



BAJAJ STEEL INDUSTRIES LIMITED

44th Annual Report 2004-2005

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 Kamal Kishore Kela Shri Mohan Agrawal Shri R. G. Dwivedi (MPFC Nominee)
Company Secretary	Shri Murli Lahoti
Auditors	B. Chhawchharia & Co. 602, Govind Estates, Plot No. 172, Shivaji Nagar, Nagpur - 440 010.
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.)

BAJAJ STEEL INDUSTRIES LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty-Fourth Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Wednesday, the 14th day of September, 2005 at 4.00 P.M. at VIA Hall, Udyog Bhavan, 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, 2005 and the Balance Sheet as at that date and Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2005.
3. To appoint a Director in place of Smt. Ramadevi Ruia, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Shri Vinod Kumar Bajaj, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Registered Office :

Imambada Road,
Nagpur - 440 018

By order of the Board

Murli Lahoti
Company Secretary

Dated : 28th July, 2005

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 from 8th September, 2005 to 14th September, 2005
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 Company has appointed M/s. Adroit Corporate Services Private Limited, 1st Floor, 19 Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059 as its Registrar and Share Transfer Agent. However, the existing Secretarial Services are also available at the Company's Registered Office at Imambada Road, Nagpur - 440 018.



REPORT OF THE DIRECTORS

The Directors present their Forty-Fourth Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2005 :

FINANCIAL RESULTS

	2004-2005	2003-2004
	Rs.	Rs.
SALES AND OTHER INCOME	1,476,757,828	975,218,252
Profit before Interest & Depreciation	83,339,038	75,220,746
Less : Interest	32,586,856	26,765,506
: Depreciation	<u>17,694,263</u>	<u>16,640,031</u>
	33,057,919	31,815,209
Add : Extra Ordinary Item	1,700,340	-
(Written Back of Provision made for Diminution in value of Investments)		
Profit before Tax	34,758,259	31,815,209
Less : Provision for Taxation	<u>10,082,045</u>	<u>1,703,779</u>
Net Profit	24,676,214	30,111,430
Add : Balance Brought forward	<u>8,422,877</u>	<u>8,637,447</u>
	33,099,091	38,748,877
Less : Appropriations		
Proposed Dividend	4,400,000	-
Corporate Dividend Tax	617,100	-
Transfer to General Reserve	<u>15,000,000</u>	<u>30,326,000</u>
Balance Carried Forward	<u>13,081,991</u>	<u>8,422,877</u>

DIVIDEND

Considering the performance of the Company, your Directors are pleased to recommend a dividend of Rs. 2.00 per Share.

The dividend as recommended would involve an outflow of Rs. 44.00 Lacs towards dividend and Rs. 6.17 Lacs towards corporate dividend tax, resulting in a total outflow of Rs. 50.17 Lacs. The dividend will be distributed to the members whose name appears on the register of members as on the date of Annual General Meeting.

WORKING & FUTURE PROSPECTS

During the year under review, the turnover of the Company increased substantially from Rs. 97.52 Crores in the year 2003-04 to Rs. 147.68 Crores in the year 2004-05 representing a growth of 51.44%.

The working of the Company for the year under report shows a profit before Tax of Rs. 34,758,259 representing a growth of 9.25% as compared to the profit before tax of Rs. 31,815,209 for the previous year. The Company is continuing to explore more opportunities for both of its divisions. The Board of Directors are hopeful that the performance of the Company will improve.

AUDITORS' REPORT

The observations made by the auditors are self-explanatory and does not require any clarification.

PUBLIC DEPOSITS

The total public deposits as on 31st March, 2005 amounted to Rs. 30,055,000/-.

Nine deposits amounting to Rs. 332,000/- though matured before 31st March, 2005 were not claimed by the depositors, out of which four deposits amounting to Rs. 17,000/- are unclaimed as on the date of this report.

BAJAJ STEEL INDUSTRIES LIMITED**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 minimise the loss of energy as far as possible.

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 Notes No. 11(c), 11(b) and 11(d) respectively of notes on Accounts. To avoid repetition, the members are requested to refer to these Notes.

LISTING OF SHARES

The Shares of the Company are listed on The Stock Exchange, Mumbai. Annual listing fees of the Stock Exchange for the financial year 2005-2006 has been paid by 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, 2005 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

Smt. Ramadevi Ruia and Shri Vinod Kumar Bajaj, retire by rotation and being eligible offer themselves for re-appointment.

Shri Prakash Maheshwari, a Director of the Company passed away on 14th April, 2005. The Board of Directors deeply mourns the sad and untimely demise of Shri Prakash Maheshwari and prays to God to rest his soul in eternal peace.

AUDITORS

M/s B. Chhawchharia & Co. Chartered Accountants, Nagpur 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.

Nagpur

Dated : 28th July, 2005

For and on behalf of the Board

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, 2005, 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 (as amended), 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, 2005 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, 2005,
 - 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 : 28th July, 2005



AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. Bajaj Steel Industries Limited as at 31st March, 2005, 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:

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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, 2005 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, 2005,
 - 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 : 28th July, 2005

BAJAJ STEEL INDUSTRIES LIMITED**ANNEXURE TO THE AUDITORS' REPORT**

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

- i) a) As informed, 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 not granted any loan secured, unsecured to companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has taken unsecured loans from four companies and two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1037.01 Lacs and the year-end balance of such loans taken was Rs 877.98 Lacs.
- c) In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from such companies and parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, prima facie, not prejudicial to the interest of the Company.
- d) The payment of principal amounts and interest are regular as per stipulations, wherever such stipulations exist.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 and services. During the course of audit, we have not observed any continuing failure to correct major weakness, if any, in internal control system
- v) a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 are being updated in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions that were made in the pursuance of such contracts or arrangements 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) i) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or other relevant provision of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
- ii) 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, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues, as applicable, with the appropriate authorities.
 - b) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, 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 under review or in the year immediately preceding the year under review.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund / society.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- (xvi) *In our opinion, the term loans have been applied for the purpose for which they were obtained.*
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company for the year under review, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year under review.
- (xix) The Company has not issued any debentures during the year under review.
- (xx) The Company has not raised any money by public issue during the year under review.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

For B. Chhawchharia & Co
Chartered Accountant

Place : Nagpur
Dated : 28th July, 2005

Vinit Bagari
Partner
Membership No. 50087