Audit Committee**

The Audit Committee met five times during the year. The details of the meetings held and attendance of Members during the year are given in the Corporate Governance Report.

Pursuant to the Acquisition, the Audit Committee has been re-constituted and on July 11, 2018 the Board has approved the charter for the functioning of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

9. **Internal Financial Control Systems**

Pursuant to the Acquisition, the Company is putting in place a framework for Internal Financial Controls, commensurate with the size, scale and complexity of the Company's operations.

10. **Risk Management**

Post the Acquisition, the Company is putting in place an enterprise 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 Board to the best of its knowledge states that, there are at present no such risks that threaten the existence of the Company.

11. Vigil Mechanism

Post the Acquisition, the Board, on the recommendations of the Audit Committee, has approved a new vigil mechanism that provides a formal mechanism for all Directors, employees and vendors to approach the Ethics Counselor/Chairman of the Audit Committee and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Tata Code of Conduct **("TCoC")**.

The Vigil Mechanism comprises 3 policies viz., the Whistle Blower Policy for Directors & Employees, Whistle Blower Policy for Vendors and Whistle Blower Reward and Recognition Policy for Employees. The same is available on our website, www.bhushansteel.com. A weblink for the same is provided in the Corporate Governance Report.

The Whistle Blower Policy for Directors & Employees is an extension of the TCoC that requires every Director or Employee to promptly report to the Management any actual or possible violation of the TCoC or any event where he or she becomes aware of, which could affect the business or reputation of the Company.

The Whistle Blower Policy for Vendors provides protection to vendors from any victimization or unfair trade practices by the Company.

The Whistle Blower Reward and Recognition Policy for Employees has been implemented in order to encourage employees to genuinely blow the whistle on any misconduct or unethical activity taking place in the Company.

During the financial year 2017-18, the Company did not receive any whistleblower complaints.

12. Related Party Transactions

The Company is a party to certain contracts with related parties. The terms of these contracts with related parties appear onerous on the Company. The Reconstituted Board and the new management will deal with these contracts in accordance with the applicable law, Approved Resolution Plan and the IBC Order. The new management is also in the process of identifying, and analysing other contracts entered into by the Company. The process is ongoing and the members are requested to read this report in light of the fact that efforts are still ongoing to understand and acclimatize to the issues that potentially exist in the Company, which has only recently come out from the CIRP Process.

The Company reserves its right under the applicable laws and in terms of the Approved Resolution Plan to seek appropriate remedies in respect of such onerous contracts with the related parties.

13. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and post the Acquisition has adopted a revised 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 thereunder.

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2017-18, the Company did not receive any complaint of sexual harassment.

14. Directors' Responsibility Statement

Members may kindly note that, the Directors of the Reconstituted Board were not in office for the period to which this report primarily pertains. During the CIRP Process (i.e. between July 26, 2017 to May 15, 2018), RP and prior to the Insolvency Commencement Date, the erstwhile Board of Directors was entrusted with and responsible for the management of the affairs of the Company. The Reconstituted Board is submitting this report in compliance with the Act and Listing Regulations and the Directors, as on date, are not to be considered responsible to discharge fiduciary duties with respect to the oversight on financial and operational health of the Company and performance of the management for the period prior to the Acquisition.

IBC is a new legislation in India and the Approved Resolution Plan of the Company is amongst the first such resolution plan approved under the IBC and the members are requested to read this report in light of the fact that the Reconstituted Board and the new management is currently implementing the resolution plan.

As pointed out above, the Reconstituted Board of Directors have been in office only since May 18, 2018. Consequently, the Reconstituted Board has only a limited overview of the effectiveness of the internal financial and other controls of the Company for the fiscal year 2018.

Accordingly, pursuant to Section 134(5) of the Act, the Reconstituted Board of Directors, based on the knowledge/ information gained by them, about the affairs of the Company, in a limited period of time and based on understanding of the then existing processes of the Company and to the best of their knowledge state:

a) that in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) that we have selected such accounting policies and made judgments and estimates that are reasonable and prudent so as to give a reasonably true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2018 and of the profit or loss of the Company for that period; and

c) that the annual accounts for the financial year ended March 31, 2018 have been prepared on a going concern basis.

15. Subsidiaries, Joint Ventures and Associates

The Company has 3 (three) wholly-owned subsidiary companies in India and 4 (four) subsidiaries in Australia as on March 31, 2018. Further the Company has 3 (three) associate companies and 1 (one) joint venture as on March 31, 2018.

The Consolidated Financial Statements presented by the Company include financial results of all its subsidiaries. The Audited Financial Statements of the subsidiary companies have been reviewed by the Audit Committee and the Board.

Most of the subsidiaries and joint ventures of the Company have not commenced operations and their contribution to the overall performance of the Company is insignificant.

Pursuant to an order of Hon'ble Calcutta High Court dated January 24, 2017, Andal East Coal Company Pvt. Ltd, a joint venture of the Company is under liquidation.

Further, Bhushan Energy Limited (**"BEL"**), an associate of the Company, has been admitted to the corporate insolvency resolution process under the Code since January 08, 2018 and is managed by the resolution professional approved by the committee of creditors. The Board of BEL has been suspended.

In terms of the applicable Accounting Standards, the Company has lost significant influence over BEL and this has been accordingly dealt with while preparing the consolidated financial statements of the Company.

A report on the performance and the financial position of the subsidiaries, associates and joint venture as per Form AOC-1 is attached to this report **(Annexure – 4).**

16. Auditors

Statutory Auditors

Members of the Company at the Annual General Meeting **("AGM")** held on September 16, 2017, ratified the appointment of M/s. Mehrotra & Mehrotra, Chartered Accountants as the statutory auditor from the conclusion of the 34th AGM till the conclusion of the 35th AGM.

Post the Acquisition, M/s. Mehrotra & Mehrotra, Chartered Accountants resigned as the statutory auditor of the Company with effect from May 29, 2018.

The Board, on the recommendation of the Audit Committee, appointed M/s Walker Chandiok & Co LLP, Chartered Accountants (Registration No: 001076N/N500013) (**"WCC"**) as the statutory auditor to fill the vacancy caused by the resignation of the existing statutory auditor, subject to the approval of the shareholders. WCC shall hold office upto the conclusion of the ensuing AGM. The Company sought the approval of members of the Company in respect of the aforesaid appointment by postal ballot notice dated July 11, 2018. The results of the postal ballot were announced on August 21, 2018. The resolution appointing WCC as statutory auditors of the Company was duly passed.

The tenure of WCC as the statutory auditor will expire on the conclusion of the ensuing AGM. The Board, on the recommendation of the Audit Committee, has proposed the appointment of WCC as the statutory auditor for a period of 5 (five) years. The resolution for appointment of auditors forms part of the notice convening the next AGM.

WCC has audited the book of accounts of the Company for the financial year ended March 31, 2018 and has issued a qualified auditors' report thereon. The qualifications in the auditor's report are as given hereunder:

a) The statutory auditors of the Company have expressed a qualified opinion on the standalone and consolidated financial results of the Company for the year ended March 31, 2018. The cumulative impact of the same on turnover, total expenditure, profit or loss and earning per share of the Company for the year ended is ₹ Nil, ₹ 2,019.11 crore, ₹1,968.76 crore and decrease of ₹86.92 per share respectively. As the qualification pertains to the prior period adjustments in the financial results for the year ended March 31, 2018, there is no cumulative impact thereof on the balance sheet of the Company as of that date.

   In connection with the same qualification, the auditors expressed that during the period under review (April 2017 through March 2018) the Internal Financial Controls over financial reporting is materially weak. Given that the qualification pertains to the prior period, we are not in a position to comment on the said qualification. However, the Company is putting in place appropriate systems and processes to strengthen the internal financial controls.

b) The auditors report that the Directors of the Company as on March 31, 2018, were disqualified from being appointed as Directors in terms of Section 164(2) of the Act. Post the NCLT order dated May 15, 2018, the erstwhile Directors of the Company are deemed to have resigned/vacated the office. Hence none of the erstwhile Directors continue as Members of the Board.

c) The statutory auditors of the Company have stated in their report that "Pursuant to the initiation of CIRP and the requirements of Section 25(2)(j) of IBC, the Resolution Professional appointed by the NCLT identified certain transactions covered under Sections 43 to 51 and 66 of the IBC. These transactions were submitted with NCLT. Crystallisation of amount / Future course of action will be carried out based on the judgement/order of NCLT. Further, based on the information and explanations provided to us, certain former key management personnel of the Company are subject matter of investigations by the Government Authorities, which is currently underway and the Company is yet to get any communication in this respect from the government agencies till the balance sheet date. Except these transactions, no fraud by the Company or on the Company by its officers or employees has been noticed during the period covered by our audit."

The qualification/emphasis of matter in the auditors report pertains to the period prior to the Directors of the Reconstituted Board taking office. The Reconstituted Board is continuously working from May 18, 2018, towards analyzing the financial and operational affairs of the Company for any fraudulent transactions, errors or omissions.

The Company states that it will address the issues arising from the discovery of fraudulent transactions or any other issues relating to the financial and operational affairs of the Company, if and when discovered, in accordance with law. The Company reserves its right under the applicable laws to seek appropriate remedies.

Cost Auditors

In terms of Section 148 of the Act, the Company is required to maintain cost records and have the audit of its cost records conducted by a cost accountant. Cost records are made and maintained by the Company as required under Section 148(1) of the Act. The Board of Directors at its meeting held on July 5, 2017 appointed M/s Kabra & Associates, Cost Auditors to conduct the Cost Audit for the Financial Year 2017-2018.

For the financial year ending March 31, 2019, the Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s Shome & Banerjee as the cost auditors of the Company. M/s Shome & Banerjee have vast experience in the field of cost audit.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the members of the Company. Accordingly, an appropriate resolution for the proposed remuneration of ₹ 7 Lakhs (Rupees Seven lakhs) plus applicable taxes and out-of-pocket expenses payable to the cost auditors for the Financial Year ending March 31, 2019, forms part of the notice convening the next AGM.

Secretarial Auditors

Section 204 of the Act inter-alia requires every listed company to annex with its Board's report, a secretarial audit report given by a Company Secretary in practice, in the prescribed form.

The Board appointed R. K Rai, practicing Company Secretaries, as secretarial auditor to conduct a secretarial audit of the Company for the financial year 2017-18. The secretarial auditor has made certain observations in the report. Pursuant to the Acquisition and the IBC Order dated May 15, 2018 passed by the NCLT, there has been a change in the Board and the management of the Company. Given that the observations pertain to the prior period, we are not in a position to comment on the said observations.

The Secretarial Audit report for financial year 2017-18 is annexed to this report **(Annexure – 5)**.

Post-Acquisition, the Board, at its meeting held on August 9, 2018 has appointed M/s PI & Associates to conduct a secretarial audit of the Company for the financial year 2018-19.

18. Annual Return

In terms of the provisions of Act and the amendments thereto the annual return of the Company is placed on the website of the Company. Weblink of the same is given below:

http://www.bhushan-group.org/Investor%20Relations%20pdf/Forms/Form%20MGT-7-%202017-18.pdf

19. Significant and Material Orders passed by the Regulators or Courts

On May 15, 2018, the NCLT approved the resolution plan submitted by TSL. Pursuant to the IBC Order, Bamnipal acquired the shares of the Company on May 18, 2018 in accordance and compliance with the provisions of the Code.

The IBC Order was challenged by the members of the Erstwhile Promoter Group of the Company and various other parties before the National Company Law Appellate Tribunal **("NCLAT")**. The NCLAT, while dismissing the appeals, has confirmed and upheld the NCLT Order as passed by the NCLT thereby approving the Acquisition, through its order dated August 10, 2018.

It is pertinent to reiterate that the Approved Resolution Plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved. Contravention of any provisions of the Approved Resolution Plan may attract penal consequences in accordance with the provisions of the Code. Accordingly, the Company will be taking measures towards ensuring a smooth implementation of the Approved Resolution Plan.

Besides the above, to the best of our knowledge, there seems to have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

However, members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the financial statements.

20. Particulars of Loans, Guarantees or Investments

There were no loans or guarantees given or investments made during the financial year 2017-18.

21. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of the energy conservation, technology absorption and foreign exchange earnings and outgo are annexed to this Report **(Annexure – 6)**.

22. Deposits

During the year, the Company has not accepted any public deposits under the Act.

23. Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, dealers, suppliers and investors for their continuous support.

The Directors also thank the Government of India, various State Governments particularly the States of Orissa, Maharashtra & Uttar Pradesh, Government of Australia, Banks, Financial Institutions, shareholders and debenture holders and concerned Government departments and agencies for their continued support.

Your Directors wish to place on record their deep sense of appreciation & gratitude to the Company's employees for their hard work, co-operation and support.

On behalf of the Board of Directors

sd/-
TV NARENDRAN
Chairman
DIN: 03083605

Jamshedpur
August 22, 2018

ANNEXURE - 1
POLICY ON APPOINTMENT AND REMOVAL OF DIRECTORS

1. Introduction

In terms of Section 178 of the Companies Act, 2013 **("Act")**, rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, the Committee has formulated this policy on appointment and removal of Directors.

This policy shall act as a guideline for determining qualifications, positive attributes, independence of a Director and matters relating to the appointment and removal of Directors.

2. Objective of the Policy

To lay down criteria and terms and conditions with regards to the identification of persons who are qualified to become Directors (executive, non-executive and independent) including their qualifications, positive attributes and independence and who may be appointed as the Senior Management of the Company.

3. Appointment of Directors

i. This Policy enumerates guidelines which may be used by NRC in selecting/appointing/re-appointing and removal of a Director.

ii. Assess skill-sets the Board needs given the strategies, challenges faced by the Company.

iii. In selecting individuals for appointment/re-appointment/removal of directors, the NRC may refer to the following guidelines/policies:

- Board Membership Criteria **(Refer Schedule A)**
- Board Diversity Policy **(Refer Schedule B)**
- Criteria for determining independence of Directors (in case of appointment of Independent Directors Refer **Schedule C)**

iv. NRC may also request candidature from the database maintained by Tata Group HR/Company or list of potential candidates shared by the external consultants or any other source as deemed appropriate by the Committee.

v. NRC members (either jointly/individually, as delegated) shall meet the potential candidate and assess his/her suitability for the role.

vi. NRC to recommend the appointment of short listed candidate to the Board for its consideration.

vii. Emergency Succession: If position of a Director suddenly becomes vacant by reason of death or other unanticipated occurrence, the NRC shall convene a special meeting at the earliest opportunity to fill such vacancy.

4. Policy Implementation

NRC is responsible for recommending this Policy to the Board. The Board is responsible for approving and overseeing implementation of this Policy (with the support of NRC).

5. Review of the Policy

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule A

BOARD MEMBERSHIP CRITERIA

The NRC works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education, and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations management, public policy, international relations, legal, governance and other disciplines relevant to the success of a large publicly traded metals and mining company in today's business environment; understanding of the Company's business; experience in dealing with strategic issues and long-term perspectives; maintaining an independent familiarity with the external environment in which the Company operates and especially in the Directors particular field of expertise; educational and professional background; personal accomplishment; and geographic, gender, age, and ethnic diversity.

The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

In determining whether to recommend a Director for re-election, the Committee also considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board, and the results of the most recent Board self-evaluation.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with the responsibilities at Bhushan Steel.

Schedule B

BOARD DIVERSITY POLICY

1. Purpose

The need for diversity in the Board has come into focus post the changes in the provisions of the Companies Act, 2013 **("Act")** and SEBI (LODR) Regulations 2015.

The NRC has framed this Policy to set out the approach to diversity on the Board of the Company **("Policy")**.

2. Scope

This Policy is applicable to the Board of the Company.

3. Policy Statement

The Company recognizes the importance of diversity in its success.

A diverse Board will bring in different set of expertise and perspectives. The combination of Board having different skill set, industry experience, varied cultural and geographical background and gender diversity will bring a variety of experience and viewpoints which will add to the strength of the Company.

While all appointments to the Board are made on merit, the diversity of Board in aggregate will be of immense strength to the Board in guiding the Company successfully through various geographies.

The Committee reviews and recommends appointments of new Directors to the Board. In reviewing and determining the Board composition, the Committee will consider the merit, skill, experience, gender and other diversity of the Board.

To meet the objectives of driving diversity and an optimum skill mix, the Committee may seek the support of Tata Group Human Resources.

4. Monitoring and reporting

The Committee will report annually, in the Corporate Governance section of the Annual Report of the Company, the process it employed in Board appointments. The report will include summary of this Policy including purpose and the progress made in achieving the same.

5. Review of the Policy

This Policy will be reviewed and reassessed by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

6. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Schedule C

CRITERIA FOR DETERMINING INDEPENDENCE OF DIRECTORS

1. Purpose

The purpose of this Policy is to define guidelines that will be used by the Nomination and Remuneration Committee/ Board to assess the independence of Directors of the Company.

2. Independence Guidelines

A Director is considered independent if the Board makes an affirmative determination after a review of all relevant information. The Board has established the categorical standards set forth below to assist it in making such determinations.

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, other than remuneration as such director or having transaction not exceeding ten per cent, of his total income or such amount as may be prescribed 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 -

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent, of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent, or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i),(ii) or (iii) or fifty lakh rupees, whichever is lower,

(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;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

(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) who is not less than 21 years of age.

(g) who possesses such other qualifications as may be prescribed.

3. Definitions in addition to those provided above

"Nominee Director" implies a Director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any government or any other person to represent its interests.

"Associate Company" implies a company which is an "associate" as defined in the Companies Act 2013 and Indian Accounting Standard ("Ind AS") 28 i.e. "Investments in Associates" issued by the Institute of Chartered Accountants of India.

"Relative" implies anyone who is related to another if they are members of HUF; if they are husband and wife; or if one person is related to the other in such manner as may be prescribed under the Act. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely– Father (includes step-father), Mother (includes step-mother),Son(includes step-son),Son's wife, Daughter, Daughter's husband, Brother (includes step- brother), Sister (includes step-sister).

Explanations:

Consecutive Terms: He/she shall be eligible for appointment as Independent Director after the expiration of three years of ceasing to be a Director on the Board of the Company provided that he/ she shall not during the said period of three years, be appointed in or associated with Bhushan Steel in any other category, either directly or indirectly.

ANNEXURE - 2

REMUNERATION POLICY OF DIRECTORS, KMPS AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, KMP and all other employees of Bhushan Steel Limited **("Company")** is based on commitment demonstrated by the Directors, KMPs and other employees towards the Company and truly fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This Remuneration Policy **("Policy")** has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 **("Act")** and Regulation 19(4) read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**. In case of any inconsistency between the provisions of law and this Policy, the provisions of the law shall prevail and the Company shall abide by the applicable law. While formulating this Policy, the Nomination and Remuneration Committee **("NRC")** has considered the factors laid down under Section 178(4) of the Act, which are as under:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Key principles governing this Policy are as follows:

REMUNERATION FOR INDEPENDENT DIRECTORS AND NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay the remuneration.

Independent Directors **("ID")** and Non-Independent Non-Executive Directors **("NED")** may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

Overall remuneration practices should be consistent with recognised best practices.

The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company's performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The NRC will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

REMUNERATION FOR MANAGING DIRECTOR (MD)/EXECUTIVE DIRECTORS (EDS)/KMP/REST OF THE EMPLOYEES

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
- Based on the role played by the individual in managing the Company including responding to the challenges faced by the Company,
- Reflective of size of the Company, complexity of the sector/ industry/ company's operations and the Company's capacity to pay,
- Consistent with recognised best practices and
- Aligned to any regulatory requirements.
- In terms of remuneration mix or composition,

The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.

Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.

In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimisation, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through re¬imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.

The Company provides retirement benefits as applicable.

In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/EDs such remuneration by way of bonus/performance linked incentive and/ or commission calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

The Company may provide the rest of the employees a performance linked bonus and/or performance linked incentive and/or long-term incentive as applicable. The performance linked bonus/performance linked incentive would be driven by the outcome of the performance appraisal process and the performance of the Company.

REMUNERATION PAYABLE TO DIRECTOR FOR SERVICES RENDERED IN OTHER CAPACITY

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:

a) The services rendered are of a professional nature; and

b) The NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession.

PREMIUM ON INSURANCE POLICY

Where any insurance is taken by the Company on behalf of its NEDs, for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration.

Where any insurance is taken by the Company on behalf of its MD/ EDs, KMP and any other employees for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

POLICY IMPLEMENTATION

The NRC is responsible for recommending the Policy to the Board. The Board is responsible for approving and overseeing implementation of the Policy.

REVIEW OF THE POLICY

This Policy will be reviewed and reassessed by the NRC as and when required and appropriate recommendations shall be made to the Board to update this Policy based on changes that may be brought about due to any regulatory amendments or otherwise.

COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarification from the management in this regard.

ANNEXURE - 3

PART A: DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

Name of Directors/ KMP	Remuneration for Financial Year (₹ Lakh)		% Increase in remuneration	Ratio of remuneration to median remuneration of all employees
	2017-18	2016-17		
Independent Directors				
Mr. Brij Behari Tandon	3.20	2.80	14.29	0.88
Mr. Ashwani Kumar	1.60	2.20	(27.27)	0.44
Mr. Pradeep Patni	0.20	0.40	(50.00)	0.05
Mr. Sahil Goyal	1.40	1.20	16.67	0.39
Mr. Rakesh Singhal	1.00	1.20	(16.67)	0.28
Mr. Pankaj Sharma	0.40	0.80	(50.00)	0.11
Mr. M. V. Suryanarayana	2.20	2.60	*	*
Mr. Kapil Vaish	0.40	0.80	*	*
Mrs. Monica Aggarwal	0.40	0.40	-	0.11
Nominee Directors				
Mr. Ajoy Kumar Deb	1.00	1.00	-	0.28
Mr. Vipin Anand	0.80	0.60	33.33	0.22
Mr. Vineet Prakash Jain	0.20	-	*	*
Mr. Rajesh Yaduvanshi	0.40	0.60	*	*
Non-executive Directors				
Mr. Brij Bhushan Singal	1.60	6.20	(74.19)	00.44
Executive Directors & KMP				
Mr. Neeraj Singal Vice Chairman & Managing Director	226.99	145.83	55.65	62.70
Mr. Nittin Johari Whole-time Director (Finance) and Chief Financial Officer	172.18	141.40	21.77	47.56
Mr. Rahul Sen Gupta Whole-time Director (Technical)	118.66	99.40	19.38	32.78
Mr. Prem Kumar Aggarwal Whole-time Director (Commercial)	118.75	99.61	19.21	32.80
Mr. O. P. Davra Company Secretary	41.00	26.00	57.69	11.33

*Since the remuneration of these Directors is only for part of the year, the ratio of their remuneration to median remuneration is not comparable and increase in remuneration is not stated.

(ii) median remuneration of the employees of the company for the financial year 2017-18: ₹ **3.62 Lakh**

(iii) percentage increase in the median remuneration of employees in the financial year 2017-18: **7.74%**

(iv) number of permanent employees on the rolls of Company as on March 31, 2018: **5,731**

(v) During the year, average percentage increase in salary for Executive Directors **("ED")** and Key managerial Personnel **("KMP")** was **32.26%.**
For other employees the average percentage increase in salary was **9.22%.**

(vi) No variable component of remuneration was paid to the directors.

(vii) During the year, the following changes took place at the Board:

a) Mr. Vineet Prakash Jain, Nominee Director of Punjab National Bank was appointed as Nominee Director effective November 14, 2017 in place of Mr. Rajesh Yaduvanshi who resigned effective October 25, 2017.

b) Mr. Kapil Vaish and Mr. M.V. Suryanarayana, independent directors resigned from the Board effective November 14, 2017 and January 5, 2018 respectively.

c) Mr. Nittin Johari, Whole-time Director and Chief Financial Officer resigned as Whole-time Director effective November 27, 2017.

PART B: DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013

[READ WITH RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2014]

Top Ten Employees of the Company in terms of remuneration drawn during the Financial Year 2017-18

S. No.	Name	Designation	Remuneration (4) (₹ Lakh)	Qualification	Experience (Years)	Age (Years)	Date of commencement of employment	Nature of Employment	Last Employment
1.	Mr. Akshay Kumar Saxena	Executive Director	300.00	BE- Metallurgy	36	58	30.07.2011	Permanent	Arcelor Mittal
2.	Mr. Neeraj Singal	Vice Chairman & Managing Director	226.99	Graduate	31	49	1.04.1992	Contractual	Executive director with Bhushan Metallics Ltd.
3.	Mr. Shankar Batra	Executive Vice President	175.00	CS and CWA	39	59	02.09.1996	Permanent	SAIL
4.	Mr. Nittin Johari	Director Finance/ CFO	172.18	M.Com. FCA	33	55	6.01.1995	Permanent	Finance Controller With Wimco Ltd.
5.	Mr. Atul Kumar Misra	Executive Director-in charge	140.00	BE- Metallurgy	30	58	09.12.2013	Permanent	Jindal Steel & Power Ltd.
6.	Ms. Ritu Singal	Chief Administrative Officer	122.00	Graduate	14	48	01.02.2005	Permanent	-
7.	Mr. Rahul Sen Gupta	Whole- time Director (Technical)	118.66	B.Sc (Mechanical Engineer)	37	59	22.05.1995	Permanent	Indian Oxygen Limited
8.	Mr. Prem Kumar. Aggarwal	Whole- time Director (Commercial)	118.75	FCA	39	64	01.02.1989	Permanent	Bhushan Industries Limited
9.	Mr. Anil Ahuja	Executive Vice President	108.00	B. Tech	37	57	01.02.2006	Permanent	SCAW industries Pvt. Ltd.
10.	Mr. Kawal Deep Sahni	Senior Vice President	80.00	Bachelor of Science in Engineering (Industrial & Production). Post Graduate in Industrial engineering and Management	30	55	28.09.2015	Permanent	Holcim Cement – Bangladesh (VP Manufacturing and Project)

Notes:

(1) Details of equity shares of the Company held by the aforementioned employees is given below

Name	% of equity shares held
Mr. Neeraj Singal	22.00
Ms. Ritu Singal (Wife)	2.00
Ms. Aishwarya Singal (Daughter)	0.75
Total	**24.75**

(2) Mr. Nittin Johari resigned as Whole time Director with effect from November 27, 2017.

(3) Mr. Neeraj Singal, Managing Director, is the son of Mr. Brij Bhushan Singal and Mrs. Ritu Singal is the wife of Mr. Neeraj Singal. No other employee is related to any Director of the Company

(4) Apart from the details given in Part B there is no employee, who:

a) was in receipt of remuneration during the financial year 2017-18, which, in the aggregate, was not less than one crore and two lakhs rupees; and

b) was in receipt of remuneration for any part of the financial year 2017-18, at a rate which, in the aggregate, was not less than eight lakhs fifty thousand rupees per month

c) during the financial year 2017-18 or part thereof, was in receipt of remuneration, which was in excess of that drawn by the managing director or whole-time director or manager and who holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

On behalf of the Board of Directors
Sd/-
T.V. Narendran
Chairman
DIN:03083605

Jamshedpur
August 22, 2018

ANNEXURE - 4

FORM AOC-1

Statement containing salient features of the financial statements of the Subsidiaries/Joint Ventures/Associate Companies

Pursuant to Section 129(3) of the Companies Act, 2013

[Read with Rule 5 of the Companies (Accounts) Rules, 2014]

PART 'A'-Summary of Financial Information of Subsidiary Companies

S. No.	Name of the company	Date since when subsidiary acquired	Reporting Currency	Exchange Rate	Share Capital (₹ Lakh)	Reserve & Surplus (₹ Lakh)	Total Assets (₹ Lakh)	Total Liabilities (₹ Lakh) (excluding shareholders' funds)	Total invest-ment included in total assets (₹ Lakh)	Turnover	Profit before taxation (₹ Lakh)	Pro-vision for taxation (₹ Lakh)	Profit after taxation (₹ Lakh)	Proposed dividend	Extent of Shareholding (%)
1.	Bhushan Steel (Orissa) Ltd.	27.04.2010	INR	1.00	5.00	(1.21)	4.40	0.61	-	-	(0.29)	-	(0.29)	-	100.00
2.	Bhushan Steel (South) Ltd.	27.04.2010	INR	1.00	5.00	(105.40)	0.23	100.63	-	-	(75.31)	-	(75.31)	-	100.00
3.	Bhushan Steel Madhya Bharat Ltd.	27.04.2010	INR	1.00	5.00	(1.21)	4.40	0.61	-	-	(0.29)	-	(0.29)	-	100.00
4.	Bhushan Steel (Australia) Pty Ltd.**	15.06.2007	AUD	49.991	26,946.53	(26,241.29)	1,331.96	626.72	-	-	(70.67)	-	(70.67)	-	90.97
5.	Bowen Energy Pty Ltd.#**	28.07.2009	AUD	49.991	8,900.04	(11,209.34)	25.87	2,335.17	-	-	(287.57)	-	(287.57)	-	100.00
6.	Bowen Coal Pty Ltd. #**	28.07.2009	AUD	49.991	-	-	-	-	-	-	-	-	-	-	100.00
7.	Bowen Consolidated Pty Ltd. #**	28.07.2009	AUD	49.991	-	-	-	-	-	-	-	-	-	-	100.00

Bowen Energy Pty Ltd is the wholly owned subsidiary of Bhushan Steel (Australia) Pty Ltd and Bowen Coal Pty Ltd. and Bowen Consolidated Pty Ltd. are step down subsidiaries of Bowen Energy Pty Ltd. Hence, the effective ownership in the Bowen Energy Pty. Ltd. & its step-down subsidiaries shall be the same as the shareholding existing in Bhushan Steel (Australia) Pty Ltd.

** Closing exchange rate as on March 31, 2018 has been considered for calculation.

Notes:

(1) Name of subsidiaries yet to commence operations: All subsidiaries

(2) Names of subsidiaries which have been liquidated or sold during the year: None

(3) Reporting period for all subsidiaries is April 1, 2017 to March 31 2018

PART 'B': Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. N.	Name of company	Latest audited balance sheet date	Date on which associate and joint venture was associated or acquired	Shares of Associate or Joint Venture held by the Company on year end			Description of how there is significant influence	Reasons why the associate/ joint venture is not consolidated	Net worth attributable to shareholding as per latest audited balance sheet (₹ Lakh)	Profit/loss for the year (₹ Lakh)	
				No. of shares	Amount of Investment (₹ Lakh)	Extent of holding (%)				Considered in consolidation	Not considered in consolidation
ASSOCIATES											
1.	Bhushan Capital & Credit Services Private Limited	31.03.2017	28.07.1993	86,43,742	940.31	42.58	By shareholding	##	-	-	--
2.	Bhushan Energy Limited	31.03.2017	02.12.2009	6,50,00,000	35,000	47.71	By shareholding	@	-	-	-
3.	Jawahar Credit & Holdings Private Limited	31.03.2017	28.07.1993	86,43,742	940.31	39.65	By shareholding	##	-	-	-

Notes:

1. Joint Venture **("JV")** of the Company - Andal East Coal Company Pvt. Ltd, a JV of the Company was admitted to winding up proceedings by the Hon'ble Calcutta High Court vide order dated January 24, 2017. Therefore, the accounts of Andal East Coast Company Limited have not been considered for consolidation of accounts of the Company.
2. Name of associates/ joint ventures yet to commence operations: Except Bhushan Energy Limited **("BEL")**, no other associates have commenced operations.
3. Names of associates/ joint ventures which have been liquidated or sold during the year: Andal East Coast Company, a JV of the Company is currently under liquidation.

As per IND AS, negative net worth of associate companies and JVs should not be included in the consolidated net worth. Hence the associate has not been considered for consolidation of accounts of the Company.

@ BEL has not been considered for consolidation as the corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code, 2016 was initiated against BEL vide order of National Company Law Tribunal (NCLT) dated January 08, 2018. Pursuant to this, the Company lost significant influence over BEL.

For and on behalf of the Board of Directors:

Sd/-
T. V. Narendran
Chairman
(DIN: 03083605)

Sd/-
Krishnava Dutt
Independent Director
(DIN: 02792753)

Sd/-
Neera Saggi
Independent Director
(DIN: 00501029)

Sd/-
Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Sd/-
Anand Sen
Director
(DIN: 00237914)

Sd/-
Koushik Chatterjee
Director
(DIN: 00004989)

Sd/-
Rajeev Singhal
Managing Director
(DIN: 02719570)

Sd/-
Sanjib Nanda
Chief Financial Officer

Sd/-
O.P. Davra
Company Secretary

Jamshedpur
August 22, 2018

ANNEXURE - 5

FORM NO. MR-3

Secretarial Audit Report for the Financial Year Ended March 31, 2018 Pursuant to Section 204 (1) of the Companies Act, 2013 [Read with rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Bhushan Steel Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bhushan Steel Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing our opinion thereon.

We report that:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended March 31, 2018 according to the applicable provisions of:

i. The Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 **("Act")** read with the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 **("SCRA")** and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act,1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 **("SEBI Act")**:

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable on the Company)

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client; (Not applicable on the Company)

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable on the Company) and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable on the Company)

vi . Other laws applicable to the Company are:

   1. The Indian Explosives Act, 1884 and the Static and Mobile Pressure Vessels (Unfired) Rules, 2016

   2. The Petroleum Act, 1934

   3. The Indian Boilers Act, 1923 and rules/regulations made thereunder

   4. The Environment Protection Act, 1986 and the and the rules, notifications issued thereunder

   5. Coal Mines (Special Provisions) Act, 2015

   6. The Mines Act, 1952 and the rules, regulations made thereunder.

   7. Mines and Minerals (Development & Regulation) Act, 1957 and the rules made thereunder.

   8. Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder.

   9. Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975

   10. Factories Act, 1948 and allied State Laws.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the company with BSE Limited and National Stock Exchange of India Limited.

(iii) SEBI (Listing obligations and Disclosures Requirements) Regulations, 2015.

We further report that:

We have not reviewed the compliance of applicable financial laws including Direct and Indirect Tax laws by the Company as the same has been subject to review by the Statutory Auditors and others designated professionals.

Based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on review of quarterly compliance reports taken on record by the Board of Directors of the Company in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance of provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except the following:

i. The Company had failed to submit audited standalone financial results along with Auditors Report within 60 days from the close of the financial year ended March 31, 2017. which is a non-compliance under Regulation 33 (3) of the Listing Regulations.

ii. The Company had failed to submit standalone financial statements within 45 days from the close of the quarter ended June 30, 2017 which is a non-compliance under Regulation 33(3) of the Listing Regulations.

iii. BSE Ltd and National Stock Exchange of India Limited have imposed a fine of ₹ 7,17,475 and ₹ 12,56,058 respectively for non-compliance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

iv. The notice of Book closure under Regulation 42 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Annual General Meeting for the Financial Year 2016-17 was less than seven days for which Stock Exchanges have cautioned the company to strictly comply with the same.

v. Minutes of the meeting of Stakeholder Committee held on 31.03.2017 were not taken on record by the Board of Directors in its meeting held on May 30, 2017.

vi. Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Rules, 2016 all shares pertaining to shareholders who have not claimed dividend in the last seven years have been duly transferred to IEPF Account except one because of suspension of de-mat account.

Based on the information/ records provided, I have not formed a comprehensive opinion as far compliances under the Foreign Exchange Management Act, 1999 and the rules and regulations there under are concerned.

We further report that during the audit period the following events took place at the Company which had a bearing on the Company's affairs:

The Financial Creditors of the Company initiated the Corporate Insolvency Resolution Process **("CIRP Process")** due to the default made in repayment of borrowings and interest thereon. The Company was admitted to corporate insolvency resolution process vide order of the National Company Law Tribunal, (**"NCLT"**) Principal Bench, New Delhi dated July 26, 2017 under the provisions of the Insolvency and Bankruptcy Code, 2016 **("Code")**. In connection with the corporate insolvency resolution process of the Company, the NCLT vide its order dated May 15, 2018 approved the Resolution Plan submitted by Tata Steel Limited **("TSL")** and on May 18, 2018, TSL acquired the Company through its wholly owned subsidiary, Bamnipal Steel Limited.

We also report that:

i. Mr. B. B. Singal, Chairman of the Company, had been questioned by SFIO in connection with diversion of funds ₹ 1,000/- Crores. He appeared before SFIO on March 08, 2018 and this matter is under investigation by SFIO.

ii. Summons for personal appearance were also issued by SFIO to eleven directors (Excluding Nominee Directors, Mr. B. B. Singal and Mrs. Monica Aggarwal) in respect of the said investigation.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that as represented by the Company and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

R.K. RAI & CO.
Company Secretaries

Rama Kant Rai, Proprietor
FCS 6035, CP No. 7778

Place: New Delhi
Date: August 22, 2018

This Report is to be read with our letter of even date which is attached as Annexure –A and forms an integral part of this Report.

Annexure A

To,

The Members,

Bhushan Steel Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Statutory and other records are the responsibility of the management of the company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company. We have relied on the report of the statutory auditor in respect of the same as per the guidance of the Institute of Company Secretaries of India.
4. Company was following system of obtaining reports from other departments to ensure compliance with applicable laws, rules, regulations and guidelines.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

R.K. RAI & CO.
Company Secretaries

Rama Kant Rai, Proprietor
FCS 6035, CP No. 7778

Place: New Delhi
Date: August 22, 2018

ANNEXURE - 6

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

[Pursuant to Companies (Accounts) Rules, 2014]

(A) CONSERVATION OF ENERGY

Bhushan Steel Limited **("BSL")** is taking steps to continuously improve its effective energy utilization and consumption. The Company's focus is towards utilizing the in-situ energy to use the same in various areas of production.

BSL is committed to the environment as well as to conserve resources, recycle waste, keep the work areas clean and increasing awareness.

(i) The steps taken or impact on conservation of energy:

1. The coke rate yearly average of 353 kg/thm in Blast Furnace **("BF")** #1 and 373 kg/thm in BF#2 achieved through good operating practices.
2. The fuel rate yearly average of 530 kg/thm in BF#1 and 536 kg/thm in BF#2 achieved through improved operating practices.
3. The PCI rate yearly average of 119 kg/thm in BF#1 and 123 kg/thm in BF#2 realized with optimization of energy consumption in both BFs.
4. BSL has envisaged setting up of 250 TPH Gas Fired Boilers wherein the BF Gas produced from BF #1 & BF# 2 will be used as fuel for generation of power and process steam for the operation of steel plant.

   With these Gas Fired Boilers, the power situation of the Integrated Steel Plant will be stable and there will be reduction of coal usages to the extent of approx. 4,50,000 tons of coal annually which in turn help to maintain the environmental parameters, e.g. PM_{10}, $PM_{2.5}$, SO_2, NOx & CO within prescribed norms with reduced carbon usages.
5. Installation of screen size of 5-20 mm which optimized the process at Argon Rinsing Station (ARS) with net impact on power consumption at Ladle Refining Furnace (LRF) with a reduction in power consumption by 3-4 Kwh/ton of liquid steel.
6. Usage of low grade high silica iron ore in sinter reducing power consumption by 3-4 Kwh/ton of liquid steel.
7. Replacing high cost coke breeze by Anthracite coal and using pyroxenite in sinter making.
8. Briquetting of the limestone /dolomite i.e. fluxes to reuse same in the steel making process thereby reducing the usage of calcined lime lumps by tune of 8-10 Kgs/Mt
9. Installation of LED lamps:

   Around 35% of conventional lamps of steel plant will be replaced by LED lamps. BSL is committed to installing LED lamps in new installations and change existing HPSV lamps and fittings with energy efficient LED lamps within the plant premises in coming years.
10. Improvement in feeding of Raw Material Handling System **("RMHS")** and other areas through enhancing the rating of equipments such as in Sinter 2/3 dispatch routes (which was earlier tripping on 800 TPH but is now almost carrying 1000 TPH)
11. Restricting overfeeding above 90% of rated capacity of main feeding belt i.e. J27C1, J50C1, JNT4C1, J5C1, J22C1, J67C1, TT3C1, TT3C2 and TT4C2 during reclaiming as well as stacking. This limitation has been incorporated in almost 500 conveyors including the Hopper 1 track circuit.
12. Switching Off/On of area lights, Yard Machines, Road Lights through PLC/Wireless Network thereby saving manpower, time and energy.
13. Idle interlock of circuit below 20% of rated capacity through Belt-Scale. This applies to 500 Conveyers & 70 Process buildings of RMHS including Coal Washery. This will save energy as well prevent damage to equipment.

(ii) Steps taken for utilising alternate sources of Energy

1. Installation of Solar Power Plant

   BSL has engaged with industries providing solar energy solutions to install Solar Power Plant in the premises of its Steel Plant at Angul. The facility is proposed to be established on a "Build - Own - Operate – Transfer" Model. BSL targets to install a Solar Power Plant of 20 MW in the first stage.
2. Installation of Solar Lighting System

   BSL has commenced installation of a solar lighting system in common areas of its Residential Township at Angul.

(iii) Capital investment on energy conservation equipments

The company has taken adequate measures towards conservation of energy with optimization of specific energy consumption per ton of liquid steel produced from Integrated Steel Plant at Odisha. However, no capital expenditure has been incurred during FY 2017-18 for any energy conservation equipment.

(B) TECHNOLOGY ABSORPTION:

(i) Efforts towards Technology Absorption

Re-heating Furnace **("RHF")** # 3 of Hot Strip Mill was commissioned in July 2017. The Furnace has been supplied by M/s Tenova Italimpianti, Italy. RHF # 3 has been designed for using mixed gas comprising of BFG & COG with calorific value of 2000 Kcal/h. The overall percentage of BFG & COG in the mixed gas is 64% & 34% respectively.

The combustion system of the furnace is recuperative type with preheated combustion air up to 500 degree celsius at burners.

The output of the RHF is hot slab which is an input for the Hot Strip Mill. The maximum production rate with continuous furnace operation is 300 t/h (cold charge). The RHF is a walking-beam type, top and bottom fired. The furnace is frontally charged by means of flat charging machine and frontally discharged by a flat discharging machine.

(ii) Details of technology imported[1] in last three years (reckoned from beginning of the financial year)

Sl. No.	Technological Facilites	Plant Configuration	Year of Import	Year of Commissioning	Name of Technology/ Equipment Supplier	Remarks
1	Expansion of Hot Strip Mill (Production capacity augmented from 3.6 to 5.1 Mtpa)	Added following Main Equipments: 1 Roughing Mill 1 Finishing Strand 1 Down coiler	2015 - 16	August 2016	SMS Siemag SMS Logistic Siemens	Imported from Germany Final Mill Configuration: 2 Roughing Mill 7 Finishing Strand 3 Down Coiler
2	Lime & Dolo Plant	1 X 600 tpd	2015 - 16	March 2016	Qualical	Imported from Italy Final Plant Configuration: 4 X 300 tpd (Yr. 2010) 1 X 600 tpd (Yr. 2016)
3	Reheating Furnace # 3 (Part of Hot Strip Mill[2])	330 tph	2015 - 17[3]	July 2017	Tenova Italimpianti	Imported from Italy Final Configuration: Reheating Furnace # 1 & 2 (Yr. 2010/2012) Reheating Furnace # 3 (Yr. 2017)

Notes:

1. The imported technology has been fully absorbed.
2. BSL has three Reheating Furnaces i.e. RHF # 1, 2 & 3 installed in its Hot Strip Mill facility which is a part of the Integrated Steel Plant at Angul. These reheating furnaces are charged with slabs from three casters of Steel Melting Shop and discharge the slabs at 1250 degree celcius to Hot Strip Mill for production of hot rolled coil.

   The characteristics of all three reheating furnaces are identical and the imported technology has been fully absorbed.
3. The import of the said equipment commenced in FY 2015-16 and was completed in FY 2016-17.

(iii) Research and Development ("R&D") Initiatives

The current R&D infrastructure at BSL includes:

1. Metallurgical Micro-Scope of Germany make, model Leica DM-6000 to investigate the micro-structure, grain size, and inclusion rating of the finished product.
2. Latest Micro-hardness testing machine in laboratory for measuring the hardness of different phases of steel.
3. Tensile testing M/C of 150KN, 600KN & 1000KN. High temperature (up to 900°C) tensile testing provision in 600KN machine.
4. DWTT Machine to investigate the % Shear Area of API grade Line Pipe steel up to X80 grade to ascertain toughness in materials.
5. Pendulum Impact Testing Machine up to 450J with Cooling Chamber (up to -80°C) and Broaching Machine for notch making and profile projector for measuring accuracy of notch angle and depth.
6. New advance Hardness Testing Machines like universal hardness testing machine, Rockwell, Vicker, Brinell are available to measure the hardness of wide ranged products.
7. Leco "C & S" Analyzer and Leco O, H &N Analyzer.
8. Direct Reading Emission Spectrometer for heat and product analysis.
9. XRF & XRD for chemical analysis of slag, ferroalloys, fluxes, ore etc.

(iv) Development of New Products

During FY 2017-18, BSL has developed the following steel grades:

1. Successfully developed API 5L X-70 grade in 15.90 mm thickness for line pipe applications.
2. Successfully developed and supplied EN 10025 S355 JR (20 mm) to overseas customers for galvanizing and laser cutting.
3. Developed and supplied EN 10149 S355 MC up to 15 mm for galvanizing and laser cutting.
4. Development of EN 10025-2 S235 JR (15 mm) to overseas customer for pipe making Development of EN 10025-2 S235 JRC+N (15 mm) to European customer for galvanizing and laser cutting.

5. Development of ASTM A36 (20 mm) for pipe making.
6. Development of IS 10748 Gr-2 for tubes & pipe making.
7. Development of IS 11513 Gr-D for stamping application.
8. Development of IS 10748 Gr-IV for pipes and tubes application.
9. Development of 28Mn6 grade for export customers.

(v) Process & Quality Improvement Measures in Financial Year 2017-18

1. During the year, Hot Rolling Mill with Finishing Mill Stand F7 and Roughing Mill Stand R1 were stabilized which helped improve the finished product surface quality as well as flatness.
2. Reduction in Edge cut defect of HR Coil at Hot Strip Mill.
3. Reduction in Head end fold defects by optimization of mill speed.
4. Introduction of ISRA Parsytec surface inspection system to improve the process and higher quality product delivery to customer.
5. Hot Skin Pass Mill has been commissioned successfully and will boost the product quality in terms of superior surface & shape control required for critical OEM customer and will also help to eliminate coil break issues specifically in low carbon steel grade.
6. Hot direct charging of slab in RHF to save power and fuel by 50%.

(vi) Achievement of Product Quality

1. BSL has installed Hot Strip Mill supplied by SMS Germany which ensures the improvement in product quality with closure & stringent dimensional control than the tolerances given in product specification through Automatic gauge control and Profile control & flatness control.
2. Work roll cooling enhancement by increasing water flow by 40% over designed value which has resulted in improved surface quality.
3. Fine tuning of Level1 & Level2 parameters for Finishing & coiling temperature accuracy and better physical and metallurgical properties.

Company is continuously engaged in various research and development R&D initiatives for process improvements and new product developments. There has been no expenditure on R&D for FY 2017-18.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ Crores)

Foreign Exchange Earnings	3506.81
Value of Direct Imports	5823.99
Expenditure in Foreign Currency	486.15

On behalf of the Board of Directors

sd/-
TV NARENDRAN
Chairman
DIN: 03083605

Jamshedpur
August 22, 2018

CORPORATE GOVERNANCE REPORT

The Company was admitted to corporate insolvency resolution process **("CIRP")** vide order of the National Company Law Tribunal **("NCLT")**, Principal Bench, New Delhi dated July 26, 2017 **("Insolvency Commencement Date")** under the provisions of the Insolvency and Bankruptcy Code, 2016 **("Code")**. In connection with the corporate insolvency resolution process of the Company, the NCLT vide its order dated May 15, 2018 approved the Resolution Plan **("IBC /NCLT Order")** submitted by Tata Steel Limited **("TSL").** Pursuant to the NCLT Order, TSL acquired the Company through its wholly owned subsidiary, Bamnipal Steel Limited on May 18, 2018 **("Acquisition")**. Post the Acquisition, a new Board was constituted in the current financial year i.e. on May 18, 2018 **("Reconstituted Board" or "Board")** and a new management was put in place. In accordance with the provisions of the Code and the NCLT order, the approved resolution plan is binding on the Company and its employees, members, creditors, guarantors and other stakeholders involved.

This report highlights the Company's practices for the Financial Year 2017-18.

1. BOARD OF DIRECTORS

Composition of the Board and Directorships as on March 31, 2018 is given below:

Name	DIN	Other Directorships (1)	Board Committees (2)	
			Chairman	Member
Non-Executive Directors ("NED")				
Mr. Brij Bhushan Singal (Promoter)	00083406	17	3	4
Mr. Ajoy Kumar Deb (Nominee Director, State Bank of India)	02691119	2	-	1
Mr. Vipin Anand (Nominee Director, Life Insurance Corporation of India)	05190124	1	-	-
Mr. Vineet Prakash Jain (3) (Nominee Director, Punjab National Bank)	07985670	1	-	-
Independent Directors ("ID")				
Mr. Brij Behari Tandon	00740511	10	3	8
Mr. Ashwani Kumar	00030307	8	4	6
Mr. Pradeep Patni	00472932	1	-	-
Mr. Sahil Goyal	00148380	5	-	-
Mr. Rakesh Singhal	00866868	3	-	-
Mr. Pankaj Sharma	07094825	1	-	-
Mrs. Monica Aggarwal	01142823	3	-	-
Executive Directors ("ED")				
Mr. Neeraj Singal	00078057	15	-	3
Mr. Rahul Sen Gupta	00344357	8	-	-
Mr. Prem Kumar Aggarwal	00162252	9	-	1

Notes:

(1) Directorships in Companies in India including Bhushan Steel Limited and excluding Section 8 companies.

(2) As required by Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, the disclosure includes chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee in Indian Public companies including Bhushan Steel Limited.

(3) Mr. Vineet Prakash Jain was appointed as the Nominee Director by Punjab National Bank w.e.f. November 14, 2017.

(4) Except Mr. Brij Bhushan Singal and Mr. Neeraj Singal who are related to each other, no other directors were inter-se related.

2. EVALUATION OF BOARD OF DIRECTORS

During FY 2018, the Independent Directors met on March 16, 2018 to review the performance of the Board and Management.

3. BOARD MEETINGS

During FY 2017-18 six Board Meetings were held on May 30, 2017, July 05, 2017, September 15, 2017, November 14, 2017, February 14, 2018 and March 16, 2018. Maximum time gap between two consecutive meetings did not exceed 120 days.

Attendance details of Directors for the year ended March 31, 2018 are given below:

Name of Director	Category	No. of Board Meetings held during their tenure in FY 2017-18	No. of Meetings Attended	Attendance at last AGM
Mr. Brij Bhushan Singal	NED	6	4	Yes
Mr. Ajoy Kumar Deb	NED	6	5	No
Mr. Vipin Anand	NED	6	4	No
Mr. Vineet Prakash Jain	NED	3	1	No
Mr. Rajesh Yaduvanshi	NED (Resigned)	3	2	No
Mr. Brij Behari Tandon	ID	6	6	Yes
Mr. Ashwani Kumar	ID	6	4	No
Mr. Pradeep Patni	ID	6	1	No
Mr. Sahil Goyal	ID	6	6	No
Mr. Rakesh Singhal	ID	6	4	No
Mr. Pankaj Sharma	ID	6	2	No
Mrs. Monica Aggarwal	ID	6	2	No
Mr. M.V. Suryanarayana	ID (Resigned)	4	4	No
Mr. Kapil Vaish	ID (Resigned)	3	2	No
Mr. Neeraj Singal	ED	6	2	No
Mr. Rahul Sen Gupta	ED	6	3	No
Mr. Prem Kumar Aggarwal	ED	6	6	Yes
Mr. Nittin Johari	ED (Resigned)	4	4	Yes

Notes:

(1) Mr. Rajesh Yaduvanshi, a Nominee Director of Punjab National Bank **("PNB")** resigned as Director with effect from October 25, 2017, in whose place Mr. Vineet Prakash Jain was nominated by PNB with effect from November 14, 2017.

(2) Mr. Kapil Vaish and Mr. M.V. Suryanarayana resigned as Independent Directors with effect from November 14, 2017, and January 5, 2018 respectively.

(3) Mr. Nittin Johari resigned as Whole Time Director with effect from November 27, 2017, but continued to be the Chief Financial Officer till May 18, 2018.

4. AUDIT COMMITTEE

During FY 2017-18, the Audit Committee met five times on May 30, 2017, July 5, 2017, September 15, 2017, November 14, 2017 and February 14, 2018.

The composition of the Audit Committee along with attendance details of the members for FY 2017-18 is given below:

Name of Member	Category	Designation	No. of meetings attended
Mr. Brij Behari Tandon	ID	Chairman	5
Mr. Brij Bhushan Singal	NED	Member	4
Mr. Ashwani Kumar	ID	Member	4
Mr. M.V. Suryanarayana*	ID	Member	4

* Mr. M.V. Suryanarayana resigned with effect from January 5, 2018.

As on March 31, 2018, the Terms of Reference and Role of the Audit Committee were as per Section 177 (4) of the Companies Act, 2013 and Regulation 18(3), Schedule II, Part C of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 respectively.

The Company Secretary acts as the Secretary of the Committee.

5. NOMINATION AND REMUNERATION COMMITTEE

During FY 2017-18, three meetings of the Nomination and Remuneration Committee **("NRC")** were held on May 30, 2017, July 5, 2017 and November 14, 2017.

The composition of the NRC along with attendance details of the members for FY 2017-18 is given below:

Name of Member	Category	Designation	No. of meetings attended
Mr. Ashwani Kumar**	ID	Chairman	-**
Mr. M. V. Suryanarayana*	ID	Chairman	3
Mr. Brij Behari Tandon	ID	Member	3
Mr. Brij Bhushan Singal	NED	Member	3

* Mr. M.V. Suryanarayana resigned with effect from January 5, 2018 and the Committee was re-constituted with Mr. Ashwani Kumar as the Chairman

** No meeting of the Committee was held during the tenure of Mr. Ashwani Kumar till March 31, 2018.

As on March 31, 2018, the Terms of Reference and Role of the NRC were as per Section 178 of the Companies Act, 2013 and Regulation 19 (4), Schedule II, Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 respectively.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During FY 2017-18 one meeting of the Corporate Social Responsibility **("CSR")** Committee was held on March 16, 2018.

The composition of the CSR Committee along with attendance details of the members for FY 2017-18 is given below:

Name of Member	Category	Designation	No. of meetings attended
Mr. Brij Bhushan Singal	NED	Chairman	0
Mr. Brij Behari Tandon	ID	Member	1
Mr. Prem Kumar Aggarwal*	ED	Member	1
Mr. Nittin Johari*	ED	Member	NA**

* Mr. Nittin Johari resigned as Whole Time Director with effect from November 27, 2017 and therefore, ceased to be the member of the CSR Committee and Mr. Prem Kumar Aggarwal was appointed on February 14, 2018.

7. STAKEHOLDER RELATIONSHIP COMMITTEE

During FY 2017-18 three meetings of the Stakeholder Relationship Committee **("SRC")** were held on July 15, 2017, October 23, 2017 and January 29, 2018.

The composition of the SRC along with attendance details of the members for FY 2017-18 is given below:

Name of Member	Category	Designation	No. of meetings attended
Mr. Brij Bhushan Singal	NED	Chairman	3
Mr. Neeraj Singal	ED	Member	3
Mr. Prem Kumar Aggarwal*	ED	Member	3

In terms of Regulation 6 and Schedule V of the Listing Regulations, Mr. O P Davra, VP (Corporate Affairs) and Company Secretary is the Compliance Officer of the Company.

During FY 2017-18, the Company did not receive any shareholder complaints.

8. DETAILS OF REMUNERATION PAID TO DIRECTORS

(a) Remuneration paid to Executive Directors*:

Details of Remuneration paid to Executive Directors [1] for FY 2017-18 are given below:

(₹ Lakh)

Sr. No.	Name	Designation	# Salary including PF contribution	# Other Perquisites	Total
1.	Mr. Neeraj Singal	Vice Chairman and Managing Director	209.760	17.226	226.99
2.	Mr. Nittin Johari[2]	Whole-Time Director	171.780	0.396	172.18
3.	Mr. Rahul Sen Gupta	Whole-Time Director	118.26	0.396	118.66
4.	Mr. Prem Kumar Aggarwal	Whole-Time Director	118.14	0.396	118.75

* All Directors have vacated office with effect from May 18, 2018

Besides salary and perks, Executive Directors were entitled to superannuation or annuity fund, leave encashment and gratuity.

(1) Paid till September 2017.

(2) Mr. Nittin Johari resigned as Whole Time Director with effect from November 27, 2017, but continued to be the Chief Financial Officer till May 18, 2018.

(b) Sitting fees paid to *Non – Executive and Independent Directors:

The Non-Executive Directors were paid sitting fees for each Meeting of the Board as well as any other committee meetings attended by them.

Details of Sitting Fees paid to Non-Executive Directors and Independent Directors for FY 2017-18 are given below:

(₹ Lakh)

Sr. No.	Name	Designation	#Sitting Fees	No. of Equity shares held as on 31.03.18
1.	Mr. Brij Bhushan Singal	Chairman	1.60	3,12,47,969
2.	Mr. Ajoy Kumar Deb (Nominee Director-SBI)	Director	1.00	-
3.	Mr. Vipin Anand (Nominee Director-LIC)	Director	0.80	-
4.	Mr. Vineet Prakash Jain (Nominee Director-PNB)	Director	0.20	-
5.	Mr. Rajesh Yaduvanshi	Director	0.40	-
6.	Mr. Brij Behari Tandon	Independent Director	3.20	-
7.	Mr. Ashwani Kumar	Independent Director	1.60	-
8.	Mr. Pradeep Patni	Independent Director	0.20	-
9.	Mr. Sahil Goyal	Independent Director	1.40	-
10.	Mr. Rakesh Singhal	Independent Director	1.00	-
11.	Mr. Pankaj Sharma	Independent Director	0.40	-
12.	Mrs. Monica Aggarwal	Independent Director	0.40	-
13.	Mr. M.V. Suryanarayana	Independent Director	2.20	-
14.	Mr. Kapil Vaish	Independent Director	0.40	-
		TOTAL	**14.80**	

* All Directors have vacated office with effect from May 18, 2018

Including sitting fees paid for attending the separate meeting of Independent Directors.

Notes:

(1) Mr. Rajesh Yaduvanshi, a Nominee Director of Punjab National Bank **("PNB")** resigned as director with effect from October 25, 2017, in whose place Mr. Vineet Prakash Jain was nominated by PNB with effect from November 14, 2017.

(2) Mr. Kapil Vaish and Mr. M.V. Suryanarayana resigned as Independent Director with effect from November 14, 2017 and January 5, 2018, respectively.

(3) No Commission was paid to any Director.

(4) There are no pecuniary relationships or transactions of any Non-Executive Directors vis a vis the Company for FY 2017 -18.

(5) Apart from Sitting Fees for attending Board / Committee meetings, Non - Executive Directors were not paid anything for FY 2017-18.

(6) Details of service agreements, notice period, severance fees, stock options (if any) – **NIL**

9. GENERAL BODY MEETINGS

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

Particulars	FY 2016-17	FY 2015-16	FY 2014-15
Day, date, Time & Venue	Saturday September 16, 2017 at 11:00 A.M. (IST) at Airforce Auditorium, Subroto Park, New Delhi- 110 010	Saturday September 16, 2016 at 11:00 A.M. (IST) at Airforce Auditorium, Subroto Park, New Delhi- 110 010	Saturday September 16, 2015 at 11:00 A.M. (IST) at Airforce Auditorium, Subroto Park, New Delhi- 110 010
Special Resolutions	N.A.	Issue of Redeemable Cumulative Preference Shares	Issue of Redeemable Cumulative Preference Shares

b) Special Resolutions passed through Postal Ballot

Notice of postal ballot dated June 20, 2017 pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 **("Act")** read together with the Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 was sent to all the shareholders of the Company in respect of the following items:

1. Borrowing powers of the Board
2. Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of the borrowings
3. Re-appointment of Mr. Neeraj Singal as Vice Chairman and Managing Director
4. Re-appointment of Mr. Nittin Johari as Whole-time director (Finance) and Chief Financial Officer
5. Re-appointment of Mr. Rahul Sen Gupta as Whole-time director (Technical)
6. Re-appointment of Mr. P.K. Aggarwal as Whole-time director (Commercial) and
7. Re-appointment of Ms. Ritu Singal as Chief Administrative Officer

The Company followed the procedure as prescribed under the Companies (Management and Administration) Rules, 2014 and the shareholders were provided the facility to cast their votes through postal ballot and electronic voting.

Mr. R.S. Bhatia, a Practicing Company Secretary (CP No. 2514, FCS 2599) was appointed by the Board of Directors of the Company as the scrutinizer for conducting the Postal Ballot process and e-voting process in a fair and transparent manner. The result of Postal Ballot was announced on Tuesday, August 1, 2017 at the Registered Office of the Company. The Voting Pattern is given in the table below.

Details of Voting Pattern:

Special Businesses	Type of Resolution (Ordinary / Special)	Total No. of votes Polled	Valid vote cast in Favour of the resolutions	Valid vote cast Against the resolutions	% of Votes in favour on valid votes polled	% of Votes against on valid votes polled
Borrowing powers of the Board	Special	17,54,81,441	17,54,52,358	29,083	99.98	0.02
Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of the borrowings	Special	17,54,83,593	17,54,57,636	25,957	99.99	0.01
Re-appointment of Mr. Neeraj Singal as Vice Chairman and Managing Director	Special	17,54,83,393	17,53,97,947	85,446	99.95	0.05
Re-appointment of Mr. Nittin Johari as Whole-time director (Finance) and Chief Financial Officer	Special	17,54,81,993	17,53,94,716	87,277	99.95	0.05
Re-appointment of Mr. Rahul Sen Gupta as Whole-time director (Technical)	Special	17,54,83,683	17,53,78,332	1,05,351	99.94	0.06
Re-appointment of Mr. P.K. Aggarwal as Whole-time director (Commercial)	Special	17,54,83,193	17,53,96,825	86,368	99.95	0.05
Re-appointment of Ms. Ritu Singal as Chief Administrative Officer	Special	4,27,37,176	4,26,31,060	1,06,116	99.75	0.25

10. MATERIAL SUBSIDIARY COMPANIES

There is no material non-listed subsidiary company requiring appointment of an Independent Director of the Company on the Board of Directors.

11. MEANS OF COMMUNICATION

Timely sharing and disclosure of consistent, comparable, relevant and reliable information on the Company's performance is at the core of its Corporate Governance Policy. Steps taken by the Company in this regard are given below

Financial Results

The Company publishes un-audited quarterly financial results and audited annual financial results in "Business Standard" (English), and "Business Standard" (Hindi) Newspapers. The results are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also uploaded on the website of the Company www.bhushansteel.com immediately after the Board Meetings.

Annual Report

Annual Report containing inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis and other regulatory reports is circulated to members and others entitled thereto. The Annual Reports for previous years are also available on the website of the Company www.bhushansteel.com.

12. GENERAL SHAREHOLDERS' INFORMATION

Date:	September 25, 2018
Time:	12 Noon, IST
Venue:	Kamani Auditorium, 1 Copernicus Marg, New Delhi - 110001
Financial Year:	April 1 to March 31
Dates of Book Closure:	The Book closure starts from September 19, 2018 to September 25, 2018 (both days inclusive) for the purpose of 35th Annual General Meeting of the Company to be held on September 25, 2018

Dividend payment date

No dividend has been declared for financial year 2017-18.

Listing of Shares & Stock Code:

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

(1) BSE Ltd. (Stock Code: 500055)

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

Annual Listing Fees

Annual Listing fees for the year 2018-19 have been paid on due dates to both the Stock Exchanges i.e. BSE and NSE.

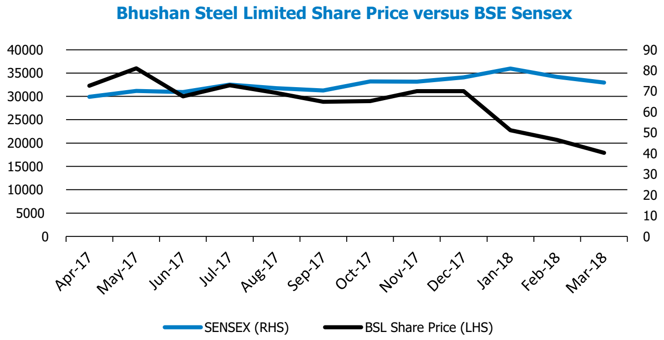
Market Price Data

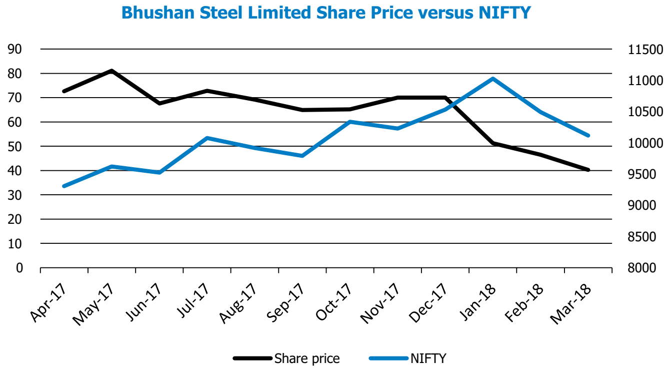
The High and Low of the share price of the Company at National Stock Exchange of India Ltd. **("NSE")** and BSE Ltd. **("BSE")** during each month from April, 2017 to March, 2018 are given below.

(Face value of each Equity Share: ₹ 2)

DATE	BSE		NSE	
	High	Low	High	Low
April, 2017	82.00	57.00	82.00	56.95
May, 2017	102.80	72.20	102.70	72.20
June, 2017	84.10	51.15	84.00	51.15
July, 2017	76.50	60.00	76.50	60.00
August, 2017	76.30	61.90	76.35	61.40
September, 2017	73.55	61.80	74.00	56.05
October, 2017	81.80	54.90	81.90	55.00
November, 2017	75.80	56.10	75.80	56.65
December, 2017	71.65	59.80	71.55	59.65
January, 2018	76.15	47.95	76.40	47.80
February, 2018	59.30	39.35	59.40	39.15
March, 2018	48.70	37.35	48.75	37.30

Share price performance in comparison to broad based indices – NSE Nifty and BSE Sensex based on share price on March 31, 2018.





Share Transfer System

Pursuant to SEBI Circular Nos. D&CC/FITTC/CIR-15/2002 dated 27.12.2002 and D&CC/FITTC/CIR-18/2003 dated 12/02/2003, M/s. RCMC Share Registry Pvt. Ltd., which is already the Depository Interface of the Company for both National Securities Depository Limited **("NSDL")** and Central Depository Services (India) Limited **("CDSL")**, has been appointed as Registrar and Transfer Agents **("RTA")** w.e.f. 31/03/2003 for all the work related to share registry in terms of both physical and electronic holdings.

Share transfers in physical form can be lodged with our RTA. The transfers are normally processed within a period of 15 days from the date of receipt, if the documents are complete in all respects.The Company has constituted a Share Transfer Committee to approve matters related to transfer and transmission of securities, issuance of duplicate share certificate.

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants **("DP")**.

Members may please note that pursuant to the amendment in the Listing Regulations vide notification dated June 8, 2018, except in case of transmission or transposition of securities, request for effecting transfer of securities shall not be processed after December 5, 2018 unless the securities are held in dematerialized form with the depository.

Accordingly, Members holding shares in physical form are requested to consider converting their holding to dematerialized form for ease of portfolio management. Members may contact the Company or its RTA for assistance in this regard.

Distribution of Shareholding as on 31.03.2018

Shareholding of value of ₹	Shareholders		Share holdings		
	Number	% to total	Number	Amount	% to total
UPTO TO 5000	87,945	93.44	3,29,05,475	6,58,10,950	14.53
5001 TO 10000	3,239	3.44	1,20,60,759	2,41,21,518	5.32
10001 TO 20000	1,625	1.73	1,21,26,857	2,42,53,714	5.35
20001 TO 30000	479	0.51	60,61,014	1,21,22,028	2.68
30001 TO 40000	258	0.27	46,69,681	93,39,362	2.06
40001 TO 50000	133	0.14	30,50,071	61,00,142	1.35
50001 TO 100000	239	0.25	86,63,291	1,73,26,582	3.82
100001 and Above	201	0.21	14,69,77,598	29,39,55,196	64.89
Total	94,119	100.00	22,65,14,746	45,30,29,492	100.00

Dematerialisation of Shares & Liquidity

22,58,86,453 equity shares of the Company's paid up equity share capital have been dematerialized upto March 31, 2018. 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").**

To enable us to serve our shareholders better, we have requested Members whose shares are in physical mode to dematerialize shares and to update their bank accounts and e-mail ids with their respective DPs.

Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

As on March 31, 2018 the Company does not have any outstanding GDRs/ADRs/ Warrants or any convertible instruments.

Commodity Price Risk, Foreign Exchange Risk and Hedging Activities

For FY 2017-18, the Company is not aware of any commodity risk or foreign exchange risk which may have affected its operations. Post the Acquisition, the Company is putting in place an enterprise 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.

Plant locations

Bhushan Steel Sahibabad Plant	Bhushan Steel Khopoli Plant	Bhushan Steel Angul Plant
Bhushan Steel Limited 23, Site-IV, Sahibabad Industrial Area, Distt.: Ghaziabad-201010 Uttar Pradesh	Bhushan Steel Limited Village – Nifan, Savroli, Taluka-Khalapur, Near Khopoli, Distt.: Raigad-410203 Maharashtra	P.O. Shibapur, Meramandali, Distt.: Dhenkanal-759121 Odisha

Transfer of unclaimed amounts to Investor Education and Protection Fund

Pursuant to the provisions of the Act, read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the shares pertaining to which dividend remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund **("IEPF")** established by the Central Government.

The Company has sent individual communication to the concerned shareholders at their registered address, whose dividend remains unclaimed and whose shares are liable to be transferred to the IEPF.

The investors have been advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company on or before October 3, 2018 to avoid transfer of the same to the IEPF.

During the year under review, the Company has credited Rs.1,80,442/- (Rupees One Lakh Eighty Thousand Four Hundred and Forty Two Only) to the IEPF in respect of the Unpaid/ unclaimed dividend amount relating to the Final dividend declared in 2009-10.

Any person whose unclaimed dividend and shares pertaining thereto has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting a duly completed form, Shareholders are required to take a print of the same and send physical copy duly signed along with requisite documents as specified in the form to the Nodal Officer, at the Registered Office of the Company. The form can be downloaded from the website of the website of Ministry of Corporate Affairs www.iepf.gov.in.

Designated e-mail id for investor services

To serve the investors better, the Company has a dedicated e-mail address for investor complaints: bsl@bhushansteel.com which is continuously monitored by the Company's Compliance Officer.

Nomination Facility

As per the provisions of the Act, facility for making nomination is available to the Members in respect of shares held by them. Nomination forms can be obtained from the Company's RTA by Members holding shares in physical form.

Members holding shares in electronic form may obtain Nomination forms from their respective DPs.

Members holding shares in single name are especially advised to make nomination in respect of their shareholding in the Company and for cancellation and variation of nomination, if they are desirous of doing so.

Change in Particulars

Members are advised to ensure that details with regard to their address, bank details, email ids, nomination and power of attorney are updated regularly with the RTA / DP.

Updation of bank details for remittance of dividend/cash benefits in electronic form

SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 **("Circular")** to all listed companies requires them to update bank details of their shareholders holding shares in demat mode and/or physical form, to enable usage of the electronic mode of remittance i.e., National Automated Clearing House ('NACH') and National Electronic Fund Transfer ('NEFT'), for distributing dividends and other cash benefits to the shareholders.

The Circular further states that in cases where either the bank details such as Magnetic Ink Character Recognition ('MICR') and Indian Financial System Code ('IFSC'), amongst others, that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank, companies or their Registrars and Transfer Agents may use physical payment instruments for making cash payments to the investors. Companies shall mandatorily print the bank account details of the investors on such payment instruments.

Regulation 12 of the Listing Regulations allows the Company to pay dividend by cheque or 'payable at par' warrants where payment by electronic mode is not possible.

Shareholders may kindly note that payment of dividend and other cash benefits through electronic mode has many advantages like prompt credit, elimination of fraudulent encashment/delay in transit and more.

They are requested to opt for any of the above mentioned electronic modes of payment of dividend and other cash benefits and update their bank details:

a) In case of holdings in dematerialised form - By contacting their DP and giving suitable instructions to update the bank details in their demat account.

b) In case of holdings in physical form - By informing the Company's RTA i.e., RCMC Share Registry Pvt. Ltd, through a signed request letter with details such as their Folio No(s), Name and Branch of the Bank in which they wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions ('CBS') the 9 digit MICR Code Number and the 11 digit IFSC Code. This letter should be supported by cancelled cheque bearing the name of the first shareholder.

Reconciliation of Share Capital Audit Report

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

13. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

1. Aggregate Number of shareholders and the outstanding shares in the suspense account lying in the beginning of the year - 2 shareholders holding 21 shares
2. Number of shareholders who approached listed entity for transfer of shares from suspense account during the year - Nil
3. Number of shareholders to whom shares were transferred from suspense account during the year - Nil
4. 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 right on these shares shall remain frozen till the rightful owner(s) of such shares claim(s) the shares.

14. DISCLOSURES

a) The Company is a party to certain contracts with related parties. The terms of these contracts with related parties appear onerous on the Company. The newly constituted Board of Directors and the new management will deal with these contracts in accordance with the applicable law, Approved Resolution Plan and the IBC Order. The new management is also in the process of identifying, and analyzing other contracts entered into by the Company. The process is ongoing and the members are requested to read this report in light of the fact that efforts are still ongoing to understand and acclimatize to the issues that potentially exist in the Company, which has only recently come out from the CIRP Process.

   The Company reserves its right under the applicable laws and is terms of the Approved Resolution Plan to seek appropriate remedies in respect of such onerous contracts with the related parties.

b) During the year, NSE and BSE imposed a fine of Rs 12,56,058 and Rs. 7,17,475 respectively for non-compliance of the requirement of Regulation 33 of the Listing Regulations. Apart from the said non-compliance, there were no other instances of non-compliance by the Company nor have any penalties or strictures been imposed on the company by the Stock Exchange (s) or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

c) The Company does not have any material subsidiary as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d) The Company has complied with the requirements of the Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015;

e) The Company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

15. OTHER PRACTICES

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements in terms of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

(i) The positions of the Chairman & Managing Director of the Board of the Company was/are held by separate individuals.

(ii) The Internal Auditor reports to the Audit Committee.

16. VIGIL MECHANISM

For FY 2017-18, the Company had in place a Whistle Blower Policy **("Policy")** establishing a vigil mechanism, which provided a formal mechanism to the Directors and employees to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the codes of conduct or policy of the Company.

The mechanism provided for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provided direct access to the Chairman of the Audit Committee in exceptional Cases.

During FY 2017-18, the Company did not receive any whistleblower complaints.

17. CEO AND CFO CERTIFICATION

As stated above, post the Acquisition, a new Management has been put in place. The Managing Director and Chief Financial Officer were appointed effective May 18, 2018 **("New CEO and CFO")**. Accordingly, the CEO and CFO Certification for FY 2017-18 has been given by the New CEO and CFO based on the knowledge/information gained by them, about the affairs of the Company, in a limited period of time and based on an understanding of the then existing processes of the Company and to the best of their knowledge.

18. ADDRESS FOR CORRESPONDENCE :

Registered Office:	Corporate Office:	Registrar and Transfer Agent:
B-9 to 12, Okhla Industrial Area Phase -I, New Delhi-110 020. Tel & Fax: 91-11-26811033 E-mail-bsl@bhushansteel.com Web site : www.bhushansteel.com	23, Site IV, Sahibabad Industrial Area, Distt.: Ghaziabad- 201010, Uttar Pradesh Tel & Fax: 91-120-3028001	**RCMC Share Registry Pvt. Ltd.** B -25/1, First Floor, Okhla Industrial Area Phase II, New Delhi -110 020 Tel: 91-11-2638 7320, 2638 7321, 2638 7323 Fax: 91-11-2638 7322 Email: investor.services@rcmcdelhi.com Website: www.rcmcdelhi.com

19. GREEN INITIATIVE

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, quarterly and half-yearly results, amongst others, to shareholders at their e-mail address previously registered with the DPs and RTAs.

Shareholders who have not registered their e-mail addresses so far are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned DPs.

Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA, by sending a letter, duly signed by the first / sole holder quoting details of their Folio No.

20. DETAILS OF CORPORATE POLICIES/ CODES

Particulars	Web Links
CSR and Sustainability Policy	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/CSR%20and%20Sustainability%20Policy.pdf
Policy on determining Material Subsidiaries	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/Material%20Subsidiaries%20Policy.pdf
Policy on Appointment and Removal of Directors	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/Policy%20on%20appointment%20and%20removal%20of%20Directors.pdf
Remuneration Policy of Directors, KMPs and other employees	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/Remuneration%20Policy%20of%20directors%20KMPs%20&%20Employees.pdf
Vigil Mechanism Policy	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/Vigil%20Mechanism%20%20Policy.pdf
Tata Code of Conduct	http://www.bhushan-group.org/Investor%20Relations%20pdf/CodeOfConduct/TATA%20Code%20of%20Conduct.pdf
Related Party Transaction Policy	http://www.bhushan-group.org/Investor%20Relations%20pdf/Policies/Related%20Party%20Transactions%20Policy.pdf

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

Members may kindly note that, the present Board of Directors of the Company and Senior Management were not in office for the period to which this report pertains and hence are unable to provide any affirmation with regard to compliance with the Code of Conduct for the period to which this report pertains.

However, on May 18, 2018 the newly constituted Board of Directors has adopted the Tata Code of Conduct which is binding on all Directors, Key Managerial Personnel and employees of the Company. A copy of the code is available on the Company's website www.bhushansteel.com.

Jamshedpur
August 22, 2018

Rajeev Singhal
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF BHUSHAN STEEL LIMITED

1. We, R. K. Rai & Co., Company Secretaries, have examined the compliance of conditions of Corporate Governance by Bhushan Steel Limited **("Company")**, for the year ended March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**.

MANAGEMENT'S RESPONSIBILITY

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

OPINION

3. In our opinion and to the best of information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended on March 31, 2018 except that both Stock Exchanges, BSE and NSE have imposed fine of Rs.7,17,475 and Rs.12,56,058 respectively for non-compliance of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. We 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 R. K. Rai & Co.
(Company Secretaries)

Place: New Delhi
Date: 22.08.2018

Sd/
RAMA KANT RAI
Proprietor
M.No. FCS-6035, C.P. No.7778

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Macroeconomic Condition

During the Financial Year 2017-18, the global economy continued its momentum and registered a growth of 3.8%. Global manufacturing activity continued to grow on account of various favorable factors, including increase in commodity prices.

China continued to maintain its growth at an approximate rate of 7%, aided by policy support and recovery in trade. The economic growth in India was 6.7%. This was mainly due to consumption led growth influenced by Government policies and investments.

Global Steel Industry

The Global Crude Steel Production for 2017 was 1,691.2 MT (up by 5.3% compared to 2016) with China accounting for 49.1% of this production. Other major crude steel producers were Japan, India, United States, Russia, South Korea, Germany, Turkey, Brazil and Italy accounting for 33.64 % of crude steel production. Out of this, India accounted for 6% of the production.

Indian Steel Industry

During the year, India witnessed steel demand growth of approximately 7.8% largely on account of demand in the Auto, Construction and Consumer durables sectors. The domestic crude steel production was around 102 MT with an approximate consumption of 91 MT. India continued to remain a net exporter.

B. OUTLOOK

Economic Outlook

According to International Monetary Fund **("IMF")**, global growth is projected to rise to 3.9% in 2018 and 2019, closer to the long-term growth trend of 4%. The IMF estimates that the growth of more than 1.5% in 2017 in each of the world's seven biggest economies— United States, China, Germany, Japan, France, the UK and India — will provide an impetus to the world economy to achieve more robust growth in 2018.

In particular, China's GDP growth is likely to moderate to 6.5% in 2018 as the policy makers continue their efforts to promote quality growth. Supply side reforms through capacity cuts, rural revitalisation, urbanisation & housing reform and controlled pace of credit growth are likely to determine domestic demand and potential movement in commodity prices.

Developed Economies

The outlook for steel demand in the US remains robust on the back of strong economic fundamentals – strong consumption and investment due to high confidence, rising income and low interest rates.

The manufacturing sector is being supported by a low dollar and increasing investment while rising housing prices and steady non-residential sector growth point to a healthy construction sector. Though the recent tax reform is further expected to boost steel demand through its positive impact on investment, there is some concern over a possible overheating of the economy. The infrastructure plan announced is unlikely to affect steel demand in the short term.

The EU economy has developed strong momentum with broadening recovery across countries. Prompted by robust domestic and external demand, investments are expected to remain a major growth driver while low inflation, wage and real income growth will support private consumption. Steel demand will be supported by a pickup in non-residential construction and strong manufacturing activities.

The automotive sector in both the EU and the US is expected to moderate due to saturation effect and rising interest rates, while the machinery sector is expected to benefit from rising investment.

An expected monetary tightening in the US and the EU is responsible for the forecasted deceleration of steel demand growth in 2019.

Steel demand in Japan has been benefitting from an improving investment sentiment and government stimulus. However, the scope of growth will continue to be limited by structural factors such as an aging population.

Despite improved consumer sentiment, steel demand growth in South Korea will be constrained by high consumer debts, weakening construction and a depressed shipbuilding sector.

Developing Economies

Steel demand in emerging and developing economies (excluding China) is expected to increase by 4.9% and 4.5% in 2018 and 2019 respectively.

Recovery in oil and commodity prices has improved the outlook for MENA countries. Provided that geopolitical stability can be achieved, steel demand outlook for the region could further improve as a result of reconstruction activities.

The mild recovery in Russia and Brazil is expected to continue. Recovery in Russia will be supported by credit expansion, easing monetary policy and improving consumer and business confidence. In early, 2017 Brazil started to come out of its deep recession However the sustainability of this recovery momentum remains uncertain. Furthermore, recovery of construction activities has been slow. In other Latin American countries, recovery is also underway and growth in the region could accelerate if reforms are implemented.

The Indian economy is stabilising from the impact of currency reform and Goods and Services Tax **("GST")** implementation and steel demand is expected to accelerate gradually, mainly driven by public investment. Stronger growth is held back by still weak private investment.

Steel demand in ASEAN-5 countries dipped in 2017 due to slow construction activity and destocking. However, in 2018-19 the demand for steel is expected to regain the growth momentum backed by infrastructure investment.

China

In 2017, the mild government stimulus measures provided some boost to construction activity, but investment continued to decelerate and steel demand showed only a moderate increase despite the stimulus.

In 2018 and 2019 GDP growth is expected to decelerate mildly, but as the government continues to focus on shifting the growth driver toward consumption, investment is likely to further decelerate. Steel demand in 2018 is expected to stay flat. In 2019, it is expected to contract by 2.0% with a further slowdown in construction activity. In manufacturing, the machinery sector is expected to maintain positive growth on the back of a strong global economy while automotive and home appliances are expected to decelerate.

High corporate and local government debt continues to raise concerns but a hard landing for the Chinese economy is unlikely in the short run.

Domestic Outlook for Indian Steel Industry

As per IMF, India is expected to grow between 7.0% to 7.5% in the financial year 2018-19 aided by rural development, infrastructure investment and expansion of manufacturing activity.

After almost a decade of limping growth, the significant recovery of the global economy as well as that of the Global Steel Industry in 2017 also points to a favourable outlook for the Indian steel industry. While global production of crude steel at 1,691.2 MT noted a growth of 5.3% in 2017 over the previous year, the estimated steel consumption rose to 1,622 MT. The latest IMF projection has estimated that the global economy is slated to grow at 3.9% in 2018 and India's GDP is to move up by 7.4% in 2018 as compared to 6.7% in the previous year. The continued growth in GDP in India, in fact, indicates that major steel consuming segments such as construction, real estate/housing, capital goods/machinery, consumer goods, automobiles and energy sector shall benefit. Hence steel consumption is poised to grow in India.

C. OPPORTUNITIES AND THREATS

The housing and construction sector, where consumption of steel is highest, is likely to get a boost with increase in per capita incomes and social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission (by 2022), Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), National Heritage City Development and Augmentation Yojana (HRIDAY), Bharatmala project, 24x7 Power for All initiative (by 2019), Development of Industrial Corridors & National Investment & Manufacturing Zones, 75,000 MW Clean-Energy initiative (by 2022) and many others.

Automotive sector is a major demand driver for flat steel products including basic and specialty steels. These products are key inputs for manufacture of automobiles and account for significant costs with respect to automobile production. Flat products such as hot rolled coils and sheets find their application in wheel-discs in the automotive segment. Other products like cold rolled and galvanized coils & sheets find their application in auto parts.

The automotive sector is expected to register higher sales on a year on year basis during 2018-19 backed by a growth in demand from auto consumers. With the increasing thrust and focus on the "Make-in-India" vision by the Indian Government, the Indian steel industry is expected to grow and be in a position to supply the required quantities and grades of steel much needed by the end-users. This is also given the fact that the per capita finished steel consumption remains at 60 kgs, in contrast with the world average of around 220 kgs. The G20s Global Forum on Steel Excess Capacity has acknowledged India's capacity expansion of steel as a function of growing consumption in the domestic market.

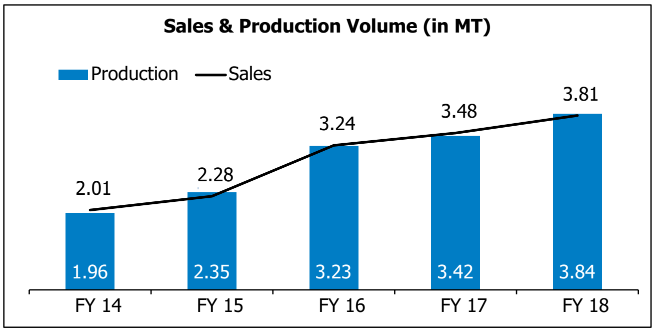
D. FINANCIAL PERFORMANCE

The Company is engaged in Steel business. Brief performance of the Company is as follows:

(₹ in Crore)

Particulars	FY 2017-18	FY 2016-17	Variation
Turnover	17,404.43	15,027.3	2,377.13
PBDIT	2,299.93	2,993.98	(694.05)
Interest and Financial Charges	6,304.90	5,426.76	878.14
Depreciation	1,785.67	1,685.61	100.06
Profit / (Loss) After Tax	(24,813.47)	(3,501.12)	(21,312.35)

- Exceptional items include an impairment charge of ₹ 19,112.80 crore against property, plant & equipment including Capital Work In Progress (CWIP). Property, plant & equipment including CWIP were tested for impairment as indicators of impairment existed on March 31, 2018.
- GST has been implemented with effect from July 1, 2017 and therefore, revenue from operations for the year ended March 31, 2018 are net of GST. Revenue from operations and expenses for the year ended March 31, 2017 being inclusive of excise duty are not comparable with corresponding figures of year ended March 31, 2018.



- During the financial year 2017-18, the saleable steel production stood at 3.84 million tons which is 12.28% higher than the previous year. The Company also registered increase in sales by 9.48%.
- Further, there was an increase in revenue (excluding excise) by 15.82% over financial year 2016-17. This was largely compensated by increase in raw material prices.

Financial Performance & State of Affairs (standalone):

During the year, the Company recorded a net loss of ₹ 24,813.47 crore (previous year: Loss of ₹ 3,501.12 crore). The increase in loss is primarily due to higher exceptional charges over the previous year. The basic and diluted earnings per share for financial year 2017 – 18 were at ₹(1,095.45)

The analysis of major items of the financial statements is given below:

a) Net sales and other operating income

(₹ Crore)

	FY 18	FY 17	Change (%)
Sale of Products	16,761	14,570	15.04
Other Operating Income	643	457	40.70
Total income from operations	17,404	15,027	15.82

During the year, the overall turnover was higher due to increase in sales volume by approximately 400 KT and increase in average realizations.

GST has been implemented with effect from July 1, 2017 and therefore, revenue from operations for the year ended March 31, 2018 are net of GST. Revenue from operations and expenses for the year ended March 31, 2017 being inclusive of excise duty are not comparable with corresponding figures of year ended March 31, 2018.

b) Raw materials consumed (₹ Crore)

	FY 18	FY 17	Change (%)
Raw materials consumed	9,915	7,062	40.40

During the year, raw material consumption increased by 40% due to increase in production of crude steel by 10.5% in FY 2017 – 18, as well as higher cost of Coking Coal, Hot Rolled Coil (HRC) and other Alloys.

c) Employee benefits expense (₹ Crore)

	FY 18	FY 17	Change (%)
Employee benefits expense	593	491	20.77

The employee cost has increased primarily on account of payment of Outstanding Bonus and yearly increments.

d) Depreciation and amortization expense (₹ Crore)

	FY 18	FY 17	Change (%)
Depreciation and amortization expense	1,786	1,686	5.93

Increase in depreciation is due to depreciation on Oxygen Plant reclassified as finance lease in FY 2017 -18.

e) Other Expenses (₹ Crore)

	FY 18	FY 17	Change (%)
Other Expenses	4320	3743	15.41

Other expenses were higher compared to last year due to increase in production (including production through ConArc), high coal prices and higher electrode consumption.

The details of other expenses are as below: (₹ Crore)

	FY 18	FY 17	Change (%)
Consumption of stores and spares	809	683	18.45
Packing material consumed	64	60	6.67
Power and fuel	972	1,254	(22.48)
Rent	917	264	247.35
Repairs & Maintenance	99	50	98.00
Administrative Expenses	85	101	(15.84)
Outward Freight	804	770	4.42
Commission to selling agents	71	67	5.97
Provision for doubtful debts	110	32	243.75
Other Manufacturing Expenses	361	361	(0)
Misc Expenses	28	101	(72.28)
Total Other Expenses	**4,320**	**3,743**	**15.41**

f) Finance costs and Net Finance Costs (₹ Crore)

	FY 18	FY 17	Change (%)
Finance costs	6,425	5,660	13.52
Net Finance costs	6,305	5,427	16.18

During the year, the finance cost increased due to non-payment of interest and hence accumulation of interest on interest.

g) Exceptional Items (₹ Crore)

	FY 18	FY 17	Change (%)
Exceptional Items	(23,345)	(7)	-

Exceptional items in FY 2017-18 include an impairment charge of ₹ 19,112.80 crore against property, plant & equipment. It also includes prior period items of ₹ 2,019.11 crore.

h) Fixed Assets (₹ Crore)

	FY 18	FY 17	Change (%)
Property, Plant and Equipment	30,362	51,764	(41.35)
Capital work-in-progress	1,180	1,171	0.77
Other Intangible assets	0.11	0.14	(21.42)

Property, plant & equipment were tested for impairment as at date where indicators of impairment existed. Hence PPE were impaired by ₹ 19,112.80 crore.

i) Investments (₹ Crore)

	FY 18	FY 17	Change (%)
Investment in Subsidiary, JVs and Associates	0.15	368.95	(99.96)
Other Investments	1.08	0.96	12.5
Total Investments	**1.23**	**369.91**	**(99.67)**

Investment in Bhushan Energy Limited worth ₹ 350 crore was impaired in FY 2017-18 as the company is under IBC process.

j) Inventories (₹ Crore)

	FY 18	FY 17	Change (%)
Raw Material	1,691	1,005	70.85
Finished Goods & WIP	1,726	1,649	3.09
Stores, Spares & Others	608	495	22.83
Total Inventory	**4,025**	**3,149**	**27.81**

Increase in raw material inventory was due to increase in commodity prices in FY 17-18 and increase in volumes was due to production ramp up.

k) Trade Receivables (₹ Crore)

	FY 18	FY 17	Change (%)
Gross Debtors	1,390	1,586	(12.36)
Less: Provision for doubtful debts	170	61	178.69
Net Debtors	1,220	1,525	(20.00)

The decrease in sundry debtors as compared to the previous year is primarily due to reduction in Credit cycle in FY 17-18 when the Company was under the IBC process.

I) **Cash Flow**

(₹ Crore)

	FY 18	FY 17	Change (%)
Net Cash Flow from Operating activities	1,789	752	138
Net Cash Flow from investing activities	(645)	(80)	(706)
Net Cash Flow from financing activities	(675)	(579)	(17)
Net increase / (decrease) in cash and cash equivalents	469	93	405

The cash operating profit before working capital changes and direct taxes was ₹ 2,373 Crore as compared to ₹ 3,017 Crore during the previous year.

The cash outflow from Investing activities was ₹ 645 Crore as compared to ₹ 80 Crore during the previous year. The outflow during the year broadly represents investment in Fixed Deposits.

The net cash outflow from financing activities was ₹ 675 Crore as compared to ₹ 579 Crore during previous year, broadly due to net interest paid of ₹ 1,122 Crore through tagging by Financial Institutions in FY 2017-18.

E. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company has no other segments apart from steel business, details of which have been included in the financial performance. Hence, no separate details on segment wise or product wise performance are being reported.

F. RISKS AND CONCERNS

Structural issues continue to pose a significant risk to the global growth cycle. While the supportive economic environment, policies and commodity prices are likely to aid growth in the short term, possible financial stress, increased protectionism and rising geopolitical tensions may pose as downside risks to growth. Further, restrictions by the US government on imports and other protectionist measures in Europe & other regions may disrupt global trade and investment adversely affecting global growth and sentiment. In addition to this, high leverage levels among nations makes them financially vulnerable and any tighter financial conditions in US, Europe or China is likely to have adverse spill-over effect on global growth. Outcome of the Brexit negotiations is likely to impact the pace of recovery in UK as well as the Eurozone economy

In the forthcoming years, the global economic situation is expected to remain favorable with high confidence and strengthening recovery of investment levels in advanced economies. Benefitting from this, the steel demand in both developed and developing economies is expected to show sustained growth momentum with risks relatively limited. However, possible adverse impact from rising trade tensions and the probable US and EU interest rate movements could erode the current momentum.

Upside and downside risks to this forecast are mostly balanced. In 2018, high confidence, strong investment levels and a recovery in commodity prices are generating a virtuous cycle for steel demand globally both in developed and developing economies. The slight deceleration in 2019 will be due to further deceleration in China and weakened investment momentum due to higher interest rates.

On the downside, possible escalation of trade tensions, rising inflationary pressure and tightening of US and EU monetary policies may cause financial market volatilities and trouble highly indebted emerging economies.

The Indian Steel Industry continues to grapple with uncertainties pertaining to the availability and consistent supplies of raw materials. Both, coal and iron ore still remain a challenge, with recent closure of mines in Goa adding to the woes of the industry.

Even though the significant shift from an allocation process to an auction process of getting mining blocks has brought about considerable transparency; issues pertaining to transport logistics from the mining areas need to be resolved in order to mitigate lag in evacuation of iron ore, coal and other minerals. The Indian Steel Association has identified that "handholding" from the various state governments in such matters is very essential and has embarked upon bringing such issues to the attention of state government authorities, beginning with Odisha.

Additionally, the resolution process of debt ridden steel companies currently underway at the Insolvency and Bankruptcy Code 2016, may necessitate a significant change in the structure of the industry.

Given the recent imposition of tariffs by the United States as an outcome Section 232 investigation of the Trade Expansion Act of 1962, the "steel-mature" countries like China, Japan, South Korea, etc. will look at India with immense interest. The Indian Steel Association has continued to highlight the long-term distortions that such high level of discounted imports bring into the domestic market. Under the new global circumstances that pervade the trade scenario, imposition of Quality Control Order(s) is a step in the right direction by the Ministry of Steel to control imports of seconds and defectives into India, which jeopardise the safety of the Indian end-consumer.

The Company is putting 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.

G. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Pursuant to the acquisition, the Management of the Company is in the process ensuring that systems and processes for ensuring that Internal Financial Controls (ÍFC') have been laid down in the Company and that such controls are adequate and operating effectively.

Consequently, an IFC framework, to commensurate with the size, scale and complexity of the Company's operations is being developed. The systems, standard operating procedures and controls forming part of the IFC will be reviewed by the internal audit team whose findings and recommendations will be placed before the Audit Committee.

The Internal Audit team will be responsible for regularly monitoring and evaluating the efficacy and adequacy of internal control systems in the Company and its compliance with systems, procedures and policies at all locations of the Company.

H. HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

As on March 31, 2018, the Company had 5,731 employees apart from thousands employed as contractors and suppliers.

The Company strives to provide a safe working atmosphere in the Company, wherein every employee can develop his own strength and deliver his expertise in the interest of the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's estimates and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

INDEPENDENT AUDITOR'S REPORT STANDALONE FINANCIAL STATEMENTS

To the Members of Bhushan Steel Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Bhushan Steel Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these standalone financial statements.

Basis for Qualified Opinion

8. As explained in note 28(iii) to the standalone financial statements, the Company has accounted for certain prior period errors in the financial statements for the year ended 31 March 2018. Under Ind AS 8, "Accounting policies, changes in accounting estimates and errors", errors that occurred prior to 1 April 2016 should have been retrospectively corrected by restating the balances of respective assets and liabilities and equity as at 1 April 2016 and errors that occurred in year ended 31 March 2017 should have been retrospectively corrected by restating the comparative amounts as at 31 March 2017 and for the year then ended.

   Had the prior period errors been appropriately accounted for in accordance with Ind AS 8:

   - Other non-current assets, non-current borrowings and other financial liabilities as at 1 April 2016 would have increased by ₹ 18,814.00 lacs, ₹ 89,645.86 lacs and ₹ 2,962.18 lacs, respectively and property, plant and equipment, deferred tax liabilities and equity as at that date would have decreased by ₹ 121,349.09 lacs, ₹ 2,775.54 lacs and ₹ 192,367.59 lacs respectively;
   - Depreciation, finance costs and deferred tax credit for the year ended 31 March 2017 would have increased by ₹ 9,486.52 lacs, ₹ 12,277.82 lacs and ₹ 2,257.94 lacs respectively and other expenses for the year then ended would have decreased by ₹ 14,997.82 lacs respectively. Accordingly, the loss after tax for the year ended 31 March 2017 would have increased by ₹ 4,508.58 lacs;
   - Other non-current assets, non-current borrowings and other financial liabilities as at 31 March 2017 would have increased by ₹ 18,571.82 lacs, ₹ 86,074.90 lacs and ₹ 3,570.96 lacs, respectively and property, plant and equipment, deferred tax liabilities and equity as at that date would have decreased by ₹ 130,835.61 lacs, ₹ 5,033.48 lacs and ₹ 196,876.17 lacs respectively; and
   - Exceptional items in the statement of profit and loss for the year ended 31 March 2018 would have decreased by ₹ 201,909.65 lacs and accordingly, loss after tax would have decreased by ₹ 196,876.17 lacs.

   Further, as at 31 March 2017, the Company had classified certain financial liabilities as non-current liabilities even though the Company was in breach of material provisions of certain long-term loan arrangements and the lenders had not agreed, before the date of approval of the financial statements for the year then ended, to not demand payment as a consequence of the breach. Accordingly, the liabilities towards such lenders had become payable on demand, and in accordance with the requirements of Ind AS 1, 'Presentation of financial statements', should have been classified as current liabilities. In the absence of the requisite information, the impact of such misstatement on the balance sheet as at 31 March 2017 cannot be ascertained.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

10. We draw attention to Note 42 to the standalone financial statements which describes the status of Corporate Insolvency Resolution Process that the Company underwent, which was subsequently concluded on 15 May 2018. We also draw attention to Note 28 to the standalone financial statements which describes certain related exceptional items (other than the prior period errors dealt with above) recognised during the year ended 31 March 2018. Our opinion is not modified in respect of these matters.

Other Matter

11. The comparative financial information for the year ended 31 March 2017 included in the accompanying standalone financial statements was jointly audited by M/s Mehra Goel & Co. and M/s Mehrotra & Mehrotra, whose audit report dated 5 July 2017 expressed qualified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

    a) we have sought and except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) the directors of the Company as of 31 March 2018 are disqualified from being appointed as directors in terms of Section 164(2) of the Act (also refer Note 44 to the accompanying standalone financial statements);

    f) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;

    g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 9 August 2018 as per Annexure B expressed qualified opinion;

    h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in Note 41(A) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103

Place: Mumbai
Date: 9 August 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BHUSHAN STEEL LIMITED, ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management subsequent to the year by engaging the outside expert and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following properties:

- title deeds to freehold land with gross carrying amount and net carrying amount of ₹ 1,265.55 Lacs and ₹ 1,265.55 Lacs respectively were not readily available.
- title deeds to building with gross carrying amount and net carrying amount of ₹ 245.24 Lacs and ₹ 171.62 Lacs respectively were not readily available.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and subsequent to the year (by engaging the outside expert) and discrepancies noticed on physical verification have been properly dealt with in the books of account.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited to the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Due date	Date of payment
The Central Excise Act, 1944	Excise duty, interest and penalty on outstanding payment	15,468.49	April 2015 to March 2018	Immediate	Not yet paid
Odisha Electricity (Duty) Act 1961 (as amended)	Electricity duty and interest	7,577.11	April 2006 to March 2017	Immediate	Not yet paid

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	82.68	AY 1994-95	High Court
Income Tax Act, 1961	Income Tax	1,495.40	AY 1995-96	Supreme Court
Income Tax Act, 1961	Income Tax	1,574.54	AY 1996-97	Supreme Court

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,194.06	AY 1997-98	High Court
Income Tax Act, 1961	Income Tax	963.52	AY 1998-99	Supreme Court
Income Tax Act, 1961	Income Tax	1,730.83	AY 1999-00	High Court
Income Tax Act, 1961	Income Tax	2,932.75	AY 2000-01	Supreme Court
Income Tax Act, 1961	Income Tax	3,703.98	AY 2001-02	Supreme Court
Income Tax Act, 1961	Income Tax	3,691.52	AY 2002-03	High Court
Income Tax Act, 1961	Income Tax	3,456.19	AY 2003-04	High Court
Income Tax Act, 1961	Income Tax	4,079.03	AY 2004-05	High Court
Income Tax Act, 1961	Income Tax	5,785.43	AY 2005-06	High Court
Income Tax Act, 1961	Income Tax	5,130.33	AY 2006-07	High Court
Income Tax Act, 1961	Income Tax	6,554.00	AY 2007-08	ITAT
Income Tax Act, 1961	Income Tax	7,091.46	AY 2008-09	ITAT
Income Tax Act, 1961	Income Tax	31,501.09	AY 2009-10	ITAT
Income Tax Act, 1961	Income Tax	12,359.84	AY 2010-11	ITAT
Income Tax Act, 1961	Income Tax	13,315.62	AY 2011-12	CIT(A)
Income Tax Act, 1961	Income Tax	7,601.91	AY 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	40,578.57	AY 2013-14	ITAT
Income Tax Act, 1961	Income Tax	53,585.28	AY 2014-15	ITAT
Income Tax Act, 1961	Income Tax	70,413.06	AY 2015-16	ITAT
Finance Act, 1994	Service Tax	1,585.74	April 2009 to Dec 2010	CESTAT Kolkata
Finance Act, 1994	Service Tax	666.76	Oct 2009 to Sept 2010	CESTAT Kolkata
Finance Act, 1994	Service Tax	3,500.71	April 2010 to Mar 2011	CESTAT Kolkata
The Customs Act, 1962	Custom Duty	385.08	2009-10	CESTAT - Bangalore
The Customs Act, 1962	Custom Duty	60.61	2010-11	CESTAT - Bangalore
The Customs Act, 1962	Custom Duty	7.19	2011-12	CESTAT – Bangalore
The Odisha Entry Tax Act, 1999	Entry Tax	30,312.98	April 2005 to Jan 2008	High Court – Odisha
The Odisha Entry Tax Act, 1999	Entry Tax	4,582.92	April 2007 to March 2008	Commissioner Appeals
Uttar Pradesh Tax on entry of goods into Local Areas Act, 2007	Entry Tax	26.68	2000-01	High Court - Allahabad
Uttar Pradesh Tax on entry of goods into Local Areas Act, 2007	Entry Tax	11.08	2007-08	Adjudicating Authority
Uttar Pradesh Tax on entry of goods into Local Areas Act, 2007	Entry Tax	1,687.78	2008-09 to 2014-15	Commissioner Appeals
Central Excise Act, 1944	Excise Duty	35,349.94	Aug 2005 to Jan 2011	CESTAT, Kolkata
Central Excise Act, 1944	Excise Duty	63.87	Apr 2010 to Jan 2011	Orissa High Court
Central Excise Act, 1944	Excise Duty	3,377.52	Apr 2001 to Mar 2009	Bombay High Court
Central Excise Act, 1944	Excise Duty	5,079.53	Jul 2009 to Sep 2010	Supreme Court
Central Excise Act, 1944	Excise Duty	1,932.21	Apr 2010 to Mar 2014	CESTAT - Bombay
Central Excise Act, 1944	Excise Duty	1.44	Apr 2015 to Mar 2016	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	7,672.11	Jun 2001 to Mar 2013	High court - Allahabad
Central Excise Act, 1944	Excise Duty	10,162.52	Sept 1998 to Jun 2014	Cestat - Allahabad
Central Excise Act, 1944	Excise Duty	217.93	Dec 2004 to Dec 2015	Commissioner Appeals - Sahibabad
The Central Sales tax Act, 1956	CST	1,222.66	Jan 2008 to Mar 2008, April 2010 to March 2011, April 2012 to March 2013, Apr 2015 to Jun 2015	Commissioner Appeals - Sahibabad
The Central Sales tax Act, 1956	CST	5,574.22	April 2009 to March 2010, April 2011 to March 2015	Adjudicating Authority

Name of the statute	Nature of dues	Amount (₹ In lacs)	Period to which the amount relates	Forum where dispute is pending
The Orissa Value Added Tax Act, 2004	VAT	58,677.43	Apr 2005 to Mar 2008, Apr 2010 to Mar 2012	High Court - Orissa
The Orissa Value Added Tax Act, 2004	VAT	57.56	July 2006 to November 2010	Commissioner Appeals - Orissa
The Orissa Value Added Tax Act, 2004	VAT	5.70	April 2012 to March 2013	Commissioner Appeals - Orissa
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	0.37	April 1991 to March 1992	Tribunal Allahabad
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	720.77	April 2002 to Mar 2004	Joint Commissioner
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	558.43	April 2004 to Mar 2005	Commissioner Appeals - Sahibabad
Uttar Pradesh Sales Tax Act, 1948	Sales Tax	290.75	April 2007 to Dec 2007	High Court - Allahabad
Uttar Pradesh Sales Tax Act, 1948 and The Central Sales tax Act, 1956	VAT and CST	548.12	Apr 2005 to Mar 2007	High Court - Allahabad
The Uttar Pradesh Value added tax act, 2008	VAT	1,076.06	April 2013 to March 2014	Joint Commissioner
The Uttar Pradesh Value added tax act, 2008	VAT	11,781.44	Jan 2008 to Mar 2011, Apr 2015 to Dec 2016	Commissioner Appeals - Sahibabad
The Uttar Pradesh Value added tax act, 2008	VAT	12,684.63	Apr 2011 to Oct 2014	Tribunal Ghaziabad
The Uttar Pradesh Value added tax act, 2008	VAT	313.51	Apr 2012 to Mar 2013, Apr 2014 to Sep 2014	Commissioner Appeals - Sahibabad
The Uttar Pradesh Value added tax act, 2008	VAT	14,472.56	Apr 2009 to Mar 2010, Oct 2011 to Jul 2012, Apr 2011 to Mar 2015	Adjudicating Authority
The Uttar Pradesh Value added tax act, 2008 and The Central Sales tax Act, 1956	VAT and CST	5,843.47	Jan 2008 to March 2008	High Court - Allahabad

(viii) The Company has defaulted in repayment of loans and borrowings to the banks and financial institutions and in repayment of dues to debenture-holders during the year. Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ('CIRP') under The Insolvency and Bankruptcy Code, 2016 ('IBC') was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ('NCLT') dated 26 July 2017. Accordingly, no payments could be made thereafter to the banks, financial institutions and debenture holders, until the resolution process is concluded. The details of outstanding amounts as on 26 July 2017 is as follows:

Particulars	Amount outstanding as on 26 July 2017 (₹ In lacs)	Period of default
i. Name of the Lenders		Refer Note below
In case of:		
a. Banks		
Indian Overseas Bank	74,840.66	
Allahabad Bank	189,932.32	
Andhra Bank	86,593.03	
South Indian Bank	15,015.52	
Axis Bank	193,980.44	
Bank of Baroda	157,402.50	
Bank of India	231,908.49	

Particulars	Amount outstanding as on 26 July 2017 (₹ In lacs)	Period of default
Bank of Maharashtra	124,167.85	Refer Note below
Bank of Tokyo	11,045.45	
Bayerische Landesbank	9,844.77	
Canara Bank	279,765.06	
Central Bank of India	114,005.83	
Corporation Bank	91,666.78	
Credit Agricole Corporate & Investment Bank	8,617.82	
DBS Bank	52,429.53	
Dena Bank	59,647.50	
Deutsche Bank	23,090.66	
DZ Bank AG	117,573.54	
J&K Bank	74,073.88	
EBNER Industrieofenbau GmbH	3,004.71	
EXIM Bank	57,270.12	
ICICI Bank	244,894.98	
IDBI Bank	171,102.02	
Indian Bank	93,238.20	
Indian Overseas Bank	20,998.02	

Particulars	Amount outstanding as on 26 July 2017 (₹ In lacs)	Period of default
IndusInd Bank	10,220.09	Refer Note below
ING Bank NV	306.14	
Karur Vysya Bank	19,054.79	
Lakshmi Vilas Bank	3,731.19	
Natixis	31,175.11	
Norddeutsche Landesbank Girozentrale	76,500.05	
Office Du Ducroire	1,092.60	
Oriental Bank of Commerce	156,613.29	
Phoenix ARC Private Limited	33,638.97	
Punjab & Sind Bank	69,347.14	
Punjab National Bank	490,437.42	
SBI	1,286,486.53	
SBI (Mauritius)	37,156.30	
SBI Canada	13,601.00	
Standard Chartered	13,202.52	
Syndicate Bank	173,002.20	
UCO Bank	111,907.03	
Union Bank of India	157,727.28	
United Bank of India	77,701.60	
Vijaya Bank	41,628.46	
Yes Bank	29,218.60	
b. Financial Institutions		
IFCI Limited	44,737.74	
L&T finance	11,283.36	
SICOM	1,772.77	
STCI Finance	9,226.61	
Tata Capital	898.53	
ii. Debentures	194,428.65	

There are no loans or borrowings payable to government.

Note: As mentioned in note 15(A)(xv) to the financial statements, subsequent to the year-end, on 15 May 2018, the NCLT has approved the terms of the Resolution Plan submitted by Tata Steel Limited, pursuant to which debts owed by the Company as at that date have been partially settled through repayment and balance amount has been novated by the financial creditors to the Company's immediate holding company, which has been subsequently been waived off. Accordingly, the table above provides appropriate and relevant information in respect of such debts.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) Pursuant to the initiation of CIRP and the requirements of Section 25(2)(j) of IBC, the Resolution Professional appointed by the NCLT identified certain transactions covered under Sections 43 to 51 and 66 of the IBC. These transactions were submitted with NCLT, crystallisation of amount / future course of action will be carried out based on the judgment / order of NCLT. Further, based on the information and explanations provided to us, certain former key management personnel of the Company are subject matter of investigations by the Government Authorities, which is currently underway and the Company is yet to get any communication in this respect from the government agencies till the balance sheet date. Except these transactions, no fraud by the Company or on the Company by its officers or employees has been noticed during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103

Place: Mumbai
Date: 9 August 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BHUSHAN STEEL LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Bhushan Steel Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2018:

   The Company did not have appropriate internal controls over financial reporting towards correcting the identified material prior period errors by restating the comparative amounts for the respective prior period(s) presented in which the error occurred, in accordance with Ind AS 8, "Accounting policies, changes in accounting estimates and errors" and other accounting principles generally accepted in India, which has resulted in material misstatements in multiple elements of the annual financial statements during the current year, as explained in Note 28(iii) to the accompanying financial statements.

   A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

   In our opinion, because of the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

   We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103

Place: Mumbai
Date: 9 August 2018

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2018

(₹ in Lacs)

	Note	As at March 31, 2018	As at March 31, 2017
A ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3A	3,036,155.81	5,176,409.37
(b) Capital work-in-progress	3B	117,965.24	117,060.76
(c) Intangible assets	4	10.65	13.74
(d) Investments in subsidiaries, associates and joint ventures	6A	15.00	36,895.62
(e) Financial assets			
(i) Non-current investments	6A	107.67	95.79
(ii) Loans	6B	7,265.35	9,808.64
(iii) Other financial assets	6C	46,666.61	56,468.63
(f) Other non-current assets	7	80,836.20	67,503.57
(g) Income tax assets	8	2,900.20	2,555.17
Total non-current assets		**3,291,922.73**	**5,466,811.29**
(2) Current assets			
(a) Inventories	9	402,519.54	314,891.77
(b) Financial assets			
(i) Trade receivables	10	121,957.81	152,555.10
(ii) Cash and cash equivalents	11	59,421.01	12,480.58
(iii) Other balances with banks	12	32,352.42	2,992.61
(iv) Loans	6B	9,173.73	10,296.68
(v) Other financial assets	6C	-	1,019.92
(c) Other current assets	7	66,812.17	85,292.02
Total current assets		**692,236.68**	**579,528.68**
Total assets		**3,984,159.41**	**6,046,339.97**
B EQUITY & LIABILITIES			
(1) Equity			
(a) Equity share capital	13	4,530.30	4,530.30
(b) Other equity	14	(2,610,536.30)	(128,895.92)
Total equity		**(2,606,006.00)**	**(124,365.62)**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15A	70,652.60	3,057,955.30
(ii) Other financial liabilities	16	3,940.04	3,283.15
(b) Provisions	18	5,632.08	4,011.13
(c) Deferred tax liabilities (net)	30	-	351,545.94
(d) Other non-current liabilities	17	266.18	-
Total non-current liabilities		**80,490.90**	**3,416,795.52**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15A	1,381,286.08	1,568,267.78
(ii) Trade payables	15B	130,512.81	110,996.20
(iii) Other financial liabilities	16	4,952,780.37	1,044,132.49
(b) Other current liabilities	17	44,364.11	30,017.97
(c) Provisions	18	731.14	495.63
Total current liabilities		**6,509,674.51**	**2,753,910.07**
Total equity and liabilities		**3,984,159.41**	**6,046,339.97**
The accompanying notes forming part of the financial statements	**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lacs)

		Note	Year ended March 31, 2018	Year ended March 31, 2017
I	**Revenue**			
	(a) Revenue from operations	19	1,740,442.76	1,502,730.17
	(b) Other income	20	9,508.06	7,196.46
	Total income		**1,749,950.82**	**1,509,926.63**
II	**Expenses**			
	(a) Raw materials consumed	21	991,528.83	706,163.28
	(b) Purchases of finished, semi-finished steel & other products	22	712.03	18.01
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(2,789.63)	(51,148.96)
	(d) Excise duty		39,187.18	132,135.99
	(e) Employee benefit expense	24	59,330.05	49,061.83
	(f) Finance costs	25	630,489.74	542,676.32
	(g) Depreciation and amortisation expense	26	178,566.53	168,561.21
	(h) Other expenses	27	431,988.82	374,298.37
	Total expenses		**2,329,013.55**	**1,921,766.05**
III	**Loss before exceptional items and tax (I-II)**		**(579,062.73)**	**(411,839.42)**
IV	**Exceptional items**	28	(2,334,467.77)	(669.25)
V	**Loss before tax (III+IV)**		**(2,913,530.50)**	**(412,508.67)**
VI	**Tax expenses**	30		
	(a) Current tax		-	-
	(b) Deferred tax		(432,183.47)	(62,396.54)
	Total tax expenses		**(432,183.47)**	**(62,396.54)**
VII	**Loss for the year (V-VI)**		**(2,481,347.03)**	**(350,112.13)**
VIII	**Other comprehensive income/(loss)**	14		
	(a) Items that will not be reclassified subsequently to the statement of profit and loss			
	(i) Remeasurement gains/(losses) on post employment defined benefit plans		(273.27)	(127.33)
	(ii) Fair value changes of investments in equity shares		11.90	22.03
	(b) Income tax on items that will not be reclassified subsequently to the statement of profit and loss		(31.98)	44.07
	(c) Items that will be reclassified subsequently to the statement of profit and loss		-	-
	(d) Income tax on items that will be reclassified subsequently to the statement of profit and loss		-	-
	Total other comprehensive loss		**(293.35)**	**(61.23)**
IX	**Total comprehensive loss for the year (VII+VIII)**		**(2,481,640.38)**	**(350,173.36)**
X	**Earnings per share**	29		
	Basic (in Rupees)		(1,095.45)	(154.56)
	Diluted (in Rupees)		(1,095.45)	(154.56)
	The accompanying notes forming part of the financial statements	**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2018

(A) Equity share capital

(₹ in Lacs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at April 01, 2016	**226,514,746**	**4,530.30**
Changes during the year	-	-
As at March 31, 2017	**226,514,746**	**4,530.30**
Changes during the year	-	-
As at March 31, 2018	**226,514,746**	**4,530.30**

(B) Other equity

(₹ in Lacs)

Particulars	Reserves and surplus					Equity instruments at fair value through other comprehensive income	Total
	Capital redemption reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Retained earnings		
As at April 01, 2016	**693.34**	**72,576.10**	**36,512.50**	**527,837.59**	**(416,374.86)**	**32.77**	**221,277.44**
Loss for the year	-	-	-	-	(350,112.13)	-	(350,112.13)
Other comprehensive income/ (loss)	-	-	-	-	(83.26)	22.03	(61.23)
As at March 31, 2017	**693.34**	**72,576.10**	**36,512.50**	**527,837.59**	**(766,570.25)**	**54.80**	**(128,895.92)**
Loss for the year	-	-	-	-	(2,481,347.03)	-	(2,481,347.03)
Other comprehensive income/ (loss)	-	-	-	-	(305.25)	11.90	(293.35)
As at March 31, 2018	**693.34**	**72,576.10**	**36,512.50**	**527,837.59**	**(3,248,222.53)**	**66.70**	**(2,610,536.30)**

The accompanying notes forming part of the financial statements (1-46)
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Neeraj Sharma
Partner
Membership No. 502103

Place: Mumbai
Date: August 9, 2018

For and on behalf of the Board of Directors

Mr. T. V. Narendran
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(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
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Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lacs)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A	**Cash flow from operating activities**		
	Loss before tax	**(2,913,530.50)**	**(412,508.67)**
	Adjustments for :		
	Capital reserve reclassification	-	(1,880.93)
	Depreciation and amortisation expenses	178,566.53	168,561.21
	Provisions (retirement benefit)	1,856.46	986.52
	Finance cost	630,489.74	542,676.32
	Interest income & income from investment & others	(2,908.81)	(4,668.19)
	Exceptional items	2,319,923.49	669.25
	Loss / (profit) on sale of fixed assets	207.95	(106.38)
	Allowance for expected credit losses	11,234.31	4,075.27
	Other non-cash item	11,416.85	3,917.25
	Operating profit before change in operating assets and liabilities	**237,256.02**	**301,721.65**
	Change in operating assets and liabilities		
	Non-current / current financial and other assets	(8,206.92)	(78,991.43)
	Inventories	(87,627.77)	(104,967.99)
	Non-current / current financial and other liabilities / provisions	37,813.59	(42,328.53)
	Change in operating assets and liabilities	**(58,021.10)**	**(226,287.95)**
	Cash generated from operations	**179,234.92**	**75,433.70**
	Income taxes paid	(345.03)	(226.74)
	Net cash flow from operating activities	**178,889.89**	**75,206.96**
B	**Cash flow from investing activities:**		
	Sale of property, plant & equipment	224.62	148.09
	Purchase of property, plant & equipment	(31,399.91)	(25,229.84)
	Interest received	1,099.19	4,666.03
	Dividend income	2.70	2.16
	Movement in fixed deposits with bank (placed)/ realised	(34,391.30)	12,412.39
	Net cash used in investing activities	**(64,464.70)**	**(8,001.17)**
C	**Net cash flow from financing activities:**		
	(Repayments of)/proceeds from long term borrowings	(5,007.80)	9,198.85
	Proceeds from short-term borrowings	49,766.34	82,095.48
	Interest paid	(112,241.30)	(148,787.43)
	Proceeds from share application money	-	600.00
	Redemption of preference share including premium	-	(2,900.00)
	Unclaimed dividend	(2.00)	(2.04)
	Capital subsidy	-	1,880.93
	Net cash used in financing activities	**(67,484.76)**	**(57,914.21)**

(₹ in Lacs)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
D	**Net change in cash & cash equivalents (A+B+C)**	**46,940.43**	**9,291.58**
E - 1	Cash & cash equivalents as at the beginning of year	12,480.58	3,189.00
E - 2	Cash & cash equivalents as at the end of year	59,421.01	12,480.58
	Net change in cash & cash equivalents (E-2 - E-1)	**46,940.43**	**9,291.58**

(i) Significant non cash movements in borrowings during the year include:

(a) addition on account of finance leases and other non cash item ₹ 93,223.20 Lacs (2016-17 ₹ 859.44 Lacs).

(b) exchange loss ₹ 38,079.63 Lacs (2016-17 ₹ 36,649.59 Lacs).

The accompanying notes forming part of the financial statements (1- 46)

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

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(DIN: 00501029)

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Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

ACCOUNTING POLICIES UNDER IND AS

STANDALONE FINANCIAL STATEMENTS OF BHUSHAN STEEL LIMITED FOR THE YEAR ENDED MARCH 31, 2018

1. Company information and basis of preparation

Bhushan Steel Limited ("the Company") is a public limited Company incorporated in India with its registered office in New Delhi, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is the 3rd largest secondary steel producer with an overall steel producing capacity of 5.6 million tonne per annum. The Company has presence across the entire value chain of steel manufacturing. The Company offers a broad range of steel products including a portfolio of high value added downstream products such as hot rolled, cold rolled and coated steel, cold rolled full hard, galvanised coils and sheets, high tensile steel strips, colour coated tiles, precision tubes etc. The Company has the unique facilities of producing cold roll and sheets upto a width of 1700 mm and galvanised coil and steel up to a width of 1350 mm.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standard) Rules, as amended time to time.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except:

(a) certain assets and liabilities that are required to be carried at fair values by Ind AS; and

(b) property, plant & equipment which have been fair valued at the transition date (i.e. April 1, 2015) as 'deemed cost' upon transition to Ind AS.

The financial statements are presented in INR and all values are rounded to the nearest Lacs (INR 00,000), except when otherwise indicated.

These are standalone financial statements (the 'financial statements') for the year ended March 31, 2018 were approved by the Board of Directors and approved for issue on August 09, 2018.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset/liability is treated as current when it is expected to be realised/settled, sold, consumed within the normal operating cycle. Having regard to the nature of business being carried out by the Company the Company has determined its operating cycle as twelve months. The Company classifies all other assets/liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is derecognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment and capital work in progress are stated at cost / deemed cost, net of accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of qualifying asset.

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between sale proceeds and carrying value of such item, and is recognised in the statement of profit and loss.

c) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortisation is provided on a straight line basis to the cost/deemed cost of property, plant and equipment and intangible assets, including those held under finance leases to their residual value. Depreciation on all assets commences from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period or estimated useful life whichever is less. The estimated useful lives of assets and residual values are regularly reviewed and, when necessary, revised.

The estimated useful life of main category of property plant and equipment and intangible assets are:-

	Estimated useful life (years)
Buildings	Upto 60 years*
Roads	30 years
Plant and Machinery	Upto 40 years*
Railway Sidings	Upto 30 years*
Vehicles	8 to 10 years
Furniture, Fixtures and Office Equipment	5 to 10 years
Computer Software	3 years

* for these class of assets useful lives are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Based on the technical evaluation carried by a chartered engineer and internal assessments made, the Company believes that useful lives mentioned above are best representative of the period over which the Company expects to use the assets.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Eligible transaction/ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

e) Impairment of non-financial assets

The Company, at each balance sheet date, reviews carrying values of its property plant and equipment and assesses whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount being higher of fair value less costs to sell and value in use of the assets, is estimated to determine the impairment losses and are recognised in the statement of profit and loss. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets an assessment is made at each balance sheet date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

f) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, wherever considered necessary. Cost is ascertained on a weighted average basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business based on market price at the balance sheet date and discounted for the time value of money if material, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts including other items are carried on weighted average basis.

g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excludes tax and duties collected on behalf of the government. Exports sales are net of ocean freight, insurance.

Dividend income is recognised when the right to receive payment is established.

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

h) Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange at the balance sheet date.

For foreign currency loans taken before March 31, 2016 for, adjustments arising from exchange rate variations relating to long term monetary items attributable to the depreciable fixed assets are capitalised. For foreign currency loans taken after March 31, 2016, exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of profit or loss are also recognised in other comprehensive income or statement of profit or loss, respectively).

i) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted in India, at the balance sheet date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets is offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

Deferred tax liabilities are generally recognised for all the temporary differences. On the contrary, deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits (including Minimum Alternative Tax (MAT) credit) and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the service rendered by employees are recognised during the period when the employee renders the services.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

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 recognised as an expense when employees have rendered services entitling them to the contribution.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. In respect of post-retirement benefit re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/ losses on the compensated absences are immediately taken to the statement of profit and loss and are not deferred.

k) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease, all other leases are classified as operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rentals are recognised as revenue in the period in which they are earned.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

m) Earnings per share

Basic earnings per equity share is computed by dividend net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

n) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

p) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

q) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the chief operating decision maker. The Company operates in a single operating segment and geographical segment.

s) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

Non-derivative financial assets

Subsequent measurement

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost, if both the following conditions are met:

   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in mutual funds** – Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

iii. **Investments in equity instruments of subsidiaries, joint ventures and associates** - Investments in equity instruments of subsidiaries, joint ventures and associates are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

   Investments in equity instruments - Investments in equity instruments, where the Company has opted to classify such instruments at fair value through other comprehensive income (FVOCI) are measured at fair value through other comprehensive income. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

De-recognition of financial assets

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

t) Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs **("MCA")** has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from contract with customers:

On March 28, 2018, Ministry of Corporate Affairs **("MCA")** has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTES TO FINANCIAL STATEMENTS

3A. Property, plant and equipment

(₹ in Lacs)

Description of assets	Gross block					Accumulated depreciation and impairment						Net block	
	Cost as at April 01, 2017	Addition during the year	Sold/ discarded during the year	Adjustment during the year (refer sub-note (ii))	Cost as at March 31, 2018	As at April 01, 2017	Depreciation for the year	Impairment for the year	Disposal	Adjustment during the year (refer sub-note (ii))	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Freehold Land	84,107.26	179.72	-	(15,635.63)	68,651.35	-	-	9,211.61	-	-	9,211.61	59,439.74	84,107.26
Leasehold Land	205,937.18	-	-	(205,937.18)	-	-	-	-	-	-	-	-	205,937.18
Building	1,031,791.49	146.47	-	668,185.40	1,700,123.36	73,510.15	35,811.71	590,860.30	-	49,392.97	749,575.13	950,548.23	958,281.34
Railway Siding	85,650.38	-	-	-	85,650.38	10,852.97	5,422.49	58,810.06	-	-	75,085.52	10,564.86	74,797.41
Plant and Machinery	4,101,376.83	77,856.62	495.92	(614,452.99)	3,564,284.54	253,696.43	136,230.04	1,212,897.93	187.90	(49,392.97)	1,553,243.53	2,011,041.01	3,847,680.40
Furniture and Fixtures	4,902.16	26.12	-	-	4,928.28	1,108.07	537.79	-	-	-	1,645.86	3,282.42	3,794.09
Vehicles	2,276.90	84.28	191.21	-	2,169.97	918.42	396.86	-	66.68	-	1,248.60	921.37	1,358.48
Office Equipments	852.30	66.27	-	-	918.57	399.09	161.30	-	-	-	560.39	358.18	453.21
Total Tangible Assets	**5,516,894.50**	**78,359.48**	**687.13**	**(167,840.40)**	**5,426,726.45**	**340,485.13**	**178,560.19**	**1,871,779.90**	**254.58**	**-**	**2,390,570.64**	**3,036,155.81**	**5,176,409.37**

(₹ in Lacs)

Description of assets	Gross block					Accumulated depreciation and impairment						Net block	
	Cost as at April 01, 2016	Addition during the year	Sold/ discarded during the year	Adjustment during the year (refer sub-note (ii))	Cost as at March 31, 2017	As at April 01, 2016	Depreciation for the year	Impairment for the year	Disposal	Adjustment during the year (refer sub-note (ii))	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
Freehold Land	84,107.26	-	-	-	84,107.26	-	-	-	-	-	-	84,107.26	84,107.26
Leasehold Land	205,573.91	363.27	-	-	205,937.18	-	-	-	-	-	-	205,937.18	205,573.91
Building	1,025,345.54	5,368.97	-	1,076.98	1,031,791.49	37,170.62	36,339.53	-	-	-	73,510.15	958,281.34	988,174.92
Railway Siding	85,650.38	-	-	-	85,650.38	5,433.90	5,419.07	-	-	-	10,852.97	74,797.41	80,216.48
Plant and Machinery	3,907,229.74	191,577.87	29.69	2,598.91	4,101,376.83	128,066.95	125,629.48	-	-	-	253,696.43	3,847,680.40	3,779,162.79
Furniture and Fixtures	4,857.90	44.26	-	-	4,902.16	556.65	551.42	-	-	-	1,108.07	3,794.09	4,301.25
Vehicles	1,948.10	344.66	15.86	-	2,276.90	479.39	442.89	-	-	3.86	918.42	1,358.48	1,468.71
Office Equipments	801.97	50.35	0.02	-	852.30	234.78	164.31	-	-	-	399.09	453.21	567.19
Total Tangible Assets	**5,315,514.80**	**197,749.38**	**45.57**	**3,675.89**	**5,516,894.50**	**171,942.29**	**168,546.70**	**-**	**-**	**3.86**	**340,485.13**	**5,176,409.37**	**5,143,572.51**

NOTES TO FINANCIAL STATEMENTS

3B. Capital work in progress

Capital work in progress (CWIP) as at March 31, 2018 comprises expenditure for the plant in the course of construction. Total amount of CWIP is ₹ 117,965.24 Lacs (March 31, 2017 ₹ 117,060.76 Lacs). This includes expenditure capitalised and comprises of direct material cost, labour charges, supervision charges.

Notes

(i) Net carrying value of plant and machinery comprises of:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Asset held under finance leases		
Cost	75,í406.25	-
Accumulated depreciation and impairment	9,525.00	-
	65,881.25	**-**
Owned assets	1,846,373.82	3,847,680.40
	1,912,255.07	**3,847,680.40**

(ii) Adjustment during the year ended March 31, 2018 include:

a) Capitalisation of exchange losses amounting to ₹ 38,096.78 Lacs.

b) Reclassification of leasehold land amounting to ₹ 205,937.18 Lacs as an operating lease (including write off on account of prior period error net of cumulative amortisation, amounting to ₹ 187,365.38 Lacs). For details of adjustment in leasehold land, refer note 28.

c) Reclassifications of items of property plant and equipment between classes of assets.

(iii) For details of capital commitments, refer note 41.

(iv) Property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 15A pertaining to borrowings.

(v) During the year, the Company has recognised an impairment loss against property, plant & equipment including capital work in progress aggregating to ₹ 1,911,279.90 Lacs.

Pursuant to the admission to corporate insolvency resolution process in 2017, the liquidation value of the assets was assessed to be substantially lower than carrying values. Further, the company's inability to procure raw materials at favourable or commercially feasible credit terms resulted in rise in input costs as well as decline in orders from its customers. The overall deterioration in the business conditions led to a significant decline in the market capitalisation of the Company as well.

With these indicators, the Company carried out an impairment assessment of its property, plant & equipment. For the purpose of impairment assessment, the Company's business is divided into three cash generating units (CGUs) comprising of three plants which are capable of generating independent cash flows. Any corporate assets have been allocated to such CGUs, since they independently do not meet the definition of CGU. The impairment test is carried out by comparing the carrying values with recoverable amounts for each CGU. For this, the recoverable amount has been determined as 'fair value less costs to sell', as follows:

(₹ in Lacs)

Cash generating unit	Carrying values	Fair values less cost to sell
Sahibabad plant	183,400.00	139,700.00
Khopoli plant	244,100.00	242,200.00
Orissa plant	4,637,900.95	2,772,221.05
Total	**5,065,400.95**	**3,154,121.05**

For determining recoverable amount as fair value less costs to sell, such fair values have been determined using a level 3 fair value measurement technique as follows:

(i) Land: Valuation of freehold land has been determined using market approach, i.e., current prices in an active market for similar properties of the same area and localities have been taken. Fair value of leasehold interest in land has been considered based on current market quotes for similar leases.

(ii) Property, plant & equipment (other than land): Fair values have been determined using cost approach, that reflects the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence ('current replacement cost'). Key assumptions used in determining recoverable amount as 'fair value less costs to sell' are as follows:

(a) Input Tax Credit (ITC) and other tax credits have been considered for replacement cost estimation.

(b) Soft cost has been considered as 20%-30% of hard cost.

(c) Construction period has been considered as 36 months for finance cost capitalisation. Interest rate considered is 11% with debt : equity = 75:25.

(d) Residual value has been estimated at 5% of the replacement cost.

NOTES TO FINANCIAL STATEMENTS

4. Intangible assets

(₹ in Lacs)

Description of assets	Gross block					Accumulated amortisation					Net block	
	Cost as at April 01, 2017	Addition during the Year	Sold / discarded during the year	Adjustment during the year	Cost as at March 31, 2018	As at April 01, 2017	During the year	Disposal	Adjustment during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Intangible assets												
Computer software	57.61	3.25	-	-	60.86	43.87	6.34	-	-	50.21	10.65	13.74
Other assets	978.59	-	-	-	978.59	978.59	-	-	-	978.59	-	-
Total intangible assets	**1,036.20**	**3.25**	**-**	**-**	**1,039.45**	**1,022.46**	**6.34**	**-**	**-**	**1,028.80**	**10.65**	**13.74**

(₹ in Lacs)

Description of assets	Gross block					Accumulated amortisation					Net block	
	Cost as at April 01, 2016	Addition During the year	Sold/ discarded during the year	Adjustment during the year	Cost as at March 31, 2017	As at April 01, 2016	During the year	Disposal	Adjustment during the year	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
Intangible assets												
Computer software	47.02	10.59	-	-	57.61	39.36	4.51	-	-	43.87	13.74	7.66
Other assets	968.59	10.00	-	-	978.59	968.59	10.00	-	-	978.59	-	-
Total intangible assets	**1,015.61**	**20.59**	**-**	**-**	**1,036.20**	**1,007.95**	**14.51**	**-**	**-**	**1,022.46**	**13.74**	**7.66**

5. Leases

The Company has taken certain land, buildings, plant and machinery under operating and/or finance leases. The following is a summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

A Operating leases:

Significant leasing arrangements include lease of land for periods ranging between 70 to 90 years renewable on mutual consent, lease of transit house/guest house and assets dedicated for use under long term arrangements. Payments under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets, executory services and for output based on the underlying contractual terms and conditions. Any change in the allocation assumptions may have an impact on lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

(₹ in Lacs)

Minimum lease payments	As at March 31, 2018	As at March 31, 2017
Not later than one year	1,052.73	598.99
Later than one year but not later than five years	3,348.17	3,530.19
Later than five years	4,437.31	5,308.02
Total minimum lease payments	**8,838.21**	**9,437.20**

During the year ended March 31, 2018, total operating lease rental expense recognised in the statement of profit and loss was ₹ 91,716.73 Lacs, (March 31, 2017: ₹ 26,415.97 Lacs). This includes ₹ 76,584.41 Lacs which comprises of consideration for non lease elements made under long term supply arrangement and consideration for lease element which can not be separated.

B Finance leases:

The Company entered into sale and leaseback arrangement for oxygen plant in earlier years which was accounted as operating lease. However, the terms of the lease require such arrangement to be classified as finance lease. Consequently, the asset has been recognised with corresponding finance lease obligation. Cumulative effect of reversal of operating lease rentals and booking of depreciation and finance cost from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'.

NOTES TO FINANCIAL STATEMENTS

The minimum lease payments and minimum lease payments excluding future finance charges in respect of arrangements classified as finance leases is as below:

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017	
	Minimum lease payments	Minimum lease payments less future finance charges	Minimum lease payments	Minimum lease payments less future finance charges
Not later than one year	20,160.00	15,422.31	-	-
Later than one year but not later than five years	92,160.00	32,290.78	-	-
Later than five years	46,000.00	38,361.81	-	-
Total future minimum lease commitments	**158,320.00**	**86,074.90**	**-**	**-**
Less: Future finance charges	72,245.10	-	-	-
Present value of minimum lease payments	86,074.90	-	-	-

6. Financial assets

(₹ in Lacs)

Particulars			Non-current	
			As at March 31, 2018	As at March 31, 2017
A)	**Investments in equity instruments of subsidiaries, associates and joint ventures at cost**			
	a)	**Investment in subsidiaries**		
		Bhushan Steel (Australia) Pty Limited - 47,369,796 (March 31, 2017: 47,369,796) equity shares of AUD 1 each fully paid up - unquoted	24,441.85	24,441.85
		Less: impairment	(24,441.85)	(24,441.85)
			-	**-**
		Bhushan Steel Madhya Bharat Limited - 49,990 (March 31, 2017: 49,990) equity shares of ₹ 10 each fully paid up - unquoted	5.00	5.00
		Bhushan Steel (Orissa) Limited - 49,990 (March 31, 2017: 49,990) equity shares of ₹10 each fully paid up - unquoted	5.00	5.00
		Bhushan Steel (South) Limited - 50,000 (March 31, 2017: 50,000) equity shares of ₹ 10 each fully paid up - unquoted	5.00	5.00
		Total investment in subsidiaries	**15.00**	**15.00**
	b)	**Investment in joint ventures**		
		Andal East Coal Company Private Limited - 330,000 (March 31, 2017: 330,000) equity shares of ₹ 10 each fully paid up - unquoted	145.50	145.50
		Less: impairment	(145.50)	(145.50)
		Total investment in joint ventures	**-**	**-**
	c)	**Investment in associates**		
		Bhushan Energy Limited - Nil (March 31, 2017: 65,000,000) equity shares of ₹ 10 each fully paid up - unquoted (refer sub-note (iii) below)	-	35,000.00
		Less: impairment	-	-
		Jawahar Credit & Holdings Private Limited - 8,643,742 (March 31, 2017: 8,643,742) equity shares of ₹ 10 each fully paid up - unquoted	940.31	940.31
		Less: impairment	(940.31)	-
		Bhushan Capital & Credit Services Private Limited - 8,643,742 (March 31, 2017: 8,643,742) equity shares of ₹ 10 each fully paid up - unquoted	940.31	940.31
		Less: impairment	(940.31)	-
		Total investment in associates	**-**	**36,880.62**

NOTES TO FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Non-current	
	As at March 31, 2018	As at March 31, 2017
d) Other Investment in equity instruments at fair value through other comprehensive income		
Bhushan Energy Limited - 65,000,000 (March 31, 2017: Nil) equity shares of ₹ 10 each fully paid up - unquoted (refer sub-note (iii) below)	-	-
Tata Steel Limited - 13,500 (March 31, 2017: 13,500) equity shares of ₹ 10 each fully paid up - quoted	77.07	65.16
Bhushan Buildwell Private Limited - 4.900 (March 31, 2017: 4,900) equity shares of ₹ 10 each fully paid up - unquoted	24.75	24.75
Saraswat Co-operative Bank Limited - 2,500 (March 31, 2017: 2,500) equity shares of ₹ 10 each fully paid up - unquoted	1.07	1.07
Bhushan Steel Bengal Limited - 50,000 (March 31, 2017: 50,000) equity shares of ₹ 10 each fully paid up - unquoted	4.78	4.81
Total other investment	**107.67**	**95.79**
Total investments (a+b+c+d)	**122.67**	**36,991.41**
Aggregate market value of quoted investments	77.07	65.16
Aggregate carrying value of unquoted investments		
-In subsidiaries	15.00	15.00
-In joint venture	-	-
-In associates	-	36,880.62
-In others	30.60	30.63
Aggregate amount of impairment in value of investments	26,467.97	24,587.35

Notes:

(i) Investments at fair value through other comprehensive income ('FVTOCI') (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 37B for determination of their fair values.

(ii) Costs of unquoted equity instruments valued at FVTOCI has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(iii) The Company held investment in Bhushan Energy Limited ("BEL") which was classified as an Associate till January 08, 2018. The Company recognised impairment loss on such investment during the year aggregating to ₹ 35,000 Lacs which has been disclosed under 'exceptional items' in statement of profit or loss. A corporate insolvency resolution proceedings (CIRP) under the Insolvency Bankruptcy Code 2016 was initiated against BEL vide order of National Company Law Tribunal (NCLT) dated January 08, 2018. Pursuant to this, the Company lost significant influence over BEL and its investment has henceforth been classified as FVTOCI at an initial date with fair value of ₹ Nil.

NOTES TO FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
B) Loans at amortised cost				
a) Advances				
i) To related party				
Unsecured, considered doubtful	523.75	523.75	-	-
	523.75	**523.75**	**-**	**-**
Less: allowance for expected credit losses	(523.75)	(523.75)	-	-
	-	**-**	**-**	**-**
ii) To employees				
Unsecured, considered good	113.73	138.78	227.46	333.72
	113.73	**138.78**	**227.46**	**333.72**
Less: allowance for expected credit losses	-	-	-	-
	113.73	138.78	227.46	333.72
Total advance recoverable in cash (i+ii)	**113.73**	**138.78**	**227.46**	**333.72**
b) Security deposits (refer sub-note (i))				
Unsecured, considered good	7,151.62	9,669.86	8,946.27	9,962.96
Unsecured, considered doubtful	-	-	9,000.00	-
	7,151.62	**9,669.86**	**17,946.27**	**9,962.96**
Less: allowance for expected credit losses	-	-	(9,000.00)	-
Total security deposits	**7,151.62**	**9,669.86**	**8,946.27**	**9,962.96**
c) Inter corporate deposits				
Unsecured, considered doubtful	-	-	760.00	760.00
	-	**-**	**760.00**	**760.00**
Less: allowance for expected credit losses	-	-	(760.00)	(760.00)
Total inter corporate deposits	**-**	**-**	**-**	**-**
Total loans - (a+b+c)	**7,265.35**	**9,808.64**	**9,173.73**	**10,296.68**
For details of related parties balances, refer note 34				
C) Other financial assets				
Receivable against sale of fixed assets	-	-	-	1,019.92
Recoverable for coal block	56,289.96	56,289.96	-	-
Less: allowances for expected credit losses	(14,833.51)	-	-	-
Earmarked bank balances (refer sub-note (iii))	5,210.16	178.67	-	-
Total other financial assets	**46,666.61**	**56,468.63**	**-**	**1,019.92**

(i) Security deposits are primarily in relation to public utility services and assets taken on lease.

(ii) There are no outstanding debts from directors or other officers of the Company.

(iii) Non-current earmarked bank balances represent deposits and balances in escrow account not due for realisation within 12 months from the balance sheet date. These are primarily placed as security with government bodies, margin money against issue of bank guarantees. Earmarked bank balances includes interest accrued but not due.

NOTES TO FINANCIAL STATEMENTS

7. Other assets

(₹ in Lacs)

Particulars		Non-current		Current	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
a)	Capital advance	8,658.89	7,740.87	-	-
b)	Balances with statutory authorities (refer sub-note (i))	61,555.73	55,284.36	12,310.12	34,277.92
	Less: provision for doubtful balances	(9,427.56)	-	-	-
c)	Prepaid lease payments for operating leases	19,101.11	-	394.19	-
d)	Prepaid expenses	428.03	3,973.71	1,135.50	1,862.30
e)	Advance to suppliers	-	-	46,099.71	48,807.31
f)	Other advances	611.00	504.63	6,872.65	344.49
Total other assets (a+b+c+d+e+f)		**80,836.20**	**67,503.57**	**66,812.17**	**85,292.02**

(i) Balances with statutory authorities primarily relate to input credit entitlements and amounts paid under protest in respect of demands and claims from regulatory authorities.

8. Income tax assets

(₹ in Lacs)

Particulars	Non-current	
	As at March 31, 2018	As at March 31, 2017
Advance tax (net of tax provisions)	2,900.20	2,555.17
Total income tax assets	**2,900.20**	**2,555.17**

9. Inventories

(₹ in Lacs)

Particulars		Current	
		As at March 31, 2018	As at March 31, 2017
i)	**In hand**		
	Raw materials	89,449.23	39,651.73
	Finished goods	172,552.04	61,430.45
	Work in progress	-	86,438.42
	Stores and spares	55,971.81	38,081.62
	Others	4,520.83	9,368.65
Total in hand		**322,493.91**	**234,970.87**
ii)	**In transit**		
	Raw materials	79,671.67	60,857.12
	Work in progress	-	17,045.72
	Stores and spares	353.96	2,018.06
Total in transit		**80,025.63**	**79,920.90**
Total inventories (i+ii)		**402,519.54**	**314,891.77**

(i) Value of inventories above is stated after provisions (net of reversal) ₹ 37.78 Lacs (March 31, 2017: ₹ 634.37 Lacs) for write-downs to net realisable value and provision for slow moving and obsolete items.

(ii) Inventory is hypothecated as security against working capital loan.

NOTES TO FINANCIAL STATEMENTS

10. Trade receivables

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	123,929.30	153,323.56
Unsecured, considered doubtful	15,088.51	5,302.60
	139,017.81	158,626.16
Less: Allowance for expected credit loss	(17,060.00)	(6,071.06)
Total trade receivables	**121,957.81**	**152,555.10**

(i) For details of receivables from related parties, refer note 34.

(ii) Trade receivables are non-interest bearing and are generally on credit terms not exceeding 12 months.

(iii) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in provision matrix.

(iv) Movement in allowance for credit losses of receivables is as follows:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	6,071.06	2,903.81
Charge in statement of profit & loss	11,240.75	3,315.27
Release to statement of profit & loss	(251.81)	(148.02)
Balance at the end of the year	**17,060.00**	**6,071.06**

(v) Ageing of trade receivables and credit risk arising there from is as below:

(₹ in Lacs)

March 31, 2018

	Gross carrying amount	Allowance for expected credit loss	% of expected credit losses	Net carrying amount net of impairment provision
Amount not yet due	96,998.57	563.77	0.58%	96,434.80
Between one to three month overdue	18,041.85	782.04	4.33%	17,259.81
Between three to six month overdue	2,802.33	1,304.75	46.56%	1,497.58
Between six month to one year overdue	11,906.09	5,140.47	43.18%	6,765.62
Greater than one year overdue	9,268.97	9,268.97	100.00%	-
Balance at the end of the year	**139,017.81**	**17,060.00**		**121,957.81**

(₹ in Lacs)

March 31, 2017

	Gross carrying amount	Allowance for expected credit loss	% of expected credit losses	Net carrying amount net of impairment provision
Amount not yet due	105,864.54	505.48	0.48%	105,359.06
Between one to three month overdue	31,567.41	701.19	2.22%	30,866.22
Between three to six month overdue	12,120.82	1,169.86	9.65%	10,950.96
Between six month to one year overdue	2,017.92	858.54	42.55%	1,159.38
Greater than one year overdue	7,055.47	2,835.99	40.20%	4,219.48
Balance at the end of the year	**158,626.16**	**6,071.06**		**152,555.10**

NOTES TO FINANCIAL STATEMENTS

(vi) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2018 to be ₹ 139,017.81 Lacs (March 31, 2017: ₹ 158,626.16 Lacs), which after consideration of allowance for expected credit losses, is the fair value of trade receivables. The Company's exposure to customers is diversified and no single customer contributes more than 10% of the outstanding receivables as at March 31, 2018 and March 31, 2017.

(vii) There are no outstanding receivable debts due from directors or other officers of the Company.

11. Cash and cash equivalent

(₹ in Lacs)

Particulars		Current	
		As at March 31, 2018	As at March 31, 2017
a)	Cash in hand	18.42	64.37
b)	Balance with banks		
	- In current accounts	51,717.17	12,416.21
	- Deposit with original maturity of less than three months	7,685.42	-
Total cash and cash equivalent		**59,421.01**	**12,480.58**

12. Other balances with banks

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Earmarked bank balances		
- Unpaid dividend	10.89	12.89
- Deposit with maturity of more than three months but less than twelve months	32,341.53	2,979.72
Total other balances with banks	**32,352.42**	**2,992.61**

(i) Earmarked balances with bank represent balances held for unpaid dividends and margin money/fixed deposits against issue of bank guarantees.

(ii) Short-term deposits are made for varying periods between three to twelve months, depending on the immediate cash requirements of the company, and earned interest at the respective short term deposit rates.

13. Equity share capital

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
a)	**Authorised share capital**		
	i) Equity share capital		
	400,000,000 (March 31, 2017: 400,000,000) equity shares of ₹ 2/- each	8,000.00	8,000.00
	20,500,000 (March 31, 2017: 20,500,000) preference shares of ₹ 100/- each	20,500.00	20,500.00
	Total authorised share capital	**28,500.00**	**28,500.00**
b)	**Issued share capital**		
	Equity share capital		
	230,605,220 (March 31, 2017: 230,605,220) equity shares of ₹ 2/- each	4,612.10	4,612.10
	Total issued share capital	**4,612.10**	**4,612.10**
c)	**Subscribed and paid up capital**		
	Equity share capital		
	226,514,746 (March 31, 2017: 226,514,746) equity shares of ₹ 2/- each	4,530.29	4,530.29
	Share forfeited		
	784 (March 31, 2017: 784) equity shares of ₹ 2/- each	0.01	0.01
	Total subscribed and paid up share capital	**4,530.30**	**4,530.30**

NOTES TO FINANCIAL STATEMENTS

d) Reconciliation of number of shares outstanding and the amount of share capital:-

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	226,514,746	4,530.29	226,514,746	4,530.29
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**226,514,746**	**4,530.29**	**226,514,746**	**4,530.29**

e) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The rights of the shareholders have been suspended from July 26, 2017, as per the provisions of Insolvency & Bankruptcy Code, 2016 when corporate insolvency resolution proceedings ('CIRP') were initiated against the Company. For details, refer note 42.

The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

f) Details of the Shareholders holding more than 5% share in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 2/- each fully paid up				
1. Shri Brij Bhushan Singal	31,247,969	13.80%	41,103,391	18.15%
2. Shri Neeraj Singal	49,835,628	22.00%	51,480,927	22.73%
3. Bhushan Infrastructure Private Limited	12,101,188	5.34%	31,901,188	14.08%

Subsequent to the year end, a resolution plan was approved by NCLT and there has been a change in the shareholding pattern of the Company. For further details of the plan, refer note 42.

NOTES TO FINANCIAL STATEMENTS

14. Other Equity

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
a)	**Capital redemption reserve**		
	Opening balance	693.34	693.34
	Changes during the year	-	-
	Closing balance	**693.34**	**693.34**
b)	**Security premium reserve**		
	Opening balance	72,576.10	72,576.10
	Changes during the year	-	-
	Closing balance	**72,576.10**	**72,576.10**
c)	**Debenture redemption reserve**		
	Opening balance	36,512.50	36,512.50
	Changes during the year	-	-
	Closing balance	**36,512.50**	**36,512.50**
d)	**General reserve**		
	Opening balance	527,837.59	527,837.59
	Changes during the year	-	-
	Closing balance	**527,837.59**	**527,837.59**
e)	**Retained earnings**		
	Opening balance	(766,570.25)	(416,374.86)
	Loss during the year	(2,481,347.03)	(350,112.13)
	Remeasurement of defined employee benefit plans	(305.25)	(83.26)
	Closing balance	**(3,248,222.53)**	**(766,570.25)**
f)	**Other comprehensive income**		
	Opening balance	54.80	32.77
	Profit/(loss) during the year	11.90	22.03
	Closing balance	**66.70**	**54.80**
Total other equity		**(2,610,536.30)**	**(128,895.92)**

(i) Capital redemption reserve - The Companies Act, 2013 requires that when a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares issued in earlier years.

(ii) Securities premium account - Securities premium account is used to record premium received on issue of shares. The account is utilised in accordance with the provisions of the Companies Act, 2013 (the "Companies Act").

(iii) Debenture redemption reserve - The Companies Act, 2013 requires that where a Company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

(iv) General reserve - Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

(v) Retained earnings - Retained earnings are created from the profit/ loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

(vi) Other comprehensive income -

(i) The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The company transfers amount from this reserve to retained earnings when the relevant equity securities are derecognised.

15. Financial liabilities

A. Borrowings

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Long term borrowings		
Debentures (secured) (refer sub-note (i) - (ix))	144,033.14	145,270.89
Term loan (secured) (refer sub-note (x) - (xii))		
From bank		
- Indian rupees loans	2,388,001.53	2,387,850.55
- Foreign currency loans	890,260.91	851,855.33
From others		
- Financial institution	62,130.89	62,259.89
Finance lease obligation	86,074.90	-
Term loan (unsecured)		
From bank		
- Indian rupees loans	9,765.00	9,765.00
- Foreign currency loans	314.38	270.02
From others	3,229.91	2,774.22
Upfront fee	-	(3,577.34)
	3,583,810.66	**3,456,468.56**
Less: Current maturities of long term borrowings classified under 'other financial liabilities'	3,497,735.75	188,964.40
Less: Current maturities of finance lease obligation classified under 'other financial liabilities'	15,422.31	
Less: Repayment overdue on long term borrowings	-	209,548.86
Total non-current borrowings	**70,652.60**	**3,057,955.30**

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Short term borrowings		
Preference shares	235,700.97	235,700.97
Working capital facilities (secured) (refer sub-note (xiv))		
From bank		
- Indian rupees loans	1,095,415.10	1,167,640.49
- Foreign currency loans	36,983.47	36,964.85
Borrowing against bills discounted	4,726.31	30,112.03
Bills of exchange payable-foreign currency	8,373.16	63,493.30
Bills of exchange payable-indian rupees	-	24,430.00
Buyers credit (unsecured)		
From bank		
- Foreign currency loans	87.07	9,926.14
Total current borrowings	**1,381,286.08**	**1,568,267.78**

Note

(i) 12.00% Redeemable Non-Convertible 250 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 2,500.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 250 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 2,500.00 Lacs). Debentures are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e. August 31, 2012 and are Secured by first charge on pari passu basis on the fixed assets of the Company offering minimum Fixed Asset Coverage Ratio of 1.25 times during the tenure of debentures and personal guarantee of Sh. B.B.Singal & Sh. Neeraj Singal.

(ii) 12.50% Redeemable Non-Convertible 2000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 20,000.00 Lacs (Previous Year 12.50% Redeemable Non-Convertible 2000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 20,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. August 30, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(iii) 11.50% Redeemable Non-Convertible 3500 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 35,000.00 Lacs (Previous Year 11.50% Redeemable Non-Convertible 3500 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 35,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. January 04, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(iv) 12.00% Redeemable Non-Convertible 1050 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 9,727.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 1050 Debentures of ₹ 10.00 Lacs each outstanding on 31st March 2017 ₹ 10,327.00 Lacs) are redeemable at the end of 4th,5th and 6th year in installments 35%,35% & 30% respectively commencing from the end of 4th year from the date of allotment i.e. March 28, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(v) 11.75% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 30,000.00 Lacs (Previous Year 11.75% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 30,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. February 02, 2018 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(vi) 12.00% Redeemable Non-Convertible 4750 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 3,560.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 4750 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 3,729.00 Lacs).Debentures are redeemable at the end of 4th, 5th and 6th year in installments 35%, 35% & 30% respectively commencing at the end of 4th year from the date of allotment i.e. August 31, 2012 and are Secured by first charge on pari passu basis on the fixed assets of the Company offering minimum Fixed Asset Coverage Ratio of 1.25 times during the tenure of debentures and personal guarantee of Sh. B.B. Singal & Sh. Neeraj Singal.

(vii) 10.50% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 30,000.00 Lacs (Previous Year 10.50% Redeemable Non-Convertible 3000 Debentures of ₹ 10 Lacs each outstanding on March 31, 2017 ₹ 30,000.00 Lacs) Debentures are redeemable at par in three equal annual installments commencing from the end of 6th year from the date of allotment i.e. August 13, 2010 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(viii) 10.90% Redeemable Non-Convertible 1630 Debentures of 10 Lacs each outstanding on March 31, 2018 ₹ 12,214.00 Lacs (Previous Year 10.90% Redeemable Non-Convertible 1630 Debentures of 10 Lacs each outstanding on March 31, 2017 ₹ 12,597.00 Lacs) are redeemable at par in four equal annual installments commencing from the end of 5th year from the deemed date of allotment i.e. August 26, 2010 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(ix) 10.90% Redeemable Non-Convertible 120 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 1,033.00 Lacs (Previous Year 10.90% Redeemable Non-Convertible 120 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 1,118.00 Lacs) have been restructured during the year and are redeemable in 48 equated monthly installments commencing from December 26, 2016 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(x) Secured by first mortgage charge on all of the Company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created on favour of ECA Lenders), ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement, secured by subsequent & subservient charge on movable assets. Out of the above, the ECA Loans of ₹ 282,375.00 Lacs (Previous Year ₹ 245,632.00 Lacs) financed by ECA Lenders are secured by first exclusive charge on the assets financed & personal guarantee of two promoter directors. Loans of ₹ 890,261.00 Lacs (Previous Year ₹ 851,855.00 Lacs) are guaranteed by the Personal Guarantee of two promoter directors.

(xi) Secured by first mortgage charge on all of the company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created in favour of ECA Lenders) ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement. Loans of ₹ 2,336,506.00 Lacs (Previous Year ₹ 2,336,506 lacs) are guaranteed by the Personal Guarantee of two promoter directors & Loans of ₹ 51,495.00 Lacs (Previous Year ₹ 52,745.00 Lacs) are guaranteed by the Personal Guarantee of One Promoter Director. Apart from this, Loans of ₹ 429,611.00 Lacs are/to be secured by pledge of 26% shares of Bhushan Steel Limited and Loans of ₹ 1,623,861.00 Lacs are/to be secured by pledge of 51% shares of Bhushan Steel Limited. Out of the above Loans sanctioned for ₹ 700,000.00 Lacs are/to be secured by pledge of the shares of Bowen Energy Limited held by Promoter/Promoter Group of Bhushan Steel Limited.

(xii) Secured by first mortgage charge on all of the company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created in favour of ECA Lenders) ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement, except ₹ 899.00 Lacs (Previous Year ₹ 969.00 Lacs) secured by subsequent & subservient charge on movable assets. Loans of ₹ 61,232.00 Lacs (Previous year ₹ 61,291.00 Lacs) are guaranteed by the Personal Guarantee of Two Promoter Directors. Apart from this, Loans of ₹ 31,473.00 Lacs are/to be secured by pledge of 51% shares of Bhushan Steel Limited.

(xiii) These Loans are guaranteed by the Personal Guarantee of Two Promoter Directors.

(xiv) Working Capital Loans are secured by hypothecation of stock & book debts, second charge on company's land, building and other immovable properties ranking pari passu inter-se and personal guarantee of two promoter directors.

(xv) The Company defaulted in repayment of loans and borrowings to the banks and financial institutions during the year and the Company has also defaulted in repayment of dues to debenture-holders during the year. Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated 26 July, 2017. Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under other financial liabilities as 'current maturities of long term borrowings'. In the absence of a resolution to CIRP upto year end, the original repayment schedule is not applicable.

For details of the resolution plan approved by NCLT subsequent to the year end, refer note 42.

B Trade payables

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Dues of micro, small and medium enterprises (Refer Note 32)	1,040.52	323.45
Dues to others	129,472.29	110,672.75
Total trade payables	**130,512.81**	**110,996.20**

(i) The Company considers its maximum exposure to liquidity risk with respect to vendors as at March 31, 2018 to be ₹ 130,512.81 Lacs (March 31, 2017: ₹ 110,996.20 Lacs), which is the fair value of trade payables.

16. Other financial liabilities

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortised cost				
Current maturities of long term borrowings	-	-	3,497,735.75	369,435.25
Current maturities of finance lease obligation (refer sub-note (ii))	-	-	14,402.39	-
Interest accrued on borrowings	-	-	1,336,913.48	575,638.65
Liability for capital goods	-	-	88,379.30	50,577.43
Unpaid matured debentures and interest accrued thereon (refer sub-note (i))	-	-	-	35,963.92
Security deposits	-	-	508.35	552.45
Dues to subsidiary	-	-	1,303.27	1,289.33
Dues to directors	-	-	3,384.86	22.04
Dues to officers	-	-	11.83	2.66
Unclaimed dividend	-	-	10.89	12.89
Deferred sales tax payable	3,940.04	3,283.15	-	-
Other payables	-	-	10,130.25	10,637.87
Total other financial liabilities	**3,940.04**	**3,283.15**	**4,952,780.37**	**1,044,132.49**

(i) All debentures including interest accrued has been classified under 'current maturities' pursuant to CIRP initiated against the Company refer sub note (A)(xv) of note 15 for details.

(ii) Net advance of ₹ 1,019.92 Lacs paid to BEL has been adjusted with current maturities of finance lease obligations.

17. Other liabilities

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Statutory payables (refer sub-note (i))	-	-	40,550.94	24,423.43
Deferred income	266.18	-	-	-
Advance from customers	-	-	3,506.63	5,368.14
Other liabilities	-	-	306.54	226.40
Total other liabilities	**266.18**	**-**	**44,364.11**	**30,017.97**

(i) Statutory dues primarily relate to payables in respect of GST, excise duty, service tax, sales tax, VAT, tax deducted at source and royalties.

18. Provisions

(₹ in Lacs)

Particulars	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits (refer Note 31)				
- Gratuity	3,466.98	2,607.22	-	-
- Leave encashment	2,165.10	1,403.91	731.14	495.63
Total provisions	**5,632.08**	**4,011.13**	**731.14**	**495.63**

19. Revenue from operations

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	1,676,061.67	1,457,005.12
Other operating revenue		
Other sales	52,559.65	37,308.58
Export incentives	11,821.44	8,416.47
Total revenue from operations	**1,740,442.76**	**1,502,730.17**

20. Other income

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income on - long term investments	2.70	2.16
Net gain on sale of property, plant and equipment	-	106.38
Liabilities written back	4,920.00	-
Income from government grants	635.79	1,880.93
Finance income on:		
- Fixed deposits	784.09	408.98
- Others	2,122.02	4,257.05
Miscellaneous income	1,043.46	540.96
Total other income	**9,508.06**	**7,196.46**

21. Raw materials consumed

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cost of raw materials consumed	994,455.85	708,578.77
Less: expenses transferred to capital work in progress	2,927.02	2,415.49
Cost of materials consumed	**991,528.83**	**706,163.28**
Details of raw materials consumed		
Steel materials	156,929.41	126,719.42
Iron ore	220,443.30	160,223.07
Coal	499,721.68	324,343.18
Lime & dolomite	40,053.96	29,757.30
Zinc & Alloys	65,314.36	57,868.67
Paint	11,993.14	9,667.13
Total raw materials consumed	**994,455.85**	**708,578.77**

22. Purchases of finished, semi-finished steel & other products

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of stock in trade	712.03	18.01
Total purchases of finished, semi-finished steel & other products	**712.03**	**18.01**

23. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Closing stock		
- Finished goods	172,552.04	61,430.45
- Work-in-progress	-	103,484.14
- stock-in-trade	4,520.83	9,368.65
	177,072.87	**174,283.24**
Less :		
Opening stock		
- Finished goods	61,430.45	52,527.32
- Work-in-progress	103,484.14	63,855.10
- stock-in-trade	9,368.65	6,751.86
	174,283.24	**123,134.28**
(Increase) / decrease		
- Finished goods	(111,121.59)	(8,903.13)
- Work-in-progress	103,484.14	(39,629.04)
- stock-in-trade	4,847.82	(2,616.79)
Net (Increase)/decrease in Stock	**(2,789.63)**	**(51,148.96)**

24. Employee benefit expense

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	58,057.99	47,975.91
Contribution to provident and other funds	1,423.42	1,651.42
Staff Welfare expenses	783.39	501.73
	60,264.80	**50,129.06**
Less: expenses transferred to capital work in progress	934.75	1,067.23
Total employee benefit expense	**59,330.05**	**49,061.83**

25. Finance cost

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings	636,731.20	560,285.64
Other borrowing cost	5,809.77	5,703.94
	642,540.97	**565,989.58**
Less: expenses transferred to capital work in progress	12,051.23	23,313.26
Total finance cost	**630,489.74**	**542,676.32**

26. Depreciation and amortisation expenses

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	178,560.19	168,546.70
Amortisation of intangible assets	6.34	14.51
Total depreciation and amortisation expenses	**178,566.53**	**168,561.21**

27. Other expenses

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores, spares and consumables	80,902.70	68,311.70
Packing material consumed	6,398.17	5,960.93
Purchase of power and consumption of fuel	97,228.76	125,412.72
Rent	91,716.73	26,415.97
Insurance charges	1,504.44	1,495.67
Rates and taxes	2,900.93	1,902.58
Repairs and maintenance:		
- Building	193.33	210.90
- Machinery	9,704.87	4,795.21
Payment to auditors:		
As auditor:		
Audit fees	350.00	100.00
Tax audit fee	35.00	18.50
Selling and distribution expenses	80,387.21	76,972.00
Commission to selling agents	7,129.19	6,669.90
Loss on sale of property, plant and equipment	207.95	-
Bad debts written off	245.37	148.02
Allowance for expected credit losses	11,240.75	3,927.25
Miscellaneous expenses	48,854.37	51,870.03
Excise duty on closing stock	(6,836.78)	325.78
	432,162.99	**374,537.16**
Less: Expenses transferred to capital work in progress	(174.17)	(238.79)
Total other expenses	**431,988.82**	**374,298.37**

28. Exceptional items

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Provision for impairment on property, plant & equipment and other assets	2,075,901.76	669.25
(ii) Provision for impairment on financial assets	23,833.52	-
(iii) Other exceptional items	234,732.49	-
Total exceptional items	**2,334,467.77**	**669.25**

Note:

(i) Provision for impairment on non-current assets includes –

(a) Provision for impairment of property, plant & equipment (including CWIP) - ₹ 1,911,279.90 Lacs (for details, refer note 3),

(b) Derecognition of minimum alternate Tax credit ₹ 80,605.55 Lacs,

(c) Provision for impairment of investment in associates – Bhushan Energy Limited and others ₹ 36,880.62 Lacs,

(d) Certain non-current advances ₹ 47,135.93 Lacs.

The previous year provision of ₹ 669.25 Lacs relates to provision on account of investment in joint venture with Andal East Coal Company Pvt. Ltd.

(ii) Provision for impairment on financial assets of ₹ 23,833.52 Lacs comprises:

(a) Coal block advances paid towards acquisition of Pathrapada coal mines of ₹ 14,833.52 Lacs; and

(b) Security deposits given to Bhushan energy limited of ₹ 9,000.00 Lacs

(iii) Other exceptional items for the year ended March 31, 2018 include prior period items of ₹ 201,909.65 Lacs comprising of the following:

(a) Amortisation of leasehold land accounted as operating lease - The Company has taken land properties on operating lease in earlier years, which earlier were accounted as finance lease. Upon change in their classification as operating lease, the cumulative effect of amortisation from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'. Further, these leasehold land properties were recognised at fair value on transition to Ind AS as on 01 April 2015 and such fair valuation adjustment has also been reversed in current year's profit or loss in 'exceptional items'.

(b) Accounting effect of oxygen plant accounted as finance lease - The Company entered into sale and leaseback arrangement for oxygen plant in earlier years which was accounted as operating lease. However, the terms of the lease require such arrangement to be classified as finance lease. Consequently, the asset has been recognised with corresponding finance lease obligation. Cumulative effect of reversal of operating lease rentals and booking of depreciation and finance cost from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'.

29. Earning per share

Basic and Diluted Earning per share **("EPS")** amounts are calculated by dividing the (loss) for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the (loss) attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into Equity shares.

The following table reflects the income and shares data used in computation of the basic and diluted earnings per share

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss after tax	**(2,481,347.03)**	**(350,112.13)**
Weighted average number of equity shares	**226,514,746**	**226,514,746**
Earning per share		
Basic & diluted (₹)	(1,095.45)	(154.56)
Face value per share (₹)	2.00	2.00

30. Tax expenses

(a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss before tax	**(2,913,530.50)**	**(412,508.67)**
At India's statutory income tax rate of 34.944% (31st March 2017: 34.608%)	(1,018,104.10)	(142,761.00)
(a) Deferred tax assets on losses and unabsorbed depreciation not recognised	237,190.56	-
(b) Income exempt from tax/items not deductible	145,764.22	4,842.60
(c) Derecognition of deferred tax asset on losses and unabsorbed depreciation pertaining to earlier years	207,161.48	75,521.86
(d) Impact of change in tax rate	(4,195.63)	-
At the effective income tax rate of 34.944% (March 31, 2017: 34.608%)	**(432,183.47)**	**(62,396.54)**
Income tax expense reported in the statement of profit and loss	**(432,183.47)**	**(62,396.54)**

(i) Finance Act, 2018, changed the statutory tax rate applicable for Indian companies having turnover of more than ₹ 25,000 Lacs from 34.608 % to 34.944 % (including surcharge and cess) from assessment year 2018-19. The Company has accordingly re-measured deferred tax balances expected to reverse in future periods based on the revised applicable rate.

(b) Movement of deferred tax liability from beginning to end of financial year is as follows:

(₹ in Lacs)

	As at April 01, 2016	Provided during the year	As at March 31, 2017	Provided during the year	As at March 31, 2018
Deferred tax liability:					
(a) Related to Property plant & equipments	1,030,281.47	(13,437.39)	1,016,844.08	(546,748.46)	470,095.62
Total deferred tax liability	**1,030,281.47**	**(13,437.39)**	**1,016,844.08**	**(546,748.46)**	**470,095.62**
Deferred tax assets:					
(a) Accumulated business Loss and unabsorbed depreciation	532,699.87	7,286.36	539,986.23	(319,165.99)	220,820.24
(b) Allowance for expected credit losses	1,004.94	1,096.13	2,101.07	3,860.37	5,961.44
(c) Amount deductible on payment basis	-	41,436.83	41,436.83	159,464.17	200,901.00
(d) Others	1,984.56	(816.10)	1,168.46	41,244.48	42,412.94
Total deferred tax assets	**535,689.37**	**49,003.22**	**584,692.59**	**(114,596.97)**	**470,095.62**
Mat credit entitlement	80,605.55		80,605.55	(80,605.55)	-
Deferred tax liability (Net)	**413,986.55**	**(62,440.61)**	**351,545.94**	**(351,545.94)**	**-**
Recognised in profit or loss as 'tax expenses'	-	(62,396.54)	-	(432,183.47)	-
Recognised in profit or loss as 'exceptional item'	-	-	-	80,605.55	-
Recognised in OCI	-	(44.07)	-	31.98	-
	-	**(62,440.61)**	**-**	**(351,545.94)**	-

(i) Deferred tax assets have not been recognised in respect of business losses and unabsorbed depreciation aggregating to ₹ 478,031.47

Lacs as at 31 march 2018 (March 31, 2017: ₹ Nil), where it is not probable that sufficient taxable income will be available in the future against which such the deferred tax assets can be realised in the normal course of business of the company.

(ii) The Company has unused tax credit (MAT) of ₹ 80,605.55 Lacs for which no assets has been recognised.

(₹ in Lacs)

Particulars	Year of expiry	Amount
Business loss	2022-23	13,992.87
Business loss	2023-24	116,900.81
Business loss	2024-25	387,398.99
Unabsorbed depreciation	No expiry	849,700.31
		1,367,992.98

31. Employee benefits

Defined contribution plans - General description

Provident fund:

During the year, the company has recognised ₹ 615.41 lacs (2016-17: ₹ 592.53 lacs) as contribution to Employee Provident Fund in the Statement of Profit and Loss.

Defined benefit plans - General description

Gratuity:

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service at the time of separation from the company.

Other long-term employee benefits - General description

Leave encashment:

Each employee is entitled to get 15 earned leaves for each completed year of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 60 days subject to maximum accumulation up to 60 days. In addition, each employee is entitled to get 7 sick leaves at the end of every year.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(a) Reconciliation of fair value of plan assets and defined benefit obligation: (₹ in Lacs)

Particulars	Gratuity (Funded)
March 31, 2017	
Fair value of plan assets	1,792.42
Defined benefit obligation	4,399.63
Net liability as at March 31, 2017	**(2,607.21)**
March 31, 2018	
Fair value of plan assets	1,905.82
Defined benefit obligation	5,372.80
Net liability as at March 31, 2018	**(3,466.98)**

(b) Changes in the present value of the defined benefit obligation are, as follows: (₹ in Lacs)

Particulars	Gratuity (Funded)
Defined benefit obligation as at April 1, 2016	3,470.81
Current service cost	530.67
Interest expense	277.66
Past service cost	297.75
Benefits paid	(254.35)
Actuarial (gain)/ loss on obligations - OCI	77.09
Defined benefit obligation as at March 31, 2017	**4,399.63**
Current service cost	539.92
Interest expense	331.73
Past service cost	-
Benefits paid	(176.49)
Actuarial (gain)/ loss on obligations - OCI	278.01
Defined benefit obligation as at March 31, 2018	**5,372.80**

(c) Changes in the fair value of plan assets are, as follows:

(₹ in Lacs)

Particulars	Gratuity (Funded)
Fair Value of plan assets as at April 1, 2016	1,616.86
Contribution by employer	302.00
Benefits paid	(254.35)
Return on plan assets	127.91
Fair Value of plan assets as at March 31, 2017	**1,792.42**
Contribution by employer	150.00
Benefits paid	(176.49)
Return on plan assets	139.89
Fair Value of plan assets as at March 31, 2018	**1,905.82**

(₹ in Lacs)

Break up of fair value of plan assets	As at March 31, 2018	As at March 31, 2017
-SBI Life	827.29	900.34
-LIC	609.18	478.27
-PNB Metlife	363.90	340.10
-Trust	105.45	73.71
Total	**1,905.82**	**1,792.42**

(d) Amount recognised in statement of profit and loss:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	539.92	530.67
Past service cost		297.75
Net interest expense	196.58	277.66
Remeasurement of net benefit liability/ asset	-	-
Amount recognised in statement of profit and loss	**736.50**	**1,106.08**

(e) Amount recognised in other comprehensive income:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Actuarial (gain)/ loss on obligations		
Actuarial (gain)/ loss on arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss on arising from change in financial assumptions	(36.15)	82.29
Actuarial (gain)/ loss on arising from change in experience adjustment	314.16	(5.20)
Return on plan assets (excluding amounts included in net interest expense)	(4.74)	1.44
Amount recognised in other comprehensive income for year ended	**273.27**	**78.53**

The principal assumptions used in determining gratuity for the Company's plans are shown below:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate (in %)	7.71%	7.54%
Salary escalation (in %)	5%	5%
Rate of return on plan assets (in %)	7.80%	8%
retirement age (in years)	60	60
Expected average remaining working lives of employees (in years)	23	24
Expected contribution for the next annual reporting period (₹ in Lacs)	870.13	734.00

Mortality rates inclusive of provision for disability - 100% of IALM (2006-08)

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Gratuity

(₹ in Lacs)

Assumptions	As at March 31, 2018 Discount rate		As at March 31, 2018 Salary escalation		As at March 31, 2018 Expected average remaining working lives of employees	
Sensitivity Level	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%	-	-
Impact on defined benefit obligation	(103.87)	108.54	110.86	(106.94)	Not material	Not material

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity profile of defined benefit obligation (gratuity):

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Within the next twelve months (next annual reporting period)	1,104.87	839.09
Between two and five years	1,965.56	1,384.21
Between five and ten years	1,161.60	1,305.80
Beyond ten years	1,140.77	870.53
Total expected payments	**5,372.80**	**4,399.63**

32 Dues to micro, small and medium enterprises

The dues to Micro, Small and Medium Enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the company is given below:

(₹ in Lacs)

	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
	Principal amount due to micro and small enterprises	1,040.52	323.45
	Interest due	46.73	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	46.73	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

33 Segment reporting

The business activity of the company falls within one operating segment viz. "Steel" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" issued by the Institute of Chartered Accountants of India is not considered applicable.

(i) Details of revenue from operations based on geographical location of customer is as below:

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	1,377,940.10	1,207,994.85
Outside India	350,681.22	286,318.85
	1,728,621.32	**1,494,313.70**

(ii) Details of trade receivables based on geographical location is as below:

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	110,612.94	126,816.17
Outside India	28,404.87	31,809.99
	139,017.81	**158,626.16**

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

34. Related party transaction & balances

A Names of related parties having transactions during the year and description of relationship

i) Subsidiary companies:

Bhushan Steel (Orrisa) Ltd.
Bhushan Steel Madhya Bharat Ltd.
Bhushan Steel (South) Ltd.
Bhushan Steel (Australia) PTY Ltd.
Bowen Energy PTY Ltd., Australia
Bowen Coal PTY Ltd.
Bowen Consolidated PTY Ltd.

ii) Joint venture

Andal East Coal Company Pvt Ltd. (In the Process of Liquidation).

iii) Associate Company:

Angul Sukinda Railway Ltd.(Shares forfeited, no more associate)
Bhushan Energy Ltd. (ceased to be associate w.e.f January 08, 2018)
Bhushan Capital & Credit Services Pvt. Ltd.
Jawahar Credit & Holdings Pvt. Ltd.

iv) a) Key managerial personnel (Upto July 26, 2017)

Shri Neeraj Singal	Vice Chairman and Managing Director	Shri M. V. Suryanarayana	Independent Director
Shri Nittin Johari	Whole time Director & CFO	Smt. Monica Aggarwal	Independent Director
Shri P.K. Aggarwal	Whole time Director	Shri Pankaj Sharma	Independent Director
Shri Rahul Sengupta	Whole time Director	Dr. Rajesh Yaduvanshi (PNB)	Independent Director
Shri Ajoy Kumar (SBI)	Independent Director	Shri Pradeep Patni	Independent Director
Shri Ashwani Kumar	Independent Director	Smt. Promila Bhardwaj	Independent Director
Shri B.B. Tandon	Independent Director	Shri Rakesh Singhal	Independent Director
Shri Kapil Vaish	Independent Director	Shri Sahil Goyal	Independent Director
Shri Vipin Anand (L.I.C.)	Independent Director	Smt Sunita Sharma (L.I.C.)	Independent Director (Upto April 06, 2016)

b) Resolution professional(From July 27, 2017)

Shri Vijay Kumar Iyer

v) Relatives of key management personnel (Upto July 26, 2017)

Shri B.B. Singal — Father of Vice Chairman & Managing Director & Non Executive Chairman

Smt. Ritu Singal — Wife of Vice Chairman & Managing Director

vi) Enterprises over which key management personnel (upto July 26, 2017) are able to exercise significant influence:

Bhushan Aviation Ltd. — Bhushan Infrastructure Pvt. Ltd.

vii) Enterprises over which relatives of key management personnel (upto July 26, 2017) are able to exercise significant influence:

Bhushan Power & Steel Limited

B Transaction carried out with related parties referred in 'A' above in ordinary course of business.

(₹ in Lacs)

Transactions	Year ended	Subsidiary Companies	Joint venture	Associates	Key Management Personnel (KMP)	Relatives of KMP	Enterprises over which KMP & their relatives have significant influence	Grand total
Remuneration and perks	**March 31, 2018**	**-**	**-**	**-**	**1,332.35**	**38.84**	**-**	**1,371.19**
	March 31, 2017	-	-	-	486.25	101.46	-	587.71
Directors sitting fees	**March 31, 2018**	**-**	**-**	**-**	**6.03**	**1.60**	**-**	**7.63**
	March 31, 2017	-	-	-	14.93	6.25	-	21.18
Redemption of preference share capital	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	-	-	-	-	2,133.00	2,133.00
Purchase of goods/ services	**March 31, 2018**	**-**	**-**	**58,929.01**	**-**	**-**	**470.24**	**59,399.25**
	March 31, 2017	-	-	60,435.38	-	-	1,470.00	61,905.38
Sales of goods/ services	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**3.48**	**3.48**
	March 31, 2017	-	-	-	-	-	1.12	1.12
Balances								
Advance to supplier	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	-	24,171.70	-	-	-	24,171.70
Payable	**March 31, 2018**	**1,303.42**	**-**	**-**	**-**	**-**	**-**	**1,303.42**
	March 31, 2017	1,289.33	-	-	22.04	-	616.46	1,927.83
Security deposit paid	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	-	9,000.00	-	-	-	9,000.00

Disclosure in respect of material related party transactions during the year :

a. Remuneration & Perks include payment to Shri Neeraj Singal ₹ 48.90 Lacs (March 31, 2017: ₹ 145.83 Lacs), Shri P.K. Aggarwal ₹ 32.82 Lacs (March 31, 2017 ₹ 99.62 Lacs), Shri Nittin Johari ₹ 46.19 Lacs (March 31, 2017: ₹ 141.40 Lacs), Shri Rahul Sengupta ₹ 32.76 Lacs (March 31, 2017: ₹ 99.40 Lacs), and Smt. Ritu Singal ₹ 38.84 Lacs (March 31, 2017: ₹ 101.46 Lacs), Shri Vijay Kumar Iyer (Resolution Professional) ₹ 1,171.68 Lacs (March 31, 2017: ₹ Nil).

b. Directors sitting fees is paid to Shri B.B.Singal ₹ 1.60 Lacs (March 31, 2017: ₹ 6.25 Lacs), Shri Ajoy Kumar (SBI) ₹ 0.20 Lacs (March 31, 2017: ₹ 1.01 Lacs), Shri Ashwani Kumar ₹ 0.80 Lacs (March 31, 2017: ₹ 2.22 Lacs), Shri B. B. Tondon ₹ 1.22 Lacs (March 31, 2017: ₹ 2.82 Lacs), Shri Kapil Vaish ₹ 0.20 Lacs (March 31, 2017: ₹ 0.81 Lacs), Shri Vipin Anand(LIC) ₹ 0.40 Lacs (March 31, 2017: ₹ 0.61 Lacs), Shri M V Suryanarayana ₹ 1.21 Lacs (March 31, 2017: ₹ 2.62 Lacs), Smt. Monica Aggarwal ₹ 0.40 Lacs (March 31, 2017: ₹ 0.40 Lacs), Shri Pankaj Sharma ₹ 0.40 Lacs (March 31, 2017: ₹ 0.81 Lacs), Dr. Rajesh Yaduvanshi(PNB) ₹ 0.20 Lacs (March 31, 2017: ₹ 0.61 Lacs), Shri Pradeep Patni ₹ 0.20 Lacs (March 31, 2017: ₹ 0.40 Lacs), Smt. Promila Bhardwaj ₹ Nil (March 31, 2017: ₹ 0.20 Lacs), Shri Rakesh Singhal ₹ 0.40 Lacs (March 31, 2017: ₹ 1.21 Lacs) and Shri Sahil Goyal ₹ 0.40 Lacs (March 31, 2017: ₹ 1.21 Lacs).

c. Redemption of Preference Share Capital includes Bhushan Infrastructure Private Limited ₹ Nil (March 31, 2017: ₹ 2,133.00 Lacs).

d. Purchase of Goods/Services is from Bhushan Energy Ltd. ₹ 58,929.01 Lacs (March 31, 2017: ₹ 60,435.38 Lacs), Bhushan Aviation Ltd. ₹ 470.24 Lacs (March 31, 2017 ₹ 1,470.00 Lacs).

e. Sale of Goods/Services to Bhushan Power & Steel Limited ₹ 3.48 Lacs (March 31, 2017: ₹ 1.12 Lacs).

f. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31,2017: Nil), except ₹ 10,748.92 Lacs (March 31, 2017: Nil) against balances receivable from and ₹ 350,00 Lacs investment in equity shares of Bhushan Energy Limited (ceased to be an Associate with effect from 08 January 2018). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

g. During the year, the Company has recognised an amount of ₹ 1,332.35 lacs (March 31, 2017 : ₹ 486.25 lacs) as remuneration to key management personnel. The details of such remuneration is as below:

(₹ in Lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Short-term employee benefits	1,332.35	486.25
(ii)	Post employment benefits	-	-
(iii)	Other long-term benefits	-	-
		1,332.35	**486.25**

h. Borrowings of the Company are guaranteed by the personal guarantee of two promoter directors and are secured by a pledge of shares of the Company held by promoters.

35 Significant accounting judgements, estimates and assumptions

Use of estimates and critical accounting judgements

In the preparation of financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. Key source of estimation of uncertainty at the date of standalone financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment and intangible assets, valuation of deferred tax assets, provisions, contingent liabilities and fair value measurements of financial instruments as discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in the respective policies.

Significant management judgments

(a) Evaluation of indicators for impairment of non-financial asset

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(b) Provisions & contingent liabilities

A provision is recognised when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

(c) Valuation of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Significant management estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

(a) Allowance for expected credit losses

The allowance for expected credit losses reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements."

(b) Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

(c) Useful lives of property, plant and equipment and intangible assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

(d) Defined benefit obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. There is significant estimation uncertainty in determining recoverable value. Recoverable value is taken as higher of value in use and fair value less costs to sell.

36. Disclosure of interest in subsidiaries, joint arrangements and associates:

1) Disclosure of Interest in the following subsidiaries:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Bhushan Steel (Orissa) Limited	India	99.98%	99.98%
(ii)	Bhushan Steel Madhya Bharat Limited	India	99.98%	99.98%
(iii)	Bhushan Steel (South) Limited	India	100.00%	100.00%
(iv)	Bhushan Steel Australia Pty Limited	Australia	90.97%	90.97%

2) Disclosure of interest in joint venture:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Andal East Coal Company Private Limited*	India	33.89%	33.89%
	* In the process of Liquidation			

3) Disclosure of interest in the following categories of associates:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Bhushan Energy Limited*	India	47.71%	47.71%
(ii)	Bhushan Capital & Credit Services Private Limited	India	42.58%	42.58%
(iii)	Jawahar Credit & Holdings Private Limited	India	39.65%	39.65%

* The Company held investment in Bhushan Energy Limited ('BEL') which was classified as an Associate till January 08, 2018. The Company recognised impairment loss on such investment during the year aggregating to ₹ 35,000 Lacs which has been disclosed under 'exceptional items' in statement of profit or loss. An corporate insolvency resolution proceedings (CIRP) under the Insolvency Bankruptcy Code 2016 was initiated against BEL vide order of National Company Law Tribunal (NCLT) dated January 08, 2018. Pursuant to this, the Company lost significant influence over BEL and its investment has henceforth been classified as FVTOCI.

37. Financial instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value		
Investments measured at		
Fair value through other comprehensive income	107.67	95.79
Fair value through profit and loss	-	-
Financial assets measured at amortised cost		
Trade receivables	121,957.81	152,555.10
Loans	16,439.08	20,105.32
Cash and cash equivalents	59,421.01	12,480.58
Other bank balances	32,352.42	2,992.61
Other financial assets	46,666.61	57,488.55
Total	**276,944.60**	**245,717.95**
Financial liabilities measured at amortised cost		
Borrowings (including interest accrued)	6,300,990.30	4,626,223.08
Trade payables	130,512.81	110,996.20
Other financial liabilities	107,668.79	1,047,415.64
Total	**6,539,171.90**	**5,784,634.92**

Transfer of financial assets

The Company transfers certain trade receivables under discounting arrangements with banks and financial institutions. Some of such arrangements do not qualify for de-recognition due to arrangements with banks providing them recourse against the company in the event of principal debtors' defaults. Consequently, the proceeds received from transfer are recorded as short-term borrowings from banks and financial institutions.

The carrying value of trade receivables not de-recognised along with the associated liabilities is as below

	As at March 31, 2018		As at March 31, 2017	
	Carrying value of asset transferred	Carrying value of associated liability	Carrying value of asset transferred	Carrying value of associated liability
Trade Receivables	4,726.31	4,726.31	30,112.03	30,112.03

B Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	77.07	-	30.60	107.67
Fair value through profit and loss	-	-	-	-

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	65.16	-	30.63	95.79
Fair value through profit and loss	-	-	-	-

a. Valuation process and technique used to determine fair value

(i) The fair value of investments in quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. However, for investments held by Company as of reporting date, costs of such unquoted equity instruments has been considered as an appropriate estimate of fair value because of wide range of fair value measurements and cost represents the best estimate of fair value within that range.

b. The following table presents the changes in level 3 items for the periods ended March 31, 2018 and March 31, 2017:

Particulars	Unquoted equity shares
As at April 01, 2016	**30.84**
Gain recognised in other comprehensive income	(0.21)
As at March 31, 2017	**30.63**
Gain recognised in other comprehensive income	(0.03)
As at March 31, 2018	**30.60**

B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Lacs)

As at March 31, 2018	Carrying value	Fair value
Loans given	16,439.08	16,439.08
Other financial assets	46,666.61	46,666.61
Borrowings	6,300,990.30	6,300,990.30
Trade Payable	130,512.81	130,512.81
Other financial liabilities	107,668.79	107,668.79

(₹ in Lacs)

As at March 31, 2017	Carrying value	Fair value
Loans given	20,105.32	20,105.32
Other financial assets	57,488.55	57,488.55
Borrowings	4,626,223.08	4,626,223.08
Trade Payable	110,996.20	110,996.20
Other financial liabilities	1,047,415.64	1,047,415.64

For the purpose of disclosing fair values of financial instruments measured at amortised cost, the management assessed that fair values of short term financial assets and liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. Further, the fair value of long term financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Company's interest-bearing borrowings (other than finance lease obligation are determined to be equal top their carrying values, since the Company had continuing defaults and all such facilities have been therefore, current classified after CIRP was initiated against the Company. The own non-performance risk as at March 31, 2018 has not been adjusted while determining the fair value. For details of CIRP, refer note 42.

38. Financial risk management

Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other financial liabilities including trade payables	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Measurement
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss Other financial assets - 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss or specific provision whichever is higher Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

Financial assets that expose the entity to credit risk* – (₹ in Lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	**Low credit risk on financial reporting date**		
	Loans	16,439.08	20,105.32
	Cash and cash equivalents	59,421.01	12,480.58
	Other bank balances	32,352.42	2,992.61
	Other financial assets	46,666.61	57,488.55
(ii)	**Moderate credit risk**		
	Trade receivables	123,929.30	153,323.56
(iii)	**High credit risk**		
	Loans	10,283.75	1,283.75
	Trade receivables	15,088.51	5,302.60
	Other financial assets	14,833.51	-

*These represent gross carrying values of financial assets, without deduction for expected credit losses

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses for financial assets

i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The reconciliation of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

March 31, 2018

(₹ in Lacs)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	59,421.01	0%	-	59,421.01
Other bank balances	32,352.42	0%	-	32,352.42
Loans	26,722.83	38%	10,283.75	16,439.08
Other financial assets	61,500.12	24%	14,833.51	46,666.61

March 31, 2017

(₹ in Lacs)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	12,480.58	0%	-	12,480.58
Other bank balances	2,992.61	0%	-	2,992.61
Loans	21,389.07	6%	1,283.75	20,105.32
Other financial assets	57,488.55	0%	-	57,488.55

(ii) Trade receivables

Refer Note 10 for details

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

a) Financing arrangements

Undrawn borrowing facilities at the end of the reporting year to which the Company had access is ₹ Nil (March 31, 2017: ₹ Nil)

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lacs)

March 31, 2018	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Borrowings	5,389,075.40	44,160.00	940,000.00	6,373,235.40
Trade payable	130,512.81			130,512.81
Other financial liabilities	89,763.70		17,905.09	107,668.79
Total	**5,609,351.91**	**44,160.00**	**957,905.09**	**6,611,417.00**

(₹ in Lacs)

March 31, 2017	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Borrowings	1,966,781.04	353,360.00	2,708,172.64	5,028,313.68
Trade payable	110,996.20	-	-	110,996.20
Other financial liabilities	1,044,132.49	-	3,283.15	1,047,415.64
Total	**3,121,909.73**	**353,360.00**	**2,711,455.79**	**6,186,725.52**

C Market risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	25,438.30	26,118.00
Financial liabilities	784,643.30	792,228.00
Net exposure to foreign currency risk (liabilities)	**(759,205.00)**	**(766,110.00)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
USD sensitivity		
INR/USD- increase by 150 bps (March 31, 2017 150 bps)*	(11,388.08)	(11,491.65)
INR/USD- decrease by 150 bps (March 31, 2017 150 bps)*	11,388.08	11,491.65

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	1,798.12	1,547.42
Financial liabilities	277,999.12	237,793.04
Net exposure to foreign currency risk (liabilities)	**(276,201.00)**	**(236,245.62)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
EURO sensitivity		
INR/EURO- increase by 200 bps (March 31, 2017 200 bps)*	(5,524.02)	(4,724.91)
INR/EURO- decrease by 200 bps (March 31, 2017 200 bps)*	5,524.02	4,724.91

* Holding all other variables constant

(iii) Foreign currency risk exposure in GBP:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	-	-
Financial liabilities	69.07	415.24
Net exposure to foreign currency risk (liabilities)	**(69.07)**	**(415.24)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
GBP sensitivity		
INR/GBP- increase by 500 bps (March 31, 2017 500 bps)*	(3.45)	(20.76)
INR/GBP- decrease by 500 bps (March 31, 2017 500 bps)*	3.45	20.76

* Holding all other variables constant

(iv) Foreign currency risk exposure in JPY:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	-	-
Financial liabilities	-	1,437.70
Net exposure to foreign currency risk (liabilities)	**-**	**(1,437.70)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
JPY sensitivity		
INR/JPY- increase by 500 bps (March 31, 2017 500 bps)*	-	(71.89)
INR/JPY- decrease by 500 bps (March 31, 2017 500 bps)*	-	71.89

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2018 and 31 March 2017, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Variable rate borrowing	5,848,441.33	4,627,708.16
Fixed rate borrowing	452,548.97	400,605.52
Total borrowings	6,300,990.30	5,028,313.68
Amount disclosed under other current financial liabilities	4,849,051.62	402,090.60
Amount disclosed under borrowings	1,451,938.68	4,626,223.08

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	58,484.41	46,277.08
Interest rates – decrease by 100 basis points (100 bps)	(58,484.41)	(46,277.08)

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. The Company's exposure to such investments is not significant.

Further, the Company is exposed to commodity price risk owing to the change in the price of a production input that will adversely impact a producer who uses that input. Factors that an affect commodity prices include political and regulatory changes, seasonal variations, weather, technology and market conditions. The Company has not taken any financials instruments which are sensitive to fair value changes affecting profit or loss.

39. Capital management

The Company' s capital management objectives are

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(a) Debt equity ratio*

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Net debts	6,281,461.97	5,591,787.71
Total equity	(2,606,006.00)	(124,365.62)
Net debt to equity ratio	-	-

* Refer Note 42

(b) Dividend - During the year ended March 31,2018, no dividend has been recognized as distributions to equity shareholders (March 31, 2017: ₹ Nil)

40. In compliance of Regulation 34 of the Securities and Exchange Board of India (Listing and Disclosure Requirements) Regulations, 2015 the required information is given as under:

(₹ in Lacs)

Particulars	Amount as on	
	As at March 31, 2018	As at March 31, 2017
I. Loans and advances in the nature of loans:		
A) To Subsidiary Companies	-	-
B) To Associates /Joint Venture	-	-
C) To Firms/Companies in which directors are interested	-	-
D) Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act.	-	-
II. Investment by the loanee (as detailed above) in the shares of BSL and its subsidiaries	-	-

41. Commitments and contingencies

A. Contingent liabilities

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Sales tax	120,810.98	120,953.36
Excise duty/Custom duty/ service tax	70,296.19	57,105.35
Entry tax	47,507.68	79,755.57
Income tax	280,427.52	51,188.67
Water conservation fund	15,075.12	14,333.80
Claims / Disputed bills not acknowledged	-	22,562.00
Others	13,150.49	11,688.34
Total	**547,267.98**	**357,587.09**

The above is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described above would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Subsequent to the year end, pursuant to NCLT order dated May 15, 2018 w.r.t. ongoing insolvency proceeding (refer note 42), the Company was absolved of all contingent liabilities existing as of the balance sheet date.

B. Commitments

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27,660.66	60,357.25
ii) Other commitments:		
- Non cancellable lease	8,838.21	9,437.20

C. Other matters

(i) The Supreme Court of India vide its order dated September 24, 2014, cancelled the coal blocks allocated to various entities which includes one coal block allocated to the company which were under development. Subsequently, the government of India has issued the Coal Mines (Special Provision) Act 2015, which inter-alia deal with the payment of compensation to the effected parties in regard to investment in coal blocks. De-allocated coal block amounting to ₹ 56,289.95 Lacs includes Expenditure incurred of ₹ 14,833.52 Lacs and advance given to ₹ 41,456.44 Lacs. During the year, Company has provided provision for expenses incurred. In the opinion of the management, the company will receive back the payments/expenditure paid/made, including borrowing cost and other incidental expenditure relating to de-allocated coal block. The Company has filed its claim for compensation with the Government of India, Ministry of Coal. Subsequently, the company had filed a Writ Petition bearing No 6293 of 2016 for recovery of the amount before the Hon'ble Delhi High Court in which notices were issued on July 22, 2016 to Union of India and others. The Counter Affidavit(s) were filed by Union of India in November, 2016 and subsequent thereto pleadings were completed. The matter was taken up on November 29, 2017 and is now further posted for February 22, 2018.

On May 24, 2018 the above matter came up for hearing before Delhi High Court vide office Memorandum dated March 20, 2018, New Patrapara Coal Block has been earmarked for allotment to Odisha Government. Union of India Counsel stated that as substantial progress is likely to be made within next 6-8 months, matter should be adjourned . An amount of ₹ 37,056.43 Lacs has been paid to IDCO, out of which ₹ 14,000 Lacs is still with IDCO. Court has enquired from IDCO about the status of land acquisition proceedings /compensation and stated that Industry is not going to collect their money from the Landowners to whom money has been disbursed, and it is state government who has to give back money to Industry. Court has directed State Government/IDCO to file status report on land acquisition status/proceedings upto 10 days prior to next date of hearing . Thereafter matter was adjourned to September 27 , 2018.

42 A corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated July 26, 2017. Subsequent to the year-end, on May 15, 2018, the NCLT has approved the terms of the Resolution Plan submitted by Tata Steel Limited ("TSL"), which provides, inter alia, the acquisition of the Company by TSL, through its wholly owned subsidiary Bamnipal Steel Limited. The approval of the Resolution Plan subsequent to March 31, 2018 has been considered as a non-adjusting event for the purpose of financial statements for the year ended March 31, 2018. Pursuant to such approval of the Resolution Plan, the financial statements for the year ended March 31, 2018 have been prepared on a going concern basis.

43 Goods and Service Tax ("GST") has been implemented with effect from July 1, 2017 and therefore, Revenue from Operations for the year ended March 31, 2018 are net of GST. Revenue from operations and expenses for the year ended March 31, 2017 being inclusive of excise duty are not comparable with corresponding figures of year ended March 31, 2018.

44 The Company has defaulted in repayment of debts, redemption of debentures and pay interest thereon, the Directors of the Company were disqualified from being appointed as Directors in terms of section 164(2) of the Companies Act. Subsequent to the year end, pursuant to the NCLT order dated May 15, 2018, the erstwhile Directors of the Company are deemed to have resigned/vacated the office. Hence, none of the erstwhile Directors continue as Members of the Board.

45 Due to the loss incurred, the Company applied to the Central Government for the approval of managerial remuneration. The approval from Central Government has been received but clarification regarding Leave Encashment, PF and taxable Car perquisite has been sought by the Company. Hence, the payment of Leave Encashment, PF and taxable Car perquisite are subject to approval of Central Government.

46 The Company is eligible under Package Scheme of Incentives, 1993, and accordingly as per the provisions of the Scheme the Company has obtained eligibility certificate from Directorate of Industries. As per the Scheme the Company has an option to defer the payment of sales tax for a period of fourteen years upto a specified limit (twenty one years in case the specified limit is not availed in fourteen years). The said tax collected shall be paid after fourteen years in five annual equal instalments and has been recognised as deferred sales tax liability, which as at March 31, 2018 amounts to ₹ 3,940.04 Lacs (March 31, 2017: ₹ 3,283.15 Lacs). The scheme was further amended as Maharashtra Package Scheme of Incentives, 2007 according to which the Company is eligible to claim refund of sales tax/VAT/CGST/SGST paid.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

INDEPENDENT AUDITOR'S REPORT CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Bhushan Steel Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Bhushan Steel Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associates and joint venture are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.

Basis for Qualified Opinion

8. As explained in note 28(iii) to the consolidated financial statements, the Company has accounted for certain prior period errors in the financial statements for the year ended 31 March 2018. Under Ind AS 8, 'Accounting policies, changes in accounting estimates and errors', errors that occurred prior to 1 April 2016 should have been retrospectively corrected by restating the balances of respective assets and liabilities and equity as at 1 April 2016 and errors that occurred in year ended 31 March 2017 should have been retrospectively corrected by restating the comparative amounts as at 31 March 2017 and for the year then ended.

   Had the prior period errors been appropriately accounted for in accordance with Ind AS 8:

   - Other non-current assets, non-current borrowings and other financial liabilities as at 1 April 2016 would have increased by ₹ 18,814.00 lacs, ₹ 89,645.86 lacs and ₹ 2,962.18 lacs, respectively and property, plant and equipment, deferred tax liabilities and equity as at that date would have decreased by ₹ 121,349.09 lacs, ₹ 2,775.54 lacs and ₹ 192,367.59 lacs respectively;
   - Depreciation, finance costs and deferred tax credit for the year ended 31 March 2017 would have increased by ₹ 9,486.52 lacs, ₹ 12,277.82 lacs and ₹ 2,257.94 lacs respectively and other expenses for the year then ended would have decreased by ₹ 14,997.82 lacs. Accordingly, the loss after tax for the year ended 31 March 2017 would have increased by ₹ 4,508.58 lacs;
   - Other non-current assets, non-current borrowings and other financial liabilities as at 31 March 2017 would have increased by ₹ 18,571.82 lacs, ₹ 86,074.90 lacs and ₹ 3,570.96 lacs, respectively and property, plant and equipment, deferred tax liabilities and equity as at that date would have decreased by ₹ 130,835.61 lacs, ₹ 5,033.48 lacs and ₹ 196,876.17 lacs respectively; and
   - Exceptional items in the statement of profit and loss for the year ended 31 March 2018 would have decreased by ₹ 201,909.65 lacs and accordingly, loss after tax would have decreased by ₹ 196,876.17 lacs.

   Further, as at 31 March 2017, the Company had classified certain financial liabilities as non-current liabilities even though the Company was in breach of material provisions of certain long-term loan arrangements and the lenders had not agreed, before the date of approval of the financial statements for the year then ended, to not demand payment as a consequence of the breach. Accordingly, the liabilities towards such lenders had become payable on demand, and in accordance with the requirements of Ind AS 1, "Presentation of financial statements", should have been classified as current liabilities. In the absence of the requisite information, the impact of such misstatement on the balance sheet as at 31 March 2017 cannot be ascertained.

Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph above the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associates and joint venture as at 31 March 2018, and their consolidated loss (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matters

10. We draw attention to Note 42 to the consolidated financial statements which describes the status of Corporate Insolvency Resolution Process that the Company underwent, which was subsequently concluded on 15 May 2018. We also draw attention to Note 28 to the consolidated financial statements which describes certain related exceptional items (other than the prior period errors dealt with above) recognised during the year ended 31 March 2018. Our opinion is not modified in respect of these matters.

Other Matters

11. We did not audit the financial statements / financial information of seven subsidiaries, whose financial statements / financial information reflect total assets of ₹ 1,441.87 lacs and net liabilities of ₹ 1,621.88 lacs as at 31 March 2018, total revenue of ₹ Nil and net cash outflows amounting to ₹ 47.84 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ Nil for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of three associates and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint venture, are based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements/ financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements/financial information certified by the management.

12. The comparative financial information for the year ended 31 March 2017 included in the accompanying consolidated financial statements was jointly audited by M/s Mehra Goel & Co. and M/s Mehrotra & Mehrotra, whose audit report dated 5 July 2017 expressed qualified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

a) We have sought and except for the effect (to the extent ascertained) of the matter described in the basis for qualified opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for the effect (to the extent ascertained) of the matter described in paragraph 8 of the basis for qualified opinion paragraph with respect to the financial statements of the Holding Company;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the effect (to the extent ascertained) of the matter described in the basis for qualified opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

e) the directors of the Holding Company as of 31 March 2018 are disqualified from being appointed as directors in terms of Section 164(2) of the Act (also refer Note 44 to the accompanying consolidated financial statements);

f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 8 of the basis for qualified opinion paragraph with respect to the Holding Company;

g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A;

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

(i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note 41(A) to the consolidated financial statements;

(ii) the Group, its associates and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103

Place: Mumbai
Date: 9 August 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF BHUSHAN STEEL LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Bhushan Steel Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint ventures as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2018:

   The Company did not have appropriate internal controls over financial reporting towards correcting the identified material prior period errors by restating the comparative amounts for the respective prior period(s) presented in which the error occurred, in accordance with

Ind AS 8, "Accounting policies, changes in accounting estimates and errors" and other accounting principles generally accepted in India, which has resulted in material misstatements in multiple elements of the annual financial statements during the current year, as explained in Note 28(iii) to the accompanying financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company as at and for the year ended 31 March 2018, and the material weakness has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Neeraj Sharma
Partner
Membership No.: 502103

Place: Mumbai
Date: 9 August 2018

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2018

(₹ in Lacs)

			Note	As at March 31, 2018	As at March 31, 2017
A	**ASSETS**				
	(1)	**Non-current assets**			
		(a) Property, plant and equipment	3A	3,036,155.81	5,176,409.37
		(b) Capital work-in-progress	3B	117,965.24	117,060.76
		(c) Intangible assets	4	10.65	13.74
		(d) Investments accounted using equity method	6A	-	12,081.86
		(e) Financial assets			
		(i) Non-current investments	6A	107.67	95.79
		(ii) Loans	6B	7,265.35	9,808.64
		(iii) Other financial assets	6C	46,666.61	56,468.63
		(f)) Other non-current assets	7	80,836.20	67,503.57
		(g) Income tax assets	8	2,900.20	2,555.17
		Total non-current assets		**3,291,907.73**	**5,441,997.53**
	(2)	**Current assets**			
		(a) Inventories	9	402,519.54	314,891.77
		(b) Financial assets			
		(i) Trade receivables	10	121,957.81	152,555.10
		(ii) Cash and cash equivalents	11	59,470.03	12,577.69
		(iii) Other balances with banks	12	32,362.82	3,002.70
		(iv) Loans	6B	9,173.73	10,296.68
		(v) Other financial assets	6C	-	1,019.92
		(c) Other current assets	7	66,891.35	85,296.11
		Total current assets		**692,375.28**	**579,639.97**
		Total assets		**3,984,283.01**	**6,021,637.50**
B	**EQUITY & LIABILITIES**				
	(1)	**Equity**			
		(a) Equity share capital	13	4,530.30	4,530.30
		(b) Other equity	14	(2,609,697.88)	(152,823.80)
		(c) Non-controlling interests		(144.81)	(112.42)
		Total equity		**(2,605,312.39)**	**(148,405.92)**
	(2)	**Non-current liabilities**			
		(a) Financial liabilities			
		(i) Borrowings	15A	70,652.60	3,057,955.30
		(ii) Other financial liabilities	16	3,940.04	3,802.89
		(b) Provisions	18	5,632.08	4,011.13
		(c) Deferred tax liabilities (net)	30	-	351,545.94
		(d) Other non-current liabilities	17	266.18	-
		Total non-current liabilities		**80,490.90**	**34,17,315.26**
	(3)	**Current liabilities**			
		(a) Financial liabilities			
		(i) Borrowings	15A	1,382,011.30	15,68,367.78
		(ii) Trade payables	15B	130,519.35	110,999.17
		(iii) Other financial liabilities	16	4,951,478.60	1,042,847.61
		(b) Other current liabilities	17	44,364.11	30,017.97
		(c) Provisions	18	731.14	495.63
		Total current liabilities		**6,509,104.50**	**27,52,728.16**
		Total equity and liabilities		**3,984,283.01**	**6,021,637.50**
		The accompanying notes forming part of the consolidated financial statements	**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lacs)

			Year ended March 31, 2018	Year ended March 31, 2017
I	**Revenue**			
	(a) Revenue from operations	19	1,740,442.76	1,502,730.17
	(b) Other income	20	9,508.26	7,196.46
	Total income		**1,749,951.02**	**1,509,926.63**
II	**Expenses**			
	(a) Raw materials consumed	21	991,528.83	706,163.28
	(b) Purchases of finished, semi-finished steel & other products	22	712.03	18.01
	(c) Changes in inventories of finished goods, work-in progress & stock-in trade	23	(2,789.63)	(51,148.96)
	(d) Excise duty		39,187.18	132,135.99
	(e) Employee benefits expense	24	59,330.05	49,061.83
	(f) Finance costs	25	630,489.74	542,676.60
	(g) Depreciation and amortisation expenses	26	178,566.53	168,561.21
	(h) Other expenses	27	432,060.38	374,377.60
	Total expenses		**2,329,085.11**	**1,921,845.56**
III	**Loss before share of profit/(loss) of joint venture & associates, exceptional items & tax (I-II)**		**(579,134.09)**	**(411,918.93)**
IV	**Share of equity accounted investees**		-	(12,165.13)
V	**Loss before exceptional items & tax (III+IV)**		**(579,134.09)**	**(424,084.06)**
VI	**Exceptional items**	28	(2,309,669.01)	(669.25)
VII	**Loss before tax (V+VI)**		**(2,888,803.10)**	**(424,753.31)**
VIII	**Tax expenses**	30		
	(a) Current tax		-	-
	(b) Deferred tax		(432,183.47)	(62,396.54)
	Total tax expenses		**(432,183.47)**	**(62,396.54)**
IX	**Loss for the year (VII-VIII)**		**(2,456,619.63)**	**(362,356.77)**
X	**Profit/(loss) for the year attributable to:**			
	Owners of the company		(2,456,588.85)	(361,484.92)
	Non-controlling interests		(30.78)	(871.85)
XI	**Other comprehensive income/(loss)**	14		
	(a) Items that will not be reclassified subsequently to the statement of profit and loss			
	(i) Remeasurement gains/(losses) on post employment defined benefit plans		(273.27)	(127.33)
	(ii) Fair value changes of investments in equity shares		11.90	22.03
	(iii) Share of equity accounted investees		-	245.56
	(b) Income tax on items that will not be reclassified subsequently to the statement of profit and loss		(31.98)	44.07
	(c) Items that will be reclassified subsequently to the statement of profit and loss			
	(i) Foreign currency translation differences		6.51	-
	(d) Income tax on items that will be reclassified subsequently to the statement of profit and loss		-	-
	Total other comprehensive income/(loss) for the year		**(286.84)**	**184.33**
XII	**Total comprehensive loss for the year (IX+XI)**		**(2,456,906.47)**	**(362,172.44)**
XIII	**Total comprehensive loss for the year attributable to:**			
	Owners of the company		(2,456,874.08)	(361,300.59)
	Non-controlling interests		(32.39)	(871.85)
XIV	**Earnings per equity share**	29		
	Basic (in Rupees)		(1,084.52)	(159.59)
	Diluted (in Rupees)		(1,084.52)	(159.59)
The accompanying notes forming part of the consolidated financial statements		**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2018

(A) Equity share capital

(₹ in Lacs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at April 01, 2016	**226,514,746**	**4,530.30**
Changes during the year	-	-
As at March 31, 2017	**226,514,746**	**4,530.30**
Changes during the year	-	-
As at March 31, 2018	**226,514,746**	**4,530.30**

(B) Other equity

(₹ in Lacs)

Particulars	Reserves and Surplus						Foreign currency translation reserve	Equity instruments at fair value through other comprehensive income	Equity attributable to share holders of the Group	Non-controlling interests	Total equity
	Capital redemption reserve	Securities premium reserve	Debenture redemption reserve	Capital reserve	General reserve	Retained earning					
As at April 01, 2016	**693.34**	**72,576.10**	**36,512.50**	**1,942.03**	**527,837.59**	**(429,665.19)**	**(1,452.35)**	**32.77**	**208,476.79**	**759.43**	**209,236.22**
Loss for the year	-	-	-	-	-	(361,484.92)	-		(361,484.92)	(871.85)	(362,356.77)
Other comprehensive income/ (loss)	-	-	-	-	-	(83.26)	245.56	22.03	184.33	-	184.33
As at March 31, 2017	**693.34**	**72,576.10**	**36,512.50**	**1,942.03**	**527,837.59**	**(791,233.37)**	**(1,206.79)**	**54.80**	**(152,823.80)**	**(112.42)**	**(152,936.22)**
Loss for the year	-	-	-	-	-	(2,456,588.85)	-		(2,456,588.85)	(30.78)	(2,456,619.63)
Other comprehensive income/ (loss)	-	-	-	-	-	(305.25)	8.12	11.90	(285.23)	(1.61)	(286.84)
As at March 31, 2018	**693.34**	**72,576.10**	**36,512.50**	**1,942.03**	**527,837.59**	**(3,248,127.47)**	**(1,198.67)**	**66.70**	**(2,609,697.88)**	**(144.81)**	**(2,609,842.69)**

The accompanying notes forming part of the financial statements (1-46)
As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

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Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lacs)

	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A	**Cash flow from operating activities**		
	Loss before tax	**(2,888,803.10)**	**(424,753.31)**
	Adjustments for :		
	Capital reserve reclassification	-	(1,880.93)
	Depreciation & amortisation expenses	178,566.53	168,561.21
	Provisions (retirement benefit)	1,856.46	986.52
	Provision for impairment on financial asset	12,081.86	12,165.13
	Finance cost	630,489.74	542,676.60
	Interest income	(2,909.01)	(4,668.19)
	Exceptional items	2,283,042.87	669.25
	Loss/ (profit) on sale of fixed assets	207.95	(106.38)
	Allowance for expected credit losses	11,234.31	3,315.27
	Other non-cash item	11,528.84	4,648.34
	Operating profit before change in operating assets and liabilities	**237,296.45**	**301,613.51**
	Change in operating assets and liabilities:		
	Non-current / current financial and other assets	(8,282.02)	(78,761.36)
	Inventories	(87,627.77)	(104,967.99)
	Non-current / current financial and other liabilities / provisions	37,800.28	(42,397.35)
	Change in operating assets and liabilities	**(58,109.51)**	**(226,126.70)**
	Cash generated from operations	**179,186.94**	**75,486.81**
	Income taxes paid	(345.03)	(226.74)
	Net cash flow from operating activities	**178,841.91**	**75,260.07**
B	**Cash flow from investing activities**		
	Sale of property, plant & equipment	224.62	148.09
	Purchase of property, plant & equipment	(31,399.91)	(25,229.83)
	Interest received	1,099.39	4,666.03
	Dividend income	2.70	2.16
	Movement in fixed deposits with bank (placed)/ realised	(34,391.61)	12,412.64
	Net cash used in investing activities	**(64,464.81)**	**(8,000.91)**
C	**Net cash flow from financing activities:**		
	(Repayments of)/ proceeds from long term borrowings	(5,007.80)	9,198.85
	Proceeds from sort term borrowings	49,766.34	82,095.48
	Interest paid	(112,241.30)	(148,787.70)
	Proceeds from share application money	-	600.00
	Redemption of preference share including premium	-	(2,900.00)
	Unclaimed dividend	(2.00)	(2.04)
	Capital subsidy	-	1,880.93
	Net cash used in financing activities	**(67,484.76)**	**(57,914.48)**
D	**Net change in cash & cash equivalents (A+B+C)**	**46,892.34**	**9,344.68**
E - 1	Cash & cash equivalents as at the beginning of year	12,577.69	3,233.01
E - 2	Cash & cash equivalents as at the end of year	59,470.03	12,577.69
	Net change in cash & cash equivalents (E-2 - E-1)	**46,892.34**	**9,344.68**
The accompanying notes forming part of the financial statements			

Notes:

(i) Significant non cash movements in borrowings during the year include:

(a) addition on account of finance leases and other non cash item ₹ 93,223.20 Lacs (2016-17 ₹ 859.44 Lacs).

(b) exchange loss ₹ 38,079.63 Lacs (2016-17 ₹ 36,649.59 Lacs).

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

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Director
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Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

ACCOUNTING POLICIES UNDER IND AS

CONSOLIDATED FINANCIAL STATEMENTS OF BHUSHAN STEEL LIMITED FOR THE YEAR ENDED MARCH 31, 2018

1. Company Information

Bhushan Steel Limited ("the Company") is a public limited Company incorporated in India with its registered office in New Delhi, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is the 3rd largest secondary steel producer with an overall steel producing capacity of 5.6 million tonne per annum. The Company has presence across the entire value chain of steel manufacturing. The Company offers a broad range of steel products including a portfolio of high value added downstream products such as hot rolled, cold rolled and coated steel, cold rolled full hard, galvanised coils and sheets, high tensile steel strips, colour coated tiles, precision tubes etc. The Company has the unique facilities of producing cold roll and sheets upto a width of 1700 mm and galvanised coil and steel up to a width of 1350 mm.

Statement of compliance

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standard) Rules, as amended time to time.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except:

(a) certain assets and liabilities that are required to be carried at fair values by Ind AS; and

(b) property, plant & equipment which have been fair valued at the transition date (i.e. April 1, 2015) as 'deemed cost' upon transition to Ind AS.

The financial statements are presented in ₹ and all values are rounded to the nearest Lacs (₹ 00,000), except when otherwise indicated.

These are consolidated financial statements (the 'financial statements') for the year ended March 31, 2018, prepared in accordance with Ind AS 110 and were approved for issue by the Board of Directors on August 09, 2018.

2. Significant accounting policies

The significant accounting policies applied by the Company (The 'Parent') & its subsidiaries (collectively referred to as 'the Group') in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

b) Investment in associates

Associates are those enterprises in which the Group has significant influence, but does not have control. Investments in associates are accounted for using the equity method and are initially recognised at cost, from the date significant influence commences until the date that significant influence ceases. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and impairment charges, if any.

When the Group's share of losses exceeds the carrying value of the associate, the carrying value is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of associates are modified to confirm to the Group's accounting policies.

c) Interests in joint arrangement

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Where Group entity undertakes its activities under joint arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other parties are recognised in its financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on the accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint arrangements expenses, are recognised when it is probable that the economic benefits associated with will flow to the Group and their amount can be measured reliably.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of joint ventures are modified to confirm to the Group's accounting policies.

d) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset /liability is treated as current when it is expected to be realised/ settled, sold, consumed within the normal operating cycle. Having regard to the nature of business being carried out by the Group the Group has determined its operating cycle as twelve months. The Group classifies all other assets/liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

e) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. This recognition principle is applied to costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is derecognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment and capital work in progress are stated at cost/ deemed cost, net of accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of qualifying asset.

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between sale proceeds and carrying value of such item, and is recognised in the statement of profit and loss.

f) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortisation is provided on a straight line basis to the cost/deemed cost of property, plant and equipment and intangible assets, including those held under finance leases to their residual value. Depreciation on all assets commences from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period or estimated useful life whichever is less. The estimated useful lives of assets and residual values are regularly reviewed and, when necessary, revised.

The estimated useful life of main category of property plant and equipment and intangible assets are:-

	Estimated useful Life (years)
Buildings	Upto 60 years*
Roads	30 years
Plant and machinery	Upto 40 years*
Railway sidings	Upto 30 years*
Vehicles	8 to 10 years
Furniture, fixtures and office equipment	5 to 10 years
Computer software	3 year

* for these class of assets useful lives are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Based on the technical evaluation carried by a chartered engineer and internal assessments made, the Group believes that useful lives mentioned above are best representative of the period over which the Group expects to use the assets.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

h) Impairment of non-financial assets

The Group, at each balance sheet date, reviews carrying values of its property plant and equipment and assesses whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount being higher of fair value less costs to sell and value in use of the assets, is estimated to determine the impairment losses and are recognised in the statement of profit and loss. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets an assessment is made at each balance sheet date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

i) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, wherever considered necessary. Cost is ascertained on a weighted average basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business based on market price at the balance sheet date and discounted for the time value of money if material, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts including other items are carried on weighted average basis.

j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excludes tax and duties collected on behalf of the government. Exports sales are net of ocean freight, insurance.

Dividend income is recognised when the right to receive payment is established.

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

k) Foreign currencies

The Group's financial statements are presented in ₹, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange at the balance sheet date.

For foreign currency loans taken before March 31, 2016 for, adjustments arising from exchange rate variations relating to long term monetary items attributable to the depreciable fixed assets are capitalised. For foreign currency loans taken after March 31, 2016, exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of profit or loss are also recognised in other comprehensive income or statement of profit or loss, respectively).

l) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted in India, at the balance sheet date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets is offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

Deferred tax liabilities are generally recognised for all the temporary differences. On the contrary, deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits (including Minimum Alternative Tax (MAT) credit) and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the service rendered by employees are recognised during the period when the employee renders the services.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Group'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 recognised as an expense when employees have rendered services entitling them to the contribution.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. In respect of post retirement benefit re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/ losses on the compensated absences are immediately taken to the statement of profit and loss and are not deferred.

n) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease, all other leases are classified as operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term however, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rentals are recognised as revenue in the period in which they are earned.

o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

p) Earnings per share

Basic earnings per equity share is computed by dividend net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

q) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

r) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

s) Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

t) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the chief operating decision maker. The Group operates in a single operating segment and geographical segment.

v) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

Non-derivative financial assets

Subsequent measurement

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost, if both the following conditions are met:

   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in mutual funds** – Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

iii. **Investments in equity instruments** - Investments in equity instruments, where the Group has opted to classify such instruments at fair value through other comprehensive income (FVOCI) are measured at fair value through other comprehensive income.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

De-recognition of financial assets

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

w) Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs **("MCA")** has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from contract with customers:

On March 28, 2018, Ministry of Corporate Affairs **("MCA")** has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3A. Property, plant and equipment

(₹ in Lacs)

Description of assets	Gross block					Accumulated depreciation and impairment						Net block	
	Cost as at April 01, 2017	Addition During the Year	Sold/ discarded during the year	Adjustment during the year (refer sub - note (ii))	Cost as at March 31, 2018	As at April 01, 2017	Depreciation for the year	Impairment for the year	Disposal	Adjustment during the year (refer sub - note (ii))	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Freehold Land	84,107.26	179.72	-	(15,635.63)	68,651.35	-	-	9,211.61	-	-	9,211.61	59,439.74	84,107.26
Leasehold Land	205,937.18	-	-	(205,937.18)	-	-	-	-	-	-	-	-	205,937.18
Building	1,031,791.49	146.47	-	668,185.40	1,700,123.36	73,510.15	35,811.71	590,860.30	-	49,392.97	749,575.13	950,548.23	958,281.34
Railway Siding	85,650.38	-	-	-	85,650.38	10,852.97	5,422.49	58,810.06	-	-	75,085.52	10,564.86	74,797.41
Plant and Machinery	4,101,376.83	77,856.62	495.92	(614,452.99)	3,564,284.54	253,696.43	136,230.04	1,212,897.93	187.90	(49,392.97)	1,553,243.53	2,011,041.01	3,847,680.40
Furniture and Fixtures	4,902.16	26.12	-	-	4,928.28	1,108.07	537.79	-	-	-	1,645.86	3,282.42	3,794.09
Vehicles	2,276.90	84.28	191.21	-	2,169.97	918.42	396.86	-	66.68	-	1,248.60	921.37	1,358.48
Office Equipments	852.30	66.27	-	-	918.57	399.09	161.30	-	-	-	560.39	358.18	453.21
Total Tangible Assets	**5,516,894.50**	**78,359.48**	**687.13**	**(167,840.40)**	**5,426,726.45**	**340,485.13**	**178,560.19**	**1,871,779.90**	**254.58**	**-**	**2,390,570.64**	**3,036,155.81**	**5,176,409.37**

(₹ in Lacs)

Description of assets	Gross block					Accumulated depreciation and impairment						Net block	
	Cost as at April 01, 2016	Addition During the Year	Sold/ discarded during the year	Adjustment during the year (refer sub - note (ii))	Cost as at March 31, 2017	As at April 01, 2016	Depreciation for the year	Impairment for the year	Adjustment Disposal	Adjustment during the year (refer sub - note (ii))	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
Freehold Land	84,107.26	-	-	-	84,107.26	-	-	-	-	-	-	84,107.26	84,107.26
Leasehold Land	205,573.91	363.27	-	-	205,937.18	-	-	-	-	-	-	205,937.18	205,573.91
Building	1,025,345.54	5,368.97	-	1,076.98	1,031,791.49	37,170.62	36,339.53	-	-	-	73,510.15	958,281.34	988,174.92
Railway Siding	85,650.38	-	-	-	85,650.38	5,433.90	5,419.07	-	-	-	10,852.97	74,797.41	80,216.48
Plant and Machinery	3,907,229.74	191,577.87	29.69	2,598.91	4,101,376.83	128,066.95	125,629.48	-	-	-	253,696.43	3,847,680.40	3,779,162.79
Furniture and Fixtures	4,857.90	44.26	-	-	4,902.16	556.65	551.42	-	-	-	1,108.07	3,794.09	4,301.25
Vehicles	1,948.10	344.66	15.86	-	2,276.90	479.39	442.89	-	-	3.86	918.42	1,358.48	1,468.71
Office Equipments	801.97	50.35	0.02	-	852.30	234.78	164.31	-	-	-	399.09	453.21	567.19
Total Tangible Assets	**5,315,514.80**	**197,749.38**	**45.57**	**3,675.89**	**5,516,894.50**	**171,942.29**	**168,546.70**	**-**	**-**	**3.86**	**340,485.13**	**5,176,409.37**	**5,143,572.51**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3B. Capital work in progress

Capital work in progress (CWIP) as at March 31, 2018 comprises expenditure for the plant in the course of construction. Total amount of CWIP is ₹ 117,965.24 Lacs (March 31, 2017: ₹ 117,060.76 Lacs). This includes expenditure capitalised and comprises of direct material cost, labour charges, supervision charges.

Notes

(i) Net carrying value of plant and machinery comprises of:

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Asset held under finance leases		
Cost	75,406.25	-
Accumulated depreciation and impairment	9,525.00	-
	65,881.25	**-**
Owned assets	1,846,373.82	3,847,680.40
	1,912,255.07	**3,847,680.40**

(ii) Adjustment during the year ended March 31, 2018 include:

a) Capitalisation of exchange losses amounting to ₹ 38,096.78 Lacs.

b) Reclassification of leasehold land amounting to ₹ 205,937.18 Lacs as an operating lease (including write off on account of prior period error net of cumulative amortisation, amounting to ₹ 187,365.38 Lacs). For details of adjustment in leasehold land, refer note 28.

c) Reclassifications of items of property plant and equipment between classes of assets.

(iii) For details of capital commitments, refer note 41.

(iv) Property, plant and equipment are pledged against borrowings, the details relating to which have been described in note 15A pertaining to borrowings.

(v) During the year, the Company has recognised an impairment loss against property, plant & equipment including capital work in progress aggregating to ₹ 1,911,279.90 Lacs.

Pursuant to the admission to corporate insolvency resolution process in 2017, the liquidation value of the assets was assessed to be substantially lower than carrying values. Further, the company's inability to procure raw materials at favourable or commercially feasible credit terms resulted in rise in input costs as well as decline in orders from its customers. The overall deterioration in the business conditions led to a significant decline in the market capitalisation of the Company as well.

With these indicators, the Company carried out an impairment assessment of its property, plant & equipment. For the purpose of impairment assessment, the Company's business is divided into three cash generating units (CGUs) comprising of three plants which are capable of generating independent cash flows. Any corporate assets have been allocated to such CGUs, since they independently do not meet the definition of CGU. The impairment test is carried out by comparing the carrying values with recoverable amounts for each CGU. For this, the recoverable amount has been determined as 'fair value less costs to sell', as follows:

(₹ in Lacs)

Cash generating unit	Carrying values	Fair values less cost to sell
Sahibabad plant	183,400.00	139,700.00
Khopoli plant	244,100.00	242,200.00
Orissa plant	4,637,900.95	2,772,221.05
Total	**5,065,400.95**	**3,154,121.05**

For determining recoverable amount as fair value less costs to sell, such fair values have been determined using a level 3 fair value measurement technique as follows:

(i) Land: Valuation of freehold land has been determined using market approach, i.e., current prices in an active market for similar properties of the same area and localities have been taken. Fair value of leasehold interest in land has been considered based on current market quotes for similar leases.

(ii) Property, plant & equipment (other than land): Fair values have been determined using cost approach, that reflects the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence ('current replacement cost'). Key assumptions used in determining recoverable amount as 'fair value less costs to sell' are as follows:

(a) Input Tax Credit (ITC) and other tax credits have been considered for replacement cost estimation.

(b) Soft cost has been considered as 20%-30% of hard cost.

(c) Construction period has been considered as 36 months for finance cost capitalisation. Interest rate considered is 11% with debt : equity = 75:25.

(d) Residual value has been estimated at 5% of the replacement cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Intangible assets

(₹ in Lacs)

Description of assets	Gross block					Accumulated amortisation					Net block	
	Cost as at April 01, 2017	Addition during the year	Sold/ discard during the year	Adjustment during the year	Cost as at March 31, 2018	As at April 01, 2017	During the year	Disposal	Adjustment during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Intangible assets												
Computer software	57.61	3.25	-	-	60.86	43.87	6.34	-	-	50.21	10.65	13.74
Other assets	978.59	-	-	-	978.59	978.59	-	-	-	978.59	-	-
Total intangible assets	**1,036.20**	**3.25**	**-**	**-**	**1,039.45**	**1,022.46**	**6.34**	**-**	**-**	**1,028.80**	**10.65**	**13.74**

(₹ in Lacs)

Description of assets	Gross block					Accumulated amortisation					Net block	
	Cost as at April 01, 2016	Addition during the Year	Sold/ discarded during the Year	Adjustment during the Year	Cost as at March 31, 2017	As at April 01, 2016	During the year	Disposal	Adjustment during the year	As at March 31, 2017	As at March 31, 2017	As at April 01, 2016
Intangible assets												
Computer software	47.02	10.59	-	-	57.61	39.36	4.51	-	-	43.87	13.74	7.66
Other assets	968.59	10.00	-	-	978.59	968.59	10.00	-	-	978.59	-	-
Total intangible assets	**1,015.61**	**20.59**	**-**	**-**	**1,036.20**	**1,007.95**	**14.51**	**-**	**-**	**1,022.46**	**13.74**	**7.66**

5. Leases

The Company has taken certain land, buildings, plant and machinery under operating and/or finance leases. The following is a summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

A Operating leases:

Significant leasing arrangements include lease of land for periods ranging between 70 to 90 years renewable on mutual consent, lease of transit house/ guest house and assets dedicated for use under long term arrangements. Payments under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets, executory services and for output based on the underlying contractual terms and conditions. Any change in the allocation assumptions may have an impact on lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

(₹ in Lacs)

Minimum lease payments	As at March 31, 2018	As at March 31, 2017
Not later than one year	1,052.73	598.99
Later than one year but not later than five years	3,348.17	3,530.19
Later than five years	4,437.31	5,308.02
Total minimum lease payments	**8,838.21**	**9,437.20**

During the year ended March 31, 2018, total operating lease rental expense recognised in the statement of profit and loss was ₹ 91,716.73 Lacs, (March 31, 2017: ₹ 26,415.97 Lacs). This includes ₹ 76,584.41 Lacs which comprises of consideration for non lease elements made under long term supply arrangement and consideration for lease element which can not be separated.

B Finance leases:

The Company entered into sale and leaseback arrangement for oxygen plant in earlier years which was accounted as operating lease. However, the terms of the lease require such arrangement to be classified as finance lease. Consequently, the asset has been recognised with corresponding finance lease obligation. Cumulative effect of reversal of operating lease rentals and booking of depreciation and finance cost from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in "exceptional items".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The minimum lease payments and minimum lease payments excluding future finance charges in respect of arrangements classified as finance leases is as below:

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017	
	Minimum lease payments	Minimum lease payments less future finance charges	Minimum lease payments	Minimum lease payments less future finance charges
Not later than one year	20,160.00	15,422.31	-	-
Later than one year but not later than five years	92,160.00	32,290.78	-	-
Later than five years	46,000.00	38,361.81	-	-
Total future minimum lease commitments	**158,320.00**	**86,074.90**	**-**	**-**
Less: Future finance charges	72,245.10	-	-	-
Present value of minimum lease payments	86,074.90	-	-	-

6. Financial assets

(₹ in Lacs)

Particulars	Non-current	
	As at March 31, 2018	As at March 31, 2017
A) Investments in equity instruments accounted using equity method		
a) Investment in joint ventures		
Andal East Coal Company Private Limited - 330,000 (March 31, 2017: 330,000) equity shares of ₹ 10 each fully paid up - Unquoted	145.50	145.50
Less: Share of loss	(145.50)	(145.50)
Total investment in joint ventures	**-**	**-**
b) Investment in associates		
Bhushan Energy Limited - Nil (March 31, 2017: 65,000,000) equity shares of ₹ 10 each fully paid up. - unquoted (refer sub-note (iii) below)	-	35,000.00
Less: share of loss	-	(22,918.14)
Jawahar Credit & Holdings Private Limited - 8,643,742 (March 31, 2017: 8,643,742) equity shares of ₹ 10 each fully paid up. - unquoted	940.31	940.31
Less: share of loss	(940.31)	(940.31)
Bhushan Capital & Credit Services Private Limited - 8,643,742 (March 31, 2017: 8,643,742) equity shares of ₹ 10 each fully paid up. - unquoted	940.31	940.31
Less: share of loss	(940.31)	(940.31)
Total investment in associates	**-**	**12,081.86**
c) Other investment in equity instruments at fair value through other comprehensive income		
Bhushan Energy Limited - 65,000,000 (March 31, 2017: Nil) equity shares of ₹ 10 each fully paid up. - unquoted (refer sub-note (iii) below)	-	-
Tata Steel Limited - 13,500 (March 31, 2017: 13,500) equity shares of ₹ 10 each fully paid up. - quoted	77.07	65.16
Bhushan Buildwell Private Limited - 4.900 (March 31, 2017: 4,900) equity shares of ₹ 10 each fully paid up. - unquoted	24.75	24.75
Saraswat Co-operative Bank Limited - 2,500 (March 31, 2017: 2,500) equity shares of ₹ 10 each fully paid up. - unquoted	1.07	1.07
Bhushan Steel Bengal Limited - 50,000 (March 31, 2017: 50,000) equity shares of ₹ 10 each fully paid up. - unquoted	4.78	4.81
Total other investment	**107.67**	**95.79**
Total investments (a+b+c)	**107.67**	**12,177.65**
Aggregate market value of quoted investments	77.07	65.16
Aggregate carrying value of unquoted investments	30.60	30.63
Aggregate amount of impairment in value of investments	2,026.12	24,944.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes:

(i) Investments at fair value through other comprehensive income ("FVTOCI") (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 37B for determination of their fair values.

(ii) Costs of unquoted equity instruments valued at FVTOCI has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(iii) The Company held investment in Bhushan Energy Limited ("BEL") which was classified as an Associate till January 08, 2018. The Company recognised impairment loss on such investment during the year aggregating to ₹ 12,081.86 Lacs which has been disclosed under"exceptional items" in statement of profit or loss. A corporate insolvency resolution proceedings (CIRP) under the Insolvency Bankruptcy Code 2016 was initiated against BEL vide order of National Company Law Tribunal (NCLT) dated January 08, 2018. Pursuant to this, the Company lost significant influence over BEL and its investment has henceforth been classified as FVTOCI at an initial date fair value of ₹ Nil.

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
B) Loans at amortised cost				
a) Advances				
i) To related party				
Unsecured, considered doubtful	523.75	523.75	-	-
	523.75	**523.75**	**-**	**-**
Less: allowance for expected credit losses	(523.75)	(523.75)	-	-
	-	**-**	**-**	**-**
ii) To employees				
Unsecured, considered good	113.73	138.78	227.46	333.72
	113.73	**138.78**	**227.46**	**333.72**
Less: allowance for expected credit losses	-	-	-	-
	113.73	138.78	227.46	333.72
Total advance recoverable in cash (i+(ii))	**113.73**	**138.78**	**227.46**	**333.72**
b) Security deposits (Refer sub-note (i))				
Unsecured, considered good	7,151.62	9,669.86	8,946.27	-
Unsecured, considered doubtful	-	-	9,000.00	9,962.96
	7,151.62	**9,669.86**	**17,946.27**	**9,962.96**
Less: allowance for expected credit losses	-	-	(9,000.00)	-
Total security deposits	**7,151.62**	**9,669.86**	**8,946.27**	**9,962.96**
c) Inter corporate deposits				
Unsecured, considered doubtful	-	-	760.00	760.00
	-	**-**	**760.00**	**760.00**
Less: allowance for expected credit losses	-	-	(760.00)	(760.00)
Total inter corporate deposits	**-**	**-**	**-**	**-**
Total loans - (a+b+c)	**7,265.35**	**9,808.64**	**9,173.73**	**10,296.68**
For details of related parties balances, refer note 34				
C) Other financial assets				
Receivable against sale of fixed assets	-	-	-	1,019.92
Recoverable for coal block	56,289.96	56,289.96	-	-
Less: allowances for expected credit losses	(14,833.51)	-	-	-
Earmarked bank balances (refer sub-note (iii))	5,210.16	178.67	-	-
Total Other financial assets	**46,666.61**	**56,468.63**	**-**	**1,019.92**

(i) Security deposits are primarily in relation to public utility services and assets taken on lease.

(ii) There are no outstanding debts from directors or other officers of the Company.

(iii) Non-current earmarked bank balances represent deposits and balances in escrow account not due for realisation within 12 months from the balance sheet date. These are primarily placed as security with government bodies, margin money against issue of bank guarantees. Earmarked bank balances includes interest accrued but not due.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Other assets

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
a) Capital advance	8,658.89	7,740.87		
b) Balances with statutory authorities (refer sub-note (i))	61,555.73	55,284.36	12,311.72	34,279.46
Less: provision for doubtful balances	(9,427.56)	-	-	-
c) Prepaid lease payments for operating leases	19,010.11	-	394.19	347.04
d) Prepaid expenses	428.03	3,973.71	1,135.50	1,862.30
e) Advance to suppliers	-	-	46,099.71	48,807.31
f) Other advances	611.00	504.63	6,950.23	-
Total other assets (a+b+c+d+e+f)	**80,836.20**	**67,503.57**	**66,891.35**	**85,296.11**

(i) Balances with statutory authorities primarily relate to input credit entitlements and amounts paid under protest in respect of demands and claims from regulatory authorities.

8. Income tax assets

(₹ in Lacs)

Particulars	Non-current	
	As at March 31, 2018	As at March 31, 2017
Advance tax (net of tax provisions)	2,900.20	2,555.17
Total income tax assets	**2,900.20**	**2,555.17**

9. Inventories

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
i) In hand		
Raw materials	89,449.23	39,651.73
Finished goods	172,552.04	61,430.45
Work in progress	-	86,438.42
Stores and spares	55,971.81	38,081.62
Others	4,520.83	9,368.65
Total in hand	**322,493.91**	**234,970.87**
ii) In transit		
Raw materials	79,671.67	60,857.12
Work in progress	-	17,045.72
Stores and spares	353.96	2,018.06
Total in transit	**80,025.63**	**79,920.90**
Total inventories (i+ii)	**402,519.54**	**314,891.77**

(i) Value of inventories above is stated after provisions (net of reversal) ₹ 37.78 Lacs (March 31, 2017: ₹ 634.37 Lacs) for write-downs to net realisable value and provision for slow moving and obsolete items.

(ii) Inventory is hypothecated as security against working capital loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Trade receivables

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	123,929.30	153,323.56
Unsecured, considered doubtful	15,088.51	5,302.60
	139,017.81	158,626.16
Less: allowance for expected credit loss	(17,060.00)	(6,071.06)
Total trade receivables	**121,957.81**	**152,555.10**

(i) For details of receivables from related parties, refer note 34.

(ii) Trade receivables are non-interest bearing and are generally on credit terms not exceeding twelve months.

(iii) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in provision matrix.

(iv) Movement in allowance for credit expected credit loss of receivables is as follows:-

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**6,071.06**	**2,903.81**
Charge in statement of profit & loss	11240.75	3,315.27
Release to statement of profit & loss	(251.81)	(148.02)
Balance at the end of the year	**17,060.00**	**6,071.06**

(v) Ageing of trade receivables and credit risk arising there from is as below:

(₹ in Lacs)

March 31, 2018

	Gross carrying amount	Allowance for expected credit losses	% of expected credit losses	Net carrying amount net of impairment provision
Amount not yet due	96,998.57	563.77	1%	96,434.80
Between one to three month overdue	18,041.85	782.04	4%	17,259.81
Between three to six month overdue	2,802.33	1,304.75	47%	1,497.58
Between six month to one year overdue	11,906.09	5,140.47	43%	6,765.62
Greater than one year overdue	9,268.97	9,268.97	100%	-
Balance at the end of the year	**139,017.81**	**17,060.00**		**121,957.81**

(₹ in Lacs)

March 31, 2017

	Gross carrying amount	Allowance for expected credit losses	% of expected credit losses	Net carrying amount net of impairment provision
Amount not yet due	105,864.54	505.48	0%	105,359.06
Between one to three month overdue	31,567.41	701.19	2%	30,866.22
Between three to six month overdue	12,120.82	1,169.86	10%	10,950.96
Between six month to one year overdue	2,017.92	858.54	43%	1,159.38
Greater than one year overdue	7,055.47	2,835.99	40%	4,219.48
Balance at the end of the year	**158,626.16**	**6,071.06**		**152,555.10**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(vi) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2018 to be ₹ 139,017.81 Lacs (March 31, 2017: ₹ 158,626.16 Lacs), which after consideration of allowance for expected credit losses, is the fair value of trade receivables. The Company's exposure to customers is diversified and no single customer contributes more than 10% of the outstanding receivables as at March 31, 2018 and March 31, 2017.

(vii) There are no outstanding receivable debts due from directors or other officers of the company.

11. Cash and cash equivalent

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
a) Cash in hand	19.44	65.42
b) Balance with banks		
- In current accounts	51,765.17	12,512.27
- Deposit with maturity of less than three months	7,685.42	-
Total cash and cash equivalent	**59,470.03**	**12,577.69**

12. Other balances with banks

(₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Earmarked balance with banks		
- Unpaid dividend	10.89	12.89
- Deposit with maturity of more than three months but less than twelve months	32,351.93	2,989.81
Total other balances with banks	**32,362.82**	**3,002.70**

(i) Earmarked balances with bank represent balances held for unpaid dividends and margin money/fixed deposits against issue of bank guarantees.

(ii) Short-term deposits are made for varying periods between three to twelve months, depending on the immediate cash requirements of the company, and earned interest at the respective short term deposit rates.

13. Equity share capital

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Authorised share capital		
i) Equity share capital		
400,000,000 (March 31, 2017: 400,000,000) equity shares of ₹ 2/- each	8,000.00	8,000.00
ii) Preference share capital		
20,500,000 (March 31, 2017: 20,500,000) preference shares of ₹ 100/- each	20,500.00	20,500.00
Total authorised share capital	**28,500.00**	**28,500.00**
b) Issued share capital		
Equity share capital		
230,605,220 (March 31, 2017: 230,605,220) equity shares of ₹ 2/- each	4,612.10	4,612.10
Total issued share capital	**4,612.10**	**4,612.10**
c) Subscribed and paid up share capital		
Equity share capital		
226,514,746 (March 31, 2017: 226,514,746) equity shares of ₹ 2/- each	4,530.29	4,530.29
Share forfeited		
784 (March 31, 2017: 784) equity shares of ₹ 2/- each	0.01	0.01
Total subscribed and paid up share capital	**4,530.30**	**4,530.30**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

d) Reconciliation of number of shares outstanding and the amount of share capital:-

Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	226,514,746	4,530.29	226,514,746	4,530.29
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**226,514,746**	**4,530.29**	**226,514,746**	**4,530.29**

e) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The rights of the shareholders have been suspended from July 26, 2017, as per the provisions of Insolvency & Bankruptcy Code, 2016 when corporate insolvency resolution proceedings ('CIRP') were initiated against the Company. For details, refer note 42.

The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

f) Details of the shareholders holding more than 5% share in the Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 2/- each fully paid up				
1. Shri Brij Bhushan Singal	31,247,969	13.80%	41,103,391	18.15%
2. Shri Neeraj Singal	49,835,628	22.00%	51,480,927	22.73%
3. Bhushan Infrastructure Private Limited	12,101,188	5.34%	31,901,188	14.08%

Subsequent to the year end, a resolution plan was approved by NCLT and there has been a change in the shareholding pattern of the Company. For further details of the plan, refer note 42.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Other Equity

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Capital redemption reserve		
Opening balance	693.34	693.34
Changes during the year	-	-
Closing balance	**693.34**	**693.34**
b) Securities premium account		
Opening balance	72,576.10	72,576.10
Changes during the year	-	-
Closing balance	**72,576.10**	**72,576.10**
c) Debenture redemption reserve		
Opening balance	36,512.50	36,512.50
Changes during the year	-	-
Closing balance	**36,512.50**	**36,512.50**
d) Capital reserve		
Opening balance	1,942.03	1,942.03
Changes during the year	-	-
Closing balance	**1,942.03**	**1,942.03**
e) General reserve		
Opening balance	527,837.59	527,837.59
Changes during the year	-	-
Closing balance	**527,837.59**	**527,837.59**
f) Retained earnings		
Opening balance	(791,233.37)	(429,665.19)
Loss during the year	(2,456,588.85)	(361,484.92)
Remeasurement of defined employee benefit plans	(305.25)	(83.26)
Closing balance	**(3,248,127.47)**	**(791,233.37)**
g) Foreign currency translation reserve		
Opening balance	(1,206.79)	(1,452.35)
Changes during the year	8.12	245.56
Closing balance	**(1,198.67)**	**(1,206.79)**
h) Equity instruments at fair value through other comprehensive income		
Opening balance	54.80	32.77
Changes during the year	11.90	22.03
Closing balance	**66.70**	**54.80**
Total other equity	**(2,609,697.88)**	**(152,823.80)**

(i) Capital redemption reserve - The Companies Act, 2013 requires that when a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Group established this reserve pursuant to the redemption of preference shares issued in earlier years.

(ii) Securities premium account - Securities premium account is used to record premium received on issue of shares. The account is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

(iii) Debenture redemption reserve - The Companies Act, 2013 requires that a Company which issues debentures, shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a debenture redemption reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve cannot be utilised by the Company except to redeem debentures.

(iv) Capital reserve - Capital reserves represents the difference between value of net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

(v) General reserve - Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

(vi) Retained earnings - Retained earnings are created from the profit/ loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(vii) Other comprehensive income -

(i) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(ii) The Group recognised exchange differences arising on translation of the foreign operations in other comprehensive income and accumulated in foreign currency translation reserve in other equity.

15. Financial liabilities

A. Borrowings

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Long term borrowings		
Debentures (secured) (refer sub-notes (i) - (ix))	144,033.14	145,270.89
Term loan (secured) (refer sub-notes (x) - (xii))		
From bank		
- Indian rupees loans	2,388,001.53	2,387,850.55
- Foreign currency loans	890,260.91	851,855.33
From others		
- Financial institution	62,130.89	62,259.89
Finance lease obligation	86,074.90	-
Term loan (unsecured)		
From bank		
- Indian rupees loans	9,765.00	9,765.00
- Foreign currency loans	314.38	270.02
From others	3,229.91	2,774.22
Upfront fee	-	(3,577.34)
	3,583,810.66	**3,456,468.56**
Less: Current maturities of long term borrowings classified under 'other financial liabilities'	3,497,735.76	188,964.40
Less: Current maturities of finance lease obligation classified under 'other financial liabilities'	15,422.30	
Less: Repayment overdue on long term borrowings	-	209,548.86
Total non-current borrowings	**70,652.60**	**3,057,955.30**

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Short term borrowings		
Preference shares (redeemable on demand)	235,800.97	235,800.97
Working capital facilities (secured) (refer sub-note (xiv))		
From banks		
- Indian rupees loans	1,095,415.10	1,167,640.49
- Foreign currency loans	36,983.47	36,964.85
Borrowing against bills discounted	4,726.31	30,112.03
Bills of exchange payable-Foreign currency	8,373.16	63,493.30
Bills of exchange payable-Indian rupees	-	24,430.00
Inter corporate deposits	625.22	-
Buyers credit (unsecured)		
From bank		
- Foreign currency loans	87.07	9,926.14
Total current borrowings	**1,382,011.30**	**1,568,367.78**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note

(i) 12.00% Redeemable Non-Convertible 250 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 2,500.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 250 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 2,500.00 Lacs).Debentures are redeemable at par in one bullet payment at the end of 10th year from the date of allotment i.e. August 31, 2012 and are Secured by first charge on pari passu basis on the fixed assets of the Company offering minimum Fixed Asset Coverage Ratio of 1.25 times during the tenure of debentures and personal guarantee of Sh. B.B.Singal & Sh. Neeraj Singal.

(ii) 12.50% Redeemable Non-Convertible 2000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 20,000.00 Lacs (Previous Year 12.50% Redeemable Non-Convertible 2000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 20,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. August 30, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(iii) 11.50% Redeemable Non-Convertible 3500 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 35,000.00 Lacs (Previous Year 11.50% Redeemable Non-Convertible 3500 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 35,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. January 04, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(iv) 12.00% Redeemable Non-Convertible 1050 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 9,727.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 1050 Debentures of ₹ 10.00 Lacs each outstanding on 31st March 2017 ₹ 10,327.00 Lacs) are redeemable at the end of 4th,5th and 6th year in installments 35%,35% & 30% respectively commencing from the end of 4th year from the date of allotment i.e. March 28, 2013 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(v) 11.75% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 30,000.00 Lacs (Previous Year 11.75% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 30,000.00 Lacs) are redeemable in three equal annual installments commencing from the end of 5th year from the date of allotment i.e. February 02, 2018 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(vi) 12.00% Redeemable Non-Convertible 4750 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 3,560.00 Lacs (Previous Year 12.00% Redeemable Non-Convertible 4750 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 3,729.00 Lacs).Debentures are redeemable at the end of 4th, 5th and 6th year in installments 35%, 35% & 30% respectively commencing at the end of 4th year from the date of allotment i.e. August 31, 2012 and are Secured by first charge on pari passu basis on the fixed assets of the Company offering minimum Fixed Asset Coverage Ratio of 1.25 times during the tenure of debentures and personal guarantee of Sh. B.B.Singal & Sh. Neeraj Singal.

(vii) 10.50% Redeemable Non-Convertible 3000 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 30,000.00 Lacs (Previous Year 10.50% Redeemable Non-Convertible 3000 Debentures of ₹ 10 Lacs each outstanding on March 31, 2017 ₹ 30,000.00 Lacs) Debentures are redeemable at par in three equal annual installments commencing from the end of 6th year from the date of allotment i.e. August 13, 2010 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(viii) 10.90% Redeemable Non-Convertible 1630 Debentures of 10 Lacs each outstanding on March 31, 2018 ₹ 12,214.00 Lacs (Previous Year 10.90% Redeemable Non-Convertible 1630 Debentures of 10 Lacs each outstanding on March 31, 2017 ₹ 12,597.00 Lacs) are redeemable at par in four equal annual installments commencing from the end of 5th year from the deemed date of allotment i.e. August 26, 2010 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(ix) 10.90% Redeemable Non-Convertible 120 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2018 of ₹ 1,033.00 Lacs (Previous Year 10.90% Redeemable Non-Convertible 120 Debentures of ₹ 10.00 Lacs each outstanding on March 31, 2017 ₹ 1,118.00 Lacs) have been restructured during the year and are redeemable in 48 equated monthly installments commencing from December 26, 2016 and are Secured by first charge on pari passu basis on the fixed assets of the Company.

(x) Secured by first mortgage charge on all of the Company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created on favour of ECA Lenders), ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement, except ₹ NIL (Previous Year ₹ NIL) secured by subsequent & subservient charge on movable assets. Out of the above, the ECA Loans of ₹ 282,375.00 Lacs (Previous Year ₹ 245,632.00 Lacs) financed by ECA Lenders are secured by first exclusive charge on the assets financed & personal guarantee of two promoter directors. Loans of ₹ 890,261.00 Lacs (Previous Year ₹ 851,855.00 Lacs) are guaranteed by the Personal Guarantee of two promoter directors.

(xi) Secured by first mortgage charge on all of the company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created in favour of ECA Lenders) ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement. Loans of ₹ 2,336,506.00 Lacs (Previous Year ₹ 2,335,105.00 Lacs) are guaranteed by the Personal Guarantee of two promoter directors & Loans of ₹ 51,495.00 Lacs (Previous Year ₹ 52,745.00 Lacs) are guaranteed by the Personal Guarantee of One Promoter Director. Apart from this, Loans of ₹ 429,611.00 Lacs are/to be secured by pledge of 26% shares of Bhushan Steel Limited and Loans of ₹ 1,623,861.00 Lacs are/to be secured by pledge of 51% shares of Bhushan Steel Limited. Out of the above Loans sanctioned for ₹ 700,000.00 Lacs are/to secured by pledge of the shares of Bowen Energy Limited held by Promoter/Promoter Group of Bhushan Steel Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(xii) Secured by first mortgage charge on all of the company's immovable & movable properties both present and future including movable machinery, spares, tools & accessories (excluding specific charge created in favour of ECA Lenders) ranking pari passu inter-se, with the trustee of Debenture holders subject to prior charges created in favour of banks on stocks, book debts etc. for securing borrowing for working capital requirement, except ₹ 899.00 Lacs (Previous Year ₹ 969.00 Lacs) secured by subsequent & subservient charge on movable assets. Loans of ₹ 61,232.00 Lacs (Previous year ₹ 61,291.00 Lacs) are guaranteed by the Personal Guarantee of Two Promoter Directors & Loans of ₹ NIL (Previous Year ₹ NIL Lacs) are guaranteed by the Personal Guarantee of One Promoter Director. Apart from this, Loans of ₹ 31,473.00 Lacs are/ to be secured by pledge of 51% shares of Bhushan Steel Limited.

(xiii) These Loans are guaranteed by the Personal Guarantee of Two Promoter Directors.

(xiv) Working Capital Loans are secured by hypothecation of stock & book debts, second charge on company's land, building and other immovable properties ranking pari passu inter-se and personal guarantee of two promoter directors.

(xv) The Company defaulted in repayment of loans and borrowings to the banks and financial institutions during the year and the Company has also defaulted in repayment of dues to debenture-holders during the year. Pursuant to the continuing defaults of the Company, a corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated 26 July, 2017. Owing to the initiation of CIRP, the borrowings are considered currently payable and therefore, classified under other financial liabilities as 'current maturities of long term borrowings'. In the absence of a resolution to CIRP upto year end, the original repayment schedule is not applicable. For details of the resolution plan approved by NCLT subsequent to the year end, refer note 42.

B Trade payables (₹ in Lacs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Dues of micro, small and medium enterprises (Refer Note 32)	1,040.52	323.45
Dues to others	129,478.83	110,675.72
Total trade payables	**130,519.35**	**110,999.17**

(i) The Group considers its maximum exposure to liquidity risk with respect to vendors as at March 31, 2018 to be ₹ 1,30,519.35 Lacs (March 31, 2017: ₹ 1,10,999.17 Lacs), which is the fair value of trade payables.

16. Other financial liabilities

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortised cost				
Current maturities of long term borrowings	-	-	3,497,735.76	369,435.25
Current maturities of finance lease obligation (refer sub-note (ii))	-	-	14,402.38	-
Interest accrued on borrowings	-	-	1,336,913.48	575,638.65
Liability for capital goods	-	-	88,379.30	50,577.43
Unpaid matured debentures and interest accrued thereon (refer sub-note (i))	-	-	-	35,963.92
Security deposits	-	-	508.35	552.45
Dues to directors	-	-	3,384.86	22.04
Dues to officers	-	-	11.83	2.66
Unclaimed dividend	-	-	10.89	12.89
Deferred sales tax payable	3,940.04	3,283.15	-	-
Other payables	-	519.74	10,131.75	10,642.32
Total other financial liabilities	**3,940.04**	**3,802.89**	**4,951,478.60**	**1,042,847.61**

(i) All debentures including interest accrued have been classified under 'current maturities', pursuant to CIRP initiated against the Company. Refer sub-note (A)(xv) of note 15 for details.

(ii) Net advance of ₹ 1,019.92 Lacs paid to BEL has been adjusted with current maturities of finance lease obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Other liabilities

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Statutory payables (refer sub-note (i))	-	-	40,550.94	24,423.43
Deferred income	266.18	-	-	-
Advance from customers	-	-	3,506.63	5,368.14
Other liabilities	-	-	306.54	226.40
Total other liabilities	**266.18**	**-**	**44,364.11**	**30,017.97**

(i) Statutory dues primarily relate to payables in respect of GST, excise duty, service tax, sales tax, VAT, tax deducted at source and royalties.

18. Provisions

(₹ in Lacs)

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits (Refer Note 31)				
- Gratuity	3,466.98	2,607.22	-	-
- Leave Encashment	2,165.10	1,403.91	731.14	495.63
Total provisions	**5,632.08**	**4,011.13**	**731.14**	**495.63**

19. Revenue from operations

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	1,676,061.67	1,457,005.12
Other operating revenue		
Other sales	52,559.65	37,308.58
Export incentives	11,821.44	8,416.47
Total revenue from operations	**1,740,442.76**	**1,502,730.17**

20. Other income

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income on - long term investments	2.70	2.16
Net gain on sale of property, plant and equipment	-	106.38
Liabilities written back	4,920.00	-
Income from government grants	635.79	1,880.93
Finance income on:		
-Fixed deposits	784.29	408.98
-Others	2,122.02	4,257.05
Miscellaneous income	1,043.46	540.96
Total other income	**9,508.26**	**7,196.46**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

21. Raw materials consumed

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cost of raw materials consumed	994,455.85	708,578.77
Less: expenses transferred to capital work in progress	2,927.02	2,415.49
Cost of materials consumed	**991,528.83**	**706,163.28**
Details of raw materials consumed		
Steel materials	156,929.41	126,719.42
Iron ore	220,443.30	160,223.07
Coal	499,721.68	324,343.18
Lime & Dolomite	40,053.96	29,757.30
Zinc and Alloys	65,314.36	57,868.67
Paints	11,993.14	9,667.13
Total raw materials consumed	**994,455.85**	**708,578.77**

22. Purchases of finished, semi-finished steel & other products

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of stock in trade	712.03	18.01
Total purchases of finished, semi-finished steel & other products	**712.03**	**18.01**

23. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Closing stock		
- Finished goods	172,552.04	61,430.45
- Work-in-progress	-	103,484.14
- Stock-in-trade	4,520.83	9,368.65
	177,072.87	**174,283.24**
Less :		
Opening stock		
- Finished goods	61,430.45	52,527.32
- Work-in-progress	103,484.14	63,855.10
- Stock-in-trade	9,368.65	6,751.86
	174,283.24	**123,134.28**
(Increase) / decrease		
- Finished goods	(111,121.59)	(8,903.13)
- Work-in-progress	103,484.14	(39,629.04)
- Stock-in-trade	4,847.82	(2,616.79)
Net (Increase)/decrease in Stock	**(2,789.63)**	**(51,148.96)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Employee benefit expense

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	58,057.99	47,975.91
Contribution to provident and other funds	1,423.42	1,651.42
Staff Welfare expenses	783.39	501.73
	60,264.80	**50,129.06**
Less: expenses transferred to capital work in progress	934.75	1,067.23
Total employee benefit expense	**59,330.05**	**49,061.83**

25. Finance cost

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on borrowings	636,731.20	560,285.64
Other borrowing cost	5,809.77	5,704.22
	642,540.97	**565,989.86**
Less: expenses transferred to capital work in progress	12,051.23	23,313.26
Total finance cost	**630,489.74**	**542,676.60**

26. Depreciation and amortisation expenses

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of property, plant and equipment	178,560.19	168,546.70
Amortisation of intangible assets	6.34	14.51
Total depreciation and amortisation expenses	**178,566.53**	**168,561.21**

27. Other expenses

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores, spares and consumables	80,902.70	68,311.70
Packing material consumed	6,398.17	5,960.93
Purchase of power and consumption of fuel	97,228.76	125,412.72
Rent	91,716.73	26,415.98
Insurance charges	1,504.49	1,495.90
Rates and taxes	2,901.10	1,902.63
Repairs and maintenance:		
- Building	193.33	210.90
- Machinery	9,704.87	4,795.21
Payment to auditors:		
As auditor:		
Audit fees	350.00	100.51
Tax audit fee	35.00	18.50
Selling and distribution expenses	80,387.21	76,972.00
Commission to selling agents	7,129.19	6,669.90
Loss on sale of property, plant and equipment	207.95	-
Bad debts written off	245.37	148.02
Allowance for expected credit losses	11,240.75	3,927.25
Miscellaneous expenses	48,925.71	51,948.46
Excise duty on closing stock	(6,836.78)	325.78
	432,234.55	**374,616.39**
Less: Expenses transferred to capital work in progress	(174.17)	(238.79)
Total other expenses	**432,060.38**	**374,377.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. Exceptional items

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Provision for impairment on property, plant & equipment and other assets	2,051,103.00	669.25
(ii) Provision for impairment on financial assets	23,833.52	-
(iii) Other exceptional items	234,732.49	-
Total exceptional items	**2,309,669.01**	**669.25**

Note:

(i) Provision for impairment on non-current assets includes –

(a) Provision for impairment of property, plant & equipment (including CWIP) - ₹ 1,911,279.90 Lacs (for details, refer note 3).

(b) Derecognition of Minimum Alternate Tax credit ₹ 80,605.55 Lacs.

(c) Provision for impairment of investment in associates – Bhushan Energy Limited and others ₹ 12,081.86 Lacs.

(d) Certain non-current advances ₹ 47,135.93 Lacs.

The previous year provision of ₹ 669.25 Lacs relates to provision on account of investment in joint venture with Andal East Coal Company Pvt. Ltd.

(ii) Provision for impairment on financial assets of ₹ 23,833.52 Lacs comprises:

(a) Coal block advances paid towards acquisition of Pathrapada coal mines of ₹ ₹ 14,833.52 Lacs; and

(b) Security deposits given to Bhushan energy limited of ₹ 9,000.00 Lacs

(iii) Other exceptional items for the year ended March 31, 2018 include prior period items of ₹ 201,909.65 Lacs comprising of the following:

(a) Amortisation of leasehold land accounted as operating lease - The Company has taken land properties on operating lease in earlier years, which earlier were accounted as finance lease. Upon change in their classification as operating lease, the cumulative effect of amortisation from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'. Further, these leasehold land properties were recognised at fair value on transition to Ind AS as on 01 April 2015 and such fair valuation adjustment has also been reversed in current year's profit or loss in 'exceptional items'.

(b) Accounting effect of oxygen plant accounted as finance lease - The Company entered into sale and leaseback arrangement for oxygen plant in earlier years which was accounted as operating lease. However, the terms of the lease require such arrangement to be classified as finance lease. Consequently, the asset has been recognised with corresponding finance lease obligation. Cumulative effect of reversal of operating lease rentals and booking of depreciation and finance cost from inception until previous year ended March 31, 2017 has been recognised in current year's profit or loss in 'exceptional items'.

29. Earning per share

Basic and diluted Earning Per Share **("EPS")** amounts are calculated by dividing the (loss) for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the (loss) attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into Equity shares.

The following table reflects the income and shares data used in the computation of the basic and diluted EPS:

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss after tax (₹ in Lacs)	**(2,456,588.85)**	**(361,484.92)**
Weighted average number of equity shares	**226,514,746**	**226,514,746**
Earning per Share		
Basic & dluted (₹)	(1,084.52)	(159.59)
Face value per share (₹)	2.00	2.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30. Tax expenses

(a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

(₹ in Lacs)

	Year ended March 31, 2018	Year ended March 31, 2017
Loss before tax	**(2,888,803.10)**	**(424,753.31)**
At India's statutory income tax rate of 34.944% (31st March 2017: 34.608%)	(1,009,463.36)	(146,998.63)
(a) Deferred tax asset on unabsorbed depreciation not recognised	237,190.57	-
(b) Income exempt from tax/items not deductible	145,764.22	4,842.60
(c) Derecognition of deferred tax asset on losses and unabsorbed depreciation pertaining to earlier years	198,520.73	79,759.49
(d) Impact of change in tax rate	(4,195.63)	-
At the effective income tax rate of 34.944% (March 31, 2017: 34.608%)	**(432,183.47)**	**(62,396.54)**
Income tax expense reported in the statement of profit and loss	**(432,183.47)**	**(62,396.54)**

(i) Finance Act, 2018, changed the statutory tax rate applicable for Indian companies having turnover of more than ₹ 25,000 Lacs from 34.608 % to 34.944 % (including surcharge and cess) from assessment year 2018-19. The Company has accordingly re-measured deferred tax balances expected to reverse in future periods based on the revised applicable rate.

(b) Movement of deferred tax liability from beginning to end of financial year is as follows:

(₹ in Lacs)

	As at April 01, 2016	Provided during the year	As at March 31, 2017	Provided during the year	As at March 31, 2018
Deferred tax liability:					
(a) Related to property plant & equipments	1,030,281.47	(13,437.39)	1,016,844.08	(546,748.46)	470,095.62
Total deferred tax liability	**1,030,281.47**	**(13,437.39)**	**1,016,844.08**	**(546,748.46)**	**470,095.62**
Deferred tax assets:					
(a) Accumulated business loss and unabsorbed depreciation	532,699.87	7,286.36	539,986.23	(319,165.99)	220,820.24
(b) Allowance for expected credit losses	1,004.94	1,096.13	2,101.07	3,860.37	5,961.44
(c) Amount deductible on payment basis	-	41,436.83	41,436.83	159,464.17	200,901.00
(d) Others	1,984.56	(816.10)	1,168.46	41,244.48	42,412.94
Total deferred tax assets	**535,689.37**	**49,003.22**	**584,692.59**	**(114,596.97)**	**470,095.62**
Mat credit entitlement	80,605.55		80,605.55	(80,605.55)	-
Deferred tax liability (Net)	**413,986.55**	**(62,440.61)**	**351,545.94**	**(351,545.94)**	**-**
Recognised in profit or loss as 'tax expense'		(62,396.54)		(432,183.47)	
Recognised in profit or loss as 'exceptional items'		-		80,605.55	
Recognised in other comprehensive income		(44.07)		31.98	
		(62,440.61)		**(351,545.94)**	

(i) Deferred tax assets have not been recognised in respect of business tax losses and unabsorbed depreciation aggregating to ₹ 478,031.47 Lacs as at 31 march 2018 (March 31, 2017: ₹ Nil), where it is not probable that sufficient taxable income will be available in the future against which such the deferred tax assets can be realised in the normal course of business of the company.

(ii) The Company has unused tax credit (MAT) of ₹ 80,605.55 Lacs for which no asset have been recognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Year of expiry	Amount
Business loss	2022-23	13,992.87
Business loss	2023-24	116,900.81
Business loss	2024-25	387,398.99
Unabsorbed depreciation	No expiry	849,700.31
		1,367,992.98

31. Employee benefits

Defined contribution plans - general description

Provident fund:

During the year, the company has recognised ₹ 615.41 Lacs (2016-17: ₹ 592.53 lakhs) as contribution to Employee provident fund in the Statement of profit and loss.

Defined benefit plans - General description

Gratuity:

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed years of service at the time of separation from the company.

Other long-term employee benefits - General Description

Leave encashment:

Each employee is entitled to get 15 earned leaves for each completed year of service. Encashment of earned leaves is allowed during service leaving a minimum balance of 60 days subject to maximum accumulation up to 60 days. In addition, each employee is entitled to get 7 sick leaves at the end of every year.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

(a) Reconciliation of fair value of plan assets and defined benefit obligation: (₹ in Lacs)

Particulars	Gratuity (Funded)
March 31, 2017	
Fair value of plan assets	1,792.42
Defined benefit obligation	4,399.63
Net liability as at March 31, 2017	**(2,607.21)**
March 31, 2018	
Fair value of plan assets	1,905.82
Defined benefit obligation	5,372.80
Net liability as at March 31, 2018	**(3,466.98)**

(b) Changes in the present value of the defined benefit obligation are, as follows: (₹ in Lacs)

Particulars	Gratuity (Funded)
Defined benefit obligation as at April 1, 2016	3,470.81
Current service cost	530.67
Interest expense	277.66
Past service cost	297.75
Benefits paid	(254.35)
Actuarial (gain)/ loss on obligations - OCI	77.09
Defined benefit obligation as at March 31, 2017	**4,399.63**
Current service cost	539.92
Interest expense	331.73
Past service cost	-
Benefits paid	(176.49)
Actuarial (gain)/ loss on obligations - OCI	278.01
Defined benefit obligation as at March 31, 2018	**5,372.80**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Changes in the fair value of plan assets are, as follows:

(₹ in Lacs)

Particulars	Gratuity (Funded)
Fair Value of plan assets as at April 1, 2016	1,616.86
Contribution by employer	302.00
Benefits paid	(254.35)
Return on plan assets	127.91
Fair Value of plan assets as at March 31, 2017	**1,792.42**
Contribution by employer	150.00
Benefits paid	(176.49)
Return on plan assets	139.89
Fair Value of plan assets as at March 31, 2018	**1,905.82**

(₹ in Lacs)

Break up of fair value of Plan Assets	As at March 31, 2018	As at March 31, 2017
-SBI Life	827.29	900.34
-LIC	609.18	478.27
-PNB Metlife	363.90	340.10
-Trust	105.45	73.71
Total	**1,905.82**	**1,792.42**

(d) Amount recognised in statement of profit and poss:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current service cost	539.92	530.67
Past service cost		297.75
Net interest expense	196.58	277.66
Remeasurement of net benefit liability/ asset	-	-
Amount recognised in statement of profit and loss	**736.50**	**1,106.08**

(e) Amount recognised in Other Comprehensive Income:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Actuarial (gain)/ loss on obligations		
Actuarial (gain)/ loss on arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss on arising from change in financial assumptions	(36.15)	82.29
Actuarial (gain)/ loss on arising from change in experience adjustment	314.16	(5.21)
Return on plan assets (excluding amounts included in net interest expense)	(4.74)	1.44
Amount recognised in other comprehensive income for year ended	**273.27**	**78.53**

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate (in %)	7.71%	7.54%
Salary Escalation (in %)	5%	5%
Rate of return on plan assets (in %)	7.80%	8%
Retirement age (In years)	60	60
Expected average remaining working lives of employees (in years)	23	24
Expected contribution for the next annual reporting period (₹ in Lacs)	870.13	734.00

Mortality rates inclusive of provision for disability - 100% of IALM (2006-08)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

Gratuity

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2018		As at March 31, 2018	
Assumptions	**Discount rate**		**Salary escalation**		**Expected average remaining working lives of employees**	
Sensitivity Level	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%	-	-
Impact on defined benefit obligation	(103.87)	108.54	110.86	(106.94)	Not material	Not material

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity profile of defined benefit obligation (gratuity):

(₹ in Lacs)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Within the next twelve months (next annual reporting period)	1,104.87	839.09
Between two and five years	1,965.56	1,384.21
Between five and ten years	1,161.60	1,305.80
Beyond ten years	1,140.77	870.53
Total expected payments	**5,372.80**	**4,399.63**

32 Dues to micro, small and medium enterprises

The dues to micro, small and medium enterprises as required under the micro, small and medium enterprises development Act, 2006 to the extent information available with the company is given below:

(₹ in Lacs)

	Particulars	**As at March 31, 2018**	**As at March 31, 2017**
(a)	The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
	Principal amount due to micro and small enterprises	1,040.52	323.45
	Interest due	46.73	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	46.73	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

33 Segment reporting

The business activity of the group falls within one operating segment viz. "Steel" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting", notified under Companies (Indian Accounting Standards) Rule, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, is not considered applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(i) Details of revenue from operations based on geographical location of customer is as below:-

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	1,377,940.10	1,207,994.85
Outside India	350,681.22	286,318.85
	1,728,621.32	**1,494,313.70**

(ii) Details of trade receivables based on geographical location is as below

(₹ in Lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
India	110,612.94	126,816.17
Outside India	28,404.87	31,809.99
	139,017.81	**158,626.16**

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

34. Related party transaction & balances

A Names of related parties having transactions during the year and description of relationship

i) Joint venture

Andal East Coal Company Pvt Ltd. (In the Process of Liquidation).

ii) Associate Company:

Angul Sukinda Railway Ltd.(Shares forfeited, no more associate)

Bhushan Energy Ltd. (ceased to be associate w.e.f January 08, 2018)

Bhushan Capital & Credit Services Pvt. Ltd.

Jawahar Credit & Holdings Pvt. Ltd.

iii) a) Key managerial personnel (Upto July 26, 2017)

Shri Neeraj Singal	Vice Chairman and Managing Director	Shri M V Suryanrayana	Independent Director
Shri Nittin Johari	Whole time DirectorCFO	Smt. Monica Aggarwal	Independent Director
Shri P.K. Aggarwal	Whole time Director	Shri Pankaj Sharma	Independent Director
Shri Rahul Sengupta	Whole time Director	Dr.Rajesh Yaduvanshi (PNB)	Independent Director
Shri Ajoy Kumar (SBI)	Independent Director	Shri Pradeep Patni	Independent Director
Shri Ashwani Kumar	Independent Director	Smt. Promila Bhardwaj	Independent Director
Shri B.B.Tandon	Independent Director	Shri Rakesh Singhal	Independent Director
Shri Kapil Vaish	Independent Director	Shri Sahil Goyal	Independent Director
Shri Vipin Anand (L.I.C.)	Independent Director	Smt Sunita Sharma (L.I.C.)	Independent Director (Upto April 06, 2016)

b) Resolution professional (From July 27, 2017)

Shri Vijay Kumar Iyer

iv) Relatives of key management personnel (Upto July 26, 2017)

Shri B.B. Singal	Father of Vice Chairman & Managing Director & Non Executive Chairman
Smt. Ritu Singal	Wife of Vice Chairman & Managing Director

v) Enterprises over which key management personnel (upto July 26, 2017) are able to exercise significant influence:

Bhushan Aviation Ltd. Bhushan Infrastructure Pvt. Ltd.

vi) Enterprises over which relatives of key management personnel (upto July 26, 2017) are able to exercise significant influence:

Bhushan Power & Steel Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B Transaction carried out with related parties referred in 'A' above in ordinary course of business. (₹ in Lacs)

Transactions	Year ended	Joint venture	Associates	Key Management Personnel (KMP)	Relatives of KMP	Enterprises over which KMP & their relatives have significant influence	Grand total
Remuneration and perks	**March 31, 2018**	**-**	**-**	**1,332.35**	**38.84**	**-**	**1,371.19**
	March 31, 2017	-	-	486.25	101.46	-	587.71
Directors sitting fees	**March 31, 2018**	**-**	**-**	**6.03**	**1.60**	**-**	**7.63**
	March 31, 2017	-	-	14.93	6.25	-	21.18
Redemption of preference share capital	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	-	-	-	2,133.00	2,133.00
Purchase of goods/ services	**March 31, 2018**	**-**	**58,929.01**	**-**	**-**	**470.24**	**59,399.25**
	March 31, 2017	-	60,435.38	-	-	1,470.00	61,905.38
Sales of goods/ services	**March 31, 2018**	**-**	**-**	**-**	**-**	**3.48**	**3.48**
	March 31, 2017	-	-	-	-	1.12	1.12
Balances							
Advance to supplier	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	24,171.70	-	-	-	24,171.70
Payable	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	-	22.04	-	616.46	638.50
Security deposit paid	**March 31, 2018**	**-**	**-**	**-**	**-**	**-**	**-**
	March 31, 2017	-	9,000.00	-	-	-	9,000.00

Disclosure in respect of material related party transactions during the year :

a. Remuneration & Perks include payment to Shri Neeraj Singal ₹ 48.90 Lacs (March 31, 2017: ₹ 145.83 Lacs), Shri P.K.Aggarwal ₹ 32.82 Lacs (March 31, 2017 ₹ 99.62 Lacs), Shri Nittin Johari ₹ 46.19 Lacs (March 31, 2017: ₹ 141.40 Lacs), Shri Rahul Sengupta ₹ 32.76 Lacs (March 31, 2017: ₹ 99.40 Lacs), and Smt. Ritu Singal ₹ 38.84 Lacs (March 31, 2017: ₹ 101.46 Lacs), Shri Vijay Kumar Iyer ₹ 1,171.68 Lacs (March 31, 2017: ₹ Nil).

b. Directors sitting fees is paid to Shri B.B.Singal ₹ 1.60 Lacs (March 31, 2017: ₹ 6.25 Lacs), Shri Ajoy Kumar (SBI) ₹ 0.20 Lacs (March 31, 2017: ₹ 1.01 Lacs), Shri Ashwani Kumar ₹ 0.80 Lacs (March 31, 2017: ₹ 2.22 Lacs), Shri B. B. Tondon ₹ 1.22 Lacs (March 31, 2017: ₹ 2.82 Lacs), Shri Kapil Vaish ₹ 0.20 Lacs (March 31, 2017: ₹ 0.81 Lacs), Shri Vipin Anand(LIC) ₹ 0.40 Lacs (March 31, 2017: ₹ 0.61 Lacs), Shri M V Suryanarayana ₹1.21 Lacs (March 31, 2017: ₹ 2.62 Lacs), Smt. Monica Aggarwal ₹ 0.40 Lacs (March 31, 2017: ₹0.40 Lacs), Shri Pankaj Sharma ₹ 0.40 Lacs (March 31, 2017: ₹ 0.81 Lacs), Dr. Rajesh Yaduvanshi(PNB) ₹ 0.20 Lacs (March 31, 2017: ₹ 0.61 Lacs), Shri Pradeep Patni ₹ 0.20 Lacs (March 31, 2017: ₹ 0.40 Lacs), Smt. Promila Bhardwaj ₹ Nil (March 31, 2017: RS.0.20 Lacs), Shri Rakesh Singhal ₹0.40 Lacs (March 31, 2017: ₹ 1.21 Lacs) and Shri Sahil Goyal ₹ 0.40 Lacs (March 31, 2017: RS. 1.21 Lacs).

c. Redemption of preference share capital includes Bhushan Infrastructure Private Limited ₹ Nil (March 31, 2017: ₹ 2,133.00 Lacs).

d. Purchase of goods/services is from Bhushan Energy Ltd. ₹ 58,929.01 Lacs (March 31, 2017: ₹ 60,435.38 Lacs), Bhushan Aviation Ltd. ₹ 470.24 Lacs (March 31, 2017 ₹ 1,470.00 Lacs).

e. Sale of goods/services to Bhushan Power & Steel Limited ₹ 3.48 Lacs (March 31, 2017: ₹ 1.12 Lacs).

f. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31,2017: Nil), except ₹ 10,748.92 Lacs (March 31, 2017: Nil) against balances receivable from and ₹ 35,000 Lacs investment in equity shares of Bhushan Energy Limited (ceased to be an Associate with effect from 08 January 2018). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

g. During the year, the Company has recognised an amount of ₹ 1,332.35 lacs (March 31, 2018 : ₹ 486.25 lacs) as remuneration to key management personnel. The details of such remuneration is as below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Short-term employee benefits	1,332.35	486.25
(ii)	Post employment benefits	-	-
(iii)	Other long-term benefits	-	-
		1,332.35	**486.25**

h. Borrowings of the Company are guaranteed by the personal guarantee of two promoter directors and are secured by a pledge of shares of the Company held by promoters.

35 Significant accounting judgements, estimates and assumptions

Use of estimates and critical accounting judgements

In the preparation of financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of standalone financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment and intangible assets, valuation of deferred tax assets, provisions, contingent liabilities and fair value measurements of financial instruments as discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in the respective policies.

Significant management judgments

(a) Evaluation of indicators for impairment of non-financial asset

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(b) Provisions & contingent liabilities

A provision is recognised when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

(c) Valuation of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Classification of leases

The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

Significant management estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

(a) Allowance for expected credit losses

The allowance for expected credit losses reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, dealer termination rates, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognized in the financial statements.

(b) Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends in the used vehicle market. A worsening of the economic and financial situation could cause a further deterioration in conditions in the used vehicle market compared to that taken into consideration in calculating the allowances recognized in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Useful lives of property, plant and equipment and intangible assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

(d) Defined benefit obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. There is significant estimation uncertainty in determining recoverable value. Recoverable value is taken as higher of value in use and fair value less costs to sell.

36A. Disclosure of interest in subsidiaries, joint arrangements and associates:

1) Disclosure of interest in the following subsidiaries:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Bhushan Steel (Orissa) Limited	India	99.98%	99.98%
(ii)	Bhushan Steel Madhya Bharat Limited	India	99.98%	99.98%
(iii)	Bhushan Steel (South) Limited	India	100.00%	100.00%
(iv)	Bhushan Steel Australia Pty Limited	Australia	90.97%	90.97%

2) Disclosure of interest in joint venture:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Andal East Coal Company Private Limited*	India	33.89%	33.89%
	* In the process of liquidation			

3) Disclosure of Interest in the following categories of associates:

	Name	Country of incorporation	Ownership interest of Bhushan Steel Limited (%)	
			As at March 31, 2018	As at March 31, 2017
(i)	Bhushan Energy Limited*	India	47.71%	47.71%
(ii)	Bhushan Capital & Credit Services Private Limited	India	42.58%	42.58%
(iii)	Jawahar Credit & Holdings Private Limited	India	39.65%	39.65%

* The Company held investment in Bhushan Energy Limited ('BEL') which was classified as an Associate till January 08, 2018. The Company recognised impairment loss on such investment during the year aggregating to ₹ 12,081.86 Lacs which has been disclosed under 'exceptional items' in statement of profit or loss. A corporate insolvency resolution proceedings (CIRP) under the Insolvency Bankruptcy Code 2016 was initiated against BEL vide order of National Company Law Tribunal (NCLT) dated January 08, 2018. Pursuant to this, the Company lost significant influence over BEL and its investment has henceforth been classified as FVTOCI.

i) The group has no material joint ventures, associates or non-controlling interests. Hence, the financial information of such joint ventures, associates or subsidiaries that have non-controlling interests not been disclosed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

36B. INFORMATION REQUIRED BY SCHEDULE III OF THE COMPANIES ACT 2013, WITH RESPECT TO CONSOLIDATED FINANCIAL STATEMENTS

Statement of net assets and profit or loss attributable to owners and minority interest

Name of the entity in the group	Net assets		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
	Proportionate share (₹ in Lacs)	**As % of sonsolidated net worth (%)**	**Share in profit/ (loss) (₹ in Lacs)**	**As % of consolidated profit/ (loss) (%)**	**Share in other comprehensive income (₹ in Lacs)**	**As % of consolidated other comprehensive income (%)**	**Share in total comprehensive income (₹ in Lacs)**	**As % of consolidated total comprehensive income (%)**
Holding Company	(2,606,006.00)	100.03	(2,456,548.27)	100.00	(293.35)	102.27	(2,456,841.62)	100.00
Subsidiaries								
Indian								
Bhushan Steel (South) Limited	(30.40)	-	(0.31)	-	-	-	(0.31)	-
Bhushan Steel (Orissa) Limited	(1.21)	-	(0.29)	-	-	-	(0.29)	-
Bhushan Steel Madhya Bharat Limited	(1.21)	-	(0.29)	-	-	-	(0.29)	-
Foreign								
Bhushan Steel (Australia) Pty Limited	641.61	(0.02)	(4.22)	-	9.59	(3.34)	5.37	-
Bowen Energy Pty Limited	229.63	(0.01)	(97.03)	-	(4.69)	1.63	(101.72)	-
Bowen Coal Pty Limited	-	-	-	-	-	-	-	-
Bowen Consolidated Pty Limited	-	-	-	-	-	-	-	-
Joint ventures								
Associates								
Bhushan Capital & Credit Services Private Limited	-	-	-	-	-	-	-	-
Jawahar Credit & Holdings Private Limited	-	-	-	-	-	-	-	-
Andal East Coal Company Private Limited	-	-	-	-	-	-	-	-
Non-controlling interest-Bhushan Steel (Australia) Pty Limited	63.64	-	7.17	-	(0.74)	0.26	6.43	-
Non-controlling interest-Bowen Energy Pty Limited	(208.45)	-	23.61	-	2.35	(0.82)	25.96	-
Consolidated Net Worth	**(2,605,312.39)**	**100.00**	**(2,456,619.63)**	**100.00**	**(286.84)**	**100.00**	**(2,456,906.47)**	**100.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37. Financial instruments

A Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value		
Investments measured at		
Fair value through other comprehensive income	107.67	95.79
Fair value through profit and loss	-	-
Financial assets measured at amortised cost		
Trade receivables	121,957.81	152,555.10
Loans	16,439.08	20,105.32
Cash and cash equivalents	59,470.03	12,577.69
Other bank balances	32,362.82	3,002.70
Other financial assets	46,666.61	57,488.55
Total	**277,004.02**	**245,825.15**
Financial liabilities measured at amortised cost		
Borrowings (including interest accrued)	6,301,715.52	4,626,323.08
Trade payables	130,519.35	110,999.17
Other financial liabilities	106,367.02	1,046,650.50
Total	**6,538,601.89**	**5,783,972.75**

Transfer of financial assets

The Company transfers certain trade receivables under discounting arrangements with banks and financial institutions. Some of such arrangements do not qualify for de-recognition due to arrangements with banks providing them recourse against the Company in the event of principal debtors' defaults. Consequently, the proceeds received from transfer are recorded as short-term borrowings from banks and financial institutions.

The carrying value of trade receivables not de-recognised along with the associated liabilities is as below:-

(₹ in Lacs)

	As at March 31, 2018		As at March 31, 2017	
	Carrying value of asset transferred	Carrying value of associated liability	Carrying value of asset transferred	Carrying value of associated liability
Trade receivables	4,726.31	4,726.31	30,112.03	30,112.03

B. Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income (FVTOCI)	77.07	-	30.60	107.67
Fair value through profit and loss (FVTPL)	-	-	-	-

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income (FVTOCI)	65.16	-	30.63	95.79
Fair value through profit and loss (FVTPL)	-	-	-	-

a. Valuation process and technique used to determine fair value

(i) The fair value of investments in quoted equity shares is based on the current bid price of respective investment as at the balance sheet date.

(ii) In order to arrive at the fair value of unquoted investments, the Company obtains independent valuations. However, for investments held by the Group as of reporting date, cost of such unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

b. The following table presents the changes in level 3 items (unquoted equity shares) for the reporting years ended March 31, 2018 and March 31, 2017:

(₹ in Lacs)

Particulars	Unquoted equity shares
As at April 01, 2016	**30.84**
Gain recognised in other comprehensive income	(0.21)
As at March 31, 2017	**30.63**
Gain recognised in other comprehensive income	(0.03)
As at March 31, 2018	**30.60**

B.2 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Lacs)

As at March 31, 2018	Carrying value	Fair value
Loans given	16,439.08	16,439.08
Other financial assets	46,666.61	46,666.61
Borrowings	6,301,715.52	6,301,715.52
Trade Payable	130,519.35	130,519.35
Other financial liabilities	106,367.02	106,367.02

(₹ in Lacs)

As at March 31, 2017	Carrying value	Fair value
Loans given	20,105.32	20,105.32
Other financial assets	57,488.55	57,488.55
Borrowings	4,626,323.08	4,626,323.08
Trade Payable	110,999.17	110,999.17
Other financial liabilities	1,046,650.50	1,046,650.50

For the purpose of disclosing fair values of financial instruments measured at amortised cost, the management assessed that fair values of short term financial assets and liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. Further, the fair value of long term financial assets and financial liabilities is included at the amount at which the instrument could be exchanged

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Company's interest-bearing borrowings (other than finance lease obligation) are determined to be equal to their carrying values, since the Company had continuing defaults and all such facilities have been therefore, current classified after CIRP was initiated against the Company. The own non-performance risk as at March 31, 2018 has not been adjusted while determining the fair values. For details of CIRP, refer note 42.

38. Financial risk management

Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other financial liabilities including trade payables	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Financial assets and liabilities not denominated in Indian rupee ()	Cash flow forecasting	Forward contract/hedging, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss Other financial assets - 12 month expected credit loss
High credit risk	Trade receivables and other financial assets	Trade receivables - Life time expected credit loss or specific provision whichever is higher Other financial assets - Life time expected credit loss (when there is significant deterioration) or specific provision, whichever is higher

Financial assets that expose the entity to credit risk* – (₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Low credit risk on financial reporting date		
Loans	16,439.08	20,105.32
Cash and cash equivalents	59,470.03	12,577.69
Other bank balances	32,362.82	3,002.70
Other financial assets	46,666.61	57,488.55
(ii) Moderate credit risk		
Trade receivables	123,929.30	153,323.56
(iii) High credit risk		
Loans	10,283.75	1,283.75
Trade receivables	15,088.51	5,302.60
Other financial assets	14,833.51	-

*These represent gross carrying values of financial assets, without deduction for expected credit losses

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses for financial assets

(i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The reconciliation of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

March 31, 2018

(₹ in Lacs)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	59,470.03	0%	-	59,470.03
Other bank balances	32,362.82	0%	-	32,362.82
Loans	26,722.83	38%	10,283.75	16,439.08
Other financial assets	61,500.12	24%	14,833.51	46,666.61

March 31, 2017

(₹ in Lacs)

Particulars	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	12,577.69	0%	-	12,577.69
Other bank balances	3,002.70	0%	-	3,002.70
Loans	21,389.07	6%	1,283.75	20,105.32
Other financial assets	57,488.55	0%	-	57,488.55

(ii) Trade receivables

Refer Note 10 for details

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

a) Financing arrangements

Undrawn borrowing facilities at the end of the reporting period to which the company had access is ₹ Nil (March 31, 2017: ₹ Nil).

b) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lacs)

March 31, 2018	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Borrowings	5,389,800.62	44,160.00	940,000.00	6,373,960.62
Trade payable	130,519.35	-	-	130,519.35
Other financial liabilities	88,461.93	-	17,905.09	106,367.02
Total	**5,608,781.90**	**44,160.00**	**957,905.09**	**6,610,846.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

March 31, 2017	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Borrowings	1,966,881.04	353,360.00	2,708,172.64	5,028,413.68
Trade payable	110,999.17	-	-	110,999.17
Other financial liabilities	1,042,847.61	-	3,802.89	1,046,650.50
Total	**3,120,727.82**	**353,360.00**	**2,711,975.53**	**6,186,063.35**

C Market risk

a) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO, GBP and JPY. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited and the Company hence does not use any derivative instruments to manage its exposure. Also, the Company does not use forward contracts and swaps for speculative purposes.

(i) Foreign currency risk exposure in USD:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	25,438.30	26,118.00
Financial liabilities	784,643.30	792,228.00
Net exposure to foreign currency risk (liabilities)	**(759,205.00)**	**(766,110.00)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
USD sensitivity		
INR/USD- increase by 150 bps (31 March 2017 150 bps)*	(11,388.08)	(11,491.65)
INR/USD- decrease by 150 bps (31 March 2017 150 bps)*	11,388.08	11,491.65

* Holding all other variables constant

(ii) Foreign currency risk exposure in EURO:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	1,798.12	1,547.42
Financial liabilities	277,999.12	237,793.04
Net exposure to foreign currency risk (liabilities)	**(276,201.00)**	**(236,245.62)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
EURO sensitivity		
INR/EURO- increase by 200 bps (March 31, 2017 200 bps)*	(5,524.02)	(4,724.91)
INR/EURO- decrease by 200 bps (March 31, 2017 200 bps)*	5,524.02	4,724.91

* Holding all other variables constant

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(iii) Foreign currency risk exposure in GBP:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	-	-
Financial liabilities	69.07	415.24
Net exposure to foreign currency risk (liabilities)	**(69.07)**	**(415.24)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
GBP sensitivity		
INR/GBP- increase by 500 bps (31 March 2017 500 bps)*	(3.45)	(20.76)
INR/GBP- decrease by 500 bps (31 March 2017 500 bps)*	3.45	20.76

* Holding all other variables constant

(iv) Foreign currency risk exposure in JPY:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets	-	-
Financial liabilities	-	1,437.70
Net exposure to foreign currency risk (liabilities)	**-**	**(1,437.70)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
JPY sensitivity		
INR/JPY- increase by 500 bps (March 31, 2017 500 bps)*	-	(71.89)
INR/JPY- decrease by 500 bps (March 31, 2017 500 bps)*	-	71.89

* Holding all other variables constant

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2018 and 31 March 2017, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Variable rate borrowing	5,849,166.55	4,627,708.16
Fixed rate borrowing	452,548.97	400,675.52
Total borrowings	6,301,715.52	5,028,383.68
Amount disclosed under other current financial liabilities	4,849,051.62	402,060.60
Amount disclosed under borrowings	1,452,663.90	4,626,323.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	58,491.67	46,277.08
Interest rates – decrease by 100 basis points (100 bps)	(58,491.67)	(46,277.08)

* Holding all other variables constant

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company's exposure to price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. The Company's exposure to such investments is not significant.

Further, the Company is exposed to commodity price risk owing to the change in the price of a production input that will adversely impact a producer who uses that input. Factors that can affect commodity prices include political and regulatory changes, seasonal variations, technology and market conditions. The Company has not taken any financial instruments which are sensitive to fair value changes affecting profit or loss.

39. Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(a) Debt equity ratio

(₹ in Lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Net debts	6,301,715.52	5,028,383.68
Total equity	(2,606,006.00)	(124,365.62)
Net debt to equity ratio*	-	-

* Refer note 42.

(b) Dividend - During the year ended March 31,2018, no dividend has been recognized as distributions to equity shareholders (March 31, 2017: ₹ Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

40. In compliance of Regulation 34 of the Securities and Exchange Board of India (Listing and disclosure requirements) Regulations, 2015 the required information is given as under:

(₹ in Lacs)

Particulars		Amount as on	
		As at March 31, 2018	As at March 31, 2017
I.	**Loans andAdvances in the nature of loans:**		
	A) To Subsidiary Companies	-	-
	B) To Associates /Joint venture	-	-
	C) To Firms/Companies in which directors are interested	-	-
	D) Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act.	-	-
II.	**Investment by the loanee (as detailed above) in the shares of BSL and its subsidiaries**	-	-

41. Commitments and contingencies

A. Contingent liabilities

(₹ in Lacs)

	As at March 31, 2018	As at March 31, 2017
Sales tax	120,810.98	120,953.36
Excise duty/custom duty/ service tax	70,296.19	57,105.35
Entry tax	47,507.68	79,755.57
Income tax	280,427.52	51,188.67
Water conservation fund	15,075.12	14,333.80
Claims / disputed bills not acknowledged	-	22,562.00
Others	13,150.49	11,688.34
Total	**547,267.98**	**357,587.09**

The above is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described above would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Subsequent to the year end, pursuant to NCLT order dated May 15, 2018 with respect to ongoing insolvency proceedings (refer note 42), the Company was absolved of all contingent liabilities existing as of the balance sheet date.

B. Commitments

(₹ in Lacs)

		As at March 31, 2018	As at March 31, 2017
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27,660.66	60,357.25
ii)	Other commitments:		
	- Non cancellable lease	8,838.21	9,437.20

C. Other matters

The Supreme Court of India vide its order dated September 24, 2014, cancelled the coal blocks allocated to various entities which includes one coal block allocated to the company which were under development. Subsequently, the government of India has issued the Coal Mines (Special Provision) Act 2015, which inter-alia deal with the payment of compensation to the effected parties in regard to investment in coal blocks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

De-allocated coal block amounting to ₹ 56,289.95 Lacs includes Expenditure incurred of ₹ 14,833.52 Lacs and advance given to ₹ 41,456.44 Lacs. During the year, Company has provided provision for expenses incurred. In the opinion of the management, the company will receive back the payments/expenditure paid/made, including borrowing cost and other incidental expenditure relating to de-allocated coal block. The Company has filed its claim for compensation with the Government of India, Ministry of Coal. Subsequently, the company had filed a Writ Petition bearing No 6293 of 2016 for recovery of the amount before the Hon'ble Delhi High Court in which notices were issued on July 22, 2016 to Union of India and others. The Counter Affidavit(s) were filed by Union of India in November, 2016 and subsequent thereto pleadings were completed. The matter was taken up on November 29, 2017 and is now further posted for February 22, 2018.

On May 24, 2018 the above matter came up for hearing before Delhi High Court vide office Memorandum dated March 20, 2018, New Patrapara Coal Block has been earmarked for allotment to Odisha Government. Union of India Counsel stated that as substantial progress is likely to be made within next 6-8 months, matter should be adjourned. An amount of ₹ 37,056.43 Lacs has been paid to IDCO, out of which ₹ 14,000 Lacs is still with IDCO. Court has enquired from IDCO about the status of land acquisition proceedings /compensation and stated that Industry is not going to collect their money from the Landowners to whom money has been disbursed, and it is state government who has to give back money to Industry. Court has directed State Government/IDCO to file status report on land acquisition status/proceedings upto 10 days prior to next date of hearing. Thereafter matter was adjourned to September 27, 2018.

42 A corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 was initiated against the Company vide an order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated July 26, 2017. Subsequent to the year-end, on May 15, 2018, the NCLT has approved the terms of the Resolution Plan submitted by Tata Steel Limited ("TSL"), which provides, inter alia, the acquisition of the Company by TSL, through its wholly owned subsidiary Bamnipal Steel Limited. The approval of the Resolution Plan subsequent to March 31, 2018 has been considered as a non-adjusting event for the purpose of financial statements for the year ended March 31, 2018. Pursuant to such approval of the Resolution Plan, the financial statements for the year ended March 31, 2018 have been prepared on a going concern basis.

43 Goods and Service Tax ("GST") has been implemented with effect from July 1, 2017 and therefore, Revenue from Operations for the quarter ended December 31, 2017 and March 31, 2018 are net of GST. Revenue from operations and expenses for the quarter and year ended March 31, 2017 being inclusive of excise duty are not comparable with corresponding figures of quarter and year ended March 31, 2018.

44 The Company has defaulted in repayment of debts, redemption of debentures and pay interest thereon, the Directors of the Company were disqualified from being appointed as Directors in terms of section 164(2) of the Companies Act. Subsequent to the year end, pursuant to the NCLT order dated May 15, 2018, the erstwhile Directors of the Company are deemed to have resigned/vacated the office. Hence, none of the erstwhile Directors continue as Members of the Board.

45 Due to the loss incurred, the Company applied to the Central Government for the approval of managerial remuneration. The approval from Central Government has been received but clarification regarding Leave Encashment, PF and taxable Car perquisite has been sought by the Company. Hence, the payment of Leave Encashment, PF and taxable Car perquisite are subject to approval of Central Government.

46 The Company is eligible under Package Scheme of Incentives, 1993, and accordingly as per the provisions of the Scheme the Company has obtained eligibility certificate from Directorate of Industries. As per the Scheme the Company has an option to defer the payment of sales tax for a period of fourteen years upto a specified limit (twenty one years in case the specified limit is not availed in fourteen years). The said tax collected shall be paid after fourteen years in five annual equal instalments and has been recognised as deferred sales tax liability, which as at March 31, 2018 amounts to ₹ 3,940.04 Lacs (March 31, 2017: ₹ 3,283.15 Lacs). The scheme was further amended as Maharashtra Package Scheme of Incentives, 2007 according to which the Company is eligible to claim refund of sales tax/VAT/CGST/SGST paid.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered accountants
Firm Registration No. : 001076N/N500013

Mr. T. V. Narendran
Chairman
(DIN: 03083605)

Mr. Krishnava Dutt
Independent Director
(DIN: 02792753)

Ms. Neera Saggi
Independent Director
(DIN: 00501029)

Neeraj Sharma
Partner
Membership No. 502103

Mr. Shashi Kant Maudgal
Independent Director
(DIN: 00918431)

Mr. Anand Sen
Director
(DIN: 00237914)

Mr. Koushik Chaterjee
Director
(DIN: 00004989)

Place: Mumbai
Date: August 9, 2018

Mr. Rajeev Singhal
Managing Director
(DIN: 02719570)

Sanjib Nanda
Chief Financial Officer

O.P Davra
Company Secretary

BHUSHAN STEEL LIMITED

Registered Office: B-9 to 12, Okhla Industrial Area Phase-I, New Delhi -110020
Tel & Fax.: 91-11-26811033
Corporate Office: 23, Site IV, Sahibabad Industrial Area, Distt. Ghaziabad -201010, Uttar Pradesh
Tel & Fax.: 91-120-3028001
Website: www.bhushansteel.com | E-mail: bsl@bhushansteel.com | CIN: L74899DL1983PLC014942

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 35th ANNUAL GENERAL MEETING OF THE MEMBERS OF BHUSHAN STEEL LIMITED WILL BE HELD ON TUESDAY, SEPTEMBER 25, 2018 AT 12:00 NOON (IST) AT THE KAMANI AUDITORIUM, 1 COPERNICUS MARG, NEW DELHI - 110001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESSES:

Item No. 1 – Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon.

Item No. 2 – Adoption of Audited Consolidated Financial Statements

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of the Auditors thereon.

Item No. 3 – Re-Appointment of a Director

To appoint a Director in place of Mr. Anand Sen (DIN:00237914), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 (**"Act"**) and, being eligible, seeks re-appointment.

Item No. 4 – Appointment of Statutory Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, including any amendment, modification or variation thereof, and pursuant to the recommendations of the Audit Committee and the Board of Directors, M/s. Walker Chandiok & Co LLP (Firm Registration No. 001076N/N500013), be and are hereby appointed as the Auditors of the Company for a period of five years to hold office from the conclusion of this Annual General Meeting till the conclusion of the 40th Annual General Meeting to be held in the year 2023, to examine and audit the accounts of the Company, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.

RESOLVED FURTHER THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company."

SPECIAL BUSINESSES:

Item No. 5 - Appointment of Mr. Srikumar Menon as an Independent Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Srikumar Menon (DIN 00470254) who was appointed by the Board of Directors as an Additional Director of the Company effective August 9, 2018 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 164 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FUTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Rules framed thereunder read with Schedule IV to the Act, including any amendment, modification or variation thereof, Mr. Srikumar Menon, who meets the criteria for independence as provided under Section 149(6) of the Act and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term commencing August 9, 2018 through August 8, 2023."

Item No. 6- To change the name of the Company and consequent amendments in the Memorandum and Articles of Association of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 4, 13, 14, 15 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with applicable Rules framed thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification or variation thereof or any other applicable law(s), regulation(s), guideline(s),and subject to the approvals, consents, sanctions and permissions of the Central Government / Stock Exchange(s) / appropriate regulatory and statutory authorities, consent be and is hereby accorded to change the name of the Company from **"Bhushan Steel Limited"** to **"Tata Steel BSL Limited"** or such other name as may be approved by the Registrar of Companies.

RESOLVED FURTHER THAT pursuant to Section 13 and other applicable provisions, if any, of the Act, the name **"Bhushan Steel Limited"** wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the new name **"Tata Steel BSL Limited"** or such other name as may be approved by the Registrar of Companies.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and execute all such documents, instruments, writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

Item No.7- Ratification of remuneration of the Cost Auditors

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification or variation thereof, the Company hereby ratifies the remuneration of ₹ 7 Lakh (Rupees Seven Lakh) plus applicable taxes and out-of-pocket expenses payable to M/s Shome & Banerjee, Cost Accountants (Firm Registration Number-000001) who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the Financial Year ending March 31, 2019.

RESOLVED FURTHER THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient to give effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company."

NOTES FOR MEMBERS ATTENTION:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/ HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   a) Pursuant to the provisions of Section 105 of the Act, read with applicable rules thereon, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

   b) The proxy form, in order to be effective, should be duly stamped, signed and completed in all respects and must be deposited/ received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

   c) A Proxy Form is annexed to this Notice. Proxies submitted on behalf of the Companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.

2. A Member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the said Meeting, provided he has given to the Company a notice, in writing, of his intention to inspect not less than three days before the commencement of the Meeting.

3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to deposit certified copy of the board resolution/letter of authority/power of attorney, together with the respective specimen signature(s) of the representative(s) authorized under the said document to attend and vote on their behalf at the Meeting at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. Information as per the Secretarial Standard on General Meetings (**"SS-2"**) issued by the Institute of Company Secretaries of India and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) in respect of Directors seeking appointment / re-appointment at the Meeting is provided in the Annexure to this Notice.

6. The Explanatory Statement pursuant to Section 102(1) of the Act, which sets out details relating to special businesses (Items 5 to 7) to be transacted at the Meeting forms part of this Notice.

7. The Notice of the Meeting is being sent to those Members /Beneficial Owners, whose names appear in the Register of Members/List of Beneficiaries as on Friday, August 24, 2018.

8. Copy of the Abridged Annual Report and Notice of the Meeting 2017-18 are being sent electronically to the Members who have registered their email addresses with the Company/Depository Participant (**"DP"**)/Company's Registrar and Transfer Agent (**"RTA"**). Members are requested to update their preferred email address with the Company/DPs/RTA, which will be used for the purpose of future communications.

   Member(s) whose email address is not registered with the Company are being sent physical copies of the Notice of the Meeting and Abridged Annual Report at their registered address through permitted modes.

   Member(s) whose email address is registered with the Company and who wish to receive a printed copy of the Annual Report may send their request to the Company at its Registered Office or Corporate Office or to the RTA at RCMC Share Registry Pvt. Ltd., B-25/1, Okhla Industrial Area, Phase - II (near Rana Motors), New Delhi – 110020. The Members may also send their requests to the Company's investor email id: bsl@bhushansteel.com.

   In support of the "Green Initiative", Members who have not registered their e-mail addresses are requested to register the same for receiving Annual Reports and other communications from the Company electronically in the future.

9. Notice of the Meeting and Annual Report 2017-18 will also be available on the Company's website www.bhushansteel.com.

10. The Register of Members and the Share Transfer books of the Company will remain closed from September 19, 2018 to September 25, 2018 (both days inclusive) in accordance with the provisions of Section 91 of the Act and the Listing Regulations for the purpose of the Meeting.

11. Route Map of the Meeting Venue is annexed with this notice.

12. **Updation of Members Details**

    The Securities and Exchange Board of India (**"SEBI"**) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their details to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their details to the Company's RTA.

    SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company /RTA for registration of transfer of securities.

13. Members may please note that pursuant to the amendment in the Listing Regulations vide notification dated June 8, 2018, except in case of transmission or transposition of securities, request for effecting transfer of securities shall not be processed after December 5, 2018 unless the securities are held in dematerialized form with the depository.

    Accordingly, Members holding shares in physical form are requested to consider converting their holding to dematerialized form for ease of portfolio management. Members may contact the Company or its RTA for assistance in this regard.

14. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and documents referred to in the Notice and accompanying explanatory statement, are open for inspection at the

Registered Office of the Company on all working days during business hours up to the date of the Meeting and will also be available for inspection at the venue during the Meeting.

15. In order to enable us to register your attendance at the Meeting, we request you to please carry details of your folio number/demat account number/DP ID-Client ID to the venue to enable us to give you an attendance slip for your signature and participation at the Meeting.

16. As per the provisions of the Act, facility for making nomination is available to the Members in respect of shares held by them. Nomination forms can be obtained from the Company's RTA by Members holding shares in physical form.

    Members holding shares in electronic form may obtain Nomination forms from their respective DPs.

    Members holding shares in single name are especially advised to make nomination in respect of their shareholding in the Company and for cancellation and variation of nomination, if they are desirous of doing so.

17. Members who are holding physical shares in identical order of names in more than one folio are requested to send to the Company's RTA the details of such folios together with the share certificates for consolidating their holding in one folio.

18. Non-Resident Indian members are requested to inform RTA / respective DPs, immediately of:

    a) Change in their residential status on return to India for permanent settlement.

    b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

19. Members are requested to notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

20. Process and manner of voting through electronic means

    a) In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Listing Regulations, including any amendment, modification or variation thereof and the SS-2 issued by the Institute of Company Secretaries of India, the Company is pleased to provide e-voting facility to their members to exercise their right to vote on the resolutions proposed to be passed in the Meeting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting (**"remote e-voting"**).

    b) The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but can opt for only one mode of voting i.e. remote e-voting or voting at the meeting. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through physical voting at the meeting will not be considered.

    c) The Company has engaged the services of National Securities Depository Limited (**"NSDL"**) as the Agency to provide e-voting facility.

    d) Members holding shares in physical form or dematerialized form as on Tuesday, September 18, 2018 (**"Cut-Off Date"**) shall be eligible to cast their vote by remote e-voting.

    e) The remote e-voting period begins on Friday, September 21, 2018 at 9:00 a.m. (IST) and ends on Monday, September 24, 2018 at 5:00 p.m. (IST). During this period shareholders of the Company holding shares either in physical form or in dematerialized form as on the Cut-Off Date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting after 5:00 p.m. on Monday, September 24, 2018.

21. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

22. The facility for voting through electronic voting system or ballot paper shall be made available at the Meeting and the Members attending the Meeting and who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the Meeting.

23. The voting rights of the Members/Beneficial Owners shall be reckoned on the paid-up value of shares registered in their name as at close of business hours on the Cut-Off date. A person who is not a Member as on the Cut-Off date should treat this Notice for information purposes only.

24. Any person (s) who acquires shares of the Company and becomes a Member(s) of the Company after dispatch of the Notice and holding shares as on the Cut-Off Date may follow the e-voting instructions forming part of this Notice.

25. The Board of Directors has appointed Mr. P. N. Parikh (Membership No. FCS 327) or failing him Mr. Mitesh Dhabliwala (Membership No. FCS 8331) of M/s Parikh & Associates, Practising Company Secretaries, as Scrutinizer to scrutinize the remote e-voting process as well as voting at the Meeting in a fair and transparent manner.

26. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in the employment of the Company and shall within 2 days of conclusion of the Meeting submit a consolidated Scrutinizer's report of the total votes cast in favor of or against, if any, to the Chairman or any other person authorized by the Chairman in writing, who shall countersign the same.

27. The Chairman or any other person authorised by him in writing shall declare the result of voting forthwith.

28. The results declared along with Scrutinizer's Report, will be placed on the Company's website www.bhushansteel.com and the website of NSDL immediately after the result is declared. The results shall simultaneously be communicated to BSE Limited and National Stock Exchange of India Limited where the securities of the Company are listed. The resolutions will be deemed to be passed on the date of Meeting subject to receipt of the requisite number of votes in favour of the resolutions.

29. E-Voting Instructions

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

STEP A: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

i. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

ii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

iv. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

v. Your password details are given below:

a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

- If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

vi. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN,your name and your registered address.

vii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

viii. Now, you will have to click on "Login" button.

ix. After you click on the "Login" button, Home page of e-Voting will open.

STEP B: Cast your vote electronically on NSDL e-Voting system

How to cast your vote electronically on NSDL e-Voting system?

i. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

ii. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

iii. Select "EVEN" of company for which you wish to cast your vote. The EVEN No. for Bhushan Steel is - 109245

iv. Now you are ready for e-Voting as the Voting page opens.

v. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

vi. Upon confirmation, the message "Vote cast successfully" will be displayed.

vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bhushansteel.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Registered Office:
B-9 to 12, Okhla Industrial Area
Phase-I,
New Delhi 110020
CIN: L74899DL1983PLC014942
Website: www.bhushansteel.com

Dated : August 22, 2018
Place : New Delhi

By order of the Board

Sd/
(O.P. Davra)
Vice President (Corporate Affairs) & Company Secretary
FCS 3036

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO. 5:

The Board of Directors (**"Board"**), upon recommendation of the Nomination and Remuneration Committee (**"NRC"**), appointed Mr. Srikumar Menon as an Additional Director (Independent) of the Company, not liable to retire by rotation, effective August 9, 2018. Pursuant to the provisions of Section 161 of the Act and Article 164 of the Articles of Association of the Company, Mr. Menon will hold office up to the date of the ensuing Annual General Meeting (**"Meeting"**) and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received, in writing, a notice from a Member, proposing the candidature of Mr. Menon for the office of Director.

The Company has received from Mr. Menon (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Act.

The brief profile of Mr. Menon in accordance with the Listing Regulations and SS-2 are provided as annexure to this notice.

The resolution seeks the approval of the Members in terms of Section 149 read with Schedule IV and other applicable provisions of the Act and the Rules made thereunder, for appointment of Mr. Menon as an Independent Director of the Company for a period commencing August 9, 2018 through August 8, 2023. Mr. Menon, once appointed, will not be liable to retire by rotation.

In the opinion of the Board, Mr. Menon is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the Management of the Company. A copy of the letter of appointment of Mr. Menon as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days (Monday to Friday) up to the date of the Meeting.

The Board of Directors are of the opinion that Mr. Srikumar Menon will add significant strength to the Board and accordingly recommends the Resolution set forth in Item No.5 of the Notice.

None of the Directors, Key Managerial Persons or their relatives, except Mr. Srikumar Menon, to whom the resolution relates, is concerned or interested, financially or otherwise, in the said resolution.

ITEM NO. 6:

Pursuant to the resolution plan approved by Hon'ble National Company Law Tribunal (**"NCLT"**) vide its order dated May 15, 2018, Tata Steel Limited acquired the Company through its wholly owned subsidiary, Bamnipal Steel Limited. Thus, in order to align to the Tata brand and also to give the Company a singular identity with the Tata Group, it is desirable to change the name of the Company.

The Board of Directors at its meeting held on August 9, 2018 has approved the proposal to change the name of the Company from "Bhushan Steel Limited" to "Tata Steel BSL Limited" or such other name as may be approved by the Registrar of Companies.

Pursuant to Section 13 of the Act, change in name of the Company and consequent amendment in the Memorandum and Articles of the Company requires approval of the shareholders of the Company by way of special resolution.

The Board of Directors recommends passing of the Special Resolution contained in Item No. 6 of the accompanying Notice.

None of the Directors, Key Managerial Persons or their relatives are in anyway, concerned or interested financially or otherwise in the said resolution.

ITEM NO. 7:

The Company is required under Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of its cost records for products covered under the Companies (Cost Records and Audit) Rules, 2014 conducted by a Cost Accountant in Practice.

The Board of Directors of the Company has on the recommendation of the Audit Committee approved the appointment and remuneration of M/s Shome & Banerjee, Cost Accountants, as the Cost Auditor of the Company for the Financial Year 2018-19.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors of the Company for the Financial Year ending March 31, 2019.

The Board recommends the Ordinary Resolution set out at Item No.7 of the Notice for approval by the shareholders.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No. 7 of the Notice.

Annexure to the Notice

Details of Directors in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS-2)

Name	Mr. Anand Sen	Mr. Srikumar Menon
Date of Birth/ Age	17th September 1959/ 58 years	22nd June 1952/66 years
Profile	• Mr. Anand Sen is currently President - TQM & Steel Business in Tata Steel Limited and is responsible for the Steel Business including Marketing & Sales, Technology and for the promotion of TQM across Tata Steel India. • Mr. Sen has worked across Marketing and Sales, Strategy and Business Leadership, Operations, Maintenance, Supply Chain and Projects, in his more than three decades long career. • Mr. Anand Sen serves on the board of various Tata Steel Group companies including NatSteel Holdings Pvt. Ltd., Tata BlueScope Ltd., The Tinplate Company of India Ltd. etc. He is also on the board of Xavier Institute of Management, Bhubaneswar. • Mr. Sen is the Vice President of the Indian Institute of Metals and the Chairman of its Ferrous Division. He is a member of the advisory committees of the Centre of Excellence in Steel Technology at IIT Bombay and IIT Madras. He is an elected Corporate Member of the All India Management Association (AIMA) and Chairman of CII's Logistics & Supply Chain Taskforce for the Eastern Region	• Mr. Menon commenced his career in October 1978 with Balmer Lawrie where he devoted 16 years in finance functions holding various positions on pan India level and thereafter joined a joint venture of Balmer Lawrie, as CFO in 1994. • Mr. Menon joined Linde India Ltd (previously BOC India) in 1998, Pidilite Industries in 2000 and again joined Linde India Ltd in October 2001 as Finance Director and took over as the Managing Director of the company in October 2008. He was an integral part of the team that turned around the company from the losses of the early 2000's. He retired as the Managing Director, South Asia for the Linde Group. • Mr. Menon is currently serving as the Independent Director in Tata steel Processing and Distribution Limited, Tata Bluescope Steel Limited etc. • Mr. Menon has also held various positions in prestigious organizations viz. past President of The Tollygunge Club, member of its General Committee, Council Member of the Eastern Region of the Indo-German Chamber of Commerce, a member of General Committee of CII etc.
Nature of his expertise in specific functional areas	• Business Administration • Marketing and Sales • Strategy and Business Leadership • Operations • Supply Chain and Projects	• Business Administration • Strategy • Leadership • Entrepreneurship • Corporate Finance
Date of first appointment on the Board	May 18, 2018	August 9, 2018
Qualifications	• B. Tech from IIT Kharagpur • MBA from IIM Kolkata • Executive MBA from CEDEP at INSEAD	• Chartered Accountant • Commerce Graduate (Hons) from Hindu College, Delhi University.
Experience	More than 30 years	More than 40 years
Terms and conditions of appointment	Non-Executive Director liable to retire by rotation	Independent Director for a period of 5 years, not liable to retire by rotation
Details of remuneration sought to be paid	Not Applicable	Sitting fees and Commission, if any, as approved by the Board
Last drawn remuneration, if applicable	Not Applicable	Not Applicable
Shareholding in the company held either by himself or on a beneficial basis for any other persons	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Not Applicable	Not Applicable

Name	Mr. Anand Sen	Mr. Srikumar Menon
The number of meetings of the Board attended during the Year	NIL (2017-18)	NIL (2017-18)
Directorship held in other companies as on date	1. Tayo Rolls Limited 2. The Tinplate Company of India Ltd 3. Tata Steel Processing and Distribution Limited 4. Jamshedpur Continuous Annealing & Processing Company Private Limited 5. Tata Bluescope Steel Limited	1. Balmer Lawrie-Van Leer Limited 2. Tata Steel Processing and Distribution Limited 3. Etrans Solutions Private Limited 4. Calcutta Promotions 5. Tata Bluescope Steel Limited 6. Ramp Insurance Brokers Private Limited
Membership/ Chairmanship of Committees of other Companies as on date	1. Tayo Rolls Limited Shareholders Grievance Committee-Chairman Nomination and Remuneration Committee- Member 2. The Tinplate Company of India Ltd Corporate Social Responsibility Committee- Chairman Shareholders Grievance Committee-Member 3. Tata Steel Processing and Distribution Limited Nomination and Remuneration Committee- Member 4. Jamshedpur Continuous Annealing & Processing Company Private Limited Nomination and Remuneration Committee- Chairman 5. Tata Bluescope Steel Limited Nomination and Remuneration Committee- Chairman Corporate Social Responsibility Committee- Member	1. Balmer Lawrie-Van Leer Limited Audit Committee-Chairman 2. Tata Steel Processing and Distribution Limited Nomination and Remuneration Committee- Chairman Audit Committee- Member 3. Tata Bluescope Steel Limited Audit Committee- Member Corporate Social Responsibility Committee- Member

Note: Pursuant to BSE Circular No. LIST/COMP/14/ 018-19, dated June 20, 2018, the Company hereby confirms that Mr. Anand Sen and Mr. Srikumar Menon are not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

BHUSHAN STEEL LIMITED

Registered Office: B-9 to 12, Okhla Industrial Area Phase-I, New Delhi -110020
Tel & Fax.: 91-11-26811033
Corporate Office: 23, Site IV, Sahibabad Industrial Area, Distt. Ghaziabad -201010, Uttar Pradesh
Tel & Fax.: 91-120-3028001
Website: www.bhushansteel.com | E-mail: bsl@bhushansteel.com | CIN: L74899DL1983PLC014942

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014, as amended]

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/ DP ID & Client Id:	

I/We, being the holder(s) of .... shares of the above named Company, hereby appoint:

1.	Name:	
	Address:	
	E-mail id:	
	Signature:	Or failing him

2.	Name:	
	Address:	
	E-mail id:	
	Signature:	Or failing him

3.	Name:	
	Address:	
	E-mail id:	
	Signature:	

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the Company, to be held on Tuesday, September 25, 2018 at 12:00 Noon (IST) at Kamani Auditorium, 1 Copernicus Marg, New Delhi - 110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

(* Optimal)

Sl. No.	Resolution	For	Against
Ordinary Businesses			
1.	Consider and adopt the Standalone Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon		
2.	Consider and adopt the Consolidated Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 and the Report of the Auditors thereon		
3.	Appointment of Director in place of Mr. Anand Sen (DIN:00237914), who retires by rotation and being eligible, seeks re-appointment		
4.	To appoint M/s. Walker Chandiok & Co LLP as the Statutory Auditors of the Company		
Special Businesses			
5.	Appointment of Mr. Srikumar Menon (DIN:00470254) as an Independent Director		
6.	Change in name of the Company to "Tata Steel BSL Limited" or such other name as may be approved by the Registrar of Companies and consequent amendments in the Memorandum and Articles of Association of the Company		
7.	Ratification of remuneration of Messrs Shome & Banerjee, Cost Auditors of the Company		

Affix Re
1.revenue
stamp

Signed this...................................... day of..................2018

.... **...**

Signature of shareholder **Signature of the Proxy holder(s)**

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited/received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35th Annual General Meeting.
3. *It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Appointing a Proxy does not prevent a Member from attending in person if he so wishes
5. In case of Joint Holder, the signature of any one holder will be sufficient, but names of all Joint Holders should be stated.

ROUTE MAP

Time from Mandi House Metro Station - 3 min.
Time from India Gate - 5 min.
Time from ITO Metro Station - 6 min.
Time from Barakhamba Road Metro Station - 6 min.

Venue : Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110 001

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BHUSHAN

BHUSHAN STEEL LIMITED

Registered Office: B-9 to 12,
Okhla Industrial Area Phase-I, New Delhi - 110020
Tel & Fax: 91-11-26811033

Corporate Office: 23, Site IV, Sahibabad Industrial Area,
Distt. Ghaziabad - 201010, Uttar Pradesh
Tel & Fax: 91-120-3028001

CIN: L74899DL1983PLC014942
E-mail: bsl@bhushansteel.com
Website: www.bhushansteel.com