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BAJAJ STEEL INDUSTRIES LIMITED
48th Annual Report 2008-2009

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 Alok Goenka Shri Raj Kumar Lohia Shri Rajiv Ranka Shri R.G. Dwivedi (MPFC Nominee) (upto - 18.03.2009)

Company Secretary	Shri Jagdish Shirke
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Auditors	B. Chhawchharia & Co. 602, Govind Estates, Plot No. 172 Shivaji Nagar, Nagpur - 440 010
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Bankers/Financial Institution	SICOM LIMITED State Bank of India Axis Bank Limited
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R & T Agent	Adroit Corporate Services Private Limited 1 st Floor, 19/20, Jaferbhoy Industrial Estate Makwana Road, Marol Naka, Mumbai 400059 Tel : (022) 2859 0942/4442/4428/4060 E.mail: adroits@vsnl.net
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Registered Office	Imambada Road NAGPUR - 440 018 email: cs@bajajngp.com
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Works	Imambada Road Nagpur - 440 018 Plot No. B-14, C-108 & D-5/2 Hingna MIDC Area, <u>Nagpur</u> 440 028
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BAJAJ STEEL INDUSTRIES LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty-Eighth Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Thursday, 29th Day of October, 2009 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, 2009 and the Balance Sheet as at that date and Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity shares of the Company for the year ended 31st March, 2009
3. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act 1956; M/s B. Chhawchharia & Co, Chartered Accountants, Nagpur, the retiring Statutory Auditors, be and hereby re-appointed as the Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting at a remuneration as decided by the Board of Directors of the Company."
4. To appoint a Director in place of Shri Mohan Agrawal, who retires by rotation, and being eligible, offers himself for re-appointment
5. To appoint a Director in place of Shri Lalchand Mutha, who who retires by rotation, and being eligible, offers himself for re-appointment

SPECIAL BUSINESS :

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

6. RE-APPOINTMENT OF SHRI ROHIT BAJAJ AS A MANAGING DIRECTOR OF THE COMPANY :
SPECIAL RESOLUTION

"RESOLVED THAT in terms of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities, if any, as may be required and subject to such alterations and modifications, if any, that may be effected by the above authorities in that behalf Shri Rohit Bajaj be and is hereby re-appointed as a Managing Director of the Company for a period of 5 years w. e. f. 1st July, 2009, upon the terms and conditions as to remuneration appended to the notice and that the Board of Directors be and are hereby authorised to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors.

RESOLVED FURTHER THAT where in any financial year during the currency of the term of office, the Company has no profits or its profits are inadequate it may pay to Shri Rohit Bajaj, remuneration by way of salary and perquisites as specified above except the commission, in accordance with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Sunil Bajaj, Director or Shri Jagdish Shirke, Company Secretary of the Company be and is hereby authorised for the purpose of giving effect to the above resolution, to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary in this regard and further to execute all such deeds, documents and writings as may be necessary in this regard."

7. RE-APPOINTMENT OF SHRI SUNIL BAJAJ, AS A EXECUTIVE DIRECTOR OF THE COMPANY
SPECIAL RESOLUTION

"RESOLVED THAT in terms of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any amendment to or enactment thereof) and also subject to the approval of statutory authorities, if any, as may be required and subject to such alterations



and modifications, if any, that may be effected by the above authorities in that behalf Shri Sunil Bajaj be and is hereby re-appointed as a Executive Director of the Company for a period of 5 years w. e. f. 1st July, 2009, upon the terms and conditions as to remuneration appended to the notice and that the Board of Directors be and are hereby authorised to alter and vary such terms and conditions in accordance with the laws in force from time to time as may be agreed to by the Board of Directors.

RESOLVED FURTHER THAT where in any financial year during the currency of the term of office, the Company has no profits or its profits are inadequate it may pay to Shri Sunil Bajaj, remuneration by way of salary and perquisites as specified above except the commission, in accordance with Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Jagdish Shirke, Company Secretary of the Company be and is hereby authorised for the purpose of giving effect to the above resolution, to take all such actions and give all such directions, or do all such acts, deeds, matters and things as may be necessary in this regard and further to execute all such deeds, documents and writings as may be necessary in this regard."

8. APPOINTMENT OF SHRI LAV BAJAJ AS A BUSINESS DEVELOPMENT EXECUTIVE : SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 314 the Companies Act, 1956, Director's Relatives (Office or Place of Profit) Rules, 2003 and applicable provisions of the Companies Act, 1956, Shri Lav Bajaj son of Shri Sunil Bajaj, be and is hereby appointed as a "Business Development Executive" of the Company with effect from 1st October, 2008 at a monthly remuneration appended to the notice.

FURTHER RESOLVED THAT Shri Rohit Bajaj or Shri Sunil Bajaj, Directors of the Company be and are hereby authorised to do all deeds, acts, things, etc and to file forms as may be necessary to give effect to the said resolution."

9. AUTHORISATION FOR BORROWING POWERS: - ORDINARY RESOLUTION

"RESOLVED THAT in pursuant of the provision of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any; of the Companies Act, 1956 and Memorandum and Articles of Association of the Company; the consent of the Company in terms of the aforesaid section of the Act be and hereby accorded to the Board of Directors of the Company (the Board) for borrowing from time to time for the purpose of the Company business any sum or sums of the money as it deem proper notwithstanding that the monies already borrowed by the Company, if any (apart from the temporary loans obtains from the Company's Bankers in the ordinary course of the business) may exceed the aggregate for the time being of paid-up capital of the Company and its free reserve, if any, that is to say, reserve not set apart for any specific purpose reserve, provided that the total amount of the monies so borrowed by the Board, together with the money already borrowed (apart from the temporary loans obtains from the Company's Bankers in the ordinary course of the business), shall not exceed Rs. 150.00 Crores (Rupees One Hundred Fifty Crores only) outstanding at any one time and that for the implementation of this resolution the Board may Act through any Director thereof or any other person duly authorised by the Board in that behalf."

10. AUTHORISATION FOR CREATION OF CHARGES/ MORTGAGES/ HYPOTHECATIONS IN FAVOUR OF BANKS, ETC. AS SECURITY AGAINST LOAN /FINANCIAL ASSISTANCE : ORDINARY RESOLUTION

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of the provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company, to the creation by the Board of Directors of the Company of such mortgages, charges, hypothecations as the board may direct movables and immovable properties of the Company and assets of all kinds, both present and future, in the form of first and / or second and / or subservient mortgage / charge and / or floating charge and in such manner as the Board may Direct, to or in favour of all or any of the banks and any other investing agencies, trustees for the holders of debentures / bonds / other instruments which may be issued to and subscribed by all or any of the Banks / any other investing agencies or any other persons / bodies corporate by way of

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private placement or otherwise availed by the company of an amount not exceeding Rs.150.00 Crores. (Rupees One Hundred Fifty Crores only) at any time together with the interest thereon at respective agreed rates, compound interest, additional interest, liquidated damages, committed charges, premia on pre-payment, or on redemption, cost, charges, expenses and all other money payable by the company to the aforesaid parties or any of them under the loan agreements / arrangements entered into / to be entered into by the Company in respect of the said loan or any other form of financial assistance.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to finalize with Banks or other /or Others, the documents for creating / hypothecation and accepting / making any alterations , changes, variations to or in the terms and conditions to do all acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution."

Registered office:

Imambada Road,

Nagpur - 440 018

By order of the Board

Jagdish Shirke

Company Secretary

Dated : 15th, September, 2009

NOTES

- (a) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set under Item No. 6 to 8 is appended below.
- (b) 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.
- (c) The Register of Members of the Company will remain closed from 10th October, 2009 to 29th October, 2009 (both days inclusive)
Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year ended 31st March, 2009, when declared at Annual General Meeting, will be paid to the members whose names appear:
 - i. as Beneficial Owners as per List to be furnished by the Depositories in respect of the Shares held in Demat Form as of the Book Closure Date.
 - ii. as Members on the Register of Members of the Company as on 29th October, 2009 (AGM) after giving effect to all valid Share Transfer in physical form which could be received by the Company / Transfer Agent upto end of the Business hours on the 9th October, 2009
- (d) Members are requested to :
 - (i) Intimate to the R&T Agent about the changes, if any, in their registered addresses, Dividend Mandates etc.,
 - (ii) Quote their Folio Number in all their correspondence.
- (e) 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.
- (f) Dematerialisation of Shares :
This is to inform that 55% of the total equity shares have already been dematerialized as of 31st March, 2009. Shareholders who have not dematerialized their shares may opt the same accordingly.
- (g) Registrar and Share Transfer Agent :
M/s Adroit Corporate Services Private Limited, 1st Floor, 19/20, Jafferbhoy Industrial Estate, Makwana Road, Marol Naka, Mumbai-400 059 is Registrar and Share Transfer Agents. Therefore Shareholders of the Company are advised to send all future documents/correspondence such as request for Dematerialisation of Shares, Transfers of Shares, Change of Address, Change of Bank Mandate/ECS and other Share related matters to M/s Adroit Corporate Services Private Limited at the above mentioned address only



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

ITEM NO : 6 & 7:

Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director was appointed for a period of Five Years with effect from 1st July, 2004. The period of office of Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director expired on 30th June, 2009.

The Board of Directors have re-appointed Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director of the Company for a further period of 5 (five) years with effect from 1st July, 2009

The remuneration paid 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.1,50,000 - Rs.8,000 – Rs.1,90,000 per month.
- B) Commission : 1% per annum of the net profits of the Company.
- C) Perquisites : Perquisites shall be allowed, in addition to salary and commission, Perquisites shall be restricted to an amount equal to the annual Salary or Rs. 9,00,000/- per annum, whichever is less. Perquisites are classified as under:

Category – A

- i) Housing : As per Policy of the Company
- ii) Medical reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of Two month's salary in a year or Six month'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 Policy : Annual Premium of Personal Accident Insurance shall not exceed Rs.20,000/-

Note: For the purpose of perquisites stated in Part –B above "family" means the spouse, the dependents children and dependents parents of the appointee.

Category – B

- vi) Contribution to Provident Fund and Superannuation 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.

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- viii) 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 services. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

- ix) Provision of car for use on the Company's business and telephone at residence will not be considered as perquisites. 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 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 for the time being, be in force.

The draft agreement to be entered into between the Company and 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.

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 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 the Companies Act, 1956. The Directors recommend the resolution for approval of the Members.

Shri Rohit Bajaj and Shri Sunil Bajaj are interested in passing of the resolution in as much as it concern payment of remuneration to each of them as well as being relative of each other. Shri Hargovind Bajaj being relative of Shri Rohit Bajaj and Shri Sunil Bajaj may therefore, be deemed to be interested in passing of the resolutions to that extent. Save as aforesaid, none of the other Directors of the Company in any way concerned or interested in the said resolution.

ITEM NO : 8

Shri Lav Bajaj is a relative of Shri Sunil Bajaj, Executive Director of the Company and in terms of Section 314 of the Companies Act, 1956, Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions of the Companies Act, 1956, his appointment shall require the (Special Resolution) consent of members of the Company at General Meeting held for first time after holding of such office or place of profit.

The Terms and Conditions of the remuneration are as :

Basic	:	Rs.	22,300
D.A.	:	Rs.	1,000
H.R.A.	:	Rs.	4,660
Medical Allowance	:	Rs.	1,250
Transport Allowance	:	Rs.	800
Total	:	Rs.	30,010
P.F. Contribution	:	Rs.	2,796
Bonus	:	Rs.	4,660
Gratuity	:	Rs.	932
Total Monthly CTC	:	Rs.	38,398



The Directors recommend the resolution for approval of the members of the Company. Shri Hargovind Bajaj and Shri Sunil Bajaj being relative of Shri Lav Bajaj may therefore, be deemed to be interested in passing of the resolution to that extent. Save as aforesaid none of the other Directors of the Company, in any way concerned or interested in the said resolution.

ITEM No. 9 & 10 :

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs.150.00 Crores (Rupees One Hundred and fifty Crores only)

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/ or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties of the Company in favour of the lenders/agent(s)/trustees, with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence it is necessary to obtain approval for the same from the Shareholders.

Save as above, none of the Directors of the Company is, in any way, concerned or are interested in the said resolution.

REGISTERED OFFICE:

IMAMBADA ROAD
NAGPUR - 440 018

BY ORDER OF THE BOARD

JAGDISH SHIRKE
COMPANY SECRETARY

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

The Directors presents their Forty-Eighth Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2009:

FINANCIAL RESULTS :		RUPEES	
	GROWTH (In %)	31.03.2009	31.03.2008
SALES AND OTHER INCOME	21.85%	2,616,613,376	2,147,430,751
Profit before Interest & Depreciation		321,271,215	172,716,471
Less : Interest		44,729,064	42,369,893
Depreciation		43,138,545	21,838,501
		233,403,606	108,508,077
Add : Extra Ordinary Item		(-)	(-)
Profit before Tax	115.10%	233,403,606	108,508,077
Provision for Taxation		82,225,500	39,790,079
Net Profit	120.00%	151,148,606	68,717,998
Add : Balance Brought Forward from previous year		12,586,147	19,015,929
		163,734,753	87,733,927
Less : Appropriations :			
Proposed Dividend		4,400,000	4,400,000
Corporate Dividend Tax		747,780	747,780
Transfer to General Reserve		140,000,000	70,000,000
Balance Carried Forward to Balance Sheet		18,586,973	12,586,147
		163,734,753	87,733,927

DIVIDEND :

Considering the performance of the Company, your Directors are pleased to recommend a Dividend of Rs. 2.00 per share. The Dividend as recommend 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 names 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 sharply from Rs. 214.74 crores in the year 2007-08 to Rs. 261.66 crores in the year 2008-09 to representing a growth of 21.85% The profitability of the Company increased from Rs. 6.87 crores for the year 2007-08 to Rs.15.11 crores Crores for the year 2008-09 to representing a growth of 120% .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):**

The Woven Sacks & Fabric unit/division "SUPERPACK" has been incurring continuous losses. Your Company was exploring opportunities to dispose off this unit/division "SUPERPACK" subject to the sanction of Banks & Financial Institutions and other statutory formalities.

The Board of Directors of the Company vide resolution dated 26.05.2009 approved sale /dispose / transfer of its Undertaking / Division namely 'Superpack Division' with all liabilities & assets of such division to any prospective Buyer / Acquirer whether Individual or Body Corporate, on such terms & conditions as may be decided by the Board/ Committee. This was subject to approval of members/ shareholders of the company Under Section 293(1)(a) of the Companies Act 1956.

The Resolution for disposal of undertaking – Superpack had approved by the Shareholders with the requisite majority and the Scrutinizer for the Postal Ballot Process had submitted their report dated 10.07.2009 on the Postal Ballot Forms received from the shareholders of the Company. Based on the report submitted by the Scrutinizer, the Chairman declared the result on 10.07.2009 of the resolution passed through postal ballot to the Bombay Stock Exchange Limited (BSE) and other regulatory authorities and the same was published in newspaper.

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, 2009 amounted to Rs 1,91,88,000. Five deposits amounting to Rs. 30,000/- though matured before 31st March, 2009 were not claimed by the depositors. As on date all the five unclaimed deposits have been renewed.

LALIT DOSHI MEMORIAL AWARD (2008-09) – SICOM LIMITED

Your Directors glad to inform that, your Company has received 15th Lalit Doshi Memorial Award (LDMA) - 2008-09 from SICOM Ltd, at the award function held at Mumbai on 4th August, 2009 as best SICOM assisted unit.

PARTICULARS OF EMPLOYEES U/s 217 (2A):

Shri M. K. Sharma, President of the Company, aged 52 years is in receipt of remuneration of Rs. 30,48,966/ for the financial year 2008-09 in respect of which disclosure under Section 217(2A)(a)(i) of the Companies Act, 1956. He has commenced his full time employment with the Company from 19th October, 1996 and handling overall affairs of the Company. Before joining the Company he was in employment with Pepega Cores Group of Companies. Further Shri M. K. Sharma is not relative to any Director of the Company. The details of aforesaid are available at the Registered Office of the Company for inspection.

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 minimize 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.