

## FORM - A

(In pursuant of Clause 31 of the Listing Agreement)

1.	Name of the Company	BAJAJ STEEL INDUSTRIES LIMITED
2.	Annual Financial Statements for the Year Ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Observation .	Un-Qualified
4.	Frequency of Observation	Not Applicable



Rohit Bajaj  
Rohit Bajaj  
Managing Director & CEO

Manish Sharma  
Manish Sharma  
Chief Financial Officer(CFO)

Deepak Batra  
Deepak Batra  
Chairman of Audit  
Committee

Sanjay Agarwal  
Sanjay Agarwal  
Partner  
For B.Chhawchharia & Co  
Chartered Accountants  
Firm Registration No. 305123E  
Membership No. 66580  
(Statutory Auditors of the Company)





**BAJAJ STEEL  
INDUSTRIES LTD.**

# 52 ANNUAL REPORT 2012-13







**BAJAJ STEEL  
INDUSTRIES LTD.**



# BAJAJ STEEL INDUSTRIES LIMITED

## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	
1. Shri Rohit Bajaj	- Chairman & Managing Director
2. Shri Sunil Bajaj	- Executive Director
3. Shri Vinod Kumar Bajaj	- Non-Executive Director - Promoter Category
4. Shri Kamal Kishore Kela	- Independent Director
5. Shri Mohan Agrawal	- Independent Director
6. Shri Alok Goenka	- Independent Director
7. Shri Rajkumar Lohia	- Independent Director
8. Shri Rajiv Ranka	- Independent Director
9. Shri Deepak Batra	- Independent Director

<b>BOARD COMMITTEES</b>	<b>BANKERS &amp; FINANCIAL INSTITUTIONS</b>
<b>Audit Committee</b>	⊙ Axis Bank Limited, Nagpur
⊙ Shri Deepak Batra - Chairman	⊙ SICOM Limited, Mumbai
⊙ Shri Rajiv Ranka - Member	⊙ State Bank of India, Nagpur
⊙ Shri Alok Goenka - Member	
<b>Remuneration Committee</b>	<b>SHARE TRANSFER AGENT</b>
⊙ Shri Deepak Batra - Chairman	Adroit Corporate Services (P) Ltd.
⊙ Shri Rajiv Ranka - Member	1st Floor, 19/20 Jaferbhoy Industrial Estate
⊙ Shri Alok Goenka - Member	Makwana Road, Marol Naka, Mumbai- 400059
<b>Shareholders' Grievance Committee</b>	Tel : (022) 2859 0942/4442/4428/4060
⊙ Shri Deepak Batra - Chairman	E.mail : adroits@vsnl.net
⊙ Shri Rajiv Ranka - Member	
⊙ Shri Alok Goenka - Member	<b>STATUTORY AUDITORS</b>
⊙ Shri Rohit Bajaj - Member	M/s B. Chhawchharia & Co.
⊙ Shri Sunil Bajaj - Member	602, Govind Estates
<b>Company Secretary</b>	Plot No. 172, Shivaji Nagar, Nagpur (M.S)
⊙ Shri Jagdish Shirke	
<b>CHIEF FINANCIAL OFFICER</b>	<b>MANUFACTURING FACILITIES</b>
⊙ Shri Manish Sharma	⊙ Imambada Road, Nagpur - 440018(MS)
<b>REGISTERED OFFICE</b>	⊙ Plot No. C-108, MIDC Hingna, Nagpur (MS)
Imambada Road, Nagpur - 440018 (M.S)	⊙ Plot No. G-6 & G-7 MIDC Hingna, Nagpur (MS)



# BAJAJ STEEL INDUSTRIES LIMITED

## NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Members of Bajaj Steel Industries Limited will be held on Wednesday, the 25th Day of September, 2013 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, 2013 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, 2013;
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 Mohan Agrawal who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Alok Goenka 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 subject to the consent of shareholders and such other approval as may be required, Shri Ashish Bajaj S/o 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 further period of One year w.e.f. 20.03.2013 on Monthly Remunerations appended to the notice.

**RESOLVED FURTHER THAT** the Monthly Remuneration, at any time hereinafter shall not exceed the Limits as prescribed in Rule 3 of the Director's Relative (Office or Place of Profit) Rules, 2011 which is Rs 2,50,000/- per month or Rs 30,00,000/- per annum including any revision /alteration thereof as the case may be and at any time the monthly remuneration exceeds the limit prescribed in Rule 3, the prior consent of the shareholders through Special Resolution and approval of the Central Government shall be required to be taken before making any such increased payment.



**RESOLVED FURTHER THAT** Shri Ashish Bajaj as a Chief Executive Officer of Superpack Division of the Company shall be solely responsible & liable for all the operations (including Day to Day operations), activities and all the compliances including Statutory & Labour compliances applicable to the Superpack Division of the Company from time to time and necessary forms / papers in relation thereof shall be filed to the concerned authorities.

**RESOLVED FURTHER THAT** Shri Ashish Bajaj, Chief Executive Officer (CEO) of the Superpack Division shall have the general powers and authorities for operation of Superpack Division.

**RESOLVED FURTHER THAT** Shri Rohit Bajaj, Managing Director or Shri Sunil Bajaj, Executive Director of the Company be and are hereby authorized to file e-form 1AA to the Ministry of Corporate Affairs(MCA) pursuant to Section 5 of the Companies Act, 1956 in terms of re-appointment of Shri Ashish Bajaj as a Chief Executive Officer (CEO) of the Superpack Division of the Company.

**RESOLVED FURTHER THAT** any one of the following Directors/Officials of the Company be and are hereby authorized 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

**Registeredoffice:**

Imambada Road,  
Nagpur - 440 018  
Dated : 10.08.2013

By order of the Board

Jagdish Shirke  
Company Secretary



# BAJAJ STEEL INDUSTRIES LIMITED

## NOTES

- (a) Relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set under Item No.6. 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 02nd September, 2013 to 25th, September, 2013 (both days inclusive).

Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year ended 31st March, 2013, 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 25th September, 2013 after giving effect to all valid Share Transfer in physical form which could be received by the Company / Transfer Agent Up to end of the Business hours on the 31st August, 2013.
- (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 73.00% of the total equity shares have already been dematerialized as of 31st March, 2013. Shareholders who have not dematerialized their shares are requested to get the same demated.

**(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 had 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 and was further re-appointed 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 which was duly approved by the shareholders/members of the Company

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. 20.03.2013, 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 are as under :

**Monthly Remuneration:**

Basic Salary	:	₹ 1,55,000/-
Bonus	:	As per policy of Superpack Division.
Provident Fund	:	As per policy of Superpack Division.
Perquisites	:	
▣ House Accommodation	:	15% of Salary (including bonus). ₹ 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.

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- ▣ 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 ₹ 20,000/- .

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

The total Remuneration including monetary benefits of all perquisites/facilities mentioned above shall not exceed ₹ 2,50,000/- per month or ₹ 30,00,000/- per annum. At any time, in case of remuneration more than ₹ 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 & liable for all the operations (including Day to Day operations), activities and all the compliance including Statutory & Labour compliance applicable to the Superpack Division of the Company from time to time and necessary forms / papers in relation thereof shall be filed to the concerned authorities. The necessary reform 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 relative 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.



## REPORT OF THE DIRECTORS

The Directors of the Company are please to present their Fifty Second Annual Report on the affairs of the Company together with the Audited Accounts for the year ended 31st March, 2013.

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

<b>FINANCIAL RESULTS :</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
		(In ₹)
<b>SALES AND OTHER INCOME</b>	<b><u>2,88,59,81,619</u></b>	<b><u>3,16,45,25,756</u></b>
Profit before Interest & Depreciation	17,89,69,137	24,05,64,249
Less : Interest	6,61,28,559	6,92,73,631
Depreciation	<u>5,91,77,574</u>	<u>6,54,58,923</u>
	<b>5,36,63,004</b>	<b>10,58,31,695</b>
Add : Extra Ordinary Item		
Profit before Tax	(-)	(-)
	<b><u>5,36,63,004</u></b>	<b><u>10,58,31,695</u></b>
<b>Provision for Taxation :</b>		
Current Year : 1,69,19,866		4,16,06,000
Deferred Tax : (58,61,000)		(72,88,000)
Tax for Earlier : -----		-----
year/Adjustment -----	<b><u>1,10,58,866</u></b>	<b><u>3,43,18,000</u></b>
<b>Net Profit</b>	<b><u>4,26,04,138</u></b>	<b><u>7,15,13,695</u></b>
Add : Balance Brought Forward from previous year	1,83,33,332	2,50,13,323
	<b><u>6,09,37,470</u></b>	<b><u>9,65,27,018</u></b>
<b>Less : Appropriations :</b>		
Proposed Dividend	70,50,000	70,50,000
Corporate Dividend Tax	11,43,686	11,43,686
Transfer to General Reserve	3,50,00,000	7,00,00,000
<b>Balance Carried Forward to Balance Sheet</b>	<b><u>1,77,43,784</u></b>	<b><u>1,83,33,332</u></b>
	<b><u>6,09,37,470</u></b>	<b><u>9,65,27,018</u></b>

## BAJAJ STEEL INDUSTRIES LIMITED

### DIVIDEND :

Your Directors are pleased to recommend a Equity Dividend of ₹ 3/- per share. The Dividend as recommended would involve an outflow of ₹ 70,50,000/- (Rupees Seventy Lacs Fifty Thousand only) towards Dividend and ₹ 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 ₹ 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 Company's performance has affected due to uncertainty about Cotton Crop in the Country. The turnover of the Company decreased from ₹ 313.39 Crores in 2011 - 12 to ₹ 285.23 crores in 2012-13. The profitability of the company has also been affected as the profit of the Company decreased from ₹ 7.15 crores in 2011-12 to ₹ 4.26 Crores in 2012-13. The Board of Directors are trying their best to improve the performance of the Company.

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 ₹ 112.96 crores during the Financial Year 2012 - 13.

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 has re-appointed Shri Ashish Bajaj for further period of One (1) year w.e.f. 20.03.2013, in compliance with Section 314(1B) of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit), Rules, 2011.

Further, Shri Ashish Bajaj Chief Executive Officer of Superpack Division of the Company is solely responsible & liable for all the operations (including Day to Day operations), activities and all the compliances including Statutory & Labour compliances applicable to the Superpack Division of the Company from time to time and necessary forms / papers in relation thereof shall be filed to the concerned authorities.

### 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



**FOREIGN SUBSIDIARY :**

The Company has already acquired the Business of Continental Eagle Corporation, USA. To tap 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.

In view of the same, the Company incorporated its 100% Subsidiary with the name and style as **"BAJAJ CONEAGLE LLC"**, A Limited Liability Company having its office at Prattville, Alabama, USA on April 02, 2012

The Company has purchased an Industrial Property at Prattville, Alabama (USA) for its subsidiary for operations at USA.

With the physical presence at USA, the Company will be able to tap the US & International Market of Continental Products. The Company would assemble and process the semi-knock down continental products at USA through its 100% subsidiary and sell the Continental Products in USA with Brand of **"BAJAJ CONEAGLE"**.

**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 :

<b>Total Bank Loan Facilities Rated</b>	<b>₹ 82.00 Crores</b>
Long - Term Rating	CRISILA/Stable (Reaffirmed)
Short - Term Rating	CRISILA1 (Reaffirmed)

**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, 2013 amounted to ₹ 2,83,000/- (Rupees Two Lacs Eighty Three Thousand only) . As on date no unclaimed deposits are lying with the Company.

**DEVELOPMENT OF NEW PRODUCTS :**

During the year under review, the Company has successfully developed "Single Line Feeding Screw Conveyor with Twin Auto Regulator" for conveying raw cotton to ginning machines evenly and efficiently to a series of Ginning Machines.

Subsequently, the company has applied to the Patent Office for the registration of "Single Line Feeding Screw Conveyor with Twin Auto Regulator" under the Patent Act, 1970.

**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 Mohan Agrawal and Shri Alok Goenka retire by rotation and being eligible offer themselves for re-appointment.

Shri Lalchand Mutha, Director of the Company expired on February 25, 2013 who had been Director of the Company since 4th August, 1966. The Company is deeply mourned the sad demise of Shri Lalchand Mutha and prayed for soul of Shri Lalchand Mutha to rest in peace.

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### **APOINTMENT OF CHAIRMAN EMERITUS :**

During the year under review, Shri Hargovind Bajaj has resigned from the responsibilities of Directorship & Chairmanship of the Company w.e.f. 01.11.2012.

Shri Hargovind Bajaj, is the founder Chairman of the Company. He was the President of All India Flat Tape Manufacturers Association in 1985 & 1986. He was the Past President of Vidarbha Industries Association (VIA).

Under his leadership the Company has developed Double Roller Cotton Gins under Brand Name "Bajaj Double Roller Gin".

In gratitude & acknowledgment of his immense contribution to the Company and to ensure that the Company continues to benefit from his wisdom & guidance, the Board of Directors have appointed him as a "CHAIRMAN EMERITUS" of the Company for life w.e.f. 01.11.2012.

### **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) Sub - Clause (E) of Clause 49 of the Listing agreement 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 Corporate Governance Report which has been a part of this Annual Report.
- (ii) Various components of remuneration payable to Shri Rohit Bajaj, Managing Director and Shri Sunil Bajaj, Executive Director are detailed out in the Corporate Governance Report which has been a part of this Annual Report.
- (iii) No stock options are offered by the Company.

### **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.

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

As per Annexure attached with the Director 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 to trap the market through out the year.



#### **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 transfer 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, declared and paid for the financial years 2005-06, 2006 - 07, 2007- 08 , 2008- 09 , 2009 -10 & 2010 -11 & 2011-12.

The Company has already transferred unpaid/unclaimed balance for the year 2004 - 05 to investor Education & Protection Fund ( IEPF) pursuant to Section 205C of the Companies Act, 1956. Further, the unpaid/unclaimed balance of year 2005 - 06 would be transferred to the Investor Education and Protection Fund Account this year 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. 13(b) and 13(c) 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 2012- 2013. 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, 2013 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

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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 has 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.

### **RE-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 had appointed M/s Rakesh Mishra & Co, Kanpur, Cost Accounts, for undertaking cost compliance for the Financial Year 2012- 13.

Further, M/s Rakesh Mishra & Co, Kanpur, Cost Accounts has been re-appointed for undertaking Cost Audit for the Financial Year 2013-14. The Company had received the Consent letter and Certificate of Independence in respect of the Cost Audit. The Company has obtained approval from the Central Government by filing form 23C to the Ministry of Corporate Affairs(MCA).

### **COST AUDIT REPORT :**

The Company has received Cost Audit Report dated 10.08.2013 for the financial year 2012-13 from M/s. Rakesh Mishra & Co., Cost Accountants, Kanpur in pursuant to Ministry of Corporate Affairs (MCA) Circular No. 15/2011 Date 11th April, 2011.

### **ACKNOWLEDGMENT :**

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**

**Date : 10.08.2013**  
**Place : Nagpur**

**ROHIT BAJAJ**  
**CHAIRMAN & MANAGING DIRECTOR**





## ANNEXURES TO THE DIRECTORS' REPORT

**INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 2011 AND FORMING PART OF THIS DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED AS ON 31ST MARCH, 2013 :**

Name	Age	Qualification	Date of joining	Designation	Remuneration (Per Annum)	Experience	Last Employment	Equity Shares held in the Company
Shri M. K. Sharma	54	M. Com	19.10.1996	President	Rs 60.00 Lacs	More than 34 years	Worked as a Chief Commercial Manager & Director in Quality Casting Ltd, Fujairah , U.A.E.	100 Equity Shares

**NOTES :**

- i. Experience includes number of years of service elsewhere, wherever applicable;
- ii. Shri M. K. Sharma is not a relative of any Director of the Company;
- iii. Further, Shri M. K. Sharma is in full time employment with the Company;
- iv. The details of aforesaid are available at the Registered Office of the Company for inspection.

**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
<b>Shri Mohan Agrawal</b>	18.03.1951	23.08.1989	B.Sc
Expertise in specific functional areas	Involved in family Steel Trading Business & setting up Non-Conventional Energy Power Plant. Past president of Vidarbha Industries Association (VIA) from 1998-2008, 10 times in continuation.		
Directorship held in other Companies	<ul style="list-style-type: none"> <li>▣ M/s Abhishek Steels (Nagpur) Limited</li> <li>▣ M/s Rajesh Steel Industries Limited</li> <li>▣ M/s Gautam Rolling Mills (Nagpur) Limited</li> <li>▣ M/s Vidarbha Energy &amp; Infrastructure Limited</li> <li>▣ M/s Gandevi Tradelinks Private Limited</li> </ul>		
Membership/Chairmanship of committee	NIL		
Shareholding in Bajaj Steel Industries Ltd.	100 Equity Shares		
<b>Shri Alok Goenka</b>	19.12.1956	18.10.2007	B.Tech ( IIT Kanpur) M.S- USA
Expertise in specific functional areas	Having more than 14 years of experience in management of plastic processing and agricultural farming		
Directorship held in other Companies	<ul style="list-style-type: none"> <li>▣ M/s Savatram Dairy Products Limited</li> <li>▣ M/s Akay Mouldings Private Limited</li> </ul>		
Membership/Chairmanship of committee	Bajaj Steel Industries Limited i. Audit Committee - Member ii. Investor Grievance / Share Transfer Committee - Member iii. Remuneration Committee - Member		
Shareholding in Bajaj Steel Industries Ltd.	100 Equity Shares		

# BAJAJ STEEL INDUSTRIES LIMITED

## 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 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 an driving force in structural shift from old outdated to more productive advance 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 manufactures 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 Nagpur, C-108, Hingna Industrial Area, Hingna, Nagpur, & Plot No. G-6 & G-7, MIDC Hingna, Nagpur - Maharashtra

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 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

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 the Company incorporated its 100% Subsidiary with the name and style as "BAJAJ CONEAGLE LLC", A Limited Liability Company having its office at Prattville, Alabama, USA on April 02, 2012.

The Company had purchased an Industrial Property at Prattville, Alabama (USA) for its subsidiary for operations at USA.

With the physical presence at USA, the Company will able to tap the USA & International Market of Continental Products. The Company would assembled and process the semi-knock down continental products at USA through its 100% subsidiary and sale the Continental Products in USA with Brand of "BAJAJ CONEAGLE".

#### **RATING AGAINST BANK FACILITIES :**

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

<b>Total Bank Loan Facilities Rated</b>	<b>₹ 82.00 cores</b>
Long - Term Rating	CRISILA/ Stable (Reaffirmed)
Short- Term Rating	CRISILA1 (Reaffirmed)

#### **DEVELOPMENT & EXPANSION :**

The Company is having distinguished manufacturing facilities in India for Cotton Ginning & Pressing Plants / Machineries. The facilities are equipped with the state of art machines with latest technologies and managed by team of engineers.

The Company had successfully developed "Single Line Feeding Screw Conveyor with Twin Auto Regulator" for conveying raw cotton to ginning machines evenly and efficiently to a series of Ginning Machines.

## BAJAJ STEEL INDUSTRIES LIMITED

Subsequently, the company has applied to the Patent Office for the registration of "Single Line Feeding Screw Conveyor with Twin Auto Regulator" under the Patent Act, 1970.

### **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, Strickland, 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 ₹ 205.63 cores and Superpack Division has achieved a turnover of ₹ 112.96 cores. The details of segment wise revenue, Results & capital employed has 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 fiber 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 Delineating & 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; &
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 Rohit Bajaj	Managing Director	Promoter(Executive)
Shri Sunil Bajaj	Executive Director	Promoter(Executive)
Shri Vinod Kumar Bajaj	Director	Promoter (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)

## BAJAJ STEEL INDUSTRIES LIMITED

Category of Directors	Number of Directors	Percentage to the Board
Executive Director (including Managing Director)	2	22 %
Non-Independent(Non-Executive )	1	11 %
Independent(Non-Executive )	6	67 %

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*	3	Yes	None	None	None
Shri Rohit Bajaj	4	Yes	10	1	None
Shri Sunil Bajaj	4	No	8	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	2	No	5	None	None
Shri Kamal Kishore Kela	3	No	2	None	None
Shri Rajkumar Lohia	NIL	No	6	2	1
Shri Deepak Batra	3	Yes	2	None	3

\* Shri Hargovind Bajaj has resigned from the Directorship & Chairmanship of the Company **w.e.f November 01, 2012** and was appointed as **CHAIRMAN EMERITUS FOR LIFE**.

\*\* **Shri Lalchand Mutha**, Director of the Company expired on **February 25, 2013**.

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) (iii)**). 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 2012 - 2013:

May 03, 2012	November 01, 2012
August 13, 2012	February 09, 2013

Disclosure on Remuneration package of Whole -time Directors during the financial year 2012 - 2013 :

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	23,76,000	1,92,000	-	-	6,30,783	-	31,98,783
2	Shri Sunil Bajaj	23,76,000	1,92,000	-	-	6,30,783	-	31,98,783

Provident Fund Contribution of ₹ 2,85,120/- (Rupees Two Lacs Eighty Five Thousand One Hundred and Twenty only ) for each of the above Directors has not been included.

Details of payment made to Directors other that Whole-time Directors during the financial year 2012 - 2013 :

Sr.No	Name of the Director	Sitting Fee( In ₹)		Total ( In ₹)
		Board Meeting	Committee Meeting	
1	Shri Hargovind Bajaj	6000	-	6000
2	Shri Vinod Kumar Bajaj	8000	-	8000
3	Shri Lalchand Mutha	6000	-	6000
4	Shri Kamal Kishore Kela	6000	-	6000
5	Shri Mohan Agrawal	4000	-	4000
6	Shri Rajiv Ranka	8000	6000	14000
7	Shri Rajkumar Lohia	-	-	-
8	Shri Deepak Batra	6000	4000	10000
9	Shri Alok Goenka	4000	4000	8000

**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

## BAJAJ STEEL INDUSTRIES LIMITED

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 2012-2013;

May 03, 2012	November 01, 2012
August 13, 2012	February 09, 2013

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 2 (Two times) on the following dates during the Financial year 2012- 2013;

May 03, 2012	August 13, 2012
--------------	-----------------

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	2
3	Shri Rajiv Ranka	2

#### 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

## BAJAJ STEEL INDUSTRIES LIMITED

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 / debentures, 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 2012 - 2013 :

April 30, 2012	November 30, 2012
May 31, 2012	December 14, 2012
June 15, 2012	December 21, 2012
July 14, 2012	December 28, 2012
August 31, 2012	February 22, 2013
November 02, 2012	March 29, 2013

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 :**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Day</b>	<b>Time</b>
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
2011 - 12	VIA Hall, Udyog Bhawan, Civil Lines, Nagpur- 440 001	26.09.2012	Wednesday	4.00 P.M

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

**1. At the AGM held on September 01, 2010 :**

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

**2. 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

**3. At the AGM held on September 26, 2012 :**

- ☐ 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;
- ☐ Revision in Remuneration payable to Shri Lav Bajaj, Business Development Executive of the Company Under Section 314(1B) of the Companies Act, 1956;
- ☐ Revision in Remuneration payable to Shri Vedant Bajaj, Business Executive of the Company Under Section 314(1B) of the Companies Act, 1956;
- ☐ Appointment of Mrs. Devika Bajaj as Business Executive of the Company Under Section 314(1B) of the Companies Act, 1956;
- ☐ Revision in Remuneration of Shri Rohit Bajaj , Managing Director & Shri Sunil Bajaj, Executive Director by way of increase in salary.

## BAJAJ STEEL INDUSTRIES LIMITED

### 8. DISCLOSURES :

#### Related Party Disclosures:

Names	Category
Shri Rohit Bajaj, Managing Director	Key Managerial Personnel
Shri Sunil Bajaj, Executive Director	Key Managerial Personnel
Shri Ashish Bajaj, (CEO- Superpack Div)	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, Gangalaxmi Agrotech Limited, Gangalaxmi Industries Limited, 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., Bajaj Cotgin Pvt. Ltd & Tashi Reinforcements LLP.

#### 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 Managing Director (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, 2013.

### 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](http://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](http://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](http://www.bseindia.com)

#### 11. GENERAL SHAREHOLDER INFORMATION :

##### Annual General Meeting :

Date and Time	:	25.09.2013 at 4.00 P.M.
Venue	:	VIA Hall, Udyog Bhawan, Civil Lines, Nagpur - 440001
Financial Year	:	April to March
Book Closure Date	:	02.09.2013 to 25.09.2013(both days are inclusive)
Dividend payment date	:	04.10.2013
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 2012-2013.

##### **Scrp 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.

## BAJAJ STEEL INDUSTRIES LIMITED

	The Bombay Stock Exchange Limited (BSE)	
	Monthly High Price (in ₹)	Monthly Low Price (in ₹)
April, 2012	134.85	117.00
May, 2012	160.80	94.00
June, 2012	106.95	92.50
July, 2012	105.00	92.00
August, 2012	99.75	75.80
September, 2012	111.00	82.70
October, 2012	110.00	92.00
November, 2012	115.00	97.00
December, 2012	119.95	104.00
January, 2013	116.55	96.10
February, 2013	112.40	86.00
March, 2013	100.00	83.40

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

ADDRESS FOR CORRESPONDENCE OF SHAREHOLDERS/ INVESTOR	
<b>For all matters relating to shares and Dematerialisation of shares, Change of address etc be sent to :</b>	<b>For all matters relating to Annual Reports / Dividend:</b>
<b>M/s Adroit Corporate Services Private Limited</b> 1st Floor, 19/20, Jaferbhoy Industrial Estate Makwana Road, Marol Naka, Mumbai - 400 059 Tel : 0712- 2720071 - 80 E.mail : adroits@vsnl.net	The Company Secretary Bajaj Steel Industries Limited Imambada Road, Nagpur-440018 Tel: 022- 28590942 / 4442/ 4428/4060 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, 2013:**

Category	No. of shareholders	Percentage (%)	No. of shares	Percentage (%)
Upto - 500	4174	94.99	516257	21.97
501 - 1000	114	2.59	86896	3.70
1001 - 2000	44	1.00	63814	2.72
2001 - 3000	15	0.34	36958	1.57
3001 - 4000	5	0.11	16528	0.70
4001 - 5000	8	0.19	37746	1.61
5001 - 10000	6	0.14	41892	1.78
10001 & Above	27	0.64	1549909	65.95
<b>TOTAL</b>	<b>4393</b>	<b>100.00</b>	<b>2350000</b>	<b>100.00</b>

**Pattern of Shareholding as on 31st March, 2013**

Sr. No	Category	No. of Holders	No. of	Percentage(%)
1.	Promoters	25	860650	36.62
2.	Non Resident Individuals/ FIIs	419	83122	3.53
3.	Corporate Bodies	110	501809	21.36
4.	Indian Public	3830	774754	32.97
5.	Banks /Mutual Funds	2	500	0.02
6.	Clearing Members/ Broker etc	7	129165	5.50
	<b>TOTAL</b>	<b>4393</b>	<b>2350000</b>	<b>100.00</b>

**Dematerialize of Shares : (as on 31st March, 2013)**

Percentage of Share held in

Physical form	:	27.00%
Electronic Form with NSDL	:	54.54%
Electronic Form with CDSL	:	18.46%

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 early 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)

# BAJAJ STEEL INDUSTRIES LIMITED

## **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, 2013, 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**

**DATE : 21.06.2013  
PLACE : NAGPUR**

**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, 2013 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 31.03.2013;
  - (b) significant changes in accounting policies during the year ended as on 31.03.2013, 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.

**DATE : 28.05.2013**

**ROHIT BAJAJ**

**MANISH SHARMA**

**PLACE : NAGPUR**

**CEO & MANAGING DIRECTOR**

**CHIEF FINANCIAL OFFICER**

# BAJAJ STEEL INDUSTRIES LIMITED

## **AUDITORS' REPORT (STANDALONE)**

### **To the members of Bajaj Steel Industries Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements, of M/s **BAJAJ STEEL INDUSTRIES LIMITED** (Company) which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013 ;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 those books.
  - c) the Balance Sheet and Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet and Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For B. CHHAWCHHARIA & CO.  
Chartered Accountants**

**Ketan Chhawchharia  
Partner**

**Firm Registration No. 305123E  
Membership No. 63422**

**Date : 30th May, 2013  
Place : Nagpur**

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 1 of our Report of even date for the year ended 31st March, 2013.

- (i) a) As informed, proper records showing full particulars including quantitative details and situation of fixed assets are being compiled by the Company.
- b) Some of the Fixed Assets were physically verified during the year by the Management in accordance with a program verification which, in our opinion, provides for physical of fixed assets at reasonable intervals. According to the information and explanation verification given to us, 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) The Company has not granted/taken any loan, secured or unsecured, to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (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 informed to us, the Company is maintaining cost records as specified 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) According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported during the year.

**For B. CHHAWCHHARIA & CO.  
Chartered Accountants**

**Ketan Chhawchharia  
Partner**

**Firm Registration No. 305123E  
Membership No. 63422**

**Date : 30th May, 2013  
Place : Nagpur**

## BAJAJ STEEL INDUSTRIES LIMITED

Annexure 1 as referred in clause [ix (b)] of the Annexure to our Report of even date for the year ended 31st March, 2013

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	2.16	2001-02	Maharashtra Sales Tax Tribunal (Mumbai)
Central Sales Tax Act, 1956	Non submission of Forms	1.83	2002-03	Maharashtra Sales Tax Tribunal(Mumbai)
Central Sales Tax Act, 1956	Non submission of Forms	7.92	2003-04	Deputy Commissioner, Sales Tax, Nagpur
Bombay Sales Tax Act, 1956	Non submission of Forms	13.76	2003-04	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	2002-03 & 2003-04	CESTAT, Mumbai
Madhya Pradesh Commercial Tax Act, 1994	Demand on regular assessment	0.27	2002 - 03	Assistant Commissioner, Commercial Tax
Central Sales Tax Act, 1956	Non submission of Forms	0.63	2004-05	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	2009-10	Deputy Commissioner of Sales Tax (Appeal) Nagpur
Income Tax Act, 1961	Demand under Section 143(3) of the Income Tax Act, 1961	0.30 1.50 27.23 33.97 35.09	2003-04 2004-05 2006-07 2007-08 2008-09	Commissioner of Income Tax (Appeal)
Central Sales Tax Act, 1956	Non submission of Forms	0.54	2006-07	Deputy Commissioner, Commercial Tax (Appeal) Chindwara

**For B. CHHAWCHHARIA & CO.  
Chartered Accountants**

**Ketan Chhawchharia  
Partner**

**Firm Registration No.305123E  
Membership No. 63422**

**Date : 30th May, 2013  
Place : Nagpur**



**BALANCE SHEET AS AT 31ST MARCH, 2013 (STANDALONE)**

Particulars	Note No.	AS AT 31.03.2013		AS AT 31.03.2012	
		(₹)	(₹)	(₹)	(₹)
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	23,500,000		23,500,000	
Reserves & Surplus	2	<u>586,034,030</u>		<u>551,623,578</u>	
			609,534,030		575,123,578
<b>Non-current Liabilities</b>					
Long Term Borrowings	3	16,153,496		28,844,267	
Other Long Term Liabilities	4	9,641,681		9,641,681	
Long Term Provisions	5	<u>31,569,405</u>	57,364,582	<u>25,520,324</u>	64,006,272
<b>Current Liabilities</b>					
Short Term Borrowings	6	473,350,154		456,843,159	
Advance from Customers	7	203,617,195		136,093,696	
Trade Payables	8	418,459,960		314,329,971	
Other Current Liabilities	9	143,956,283		91,533,969	
Short-term Provisions	10	<u>8,193,686</u>	<u>1,247,577,278</u>	<u>8,193,686</u>	<u>1,006,994,481</u>
			<u>1,914,475,890</u>		<u>1,646,124,331</u>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets:					
Tangible Assets	11	307,446,051		297,431,307	
Intangible Assets		13,670,010		20,991,666	
Capital Work in Progress		<u>251,039,840</u>		<u>194,438,125</u>	
		572,155,901		512,861,098	
Non-Current Investments	12	38,404,889		2,783,689	
Deferred Tax Assets (Net)	13	11,119,000		5,258,000	
Long-term loans and advances	14	<u>3,652,217</u>		<u>6,208,011</u>	
			625,332,007		527,110,798
<b>Current Assets</b>					
Inventories	15	521,742,142		502,820,587	
Trade Receivable	16	400,975,616		299,302,313	
Cash & Bank Balances	17	225,077,916		220,516,634	
Short Term Loans & Advances	18	<u>141,348,209</u>	<u>1,289,143,883</u>	<u>96,373,999</u>	<u>1,119,013,533</u>
			<u>1,914,475,890</u>		<u>1,646,124,331</u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON FINANCIAL STATEMENTS					
	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

Date : 30th May, 2013  
Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors

## BAJAJ STEEL INDUSTRIES LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 ( STANDALONE)

Particulars	Note No.	2012-2013 (₹)	2011-2012 (₹)
<b>Income</b>			
Revenue from Operations	19	2,852,328,070	3,133,938,118
Other Income	20	33,653,549	30,587,638
Total (A)		<u>2,885,981,619</u>	<u>3,164,525,756</u>
<b>Expenses</b>			
Cost of materials consumed	21	1,938,274,791	1,968,716,498
Purchases	22	118,750	139,790,903
Manufacturing & Processing Charges	23	293,257,486	284,276,512
Changes In Inventories	24	5,210,499	118,547,484
Employee benefit expense	25	230,363,119	213,218,193
Finance Costs	26	66,128,559	69,273,631
Depreciation & Amortization expense		59,177,574	65,458,923
Other Expenses	27	239,787,837	199,411,917
Total (B)		<u>2,832,318,615</u>	<u>3,058,694,061</u>
<b>Profit before tax (A-B)</b>		53,663,004	105,831,695
Tax Expenses :	28		
i) Current Tax		16,919,866	41,606,000
ii) Deferred Tax		(5,861,000)	(7,288,000)
<b>Total Tax Expense</b>		<u>11,058,866</u>	<u>34,318,000</u>
<b>Profit for the year</b>		<u>42,604,138</u>	<u>71,513,695</u>
Earning Per Share (On Shares of nominal value of ₹ 10/- each)			
Basic & Diluted		18.13	30.43

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  
Date : 30th May, 2013  
Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors



## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 31.03.2013 (₹)	AS AT 31.03.2012 (₹)
Less: Appropriations		
Proposed Equity dividend	(7,050,000)	(7,050,000)
Corporate Dividend Tax	(1,143,686)	(1,143,686)
Transfer to General Reserve	(35,000,000)	(70,000,000)
	17,743,784	18,333,332
	586,034,030	551,623,578

### 3. LONG-TERM BORROWINGS:

#### **SECURED LOANS**

##### A) Term Loans:

##### From Banks:

AXIS Bank Limited

Secured by first charge on entire moveable and immoveable fixed assets of Company's unit situated at Plot No- G-108, Butibori, MIDC, present and future, collateral security by way of extention of exclusive charge on entire current assets of Steel Division of Company in pari pasu with other Banks, present and future and personal guarantee of the Managing and Executive Director of the Company.	26,060,670	-
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Terms of Repayment :Quarterly Installment of ₹ 35.72 Lacs each

##### From Others:

SICOM Limited

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.	24,000,000	46,000,000
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Terms of Repayment :

Quarterly Installments of ₹ 60 Lacs each.

##### B) Vehicle Loans from :

a) ICICI Bank Limited	76,803	551,105
b) HDFC Bank Limited	2,008,583	3,384,234
c) Karur Vysya Bank Limited	1,852,105	4,292,115
d) AXIS Bank Limited	6,142,264	2,355,413

- Secured by hypothecation of vehicles financed by them

**NOTES TO THE ACCOUNTS**

	<b>AS AT 31.03.2013 (₹)</b>	<b>AS AT 31.03.2012 (₹)</b>
Terms of Repayment : ₹ 1788740/-under 36 EMI Scheme ₹ 8291015/-under 60 EMI Scheme		
<b>UNSECURED LOANS</b>		
Fixed Deposits	283,000	2,177,000
	<u>60,423,425</u>	<u>58,759,867</u>
Less : Current Maturity (Refer Note No. 9)	<u>44,269,929</u>	<u>29,915,600</u>
	<u>16,153,496</u>	<u>28,844,267</u>
<b>4. OTHER LONG TERM LIABILITIES</b>		
Deposits	9,641,681	9,641,681
	<u>9,641,681</u>	<u>9,641,681</u>
<b>5. LONG TERM PROVISIONS</b>		
Provision for Employees Benefits:		
- Gratuity	24,810,808	20,052,936
- Leave Encashment	6,758,597	5,467,388
	<u>31,569,405</u>	<u>25,520,324</u>
<b>6. SHORT-TERM BORROWINGS</b>		
Loan Repayable on Demand		
<b>Secured</b>		
(i) Working Capital Loans from :		
a) State Bank of India	65,940,873	73,182,035
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 Director, Executive Director, a Director and an Ex-Director and C.E.O. of Superpack Division of the Company.		
b) AXIS Bank Limited	104,120,734	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.		

## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 31.03.2013 (₹)	AS AT 31.03.2012 (₹)
(ii) Overdraft from :		
a) HDFC Bank Limited	5,808,530	-
b) AXIS Bank Limited	-	1,594,913
c) Karur Vysya Bank Limited	11,250,000	-
- Secured by pledge of certain Fixed Deposit Receipts		
<b><u>Unsecured</u></b>		
From Related parties	286,230,017	263,808,719
	<u>473,350,154</u>	<u>456,843,159</u>
<b>7. <u>ADVANCE FROM CUSTOMERS</u></b>		
Customer Advance	180,379,882	110,393,841
Caution Money against debtors	23,237,313	25,699,855
	<u>203,617,195</u>	<u>136,093,696</u>
<b>8. <u>TRADE PAYABLES</u></b>		
Sundry Creditors	387,220,137	302,278,023
Acceptances	31,239,823	12,051,948
	<u>418,459,960</u>	<u>314,329,971</u>
<b>9. <u>OTHER CURRENT LIABILITIES</u></b>		
Current maturities of long-term debts (Refer Note No. 3)	44,269,929	29,915,600
Interest accrued but not due on borrowings	390,304	265,613
Unclaimed Dividends	1,694,863	1,577,370
Other liabilities	97,601,187	59,775,386
	<u>143,956,283</u>	<u>91,533,969</u>
<b>10. <u>SHORT-TERM PROVISIONS</u></b>		
Proposed Dividend	7,050,000	7,050,000
Corporate Dividend Tax	1,143,686	1,143,686
	<u>8,193,686</u>	<u>8,193,686</u>
<b>11. <u>FIXED ASSETS</u></b>	Please See Overleaf.	

Face Value (₹)	No. of Shares Nos	As at 31.03.2013 (₹)	No. of Shares Nos	As at 31.03.2012 (₹)
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### 12. NON-CURRENT INVESTMENTS

I. In Capital of a wholly Owned Foreign Subsidiary					
-Unquoted Bajaj Coneagle LLC	N.A	N.A	15,621,200	-	-





**NOTES TO THE ACCOUNTS**

**11. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK			
	AS AT 01.04.2012 (₹)	ADDITIONS (₹)	DEDUC- TIONS (₹)	AS AT 31.03.2013 (₹)	UPTO 31.03.2012 (₹)	FOR THE YEAR (₹)	ADJUST- MENTS (₹)	UPTO 31.03.2013 (₹)	AS AT 31.03.2012 (₹)	AS AT 31.03.2013 (₹)
<b>(A) TANGIBLE ASSETS</b>										
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	189,471,594	7,157,370	-	196,628,964	87,830,949	8,184,145	-	96,015,094	100,613,870	101,640,645
PLANT AND MACHINERY	392,202,670	35,654,754	-	427,857,424	248,446,873	31,600,688	-	280,047,541	147,809,883	143,755,797
OFFICE EQUIPMENTS	41,190,838	8,363,478	-	49,554,316	30,214,722	3,740,521	-	33,955,243	15,599,073	10,976,116
FURNITURE AND FIXTURES	18,752,434	2,737,495	-	21,489,929	10,842,964	1,691,282	-	12,534,246	8,955,683	7,909,470
VEHICLES	43,073,891	8,478,346	3,786,643	47,765,594	22,311,781	6,564,303	3,190,861	25,685,223	22,080,371	20,762,110
TOTAL (A)	697,078,597	62,391,443	3,786,643	755,683,397	399,647,289	51,780,918	3,190,861	448,237,346	307,446,051	297,431,308
<b>(B) INTANGIBLE ASSETS</b>										
TECHNICAL KNOW HOW	38,048,672	-	-	38,048,672	17,086,646	7,379,871	-	24,466,517	13,582,155	20,962,026
PATENTS	49,400	75,000	-	124,400	19,760	16,785	-	36,545	87,855	29,640
TOTAL (B)	38,098,072	75,000	-	38,173,072	17,106,406	7,396,656	-	24,503,062	13,670,010	20,991,666
<b>(C) CAPITAL WORK IN PROGRESS</b>										
BUILDING	148,437,286	36,741,845	-	185,179,131	-	-	-	-	185,179,131	148,437,286
PLANT AND MACHINERY	36,035,915	19,103,918	1,762,909	53,376,924	-	-	-	-	53,376,924	36,035,915
PRE-OPERATIVE EXPENSES	9,964,924	2,518,861	-	12,483,785	-	-	-	-	12,483,785	9,964,924
TOTAL (C)	194,438,125	58,364,624	1,762,909	251,039,840	-	-	-	-	251,039,840	194,438,125
GRAND TOTAL (A + B + C)	929,614,794	120,831,067	5,549,552	1,044,896,309	416,753,695	59,177,574	3,190,861	472,740,408	572,155,901	-
PREVIOUS YEAR FIGURES	827,145,378	106,227,941	3,758,525	929,614,794	354,085,586	65,458,923	2,790,813	416,753,696	-	512,861,099

## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS			AS AT 31.03.2013 (₹)			AS AT 31.03.2012 (₹)
	Face Value (₹)	No. of Shares Nos	As at 31.03.2013 (₹)	No. of Shares Nos	As at 31.03.2012 (₹)	
<b>II. In fully paid up Equity Shares of companies</b>						
<b>(i) Quoted:</b>						
Wopolin Plastics Limited	10	85,850	1,788,050	85,850	1,788,050	
Less: Provision for diminution in value of Investments			<u>1,788,049</u>		<u>1,788,049</u>	
			1		1	
Ushita Trading & Agencies Ltd.	10	90,000	2,117,975	90,000	2,117,975	
<b>(ii) Unquoted:</b>						
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	
<b>III. In fully paid up Preference Shares of a company</b>						
<b>Unquoted:</b>						
Associated Biscuits Co.Ltd. - 11% Non Cumulative Convertible Preference Shares	10	3,800	38,063	3,800	38,063	
<b>IV. In Units of Mutual Funds</b>						
Unquoted :						
Kotak Bond-Plan A-Growth	10	296,998.53	10,000,000	-	-	
IIFL-Income Opportunities Fund	10	955,056.00	10,000,000	-	-	
			<u>38,404,889</u>		<u>2,783,689</u>	
Aggregate amount of Quoted Investments			2,117,976		2,117,976	
Aggregate amount of Unquoted Investments			36,286,913		665,713	
Market Value of Quoted Investments			2,880,000		2,880,000	
Repurchase value of units of Mutual Funds			20,061,182		-	
<b>13. DEFERRED TAX ASSETS (NET)</b>						
Deferred Tax Liability on Fiscal allowance of fixed assets			4,007,000		7,167,000	
Less: Deferred Tax Assets on						
Employees Benefits			10,316,000		8,465,000	
Fiscal Allowances on provisions			4,810,000		3,960,000	
			<u>11,119,000</u>		<u>5,258,000</u>	
<b>14. LONG TERM LOANS AND ADVANCES</b>						
(Unsecured, considered good)						
Deposits			3,194,294		3,392,795	
Capital Advances			457,923		2,815,217	
			<u>3,652,217</u>		<u>6,208,011</u>	

**NOTES TO THE ACCOUNTS**

	<b>AS AT 31.03.2013 (₹)</b>	<b>AS AT 31.03.2012 (₹)</b>
<b>15. INVENTORIES</b>		
Stores, spares and fuel	19,657,993	12,183,908
Raw Materials (Includes Stock in Transit ₹ 6243501/-; P.Y. ₹ 4662041/-)	269,985,362	253,327,393
Semi-finished Goods	193,313,712	182,628,938
Finished Goods	38,785,075	54,680,348
	<u>521,742,142</u>	<u>502,820,587</u>
<b>16. TRADE RECEIVABLES</b>		
Due for more than six months		
Considered Good		
- Secured	21,041,430	13,886,662
- Unsecured	62,689,592	37,336,289
Considered Doubtful		
- Unsecured	14,824,100	12,205,582
Others		
Considered good		
- Secured	69,148,979	25,119,504
- Unsecured (*)	248,095,615	222,959,859
	415,799,716	311,507,895
Less: Provision for Doubtful Debts	14,824,100	12,205,582
	<u>400,975,616</u>	<u>299,302,313</u>
* Includes due from foreign Subsidiary	8,450,053	-
<b>17. CASH AND BANK BALANCES</b>		
Cash & Cash Equivalents		
Cash-in-hand	411,003	740,725
Cheques in hand	-	136,200
Balances with Scheduled Banks :		
In Current Account	39,948,454	24,333,828
In Unclaimed Dividend Account	1,694,863	1,577,370
Other Bank Balances		
In Fixed Deposit Account (*)	183,023,595	193,728,511
	<u>225,077,916</u>	<u>220,516,634</u>
* Pledged	45,200,756	25,730,127
* Maturing after 12 Months	100,799	6,233,238
<b>18. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Balances with Government Authorities	74,442,847	50,936,137
Due from foreign Subsidiary	11,741,338	-
Advances recoverable in cash or in kind or for value to be received	41,638,967	32,928,205
Taxation advance and refundable (Net of provisions)	13,525,057	12,509,657
	<u>141,348,209</u>	<u>96,373,999</u>
Due from Directors	66,287	69,484
Due from Private Companies in which directors are Member/Director	252,256	354,706

## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 31.03.2013 (₹)	AS AT 31.03.2012 (₹)
<b>19. REVENUE FROM OPERATION</b>		
(a) Sale of products		
Finished Goods	3,099,919,076	3,173,880,054
Traded Goods	216,968	149,833,857
(b) Sale of Services	16,249,330	11,266,936
(c) Other Operating Revenue		
Scrap Sales	35,919,190	43,770,337
	3,152,304,564	3,378,751,184
(d) Less:- Excise Duty	299,976,494	244,813,066
	2,852,328,070	3,133,938,118
<b>19.1 Details of products sold</b>		
Finished Goods:		
a) DR Gin	420,480,273	435,027,538
b) Bale Press Machine	332,070,461	333,686,977
c) Auto Feeder	109,098,988	109,327,133
d) Automation Parts	478,082,944	462,582,918
e) Master Batches	1,128,265,031	995,896,298
f) Others	631,921,378	837,359,190
	3,099,919,076	3,173,880,054
Traded Goods:		
a) Lilipt Gins	216,968	242,468
b) Cotton Bales	-	132,177,810
c) Master Batches	-	17,413,579
	216,968	149,833,857
<b>19.2 Detail of sale of services:</b>		
Erection and Commissioning Charges	16,249,330	11,266,936
	16,249,330	11,266,936
<b>20. OTHER INCOME</b>		
Rent	22,742	60,000
Interest (Includes TDS ₹ 1,686,996/-; P.Y. ₹ 1,609,398/-)	21,359,425	15,423,768
Profit on sale of fixed assets (Net)	-	259,843
Foreign Exchange Variation	3,071,738	7,093,634
Miscellaneous Income	8,146,259	7,750,393
Provision for Doubtful debts written back	1,053,385	-
	33,653,549	30,587,638
<b>21. COST OF MATERIALS CONSUMED</b>		
(a) Steel Division		
Iron and Steel	432,819,140	459,260,965
Castings	229,621,324	221,227,738
Ball Bearings	41,506,365	36,906,620
Others	490,918,237	529,276,832
(b) Plastic Division		
Polymers	486,319,533	475,456,271
Mineral Powders	222,587,463	212,795,352
Chemicals	34,502,729	33,792,720
	1,938,274,791	1,968,716,498



**NOTES TO THE ACCOUNTS**

	AS AT 31.03.2013		AS AT 31.03.2012	
	₹	%	₹	%
Imported	433,394,225	22.36	401,616,268	20.40
Indigeneous	1,504,880,566	77.64	1,567,100,230	79.60
	<u>1,938,274,791</u>	<u>100.00</u>	<u>1,968,716,498</u>	<u>100.00</u>

**22. PURCHASES**

Master Batches	-	15,545,150
Liliput Gins	118,750	180,250
Cotton Bales	-	124,065,503
	<u>118,750</u>	<u>139,790,903</u>

**23. MANUFACTURING & PROCESSING CHARGES**

Stores and spares consumed (*)	103,530,198	98,016,576
Power & Fuel	16,492,093	16,692,953
Job work charges	39,752,748	51,766,630
Errection and Commissioning Charges	17,360,126	16,067,827
Processing charges	116,122,321	101,732,526
	<u>293,257,486</u>	<u>284,276,512</u>

	₹	%	₹	%
(*) Imported	-	-	1,696,939	1.73
Indigeneous	103,530,198	100.00	96,319,637	98.27
	<u>103,530,198</u>	<u>100.00</u>	<u>98,016,576</u>	<u>100.00</u>

**24. CHANGES IN INVENTORIES**

Opening Stock :		
Finished Goods	54,680,348	30,097,821
Work-in-progress	182,628,938	325,758,949
	<u>237,309,286</u>	<u>355,856,770</u>
Less: Closing Stock:		
Finished Goods	38,785,075	54,680,348
Work-in-progress	193,313,712	182,628,938
	<u>232,098,787</u>	<u>237,309,286</u>
	<u>5,210,499</u>	<u>118,547,484</u>

**25. EMPLOYEE BENEFIT EXPENSE**

Salary, Wages, bonus and allowances	211,413,626	192,879,783
Directors' Remuneration	6,013,567	6,276,349
Contribution to Provident & Other Funds	9,432,092	8,967,110
Staff & Labour welfare expenses	3,503,834	5,094,951
	<u>230,363,119</u>	<u>213,218,193</u>

## BAJAJ STEEL INDUSTRIES LIMITED

### NOTES TO THE ACCOUNTS

	2012-2013 (₹)	2011-2012 (₹)
<b>26. FINANCE COSTS</b>		
Interest		
- On Term Loan	6,543,363	10,155,426
- Fixed Deposits	753,834	1,001,673
- Others	58,366,363	54,370,748
Loan Processing & Other Financial Charges	465,000	3,745,784
	<u>66,128,559</u>	<u>69,273,631</u>
<b>27. OTHER EXPENSES</b>		
Rent	9,639,120	7,586,739
Rates and Taxes	2,182,784	1,818,669
Insurance	2,802,642	1,376,116
Discount on sales	10,810,940	11,618,912
Freight & other Expenses (Net)	27,167,007	31,584,415
Travelling and Conveyance	41,252,773	35,772,668
Sales Commission	43,092,272	32,194,528
Repairs and Maintenance :		
To Machineries	4,504,295	2,363,902
To Building	3,920,017	3,080,328
To Others	7,292,228	5,341,955
Directors' sitting Fees	62,000	55,000
Auditors' Remuneration :		
For Statutory Audit	1,000,000	1,000,000
For Tax Audit	150,000	150,000
For Internal Audit	30,000	30,000
For Other Services	263,100	185,205
Irrecoverable Debts and Advances written off	2,185,364	4,340,951
Miscellaneous expenses	78,979,843	55,719,194
Provision for Doubtful Debts	3,822,903	4,382,066
Items relating to previous year (Net)	579,544	811,269
Loss on sale of Fixed Assets (Net)	51,004	-
	<u>239,787,837</u>	<u>199,411,917</u>
<b>28. TAX EXPENSES</b>		
Current tax		
Income Tax	23,900,000	41,450,000
Wealth Tax	191,000	156,000
Income tax Adjustments	(7,171,134)	-
	<u>16,919,866</u>	<u>41,606,000</u>
<u>Deferred Tax</u>		
Deferred Tax	(5,861,000)	(7,288,000)
	<u>11,058,866</u>	<u>34,318,000</u>



## 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.

## BAJAJ STEEL INDUSTRIES LIMITED

### 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:

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) 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 :

- i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) 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>2012-2013</u>	<u>2011-2012</u>
a) Excise duty	0.43	0.43
b) Customs Duty	136.60	136.60
c) Sales Tax	35.38	36.21
d) Income Tax	259.49	200.89
e) Entry Tax	2.24	2.24

3. Estimated amount of contracts to be executed on Capital accounts and not provided for ₹ 15.01 lacs (P.Y. ₹ 44.40 lacs), advance there against ₹ 4.58 lacs (P.Y. ₹ 28.15 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) Due to insufficient information from suppliers regarding their SSI status, the amount due to Small scale Industrial undertakings can not be ascertained.
- (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>2012-2013</u>	<u>2011-2012</u>
	(₹)	(₹)
Managing Director and Executive Director:		
Profit Before Tax	53,663,004	105,831,695
Add: Directors' remuneration	6,583,807	6,748,669
Sitting fees	62,000	55,000
Provision for Doubtful debts	<u>3,822,903</u>	<u>4,382,066</u>
	64,131,714	117,017,430
Less: Profit on Sale of Fixed Assets above its original cost	-	-
Profit on sale of Investments		
Provision for Doubtful debts Written back	<u>1,053,385</u>	-
	<u>63,078,329</u>	<u>117,017,430</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>1,261,567</u>	<u>2,340,349</u>

7. On the basis of physical verification of assets, as specified in Accounting Standard - 28 and c a s h generating capacity of those assets, in the management perception there is no impairment of such assets as appearing in the balance sheet as on 31.03.2013
8. Certain Balances under Advances from Customers, Trade payables, Capital Advances, Trade receivables and Advances Recoverable in cash or kind or value to be received are subject to Confirmation.
9. Related parties and transactions with them as specified in the accounting standard-18 on "Related Party Disclosures" issued by the ICAI has been identified and given below:
- Enterprises where control exists:  
Bajaj Coneagle LLC (Wholly owned foreign subsidiary)
  - Other related parties with whom the Company had transactions:
    - Key Management Personnel and three relatives:- Sri Rohit Bajaj (Managing Director), Sri Sunil Bajaj (Executive Director) and Sri Ashish Bajaj (Chief Executive Officer)  
  
Relatives:- Sri Hargovind Bajaj, Smt Devika Bajaj, Sri Lav Bajaj, Sri Vedant Bajaj

## BAJAJ STEEL INDUSTRIES LIMITED

- 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, Twinstar Plasticoats Private Limited, Bajaj Global Limited, Sidhi Vinimay Private Limited, Vidarbha Tradelinks Pvt. Limited, Glycosic Merchants Private Limited, Bajaj Marketing Services, Rohit Machines & Fabricators Limited, 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 Polymix 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., Tashi Reinforcement LLP.

Transactions with related parties:-

(₹ in lacs)

Name of Transactions	Wholly owned Foreign Subsidiary		Enterprises over which Key management personnel and their relatives are able to exercise significant influence		Key Management personnel and their relatives	
	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)	2012-13 (₹)	2011-12 (₹)
<b>Income</b>						
Rent	-	-	0.23	0.60	-	-
Service Charge	-	-	1.36	1.30	-	-
Sales	85.54	-	189.66	85.15	-	-
Jobwork	-	-	-	0.66	-	-
Commission	-	-	1.16	1.83	-	-
<b>Expenses</b>						
Computer Charges	-	-	0.25	0.25	-	-
Furniture Hire Charges	-	-	1.80	1.80	-	-
Interest	-	-	207.35	172.83	-	-
Jobwork charges	-	-	12.44	85.36	-	-
Processing charges	-	-	1,161.22	1,017.33	-	-
Purchase	44.15	-	360.14	423.18	-	-
Rent	-	-	88.75	68.11	3.36	3.36
Labour Supply Charges	-	-	258.80	494.31	-	-
Vehicle Hire Charges	-	-	9.79	9.60	-	-
Legal & Professional Fees	-	-	0.41	0.62	-	-
Electricity & Water Charges	-	-	5.33	6.85	-	-
Compensation	-	-	3.00	-	-	-
Remuneration	-	-	-	-	120.81	76.90
Sitting Fees	-	-	-	-	0.14	0.16
<b>Balances at the end of the Year</b>						
Debtors	84.50	-	35.85	82.06	-	-
Creditors	-	-	710.54	577.85	-	-
Advances (Dr)	117.41	-	-	-	-	-
Loans Taken	-	-	1,816.72	1,661.67	-	-
Investments	156.21	-	6.65	6.65	-	-



### 10. Segment Revenue, Results and Capital Employed

Sl. No.	Particulars	Steel Division		Plastic Division		Cotton Division		Total of Segments		Unallocated		Total	
		2012-13 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)
1	Revenue Revenue - Domestic	1,766,602,708	1,806,183,859	1,127,364,598	892,394,263	-	132,177,810	2,893,967,306	2,920,755,932	-	-	2,893,967,306	2,920,755,932
	- Export	289,706,077	460,812,217	2,284,730	27,770,673	-	-	291,990,807	488,582,890	-	-	291,990,807	488,582,890
	Less: Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue	2,056,308,785	2,266,996,076	1,129,649,328	1,010,164,936	-	132,177,810	3,185,958,113	3,409,338,822	-	-	3,185,958,113	3,409,338,822
2	Result												
	Profit before Interest, Tax, Depr. And Extra Ordinary Items	117,818,114	201,099,730	61,151,023	39,464,520	-	-	178,969,137	240,564,250	-	-	178,969,137	240,564,250
	Less: Depreciation	58,552,325	64,822,768	625,249	636,155	-	-	59,177,574	65,458,923	-	-	59,177,574	65,458,923
	Less: Interest Expenses	22,655,262	27,438,172	43,473,298	41,835,459	-	-	66,128,559	69,273,631	-	-	66,128,559	69,273,631
	Provision for Taxation	-	-	-	-	-	-	-	-	-	-	-	-
	Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Wealth Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Tax Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
	Net Profit	1,477,236,248	1,280,136,430	412,595,585	348,220,248	-	-	1,889,831,833	1,628,356,678	-	-	1,889,831,833	1,628,356,678
3	Other Information												
	Segment Assets	919,417,822	727,962,564	385,524,042	343,038,194	-	-	1,304,941,863	1,071,000,758	268,514,877	255,808,477	2,158,346,712	1,884,165,155
	Segment Liabilities	113,943,374	102,085,282	1,388,141	384,134	-	-	115,281,515	102,469,416	254,989,820	243,298,820	1,559,931,683	1,314,299,578
	Capital Expenditure	58,552,325	64,822,768	625,249	636,155	-	-	59,177,574	65,458,923	-	-	59,177,574	65,458,923
	Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

#### 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.

## BAJAJ STEEL INDUSTRIES LIMITED

11. The "Earning Per Share" (EPS) has been calculated as specified in Accounting Standard 20 issued by the Institute of Chartered Accountants of India by dividing the Net Profit after Tax for the year by the number of shares allotted by the Company
12. The disclosures required under accounting standard-15:Employees Benefit, notified in the company's (Accounting standard) Rules.

<b>Defined Contribution Plan</b>	(₹ in Lacs)	
Contribution to Defined Contribution Plan, recognised are charged off for the year are as under:	<b>2012-13</b>	<b>2011-12</b>
Employer's Contribution to Provident & Pension Fund	94.32	89.67

### 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.

	2012-13		2011-12	
	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	200.53	54.68	185.93	48.95
Current Service Cost	25.18	10.10	21.53	8.25
Interest Cost	17.48	4.75	15.53	4.04
Actuarial (gain)/loss	16.56	6.36	(16.89)	8.24
Benefits (paid)	(11.64)	(8.30)	(5.38)	(14.80)
Defined Benefit obligation at year end	248.11	67.59	200.53	54.68
b. Reconciliation of fair value of assets and obligations Present value of obligation as at 31st March, 2013	248.11	67.59	200.53	54.68
Amount recognised in Balance Sheet	248.11	67.59	200.53	54.68
c. Expenses recognized during the year				
Current Service Cost	25.18	10.10	21.53	8.25
Past service Cost	-	-	-	-
Interest Cost	17.48	4.75	15.34	4.04
Actuarial (gain) / loss	(16.56)	6.36	(16.89)	8.24
Net Cost	59.22	21.21	19.98	20.53
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				
Rate of escalation in salary (per annum)	8.25% 6.50% to 7.00%	8.25% 6.50% to 7.00%	8.50% to 8.75% 6.00% to 7.00%	8.50% to 8.75% 6.00% to 7.00%



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 investments of the fund during the estimated terms of the obligations. The above information is certified by the Actuary.

	<u>2012-13</u> (₹)	<u>2011-12</u> (₹)
13. a) CIF Value of Imports		
Capital Goods	42,584,717	18,158,548
Raw Material	400,956,667	378,562,408
b) Earnings in Foreign Currency		
FOB Value of Exports	249,544,613	261,040,012
c) Expenditure in Foreign Currency		
Travelling & Freight Expenses	4,639,928	1,113,709
Commission	3,771,104	6,102,916
Advertisement	694,766	489,159
Membership and Subscription	177,316	378,352
Rent Paid	-	130,910
Royalty Charges	1,767,949	1,619,371
Books & Periodicals	4,227	-
Legal & Consultancy charges	4,675,906	2,988,337
Registration Fees	74,683	14,257
Business Promotion Expenses	15,889,769	-
Testing & Inspection fees	-	33,069

14. 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

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors

Date : 30th May, 2013  
Place : Nagpur

# BAJAJ STEEL INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-2013	2011-2012
	(₹)	(₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before tax and extraordinary items	53,663,004	105,831,695
Add: Adjusted for		
Depreciation	59,177,574	65,458,923
Interest Expenses	66,128,559	69,273,631
	178,969,137	240,564,249
Less: Adjustments for :		
Profit on sale of Fixed Assets	51,004	(259,843)
Interest & Dividend Received	(21,359,425)	(15,423,768)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	157,660,716	224,880,638
Adjusted for Changes in Working Capital		
Trade Payables	230,124,883	(21,321,115)
Trade & Other receivables	(144,091,719)	(61,241,538)
Inventories	(18,921,555)	111,338,737
Cash generated from operations	224,772,325	253,656,722
Less: Interest paid	(66,128,559)	(69,273,631)
Direct Taxes paid/adjusted	(18,063,552)	(42,368,458)
Cash flow before extra ordinary items	140,580,214	142,014,633
Extra Ordinary items	-	-
NET CASH FROM OPERATING ACTIVITIES	140,580,214	142,014,633
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Sale of Fixed Assets	544,778	1,227,555
Purchase of Investments	(35,621,200)	-
Purchase of Fixed Assets	(119,068,160)	(106,227,941)
Interest & Dividend received	21,359,425	15,423,768
NET CASH USED IN INVESTING ACTIVITIES	(132,785,157)	(89,576,618)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividend paid	(7,050,000)	(4,700,000)
Proceeds from long term and other borrowings	3,816,224	(12,846,674)
NET CASH USED IN FINANCING ACTIVITIES	(3,233,776)	(17,546,674)
NET CHANGES IN CASH AND BANK BALANCES (A+B+C)	4,561,281	34,891,341
CASH AND BANK BALANCES - OPENING BALANCE	220,516,635	185,625,294
CASH AND BANK BALANCES - CLOSING BALANCE	225,077,916	220,516,635

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

For B. CHHAWCHHARIA & CO.

Chartered Accountants

(Ketan Chhawchharia)

Partner

Firm Registration No. 305123E

Membership No. 63422

Date : 30th May, 2013

Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

Deepak Batra  
Rajiv Ranka  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MARCH, 2013**



## AUDITORS' REPORT

**To the Board of Directors of M/s BAJAJ STEEL INDUSTRIES LIMITED**

**1. Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of M/s BAJAJ STEEL INDUSTRIES LIMITED (Company) and its wholly owned foreign subsidiary M/s BAJAJ CONEAGLE LLC, which comprises the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, issued by The Institute of Chartered Accountants of India and on the basis of separate audited financial statement of Bajaj Steel Industries Limited and unaudited financial statement of its foreign subsidiary included in the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## BAJAJ STEEL INDUSTRIES LIMITED

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013 ;
- (b) in the case of the consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

**For B. CHHAWCHHARIA & CO.  
Chartered Accountants**

**Ketan Chhawchharia  
Partner**

**Firm Registration No.305123E  
Membership No. 63422**

**Date: 30th May, 2013  
Place:Nagpur**



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	(₹)	AS AT 31.03.2013 (₹)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	23,500,000	
Reserves & Surplus	2	582,068,455	605,568,455
<b>Non-current Liabilities</b>			
Long Term Borrowings	3	16,153,496	
Other Long Term Liabilities	4	9,641,681	
Long Term Provisions	5	31,569,405	57,364,582
<b>Current Liabilities</b>			
Short Term Borrowings	6	473,350,154	
Advance from Customers	7	204,240,113	
Trade Payables	8	425,273,631	
Other Current Liabilities	9	143,983,365	
Short-term Provisions	10	8,193,686	1,255,040,949
			<u>1,917,973,986</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets:	11		
Tangible Assets		317,720,530	
Intangible Assets		13,670,010	
Capital Work in Progress		251,039,840	
		582,430,380	
Non-Current Investments	12	22,783,689	
Deferred Tax Assets (Net)	13	11,119,000	
Long-term loans and advances	14	3,684,815	620,017,884
<b>Current Assets</b>			
Inventories	15	542,561,077	
Trade Receivable	16	394,584,740	
Cash & Bank Balances	17	228,643,180	
Short Term Loans & Advances	18	132,167,105	1,297,956,102
			<u>1,917,973,986</u>
SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON FINANCIAL STATEMENTS 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

Date : 30th May, 2013  
Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors

K. K. Kela  
Deepak Batra  
Directors

# BAJAJ STEEL INDUSTRIES LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	2012-2013 (₹)
<b>Income</b>		
Revenue from Operations	19	2,853,364,335
Other Income	20	33,653,549
Total (A)		<u>2,887,017,884</u>
<b>Expenses</b>		
Cost of materials consumed	21	1,933,859,397
Purchases	22	27,223,142
Manufacturing & Processing Charges	23	293,322,741
Changes In Inventories	24	(15,608,436)
Employee benefit expense	25	230,466,966
Finance Costs	26	66,128,559
Depreciation & Amortization expense		59,778,521
Other Expenses	27	243,172,959
Total (B)		<u>2,838,343,849</u>
<b>Profit before tax (A-B)</b>		48,674,035
<b>Tax Expenses :</b>	28	
i) Current Tax		16,919,866
ii) Deferred Tax		(5,861,000)
<b>Total Tax Expense</b>		<u>11,058,866</u>
<b>Profit for the year</b>		<u>37,615,169</u>
Earning Per Share (On Shares of nominal value of ₹ 10/- each)		
Basic & Diluted		16.01

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

Date :30th May, 2013

Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors

**NOTES TO THE ACCOUNTS****AS AT  
31.03.2013  
(₹)****1. SHARE CAPITAL****Authorised :**15,000,000 Equity Shares of ₹ 10 each 150,000,000**Issued, Subscribed and Paid up :**2,350,000 Equity Shares of ₹ 10 each fully paid up 23,500,00023,500,000

- a) Details of shareholders holding more than 5% of the Equity Shares:

As at  
31-Mar-13

<u>Name of Shareholder</u>	<u>Number</u>	<u>% holding</u>
Bajaj Exports Pvt. Ltd.	213,800	9.10
Vidarbha Tradelinks Pvt. Ltd.	209,000	8.89
Smt Gayatri Devi Bajaj	151,400	6.44
Sri Lalchand Chandanmal Mutha	128,723	5.48

- b) 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 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3/- (P.Y: ₹ 3/-)

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

On re-issue of forfeited Equity Shares 3,500

On Forfeiture of money received against Share warrants 9,900,00015,190,246**Securities Premium Reserve**38,100,000**General Reserve**

As per last Account 480,000,000

Add : Amount transferred from surplus in Profit & Loss Account 35,000,000515,000,000

# BAJAJ STEEL INDUSTRIES LIMITED

## NOTES TO THE ACCOUNTS

**AS AT**  
**31.03.2013**  
**(₹)**

### Surplus/(Deficit) in the statement of Profit and Loss

Balance as per last Account	18,333,332
Profit for the year	37,615,169
Less: Appropriations	
Proposed Equity dividend	(7,050,000)
Corporate Dividend Tax	(1,143,686)
Transfer to General Reserve	(35,000,000)
	12,754,815
Foreign Currency Translation Reserve	1,023,394
	582,068,455

### 3. LONG -TERM BORROWINGS:

#### **SECURED LOANS**

##### A) Term Loans:

##### From Banks:

AXIS Bank Limited

Secured by first charge on entire moveable and immoveable fixed assets of Company's unit situated at Plot No- G-108, Butibori, MIDC, present and future, collateral security by way of extension of exclusive charge on entire current assets of Steel Division of Company in pari pasu with other Banks, present and future and personal guarantee of the Managing and Executive Director of the Company.

Terms of Repayment :Quarterly Installment of ₹ 35.72 Lacs each

##### From Others:

SICOM Limited

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 ₹ 60 Lacs each.

##### B) Vehicle Loans from :

a) ICICI Bank Limited	76,803
b) HDFC Bank Limited	2,008,583
c) Karur Vysya Bank Limited	1,852,105
d) AXIS Bank Limited	6,142,264

- Secured by hypothecation of vehicles financed by them

Terms of Repayment :

₹ 1788740/-under 36 EMI Scheme

₹ 8291015/-under 60 EMI Scheme

#### **UNSECURED LOANS**

Fixed Deposits	283,000
	60,423,425
Less : Current Maturity (Refer Note No. 9)	44,269,929
	16,153,496

**NOTES TO THE ACCOUNTS****AS AT  
31.03.2013  
(₹)**

<b>4. OTHER LONG TERM LIABILITIES</b>	
Deposits	9,641,681
	<u>9,641,681</u>
<b>5. LONG TERM PROVISIONS</b>	
Provision for Employees Benefits:	
- Gratuity	24,810,808
- Leave Encashment	6,758,597
	<u>31,569,405</u>
<b>6. SHORT-TERM BORROWINGS</b>	
Loan Repayable on Demand	
<b>Secured</b>	
(i) Working Capital Loans from :	
a) State Bank of India	65,940,873
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 Director, Executive Director, a Director and an Ex-Director and C.E.O. of Superpack Division of the Company.	
b) AXIS Bank Limited	104,120,734
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	5,808,530
b) Karur Vysya Bank Limited	11,250,000
- Secured by pledge of certain Fixed Deposit Receipts	
<b>Unsecured</b>	
From Related parties	286,230,017
	<u>473,350,154</u>
<b>7. ADVANCE FROM CUSTOMERS</b>	
Customer Advance	181,002,800
Caution Money against debtors	23,237,313
	<u>204,240,113</u>

## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 31.03.2013 (₹)		
<b>8. TRADE PAYABLES</b>			
Sundry Creditors			394,033,808
Acceptances			31,239,823
			425,273,631
<b>9. OTHER CURRENT LIABILITIES</b>			
Current maturities of long-term debts (Refer Note No. 3)			44,269,929
Interest accrued but not due on borrowings			390,304
Unclaimed Dividends			1,694,863
Other liabilities			97,628,269
			143,983,365
<b>10. SHORT-TERM PROVISIONS</b>			
Proposed Dividend			7,050,000
Corporate Dividend Tax			1,143,686
			8,193,686
<b>11. FIXED ASSETS</b>	<b>Please See Overleaf.</b>		
	<b>Face</b>	<b>No. of</b>	<b>As</b>
	<b>Value</b>	<b>Shares</b>	<b>31.03.13</b>
	₹	Nos	₹
<b>12. NON-CURRENT INVESTMENTS</b>			
I. In fully paid up Equity Shares of companies			
<b>(i) Quoted:</b>			
Wopolin Plastics Limited	10	85,850	1,788,050
Less: Provision for diminution in value of Investments			1,788,049
			1
Ushita Trading & Agencies Ltd	10	90,000	2,117,975
<b>(ii) Unquoted :</b>			
Associated Biscuits Co.Ltd.	100	3,800	627,000
Nagpur Nagrik Sahakari Bank Ltd.	50	1	50
Shikshak Sahakari Bank Ltd.	25	24	600
II. In fully paid up Preference Shares of a company			
<b>Unquoted :</b>			
Associated Biscuits Co.Ltd.			
- 11% Non Cumulative Convertible Preference Shares	10	3,800	38,063
III. In Units of Mutual Funds			
<b>Unquoted :</b>			
Kotak Bond-Plan A-Growth	10	296,998.53	10,000,000
IIFL-Income Opportunities Fund	10	955,056.00	10,000,000
			22,783,689
Aggregate amount of Quoted Investments			2,117,976
Aggregate amount of Unquoted Investments			20,665,713
Market Value of Quoted Investments			2,880,000
Repurchase value of units of Mutual Funds			20,061,182



**NOTES TO THE ACCOUNTS**

**11. FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION/ AMORTIZATION			NET BLOCK			
	AS AT 01.04.2012 (₹)	ADDITIONS (₹)	DEDUC- TIONS (₹)	AS AT 31.03.2013 (₹)	UPTO 31.03.2012 (₹)	FOR THE YEAR (₹)	ADJUST- MENTS (₹)	UPTO 31.03.2013 (₹)	AS AT 31.03.2012 (₹)	AS AT 31.03.2013 (₹)
<b>(A) TANGIBLE ASSETS</b>										
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	189,471,594	16,328,692	-	205,800,286	87,830,949	8,431,654	-	96,262,603	109,537,683	101,640,645
PLANT AND MACHINERY	392,202,670	35,654,754	-	427,857,424	248,446,873	31,600,668	-	280,047,541	147,809,883	143,755,797
OFFICE EQUIPMENTS	41,190,838	9,846,859	-	51,037,697	30,214,722	4,039,997	-	34,254,719	16,782,978	10,976,116
FURNITURE AND FIXTURES	18,752,434	2,958,218	-	21,710,652	10,842,964	1,745,244	-	12,588,208	9,122,444	7,909,470
VEHICLES	43,073,891	8,478,346	3,786,643	47,765,594	22,311,781	6,584,303	3,190,861	25,665,223	22,080,371	20,762,110
TOTAL (A)	697,078,597	73,266,869	3,786,643	766,558,823	399,647,289	52,381,865	3,190,861	448,838,293	317,720,530	297,431,308
<b>(B) INTANGIBLE ASSETS</b>										
TECHNICAL KNOW HOW	38,048,672	-	-	38,048,672	17,086,646	7,379,871	-	24,466,517	13,582,155	20,962,026
PATENTS	49,400	75,000	-	124,400	19,760	16,785	-	36,545	87,855	29,640
TOTAL (B)	38,098,072	75,000	-	38,173,072	17,106,406	7,396,656	-	24,503,062	13,670,010	20,991,666
<b>(C) CAPITAL WORK IN PROGRESS:</b>										
BUILDING	148,437,286	36,741,845	-	185,179,131	-	-	-	-	185,179,131	148,437,286
LANT AND MACHINERY	36,035,915	19,103,918	1,762,909	53,376,924	-	-	-	-	53,376,924	36,035,915
PRE-OPERATIVE EXPENSES	9,964,924	2,518,861	-	12,483,785	-	-	-	-	12,483,785	9,964,924
TOTAL (C)	194,438,125	58,364,624	1,762,909	251,039,840	-	-	-	-	251,039,840	194,438,125
GRAND TOTAL (A + B+ C)	929,614,794	131,706,493	5,549,552	1,055,771,795	416,753,695	59,778,521	3,190,861	473,341,355	582,430,380	-
PREVIOUS YEAR FIGURES	827,145,378	106,227,941	3,788,525	929,614,794	354,085,586	65,458,923	2,790,813	416,753,696	-	512,861,099



## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 31.03.2011 (₹)
<b>13. DEFERRED TAX ASSETS (NET)</b>	
Deferred Tax Liability on Fiscal allowance of fixed assets	4,007,000
Less: Deferred Tax Assets on	
Employees Benefits	10,316,000
Fiscal Allowances on provisions	4,810,000
	11,119,000
<b>14. LONG TERM LOANS AND ADVANCES</b>	
(Unsecured, considered good)	
Deposits	3,226,892
Capital Advances	457,923
	3,684,815
<b>15. INVENTORIES</b>	
Stores, spares and fuel	19,657,993
Raw Materials (Includes Stock in Transit ₹ 6243501/-;)	269,985,362
Semi-finished Goods	193,313,712
Finished Goods	38,785,075
Traded Goods	20,818,935
	542,561,077
<b>16. TRADE RECEIVABLES</b>	
Due for more than six months	
Considered Good	
- Secured	21,041,430
- Unsecured	62,689,592
Considered Doubtful	
- Unsecured	14,824,100
Others	
Considered good	
- Secured	69,148,979
- Unsecured	241,704,739
	409,408,840
Less: Provision for Doubtful Debts	14,824,100
	394,584,740
<b>17. CASH AND BANK BALANCES</b>	
Cash & Cash Equivalents	
Cash-in-hand	621,952
Balances with Scheduled Banks :	
In Current Account	43,302,769
In Unclaimed Dividend Account	1,694,863
Other Bank Balances	
In Fixed Deposit Account (*)	183,023,595
	228,643,180
* Pledged	45,200,756
* Maturing after 12 Months	100,799

**NOTES TO THE ACCOUNTS****AS AT  
31.03.2013  
(₹)****18. SHORT TERM LOANS AND ADVANCES**

(Unsecured, considered good)

Balances with Government Authorities	74,442,847
Advances recoverable in cash or in kind or for value to be received	44,199,201
Taxation advance and refundable (Net of provisions)	13,525,057
	<u>132,167,105</u>
Due from Directors	66,287
Due from Private Companies in which directors are Member/Director	252,256

**19. REVENUE FROM OPERATION**

(a) Sale of products	
Finished Goods	3,099,919,076
Traded Goods	1,253,233
(b) Sale of Services	16,249,330
(c) Other Operating Revenue	
Scrap Sales	35,919,190
	<u>3,153,340,829</u>
(d) Less:- Excise Duty	299,976,494
	<u>2,853,364,335</u>

**19.1 Details of products sold**

Finihed Goods:

a) DR Gin	420,480,273
b) Bale Press Machine	332,070,461
c) Auto Feeder	109,098,988
d) Automation Parts	478,082,944
e) Master Batches	1,130,562,789
f) Others	629,623,620
	<u>3,099,919,076</u>

Traded Goods:

a) Liliput Gins	216,968
b) Machine & Spare parts	1,036,265
	<u>1,253,233</u>

**19.2 Detail of sale of services:**

Errection and Commissioning Charges	16,249,330
	<u>16,249,330</u>

**20. OTHER INCOME**

Rent	22,742
Interest (Includes TDS ₹ 1,686,996/-;)	21,359,425
Foreign Exchange Variation	3,071,738
Miscellaneous Income	8,146,259
Provision for Doubtful debts written back	1,053,385
	<u>33,653,549</u>

## BAJAJ STEEL INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS	AS AT 2012-13 (₹)
<b>21. COST OF MATERIALS CONSUMED</b>	
(a) Steel Division	
Iron and Steel	432,819,140
Castings	229,621,324
Ball Bearings	41,506,365
Others	486,502,843
(b) Plastic Division	
Polymers	486,319,533
Mineral Powders	222,587,463
Chemicals	34,502,729
	<u>1,933,859,397</u>
	<u>₹</u>
*Imported	433,394,225
*Indigeneous	1,500,465,172
	<u>1933859,397</u>
	<u>%</u>
	22.41
	77.59
	<u>100.00</u>
<b>22. PURCHASES</b>	
Master Batches	-
Liliput Gins	118,750
Machine & Spare parts	27,104,392
	<u>27,223,142</u>
<b>23. MANUFACTURING &amp; PROCESSING CHARGES</b>	
Stores and spares consumed-Indigeneous	103,530,198
Power & Fuel	16,557,348
Job work charges	39,752,748
Errection and Commissioning Charges	17,360,126
Processing charges	116,122,321
	<u>293,322,741</u>
<b>24. CHANGES IN INVENTORIES</b>	
Opening Stock :	
Finished Goods	54,680,348
Work-in-progress	182,628,938
	<u>237,309,286</u>
Less: Closing Stock:	
Finished Goods	38,785,075
Work-in-progress	193,313,712
Traded Goods	20,818,935
	<u>252,917,722</u>
	<u>(15,608,436)</u>
<b>25. EMPLOYEE BENEFIT EXPENSE</b>	
Salary, Wages, bonus and allowances	211,413,626
Directors' Remuneration	6,013,567
Contribution to Provident & Other Funds	9,432,092
Staff & Labour welfare expenses	3,607,681
	<u>230,466,966</u>

**NOTES TO THE ACCOUNTS****AS AT  
31.03.2013  
(₹)****26. FINANCE COSTS**

Interest	
- On Term Loan	6,543,363
- Fixed Deposits	753,834
- Others	58,366,363
Loan Processing & Other Financial Charges	465,000
	<u>66,128,559</u>

**27. OTHER EXPENSES**

Rent	9,833,539
Rates and Taxes	2,267,915
Insurance	3,329,888
Discount on sales	10,810,940
Freight & other Expenses (Net)	27,041,578
Travelling and Conveyance	41,730,942
Sales Commission	43,092,272
Repairs and Maintenance :	
To Machineries	4,504,295
To Building	3,920,017
To Others	7,816,006
Directors' sitting Fees	62,000
Auditors' Remuneration :	
For Statutory Audit	1,000,000
For Tax Audit	150,000
For Internal Audit	30,000
For Other Services	263,100
Irrecoverable Debts and Advances written off	2,185,364
Miscellaneous expenses	80,681,651
Provision for Doubtful Debts	3,822,903
Items relating to previous year (Net)	579,544
Loss on sale of Fixed Assets (Net)	51,004
	<u>243,172,959</u>

**28. TAX EXPENSES**

Current tax	
Income Tax	23,900,000
Wealth Tax	191,000
Income tax Adjustments	(7,171,134)
	<u>16,919,866</u>
Deferred Tax	
Deferred Tax	(5,861,000)
	<u>11,058,866</u>

## **29. NOTES ON ACCOUNTS**

### **1. Significant Accounting Policies:**

#### **i) Principles Of Consolidation**

The Consolidated Financial Statements include the financial statements of Bajaj Steel Industries Limited and its subsidiary. The Consolidated Financial Statements of the Group have been prepared in accordance with Accounting Standard AS - 21 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India ('ICAI') and notified pursuant to the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements are prepared on the following basis:

- i) Consolidated Financial Statements normally include consolidated Balance Sheet, consolidated statement of Profit & Loss, consolidated statement of Cash flows and notes to the Consolidated Financial Statements that form an integral part thereof. The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the parent for standalone financial statements.
- ii) The Consolidated Financial Statements include the financial statements of the Company and its subsidiary.
- iii) The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating inter-group balances / transactions and resulting elimination of unrealised profits in full. The amounts shown in respect of Foreign Currency Translation reserve denotes the accumulated resulting exchange differences on consolidation of the foreign subsidiary.
- iv) Notes to the Consolidated Financial Statements represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and / or a parent having no bearing on the true and fair view of the Consolidated Financial Statements have not been disclosed in the Consolidated Financial Statements.

#### **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 except that depreciation on the assets held by the foreign subsidiary is provided as per the foreign laws.
- 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.

Traded Goods :- At Cost

**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:**

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

## BAJAJ STEEL INDUSTRIES LIMITED

- ii) 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 :

- i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) 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>2012-2013</u>	<u>2011-2012</u>
a) Excise duty	0.43	0.43
b) Customs Duty	136.60	136.60
c) Sales Tax	35.38	36.21
d) Income Tax	259.49	200.89
e) EntryTax	2.24	2.24

3. Estimated amount of contracts to be executed on Capital accounts and not provided for ₹ 15.01 lacs (P.Y. ₹ 44.40 lacs), advance there against ₹ 4.58 lacs (P.Y. ₹ 28.15 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. 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 31.03.2013.



6. Certain Balances under Advance from Customers, Trade Payables, Capital Advances, Trade Receivables and Advances Recoverable in cash or in kind or value to be received are subject to Confirmation.
7. Related parties and transactions with them as specified in the Accounting Standard-18 on "Related Party Disclosures" issued by the ICAI has been identified and given below;
1. Enterprises where Control Exists:
  2. Other Related parties with whom the Company had transactions:
    - (a) Key Management personnel and their relatives:- Sri Rohit Bajaj (Managing Director), Sri Sunil Bajaj(Executive Director), Sri Ashish Bajaj (Chief Executive Officer).  
Relatives:- Sri Hargovind Bajaj, Smt Devika Bajaj, Sri Lav Bajaj, Sri Vedant Bajaj.
    - (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, Twinstar Plasticoats Private Limited, Bajaj Global Limited, Vidarbha Tradelinks Pvt. Limited, Glycosic Merchants Private Limited, Bajaj Marketing Services, Rohit Machines & Fabricators Limited, 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., Tashi Reinforcement LLP and Bajaj Cotgin Pvt. Ltd.

Transactions with related parties:-

( ₹ In Lacs)

Nature of Transactions	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence		Key Management Personnel and their relatives	
	2012-13	2011-12	2012-13	2011-12
<b>Income-</b>				
Rent	0.23	0.60	-	-
Service Charge	1.36	1.30	-	-
Sales	189.66	85.15	-	-
Jobwork	-	0.66	-	-
ommission	1.16	1.83	-	-
<b>Expenses-</b>				
Computer Charges	0.25	0.25	-	-
Furniture Hire Charges	1.80	1.80	-	-
Interest	207.35	172.83	-	-
Jobwork Charges	12.44	85.36	-	-



## BAJAJ STEEL INDUSTRIES LIMITED

	2012-13	2011-12	2012-13	2011-12
Processing Charges	1,161.22	1,017.33	-	-
Purchase	360.14	423.18	-	-
Rent	88.75	68.11	3.36	3.36
Labour Supply Charges	258.80	494.31	-	-
Vehicle Hire Charges	9.79	9.60	-	-
Legal & Professional Fees	0.41	0.62	-	-
Electricity & Water Charges	5.33	6.85	-	-
Compensation	3.00	-	-	-
Remuneration	-	-	120.81	76.90
Sitting Fees	-	-	0.14	0.16
<b>Balance at the end of the year</b>				
Debtors	35.85	82.06	-	-
Creditors	710.54	577.85	-	-
Loan Taken	1,816.72	1,661.67	-	-
Investments	6.65	6.65	-	-

8. **Segment Revenue, Results and Capital Employed:** Please See Overleaf.

9. (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India. Since the Subsidiary's accounts are not subject to audit, the unaudited financial statements have been consolidated.
- (b) The subsidiary (which along with Bajaj Steel Industries Ltd, the parent, constitute the Group) considered in the preparation of these consolidated financial statements is:

Name	Country of Incorporation	Percentage of voting power as at 31st. March, 2013.
Bajaj Coneagle LLC	USA	100%

10. The " Earning per share (EPS)" has been calculated as specified in Accounting Standard-20 issued by the Institute of Chartered Accountants of India by dividing the Net Profit after Tax for the year by the number of shares allotted by the Company.
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 **2011-12** **2012-13**  
for the year are as under:

Employer's Contribution to Provident & Pension Fund	94.32	89.67
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**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.



## 8. Segment Revenue, Results and Capital Employed

Sl. No.	Particulars	Steel Division		Plastic Division		Cotton Division		Total of Segments		Unallocated		Total	
		2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)	2012-2013 (₹)	2011-2012 (₹)
1	Revenue	1,767,638,973	1,806,183,859	1,127,364,598	982,394,263	-	132,177,810	2,895,003,571	2,920,755,932	-	-	2,895,003,571	2,920,755,932
	- Domestic												
	- Export	289,706,077	460,812,217	2,284,730	27,770,673	-	-	291,990,807	488,582,890	-	-	291,990,807	488,582,890
	Less: Inter-Segment Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue	2,057,345,050	2,266,996,076	1,129,649,328	1,010,164,936	-	132,177,810	3,186,994,378	3,409,338,822	-	-	3,186,994,378	3,409,338,822
2	Result												
	Profit before Interest, Tax, Depreciation and Extra-Ordinary Items	113,430,093	201,099,730	61,151,023	39,464,520	-	-	174,581,116	240,564,250	-	-	174,581,116	240,564,250
	Less: Depreciation	59,153,272	64,822,768	625,249	636,155	-	-	59,778,522	65,458,923	-	-	59,778,522	65,458,923
	Less: Interest Expenses	22,655,262	27,438,172	43,473,298	41,835,459	-	-	66,128,559	69,273,631	-	-	66,128,559	69,273,631
	Provision for Taxation	-	-	-	-	-	-	-	-	-	-	-	-
	- Current Tax	-	-	-	-	-	-	-	-	-	-	23,900,000	41,450,000
	- Wealth Tax	-	-	-	-	-	-	-	-	-	-	191,000	156,000
	- Deferred Tax	-	-	-	-	-	-	-	-	-	-	(5,861,000)	(7,288,000)
	- Tax Adjustments	-	-	-	-	-	-	-	-	-	-	(7,171,134)	-
	Net Profit											37,615,168	71,513,695
3	Other Information												
	Segment/Assets	1,480,734,345	1,280,136,430	412,595,585	346,220,248	-	-	1,893,329,930	1,628,356,678	268,514,877	255,808,477	2,161,844,809	1,884,165,155
	Segment Liabilities	926,881,480	727,962,564	385,524,042	343,038,194	-	-	1,312,405,532	1,071,000,758	254,989,820	243,298,820	1,567,395,352	1,314,299,578
	Capital Expenditure	124,818,800	102,085,282	1,338,141	384,134	-	-	126,156,941	102,469,416	-	-	126,156,941	102,469,416
	Depreciation	59,153,272	64,822,768	625,249	636,155	-	-	59,778,522	65,458,923	-	-	59,778,522	65,458,923

### 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.

## BAJAJ STEEL INDUSTRIES LIMITED

	2012-13		2011-12	
	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	200.53	54.68	185.93	48.95
Current Service Cost	25.18	10.10	21.53	8.25
Interest Cost	17.48	4.75	15.34	4.04
Actuarial (gain)/loss	16.56	6.36	(16.89)	8.24
Benefits (paid)	(11.64)	(8.30)	(5.38)	(14.80)
Defined Benefit obligation at year end	248.11	67.59	200.53	54.68
b. Reconciliation of fair value of assets and obligations Present value of obligation as at 31st March, 2013	248.11	67.59	200.53	54.68
Amount recognised in Balance Sheet	248.11	67.59	200.53	54.68
c. Expenses recognized during the year				
Current Service Cost	25.18	10.10	21.53	8.25
Past service Cost	-	-	-	-
Interest Cost	17.48	4.75	15.34	4.04
Actuarial (gain) / loss	16.56	6.36	(16.89)	8.24
Net Cost	59.22	21.21	19.98	20.53
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	8.25%	8.25%	8.50% to 8.75%	8.50% to 8.75%
Rate of escalation in salary (per annum)	6.5% to 7.00%	6.5% to 7.00%	6.00% to 7.00%	6.00% to 7.00%

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.

12. This being the first year of consolidation of accounts, previous year figures are not given.

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  
Date : 30th May, 2013  
Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

Rohit Bajaj  
Managing Director

K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	<b>2012-2013</b>
	(₹)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>	
Net Profit before tax and extraordinary items	48,674,035
Add: Adjusted for :	
Depreciation	59,778,521
Interest Expenses	<u>66,128,559</u>
	174,581,115
Less: Adjustments for :	
Profit on sale of Fixed Assets	51,004
Interest & Dividend Received	<u>(21,359,425)</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>153,272,694</u>
Adjusted for Changes in Working Capital	
Trade Payables	237,588,554
Trade & Other receivables	(128,552,337)
Inventories	<u>(39,740,490)</u>
Cash generated from operations	222,568,421
Less: Interest paid	(66,128,559)
Direct Taxes paid/adjusted	<u>(18,063,552)</u>
Cash flow before extra ordinary items	<u>138,376,310</u>
Extra Ordinary items	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>138,376,310</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Sale of Fixed Assets	544,778
Purchase of Investments	(20,000,000)
Purchase of Fixed Assets	(129,943,586)
Foreign Currency Translation Reserve	1,023,394
Interest & Dividend received	21,359,425
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(127,015,989)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>	
Dividend paid	(7,050,000)
Proceeds from long term and other borrowings	
	<u>3,816,224</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(3,233,776)</u>
<b>NET CHANGES IN CASH AND BANK BALANCES (A+B+C)</b>	8,126,545
<b>CASH AND BANK BALANCES - OPENING BALANCE</b>	220,516,635
<b>CASH AND BANK BALANCES - CLOSING BALANCE</b>	228,643,180

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

For B. CHHAWCHHARIA & CO.

Chartered Accountants

(Ketan Chhawchharia)

Partner

Firm Registration No. 305123E

Membership No. 63422

Date : 30th May, 2013

Place : Nagpur

Sunil Bajaj  
Executive Director

Manish Sharma  
Chief Financial Officer

Jagdish Shirke  
Company Secretary

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K. K. Kela  
Deepak Batra  
Directors

Mohan Agrawal  
Vinod Kumar Bajaj  
Alok Goenka  
Directors



BAJAJ STEEL INDUSTRIES LIMITED

**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 Second General Meeting** held on Wednesday, the 25<sup>th</sup> September, 2013 at 4.00 P.M.at 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 \_\_\_\_\_ Folio No. \_\_\_\_\_ 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 Second General Meeting held of the Company to be held on Wednesday, the 25<sup>th</sup> September, 2013 at 4.00 P.M.at any adjournment thereof.



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013  
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 at least 48 hours before the time of the meeting



**BAJAJ DOUBLE ROLLER COTTON GINNING GOLDEN JUBILEE MODEL**



Book Post



# BAJAJ STEEL INDUSTRIES LTD.

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

**Tel** + 91 712 272 0071-80

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**Email** bsi@bajajngp.com

**Visit us at** [www.bajajngp.com](http://www.bajajngp.com)

