



BAJAJ STEEL INDUSTRIES LIMITED
47th Annual Report 2007-2008



BAJAJ STEEL INDUSTRIES LIMITED

BOARD OF DIRECTORS

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) Shri Rajkumar Lohia Shri Rajiv Ranka Shri Alok Goenka
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
R & T Agent	Adroit Corporate Services Private Limited 1 st Floor, 19/20, Jaferbhoy Industrial Estate Makwana Road, Marol Naka, Mumbai – 400 059 Tel : (022) 2859 0942/4442/4428/4060 email: adroits@vsnl.net
Registered Office	Imambada Road NAGPUR - 440 018 email: cs@bajajngp.com
Works	Imambada Road Nagpur - 440 018 Plot No. B-14, D-5/1, C-54 & C-108 Hingna MIDC Area, Nagpur Bajajgram, Post – Savli Sausar – 480 106, Distt – Chhindwara (M.P.)

BAJAJ STEEL INDUSTRIES LIMITED**NOTICE TO MEMBERS**

NOTICE is hereby given that the Forty-Seventh Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Tuesday, the 30th day of September, 2008 at 4.00 P. M. at VIA Hall, Udyog Bhavan, Civil Lines, Nagpur – 440 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2008 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, 2008.
3. To appoint a Director in place of Shri V. K. Bajaj, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kamal Kishore Kela, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass, with or without modification(s), the following resolutions, as ordinary resolutions:

6. "RESOLVED THAT Shri Rajkumar Lohia be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. "RESOLVED THAT Shri Rajiv Ranka be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. "RESOLVED THAT Shri Alok Goenka be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered office:

Imambada Road,
Nagpur - 440 018

By order of the Board

Murli Lahoti
Company Secretary

Dated : 28th August, 2008

NOTES

1. Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out under item No. 6 to 8 is appended below.
2. 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.
3. The Register of Members of the company will remain closed from 22nd September, 2008 to 30th September, 2008.
4. Members are requested to:
 - a) Intimate to the R & T Agent about the changes, if any, in their registered addresses, Dividend Mandates etc.
 - b) Quote their **Folio Number** in all their correspondence.
5. Members who have multiple folios with identical order of name are requested to intimate to the R & T Agent these folios to enable the R & T Agent to consolidate all share holdings into one folio.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item no. 6

Shri Rajkumar Lohia, B.A. Is Chairman & Managing Director of Lohia Starlinger Limited, which is a very reputed capital equipment manufacturer Company and has a vast experience of more than 25 years in engineering sector.

He was appointed as an Additional Director by the Board of Directors of the company. In terms of Section 260 of the Companies Act, 1956 Shri Rajkumar Lohia shall hold office upto the date of Annual General Meeting of the Company, the Company has received a valid notice and requisite deposit from a member of the company under section 257 of the Companies Act, 1956 proposing the candidature of Shri Rajkumar Lohia for office of Director. Looking at the background and valuable experience of Shri Rajkumar Lohia, it will be in the interest of the company that Shri Rajkumar Lohia continues as a Director of the Company. The Directors recommend the resolution for approval of the Members. Shri Rajkumar Lohia is interested in the resolution as it relates to his appointment. None of the other Directors of the company, in any way, concerned or interested in the said resolution.

Item no. 7

Shri Rajiv Ranka, B.E. Has valuable work experience in Automobile Industry and has his owns units of plastic processing as automobile ancillary units.

He was appointed as an Additional Director by the Board of Directors of the company. In terms of Section 260 of the Companies Act, 1956 Shri Rajiv Ranka shall hold office upto the date of Annual General Meeting of the Company, the Company has received a valid notice and requisite deposit from a member of the company under section 257 of the Companies Act, 1956 proposing the candidature of Shri Rajiv Ranka for office of Director. Looking at the background and valuable experience of Shri Rajiv Ranka, it will be in the interest of the company that Shri Rajiv Ranka Continues as a Director of the Company. The Directors recommend the resolution for approval of the Members. Shri Rajiv Ranka is interested in the resolution as it relates to his appointment. None of the other Directors of the company, in any way , concerned or interested in the said resolution.

Item no.8

Shri Alok Goenka, B. Tech from IIT Kanpur and M.S. From USA has a long experience in management of plastic processing and successful agricultural farming.

He was appointed as an Additional Director by the Board of Directors of the company. In terms of Section 260 of the Companies Act, 1956 Shri Alok Goenka shall hold office upto the date of Annual General Meeting of the Company, the Company has received a valid notice and requisite deposit from a member of the company under section 257 of the Companies Act, 1956 proposing the candidature of Shri Alok Goenka for office of Director. Looking at the background and valuable experience of Shri Alok Goenka, it will be in the interest of the company that Shri Alok Goenka Continues as a Director of the Company. The Directors recommend the resolution for approval of the Members. Shri Alok Goenka is interested in the resolution as it relates to his appointment. None of the other Directors of the company, in any way , concerned or interested in the said resolution.

Registered office:

Imambada Road,
Nagpur - 440 018

Dated : 28th August, 2008

By order of the Board

Murli Lahoti
Company Secretary

BAJAJ STEEL INDUSTRIES LIMITED**REPORT OF THE DIRECTORS**

The Directors presents their Forty-Seventh Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2008:

FINANCIAL RESULTS :		RUPEES	
	GROWTH(In %)	31.03.2008	31.03.2007
SALES AND OTHER INCOME	8.18%	<u>2,147,430,751</u>	<u>1,985,004,488</u>
Profit before Interest & Depreciation		<u>172,716,471</u>	<u>103,840,959</u>
Less : Interest		<u>42,369,893</u>	<u>45,048,646</u>
Depreciation		<u>21,838,501</u>	<u>19,746,857</u>
		<u>108,508,077</u>	<u>39,340,061</u>
Add : Extra Ordinary Item		<u>(-)</u>	<u>(311,634)</u>
Profit before Tax	178.02%	<u>108,508,077</u>	<u>39,028,427</u>
Provision for Taxation		<u>39,790,079</u>	<u>13,548,557</u>
Net Profit	169.70%	<u>68,717,998</u>	<u>25,479,870</u>
Add : Balance Brought Forward from previous year		<u>19,015,929</u>	<u>13,683,839</u>
		<u>87,733,927</u>	<u>39,163,709</u>
Less : Appropriations :			
Proposed Dividend		<u>4,400,000</u>	<u>4,400,000</u>
Corporate Dividend Tax		<u>747,780</u>	<u>747,780</u>
Transfer to General Reserve		<u>70,000,000</u>	<u>15,000,000</u>
Balance Carried Forward to Balance Sheet		<u>12,586,147</u>	<u>19,015,929</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.7.48 Lacs towards corporate dividend tax, resulting in a total outflow of Rs. 51.48 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 gradually from Rs.198.50 Crores in the year 2006-07 to Rs. 214.74 Crores in the year 2007-08 representing a growth of 8.18%. The profitability of the Company increased from Rs. 2.55 Crores for the year 2006-07 to Rs.6.87 Crores for the year 2007-08 representing a growth of 169.70%. The Board of Directors are hopeful that the performance of the Company will improve. The working of both the division of the Company is given below:



● **STEEL DIVISION:**

The steel division is concentrating in its core business of manufacturing Cotton ginning and Pressing machines which has a great potential to expand, considering the increasing cotton cultivation in India & abroad.

● **PLASTIC DIVISION (SUPERPACK):**

1. As the Super pack Bag division for manufacturing Woven Sacks & Fabric situated at Sausar, Distt. Chhindwara in M.P. was incurring continuous losses, the Company closed the Bag division w.e.f. 7th October, 2007 in pursuance of the permission received from the Labour Department, Government of Madhya Pradesh and the workers liability including the statutory liabilities was paid in accordance with the order of the Department. Your Company is in the process of selling this closed unit in parts, subject to the compliance of statutory obligations/ permission.
2. The Company is giving immense thrust to improve the performance of Master Batch segment in Plastic Division by achieving higher revenue and profitability.

AUDITORS' REPORT :

The observations made by the auditors read together with the relevant notes thereon, are self-explanatory.

PUBLIC DEPOSITS :

The total public deposits as on 31st March, 2008 were Rs. 19,185,000/-. Three deposits amounting to Rs. 25,000/- though matured before 31st March, 2008 were not claimed by the depositors. As on date all the three unclaimed deposits have been paid/renewed.

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 savings 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 is giving great emphasis on Research and Development activity.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Details of foreign exchange outgo on account of imports, foreign exchange earnings through exports and expenditure on Traveling and other matters etc. are shown in the Notes No. 14(b), 14(c) and 14(d) respectively of Notes on Accounts. To avoid repetition, the members are requested to refer to these Notes.

BAJAJ STEEL INDUSTRIES LIMITED**LISTING OF SHARES :**

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai. The Company has paid annual listing fees of the Stock Exchange for the financial year 2008-2009.

DIRECTORS RESPONSIBILITY STATEMENT :

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

- a. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. 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, 2008 and the Profit and Loss Account of the Company for the period.
- c. 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.
- d. The annual accounts have been prepared on a going concern basis.

DIRECTORS :

Shri Vinodkumar Bajaj and Shri Kamal Kishore Kela, retires by rotation and being eligible offers themselves for re-appointment.

Shri Rajkumar Lohia, Shri Rajiv Ranka and Shri Alok Goenka were appointed as additional Directors of the Company on 18th October, 2007. They hold office upto the ensuing Annual General Meeting and resolutions for their appointment have been included in the notice for approval of the members.

AUDITORS :

M/s B. Chhawchharia & Co., Chartered Accountants, Nagpur retires 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 : 28th August, 2008

Hargovind Bajaj
Chairman



AUDITORS' REPORT

To the members of Bajaj Steel Industries Limited

We have audited the attached Balance Sheet of M/s. Bajaj Steel Industries Limited as at 31st March, 2008, 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 the 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 as referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (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, 2008 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 and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
 - 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 the Cash Flow Statements, of the Cash flows of the Company for the year ended on that date.

Place: Nagpur
Date: 28th August, 2008

For B. CHHAWCHHARIA & CO.
Chartered Accountants

KETAN CHHAWCHHARIA
Partner
Membership No. 63422

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

Referred to in paragraph 1 of our Report of even date for the year ended 31st March, 2008.

- (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 program 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) In our opinion and according to the information and explanations given to us, 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 or 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 two 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 200.36 Lacs and the year-end balance of such loans taken was Rs.159.65 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 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 pursuance of contracts or arrangements that need to be entered into the register maintained in pursuance of 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 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, 58AA or other relevant provision of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
- (vii) In our opinion and according to the information and explanations given to us, the Company has a formal internal audit system commensurate with the size of the Company and nature of its business.