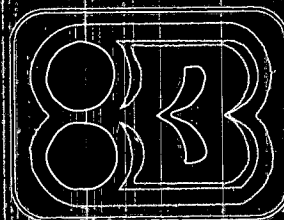
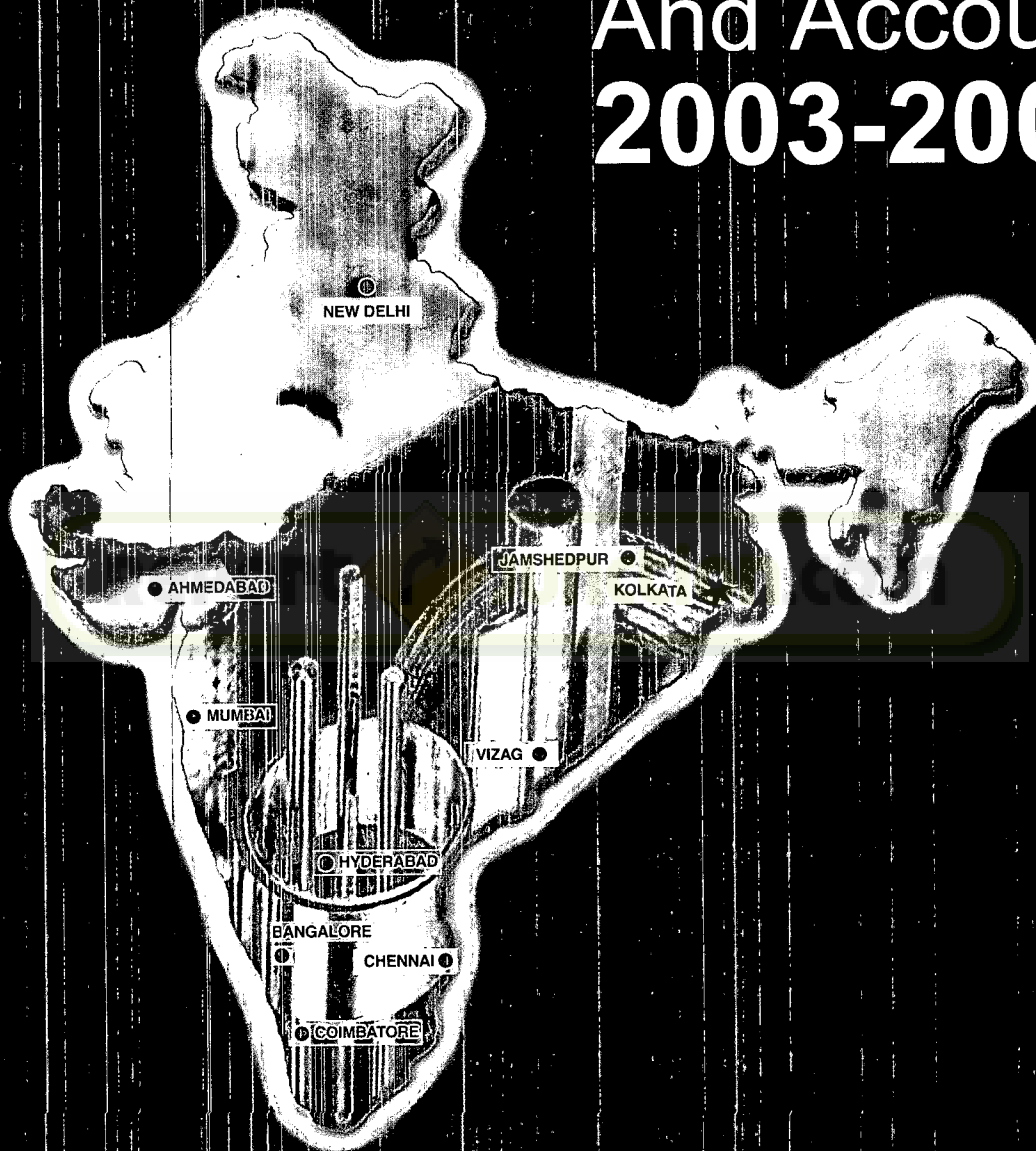


# 23rd Annual Report And Accounts 2003-2004



**BEEKAY STEEL INDUSTRIES LIMITED**



<b>BOARD OF DIRECTORS</b>	S. C. Bansal M. C. Bansal Vikas Bansal B. L. Bansal B. C. Nokari A. K. Sikdar Vijay Bansal Gautam Bansal	Managing Director Jt. Managing Director Executive Director Director Director Director Director Director
<b>BANKERS</b>	Allahabad Bank Bank of Baroda State Bank of India	
<b>AUDITORS</b>	M/s Rustagi & Associates Chartered Accountants 59, Bentick Street Kolkata - 700 069	
<b>AUDITORS (INTERNAL)</b>	M/s Ghosh & Ghosh Chartered Accountants 25, R. N. Mukherjee Road Kolkata - 700 001	
<b>REGISTERED OFFICE</b>	"Sagar Estate" 6th Floor 2, N. C. Dutta Sarani Kolkata - 700 001 Tel. Nos (033) 2213 0628 / 0629 E-mail : beekayst@cal.vsnl.net.in Website : www.beekaysteel.com	
<b>BRANCHES</b>	Linghi Chetty Street, Chennai Islampura Street, Mumbai Malavalli Rama Rao Road, Bangalore Shastri Nagar, Delhi Sanat Nagar, Hyderabad Naka National Highway, Ahmedabad M.I.D.C. Bhosari, Pune Bharati Park, Cross Road, Coimbatore Autonagar, Viskhapatnam	
<b>WORKS</b>	286 & 287, G. T. Road, Salkia, Howrah - 711 106  Large Scale Sector, Adityapur Industrial Area, Gamharia, Seraikela, Kharsawan, Jharkhand - 832108	
<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	Maheswari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor Kolkata - 700 001	

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## Notice to the Shareholders

**BEEKAY STEEL INDUSTRIES LIMITED**

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of BEEKAY STEEL INDUSTRIES LIMITED will be held at the Registered Office of the Company at 2, N. C. Dutta Sarani, Kolkata - 700001 on Tuesday, the 28th September, 2004 at 11.30 A.M. for the transaction of the following business :-

**AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri B. C. Nokari who retires and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Vijay Bansal who retires and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT M/S. Rustagi & Associates, Chartered Accountants, be and are hereby appointed as the Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors".

**CERTIFIED TRUE COPY.**  
 For BEEKAY Steel Industries Ltd.  
*M. Bansal*  
 Managing Director

Registered Office :  
 Sagar Estate  
 2, N. C. Dutta Sarani  
 Kolkata - 700 001  
 Dated : 28th Day of August, 2004.

By Order of the Board  
 S. C. BANSAL  
 Managing Director

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY. NOT LATTER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and transfer register of the Company will remain closed from Wednesday, September 22nd, 2004 till Tuesday, September 28th, 2004 (both days inclusive)
3. The members are requested to
  - a) Bring their Copy of the Annual Report with them of the Annual General Meeting.
  - b) Notify immediately the change of address, if any. To the Company's Registered Office, quoting their folio number(s)
4. Pursuant to the notification of the SEBI, the Shares of the Company to be compulsorily traded in Demat mode w.e.f. 19th June 2002. Members may, therefore, convert their equity Holdings of the Company into Demat mode by opening the Demat accounts with depository Participants who are acting as agents to the depositories Viz, NSDL and CDSL. The Company has been allotted the ISIN No. INE213DO1015. However, members may continue to hold the shares of the company in physical form at their option but for trading the same on the Stock Exchanges, conversion into Demat mode is compulsory.

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*Registered Office :*  
Sagar Estate  
2, N. C. Dutta Sarani  
Kolkata - 700 001  
Dated : 28th day of August, 2004

By Order of the Board

**(S. C. BANSAL)**  
Managing Director

## Directors Report



To the Member of

## BEEKAY STEEL INDUSTRIES LIMITED

Your directors have pleasure in presenting the TWENTY THIRD Annual Report together with Audited Accounts for the Year ended 31st March, 2004.

### 1. FINANCIAL

#### 1.1. THE FINANCIAL RESULTS

	As at 31.03.04	(Rs. in lacs) As at 31.03.03
Gross Turnover	11442.28	7048.46
Gross Operating Profit	941.74	548.21
Less : Finance Charges	183.11	193.23
Depreciation	214.99	249.82
	398.10	443.05
Net Profit Before Provision for Gratuity & Taxation	543.64	105.16
Provision for Gratuity	1.41	6.50
Net Profit/(Loss) Before Taxation	542.23	111.66
Provision for Taxation	41.80	1.55
Deferred Taxation	135.09	246.00
Net Profit/(Loss)	365.34	(135.89)
Adjustments	1.97	1.53
Balance Brought Forward from the previous year	0.40	0.76
	363.77	(133.60)

#### 1.2 THE APPROPRIATIONS

Transfer To/From General Reserve	363.00	134.00
Balance of Profit carried over	0.77	0.40
	363.77	133.60

#### 1.3 SHARE CAPITAL

The paid up Capital of the Company as at 31st March 2004 is Rs. 201.07 Lacs and the net Worth stands at Rs. 1678.57 Lacs.

No dividends were declared or recommended during the year.

#### 2. DIVIDEND

#### 3. OPERATIONS

##### 3.1

During the year under review, the turnover of the Company amounted to Rs. 11442.28 Lacs as compared to Rs. 7048.46 Lacs in the previous year a increase of 62%. Profit before depreciation, interest and tax is Rs. 941.74 Lacs as against Rs. 548.21 Lacs in the previous year.

##### 3.2

The improved profitability during the year has been due to higher capacity utilization and better price realisation supported by improved operating efficiencies/working capital management.

##### 3.3

Interest for the year is lower at Rs. 183.11 Lacs as compared to Rs. 193.23 Lacs in the previous year due to better working capital management and replacing of high cost funds to low cost funds.

##### 3.4

After Providing for current tax of Rs. 41.80 Lacs (Previous year Rs. 1.55 Lacs) and deferred tax of Rs. 135.09 Lacs (Previous year Rs. 246.00 Lacs), the net profit



3.5

after tax increased by 369% to Rs. 365.34 Lacs as compared to Loss of Rs. 135.89 Lacs in the previous year.

The Company's installed capacity at Jamshedpur Plant has been increased from 1,50,000 T.P.A. to 2,00,000 T.P.A.

#### 4. NEW PROJECT EXPANSION

During the year under review, the company has successfully commissioned the second plant for production of TMT (Thermo Mechanically Treated) Bars which has commenced production from November, 2003.

#### 5. FUTURE OUTLOOK

The Iron and Steel Industry has witnessed a major upheaval in the year of 2003-04. The bull run is expected to continue in the coming years. This year also witnessed startling performance by all the steel plants in domestic as well as in overseas markets resulting in a surge in steel demand.

The buoyancy in the Indian economy as a whole and the steel industry is particular, gained momentum during the year under review. India's GDP is estimated to have doubled i.e. 8.1% as compared to 4.0% in the previous year. The global consumption of finished steel increased by above 50 million tones for the second consecutive year in 2003-04. Much of the growth has been in China, which recorded a growth rate over 20% in steel consumption in 2002 and 2003.

The upswing in steel production and buoyancy in steel prices globally had pushed the demand for steel products domestically also.

However, the two plants of our company continue to perform a high level of efficiency. The company has also been taking various initiatives to reduce cost and overheads by achieving high efficiencies levels.

#### 6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of Companies Act, 1956 with respect to Directors' Responsibility statement in the preparation of Annual Accounts for the financial year 2003-04, your Directors hereby confirm that

- i) The applicable accounting standards have been followed ;
- ii) The accounting policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2004 and of the profit of the company for the year ended on the date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis;

#### 7. COMPLIANCE CERTIFICATE

Compliance Certificate as required under Section 383A of the Companies Act, 1956 Issued by Shri Santosh Kumar Tibrewalla, Practicing Company Secretary is enclosed Marked as Annexure-1, which form part of this report.

#### 8. QUALITY MANAGEMENT

The Company's robust Quality Management System is reflected in its ISO:9001:2000 which has been received by the Company on 12th August, 2004 for its Jamshedpur Plant.

Over the years, the Company has also received quality approvals for its Hot Rolled TMT Bars, Squares, Rounds from BIS India.

These certifications have ensured the acceptance of the Company's products all over India.

#### 9. ENVIRONMENT

Our plants comply with all norms set up for clean and better environment by the competent authorities. Environment protection and safety are major considerations in the working of the Company.



**10. DIRECTORS**

In accordance with the Company's Articles of Association Shri B. C. Nokari, and Shri Vijay Bansal retire by rotation in the forth coming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommend their re-appointment.

**11. PARTICULARS OF EMPLOYEES**

Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended. Your Directors report that there was no employee who was in receipt of Remuneration of Rs. 24,00,000/- or more per annum if employed through out the Year of Rs. 2,00,000/- or more per month employed for a part of the year.

**12. CORPORATE GOVERNANCE**

Clause 49 of the Listing agreement relating to Corporate Governance is not applicable to Company.

**13. INDUSTRIAL RELATIONS**

During the year under review, industrial relations at all units of the Company Continued to be cordial and peaceful.

**14. AUDITORS**

M/S. Ghosh & Ghosh, Chartered Accountants, has expressed their unwillingness to be re-appointed as an Statutory Auditors of the Company. The Board has talked to M/s. Rustagi & Associates, presently internal Auditors of the Company to be appointed as Statutory Auditors of the Company. Who have in tern confirmed their willingness & eligibility as per requirement of the Companies Act, 1956. However, in Parsuassion M/S. Ghosh & Ghosh has confirmed to act as internal Auditors of the Company. The Board has recomend the appointment of M/s. Rustagi & Associates as statutory Auditors of the Company.

**15. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

The information required under 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 with respect to conservation of energy, technology and Foreign Exchange earnings/outgo is appended hereto and form part of this Report.

**16. STOCK EXCHANGE LISTINGS**

The Equity Shares of the Company are listed on the Stock Exchanges at Kolkata, Kanpur. The Company confirms that it has paid annual listing fees due to all the above stock Exchanges for the year 2003-2004.

**17. DEMATERIALISATION OF EQUITY SHARES**

The Agreements entered into by the Company with the two Depositories viz., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL) for dematerialisation of shares in force and the Company's Shares are in dematerialised mode under ISIN No. INE 213D01015. In view of the significant benefits that accrue on dematerialisation of securities, members may avail the facility.

**18. ACKNOWLEDGEMENT**

Your Directors wish to place on record appreciation and sincere cooperation received from the various departments of the Central and State Governments, Financial Institutions, Bankers, Customers, Dealers, Suppliers and Investors. Your Directors further express their gratitude for the invaluable contribution Made by the people at all levels in the organisation towards the growth of the Company.

By Order of the Board

Registered Office :

Sagar Estate

2, N. C. Dutta Sarani

Kolkata - 700 001

Dated : 28th day of August, 2004

Sd/

(S. C. BANSAL)

Managing Director

Sd/

(M. C. BANSAL)

Jt. Managing Director





## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in manufacture and sale of Steel Rods, Bars and also conversion job Works and thus operates in the Iron and Steel Industry, which is considered as core sector.

The Company has commissioned the plant No. 2 at Jamshedpur for production of TMT (Thermo Mechanically Treated) Bars which has been commenced production from November 2003 and is Solely Undertaking job work of TISCO (The Tata Iron & Steel Co. Ltd.)

The Steel sector, in light of the rising input costs, will have to improve its operating profitability to withstand all phases of steel price cycle. The increase in prices is attributed to an excess demand over supply in domestic market and huge infrastructure projects taken on by the Government will ensure that steel supplies remain scarce and demand for long products will continue to be buoyant. However, with the easing of import duties, imported steel may become cheaper and provide some relief to the construction sector.

However, the Company is taking steps including implementing cost control measures, enhancement of capacity utilization, improvement of operational efficiencies altering the product mix for maximizing share of value added products and targeting niche markets.

### 2. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

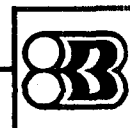
- i) As the Company's selling network is widely spread throughout the India, there is an opportunity of increasing the market share.
- ii) Opportunity of converting into TMT plant, which not only facilitates further efficiency and reduction in process costs but also increases volume of production.
- iii) Future competition from the prospective domestic producers of Iron and Steel Rods & Bars. The Company is conscious of the threat and constantly upgrading its technology so as to derive Competitive advantage.
- iv) As the global addition to the new capacities is envisaged to be improved in the coming years. This leads to lower operating cost and higher margins.
- v) The Company's business consists of single product line viz., manufacture of Iron and Steel Rods & Bars, which is engineering and construction major goods. The financial health of the Unit will be affected by adverse changes in the industry. Company is looking at both forward integration and backward integration and will take steps to minimize the risks.

### 3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The company's business predominantly comprises manufacture of Iron and Steel Rods & Bars. The operations of the Company during the year under review were normal. Actual production during the year including conversion jobs was 78857 M/T as against 42896 M/T in the previous year.

### 4. OUTLOOK

The outlook, in the years ahead, for Iron & Steel Industry appears to be positive. At the back of Global recovery and surge in demand for Iron & Steel and with Chiana's appetite for Iron & Steel remaining firm, it is expected that industry will be maintaining normal and positive growth rates. With the thrust given by the Government for infrastructure building, growing automobile and construction sectors, the demand for Iron and Steel is likely to remain firm in the future. Thus the Company has taken note of this development and making all out efforts to avail the opportunity to share healthy position in the market. The Company is also confident of achieving a breakthrough in this regard and maintaining a level placing growth in its performance in the coming years. On the other customer satisfaction is being addressed by making constant improvements in product quality and introducing new performance enhancing products.



## 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems and will laid down policies and procedures for all its operations and financial functions commensurate with the size and nature of its business. Internal control systems are supplemented by internal audits carried out by outside independent qualified auditors. The management also regularly reviews the operational efficiencies, utilization of fiscal resources and compliance with laws so as to ensure optimum utilization of resources, achieve better efficiencies and comply with the laws of land.

## 6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECTIVE TO OPERATIONAL PERFORMANCE :

The financial statements for the year under review have been prepared on a going concern basis and in compliance with provisions of the Companies act, 1956 and by following the generally Accepted accounting policies in India and the applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

The operational performance vis-a-vis financial performance is as under :-

<u>Indicator</u>	<u>Year 2003-04</u>	<u>Year 2002-03</u>	<u>Increase/ (Decrease)%</u>
1. In Volume Terms (MTs)			
Production (Incl. Conversion)	78857	42896	83.83
Sales	42518	35587	19.48
2. In Value terms (Rs. In Lacs)			
Gross Sales (Incl. Conversion)	11442.28	7048.46	62.34
3. Operating Profit before interest And Depreciation	941.74	548.21	71.78
4. Interest	183.11	193.23	(5.24)
5. Depreciation	214.99	249.82	(13.94)
6. Net Profit before tax	543.64	105.16	416.96
7. Income tax provisions and Gratuity and adjustments	178.30	241.05	(26.03)
8. Net Loss / (Loss)	365.34	(135.89)	368.85

## 7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The employees are the key assets of the company in achieving its objectiveness and for value creation for all the business activities.

The Company has a strong and dedicated workforce. The relations between the management and the workforce is cordial. The employees are imparted training and are encouraged to participate in the decision making process. The management acknowledges the contributions made by each Employee at all levels and records its appreciation for the cooperation extended.

## 8. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, Projections, Estimates. Expectations may be "forward-looking-statements" within the meaning of applicable securities, laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.