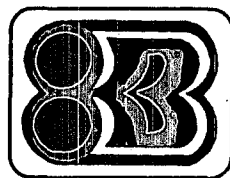


22nd  
Annual Report  
And Accounts  
**2002-2003**



**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 Oriental Bank of Commerce State Bank of India	
<b>AUDITORS</b>	M/s Ghosh & Ghosh Chartered Accountants 25, R. N. Mukherjee Road Kolkata - 700 001	
<b>AUDITORS (INTERNAL)</b>	M/s Rustagi & Associates Chartered Accountants 59, Bentick Street Kolkata - 700 069	
<b>REGISTERED OFFICE</b>	"Sagar Estate" 6th Floor 2, N. C. Dutta Sarani Kolkata - 700 001 Tel. Nos (033) 22130628 / 0629 E-mail : beekayst@cal.vsnl.net.in Internet : www.beekaysteel.com	
<b>BRANCHES</b>	Linghi Chetty Street, Chennai Dharukhana, Mumbai Tumkur Road, Peenya, Bangalore Shastri Nagar, Delhi Ameerpet, Hyderabad Chakudia, Mahadev Road, Ahmedabad Nehru Ground N.I.T., Faridabad M.I.D.C. Bhosari, Pune Bharati Park, Cross Road, Coimbatore Dada Nagar, Kanpur Sarai Road, Baraut V.K.I. Area, Jaipur Autonagar, Viskhapatnam	
<b>WORKS</b>	286 & 287, G. T. Road, Salkia, Howrah - 711 106  Large Scale Sector, Adityapur Industrial Area, 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 SECOND 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 Monday, the 29th September, 2003 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, 2003 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. L. Bansal who retires and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Sikdar who retires and being eligible offers himself for re-appointment.
4. To appoint auditors and to authorise the Board of Directors to fix their remuneration M/s. Ghosh & Ghosh, Chartered Accountants retire at this meeting and are eligible for re-appointment.

### AS SPECIAL BUSINESS :

5. To consider and, If thought fit, to pass the following resolution, with or without any modifications, As an Ordinary resolution.

"RESOLVED THAT Shri Gautam Bansal who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 29th November, 2002 and whose term of office expires at this Annual General Meeting as a Director under Section 260 of the Companies Act, 1956 read with Article 95 of the Articles of Association of the Company and being proposed by a member under Section 257 of the Companies Act, 1956 to be appointed as a Director of the Company, be and is hereby appointed as Director on the Board of Directors of the Company whose period of office is liable to determination by retirement by rotation".

Registered Office :  
Sagar Estate  
2, N. C. Dutta Sarani  
Kolkata - 700 001  
Dated : 1st Day of September, 2003

By Order of the Board

Sd/  
(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 Reigster of Members and transfer register of the Company will remain closed from Tuesday, September 23rd, 2003 till Monday, September 29th, 2003 (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. The Company has already transferred, all unclaimed dividend declared upto the Financial Year ended 31st March, 1996 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules 1978. Those shareholders who have so far not Claimed or collected their dividend upto the aforesaid financial year may claim their Dividend from the Registrar of Companies, West Bengal, Nizam Palace, A. J. C. Bose Road, Kolkata.
5. Pursuant to the directions 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.
6. The Company's Securities are listed at the Kolkata and Kanpur Stock Exchanges. The annual listing fee to the Stock Exchanges where the Company's shares are listed has been paid upto date.

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

**Item No.: 5**

Shri Gautam Bansal was appointed as an additional Director of the Company at the Board Meeting held on 29th November 2002. As per provisions of the Companies Act, 1956 read with Article 95 of Articles of Association of the Company, Shri Gautam Bansal retires as Director at this Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956 from a member proposing the appointment of Shri Gautam Bansal as Director. The Board recommends that Shri Gautam Bansal be appointed as Director of the Company.

*Registered Office :*

Sagar Estate

2, N. C. Dutta Sarani

Kolkata - 700 001

Dated : 1st Day of September, 2003

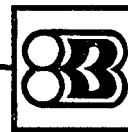
By Order of the Board

Sd/

**(S. C. BANSAL)**

Managing Director

## Directors Report



To the Member of  
**BEEKAY STEEL INDUSTRIES LIMITED**

Your directors have pleasure in presenting the TWENTY SECOND Annual Report together with Audited Accounts for the Year ended 31st March 2003.

**1. FINANCIAL****1.1. THE FINANCIAL RESULTS**

	As at 31.03.03	(Rs. in lacs) As at 31.03.02
Gross Turn Over	6881.35	7139.85
Gross Operating Profit	548.21	163.11
Less : Finance Charges	193.23	159.12
Depreciation	249.82	212.00
	443.05	371.12
Net Profit/(Loss) Before Provision for Gratuity & Taxation	105.16	(208.01)
Provision for Gratuity	6.50	54.44
Net Profit/(Loss) Before Taxation	111.66	(153.57)
Provision for Taxation	1.55	-
Deferred Taxation	246.00	72.62
Net Loss	135.89	80.95
Adjustment	1.53	2.59
Balance Brought Forward from the previous year	0.76	0.03
Deferred Tax Liability	-	120.91
	133.60	199.24

**1.2 THE APPROPRIATIONS**

Transfer from General Reserve	134.00	200.00
Balance of Profit carried over	0.40	0.76
	133.60	199.24

**1.3 SHARE CAPITAL**

The paid up Capital of the Company as at 31st March 2003 is Rs. 201.07 Lacs and the net Worth stands at Rs. 1315.21 Lacs.

**2. DIVIDEND**

No dividends were declared or recommended during the year.

**3. OPERATIONS**

During the year under review the Indian Iron and Steel industry after prolonged recession for about six years has shown definite signs of revival. However, during the year under Review the turnover of the Company was lower at Rs. 6881.35 lacs against of Rs. 7139.85 Lacs for the previous year. In spite of lower turnover the Company achieved profit before Tax of Rs. 111.66 Lacs as against loss of Rs. 153.57 lacs.

The Company has commissioned the plant for production of TMT (Thermo Mechanically Treated) Bars with technological collaboration with HENNINGSDORFER STAHL ENGINEERING GmbH(HSE) of Germany by adopting their THERMEX COOLING TECHNOLOGY, which has been commenced production from November, 2002 and is Solely undertaking job work of TISCO (The Tata Iron & Steel Co. Ltd.)



With such positive steps the Management is trying its best to increase capacity utilization at Jamshedpur and thereby reduce costs and hopeful of achieving better financial results next year.

#### 4. FUTURE OUTLOOK

The Iron and steel industry in the coming years appears to be positive. There are definite Signs of recovery of the industry during the year. The steel markets are showing signs of Picking up from the slump in demand and pricing. The robust growth in production and Consumption of Iron and Steel in China is the major driver for global demand push and Pricing. The sustained growth worldwide has normalized the sales realization, which in Turn improved the margins. On domestic front, the industry is buoyant with surge in Exports and improved domestic demand. The price line is expected to be firm. Domestic Demand is expected to sustain due to significant improvements in end use segment like Construction, engineering and automobile industries.

However, the Company will mostly do conversion job works at Jamshedpur plant using Latest technology and efforts through optimum production with very low cost. The Company is confident of achieving a breakthrough in this regard and maintaining a level playing growth in its performance in the coming years.

#### 5. 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 2002-03, 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, 2003 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;

#### 6. 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.

#### 7. 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.

#### 8. DIRECTORS

In accordance with the Company's Articles of Association Shri B. L. Bansal and Shri A. K. Sikdar retire by rotation on the forth coming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors approve their re-appointment.





## 9. 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.

## 10. CORPORATE GOVERNANCE

As per the Clause 49 of the Listing agreement relating to Corporate Governance, the Company is not applicable as per schedules of implementation contained therein.

## 11. INDUSTRIAL RELATIONS

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

## 12. AUDITORS

M/s Ghosh & Ghosh, Chartered Accountants, retire as Auditors of the Company at the Conclusion of the Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

## 13. 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.

## 14. 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 2002-2003.

## 15. 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.

## 16. 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.

Registered Office :  
Sagar Estate  
2, N. C. Dutta Sarani  
Kolkata - 700 001  
Dated : 1st Day of September, 2003

By Order of the Board

Sd/  
(S. C. BANSAL)  
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 for production of TMT (Thermo Mechanically Treated) Bars with technological collaboration with HENNIGSDORFER STAHL ENGINEERING GmbH(HSE) of Germany by adopting their THERMEX COOLING TECHNOLOGY, which has been commenced production from November 2002 and is Solely Undertaking job work of TISCO (The Tata Iron & Steel Co. Ltd.)

The slowdown in industrial growth last Six years has been improved during this season. The Industry was under hibernation during these six years. Industry was on the verge of collapse With umpteen problems like over supply, lower sales realization etc.

However, during the year under review, buoyed by upsurge in the international demand and consequential price increases, the fortunes of the industry have turned around. The industry has just caught up the first available opportunity of growth in the global demand and reaped the Benefits that were long overdue. Almost all the units including public sector undertakings have reported impressive results quarter after quarter. The significant growth in exports followed by Normal growth in domestic market, the prices of iron and steel have moved northward and this improved the financial performance of the industry. During the year prices grew by about 50% compared to the previous year, but towards year-end they started retreating to normal levels. This was mainly due to build up stocks in the Asian markets.

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

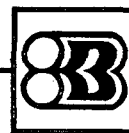
- i) As the Company's selling network is widely spread throughout the India, there is an opportunity of increasing the market share.
- ii) Opportunity of converting into TMT plant, which not only facilitates further efficiency and reduction in process costs but also increases volume of production.
- 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 42896 M/T as against 40677 M/T in the previous year.

### 4. OUTLOOK

Iron and Steel products : As this is main product of Engineering, Automobile and Construction sectors, the Company has good demand in markets and also its profitability largely depends on the overall scenario in global market. 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.



## 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems 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, utilisation of fiscal resources and compliance with laws so as to ensure optimum Utilisation 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 :-

Indicator	Year 2002-03	Year 2001-02	Increase/ (Decrease)%
1. In Volume Terms (MTs)			
Production (Incl. Conversion)	42896	40677	5.45
Sales	35587	41704	14.67
2. In Value terms (Rs. In Lacs)			
Gross Sales (Incl. Conversion)	6777.93	6885.75	(1.57)
3. Operating Profit before interest And Depreciation	548.21	163.11	236.10
4. Interest	193.23	159.12	21.43
5. Depreciation	249.82	212.00	17.83
6. Net Profit before tax	105.16	(208.01)	150.44
7. Income tax provisions and Gratuity and adjustments	241.05	127.06	89.71
8. Net Loss	135.89	80.95	(67.87)

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

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.