



**Inspired by Steel**

**Beekay Steel Industries Limited**

annual report 2013-14



## Contents

Corporate Information 01 Financial Trends in last 5 Years 02 Director's Report 03

Annexure to the Directors' Report 08 Auditors' Report 27 Annexure to the Audit Report 29

Balance Sheet 32 Profit & Loss Account 33 Notes on Financial Statements 34 Auditors Certificate 53

Cash Flow Statement 54 Ten Years' Review Inside back cover



## CORPORATE INFORMATION

<b>MENTOR</b>	Mr. Basheshar Lal Bansal
<b>BOARD OF DIRECTORS</b>	<p>Mr. Suresh Chand Bansal - Executive Chairman</p> <p>Mr. Mukesh Chand Bansal - Managing Director</p> <p>Mr. Vikas Bansal - Executive Director</p> <p>Mr. Gautam Bansal - Whole time Director</p> <p>Mr. Manav Bansal - Whole time Director</p> <p>Mr. Vijay Bansal - Non-Executive Director</p> <p>Mr. Bhal Chandra Khaitan - Independent Director</p> <p>Mr. Brijesh Kumar Dalmia - Independent Director</p> <p>Mr. Ravishankar Sridharan - Independent Director</p> <p>Mr. Krishna Chandra Raut - Independent Director</p> <p>Mr. Srikumar Banerjee - Independent Director</p>
<b>BANKERS</b>	<p>Allahabad Bank</p> <p>State Bank of India</p> <p>Punjab National Bank</p> <p>Bank of Baroda</p>
<b>AUDITORS</b>	<p>M/s. Rustagi &amp; Associates</p> <p>Chartered Accountants</p> <p>59, Bentick Street, Kolkata 700069</p>
<b>REGISTERED OFFICE</b>	<p>"Lansdowne Towers" 4th Floor</p> <p>2/1A, Sarat Bose Road, Kolkata 700020</p> <p>Tel: 033 30514444</p> <p>Fax: 033 22833322</p> <p>E-mail: <a href="mailto:contact@beekaysteel.com">contact@beekaysteel.com</a></p> <p>Website: <a href="http://www.beekaysteel.com">www.beekaysteel.com</a></p>
<b>WORKS</b>	<ul style="list-style-type: none"> <li>• Jamshedpur (Jharkhand)</li> <li>• Chennai (Tamilnadu),</li> <li>• Visakhapatnam (Andhra Pradesh) – (a. Autonagar b. Bheemlipatnam c. Vellanki d. Parwada)</li> <li>• Howrah (West Bengal)</li> </ul>
<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	<p>M/s. Maheshwari Datamatics Pvt Ltd</p> <p>6, Mangoe Lane, 2nd Floor, Kolkata 700001</p> <p>Ph: 033 22482248, 22435809, 22435029</p> <p>Fax: 033 22484787</p> <p>Email: <a href="mailto:mdpl@cal.vsnl.net.in">mdpl@cal.vsnl.net.in</a></p>



## Key Performance Indicators

### Highlights 2013-14

#### Gross Turnover

↓ 4.58 % to Rs. 581.13 crores

#### EBITDA

↑ 13.68% to Rs. 61.57 crores

#### PBT

↑ 2.60% to Rs. 28.97 crores

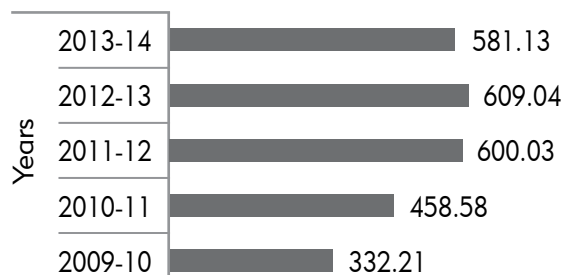
#### PAT

↓ 3.85 % to Rs. 18.30 crores

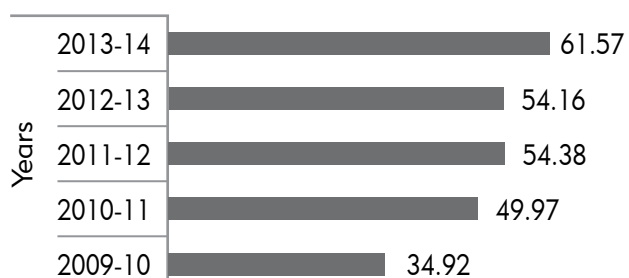
#### Net worth

↑ 12.26% to Rs. 167.00 crores

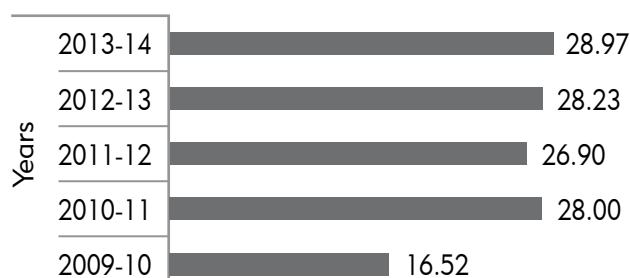
#### Gross Turnover (Rs. in crores) 5 Years CAGR 11.83 %



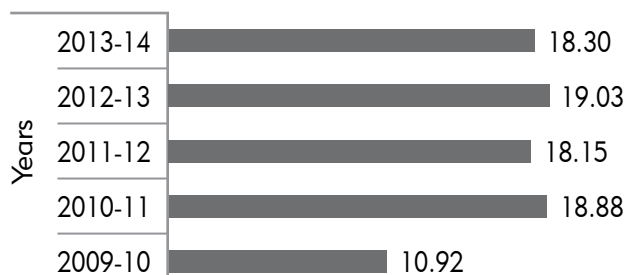
#### EBIDTA (Rs. in Crores) 5 Years CAGR 12.01 %



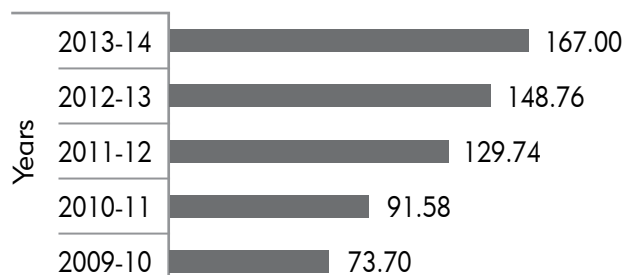
#### PBT (Rs. in Crores) 5 Years CAGR 11.89 %



#### PAT (Rs. in Crores) 5 Years CAGR 10.88 %



#### NET WORTH (Rs. in Crores) 5 Years CAGR 17.77 %







## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,  
The Members of  
Beekay Steel Industries Ltd.

Your Directors take pleasure in presenting the **Thirty Third** Annual Report together with the audited accounts of your Company for the year ended March 31, 2014.

(Rs. in crores)

FINANCIAL RESULTS	As on 31-03-2014	As on 31-03-2013
<b>Sales/Income from Operations</b>	<b>581.13</b>	<b>609.04</b>
Profit before interest, depreciation and tax	61.57	54.16
Interest	20.04	16.65
Depreciation	12.56	9.28
<b>Profit before taxation</b>	<b>28.97</b>	<b>28.23</b>
Provision for tax-Current tax	6.16	5.71
MAT Credit	(4.50)	--
Provision for tax- Deferred tax	9.01	3.50
<b>Profit for the year</b>	<b>18.30</b>	<b>19.02</b>
Add/(Less): Adjustments	(0.06)	---
Balance of profit for previous year	61.43	47.41
Balance available for appropriation	<b>79.67</b>	<b>66.43</b>
<b>APPROPRIATIONS :</b>		
Transfer to General Reserve	5.00	5.00
Transfer to Capital Redemption Reserve	--	--
<b>Balance of Profit carried over</b>	<b>74.67</b>	<b>61.43</b>

### RESULTS OF OPERATIONS

Your company has achieved a turnover of Rs. 581.13 crores against of Rs.609.04 crores during the previous year, showing a decline of 4.58%. The lower demand resulted from economic slump throughout the year in the domestic market, which negatively affected our financial performance as it contributed to the market sentiment. To boost up the overall sales and to improve the bottom line as well, the company is focusing much more into export business and the export turnover stood at Rs. 54.38 crores in against of Rs. 34.21 crores in the preceding year. The Operating EBIDTA was Rs.61.57 crores and showed a growth of 13.68% comparing with the previous year of Rs. 54.16 crores. The net Profit after tax was Rs.18.30 crores against of Rs. 19.02 crores in the preceding year.

The net worth of your Company increased to Rs. 167.00 crores as on March 31, 2014 from Rs. 148.76 crores as on March 31, 2013. The Company's net debt gearing was at 0.79 compared to 0.77 as on March 31, 2013. The Board of Directors is trying their best to improve overall performance of the company.



Production had been adversely affected in the last year because of political uncertainty in Andhra Pradesh and the imposition of Power-holidays by State Electricity Boards in Andhra Pradesh & Tamil Nadu. It resulted in a decline of 15% in our production volume in both these two states. The combined production by all manufacturing units of the Company declined to 3,00,277 MT (including conversion 2,29,855 MT) in the year 2013-14 from 3,58,213 MT (including conversion 2,82,983 MT) in the previous year.

### CREDIT RATING

Your Company's credit rating for the long-term debt/facilities is 'IND BBB'- by India Ratings & Research as per the provisions of BASEL II Guidelines of RBI. India Ratings continues to rate the Company's Short-term debt/facilities at the level of 'IND A3'

### DIVIDEND

Considering the substantial investments out of internal accruals being made for the TMT manufacturing unit at Parwada (Andhra Pradesh) and Transmission Line Tower (TLT) Manufacturing project at Pydibhimavaram (Andhra Pradesh), your directors do not envisage any dividend payment for the financial year ended on 31st March, 2014.

**The unpaid and unclaimed dividend lying in the Unpaid Dividend Account becomes due to be transferred to Investor Education & Protection Fund ("IEPF") after a period of 7 (seven) years. Your Directors therefore suggest you to claim the unpaid dividend before the last date.**

The unpaid and unclaimed Dividend for the year 2006-07 is due to be transferred to Investor Education & Protection Fund ("IEPF") by 1st December, 2014.

### INTERNAL SYSTEM AND PROCESS

Efforts are going on to improve the business processes across all functions. During the year the Jamshedpur unit got the Standard Certification of Environment Management System **ISO 14001:2004** and Operational Health, Safety & Accountability Management Systems **ISO 18001:2007**. The Company continued to maintain Integrated Management System (IMS) of Quality Management System (**ISO: 9001**).

### AWARDS

During the year the company's international business division has been awarded with the prestigious national star performer of the year award for 2012-13 by Engineering Export Promotion Council India under its manufacturing category.

### LISTING FEES

The Annual Listing Fees for the year 2013-14 had been paid to those Stock Exchanges where the Company's Shares are listed.

### DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr. Vijay Kumar Bansal, Director of the Company who retire by rotation, being eligible, offer himself for re-appointment.

The Board of Directors at its meeting held on 25th March, 2014 has appointed Mr. Manav Bansal as a Whole time Director of the Company w.e.f. 1.4.2014. The Company has received requisite consent and declarations as required



under various provisions of the Companies Act, 2013 and rules made there under.

Pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges & the provisions of Sections 149, 152 of the Companies Act, 2013 and the Rules framed there under and read with Schedule IV to the said Act, the Board has proposed to appoint Mr. Brijesh Kumar Dalmia, Mr. Bhal Chandra Khaitan, Mr. Srikumar Banerjee, Mr. Krishna Chandra Raut and Mr. Ravishankar Sridharan as the Independent Directors in the Company for a period of five years till 31st March, 2019. The Company has received declarations from the said Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49.

Mr. Aditya Sikdar has resigned from the office of the Directors of the Company w.e.f. 28th July, 2014. The Board place on record his valuable services rendered in the growth of the Company during his tenure as a Director of the Company.

### **CORPORATE SUSTAINABILITY**

Being a responsible corporate citizen the company continues to undertake steps towards welfare of society around it, community initiatives, periphery development, environment protection and improvement in harmony with normal course of business and contributing to exchequer through various taxes/duties etc. The Company also continued focus on employees' health and safety, skill development and other measures.

### **CORPORATE SOCIAL RESPONSIBILITY**

Beekay Group is alive to its Corporate Social Responsibility and understand the critical role it plays in ensuring the practically of sustainability of resources of the company and acting on high priority. During the year the Board constituted a Corporate Social Responsibility comprising of three executive directors which stood as follows.

The terms of reference and scope of work is same as prescribed in Section 135 of the Companies Act, 2013, and the Rules there under.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Remuneration Committee of the Board was reconstituted and renamed as Nomination and Remuneration Committee complying with the requirements of the provisions of the Companies Act, 2013 and the Rules framed there under.

### **AUDITORS**

M/s. Rustagi & Associates, Chartered Accountants, Statutory Auditors of the Company holds office up to the conclusion of the ensuing Annual General Meeting (AGM). The Company has received a letter pursuant to Section 139 and 141 of the Companies Act, 2013 from the Auditors about their consent and eligibility for appointment as the statutory auditors of the Company, to hold office from the conclusion of this AGM until the conclusion of the 36th AGM, subject to ratification of such appointment by the members at every AGM held hereafter.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:



1. That in the preparation of annual accounts for the period ended 31st March, 2014; the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the directors have selected such accounting policies and applied them consistently and made judgments' and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the final accounts for the year under review have been prepared on going concern basis.

### **CORPORATE GOVERNANCE**

The Company has complied with the requirements of Corporate Governance as stipulated under Clause 49 of the Listing Agreement. A separate report on Corporate Governance and the Auditor's Certificate on its compliance together with a certificate from Mr. S. K. Tibrewalla, Practicing Company Secretary regarding compliance of requisite conditions of Corporate Governance, certification by CEO, Declaration by CEO for Compliance with the Code of Conduct of the Company as per Clause 49(I)(D)(ii) of Listing Agreement and the Management Discussion & Analysis Report are given as Annexure hereto and form part of this Annual Report.

### **PARTICULARS OF EMPLOYEES**

Since the Company has no employee having drawn remuneration as stipulated in Section 217 (2A) of the Companies Act, 1956 or in the rules made pursuant to the same during the Financial Year under review, the relevant particulars of the employees as per the said provisions are not required to be given.

### **COST AUDITORS**

In accordance with the Order dated June 30, 2011 issued by the Ministry of Corporate Affairs pursuant to Section 233B of the Companies Act 1956, your company is required to get its cost accounting records audited by a Cost Auditor and has accordingly appointed M/S. Musib & Co., Cost Accountants for the purpose for FY 2013-14. The Cost Audit for FY 2012-13 was completed within specific time and report was filed with ROC.

The Board at its meeting held on June 30, 2014 has on the recommendation at the Audit Committee re-appointed M/s. Musib & Co, Cost Accountants to conduct the audit of the cost accounting for FY 2014-15.

### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 your Company has adopted the Code of Conduct for Prevention of Insider Trading.

### **VIGIL MECHANISM**

The Company has established Vigil Mechanism for Directors and employees to report their genuine concerns and provide adequate safeguard against their victimization as provided in Section 177 of the Companies Act, 2013 and rules made there under.





## PARTICULARS REGARDING ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The Company has always been a frontrunner in continually improving its operational performance in all areas, like production, yield, plant utilization and others, while reducing the consumption of fuel, power, stores and others. As a cost-effective substitute for furnace oil (which is costly due to the country's dependence on import of the same) used in heating the re-heating furnace, the Company started using Producer Gas Plants (a) at Jamshedpur unit since 2009-10 (b) at Chengalpet (Tamilnadu) Unit since 2012-13 and (c) this year under review installed Producer Gas Plant at Vishakhapatnam units (Beekay Special Steels, Beekay Structural Steels and Radice Ispat India, Vizag) to economize on operational costs.

The particulars of energy, technology and Foreign Exchange earnings/ outgo in pursuance of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are being disclosed separately forming the part of this Report.

## APPRECIATION

Your Directors would like to appreciate the co-operation and assistance received from the banks, government, statutory authorities, vendors, customers and shareholders during the year. The Directors also place on record their deep sense of appreciation for the committed services rendered by all employees of the Company.

### Registered Office:

'Lansdowne Towers', 4th Floor,  
2/1A, Sarat Bose Road,  
Kolkata - 700 020

Place: Kolkata

Dated: 13th August, 2014

### For On Behalf of the Board of Directors

S/d-

Suresh Chand Bansal  
Executive Chairman

S/d-

Mukesh Chand Bansal  
Managing Director



## ANNEXURE TO THE DIRECTORS' REPORT

Form for disclosure of particulars with respect to Conservation of energy:

		Current Year 31-03-2014	Previous Year 31-03-2013
<b>A. Power &amp; Fuel Consumption</b>			
<b>1. Electricity</b>			
(a) Purchased	Kwh	2,52,79,761	2,89,72,187
Total Amounts	Rs.	14,50,39,261	14,04,16,693
Rate/ Unit	Rs.	5.74	4.85
(b) Own Generation			
(i) Through Diesel Generation units		Nil	Nil
Units per litre of Diesel Oil		Nil	Nil
(ii) Through steam Turbine / Generator		Nil	Nil
<b>2. Furnace Oil</b>			
Quantity	Kltrs.	2,686	10,459
Total Amount	Rs.	11,46,35,376	45,13,99,472
Average Rate per K.Ltr.	Rs.	42,679	43,159
<b>3. Coal for Producer Gas Plant</b>			
Quantity	M.T.	44,895	19,100
Total Amount	Rs.	27,40,30,671	12,71,04,190
Average Rate per M.T.	Rs.	6,104	6,655
<b>B. Consumption per Unit of Production</b>			
Productions: Iron & Steel Material			
Steel Bars & Rods	MT	3,00,277	3,58,213
Unit- per M.T.			
Electricity	Kwh	84.19	80.88
Furnace Oil	Kltrs.	0.01	0.03
Coal	M.T.	0.15	0.06
<b>C. Foreign Exchange</b>			
Earnings (Exports)	Rs.	55,08,34,930	34,21,46,795
Outgo (for Import of Raw Materials, Machineries and Components)	Rs.	64,93,605	7,66,24,865