



BAJAJ STEEL INDUSTRIES LIMITED

43rd Annual Report 2003-2004

Chairman	Shri Hargovind Bajaj
Managing Director	Shri Rohit Bajaj
Executive Director	Shri Sunil Bajaj
Whole-time Director	Shri Ashish Bajaj
Directors	Shri Vinodkumar Bajaj Shri Lalchand Mutha Smt. Ramadevi Ruia Shri Prakash Maheshwari Shri Kamal Kishore Kela Shri Mohan Agrawal Shri R. G. Dwivedi (MPFC Nominee)
Company Secretary	Shri Anand Daga
Auditors	B. Chhawchharia & Co.
Bankers	Bank of Maharashtra State Bank of India
Registered Office	Imambada Road NAGPUR - 440 018
Works	Imambada Road NAGPUR - 440 018 D-5/2, MIDC Area, NAGPUR - 440 028 Bajaj - Gram, Post - Savli, Sausar - 480 106 Distt. - Chhindwara (M.P.)

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty-Third Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Thursday, the 30th day of September, 2004 at 4.00 P.M. at VIA Hall, Udyog Bhavan, Opp. Sales Tax Office, Civil Lines, Nagpur - 440 001 to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as at that date and Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Lalchand Mutha, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Prakash Maheshwari, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

To consider and, if thought fit, to pass with or without modification the following as an Ordinary Resolution:

5. "RESOLVED THAT pursuant to all applicable provisions of the Companies Act, 1956 and subject to such permissions, consent and approval as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Ashish Bajaj as the Whole-Time Director of the Company for a period of 5 (five) years with effect from 1st February, 2004 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Ashish Bajaj, a draft whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement so as not to exceed the limits specified in the Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Shri Ashish Bajaj, Whole-Time Director."
6. "RESOLVED THAT pursuant to all applicable provisions of the Companies Act, 1956 and subject to such permissions, consent and approval as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Rohit Bajaj as the Managing Director of the Company for a period of 5 (five) years with effect from 1st July, 2004 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Rohit Bajaj, a draft whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement so as not to exceed the limits specified in the Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Shri Rohit Bajaj, Managing Director."
7. "RESOLVED THAT pursuant to all applicable provisions of the Companies Act, 1956 and subject to such permissions, consent and approval as may be required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Sunil Bajaj as the Executive Director of the Company for a period of 5 (five) years with effect from 1st July, 2004 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Sunil Bajaj, a draft whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement so as not to exceed the limits specified in the Schedule

XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Shri Sunil Bajaj, Executive Director."

Registered Office :

Imambada Road,
Nagpur - 440 018

By order of the Board

Anand Daga
Company Secretary

Dated : 21st August, 2004

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Register of Members of the Company will remain closed on 30th September, 2004.
3. Members are requested to :
 - a) Intimate to the Company the changes, if any, in their registered addresses alongwith **Pin Code Number**.
 - b) Quote their **Folio Number** in all their correspondence.
4. Members who have multiple folios with identical order of names are requested to intimate to the Company these folios to enable the Company to consolidate all share holdings into one folio.
5. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the special business under Item No. 5, 6 & 7 as set out above are annexed hereto, which forms part of notice of even date.

EXPLANATORY STATEMENT

Under Section 173 (2) of the Companies Act, 1956

ITEM NO. 5, 6 AND 7

Shri Ashish Bajaj was appointed as the Whole-Time Director of the Company for a period of 5 (five) years with effect from 1st February, 1999. The period of office of Shri Ashish Bajaj as the Whole-Time Director expired on 31st January, 2004. The Board of Directors have re-appointed Shri Ashish Bajaj as the Whole-Time Director of the Company for a further period of 5 (five) years effective from 1st February 2004.

Shri Rohit Bajaj was re-appointed as the Managing Director of the Company and Shri Sunil Bajaj was re-appointed as the Executive Director of the Company for a period of 5 (five) years with effect from 1st July, 1999. The period of office of Shri Rohit Bajaj as the Managing Director and Shri Sunil Bajaj as the Executive Director expired on 30th June, 2004.

The Board of Directors have re-appointed Shri Rohit Bajaj as the Managing Director and Shri Sunil Bajaj as the Executive Director of the Company for a further period of 5 (five) years effective from 1st July, 2004.

The remuneration paid to each to them, terms and conditions of their re-appointment have been fixed in line with Schedule



XIII to the Companies Act, 1956, as detailed hereunder, which are applicable to each of them :

- A) Salary : In the pay scale of Rs. 60,000 – Rs. 3,000 – Rs. 75,000 per month.
- B) Commission : In case of Whole-Time Director – 3% per annum of the net profit of "Superpack", Plastic Division of the Company, subject to a ceiling of an amount equal to Annual Salary.
In case of Managing Director and Executive Director – 1% per annum of the net profits of the Company, subject to a ceiling of an amount equal to Annual Salary.
- C) Perquisites : Perquisite shall be allowed, in addition to salary and commission. Perquisites shall be restricted to an amount equal to the annual Salary or Rs. 4,50,000/- per annum, whichever is less. Perquisites are classified as under:

Category - A

- i) Housing : a) The expenditure by the Company on hiring furnished accommodation will be subject to the following ceilings:
60% of the Salary, over and above 10% payable by the Whole-Time / Managing / Executive Director.
b) In case of no accommodation is provided by the Company the Whole-Time / Managing / Executive Director shall be entitled to house rent allowance subject to the ceiling laid down in (a) above.
c) In case of the accommodation provided is owned by the Company, 10% of the Salary of the Whole-Time / Managing / Executive Director shall be deducted by the Company.
Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall, however, be subject to a ceiling of 10% of the Salary of the Whole-Time / Managing / Executive Director.
- ii) Medical reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months's salary over a period of three years.
- iii) Leave travel concession : Leave Travel Concession for self and family once in a year.
- iv) Club fees : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
- v) Personal Accident Insurance : Annual Premium of Personal Accident Insurance shall not exceed Rs. 4,000/-

Note : For the purpose of perquisites stated above "family" means the spouse, the dependent children and dependent parents of the appointee.

Category - B

- vi) Contribution to Provident Fund and Super Annuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together, are not taxable under the Income Tax Act, 1961.
- vii) Gratuity payable shall not exceed half a month's salary for each completed year of service.

Category - C

- v) Earned Leave : On full pay and allowance as per the rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

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- ix) Provision of car for use on the Company's business and telephone at residence will not be considered as perquisite. Personal Long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Whole-Time / Managing / Executive Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part - II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof as may be for the time being, in force.

The draft agreement to be entered into between the Company and Shri Ashish Bajaj, Shri Rohit Bajaj and Shri Sunil Bajaj is available for inspection at the Registered Office of the Company on any working day upto the date of the Annual General Meeting between 3.00 P.M. to 5.00 P.M.

Shri Ashish Bajaj, Shri Rohit Bajaj and Shri Sunil Bajaj are interested in passing of these resolutions in as much as it concerns payment of remuneration to each of them as well as being relative of each other. Shri Hargovind Bajaj, Shri Vinod Kumar Bajaj and Smt. Ramadevi Ruia being relative of Shri Ashish Bajaj, Shri Rohit Bajaj and Shri Sunil Bajaj may therefore, be deemed to be interested in the passing of these resolutions to that extent. Save as aforesaid, none of the other Directors are in any way interested or concerned in the passing of these resolutions.

The notice of the meeting and explanatory statement thereof under Section 173(2) of the Companies Act, 1956 which contains the terms and conditions of the re-appointment of Shri Ashish Bajaj as the Whole-Time Director, Shri Rohit Bajaj as the Managing Director and Shri Sunil Bajaj as the Executive Director may be considered to be an abstract of the terms and conditions of their re-appointment under Section 302 of the Companies Act, 1956.

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REPORT OF THE DIRECTORS

The Directors present their Forty-Third Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2004 :

FINANCIAL RESULTS

	31.03.2004 Rs.	31.03.2003 Rs.
SALES AND OTHER INCOME	975,218,252	777,589,270
Profit before Interest & Depreciation	75,220,746	51,145,657
Less : Interest	26,765,506	27,287,560
: Depreciation	<u>16,640,031</u>	<u>17,026,210</u>
	43,405,537	44,313,770
Profit before Tax	31,815,209	6,831,887
Less : Provision for Taxation	<u>1,703,779</u>	<u>-</u>
Net Profit	30,111,430	6,831,887
Add : Balance Brought forward	<u>8,637,447</u>	<u>1,805,506</u>
	38,748,877	8,637,447
Less : Appropriations		
Transfer to General Reserve	<u>30,326,000</u>	<u>-</u>
Balance Carried Forward	8,422,877	8,637,447

DIVIDEND

During the year under review, the working of the Company has improved. In order to enhance the performance of the Company it is necessary to continue its expansion programme. Keeping this in view and to augment the resources, the Directors have decided not to recommend any dividend for the year under review.

WORKING & FUTURE PROSPECTS

The Company's performance is affected to a certain extent due to inadequate Working Capital. Application is being made for enhancement of Working Capital limits to the Bankers of the Company.

The Board of Directors are trying their best to further improve the performance of the Company. Sales during the first 3 months of the current year are Rs. 226.43 millions against Rs. 174.19 millions for the corresponding period of the previous year.

AUDITORS' REPORT

As regards observations in Point No. 21 of Annexure to the Auditor's Report, appropriate action will be taken by the Company against the parties involved in the matter.

PUBLIC DEPOSITS

Out of the public deposits aggregating to Rs. 23,361,000/- as on 31st March 2004, seven deposits amounting to Rs. 73,000/- though matured before 31st March, 2004 were not claimed by the depositors and two deposits amounting to Rs. 8,000/- are unclaimed as on the date of this report.

PARTICULARS OF EMPLOYEES

There is no employee in respect of whom particulars pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975; are required to be given.

CONSERVATION OF ENERGY

The Company lays great emphasis on saving in the cost of energy consumption. Achieving reduction in the per unit consumption of energy is an ongoing exercise in the Company. Effective measures have been taken to minimize the loss of energy as far as possible.

BAJAJ STEEL INDUSTRIES LIMITED**TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

The Company is always in pursuit of finding the ways and means to improve the performance, quality and cost effectiveness of its products. The technology used by the Company is updated as a continuous exercise. The Company does not have a separate Research and Development activity.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange earnings through exports and foreign exchange outgo on account of imports, expenditure on Travelling and other matters etc. are shown in the Notes No. 12(c), 12(b) and 12(d) respectively of Notes on Accounts. To avoid repetition, the members are requested to refer to these Notes.

LISTING OF SHARES

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai. Moreover, annual listing fees of the Stock Exchange for the financial year 2004-2005 has been paid by the Company.

The Board of Directors of the Company has approved the proposal of Dematerialisation of Shares of the Company, the necessary formalities in this regard are being complied with and as soon as Company receives the International Security Identification Number (ISIN Number) it shall be intimated to the shareholders of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

As per provision of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The accounting policies have been consistently applied and reasonable and prudent judgement and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and the Profit and Loss Account of the Company for the period.
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 has been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

DIRECTORS

Shri Lalchand Mutha and Shri Prakash Maheshwari, retire by rotation and being eligible offer themselves for re-appointment. During the year under review, Madhya Pradesh Financial Corporation has nominated Shri R. G. Dwivedi, on the Board of the Company with effect from 5th April 2004.

AUDITORS

During the year under review, M/s. Bajaj Rege Patel, Chartered Accountants, Mumbai and M/s. K. C. Agrawal & Co., Chartered Accountants, Nagpur resigned from the office of the Auditors of the Company. The Board places on record its appreciation for the valuable and significant contribution made by M/s. Bajaj Rege Patel, Chartered Accountants, Mumbai and by K. C. Agrawal & Co., Chartered Accountants, Nagpur during their tenure as the Auditors of the Company.

M/s. B. Chhawchharia & Co., Chartered Accountants, were appointed as Auditors of the Company at the Extra - Ordinary General Meeting of the Company held on 8th March, 2004.

M/s. B. Chhawchharia & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT

The Directors are grateful to the Bankers and Financial Institutions for their continued support, co-operation and assistance during the year.

The Directors express their thanks for the sincere and dedicated efforts put in by the workers, staff and officers during the year.

For and on behalf of the Board

Nagpur
Dated : 21st August, 2004

Hargovind Bajaj
Chairman



AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. Bajaj Steel Industries Limited as at 31st March, 2004, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed hereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report that:

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c. The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d. In our opinion, subject to our comments hereinafter, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 the Companies Act, 1956 (as amended);
 - e. On the basis of the written representation received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the Accounts, give the information required by the Companies Act, 1956, in the manner so required give a true and fair view :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004,
 - ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - iii) in the case of Cash Flow Statements, of the Cash flows of the Company for the year ended on that date.

For B. Chhawchharia & Co.
Chartered Accountants

Vinit Bagaria
Partner

Membership No. 500872

Place : Nagpur
Dated : 21st August, 2004

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our Report of even date.

- (i) a) Proper records showing full particulars including quantitative details and situation of fixed assets are being compiled by the Company.
- b) According to the information and explanation given to us, all the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As explained, no material discrepancies were noticed on such verification.
- c) The Company has not disposed substantial part of its fixed assets during the year.
- (ii) a) According to the information and explanation given to us, physical verification of inventory has been conducted by the management at reasonable intervals.
- b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory.
- (iii) a) The Company has taken unsecured loans from five companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 821.25 Lacs and the year-end balance of loans taken from such companies was Rs. 529.21 Lacs. The Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 195.00 Lacs against which there was no year end balance.
- b) In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been given or taken to / from companies listed in the register maintained under Section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.
- c) The payment of principal amounts and interest are generally regular as per stipulations, wherever such stipulations exist.
- d) In our opinion and according to the information and explanation given to us, there is no overdue amount of loans exceeding one Lacs.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control.
- (v) a) According to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 are being updated.
- b) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5,00,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has a formal internal audit system commensurate with the size of the Company and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) In our opinion and according to the information and explanations given to us:
 - a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues, as applicable, with the appropriate authorities.
 - b) There are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as detailed in Annexure I.
- (x) There are no accumulated losses in the Company and the Company has not incurred any cash loss in the year