



**BAJAJ STEEL
INDUSTRIES LTD.**

51st ANNUAL REPORT 2011-12



ANNUAL
REPORT





Serving Cotton Sector Since 1961

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Shri Hargovind Bajaj	-	Chairman
2. Shri Rohit Bajaj	-	Managing Director
3. Shri Sunil Bajaj	-	Executive Director
4. Shri Vinod Kumar Bajaj	-	Promoter Non Executive Director
5. Shri Lalchand Mutha	-	Non Executive Director
6. Shri Kamal Kishore Kela	-	Independent Director
7. Shri Mohan Agrawal	-	Independent Director
8. Shri Alok Goenka	-	Independent Director
9. Shri Rajkumar Lohia	-	Independent Director
10. Shri Rajiv Ranka	-	Independent Director
11. Shri Deepak Batra	-	Independent Director

BOARD COMMITTEES

Audit Committee

- Shri Deepak Batra, Chairman
- Shri Rajiv Ranka, Member
- Shri Alok Goenka, Member

Remuneration Committee

- Shri Deepak Batra, Chairman
- Shri Rajiv Ranka, Member
- Shri Alok Goenka, Member

Shareholders' Grievance Committee

- Shri Deepak Batra, Chairman
- Shri Rajiv Ranka, Member
- Shri Alok Goenka, Member
- Shri Rohit Bajaj, Member
- Shri Sunil Bajaj, Member

COMPANY SECRETARY

- Shri Jagdish Shirke

STATUTORY AUDITORS

M/s B. Chhawcharia & Co.
602, Govind Estates
Plot No. 172, Shivaji Nagar, Nagpur(M.S)

BANKERS &

FINANCIAL INSTITUTIONS

- Axis Bank Limited, Nagpur
- SICOM Limited, Mumbai
- State Bank of India, Nagpur

SHARE TRANSFER AGENT

Adroit Corporate Services (P) Ltd

1st Floor, 19/20 Jaferbhoy Industrial Estate
Makwana Road, Marol Naka,
Mumbai – 400 059

Tel : (022) 2859 0942/4442/4428/4060

E.mail : adroits@vsnl.net

REGISTERED OFFICE

Imambada Road,
Nagpur – 440018 (Maharashtra)

CHIEF FINANCIAL OFFICER

- Shri Manish Sharma

MANUFACTURING FACILITIES

- Imambada Road, Nagpur – 440018
- Plot No. C-108, MIDC Hingna
Nagpur (Maharashtra)

NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty First Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Wednesday the 26th Day of September, 2012 at 4.00 P.M. at VIA Hall, Udyog Bhavan, Civil Lines, Nagpur – 440 001 (Maharashtra) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2012 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 as on 31st March, 2012 .
3. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolutions:

“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 Deepak Batra who retires by rotation, and being eligible, offers himself for re-appointment
5. To appoint a Director in place of Shri Kamal Kishore Kela 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 Resolution as **SPECIAL RESOLUTION** :

6. **RE-APPOINTMENT OF SHRI ASHISH BAJAJ AS CHIEF EXECUTIVE OFFICER (CEO) OF SUPERPACK DIVISION OF THE COMPANY UNDER SECTION 314 OF THE COMPANIES ACT, 1956 :**

“RESOLVED THAT pursuant to Section 314 (1B) read with Director's Relative (Office or Place of Profit), Rules, 2011 and other applicable provisions of the Companies Act, 1956 and such other approval as may be required, Shri Ashish Bajaj son of Shri Vinod Kumar Bajaj, be and is hereby re-appointed as Chief Executive Officer (CEO) of Superpack Division, A Division of Bajaj Steel Industries Limited, for the period of One (1) year w.e.f. 20.03.2012 on Monthly Remuneration as appended to the notice.

RESOLVED FURTHER THAT Shri Ashish Bajaj as a Chief Executive Officer of Superpack Division of the Company shall be solely responsible for operations (including Day to Day operations), activities and all the compliance's including statutory compliance's of Superpack Division of the Company for its activities from time to time

FURTHER RESOLVED THAT any one of the Following Directors/Officials of the Company be and are hereby authorised to submit all necessary papers documents, application, etc and comply with the formalities in respect of appointment of Shri Ashish Bajaj.

- | | | | |
|----|---------------------|---|--------------------|
| 1. | Shri Rohit Bajaj | - | Managing Director |
| 2. | Shri Sunil Bajaj | - | Executive Director |
| 3. | Shri Jagdish Shirke | - | Company Secretary" |

7. **REVISION IN REMUNERATION PAYABLE TO SHRI LAV BAJAJ, BUSINESS DEVELOPMENT EXECUTIVE OF THE COMPANY UNDER SECTION 314 (1B) OF THE COMPANIES ACT, 1956**

"RESOLVED THAT pursuant to Section 314 read with Director's Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956, the Monthly Remuneration of Shri Lav Bajaj S/o Shri Sunil Bajaj, Business Development Executive of the Company be and is hereby increased / enhanced / revised from Rs 38,398/- to Rs 90,000/- w.e.f. 1st April, 2012 .

RESOLVED FURTHER THAT the aforesaid remuneration will have all annual Increments / Enhancements / Revisions as per policy of the Company from time to time and all such increments / enhancements / Revisions shall be with time scale of pay for Basic pay of Rs. 53000-10000-150000/- but not exceeding the limits prescribed under Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011. The yearly increment / enhancement for time scale of pay shall be at the discretion of the Board of Directors of the Company and according to the policy of the Company.

RESOLVED FURTHER THAT the time scale of pay for basic pay of Rs 53000-10000-150000 be and is hereby approved and the basic pay shall be subject to annual increments as per Policy of the Company.

RESOVLED FURTHER THAT the time scale of pay for the basic pay shall not be binding on the Company and shall be payable to the extent of Rs.10000/- as approved but may be varied for lesser or higher amount than Rs. 10000/- & shall be applicable according to the increments approved by the Board of Directors of the Company during the year which may be lesser or higher than the said amount.

RESOLVED FURTHER THAT the Monthly Remuneration, at any time hereinafter, shall not exceed the Limit as prescribed in Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011 including any revision / alteration of the remuneration as the case may be and in case the same is exceed the limit prescribed in Rule 3, the necessary compliance shall be done.

RESOLVED FURTHER THAT any one of the Following Directors/ Officials of the Company be and are hereby authorised to submit all necessary papers documents, application, forms, etc and file necessary e-forms respect of increased in remuneration of Shri Lav Bajaj :

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|----|---------------------|---|--------------------|
| 1. | Shri Rohit Bajaj | - | Managing Director |
| 2. | Shri Sunil Bajaj | - | Executive Director |
| 3. | Shri Jagdish Shirke | - | Company Secretary" |

8. REVISION IN REMUNERATION PAYABLE TO SHRI VEDANT BAJAJ, BUSINESS EXECUTIVE OF THE COMPANY UNDER SECTION 314 OF THE COMPANIES ACT, 1956

"RESOLVED THAT pursuant to Section 314 read with Director's Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956 the Monthly Remuneration of Shri Vedant Bajaj S/o Shri Sunil Bajaj, Business Executive of the Company be and is hereby increased / enhanced / revised from Rs.19,210/- to Rs 90,000/- w.e.f. 1st April, 2012 .

RESOLVED FURTHER THAT the aforesaid remuneration will have all annual Increments / Enhancements / Revisions as per policy of the Company from time to time and all such increments / enhancements / Revisions shall be with time scale of pay for Basic pay of Rs. 53000-10000-150000/- but not exceeding the limits prescribed under Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011. The yearly increment / enhancement for time scale of pay shall be at the discretion of the Board of Directors of the Company and according to the policy of the Company.

RESOLVED FURTHER THAT the time scale of pay for basic pay of Rs 53000-10000-150000 be and is hereby approved and the basic pay shall be subject to annual increments as per Policy of the Company.

RESOVLED FURTHER THAT the time scale of pay for the basic pay shall not be binding on the Company and shall be payable to the extent of Rs.10000/- as approved but may be varied for lesser or higher amount than Rs. 10000/- & shall be applicable according to the increments approved by the Board of Directors of the Company during the year which may be lesser or higher than the said amount.

RESOLVED FURTHER THAT the Monthly Remuneration, at any time hereinafter, shall not exceed the Limit as prescribed in Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011 including any revision / alteration of the remuneration as the case may be and in case the same is exceed the limit prescribed in Rule 3, the necessary compliance shall be done.

RESOLVED FURTHER THAT any one of the Following Directors/ Officials of the Company be and are hereby authorised to submit all necessary paper documents, application, forms, etc and file necessary e-forms respect of increased in remuneration of Shri Vedant Bajaj :

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|----|---------------------|---|--------------------|
| 1. | Shri Rohit Bajaj | - | Managing Director |
| 2. | Shri Sunil Bajaj | - | Executive Director |
| 3. | Shri Jagdish Shirke | - | Company Secretary" |

9. APPOINTMENT OF MRS DEVIKA BAJAJ AS BUSINESS EXECUTIVE OF THE COMPANY UNDER SECTION 314(1B) OF THE COMPANIES ACT, 1956

"RESOLVED THAT pursuant to Section 314 read with Director's Relative (Office or Place of Profit) Rules, 2011 and other applicable provisions of the Companies Act, 1956 , Mrs Devika Bajaj W/o Shri Lav Bajaj be and is hereby appointed as a Business Executive of the Company at a monthly remuneration of Rs 90,000/- w.e.f. 1st April, 2012 .

RESOLVED FURTHER THAT the aforesaid remuneration will have all annual Increments / Enhancements / Revisions as per policy of the Company from time to time and all such increments / enhancements / Revisions shall be with time scale of pay for Basic pay of Rs. 53000-10000-150000/- but not exceeding the limits prescribed under Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011. The yearly increment / enhancement for time scale of pay shall be at the discretion of the Board of Directors of the Company and according to the policy of the Company.

RESOLVED FURTHER THAT the time scale of pay for basic pay of Rs 53000-10000-150000 be and is hereby approved and the basic pay shall be subject to annual increments as per Policy of the Company.

RESOVLED FURTHER THAT the time scale of pay for the basic pay shall not be binding on the Company and shall be payable to the extent of Rs.10000/- as approved but may be varied for lesser or higher amount than Rs. 10000/- & shall be applicable according to the increments approved by the Board of Directors of the Company during the year which may be lesser or higher than the said amount.

RESOLVED FURTHER THAT the Monthly Remuneration, at any time hereinafter, shall not exceed the Limit as prescribed in Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011 including any revision / alteration of the remuneration as the case may be and in case the same is exceed the limit prescribed in Rule 3, the necessary compliance shall be done.

RESOLVED FURTHER THAT any one of the Following Directors/ Officials of the Company be and are hereby authorised to submit all necessary papers documents, application, forms, etc and file necessary e-forms respect of appointment of Mrs Devika Bajaj :

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|----|---------------------|---|--------------------|
| 1. | Shri Rohit Bajaj | - | Managing Director |
| 2. | Shri Sunil Bajaj | - | Executive Director |
| 3. | Shri Jagdish Shirke | - | Company Secretary" |

10. REVISION IN REMUNERATION OF SHRI ROHIT BAJAJ, MANAGING DIRECTOR & SHRI SUNIL BAJAJ, EXECUTIVE DIRECTOR BY WAY OF INCREASE IN SALARY:

“**RESOLVED THAT** pursuant to authority of the Board vide its Meeting held on 30th July, 2009 & subsequent approval/consent/authority given by the Members at Annual General Meeting held on 29th October, 2009, Section 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 & other applicable provisions of the Companies Act, 1956, if any including any Statutory modification or re-enactment thereof for the time being in force, Articles of Association of the Company, recommendation of Remuneration Committee and subject to other authorities as may be required, the remuneration of Shri Rohit Bajaj, Managing Director & Shri Sunil Bajaj, Executive Director of the Company be and are hereby increase with effect from 1st April, 2012 as under :

Revised Pay Scale : Rs.200000 - 15000 - 250000 (Per Month)

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to revise/alter the pay scale from time to time.

All other terms and conditions as to remuneration shall remain unchanged and applicable as per Member / Shareholder Resolution passed on 29th October, 2009. The Perquisites and all other Benefits shall be suitably paid in accordance with revised pay scale.

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. However, the Remuneration shall be paid in accordance with slab prescribed by the Schedule XIII.

RESOLVED FURTHER THAT Shri Rohit Bajaj, Managing Director or Shri Sunil Bajaj, Executive 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.”

Registered office:

**Imambada Road,
Nagpur - 440 018**

Dated : 13.08.2012

By order of the Board

**Jagdish Shirke
Company Secretary**

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 10 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 04th September, 2012 to 26th September, 2012 (both days inclusive).

Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year ended 31st March, 2012, 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 26th September, 2012 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 03rd September, 2012

- (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) The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Share Transfer Agents, M/s Adroit Corporate Services Private Limited, Mumbai for share transfer process.

(g) Dematerialisation of Shares :

This is to inform that 72.23% of the total equity shares have already been dematerialized as of 31st March, 2012. Shareholders who have not dematerialized their shares are requested to get the same dematted.

(h) Registrar and Share Transfer Agent :

M/s Adroit Corporate Services Private Limited, 1st Floor, 19/20, Jaferbhoy 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 above mentioned address only

(i) Change of Information/ Bank Mandate :

The members/ shareholders holding shares in physical form are requested to notify/ update any change in their address, Bank Mandate e.g. Name of bank, account number, branch address and ECS number to Registrar and Share Transfer Agent and/ or the Company or to their respective Depository Participants (DP), if the shares are held in electronic form.

IMPORTANT COMMUNICATION TO MEMBER

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance's by the Companies and had issued circulars stating that service of notice/ documents including Annual Report can be sent by e.mail to its members. To support this green initiative of the Government in full measure , members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their Depository Participants. Members who hold shares in physical form are requested to register there e-mail address to the Company's Registrar and Share Transfer Agent- Adroit Corporate Services Private Limited, 19/20 Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Mumbai - 400059.

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

ITEM NO. 06 :

The Company has decided to sale / disposal of entire assets and liabilities of Superpack Division and has duly taken consent / approval of the shareholders vide postal ballot dated 10.07.2009.

Shri Ashish Bajaj was the whole Time Director (WTD) of the company for Superpack division and his term of office as WTD has been expired on 29.10.2009. Subsequently the Company has requested him to look after Superpack Division till its final disposal / sale of the same.

In this context, Shri Ashish Bajaj was appointed as the Chief Executive Officer (CEO) of the SUPERPACK Division of the Company for Two (2) years 20.03.2010 which was duly approved by the shareholders/members of the Company vide postal ballot as per Section 192A of the Companies Act, 1956. Subsequently, the Company filed eform 24AB to the Ministry of Corporate Affairs (MCA) for obtaining consent from the Central Government for holding any office or place of profit as the Chief Executive Officer(CEO) of the Company for Two years as per Section 314(1B) of the Companies Act, 1956 and obtained the approval from the Central Government.

The tenure of Shri Ashish Bajaj as a Chief Executive Officer of the Company came to an end on 19.03.2012. Looking at his background and valuable experience the Board of Directors vide circular resolution further re-appointed Shri Ashish Bajaj for further period of One (1) year w.e.f. 20.03.2012, in compliance with Section 314(1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011 subject to the approval of members /shareholders at the ensuing annual general meeting of the Company. The details of the monthly remuneration is as under :

Monthly Remuneration:

Basic Salary	:	Rs. 1,50,000
Bonus	:	As per policy of Superpack Division.
Provident Fund	:	As per policy of Superpack Division.
Perquisites	:	
• House Accommodation	:	15% of Salary (including bonus). Rs. 15,000/- per month towards Furniture Hire Charges.
• Medical	:	Reimbursement of expenses incurred for self & family subject to ceiling of Two (2) months salary in a year.
• Leave Travel Concession	:	Leave Travel concession for self and family.
• Club Fees	:	Fees of club subject to maximum of two clubs
• Personal Insurance	:	Annual premium of Personal Accident insurance shall not exceed Rs 20,000/- .

Total Perquisites in addition to salary restricted to amount equal to amount salary or Rs 9,00,000/- per annum.

The total Remuneration including monetary benefits of all perquisites/facilities mentioned above shall not exceed Rs 2,50,000/- per month or Rs 30,00,000/- per annum. At any time, in case of remuneration more than Rs 2,50,000/- per month during the tenure, the prior consent of the Shareholders through Special Resolution and approval of the Central Government shall be required to be taken before making any payment.

Shri Ashish Bajaj as a Chief Executive Officer of Superpack Division of the Company shall be solely responsible for operations(including Day to Day operations), activities and all the compliance's including statutory compliance's of Superpack Division of the Company. The necessary eform 1AA has been filed by the Company to the Ministry of Corporate Affairs (MCA) in compliance to Section 5(g) of the Companies Act, 1956.

The Directors recommend the resolution for approval of the members of the Company. Shri Vinod Kumar Bajaj being relatives of Shri Ashish 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 are in any way concerned or interested in the aforesaid resolution.

ITEM NO. 07:

Shri Lav Bajaj S/o Shri Sunil Bajaj (Relative of Director), B.A.(Hons) from De Montfort University, Leicester (United Kingdom), was appointed as a Business Development Executive of the Company pursuant to Section 314(1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011 w.e.f 1st October, 2008 at a monthly remuneration of Rs. 38,398/-, which was duly approved by the members /shareholders of the Company at the Annual General Meeting of the Company held on 29th October, 2009

The Board of Directors of Company had considered and approved increase in monthly remuneration to the tune of Rs.90000/- p.m w.e.f. 01st April, 2012 in compliance with Section 314 of the Companies Act, 1956. The Company has obtained approval from the Board of Directors vide Circular Resolution which was duly passed by the Board of Directors of the Company subject to the approval of members/shareholders at the ensuing annual general meeting of the Company.

The details of the remuneration is as under :

Particulars of Remuneration (Per Month) :

Basic Salary	:	Rs.	53,000 – 10000 – 150000 (Scale of pay)
Dearness Allowance	:	Rs.	1,000
House Rent Allowance	:	Rs.	5,400
Transport Allowance	:	Rs.	800
Medical Allowance	:	Rs.	1,250
MTLR	:	Rs.	8,100
Other Allowance	:	Rs.	11,110
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Total	:	Rs.	80660
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P.F. Contribution	:	Rs.	6,480
Bonus	:	Rs.	700
Gratuity	:	Rs.	2,160
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Total Monthly CTC	:	Rs.	90,000
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The Directors recommend the resolution for approval of the members of the Company. Shri Hargovind Bajaj and Shri Sunil Bajaj being relatives 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 are in any way concerned or interested in the aforesaid resolution.

ITEM NO. 8:

Shri Vedant Bajaj S/o Shri Sunil Bajaj (Relative of Director), B.E(Mechanical) from University of Nottingham (United Kingdom) ,was appointed as a Business Executive of the Company pursuant to Section 314 (1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011 w.e.f 1st October, 2009 at a monthly remuneration of Rs.19,210/-, which was duly approved by the members /shareholders of the Company at the Extra-Ordinary General Meeting of the Company held on 30th Day of April, 2010.

The Board of Directors of Company had considered and approved increase in monthly remuneration to the tune of Rs.90000/- p.m w.e.f. 01st April, 2012 in compliance with Section 314 of the Companies Act, 1956. The Company has obtained approval from the Board of Directors vide Circular Resolution which was duly passed by the Board of Directors of the Company subject to the approval of members/shareholders at the ensuing annual general meeting of the Company.

The details of the remuneration is as under :

Particulars of Remuneration (Per Month) :

Basic Salary	:	Rs.	53,000 – 10000 – 150000 (Scale of Pay)
Dearness Allowance	:	Rs.	1,000
House Rent Allowance	:	Rs.	5,400
Transport Allowance	:	Rs.	800
Medical Allowance	:	Rs.	1,250
MTLR	:	Rs.	8,100
Other Allowance	:	Rs.	11,110

Total	:	Rs.	80660

P.F. Contribution	:	Rs.	6,480
Bonus	:	Rs.	700
Gratuity	:	Rs.	2,160

Total Monthly CTC	:	Rs.	90,000

The Directors recommend the resolution for approval of the members of the Company. Shri Hargovind Bajaj and Shri Sunil Bajaj being relatives of Shri Vedant 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 are in any way concerned or interested in the aforesaid resolution.

ITEM NO. 09 :

Mrs Devika Bajaj W/o Shri Lav Bajaj (Relative of Director) B. Tech (CSE) from Jaypee Institute of Information Technology, Noida (India) & Post Graduate Diploma of Business Management (PGDBM) from XLRI, Jamshedpur, Jharkhand (India), was appointed as a Business Executive of the Company pursuant to Section 314(1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011 w.e.f. 1st April, 2012 at a monthly remuneration of Rs. 90,000/- which was duly approved & passed by the Board of Directors of the Company vide Circular Resolution. The particulars of remuneration is as under :

Particulars of Remuneration (Per Month) :

Basic Salary	:	Rs.	53,000 – 10000 – 150000 (Scale of Pay)
Dearness Allowance	:	Rs.	1,000
House Rent Allowance	:	Rs.	5,400
Transport Allowance	:	Rs.	800
Medical Allowance	:	Rs.	1,250
MTLR	:	Rs.	8,100
Other Allowance	:	Rs.	11,110

Total	:	Rs.	80660

P.F. Contribution	:	Rs.	6,480
Bonus	:	Rs.	700
Gratuity	:	Rs.	2,160

Total Monthly CTC	:	Rs.	90,000

The Directors recommend the resolution for approval of the members of the Company. Shri Sunil Bajaj being relative of Mrs Devika 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 are in any way concerned or interested in the aforesaid resolution.

ITEM NO. 10 :

Shri Rohit Bajaj , Managing Director and Shri Sunil Bajaj, Executive Director were re-appointed for a period of 5 (five) years with effect from 1st July, 2009 onwards on the following terms and conditions 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/-.
- vi) Other terms : As per the Agreement

Note: For the purpose of perquisites stated in Part –C 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.

Category – C

- 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. Encasement 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 .

The Board of Directors of the Company vide its meeting held on 03rd May, 2012 approved revision in pay scale which leads to increase in remuneration of Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director in line with Section 198, 269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 .

The revised pay scale is as under

Revised Pay Scale : Rs.200000-15000-250000(Per Month)

All other terms and conditions as to remuneration shall remain unchanged and applicable as per Member / Shareholder Resolution passed on 29th October, 2009. The Perquisites and all other Benefits shall be suitably paid in accordance with revised pay scale and as per the policy of the Company.

Further, the remuneration payable to Shri Rohit Bajaj, Managing Director & Shri Sunil Bajaj, Executive Director are within the limits of Section 198 and in Line with Schedule XIII of the Companies Act, 1956

The Directors recommend the resolution for approval of the members of the Company. Shri Hargovind Bajaj being relative of Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director 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 are any way concerned or interested in the aforesaid resolution.

REPORT OF THE DIRECTORS

The Directors of the Company are please to present their Fifty First Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2012.

The Highlights of the Financial performance for the year under review are as below :

FINANCIAL RESULTS :

(In Rupees)

	<u>31.03.2012</u>	<u>31.03.2011</u>
SALES AND OTHER INCOME	3,16,45,25,756	2,06,02,23,037
Profit before Interest & Depreciation	24,05,64,249	14,21,53,915
Less : Interest	6,92,73,631	5,89,74,317
Depreciation	6,54,58,923	5,72,95,421
	10,58,31,695	2,58,87,177
Add : Extra Ordinary Item	(-)	(-)
Profit before Tax	10,58,31,695	2,58,87,177
Provision for Taxation :		
Current Year : 4,16,06,000	1,27,16,593	
Deferred Tax : (72,88,000)	(20,30,000)	
Tax for Earlier : -----	1,06,23,894	
year/Adjustment _____	3,43,18,000	2,13,10,487
Net Profit	7,15,13,695	45,76,690
Add : Balance Brought Forward from previous year	2,50,13,323	3,58,99,091
	9,65,27,018	4,04,75,781
Less : Appropriations :		
Proposed Dividend	70,50,000	47,00,000
Corporate Dividend Tax	11,43,686	7,62,458
Transfer to General Reserve	7,00,00,000	1,00,00,000
Balance Carried Forward to Balance Sheet	1,83,33,332	2,50,13,323
	9,65,27,018	4,04,75,781

DIVIDEND :

Your Directors are pleased to recommend a Equity Dividend of Rs 3/- per share. The Dividend as recommended would involve an outflow of Rs 70,50,000/- (Rupees Seventy Lacs Fifty Thousand only) towards Dividend and Rs 11,43,686/- (Rupees Eleven Lacs Forty Three Thousand Six Hundred and Eighty Six only) towards Corporate Dividend Tax, resulting in a total outflow of Rs 81,93,686/- (Rupees Eighty One Lacs Ninety Three Thousand Six Hundred and Eighty Six only). The dividend will be distributed to the members whose names appear on the register of members as on record date.

WORKING & FUTURE PROSPECTS :

During the year under review, the gross turnover of the Company increased gradually from Rs 206.02 crores in 2010 -11 to Rs 316.45 crores in 2011 -2012 representing a growth of 53.60 % .The increase in turnover is attributable to the new developed products as well as to the better exploremments to new markets The profit after tax has also been increased from Rs 0.46 crores in 2010 – 11 to Rs 7.15 crores in 2011- 12. The profitability of the Company has increased due to the increase in turnover which has resulted in better allocation of Fixed Expenses

The working of both the division of the Company is given as below:

• STEEL DIVISION:

The Steel Division is concentrating in its core business of manufacturing Cotton ginning and Pressing machineries which has a great potential to expand, considering the increasing cotton cultivation in India & abroad. The Company had successfully launched few new products like Cotton Delinting Machines and Decorticating Machines, Pre- fabricated Industrial Sheds etc.

• PLASTIC DIVISION (SUPERPACK) :

The sale / disposal of the Superpack Division is expected to complete at the earliest . However the performance of the unit has improved during the year achieving the gross turnover of Rs 100.00 crores.

Shri Vinod Kumar Bajaj and Shri Ashish Bajaj are looking at the Superpack Division of the Company. Looking at the valuable experience and background of Shri Ashish Bajaj, the Board of Directors vide circular resolution further re-appointed Shri Ashish Bajaj for period of One (1) year w.e.f. 20.03.2012, in compliance with Section 314(1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011, subject to the approval of members /shareholders at the ensuing annual general meeting of the Company.

Further, Shri Ashish Bajaj Chief Executive Officer of Superpack Division of the Company is solely responsible for the operations (including Day to Day operations), activities and all the compliances including statutory compliances of Superpack Division of the Company

TECHNICAL COLLABORATIONS :

The Company has the following Technical Collaborations to manufacture the Cotton Processing Machines:

Sr No.	Name of the Products	Name of the Collaborators
1.	Ginning & Pressing Machines	Central Institute for Research on Cotton Technology (CIRCOT), ICAR, Govt of India, Mumbai
2.	Humidification System	Samuel Jackson Inc, USA

* During the Financial year 2011-12, the Company has took over the Business of Continental Eagle Corporation including keep all rights of Sales & marketing of Continental Eagle Corporation. Now, the Company will manufacture and sales all products of Continental Eagle Corp. on its own exclusively.

FOREIGN SUBSIDIARY :

The Company has already acquired the Business of Continental Eagle Corporation, USA. To trap more markets for the products of Continental and own Products, the Company thought to form a 100% Subsidiary through which the Continental Products will be sold.

The Company complied with all the provisions of Title 10A of Code of Alabama, 1975 and fulfilled the necessary compliance's as required to form WOS in foreign state including compliance's of FEMA and RBI guidelines and has formed / incorporated its 100% subsidiary with the name and style as "BAJAJ CONEAGLE LLC" at the State of Alabama, USA on April 02, 2012

AWARDS & RECOGNITION :

Your Directors are glad to inform you that, Shri Sunil Bajaj, Executive Director of the Company Bajaj has been awarded Honorary Fellowship of ISCI in appreciation of his outstanding contribution to Cotton Ginning & Pressing by the Hands of Hon'ble Justice Chandrashekhhar Dharmadhikari on 14th June, 2011,

RATING AGAINST BANK FACILITIES :

Your Directors are glad to inform that CRISIL has further reviewed and rated in respect of Bank facilities of the Company. The ratings are as under :

Total Bank Loan Facilities Rated	Rs 82.00 Crores
Long - Term Rating	CRISIL A /Stable (Reaffirmed)
Short- Term Rating	CRISIL A1 (Reassigned)

FORFEITURE OF SHARE WARRANTS :

During the year under review, the Company has forfeited the share application of Rs 99.00 Lacs of the below mentioned warrant holders.

Sr.No.	Name of the Warrant Holders	Amount (In Rs.)
1	Vidarbha Tradelinks Private Limited	66,00,000
2	Nissan Merchandise Private Limited	33,00,000

As warrant holders failed to exercise their conversion options and the Company didn't received the balance amount of 75% in respect of Balance 1,50,000 Share Warrants on or before 10th November, 2011, the Company forfeited the 25% amount paid by the respective allottees as share application money in terms of Regulation 75 and 77(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

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, 2012 amounted to Rs 22,19,000/- (Rupees Twenty Two Lacs Nineteen Thousand Only). Six deposits amounting to Rs 42,000/- (Rupees Forty Two Thousand only) though matured before 31st March, 2012 were not claimed by the depositors. As on date all the Six Unclaimed Deposits have been paid and no unclaimed deposits are lying with the Company

INDUSTRIAL RELATIONS :

Industrial relations remained cordial during the year. Employees' competencies and skills were enhanced by exposing them to several internal and external training programs. Various measures were taken to improve motivation level of employees.

DIRECTORS :

Shri Deepak Batra and Shri Kamal Kishore Kela retires by rotation and being eligible offers themselves for re-appointment.

Except above, there is no change in Board of Directors during the year under review.

CORPORATE GOVERNANCE REPORT :

A Certificate from the Statutory Auditors- M/s B.Chhawchharia & Co, Chartered Accountants, Nagpur; confirming compliance with conditions as stipulated under the aforesaid Clause 49 is annexed to the Report of Corporate Governance.

Disclosures required to be made under the heading 'Corporate Governance' Under Clause (IV) (1) & (2) of the proviso under the table (B) of Sub-Section 1 of Section II of part II of Schedule XIII of the Companies Act, 1956, are made herein below :

(i) The Company does not pay any remuneration to its Non-Executive Director. The elements of remuneration package payable to Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director are detailed out in the explanatory statement annexed to the notice calling the ensuing Annual General Meeting which has been made a part of this Annual Report & Corporate Governance Report.

(ii) Various components of remuneration payable to Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director are detailed out in the explanatory statement annexed to the notice calling the ensuing Annual General Meeting which has been made a part of this Annual Report & Corporate Governance Report.

(iii) No stock options are offered by the Company.

(iv) The Corporate Governance Report and Management Discussion Analysis Report are attached with this Annual Report under Clause 49 of the Listing Agreement.

AUDIT COMMITTEE :

The Audit committee of the Board is under Chairmanship of Shri Deepak Batra, Chartered Accountant, an Independent Director of the Company and consisting of other Independent Directors viz. Shri Rajiv Ranka and Shri Alok Goenka as a practice of good Corporate Governance.

NEW PRODUCTS LINE :

The Company is having distinguished manufacturing facilities in India for Cotton Ginning & Pressing Plants / Machineries. The facilities are equipped with state of art machines with latest technologies and managed by team of engineers. Moreover, the Company is in the process of executing various new projects for wider product range, value additions and to make its product more competitive.

- Delinting & Decorticating Machines (Capacity ranging from 100-800 TPD)
- Continental Products based on Continental Eagle Corp, USA Technology

The Company has also proposed to develop Oil Mill Machineries (Capacity ranging from 100-300 TPD).

The above products are logical extension to the existing product lines.

For the above said expansion cum diversification, the Company has already acquired the land admn 37000 Sq Mtrs in Butibori Industrial Area, Nagpur. The Company has the distinct logistics advantages being a central place well connected by rail, road and air. Inland Container Depot and proposed International Cargo Hub is also very nearby.

During the Financial year 2011- 12 the Company has sold one Delinting Machine (200 TPD cotton delinting) to its customers and it was successfully commissioned.

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

As per Annexure attached with the Directors Report .

RESEARCH AND DEVELOPMENT :

The Company recognizes that focused initiative on the development of new products would form the backbone of the Company's future business performance and profitability. Keeping this in view, the Company has increased its efforts in terms of development of new products in the Company's in House Research and Development Center. At present, the Company is working on various products under the able leadership of Shri Sunil Bajaj , Executive Director .

Research and Development is a continuous phenomenon in the Company and due to which the Company is able to launch successfully various new products like Auto Feeder,Overhead Distribution Conveyor Raw Cotton Feeding System Cotton Delinting Machines and Decorticating Machines, Pre- fabricated Industrial Shed etc.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION & PROTECTION FUND :

The Dividends declared by the Company which remain unpaid / unclaimed for a period of Seven (7) years are required to transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Members are requested to claim their unpaid / unclaimed Dividend , if any, declares and paid for the financial years 2005-06, 2006 – 07, 2007- 08, 2008- 09 , 2009 -10 & 2010 -11

However, the unpaid/unclaimed balance of year 2004 - 05 would be transferred to the Investor Education and Protection Fund Account by the Company.

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, .:

The technological developments on Ginning & Pressing Machinery has acted as an driving force in structural shift from old outdated to more productive advance machinery. The technology used by the Company is updated as a continuous exercise.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Details of foreign exchange earnings through exports and foreign exchange outgo on account of imports, expenditure on Traveling and other matters etc. are shown in the Notes No. 12(b), 12(c) 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 Bombay Stock Exchange Ltd, The Delhi Stock Exchange Limited and The Calcutta Stock Exchange Limited.

The Company has paid annual listing fees of the Stock Exchange for the financial year 2011- 2012. There are no trading of Company's shares at The Delhi Stock Exchange and The Calcutta Stock Exchange.

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 judgment 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, 2012 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.

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. The Company had received the Peer Review Certificate from M/s B.Chhawchharia & Co, issued by the Institute of Chartered Accountants of India(ICAI), as it is mandatory for the statutory auditors to hold peer review certificate for carrying out audit of the listed companies.

APPOINTMENT OF COST AUDITOR :

The Ministry of Corporate Affairs (MCA) vide its circular dated 2nd May , 2011 mandated all the Listed Companies to get its cost accounting records audited by the Cost Auditor who shall be the Cost Accountant, holding valid certificate of practice under the provisions of Cost & Works Accountant Act, 1959.

In this context the Company has appointed M/s Rakesh Misra & Co, Kanpur, Cost Accounts, for undertaking cost compliance for the Financial Year 2011- 12. The Cost Compliance report is attached herewith. s

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

PLACE : NAGPUR

HARGOVIND BAJAJ

DATED : 13.08.2012

CHAIRMAN

ANNEXURES TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THIS DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED AS ON 31ST MARCH, 2012 :

Name	Age	Qualification	Date of joining	Designation	Remuneration (Per Annum)	Experience	Last Employment	Equity Shares held in the Company
----- NIL -----								

NOTE :

During the year under review, there was no employee who were in receipt of remuneration in excess of Rs 5.00 Lacs per month in terms of Section 217(2A) of the Companies Act, 1956 during the year or part of the year.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

{Pursuant to Clause 49 of the Listing Agreement}

Name of Director	Date of Birth	Date of Appointment	Qualification
Shri Deepak Batra	30.07.1957	03.03.2010	Chartered Accountant
Expertise in specific functional areas	Having more than 20 years of experience in the field of finance, accounts, commerce and industry.		
Directorship held in other Companies	• M/s Deepak Batra Financial Services Private Limited		
Membership/ Chairmanship of committee	Bajaj Steel Industries Limited i.Audit Committee – Chairman ii.Investor Grievance / Share Transfer Committee – Chairman iii.Remuneration Committee – Chairman		
Shareholding in Bajaj Steel Industries Limited	100 Equity Shares		
Shri Kamal Kishore Kela	13.07.1936	23.08.1989	M.A. (Economics)
Expertise in specific functional areas	A reputed industrialist and having more than 50 year of experience in sales, administration.		
Directorship held in other Companies	M P Veeners Private Limited V.K. Vinimay Pvt. Ltd., Kolkata		
Membership/ Chairmanship of committee	NIL		
Shareholding in Bajaj Steel Industries Limited	100 Equity Shares		

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING STATEMENTS:

1. Disclaimer

These financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward – looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

2. Future Trend & Opportunities :

The technological developments on Ginning & Pressing Machinery has acted as a driving force in structural shift from old outdated to more productive advanced machinery. By and large the good pace of technology development and dissemination has been witnessed in India in the last 10 years. The continuous thrust of Government, research institutes like Central Institute for Research on Cotton Technology, organizations like Cotton Association of India and machinery manufacturers towards technological developments will prove a driving force for the further improvement of cotton ginning and pressing machinery in future. The growth rate for utilization of cotton is about 10-15%, at present and among all the natural fibers cotton constitutes about 80% of the total consumption of natural fibers in the world. There are various possibilities to increase the use of cotton for diversified product manufacture, thus the requirement of modernization machinery is going to increase which will improve the working of the company in the core business. Further, the company has planned to take up the other areas of cotton ginning & pressing factories such as building structures, electrical panels, fire diversion, humidification systems and advanced material handling systems which will result in substantially higher value for orders as compared to earlier orders only for core machinery.

INDUSTRY STRUCTURE & DEVELOPMENT :

Primarily, the Company is having two Divisions viz Steel Division and Superpack (Plastic) Division. Steel Division of the Company is having distinguished manufacturing facilities in India for Cotton Ginning & Pressing Plants located at Imambada Road and C-108, M.I.D.C Industrial Area, Hingna, Nagpur.

The Superpack Division of the Company is for manufacturing of Masterbatches. However, the sale / disposal of the Superpack Division is expected to complete at the earliest . Further, the Major thrust of the Management is on the operation of Steel Division of the Company which is its core business.

The strong vision and dedication of the promoters has put the Company as one of the biggest manufacturers of Cotton Ginning and Pressing Machineries with distinction of having only company in the world with capabilities for manufacturing Cotton Ginning Machines for all the three major cotton ginning technologies being used in the world and enjoying more than two – thirds of the market share in India while rapidly expanding wings in the other cotton growing countries of the world.

The Company has entered technical collaborations to manufacture the Cotton Processing Machines with following companies / institutes:

Sr. No	Name of Machines	Name of Collaborators
1.	Ginning and Pressing Machines	Central Institute for Research on Cotton Technology (CIRCOT), ICAR, Govt of India Mumbai
2.	Humidification System	Samuel Jackson Inc. of USA

* During the Financial year 2011-12, the Company has took over the Business of Continental Eagle Corporation including keep all rights of Sales & marketing of Continental Eagle Corporation. Now, the Company will manufacture and sales all products of Continental Eagle Corp. on its own exclusively.

These collaborations have enabled the company to expand its goodwill and to tap new areas of business.

As the Company is in the phase of enhancing its business activities outside India and the Company is already receiving good response from US Market in view of enhancing its sales activities in US Market the company formed/ incorporated 100% subsidiary with the name and style as “BAJAJ CONEAGLE LLC” , A Limited Liability Company vide Name reservation certificate received from Secretary of State of Alabama on April 02, 2012

RATING AGAINST BANK FACILITIES :

The CRISIL Ltd has further reviewed and rated in respect of Bank facilities of the Company. The ratings are as under :

Total Bank Loan Facilities Rated	Rs 82 .00 Crores
Long - Term Rating	CRISIL A / Stable (Reaffirmed)
Short- Term Rating	CRISIL A1 (Reassigned)

NEW PRODUCTS LINE :

The Company is having distinguished manufacturing facilities in India for Cotton Ginning & Pressing Plants / Machineries. The facilities are equipped with state of art machines with latest technologies and managed by team of engineers. Moreover, the Company is in the process of expanding its business activities by way of expansion plans. Looking against the seasonal nature of Ginning Machines , the Company had successfully developed few new products like Cotton Seed Delinting Machines/ Decorticating Machines, Fire Diverter System, Pre-fabricated and Secondary Filter, Fibre Compacter, Bale Ties etc which would cater the market through out the year.

Moreover, the Company is in the process of executing various new projects for wider product range,value additions and to make its product more competitive.

- Delinting & Decorticating Machines (Capacity ranging from 100-800 TPD)
- Continental Products based on Continental Eagle Corp, USA Technology

The Company has also proposed to develop Oil Mill Machineries (Capacity ranging from 100-300 TPD) and Power Equipments.

The above products are logical extension to the existing product lines.

For the above said expansion cum diversification, the Company has already acquired the land of 37000 Sq Mtrs in Butibori Industrial Area, Nagpur. The Company has the distinct logistics advantages being a central place well connected by rail, road and air. Inland Container Depot and proposed International Cargo Hub is also very nearby.

Moreover, the Company has introduced **Cotton Seed Dispensing System Machine** which evenly and gently opens the seed cotton and allows consistent and uniform feeding of Seed Cotton hence resulting in the higher productivity.

EXPORT POTENTIAL OF GINNING MACHINES :

Like Indian economy, agriculture always remains the base of most of the developing countries. The company has successfully exported its cotton processing machines to Peru, Tajikistan, Sri Lanka, Myanmar, Bangladesh, Egypt, Pakistan, Madagascar, Nigeria, Zimbabwe, Zambia, Uganda, Tanzania, Malawi, Ethiopia etc.

The demand for spare parts for ginning machines and allied equipments are increasing manifold. In order to meet this demand, the company has opened a depot at Ahmadabad and planning to open more depots in other cotton growing areas in India.

SEGMENT WISE – PRODUCT WISE PERFORMANCE :

The Steel Division of the Company consists of manufacturing of Cotton Ginning & Pressing machineries and its spare parts & accessories.

During the year, the Steel Division has achieved a Turnover of Rs 226.70 crores and Superpack Division has achieved a turnover of Rs 101.01 crores. The turnover of Cotton Division in domestic sale and export of Cotton Bales during the year was Rs 13.22 crores. The details of segment wise revenue, Results & capital employed have been mentioned in Notes to the Accounts in this Annual Report.

THREATS

In the current global uncertain economic environment certain risks may gain more prominence either on a standalone basis or when taken together. Your Company has already initiated in this direction by resorting to man power review, cutting unnecessary costs, etc. Moreover, cotton being a seasonal industry based on agricultural output any adverse effect on cotton crop may affect sales of the company.

RISK AND CONCERNS :

The challenges ahead are to find out ways and means to reduce the energy consumption of per kg lint produced, to bring down the processing costs, to further improve fibre quality, to further increase the productivity and efficiency of machines and to standardize the machinery used for each level of operation in the Ginning & Pressing Factories and Delinting & Decorticating Factories.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These procedures are designed to ensure :

1. That all assets and resources are used efficiently and are adequately protected.
2. That all the internal policies and statutory guidelines are complied with; and
3. The accuracy and timing of financial reports and management information is maintained.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES :

Industrial relations remained cordial during the year. Employees' competencies and skills were enhanced by exposing them to several internal and external training programs.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Introduction

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Company's philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company's beliefs on Corporate Governance are intended at supporting the management of the Company for competent conduct of its business and ensuring long term value for shareholders, employees, customers and statutory authorities.

The Company is committed to implement the standards of good Corporate Governance and endeavors to preserve nurture these core values in all its activities with an aim to increase and sustain its corporate value through growth and innovation.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchange, the details are set out below :

2. BOARD OF DIRECTORS

Composition :

The Board has an optimum combination of Executive and Non-Executive Directors and is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges in which the Company's shares are listed.

The composition of the Board are as under :

Name of the Director	Designation	Category
Shri Hargovind Bajaj	Chairman	Promoter (Non- executive)
Shri Rohit Bajaj	Managing Director	Promoter(Executive)
Shri Sunil Bajaj	Executive Director	Promoter(Executive)
Shri Vinod Kumar Bajaj	Director	Promoter (Non- executive)
Shri Lalchand Mutha	Director	Non- executive
Shri Alok Goenka	Director	Independent(Non-Executive)
Shri Rajiv Ranka	Director	Independent(Non-Executive)
Shri Mohan Agrawal	Director	Independent(Non-Executive)
Shri Kamal Kishore Kela	Director	Independent(Non-Executive)
Shri Rajkumar Lohia	Director	Independent(Non-Executive)
Shri Deepak Batra	Director	Independent(Non-Executive)

Category of Directors	Number of Directors	Percentage to the Board
Executive Director (including Managing Director)	2	18 %
Non-Independent(Non-Executive)	3	27 %
Independent(Non-Executive)	6	55 %

Attendance of each Director at the Board Meeting, Last Annual General Meeting and Number of other Directorship/ Chairmanship of Committee of each Director's of various Companies:

Name of Director	Attendance particular		No. of other Directorships and Committee Membership/Chairmanship		
	Board Meeting	Last AGM	Other Directorship (including Pvt Ltd Company)	Other Committee Membership	Other Committee Chairmanship
Shri Hargovind Bajaj	4	Yes	None	None	None
Shri Rohit Bajaj	4	Yes	11	1	None
Shri Sunil Bajaj	3	No	9	1	None
Shri Vinod Kumar Bajaj	4	Yes	3	None	None
Shri Lalchand Mutha	3	No	None	None	None

Shri Alok Goenka	2	No	2	3	None
Shri Rajiv Ranka	4	No	1	3	None
Shri Mohan Agrawal	1	No	6	None	None
Shri Kamal Kishore Kela	1	No	1	None	None
Shri Rajkumar Lohia	NIL	No	6	2	1
Shri Deepak Batra	3	Yes	1	None	3

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees **(as per Clause 49 (I) (C)(ii)**. All the Directors have made the requisite disclosure regarding Committee position held by them in other Companies.

Meetings Held :

The Board met 4 (Four times) on the following dates during the financial year 2011 - 2012

May 11, 2011	November 14, 2011
August 9, 2011	January 24, 2012

Disclosure on Remuneration package of Whole -time Directors during the financial year 2011-2012

Sr.No	Name of Directors	Salary & Allowances	Other benefits & perks	Performance linked incentive	Retirement Benefits	Bonus/ Commission	Stock Options during the year	Total
1	Shri Rohit Bajaj	19,68,000	1,92,000	-	-	11,70,175	-	33,30,175
2	Shri Sunil Bajaj	19,68,000	1,92,000	-	-	11,70,175	-	33,30,175

- Provident Fund Contribution of Rs 2,36,160/- (Rupees Two Lacs Thirty Six Thousand One Hundred and Sixty only) for each of the above Directors has not been included.

Details of payment made to Directors other than Whole-time Directors during the financial year 2011-2012

Sr.No	Name of the Director	Sitting Fee		Total
		<i>Board Meeting</i>	<i>Committee Meeting</i>	
1	Shri Hargovind Bajaj	8000	-	8000
2	Shri Vinod Kumar Bajaj	8000	-	8000
3	Shri Lalchand Mutha	6000	-	6000
4	Shri Kamal Kishore Kela	2000	-	2000
5	Shri Mohan Agrawal	2000	-	2000
6	Shri Rajiv Ranka	8000	5000	13000
7	Shri Rajkumar Lohia	-	-	-
8	Shri Deepak Batra	6000	3000	9000
9	Shri Alok Goenka	4000	3000	7000

3. AUDIT COMMITTEE :

Composition

The Audit Committee of the Board of Directors comprises of :

Sr. No.	Name	Composition
1.	Shri Deepak Batra	Chairman
2.	Shri Rajiv Ranka	Member
3.	Shri Alok Goenka	Member

Shri Jagdish Shirke, Company Secretary acts as the Secretary to the Committee

All the members of the Committee have wide exposure and possess sound knowledge in the area of accounts, finance, audit , internal controls etc. The Composition of the Committee is in conformity with Clause 49 (II) (A) of the Listing Agreement.

Terms of Reference :

The terms of reference of the Audit Committee, broadly as under :

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and fair ;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with Management, the quarterly and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Discussing with the auditors any significant findings and follow up there on ;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with the auditors before the audit commences, about the nature and scope of the audit as well as post – audit discussion to ascertain any area of concern;
- To look into the reasons, if any, for substantial defaults in the payments to the depositors, creditors , shareholders (in case of non- payment of declared dividend).

Meetings Held :

The Audit Committee met 4 (Four times) on the following dates during the financial year 2011-2012

May 11, 2011	November 14, 2011
August 9, 2011	January 24, 2012

Attendance of each Director at the Audit committee Meeting are as under :

Sr.No	Name of the Director	Meeting Attended
1	Shri Deepak Batra	3
2	Shri Alok Goenka	2
3	Shri Rajiv Ranka	4

4. REMUNERATION COMMITTEE :

Composition :

Sr. No.	Name	Composition
1.	Shri Deepak Batra	Chairman
2.	Shri Rajiv Ranka	Member
3.	Shri Alok Goenka	Member

Shri Jagdish Shirke, Company Secretary acts as the Secretary to the Committee

Terms of Reference :

- To appraise the performance of Managing and Executive Director , and
- To determine and recommend to the Board, compensation payable to the Managing and Executive Director .

Remuneration Policy :

The Company's pays remuneration to its Managing Director and Executive Director by way of salary, perquisites , allowances and commission. Salary is paid within the overall limits approved by the members of the Company subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956.

Meetings Held :

The Remuneration Committee met for 1 (One Time) during the Financial Year 2011-2012

1. 11th May, 2011

Attendance of each Director at the Remuneration committee Meeting are as under :

Sr.No	Name of the Director	Meeting Attended
1	Shri Deepak Batra	1
2	Shri Alok Goenka	-
3	Shri Rajiv Ranka	1

5. SHAREHOLDERS / INVESTOR GRIEVANCE & SHARE TRANSFER COMMITTEE :

Composition :

Sr. No.	Name	Composition
1.	Shri Deepak Batra	Chairman
2.	Shri Rajiv Ranka	Member
3.	Shri Alok Goenka	Member
4.	Shri Rohit Bajaj	Member
5.	Shri Sunil Bajaj	Member

Shri Jagdish Shirke, Company Secretary acts as the Secretary to the Committee

Terms of Reference :

To look into redressal of investors complaints and request such as transfer of shares, non – receipt of dividend, annual reports etc

Meetings Held :

The Share Transfer Committee met 12 (Twelve times) on the following dates during the financial year 2011 – 2012 :

April 15,2011	September 30,2011
April 30, 2011	November 07,2011
May 16,2011	November 15,2011
June 30,2011	November 30,2011
July 30, 2011	January 06,2012
August 30,2011	January 31,2012

Attendance of each Director at the Share Transfer committee Meeting are as under :

Sr.No	Name of the Director	Meeting Attended
1	Shri Deepak Batra	-
2	Shri Alok Goenka	-
3	Shri Rajiv Ranka	-
4	Shri Rohit Bajaj	12
5	Shri Sunil Bajaj	12

Name, Designation and Address of Compliance Officer :

Shri Jagdish Shirke
Company Secretary

Bajaj Steel Industries Limited
Imambada Road,
Nagpur- 440018
E. mail : cs@bajajngp.com

6. CODE OF CONDUCT :

The Board of Directors have laid down a code of conduct for all Board members and senior management of the Company. All Directors and Senior Management Personnel have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors of the Company.

7. DETAILS ON GENERAL BODY MEETINGS :

Year	Location	Date	Day	Time
2008-09	VIA Hall, Udyog Bhawan, Civil Lines , Nagpur- 440 001	29.10.2009	Thursday	4.00 P.M
2009-10	VIA Hall, Udyog Bhawan, Civil Lines , Nagpur- 440 001	01.09.2010	Wednesday	4.00 P.M
2010 - 11	VIA Hall, Udyog Bhawan, Civil Lines , Nagpur- 440 001	21.09.2011	Wednesday	4.00 P.M

Special Resolution passed at the last 3 Annual General Meetings (AGM)

1. At the AGM held on October 29, 2009 :

- Re-appointment of Shri Rohit Bajaj as a Managing Director and Shri Sunil Bajaj as a Executive Director of the Company,
- Appointment of Shri Lav Bajaj as a Business Development Executive of the Company

2. At the AGM held on September 01, 2010 :

- Replacing Article 99 of Articles of Association relating to qualification of shares of Director

3. At the AGM held on September 21, 2011 :

- Payment of managerial remuneration to Shri Rohit Bajaj , Managing Director of the Company in absence of adequate profits or no profit in any financial year to paid/payable for a succeeding three Financial Year commencing from 2011 – 2012, during the currency of his tenure as Managing Director of the Company under respective slab of Section II of Part II of Schedule XIII of the Companies Act, 1956
- Payment of managerial remuneration to Shri Sunil Bajaj, Executive Director of the Company in absence of adequate profits or no profit in any financial year to paid/payable for a succeeding three Financial Year commencing from 2011 – 2012, during the currency of his tenure as Executive Director of the Company under respective slab of Section II of Part II of Schedule XIII of the Companies Act, 1956

8. DISCLOSURES :

Related Party Disclosures:

Names	Category
Shri Rohit Bajaj, Managing Director	Key Managerial Personnel
Shri Sunil Bajaj, Executive Director	Key Managerial Personnel
Shri Lav Bajaj	Relative of Key Managerial Personnel
Shri Vedant Bajaj	Relative of Key Managerial Personnel
Smt. Devika Bajaj	Relative of Key Managerial Personnel

Enterprises over which the Key Managerial Personnel and their relatives are able to exercise significant influence :

Associated Biscuit Company Limited, Bajaj Chemoplast (I) Limited, Bajaj Trade Development Limited, Bajaj Exports Private Limited, Rohit Polytex Limited, Prosperous Finance Services Limited, Ampee Textiles Private Limited, Twinstar Plasticoats Private Limited, Bajaj Global Limited, Ridhi Vinimay Private Limited, Sidhi Vinimay Private Limited, Vidarbha Tradelinks Pvt. Limited, Glycosic Merchants Private Limited, Bajaj Marketing Services, Rohit Machines & Fabricators Limited, Bajaj Packaging, Gangalaxmi Agrotech Limited, Gangalaxmi Industries Ltd, Luk Technical Services Pvt Limited ,Luk Plastcon Limited, Plast Master Batches Limited, Luk Infrastructure Private Limited, Enbee Trade and Finance Limited , Tashi India Limited, Luk Bedrocks Private Limited, Nagpur Infotech Pvt.Ltd, Bajaj Polymin Ltd., Luk Bricks Pvt. Ltd., Bajaj Polyblends Pvt. Ltd , Bajaj Superpack Ltd, Bajaj Gintech Pvt. Ltd., Bajaj Plastics Pvt. Ltd., and Bajaj Cotgin Pvt. Ltd.

Statutory Compliance, Penalties :

The Company has complied with the requirements of the Stock Exchange / SEBI and Statutory Authority on all matters related to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by these authorities.

CEO / CFO Certification :

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended March 31, 2012

9. NON- MANDATORY REQUIREMENTS :

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

The status of compliance with Non- Mandatory requirements is as under

The company has set up a Remuneration Committee pursuant to Clause 49 of the Listing Agreement. The board terms of reference of the Committee are to appraise the performance of Managing / Executive Directors, determine and recommend to the Board, compensation payable to Managing / Executive Directors.

10. MEANS OF COMMUNICATION :

- **Website :** The Company's website www.bajajngp.com contains a separate dedicated section "Investor Relations" where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form.
- **Financial Results :** The annual , half yearly and quarterly results are regularly posted by the Company on its website www.bajajngp.com These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in Indian Express(English) , Loksatta (Marathi Edition)
- **Annual Report :** Annual Report containing inter- alia Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to Members and other entitled thereto.
- **Corporate Filing :** Announcements, Quarterly ,Shareholding Pattern etc., of the Company regularly filed and are also available on the website of The Bombay Stock Exchange Ltd www.bseindia.com

11. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting

Date and Time	: 26.09.2012 at 4.00 P.M.
Venue	: VIA Hall, Udyog Bhawan, Civil Lines, Nagpur – 440001
Financial Year	: April to March
Book Closure Date	: 04.09.2012 – 26.09.2012 (both days are inclusive)
Dividend payment date	: 05.10.2012
Listing on Stock Exchanges	: The Company's shares are listed on the Bombay Stock Exchange Limited, the Delhi Stock Exchange Limited and The Calcutta Stock Exchange Limited

The Company has paid the Annual Listing fees for the Financial Year 2011-2012

Scrip Code :

The Bombay Stock Exchange Limited : 507944

12. STOCK MARKET DATA :

The Equity Shares of the Company have been listed during the year on The Bombay Stock Exchange Limited (BSE), The Delhi Stock Exchange Limited and The Calcutta Stock Exchange Limited.

Equity Shares of Rs. 10/- each.

	The Bombay Stock Exchange Limited (BSE)	
	Monthly High Price (in Rs.)	Monthly Low Price (in Rs.)
April, 2011	187.95	151.00
May, 2011	168.00	136.50
June, 2011	150.00	130.00
July, 2011	150.00	128.05
August, 2011	152.00	106.10
September , 2011	120.00	92.00
October, 2011	107.50	92.50
November, 2011	116.50	81.30
December, 2011	95.70	73.00
January, 2012	147.25	76.60
February, 2012	133.50	120.00
March, 2012	137.70	117.00

* Market data of trading at The Delhi Stock Exchange and The Calcutta Stock Exchange are not available

ADDRESS FOR CORRESPONDENCE OF SHAREHOLDERS/ INVESTOR	
For all matters relating to shares and Dematerialisation of shares, Change of address etc be sent to :	For all matters relating to Annual Reports / Dividend:
M/s Adroit Corporate Services Private Limited 1 st Floor, 19/20, Jaferbhoy Industrial Estate Makwana Road, Marol Naka, Mumbai – 400 059 Tel: 022- 28590942 / 4442/ 4428/4060 E.mail : adroits@vsnl.net	The Company Secretary Bajaj Steel Industries Limited Imambada Road Nagpur-440018 Tel : 0712- 2720071 – 80 Fax : 0712- 2728050 E.mail : cs@bajajngp.com

Share Transfer Process :

Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agent and the share certificates are returned within a period of 15-20 days from the date of receipt, subject to the documents being valid and complete in all respects and confirmation in respect of the request for Dematerialisation of shares is sent to the respective depositories i.e. National Securities Depository Limited(NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously.

Distribution of Shareholding as on 31st March, 2012:

Category	No. of shareholders	Percentage (%)	No. of shares	Percentage
Up to - 500	4288	95.20	521866	22.21
501 – 1000	110	2.44	86331	3.67
1001 - 2000	49	1.09	74677	3.18
2001 – 3000	12	0.27	30466	1.30
3001- 4000	4	0.09	13066	0.56
4001 - 5000	7	0.16	33669	1.43
5001 – 10000	6	0.13	41578	1.77
10001 & Above	28	0.63	1548347	65.89
TOTAL	4504	100.00	2350000	100

Pattern of Shareholding as on 31st March, 2012

Sr. No	Category	No. of Holders	No. of Shares	Percentage (%)
1.	Promoters	26	860650	36.62
2.	Non Resident Individuals/ FIIs	435	86490	3.68
3.	Corporate Bodies	112	521109	22.17
4.	Indian Public	3919	749208	31.88
5.	Banks /Mutual Funds	3	3000	0.13
6.	Clearing Members/ Broker etc	9	129543	5.51
	TOTAL	4504	2350000	100

Dematerialize of Shares : (as on 31st March, 2012)

Percentage of Share held in

Physical form	:	27.77 %
Electronic Form with NSDL	:	53.51 %
Electronic Form with CDSL	:	18.72%

Shares of the Company were actively traded on the Bombay Stock Exchange Limited and hence have good liquidity.

Secretarial Audit :

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company.

The Statutory Auditor of the company carried out a Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL / CDSL)

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**TO THE MEMBERS OF
BAJAJ STEEL INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by M/s Bajaj Steel Industries Limited ("the Company") for the year ended 31st March, 2012 , as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

We state that no investor grievances are pending for a period exceeding one month against the Company as per records maintained by the Company.

On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange have been complied with all material respect by the Company

**FOR M/S B.CHHAWCHHARIA & CO.
CHARTERED ACCOUNTANTS**

**SANJAY AGARWAL
PARTNER**

**PLACE : NAGPUR
DATE : 26.06.2012**

**Firm Registration No. 305123E
Membership No. 66580**

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

We , Shri Rohit Bajaj , CEO and Managing Director and Shri Manish Sharma , Chief Financial Officer of M/s Bajaj Steel Industries Limited , to the best of our knowledge and belief hereby certify that

1. We have reviewed the Audited Financial Statements and the cash flow statements for the **Year ended as on** 31st March, 2012 and that to the best of our knowledge and belief that :
 - (a) the Financial Statements does not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there are no deficiencies in the design or operation of internal control.
4. We have indicated to the Auditors and the Audit Committee that there are no
 - (a) significant changes in internal control during the year ended as on 31.03.2012;
 - (b) significant changes in accounting policies during the year ended as on 31.03.2012, if any that the same have been disclosed in the notes of the statements;
 - (c) instances of significant frauds of which I am aware, that involves management or other.

ROHIT BAJAJ

MANISH SHARMA

CEO & MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

PLACE : NAGPUR

DATE : 13.08.2012

COST COMPLIANCE REPORT

(See Rule and Rule 5)

We, Rakesh Misra & Co. being in practice and having been appointed as Cost Accountant under Rule 5 of the Companies (Cost Accounting Records) Rules, 2011 of M/s. Bajaj Steel Industries Limited having its Registered Office of the Company at Imambada Road, Nagpur – 440 018 (hereinafter referred to as the Company), have examined the books of accounts prescribed under clause (d) of sub-section (1) of section 209 of the said act, and other relevant records for the year 2011-12 and certify as under :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this compliance report.
2. In our opinion, proper cost records, as per Companies (Cost Accounting Records) Rules, 2011 prescribed under clause (d) of sub-section (1) of section 209 of Companies Act, 1956, have been maintained by the Company so as to give a true and fair view of the cost of production/operation, cost of sales and margin of all the products / activities of the Company.
3. Detailed unit-wise and products/activity-wise cost statements and schedules thereto in respect of the products groups/activities are kept in the Company.
4. In our opinion, the said books and record give the information required by the Companies Act, 1956 in the manner so required.
5. In our opinion, the said books and records are in conformity with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India to the extent these are found to be relevant and applicable.

**For Rakesh Misra & Co.
Cost Accountants**

**Date : 19.06.2012
Place : Nagpur**

**(Rakesh Misra)
Membership No. 6663**

ANNEXURE TO THE COMPLIANCE REPORT

(See Rule 2 and Rule 5)

1. GENERAL :

- a) Name of the Company : M/s. Bajaj Steel Industries Limited
b) Registered Office Address : Imambada Road, Nagpur – 440 018
c) Financial Year to which the Compliance Report relates : 2011-12

2. QUANTITATIVE INFORMATION :

Sr. No.	Name of the Product/ Service Group	Unit	Annual Production (QTY)	Net Sales	
				(QTY)	(In Rs)
A.	Produced /Manufactured Product Group				
	1. Engineering (Machinery)	Nos.	9117	9117	908585365
	2. Machineries Components & Spares				1175631340
	3. Master Batches	Kgs.	28329500	27658600	899120180
B.	Service Groups				
	1.				
	2.				
	3. etc.				
C.	Trading Activities (Product Group-wise)				
	1. Cotton				132177810
	2. Master Batches				17413579
	3. etc.				
D.	Other Income				43217273
	Total Income as per Financial Accounts				3176145547

Note : The quantity of Machineries components and Spares has not been mentioned since few items are sold in numbers and few in Meters / Kgs / Ltrs.

3. RECONCILIATION STATEMENT :

Net Margin (Profit / Loss) as per Accounts	(In Rs.)
A. From Produced / Manufactured Product Groups	85286642
B. From Service Groups	0
C. From Trading Activities	0
Total as per Cost Accounts	85286642
Add : Incomes not considered in Cost Accounts (if any)	43217273
Less : Expenses non considered in Cost Accounts (if any)	12704836
Add / Less : Difference in Stock Valuation	0
Profit / (Loss) as per Financial Accounts	115799079

For Rakesh Misra & Co.
Cost Accountants

Date : 19.06.2012
Place : Nagpur

(Rakesh Misra)
Membership No. 6663

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, 2012, 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, 2012 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, 2012,
- 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: 13.08.2012

For B. CHHAWCHHARIA & CO.
Chartered Accountants

Ketan Chhawchharia
Partner
Firm Registration No.305123E
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, 2012.

- (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 including Capital work in progress 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 covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 72.19 Lacs and there is no balance outstanding as at the end of the year.
- c) In our opinion, the rate of interest and other terms and conditions on which unsecured loans have been taken from such companies 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 ₹ 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.
- (viii) As certified by a Cost Accountant, the company has maintained cost records for the year under review, as prescribed under section 209(1)(d) of the Companies Act, 1956, read with Companies (Cost Accounting records) Rules, 2011 to the extent applicable to the Company. We have, however, not made a detailed examination of such records.
- (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, Custom Duty, Excise Duty, Cess and other material 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, as applicable, 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 immediately preceding year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanation 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. All the Shares and Securities held as investments are in company's own name.
- (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 and according to the information and explanations given to us, 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 investments.
- (xviii) The company has not made any preferential allotment of shares during the year under review to Companies, persons or parties covered u/s 301 of the Companies Act, 1956.
- (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) As per the information and explanation given to us, an employee of M/s Bajaj Polyblends Private Limited has misappropriated funds amounting to Rs.18,28,327/-of Super pack division of the Company during the year under review by having collusion with the customers. Necessary action has been taken to recover this amount from the said employee.

Place: Nagpur

Date: 13.08.2012

For B. CHHAWCHHARIA & CO.
Chartered Accountants

Ketan Chhawchharia
Partner
Firm Registration No.305123E
Membership No. 63422

he Annexure to our Report of even date for the year ended 31st March, 2012

Name of the Statute	Nature of the Dues	Amount (Lacs)	Relating to the year	Forum where dispute Pending
Central Sales Tax Act, 1956	Non submission of Forms	0.44	1998-99	Deputy Commissioner, Sales Tax, Nagpur
Central Sales Tax Act, 1956	Non submission of Forms	2.16	2001 - 2002	Maharashtra Sales Tax Tribunal (Mumbai)
Central Sales Tax Act, 1956	Non submission of Forms	1.83	2002-2003	Maharashtra Sales Tax Tribunal (Mumbai)
Central Sales Tax Act, 1956	Non submission of Forms	7.92	2003-2004	Deputy Commissioner, Sales Tax, Nagpur
Bombay Sales Tax Act, 1956	Non submission of Forms	13.76	2003-2004	Deputy Commissioner, Sales Tax, Nagpur
Central Excise Act, 1944	Duty on material cleared after Job Work	0.43	Oct-03 to Apr - 2004	Assistant Commissioner Chindwara
The Customs Act, 1962	Duty and Penalty on import of material	136.60	2002-2003 & 2003-2004	CESTAT, Mumbai
Madhya Pradesh Commercial Tax Act, 1994	Demand on regular assessment	0.27	2002 - 2003	Assistant Commissioner, Commercial Tax
Central Sales Tax Act, 1956	Non submission of Forms	0.63	2004-2005	Additional Commissioner of Commercial Tax, Jabalpur
Maharashtra Tax on entry of Motor Vehicles into local area Act, 1987	Imposition of Entry Tax on Capital Assets	0.57	2009-2010	Deputy Commissioner of Sales Tax (Appeal), Nagpur
Income Tax Act, 1961	Demand under Section 143 (3) of the Income Tax Act, 1961.	0.24 1.22 31.72 32.06 50.86	2003-2004 2004-2005 2006-2007 2007-2008 2008-2009	Commissioner of Income Tax (Appeal)
Central Sales Tax Act, 1956	Non submission of Forms	0.54	2006-2007	Deputy Commissioner, Commercial Tax (Appeal) Chindwara

Place: Nagpur

Date : 13.08.2012

For B. CHHAWCHHARIA & Co.
Chartered Accountants

Ketan .Chhawchharia
Partner
Firm Registration No.305123E
Membership No. 63422

BAJAJ STEEL INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	AS AT 31.03.2012	AS AT 31.03.2011
		₹	₹
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholders' Funds</u>			
Share Capital	1	23,500,000	23,500,000
Reserves & Surplus	2	551,623,578	478,403,569
Money received against share warrants		-	9,900,000
		575,123,578	511,803,569
<u>Non-current Liabilities</u>			
Long Term Borrowings	3	28,844,267	56,860,158
Deferred Tax Liabilities (Net)	4	(5,258,000)	2,030,000
Other Long Term Liabilities	5	9,641,681	7,141,681
Long Term Provisions	6	25,520,324	89,519,336
<u>Current Liabilities</u>			
Short Term Borrowings	7	456,843,159	441,673,942
Advance from Customers	8	136,093,696	129,726,485
Trade Payables	9	314,329,971	345,030,780
Other Current Liabilities	10	91,533,969	93,054,313
Short-term Provisions	11	8,193,686	5,462,458
		1,006,994,481	1,014,947,978
		<u>1,640,866,331</u>	<u>1,616,270,883</u>
<u>ASSETS</u>			
<u>Non-current Assets</u>			
Fixed Assets:	12		
Tangible Assets		297,431,307	308,197,041
Intangible Assets		20,991,666	34,505,561
Capital Work in Progress		194,438,125	130,357,189
		512,861,098	473,059,791
Non-Current Investments	13	2,783,689	2,783,689
Long-term loans and advances	14	6,208,011	8,742,520
		521,852,798	484,586,000
<u>Current Assets</u>			
Inventories	15	502,820,587	614,159,324
Trade Receivable	16	299,302,313	236,343,176
Cash & Bank Balances	17	220,516,634	185,625,294
Short Term Loans & Advances	18	96,373,999	95,557,089
		1,119,013,533	1,131,684,883
		<u>1,640,866,331</u>	<u>1,616,270,883</u>
SIGNIFICANT ACCOUNTING POLICIES AN	29		

The Notes referred above form an integral part of the accounts.
In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.
Chartered Accountants

(KETAN CHHAWCHHARIA)
Partner

Firm Registration No. 305123E
Membership No. 63422

Place : Nagpur

Date : 13.08.2012

Shri Hargovind Bajaj

Chairman

Shri Rohit Bajaj

Managing Director

Shri Sunil Bajaj

Executive Director

Shri L.C.Mutha

Shri Vinod Kumar Bajaj

Shri K.K.Kela

Shri Alok Goenka Directors

Shri Rajiv Ranka

Shri Jagdish Shirke
Company Secretary

Shri Manish Sharma
Chief Financial Officer

BAJAJ STEEL INDUSTRIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	2011-2012	2010-2011
		₹	₹
Income			
Revenue from Operations	19	3,133,938,118	2,042,003,074
Other Income	20	30,587,638	18,219,963
Total (A)		<u>3,164,525,756</u>	<u>2,060,223,037</u>
Expenses			
Cost of materials consumed	21	1,968,716,498	1,410,921,726
Purchases	22	139,790,903	12,015,476
Manufacturing & Processing Charges	23	284,276,512	230,264,947
Changes In Inventories	24	118,547,484	(100,819,899)
Employee benefit expense	25	213,218,193	202,493,821
Finance Costs	26	69,273,631	58,974,317
Depreciation & Amortization expense		65,458,923	57,295,421
Other Expenses	27	199,411,917	163,190,051
Total (B)		<u>3,058,694,061</u>	<u>2,034,335,860</u>
Profit before tax (A-B)		105,831,695	25,887,177
Tax Expenses :	28		
i) Current Tax		41,606,000	12,716,593
ii) Deferred Tax		(7,288,000)	(2,030,000)
iii) Income Tax for earlier year		-	10,623,894
Total Tax Expense		<u>34,318,000</u>	<u>21,310,487</u>
Profit for the year		<u>71,513,695</u>	<u>4,576,690</u>
Earning Per Share			
(On Shares of nominal value of ₹ 10/- each)			
Basic		30.43	2.08
Diluted		30.43	1.86

The Notes referred above form an integral part of the accounts.
In terms of our report of even date attached herewith

For B. CHHAWCHHARIA & CO.
Chartered Accountants

(KETAN CHHAWCHHARIA)
Partner

Firm Registration No. 305123E
Membership No. 63422

Place : Nagpur

Date : 13.08.2012

Shri Hargovind Bajaj

Chairman

Shri Rohit Bajaj

Managing Director

Shri Sunil Bajaj

Executive Director

Shri L.C.Mutha

Shri Vinod Kumar Bajaj

Shri K.K.Kela

Shri Alok Goenka Directors

Shri Rajiv Ranka

Shri Jagdish Shirke
Company Secretary

Shri Manish Sharma
Chief Financial Officer

NOTES TO THE ACCOUNTS

	AS AT 31.03.2012 ₹	AS AT 31.03.2011 ₹
1 SHARE CAPITAL		
Authorised :		
15,000,000 Equity Shares of ₹ 10 each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid up :		
2,350,000 Equity Shares of ₹ 10 each fully paid up	<u>23,500,000</u> <u>23,500,000</u>	<u>23,500,000</u> <u>23,500,000</u>
a) Reconciliation of the number of shares outstanding is as follows :		
Equity Shares	As at 31-Mar-12 Number	As at 31-Mar-11 Number
At the beginning of the year	<u>2,350,000</u>	<u>2,200,000</u>
Add:-Alloted during the year	<u>-</u>	<u>150,000</u>
At the end of the year	<u>2,350,000</u>	<u>2,350,000</u>
b) Details of shareholders holding more than 5% of the Equity Shares:	As at 31-Mar-12	As at 31-Mar-11
Name of Shareholder	Number % holding	Number % holding
Bajaj Exports Pvt. Ltd.	<u>213,800</u> 9.10	<u>213,800</u> 9.10
Vidarbha Tradelinks Pvt. Ltd.	<u>209,000</u> 8.89	<u>209,000</u> 8.89
Smt Gayatri Devi Bajaj	<u>151,400</u> 6.44	<u>151,400</u> 6.44
Sri Lalchand Chandanmal Mutha	<u>128,723</u> 5.48	<u>128,723</u> 5.48
c) Terms/rights attached to Equity Shares		
The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3/- (31 March 2011: ₹ 2/-)		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.		
The distribution will be in proportion to the number of equity shares held by the shareholders.		

2 RESERVES & SURPLUS

Capital Reserve		
Capital Subsidy	5,286,746	5,286,746
On re-issue of forfeited Equity Shares	3,500	3,500
On Forfeiture of money received against Share warrants	<u>9,900,000</u>	<u>-</u>
	<u>15,190,246</u>	<u>5,290,246</u>
Securities Premium Reserve	<u>38,100,000</u>	<u>38,100,000</u>
General Reserve		
As per last Account	410,000,000	400,000,000
Add : Amount transferred from surplus in Profit & Loss Account	<u>70,000,000</u>	<u>10,000,000</u>
	<u>480,000,000</u>	<u>410,000,000</u>
Surplus/(Deficit) in the statement of Profit and Loss		
Balance as per last Account	25,013,323	35,899,091
Profit for the year	71,513,695	4,576,690
Less: Appropriations		
Proposed Equity dividend	(7,050,000)	(4,700,000)
Corporate Dividend Tax	(1,143,686)	(762,458)
Transfer to General Reserve	<u>(70,000,000)</u>	<u>(10,000,000)</u>
	<u>18,333,332</u>	<u>25,013,323</u>
	<u>551,623,578</u>	<u>478,403,569</u>

NOTES TO THE ACCOUNTS

	AS AT 31.03.2012 ₹	AS AT 31.03.2011 ₹
3 LONG -TERM BORROWINGS:		
SECURED LOANS		
A) Term Loans from others:		
SICOM Limited	46,000,000	68,000,000
Secured by first charge on the entire fixed assets and movable assets, present and future, situated at Plot No. C-108, MIDC, Hingna, Nagpur and floating charge on all other assets of the Company and by personal guarantee of the Managing and Executive Director of the company.		
Terms of Repayment :Quarterly Installments of ₹ 55,00,000/- each and last 4 quarterly installments of ₹ 60,00,000/- each.		
B) Vehicle Loans from :		
a) ICICI Bank Limited	551,105	984,532
b) HDFC Bank Limited	3,384,234	5,157,600
c) Karur Vysya Bank Limited	4,292,115	6,094,612
d) AXIS Bank Limited	2,355,413	2,226,806
- Secured by hypothecation of vehicles financed by them		
Terms of Repayment :		
₹ 7928123/-under 36 EMI Scheme		
₹ 2654744/-under 60 EMI Scheme		
UNSECURED LOANS		
Fixed Deposits	2,177,000	5,473,000
	<u>58,759,867</u>	<u>87,936,550</u>
Less : Current Maturity (Refer Note No. 10)	<u>29,915,600</u>	<u>31,076,392</u>
	<u>28,844,267</u>	<u>56,860,158</u>

4	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liability on Fiscal allowance of fixed assets	7,167,000	12,369,000
	Less: Deferred Tax Assets on		
	Employees Benefits	8,465,000	7,801,000
	Fiscal Allowances on provisions	3,960,000	2,538,000
		<u>(5,258,000)</u>	<u>2,030,000</u>
5	OTHER LONG TERM LIABILITIES		
	Deposits	9,641,681	7,141,681
		<u>9,641,681</u>	<u>7,141,681</u>
6	LONG TERM PROVISIONS		
	Provision for Employees Benefits:		
	- Gratuity	20,052,936	18,592,620
	- Leave Encashment	5,467,388	4,894,877
		<u>25,520,324</u>	<u>23,487,497</u>
7	SHORT-TERM BORROWINGS		
	Loan Repayable on Demand		
	Secured		
	(i) Working Capital Loans from :		
	a) State Bank of India	73,182,035	64,271,614
	Secured by first charge on Stocks and Book debts and second charge on the fixed assets of the company situated at Sausar and Imambada Road, Nagpur and by personal guarantee of the Managing, Executive and two other Directors and C.E.O. of Superpack Division of the company.		
	b) Karur Vysya Bank Limited	-	99,401,892
	Secured by first charge on current assets of Steel Division, collateral security by way of extension of first and exclusive charge on the entire fixed assets, present and future situated at plot No- G-108, Butibori, MIDC, Nagpur (Collateral Security pending documentation and Registration) and by personal guarantee of the Managing and Executive Director of the Company.		
	c) AXIS Bank Limited	118,257,492	-
	Secured by first charge on entire current assets of Steel Division of the Company, present & Future, collateral security by way of extension of exclusive charge on the moveable and immoveable fixed assets, present and future situated at plot No- G-108, Butibori, MIDC, Nagpur and by personal guarantee of the Managing and Executive Director of the Company.		
	(ii) Overdraft from :		
	a) HDFC Bank Limited	-	8,124,686
	b) AXIS Bank Limited	1,594,913	3,226,880
	- Secured by pledge of certain Fixed Deposit Receipts		
	Unsecured		
	From Related parties	263,808,719	266,648,870
		<u>456,843,159</u>	<u>441,673,942</u>
	NOTES TO THE ACCOUNTS		
		AS AT	AS AT
		31.03.2012	31.03.2011
		₹	₹
8	ADVANCE FROM CUSTOMERS		
	Customer Advance	110,393,841	114,548,739
	Caution Money against debtors	25,699,855	15,177,746
		<u>136,093,696</u>	<u>129,726,485</u>
9	TRADE PAYABLES		
	Sundry Creditors	302,278,023	317,308,354
	Acceptances	12,051,948	27,722,426
		<u>314,329,971</u>	<u>345,030,780</u>
10	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debts (Refer Note No. 3)	29,915,600	31,076,392
	Interest accrued but not due on borrowings	265,613	670,118
	Unclaimed Dividends	1,577,370	1,385,388
	Other liabilities	59,775,386	59,922,415
		<u>91,533,969</u>	<u>93,054,313</u>
11	SHORT-TERM PROVISIONS		
	Proposed Dividend	7,050,000	4,700,000
	Corporate Dividend Tax	1,143,686	762,458
		<u>8,193,686</u>	<u>5,462,458</u>

NOTES TO THE ACCOUNTS
12. FIXED ASSETS

	PARTICULARS	GROSS BLOCK				DEPRECIATION/ AMORTIZATION				NET BLOCK	
		AS AT	ADDITIONS	DEDUCTIONS	AS AT	UPTO	FOR THE	ADJUSTMENTS	UPTO	AS AT	AS AT
		01.04.2011			31.03.2012	31.03.2011	YEAR		31.03.2012	31.03.2012	31.03.2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(A)	TANGIBLE ASSETS										
	LAND										
	- Freehold	1,207,012	-	-	1,207,012	-	-	-	-	1,207,012	1,207,012
	- Leasehold	11,180,158	-	-	11,180,158	-	-	-	-	11,180,158	11,180,158
	BUILDING	188,910,804	560,790	-	189,471,594	78,805,515	9,025,434	-	87,830,949	101,640,645	110,105,289
	PLANT AND MACHINERY	356,024,778	36,177,892	-	392,202,670	217,931,988	30,514,885	-	248,446,873	143,755,797	138,092,790
	OFFICE EQUIPMENTS	39,579,913	1,610,925	-	41,190,838	26,249,053	3,965,669	-	30,214,722	10,976,116	13,330,860
	FURNITURE AND FIXTURES	18,486,775	265,659	-	18,752,434	9,138,019	1,704,945	-	10,842,964	7,909,470	9,348,756
	VEHICLES	43,300,677	3,531,739	3,758,525	43,073,891	18,368,500	6,734,095	2,790,813	22,311,781	20,762,110	24,932,177
	TOTAL (A)	658,690,117	42,147,005	3,758,525	697,078,597	350,493,075	51,945,028	2,790,813	399,647,290	297,431,307	308,197,042
(B)	INTANGIBLE ASSETS										
	TECHNICAL KNOW HOW	38,048,672	-	-	38,048,672	3,591,327	13,495,319	-	17,086,646	20,962,026	34,457,345
	PATENTS	49,400	-	-	49,400	1,184	18,576	-	19,760	29,640	48,216
	TOTAL (B)	38,098,072	-	-	38,098,072	3,592,511	13,513,895	-	17,106,406	20,991,666	34,505,561
(C)	CAPITAL WORK IN PROGRESS:										
	BUILDING	106,384,476	41,179,989	-	147,564,465	-	-	-	-	147,564,465	106,384,476
	PLANT AND MACHINERY	21,229,515	14,806,400	-	36,035,915	-	-	-	-	36,035,915	21,229,515
	PRE-OPERATIVE EXPENSES	2,743,198	8,094,547	-	10,837,745	-	-	-	-	10,837,745	2,743,198
	TOTAL (C)	130,357,189	64,080,936	-	194,438,125	-	-	-	-	194,438,125	130,357,189
	GRAND TOTAL (A + B+ C)	827,145,378	106,227,941	3,758,525	929,614,794	354,085,586	65,458,923	2,790,813	416,753,696	512,861,098	-
	PREVIOUS YEAR FIGURES	717,590,576	146,457,331	36,902,529	827,145,378	296,796,774	57,295,422	6,609	354,085,587	-	473,059,792

	Face Value ₹	No. of Shares Nos.	As at 31.03.2012 ₹	No. of Shares Nos.	As at 31.03.2011 ₹
13 NON-CURRENT INVESTMENTS					
<i>Others</i>					
<i>In fully paid up Equity Shares of Companies</i>					
<i>Quoted:</i>					
Wopolin Plastics Limited	10	85,850	1,788,050	85,850	1,788,050
Less: Provision for diminution in value of Investments			1,788,049		1,788,049
			1		1
Ushita Trading & Agencies Ltd	10	90,000	2,117,975	90,000	2,117,975
<i>Unquoted:</i>					
Associated Biscuits Co.Ltd.	100	3,800	627,000	3,800	627,000
Nagpur Nagrik Sahakari Bank Ltd.	50	1	50	1	50
Shikshak Sahakari Bank Ltd.	25	24	600	24	600
<i>In fully paid up Preference Shares of a company</i>					
<i>Unquoted:</i>					
Associated Biscuits Co.Ltd.					
- 11% Non Cumulative Convertible Preference Shares	10	3,800	38,063	3,800	38,063
			2,783,689		2,783,689
Aggregate amount of Quoted Investments			2,117,976		2,117,976
Aggregate amount of Unquoted Investments			665,713		665,713
Market Value of Quoted Investments			2,880,000		2,934,000
14 LONG TERM LOANS AND ADVANCES					
(Unsecured, considered good)					
Deposits			3,392,795		3,017,580
Capital Advances			2,815,217		5,724,940
			6,208,011		8,742,520
15 INVENTORIES					
Stores, spares and fuel			12,183,908		14,269,468
Raw Materials (Includes Stock in Transit ₹ 4662041/-; P.Y. ₹ Nil)			253,327,393		244,033,086
Semi-finished Goods			182,628,938		325,758,949
Finished Goods			54,680,348		30,097,821
			502,820,587		614,159,324
NOTES TO THE ACCOUNTS			AS AT 31.03.2012 ₹		AS AT 31.03.2011 ₹
16 TRADE RECEIVABLES					
Due for more than six months					
Considered Good					
- Secured			13,886,662		1,699,312
- Unsecured			37,336,289		23,586,102
Considered Doubtful					
- Unsecured			12,205,582		7,823,519
Others					
Considered good					
- Secured			25,119,504		18,835,478
- Unsecured			222,959,859		192,222,284
			311,507,895		244,166,695
Less: Provision for Doubtful Debts			12,205,582		7,823,519
			299,302,313		236,343,176
17 CASH AND BANK BALANCES					
Cash-in-hand			740,725		537,365
Cheques in hand			136,200		159,572
Balances with Scheduled Banks :					
In Current Account			24,333,828		8,141,965
In Unclaimed Dividend Account			1,577,370		1,385,388
In Fixed Deposit Account			193,728,511		175,401,004
- Pledged ₹ 25,730,127/-; P.Y. ₹ 25,093,527/-			220,516,634		185,625,294
- Includes ₹ 6,233,238/- (P.Y. ₹ Nil) maturity after close of next year.					
18 SHORT TERM LOANS AND ADVANCES					
(Unsecured, considered good)					
Balances with Government Authorities			50,936,137		41,656,604
Advances recoverable in cash or in kind or for value to be received			32,928,205		36,246,246
Taxation advance and refundable (Net of provisions)			12,509,657		17,654,239
			96,373,999		95,557,089
Due from Director ₹ 69,484/- (P.Y. ₹ Nil).					
Due from Private Companies in which directors are Member/Director ₹ 354,706/- (P.Y. ₹ 95,717/-)					
19 REVENUE FROM OPERATION			2011-2012 ₹		2010-2012 ₹
(a) Sale of products					
Finished Goods			3,173,880,054		2,164,502,220
Traded Goods			149,833,857		14,577,417
(b) Sale of Services			11,266,936		9,707,769
(c) Other Operating Revenue					
Scrap Sales			43,770,337		25,835,370
Others			-		3,987,906
			3,378,751,184		2,218,610,682
(d) Less:- Excise Duty			244,813,066		176,607,608
			3,133,938,118		2,042,003,074
19.1 Details of products sold					
Finished Goods:					
a) DR Gin			435,027,538		281,046,105
b) Bale Press Machine			333,686,977		210,284,558
c) Auto Feeder			109,327,133		69,932,242
d) Automation Parts			462,582,918		354,109,220
e) Master Batches			995,896,298		860,696,017
f) Others			837,359,190		388,434,078
			3,173,880,054		2,164,502,220
19.2 Traded Goods:					
a) Lilliput Gins			242,468		678,446
b) Cotton Bales			132,177,810		12,095,098
c) Master Batches			17,413,579		1,803,873
			149,833,857		14,577,417
19.3 Detail of sale of services:					
Job Work			-		2,274,670
Errection and Commissioning Charges			11,266,936		7,433,099
			11,266,936		9,707,769
20 OTHER INCOME					
Rent			60,000		60,000
Interest (Includes TDS ₹ 1,609,398/-; P.Y. ₹ 1,418,038/-)			15,423,768		13,251,664
Profit on sale of fixed assets (Net)			259,843		5,839
Share Difference			-		74,131
Foreign Exchange Variation			7,093,634		560,104
Miscellaneous Income			7,750,393		2,416,234
Bad Debt Recovered			-		1,207,525
Provision for Doubtful debts written back			-		644,466
			30,587,638		18,219,963

NOTES TO THE ACCOUNTS		2011-12	2010-11
		₹	₹
21	<u>COST OF MATERIALS CONSUMED</u>		
(a)	Steel Division		
	Iron and Steel	459,260,965	297,016,677
	Castings	221,227,738	137,188,195
	Ball Bearings	36,906,620	28,125,921
	Others	529,276,832	358,075,984
(b)	Plastic Division		
	Polymers	475,456,271	383,730,549
	Mineral Powders	212,795,352	178,149,307
	Chemicals	33,792,720	28,635,093
		1,968,716,498	1,410,921,726
		₹	%
	Imported	401,616,269	20.40
	Indigeneous	1,567,100,230	79.60
		1,968,716,498	100.00
22	<u>PURCHASES</u>		
	Master Batches	15,545,150	1,670,049
	Liliput Gins	180,250	621,200
	Cotton Bales	124,065,503	9,724,227
		139,790,903	12,015,476
23	<u>MANUFACTURING & PROCESSING CHARGES</u>		
	Stores and spares consumed (*)	98,016,576	73,068,118
	Power & Fuel	16,692,953	13,670,037
	Job work charges	51,766,630	38,294,018
	Erection and Commissioning Charges	16,067,827	9,384,775
	Processing charges	101,732,526	95,847,999
		284,276,512	230,264,947
		₹	%
(*)	Imported	1,696,939	1.73
	Indigeneous	96,319,637	98.27
		98,016,576	100.00
24	<u>CHANGES IN INVENTORIES</u>		
	<u>Opening Stock :</u>		
	Finished Goods	30,097,821	40,957,084
	Work-in-progress	325,758,949	212,734,313
	Traded Goods	-	1,345,474
		355,856,770	255,036,871
	<u>Less: Closing Stock:</u>		
	Finished Goods	54,680,348	30,097,821
	Work-in-progress	182,628,938	325,758,949
		237,309,286	355,856,770
		118,547,484	(100,819,899)
25	<u>EMPLOYEE BENEFIT EXPENSE</u>		
	Salary, Wages, bonus and allowances	192,879,783	185,321,310
	Directors' Remuneration	6,276,349	3,744,000
	Contribution to Provident & Other Funds	8,967,110	8,863,647
	Staff & Labour welfare expenses	5,094,951	4,564,864
		213,218,193	202,493,821
26	<u>FINANCE COSTS</u>		
	Interest		
	- On Term Loan	10,155,426	10,094,129
	- Fixed Deposits	1,001,673	1,209,762
	- Others	54,370,748	46,758,136
	Loan Processing & Other Financial Charges	3,745,784	912,290
		69,273,631	58,974,317
27	<u>OTHER EXPENSES</u>		
	Rent	7,586,739	6,627,844
	Rates and Taxes	1,818,669	835,617
	Insurance	1,376,116	1,039,106
	Discount on sales	11,618,912	8,960,926
	Freight & other Expenses (Net)	31,584,415	13,770,853
	Travelling and Conveyance	35,772,668	33,170,209
	Sales Commission	32,194,528	28,315,441
	Repairs and Maintenance :		
	To Machineries	2,363,902	1,209,572
	To Building	3,080,328	3,731,764
	To Others	5,341,955	3,654,998
	Directors' sitting Fees	55,000	89,000
	Auditors' Remuneration :		
	For Statutory Audit	1,000,000	650,000
	For Tax Audit	150,000	100,000
	For Internal Audit	30,000	30,000
	For Other Services	185,205	92,600
	For Reimbursement of Expenses	-	8,322
	Irrecoverable Debts and Advances written off	4,340,951	794,733
	Miscellaneous expenses	55,719,194	58,075,963
	Provision for Doubtful Debts	4,382,066	105,365
	Items relating to previous year (Net)	811,269	1,753,064
	Loss on sale of Investments (Net)	-	174,674
		199,411,917	163,190,051
28	<u>TAX EXPENSES</u>		
	<u>Current tax</u>		
	Income Tax	41,450,000	12,400,000
	Wealth Tax	156,000	141,000
	Income tax Adjustments	-	175,593
		41,606,000	12,716,593
	<u>Deferred Tax</u>		
	Deferred Tax	(7,288,000)	(2,030,000)
	<u>Income Tax for earlier year</u>		
		-	10,623,894
		34,318,000	21,310,487

NOTES TO THE ACCOUNTS

29. NOTES ON ACCOUNTS

1. Significant Accounting Policies:

i) **Accounting Convention:**

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards in India and the provisions of the Companies Act, 1956.

ii) **Valuation of Fixed Assets:**

- a) Fixed assets are valued at cost less depreciation/amortization.
- b) Capital Work-in-Progress is valued at Cost.

iii) **Depreciation and Amortization:**

- a) Depreciation on tangible assets is provided on written down value method in accordance with the provisions of schedule XIV of 1956.
- b) Intangible assets are amortized over the period of useful life of the assets as estimated by the Management.

iv) **Treatment of Expenditure during construction:**

The expenditure including Pre-Operative expenditure, incurred during the period of construction is charged to capital work-in-progress and on completion the cost is allocated to the respective fixed assets.

v) **Inventories:**

Inventories are valued as follows:

Raw Materials, Stores, Spares and Fuel:- Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.

Semi finished goods and finished goods:- Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

vi) **Obsolescence and damaged materials:**

The inventories are periodically reviewed to ascertain dormant/ obsolescence materials and necessary adjustments are made thereof.

vii) **Investments:**

Long Term investments are valued at cost except that provision is made to recognize the permanent diminution in their value. Investments intended to be held for less than one year are classified as current investments and are valued at lower of cost and market value.

viii) **Foreign Exchange Variations:**

Closing balances of current assets and current liabilities relating to foreign currency transactions are converted into Rupees at prevailing rates or at the rate of forward cover. Export sales are recorded in rupee amount by applying the exchange rate existing at the time of discounting the bills of exchange with the bankers or at closing rate of exchange.

ix) **Sales and other income:**

- i) Sales exclude sales tax/Value Added Tax.
- ii) Revenue recognition is postponed to a later date only when it is not possible to estimate it with reasonable accuracy.
- iii) Other income is accounted on accrual basis except where the receipt of income is uncertain.

- x) **Employees Benefits:**
- Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
 - Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.
- xi) **Taxes on Income :**
- Current tax is determined as the amount of tax payable in respect of taxable income for the year.
 - Deferred Tax is recognized, subject to consideration of prudence, in respect of deferred tax assets/liabilities arising on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- xii) **Impairment of assets:**
Impairment loss in the value of assets as specified in Accounting Standard 28 is recognized whenever carrying value of such assets exceeds the market value or value in use, whichever is higher.
- xiii) **Use of Estimates:**
The preparation of financial statements in conformity with generally accepted accounting principles requires estimates/ exemptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

2) Contingent liabilities (not provided for) in respect of :- (₹ In Lacs)

	<u>2011-2012</u>	<u>2010-2011</u>
a) Labour matters	-	2.88
b) Excise duty	0.43	0.43
c) Customs Duty	136.60	136.60
d) Sales Tax	36.21	36.21
e) Income Tax	200.89	200.89
f) Entry Tax	2.24	2.24

- 3) Estimated amount of contracts to be executed on Capital accounts and not provided for ₹ 44.40 lacs (P.Y. ₹ 162.14 lacs), advance thereagainst ₹ 28.15 lacs (P.Y. ₹ 57.25 lacs).
- 4) According to the accounting system consistently followed by the Company, excise duty payable on finished goods is accounted for at the time of removal of the same for sale. Had the said liability been provided, the same would have resulted in higher value of inventory having no impact on the profit for the year.
- 5)(a) As per the information available with the Company and relied upon by the Auditors, Sundry Creditors include ₹ 32,828,705/- (P.Y. ₹ 55,989,747/-) due to Small Scale Industrial Undertakings (SSI). Names of the SSI Undertakings to whom there are dues for more than 30 days are Boltnut (India), Hindustan Metal Industries, Kirti Fasteners, Laxmi Iron & Steel Industries, Raju Steel Industries, Sanvijay Rolling & Engineering, Gangalaxmi Agrotech Limited and Luk Technical Services Private Limited.
- (b) In absence of adequate information relating to the suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the Company is unable to identify such suppliers, hence the Information required under the said Act, cannot be ascertained.

6) a) Computation of net profit U/s. 198 read with Section 309(5) of Companies Act, 1956 for calculating Directors' Commission:

	<u>2011-2012</u>	<u>2010-2011</u>
i) Managing Director and Executive Director:	₹	₹
Profit Before Tax	105,831,695	25,887,177
Add: Directors' remuneration	6,748,669	4,193,280
Sitting fees	55,000	89,000
Loss on sale of Investments	-	174,674
Provision for Doubtful debts	4,382,066	105,365
	<u>117,017,430</u>	<u>30,449,496</u>
Less: Profit on Sale of Fixed Assets above its original cost	-	-
Profit on sale of Investments	-	-
Provision for Doubtful debts Written back	-	644,466
	<u>117,017,430</u>	<u>29,805,030</u>
Commission payable to the Managing Director and the Executive Director each @1% on the net profit restricted to their annual salary and overall managerial remuneration of 10% of profits	<u>2,340,349</u>	<u>NIL</u>

7) Related Party Disclosures:

1. Enterprises where control exists: None
2. Other related parties with whom the Company had transactions:
 - a) Key Management Personnel - Sri Rohit Bajaj (Managing Director), Sri Sunil Bajaj (Executive Director) and Sri Ashish Bajaj (Chief Executive Officer)
 - b) Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence - Associated Biscuit Company Limited, Bajaj Chemoplast (I) Limited, Bajaj Trade Development Limited, Bajaj Exports Private Limited, Rohit Polytex Limited, Prosperous Finance Services Limited, Ampee Textiles Private Limited, TwinstarPlasticoats Private Limited, Bajaj Global Limited, Ridhi Vinimay Private Limited, Sidhi Vinimay Private Limited, Vidarbha Tradelinks Pvt. Limited, Glycosic Merchants Private Limited, Bajaj Marketing Services, Rohit Machines & Fabricators Limited, Bajaj Packaging, Gangalaxmi Agrotech Limited, Gangalaxmi Industries Ltd, Luk Technical Services Pvt Limited ,Luk Plastcon Limited, Plast Master Batches Private Limited, Luk Infrastructure Private Limited, Enbee Trade and Finance Limited , Tashi India Limited, Luk Bedrocks Private Limited, Nagpur Infotech Pvt.Ltd, Bajaj Polymin Ltd., Luk Bricks Pvt. Ltd., Bajaj Polyblends Pvt. Ltd , Bajaj Superpack Ltd, Bajaj Gintech Pvt. Ltd., Bajaj Plastics Pvt. Ltd., and Bajaj Cotgin Pvt. Ltd.

3. Disclosures of transactions between the Company and related parties and the status of outstanding balances as on 31.03.2012:

a) Transactions

	Enterprises over which Key Management personnel and their relatives have significant influence		Key Management personnel and their relatives	
	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>
	₹	₹	₹	₹
<u>Income</u>				
Rent	60,000	60,000		
Service Charge	129,600	238,553		
Sales	8,515,280	6,304,900		
Jobwork	66,021	29,462		
Commission	183,045	63,738		
<u>Expenses</u>				
Computer Charges	25,000	25,000		
Furniture Hire Charges	180,000	180,000		
Interest	17,282,832	15,047,440		
Jobwork charges	8,535,812	7,002,579		
Processing charges	101,732,526	95,847,999		
Purchase	42,318,079	36,228,152		
Rent	6,811,460	6,080,600	336,000	336,000
Labour Supply Charges	49,431,098	41,793,411		
Vehicle Hire Charges	960,000	1,417,500		
Legal & Professional Fees	61,799	60,720		
Electricity & Water Charges	685,013	-		
Remuneration			7,690,122	6,265,197
Sitting Fees			16,000	24,000
<u>b) Balances</u>			As at <u>31-3-2012</u>	As at <u>31-3-2011</u>
			₹	₹
Debtors			8,206,305	2,932,011
Creditors			57,785,846	46,920,015
Loans Taken			166,166,985	172,989,871
Investments			665,064	665,064
Convertible Warrants			-	6,600,000

8) On the basis of physical verification of assets, as specified in Accounting Standard – 28 and cash generating capacity of those assets, in the management perception there is no impairment of such assets as appearing in the balance sheet as on 31.03.2012.

NOTES TO THE ACCOUNTS

9. Segment Revenue, Results and Capital Employed

Sl. No.	Particulars	Steel Division		Plastic Division		Cotton Division		Total of Segments		Unallocated		Total	
		2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Revenue - Domestic	1,806,183,859	1,278,220,982	982,394,263	793,625,455	132,177,810	12,524,966	2,920,755,932	2,084,371,403	-	-	2,920,755,932	2,084,371,403
	- Export	460,812,217	88,009,201	27,770,673	64,450,041	-	-	488,582,890	152,459,242	-	-	488,582,890	152,459,242
	Less: Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue	2,266,996,076	1,366,230,183	1,010,164,936	858,075,496	132,177,810	12,524,966	3,409,338,822	2,236,830,645	-	-	3,409,338,822	2,236,830,645
2	Result												
	Profit before Interest, Tax, Depreciation and Extra-Ordinary Items	201,099,730	114,443,940	39,464,520	27,712,975	-	-	240,564,250	142,156,915	-	-	240,564,250	142,156,915
	Depn. And Extra Ordinary Items												
	Less : Depreciation	64,822,768	56,456,362	636,155	839,059	-	-	65,458,923	57,295,421	-	-	65,458,923	57,295,421
	Less: Interest Expenses	27,438,172	23,804,575	41,835,459	35,169,742	-	-	69,273,631	58,974,317	-	-	69,273,631	58,974,317
	Add/ (Less) : Extra Ordinary Items												
	Items	-	-	-	-			-	-	-	-	-	-
	Provision for Taxation												
	- Current Tax											41,450,000	12,400,000
	- Wealth Tax											156,000	141,000
	- Deferred Tax											(7,288,000)	(2,030,000)
	- Tax Adjustments											-	175,593
	Net Profit											71,513,695	15,200,584
3	Other Information												
	Segment Assets	1,280,136,430	1,288,048,261	348,220,248	310,568,382	-	-	1,628,356,678	1,598,616,643	255,808,477	216,565,239	1,884,165,156	1,815,181,882
	Segment Liabilities	727,962,564	790,231,108	343,038,194	312,206,205	-	-	1,071,000,758	1,102,437,313	243,298,820	198,911,000	1,314,299,578	1,301,348,313
	Capital Expenditure	102,085,282	109,546,270	384,134	47,802	-	-	102,469,416	109,594,072	-	-	102,469,416	109,594,072
	Depreciation	64,822,768	56,456,362	636,155	839,059	-	-	65,458,923	57,295,421	-	-	65,458,923	57,295,421

NOTES:-

Items of expenses and income, assets and liabilities (including borrowings), deferred tax assets/liabilities and advances, which are not directly attributable/identifiable/allocable to business segments are shown as unallocated.

569,865,578

NOTES TO THE ACCOUNTS

10) The "Earning Per Share" (EPS) has been calculated as specified in Accounting Standard 20 issued by the Institute of Chartered Accountants of India and related disclosures are as follows:

	<u>2011-2012</u>	<u>2010-2011</u>
	₹	₹
a) Amount used as numerator for calculating Basic & Diluted EPS		
Profit/(Loss) after Tax (In ₹)	71,513,695	4,576,690
b) Amount used as denominator for calculating EPS (In Nos.)		
<u>For Basic EPS</u>		
Equity Shares		
Opening	2,350,000	2,200,000
Add: 150000 Shares warrants converted into Equity on 29.03.2011 (150000 x 3/365)	-	1,233
	<u>2,350,000</u>	<u>2,201,233</u>
<u>For Diluted EPS</u>		
For Basic EPS (As above)	2,350,000	2,201,233
Add: Potential Equity shares:		
Share Warrants convertible into equity in the ratio of 1:1		
- Opening	-	-
Add: 150000 Share warrants allotted on 11.05.2010 (150000 x 325/365)	-	133,562
Add: 150000 Share warrants allotted on 11.05.2010 and converted on 29.03.2011 (150000 x 322/365)	-	132,329
	<u>2,350,000</u>	<u>2,467,124</u>

11) The disclosures required under accounting standard-15: Employees Benefit, notified in the company's (Accounting standard) Rules.

Defined Contribution Plan

(₹ in lacs)

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:

	<u>2011-2012</u>	<u>2010-2011</u>
Employer's Contribution to Provident & Pension Fund	89.67	88.64

Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	<u>2011-2012</u>		<u>2010-2011</u>	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation at beginning of the year	185.93	48.95	110.62	36.22
Current Service Cost	21.53	8.25	21.63	11.48
Past service Cost	-	-	16.63	0.48
Interest Cost	15.34	4.04	10.50	3.03
Actuarial (gain)/loss	(16.89)	8.24	41.08	4.04
Benefits (paid)	(5.38)	(14.80)	(14.53)	(6.30)
Defined Benefit obligation at year end	200.53	54.68	185.93	48.95
b. Reconciliation of fair value of assets and obligations				
Present value of obligation as at 31st March, 2011	200.53	54.68	185.93	48.95
Amount recognised in Balance Sheet	200.53	54.68	185.93	48.95
c. Expenses recognized during the year				
Current Service Cost	21.53	8.25	21.63	11.48
Past service Cost	-	-	16.63	0.48
Interest Cost	15.34	4.04	10.50	3.03
Actuarial (gain) / loss	(16.89)	8.24	41.08	4.04
Actuarial Difference	-	-	-	1.54
Net Cost	19.98	20.53	89.84	20.57
d. Actuarial assumptions				
Mortality Table (L.I.C.)	1994-96 (ultimate)	1994-96 (ultimate)	1994-96 (ultimate)	1994-96 (ultimate)
Discount rate (per annum) compounded	8.50% to 8.75%	8.50% to 8.75%	8.25%	8.25%
Rate of escalation in salary (per annum)	6.00% to 7.00%	6.00% to 7.00%	5.50% to 6.00%	5.50% to 6.00%

The estimates of future salary increase considered in the actuarial valuation takes into account factors like inflation, seniority, promotion and other relevant factors. The expected return on Plan Assets is based on actuarial expectations of the average long term rate of return expected on investments of the fund during the estimated terms of the obligations. The above information is certified by the Actuary.

NOTES TO THE ACCOUNTS

	<u>2011-2012</u>	<u>2010-2011</u>
12) a) CIF Value of Imports	₹	₹
Capital Goods	18,158,548	34,511,181
Raw Material	378,562,408	365,344,248
b) Earnings in Foreign Currency		
FOB Value of Exports	261,040,012	121,684,867
c) Expenditure in Foreign Currency		
Travelling & Freight Expenses	1,113,709	5,813,255
Commission	6,102,916	937,452
Advertisement	489,159	408,225
Membership and Subscription	378,352	146,386
Rent Paid	130,910	-
Royalty Charges	1,619,371	4,748,936
Books & Periodicals	-	23,666
Consultancy charges	2,988,337	588,280
Registration Fees	14,257	1,778,607
Discount on Sales	-	32,932
Testing & Inspection fees	33,069	-
Technical Know- How	-	15,341,325

- 13) a) Previous year figures above are indicated in brackets.
b) Previous year figure have been regrouped/rearranged, wherever found necessary.

In terms of our Report of even date attached herewith

Signature to notes 1 to 29

For B. CHHAWCHHARIA & CO.
Chartered Accountants

(Ketan Chhawchharia)
Partner
Firm Registration No.305123E
Membership No. 63422

Shri L. C.Mutha

Shri K.K. Kela

Shri Rajiv Ranka

Shri Jagdish Shirke

Company Secretary

Shri Hargovind Bajaj

Chairman

Shri Rohit Bajaj

Managing Director

Shri Sunil Bajaj

Executive Director

Shri Vinod Kuamr Bajaj

Shri Alok Goenka

Directors

Shri Manish Sharma

Chief Financial Officer

Place: Nagpur

Date : 13.08.2012

BAJAJ STEEL INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012	2010-2011
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	105,831,695	25,887,177
Add: Adjusted for :		
Depreciation	65,458,923	57,295,421
Interest Expenses	69,273,631	58,974,317
	<u>240,564,249</u>	<u>142,156,915</u>
Less: Adjustments for :		
Profit on sale of Fixed Assets	(259,843)	(5,839)
Profit on sale of Investments	-	174,674
Share Difference	-	(74,131)
Interest & Dividend Received	(15,423,768)	(13,251,664)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>224,880,638</u>	<u>128,999,955</u>
Adjusted for Changes in Working Capital		
Trade Payables	(21,321,115)	128,468,043
Trade & Other receivables	(61,241,538)	(84,557,264)
Inventories	111,338,737	(156,135,359)
Cash generated from operations	253,656,722	16,775,375
Less: Interest paid	(69,273,631)	(58,974,317)
Direct Taxes paid/adjusted	(42,368,458)	(24,071,270)
Cash flow before extra ordinary items	142,014,633	(66,270,212)
Extra Ordinary items	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>142,014,633</u>	<u>(66,270,212)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	1,227,555	38,500
Sale of Investments	-	2,158,366
Purchase of Investments	-	(2,258,910)
Purchase of Fixed Assets	(106,227,941)	(109,594,072)
Interest & Dividend received	15,423,768	13,251,664
NET CASH USED IN INVESTING ACTIVITIES	<u>(89,576,618)</u>	<u>(96,404,452)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend paid	(4,700,000)	(4,400,000)
Issue of Equity shares on Conversion of Share Warrants	-	39,600,000
Convertible Warrants Application Money	-	9,900,000
Proceeds from long term and other borrowings	(12,846,674)	69,445,353
NET CASH USED IN FINANCING ACTIVITIES	<u>(17,546,674)</u>	<u>114,545,353</u>
NET CHANGES IN CASH AND BANK BALANCES (A+B+C)	34,891,341	(48,129,311)
CASH AND BANK BALANCES - OPENING BALANCE	185,625,294	233,754,605
CASH AND BANK BALANCES - CLOSING BALANCE	220,516,635	185,625,294

NOTES: 01. Proceeds from long term and other borrowings are shown net of repayment.
02. Cash and cash equivalents represent cash and bank balances only

In terms of our Report of even date attached herewith
Signature to notes 1 to 29

For B. CHHAWCHHARIA & CO. Chartered Accountants	Shri H.G.Bajaj	Chairman
	Shri Rohit Bajaj	Managing Director
	Shri Sunil Bajaj	Executive Director
(Ketan Chhawchharia) Partner Firm Registration No. 305123E Membership No. 63422	Shri L.C.Mutha	Shri Vinod Kumar Bajaj
	Shri K.K. Kela	Shri Alok Goenka
	Shri Rajiv Ranka	Directors
Place: Nagpur	Shri Jagdish Shirke	Shri Manish Sharma
Date : 13.08.2012	Company Secretary	Chief Financial Officer

FORM FOR ECS MANDATE / BANK MANDATE

I / we do hereby authorize Bajaj Steel Industries Limited to :

(Please tick (✓) in the appropriate Box)

Credit my dividend amount directly to my Bank Account as per details furnished below by Electronic Clearing Service (ECS) – ECS Mandate

Print the details of my Account as furnished below, on my dividend warrant which will be mailed to me – Bank Mandate

Folio No (s) DP-ID & Client ID :

Bank	
Branch	
Bank Address (for ECS Mandate only)	
Bank Account Number	
Account Type (Savings / Current)	
9 Digit Code Number of the Bank and Branch as appearing on the MICR Cheque	
STD Code & Telephone Number of Shareholder (optional)	
E.mail ID of Shareholder (Optional)	

I / We shall not hold the Company responsible if the ECS could not be implemented.

(1) (2) (3)

Signature of Shareholder(s)
(as per Specimen lodged with the Company)

Notes :

1. Please submit this form to the Company's Registrar and Share Transfer Agent- Adroit Corporate Services Private Limited, 19/20 Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Mumbai-400059
 2. Please attach a blank cancelled cheque or a photocopy of a cheque issued by your Bank relating to your above account.
-

BAJAJ STEEL INDUSTRIES LIMITED

Registered Office : Imambada Road, Nagpur – 440 018 (India)

ATTENDANCE SLIP

I Folio No record my presence at the **Fifty First Annual General Meeting** held on Wednesday the 26th September, 2012 at 4.00 P.M. Ay VIA Hall, Udyog Bhavan, Opp Sales Tax Office, Civil Lines, Nagpur – 440 001

Signature (s) of the Shareholder (s)

BAJAJ STEEL INDUSTRIES LIMITED

Registered Office : Imambada Road, Nagpur – 440 018 (India)

PROXY FORM

I/We.....FolioNo.....of
in the district of being the Shareholder (s) of the above named Company hereby appoint of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the Fifty First Annual General Meeting of the Company to be held on Wednesday the 26th September, 2012 at 4.00 P.M and at any adjourment thereof.

Signed this day of 2012.

Signature

Affix 1 Re.
Revenue Stamp

N.B. (i) The Proxy need not be a member.

(ii) The Proxy form duly signed and stamped should reach the Company's Office atleast 48 Hours before the time of the meeting.



BAJAJ DOUBLE ROLLER COTTON GINNING GOLDEN JUBILEE MODEL



**BAJAJ STEEL
INDUSTRIES LTD.**

BOOK POST



In collaboration with :

**CONTINENTAL
EAGLE
CORPORATION**



**BAJAJ STEEL
INDUSTRIES LTD.**

Imambada Road, Nagpur-440 018. (MS) India

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