



**ANNUAL REPORT
AND
ACCOUNTS
2005 - 2006**



BENGAL STEEL INDUSTRIES LIMITED

Bengal Steel Industries Limited

59th Annual Report and Accounts for the year
ended 31st March, 2006

BOARD OF DIRECTORS :

SRI V. N. AGARWAL
SRI PRAKASH AGARWAL
SRI G. K. AGARWAL
SRI K. K. GANERIWALA
Director & Secretary

AUDITORS :

Messrs : J.N. BANERJEE & CO.
Chartered Accountants

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BANKERS :

UCO BANK
UNITED BANK OF INDIA

REGISTERED OFFICE :

41, MIRZA GHALIB STREET,
KOLKATA-700 016

Bengal Steel Industries Limited

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 59th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS :

	2005-2006 Rs.	2004-2005 Rs.
Profit Before Interest & Depreciation	98,41,640	79,38,106
Less : Interest	5,467	13,918
	98,36,173	79,24,188
Less : Depreciation	9,94,850	9,11,882
Net Profit Before Tax	88,41,323	70,12,306
Provision for Tax for the year	(9,00,000)	(8,50,000)
Profit Brought Forward	1,05,10,323	43,48,017
Net Profit Carried Forward	1,84,51,646	1,05,10,323

GENERAL REVIEW :

During the year under review, the Company's working results in terms of both Turnover and Profit recorded improvement over those of the previous year.

DIVIDEND :

Your Directors regret their inability to recommend any dividend for the financial year due to inadequate profit.

DIRECTORS :

Shri V. N. Agarwal and ShriPrakash Agarwal, Directors retires by rotation and are eligible for re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management Discussion and Analysis report for the financial year under review, as stipulated in clause 49 of the Listing Agreement with the Stock exchanges is appended below :

A. Business :

The Company offers Investment, Finance, Transportation and Other Services. The Company is also engaged in manufacturing Iron and Alloy Steel Ingot and Mild Steel Ingot at its manufacturing unit located in Kolkata.

B. Review of Operations & Future Prospects :

Operations of your Company in the business of Investment, Finance, Transportation and Other Services have shown growth and improvement. Growth rate in turnover showed satisfactory trend and your Directors are confident to maintain this space of growth in the future.

C. Opportunities and Threats, Risks and Concerns :

Arrangements are in hand to improve the necessary infra-structures and facilities for the continuous growth and prosperity of the Company.

D. Internal Control System :

Internal control procedures of your Company commensurate with the nature of its business and size of its operations. Objective of these procedures is to ensure efficient use and protection of Company's resources, accuracy in financial reporting and due compliance of applicable statutes and Company's norms, policies and procedures.

E. Industrial Relations :

Industrial Relation was cordial during the year under review.

CORPORATE GOVERNANCE :

Principles of Good Corporate Governance through accountability, transparency, professionalism, trusteeship and control have always been followed by your Company.

A separate report on Corporate Governance as prescribed by the Listing Agreement with Stock Exchange form a part of the Annual Report 2005-06.

AUDITORS :

Your Company has received a certificate from the Auditors M/s. J. N. Banerjee & Co., Chartered Accountants. The retiring Auditors have offered their services for re-appointment confirming that their appointment will not be hit by the provisions of Section 224(1B) of the Companies Act, 1956, if so appointed.

COMMENT ON AUDITORS OBSERVATIONS :

The Comments of the Directors on the observations made by the Statutory Auditor's in their Report are as follows :-

- i. Value of Land and Building could not be segregated in absence of adequate details and without incurring huge expenses.
- ii. In the opinion the Management, diminution in Market value of investments held at costs are temporary in nature.
- iii. Internal Audit Department of the Company is under re-organisation with adequate men-powers and other infra-structural facilities.

EMPLOYEES :

Information required to be given pursuant to the provisions of section 217(2A) of the Companies Act, 1956 is not applicable.

FIXED DEPOSIT :

Your Company has not invited and/or accepted any deposit from the General Public under Sections 58 and 58AA of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, Directors state as follows :

- (i) That for the preparation of the Annual Accounts for the financial year ended 31st March, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements 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 that period.
- (iii) That the Directors had taken proper and sufficient care 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) that the Directors had prepared the Annual Accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

There are no information to be reported as required in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, regarding conservation of energy & technology absorption.

However, Foreign Exchange earnings and outgoes are as under;

- | | |
|-----------------------------------|----------------|
| (a) Total Foreign exchange earned | NIL |
| (b) Total Foreign exchange used | Rs. 1,13,640/- |

ACKNOWLEDGEMENTS :

Your Directors would like to thank shareholders, customers, dealers, suppliers, bankers, employees union and all other business Associates for the continuous support given by them to the Company and their confidence in its mangement.

Place : Kolkata,

Dated : 26th day of June, 2006.

For and on behalf of the Board

V. N. AGARWAL

PRAKASH AGARWAL

Directors

Bengal Steel Industries Limited

ANNEXURE "A"

REPORT ON CORPORATE GOVERNANCE (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Directors present their Report on Corporate Governance :-

1. COMPANY'S GOVERNANCE PHILOSOPHY

Your Company defines Corporate Governance as a systematic process by which Companies are directed and controlled to enhance their wealth generating capacity.

Corporate Governance process should ensure that societal resources are utilized in a manner that meets stakeholders aspirations and social expectations and is aimed at efficient conduct of company's business and in meeting its obligations towards various stakeholders.

Core principles of Corporate Governance emerge from trusteeship, professionalism, transparency, empowerment, accountability, control and ethical corporate citizenship. Your Company also gives due importance to its social obligations and compliances of various regulatory statutes or provisions.

2. BOARD OF DIRECTORS

- (i) Board of Directors of your Company is comprised of Non-executive and Independent Directors. As on 31st March, 2006, Board of Directors comprises of four Directors, of whom one is Non-Executive Independent and three are Non-Executive Directors. Directors are persons, with experience and expertise in business and industry, finance and law.

A proposal to re-constitute the Board is under consideration by the Company.

- (ii) Composition of the Board as on 31st March, 2006 is as under;

<u>Categories of Directors</u>	<u>No. of Directors</u>
Non-Executive and Independent Director	1
Non-Executive Directors	3
Total	4

- (iii) Further details about the Composition of the Board as on 31st March, 2006 are as follows:

Serial No.	Director	Category	No. of Other Directorship	No. of other Board Committee(s) of which he is a member	No. of other Board Committee(s) of which he is a Chairperson
1.	Shri. V. N. Agarwal	Non-Executive Director	13	—	—
2.	Shri. Prakash Agarwal	Non-Executive Director	12	5	—
3.	Shri. K. K. Ganeriwala	Non-Executive & Independent Director	9	4	2
4.	Shri G. K. Agarwal	Non-Executive Director	4	—	—

3. NUMBER OF BOARD MEETINGS HELD AND ATTENDED BY THE DIRECTORS DURING THE YEAR ENDED 31ST MARCH, 2006

(i) Meetings of the Board of Directors were held on :

28th April, 2005

5th July, 2005

28th October, 2005

31st January, 2006

(ii) Attendance record of Directors at Board Meetings is as follows :

Name of Directors	No. of Board Meetings Attended	Attendance at the last AGM held on 31st August, 2005
Shri V. N. Agarwal	4	Yes
Shri Prakash Agarwal	4	Yes
Shri K. K. Ganeriwala	4	Yes
Shri G. K. Agarwal	4	Yes

4. MEETING AND ATTENDANCE

The Company's Governance policy requires the Board to meet at least four times in a year.

5. BOARD AGENDA

Meetings are governed by Agenda and the Board Members, in consultation with the Chairman may bring up any matter for the consideration of the Board.

6. INFORMATION PLACED BEFORE THE BOARD

Items of Business are placed before the Board for their consideration, as per requirement of the statutes and Governance policy.

7. BOARD PROCEDURE

- (i) The Members of the Board are provided with the requisite information as required by Annexure 1 to Clause 49 of the Listing Agreement well before the Board Meetings and the same were dealt with appropriately.
- (ii) The Directors have intimated to the Board from time to time about their Memberships/ Chairmanships in various Committees in other Companies.

8. POST MEETING FOLLOW UP SYSTEM

The Governance process in the Company includes an effective post-meeting follow up, review and reporting process for action taken/pending on decision of the Board/Board Committees.

9. COMMITTEES OF THE BOARD

Currently there are two Board Committees - the Audit Committee and Shareholders/Investors Grievance Committee. The terms of reference of the Board Committee's are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman.

(i) **Audit Committee**

Audit Committee of the Board, inter alia provides re-assurance to the Board on the existence of an effective internal control environment that ensures :

- (a) Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and creditable.
- (b) Compliance with Stock Exchange and legal requirement concerning financial statements.
- (c) Efficiency and effectiveness of operations.
- (d) Safeguarding of the assets and adequacy of provision for all liabilities.
- (e) Reliability of financial and other management information and adequacy of disclosures.
- (f) Compliance with all relevant statutes.

Composition and Attendance of Audit Committee during the financial year 31st March 2006.

Name of the Director	No. of Meetings attended
Shri Vishwanath Agarwal (Member)	4
Shri K. K. Ganeriwala (Chairman)	4
Shri G. K. Agarwal (Member)	4

(ii) **Investors Grievances Committee**

Investors Grievance Committee consists of Shri K. K. Ganeriwala and Shri Prakash Agarwal of which Shri K. K. Ganeriwala is the Chairman. During the year ended 31st March 2006 no complaints / queries were received and accordingly no reply is pending as on 31st March, 2006. There were no transfer of shares pending for registration as on 31st March 2006 and all transfers had been effected within 30 days from the date of lodgement.

(iii) **Remuneration Committee**

Remuneration Committee as contemplated under Clause 49 of the Listing Agreement is yet to be constituted.

No Commission is payable to any Director.

Apart from sitting fee no other remuneration is payable to Non-Executive Director/Independent Director.

Sitting fees paid to Non-Executive Directors during the financial year 31st March 2006 were as follows :

Shri V. N. Agarwal	Rs. 2000/-
Shri Prakash Agarwal	Rs. 2000/-
Shri K. K. Ganeriwala	Rs. 2000/-
Shri G. K. Agarwal	Rs. 2000/-

10. GENERAL MEETINGS

(i) Details of Annual Genral Meeting held in the last three Financial years are as under :

Financial year	Location	Date	Time
2004-2005	41, Free School Street, Kolkata-16	31st August, 2005	3.00 p.m.
2003-2004	41, Free School Street, Kolkata-16	25th September, 2004	2.00 p.m.
2002-2003	41, Free School Street, Kolkata-16	29th August, 2003	2.00 p.m.