
BENGAL STEEL INDUSTRIES LIMITED

BOARD OF DIRECTORS

V. N. AGARWAL
PRAKASH AGARWAL
G. K. AGARWAL
K. K. GANERIWALA

COMPANY SECRETARY

RANU DEY

AUDITORS

J. N. BANERJEE & CO.
Chartered Accountants
KOLKATA - 700 001

BANKERS

UCO INDIA
UNITED BANK OF INDIA

REGISTERED OFFICE

TRINITY PLAZA, 3rd FLOOR
84/1A, TOPSIA ROAD (SOUTH)
KOLKATA – 700 046

BENGAL STEEL INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 65th Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2012.

| | 2011 - 2012 (₹) | 2010 - 2011 (₹) |
|---|--------------------|--------------------|
| FINANCIAL RESULTS | | |
| Profit before Interest & Depreciation | 8,500,853 | 2,523,979 |
| Less: Interest | — | (2,138) |
| Depreciation | (249,633) | (304,315) |
| Net Profit before Tax | 8,251,220 | 2,217,526 |
| Less: Provision for Taxation | (840,000) | (405,000) |
| Tax for earlier year | (1,670) | 9,356 |
| Net Profit after Tax | 7,409,550 | 1,821,882 |
| Add: Balance Brought forward | 28,241,530 | 26,419,648 |
| Balance carried forward to Balance Sheet | 35,651,080 | 28,241,530 |

COMPANY PERFORMANCE:

In the light of challenging business conditions, the working results of your Company during financial year ended on 31st March, 2012 was satisfactory.

DIVIDEND:

The Directors have considered to plough back the profit in business for better financial strength and as such they have not recommended any dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges is appended below:

A. BUSINESS

The Company is engaged in the business of Investment, Finance, Steel Fabrication and Allied Services. The manufacturing unit is located at Kolkata. Arrangements are in hand to diversify its line of business for the future growth and prosperity.

B. REVIEW OF OPERATIONS & FUTURE PROSPECTS

Your Directors sincerely feel that operations of your Company in the business of Investment, Finance and Other Services have started showing signs of improvement. Steps are in hand to achieve further improvements in its business.

C. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

Your Company's objective is to effect Continuous improvement in its infrastructure and facilities. However, the main causes of concern of your company in the years to come.

- Reduction in the industrial growth rate.
- Uncertain Government policy in use.

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D. INTERNAL CONTROL SYSTEM

The Company has Internal control procedures commensurate with the nature of its business and size of its operations. The objectives of these procedures are to ensure efficient use and protection of Company's resources, accuracy in financial reports and due compliance of applicable statutes and Company's norms, policies and procedures.

The Internal Audit Report, the progress in implementation of recommendations contained in such reports and the adequacy of Internal Control Systems are reviewed by the Audit Committee of the Board in its periodical meetings.

E. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Industrial Relations were cordial during the year under review. At all levels, employees of the Company are fully committed to the growth of the Company and there was no loss of work due to any Industrial relation problem during the year.

CORPORATE GOVERNANCE:

The Principles of Good Corporate Governance through professionalism, accountability, transparency, trusteeship and control have always been followed by your Company and it has complied with all the applicable provisions of Corporate Governance as per clause 49 of the Listing Agreements with the Stock Exchanges.

A separate Report on Corporate Governance as prescribed by the Listing Agreement forms part of the Annual Report 2011-12 along with the Auditor's Certificate on its compliance in Annexure "A".

DIRECTORS:

Mr. G. K. Agarwal, Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That in the preparation of the Annual Accounts for the Financial year ended 31st March, 2012, 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 judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the Financial year and of the profit or loss of your company for that period;
- iii) That the Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of your 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, 2012 on a "going concern" basis.

AUDITORS:

M/s J. N. Banerjee & Co., Chartered Accountants, Auditors of the Company, hold office till the conclusion of this Annual General Meeting. They have expressed their willingness to continue as the Statutory Auditors of the Company, if so reappointed and have furnished to the Company the requisite certificate to the effect that their re-appointment if affected would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. Accordingly, approval of the Shareholders will be sought at the ensuing Annual General Meeting of the Company to the re-appointment of and remuneration payable to M/s J. N. Banerjee & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

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COMMENTS 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 & Building could not be segregated in absence of adequate details and without incurring huge expenses.
- ii) As per Management opinion, there is no impairment loss, due to discontinuation of operation and disposal of fixed assets of ingot plant.
- iii) In the opinion of the Management, diminution in market value of investments held at costs are temporary in nature.

PUBLIC DEPOSIT:

The provisions of Section 58A of the Companies Act, 1956 and the rules framed there under in respect of acceptance of deposits are not applicable to your Company.

PARTICULARS OF EMPLOYEES:

Disclosures in terms of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to your Company.

INFORMATION AS TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The provisions 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 in respect of Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo are not applicable during the year under review.

CODE OF CONDUCT:

Your Company has formulated Code of Conduct which applies to Board Members and Senior Management Personnel of the Company. Confirmations towards adherence to the Code during the Financial year 2011-12 have been obtained from all the Board members and Senior Management Personnel in terms of the requirements of Clause 49 of the Listing Agreement and a declaration relating to compliance of this code during the year under review by all Board members and Senior Management Personnel has been given by the Director of the Company which accompanies this report.

ACKNOWLEDGEMENT:

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 management.

FOR AND ON BEHALF OF THE BOARD

Place: Kolkata
Date: 26th May, 2012

V. N. AGARWAL
K. K. GANERIWALA
DIRECTORS

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ANNEXURE “A”

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance :

1) THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance practices stem from culture and mind set of the organization. As stakeholders across the country evidence keen interest in the practices and performance of Companies, Corporate Governance has emerged on the centre stage.

Over the years, governance processes and systems have strengthened at the Company. In addition to complying with statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. For implementing the Corporate Governance practices, the Company has a well defined policy framework. These policies and their effective implementation underpin the commitment of the Company to uphold the highest principles of Corporate Governance consistent with the Company's goal to enhance shareholder's value.

The Company continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also constantly endeavors to implement the best national practices of Corporate Governance in the overall interest of all stakeholders.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions with its stakeholders, employees, lenders, Government and Society at large.

The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company believes that all its actions might serve the underlying goal of enhancing overall shareholder value on a sustained basis.

2) BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that long term interests of the shareholders are being served.

The Board of Directors of your Company comprises of Non-Executive and Independent Directors. As on 31st March 2012, the Board consists of Four Directors out of which one is Non-Executive Independent and three are Non-Executive Directors. Directors are persons with experience and expertise in Business, Industry, Finance and Law.

The Independent Director of the Company furnishes a declaration at the time of his appointment as also annually that he qualifies the conditions of his being independent as laid under Clause 49. Such declaration is placed before the Board. Mr. K. K. Ganeriwala is the Independent Director of the Company.

The Composition of the Board and the category of Directors as on 31.03.2012 are as follows:-

| Sl. No. | Category | No. of Directors | % of Total |
|---------|--------------------------------------|------------------|---------------|
| 1. | Non-Executive Director & Promoter | 2 | 50.00 |
| 2. | Non-Executive & Independent Director | 1 | 25.00 |
| 3. | Non-Executive Director | 1 | 25.00 |
| | TOTAL | 4 | 100.00 |

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The further details relating to the Composition of the Board as on 31.03.2012 are as follows :

| Sl. No. | Name of the Board Members | Category | No. of other Directorships including all Indian and Foreign Companies | No. of other Board Committee(s) of which he is a Member | No. of other Board Committees of which he is a Chairperson |
|---------|---------------------------|--------------------------------------|---|---|--|
| 1. | Mr. V. N. Agarwal | Non - Executive Director & Promoter | 12 | 6 | 2 |
| 2. | Mr. Prakash Agarwal | Non - Executive Director & Promoter | 15 | 7 | — |
| 3. | Mr. K.K. Ganeriwala | Non - Executive Independent Director | 14 | 9 | 4 |
| 4. | Mr. G.K. Agarwal | Non - Executive Director | 6 | — | — |

3) DETAILS OF BOARD MEETINGS AND ANNUAL GENERAL MEETING HELD AND ATTENDED BY THE DIRECTORS DURING THE FINANCIAL YEAR 2011-2012

(i) During the Financial Year 2011-12 Six Board Meetings were held on:-

28th April, 2011, 30th May, 2011, 24th June, 2011, 28th July, 2011, 5th November, 2011 and 3rd February, 2012.

(ii) Details of Attendance record of the Directors at the Board Meetings and the last Annual General Meeting are as follows:

| Name of the Board Members | No. of Board Meetings Attended | Attendance at the last AGM held on 16th September, 2011 |
|---------------------------|--------------------------------|---|
| Mr. V.N. Agarwal | 6 | Yes |
| Mr. Prakash Agarwal | 4 | Yes |
| Mr. K.K. Ganeriwala | 6 | Yes |
| Mr. G.K. Agarwal | 6 | Yes |

4) BOARD MEETINGS

- The Company's Governance policy requires the Board to meet at least four times in a year with a time gap between any two Board Meetings not exceeding four months.
- In terms of Company's Corporate Governance Policy, all statutory, significant and material information are placed before the Board to enable it to discharge its responsibility.
- The Internal Guidelines for Board Meetings facilitate the decision making process at the Meeting of the Board in an informed and efficient manner.

5) BOARD AGENDA

Meetings are governed by structured Agenda. 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

Apart from the items that are required to be placed before the Board for its approval, both under the statutes and the Governance policy, the following are also tabled for the Board's periodic review and information.

- i) Quality performance against plan
- ii) Treasury Policy
- iii) Internal Audit Findings
- iv) Status of business risk exposure and its management
- v) Write offs/disposals
- vi) Significant Court judgment and order
- vii) Terms of reference of Board Committees

7) BOARD PROCEDURE

- (i) The Members of the Board have been provided with the requisite information as required by Annexure 1A to Clause 49 of the Listing Agreements well before the Board Meetings and the same were dealt with appropriately.
- (ii) All Directors who are in various committees are within the permissible limits as stipulated in Clause 49(IC) of the Listing Agreements. The Directors from time to time have intimated to the Company 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 Investors Grievance Committee. The Terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee meetings are placed at the Board Meetings for the information of the Board.

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 formalities and legal requirements concerning financial statements.
- (c) Recommending to the Board the appointment/re-appointment of Statutory Auditors, fixation of their Audit Fees and approving payments made for any other services rendered by them.
- (d) Reviewing with the Management the Quarterly and the Annual Financial Statements before submission to the Board for approval.
- (e) Reviewing with the management the performance of the Statutory Auditors and the adequacy of internal control function.
- (f) Reviewing the internal audit function and the progress in the implementation of recommendations contained in the Internal Audit Report.
- (g) Efficiency and effectiveness of operations.
- (h) Safeguarding of the assets and adequacy of provision for all liabilities.
- (i) Reliability of financial and other management information and adequacy of disclosures.

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- (j) Compliance with all relevant statutes.
- (k) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- (l) Reviewing of the Statement of Related Party transactions as submitted by the Management.

The Composition of the Audit Committee and the Attendance of the Members at the Audit Committee Meetings during the Financial year 2011- 2012 are furnished below:-

| Name of the Director | No. of meetings attended | Chairman/ Member | Category |
|----------------------|--------------------------|------------------|-----------------------------|
| Mr. K. K. Ganeriwala | 5 | Chairman | Non Executive & Independent |
| Mr. V. N. Agarwal | 5 | Member | Non Executive & Promoter |
| Mr. G. K. Agarwal | 5 | Member | Non Executive |

ii) INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee of the Board oversees redressal of shareholders and investor grievances and approves sub-division/transmission or transfer of shares, issue of duplicate share certificate etc.

Investors' Grievance Committee consists of Mr. K. K. Ganeriwala and Mr. Prakash Agarwal of which Mr. K. K. Ganeriwala is the Chairman.

Ms. Ranu Dey, Company Secretary acts as the Compliance Officer of the Company.

During the year ended 31st March 2012, no complaints/queries were received and accordingly no reply was pending as on 31st March, 2012. There were no transfer of shares pending for registration as on 31st March 2012 and all transfers had been effected within a period of 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. Details of remuneration paid/payable to Directors are as under:-

- No Commission is payable to any Director.
- Apart from sitting fees no other remuneration is paid/payable to the Non-Executive Directors.
- Sitting fees paid/payable to Non-Executive Directors during the Financial year ended 31st March 2012 were as follows:-

| Name of Director | Sitting Fees paid |
|----------------------|-------------------|
| Mr. V. N. Agarwal | Rs. 3,000/- |
| Mr. Prakash Agarwal | Rs. 2,000/- |
| Mr. K. K. Ganeriwala | Rs. 3,000/- |
| Mr. G. K. Agarwal | Rs. 3,000/- |

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10) GENERAL MEETINGS

- i) Details of Annual General Meeting (AGM) held in the last three years are as under :

| Financial Year | Location | Date | Time |
|----------------|---|----------------------|-----------|
| 2010 - 2011 | Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046. | 16th September, 2011 | 11 a.m. |
| 2009 - 2010 | Registered Office at : 41, Mirza Ghalib Street, Kolkata-700016. | 30th July, 2010 | 10 a.m. |
| 2008 - 2009 | Registered Office at : 41, Mirza Ghalib Street, Kolkata-700016. | 29th July, 2010 | 4.00 a.m. |

- ii) Whether Special Resolutions were put through Postal Ballot last year : No
- iii) Are Special Resolutions proposed to be put through Postal Ballot this year : No
- iv) Procedure to be followed for Postal Ballot : In accordance with the provisions (if applicable) of Section 192A of the Companies Act, 1956 read with the Rules made there under and guidelines issued by the Institute of Company Secretaries of India.

11) DISCLOSURES

- i) There are no materially significant transactions with the Related Parties viz. Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interests of the Company at large.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital markets, during the last three years.
- iii) Your Company has a well laid out Code of Conduct and Business Ethics for the Board of Directors and Senior Management Personnel. It is one of the best means for increasing the transparency in the working of the Companies. The Board Members and the Senior Management Personnel of the Company adhere to this principle and compliance with the same is affirmed by each of them annually.
- iv) The Company is in compliance with the requirements of the Corporate Governance, which reflects in this report. The Company can assure to adopt the residual non-mandatory requirements, not covered under this report in the coming years. The details of compliance status as on 31.03.2012 are given herein under:

| Particulars | Clause of Listing Agreement | Compliance Status (Yes/No) | Remarks |
|---|-----------------------------|----------------------------|---------|
| I. Board of Directors | Clause 49 (I) | | |
| (A) Composition of Board | Clause 49 (IA) | Yes | |
| (B) Non-Executive Directors' Compensation & Disclosures | Clause 49 (IB) | N.A. | |
| (C) Other provisions as to Board and Committees | Clause 49 (IC) | Yes | |