

Shri Balaji Pyre



**BALAJI GALVANISING
INDUSTRIES LIMITED**

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**13th
ANNUAL REPORT
2002 - 2003**

BOARD OF DIRECTORS :

Shri Shiv Bhagwan Bagaria	Chairman
Shri C.V. Prithvi Raj	Director
Shri Jugal Kishore Jethalia	Director
Shri Sanjay Kumar Bagaria	Director
Shri Chetan Kumar Bagaria	Director
Shri Shiv Ratan Bagaria	Director
Shri Navneet Khemani	Executive Director

REGISTERED OFFICE :

5-4-100 & 101/A, M.G. Road,
Secunderabad - 500 003.

FACTORY :

Survey No. 10,
Gaddapotharam Village,
Medak Dist. Andhra Pradesh

AUDITORS :

M/s. Dagliya & Company
Chartered Accountants
5-5-9/13, 2nd Floor, Srinivasa Building,
Ranigunj, Secunderabad - 500 003.

BANKERS :

Dena Bank
M.G. Road,
Secunderabad - 500 003.

BGIL**NOTICE:**

NOTICE is hereby given that the Thirteenth Annual General Meeting of Members of the Company will be held on Tuesday the 30th September, 2003 at 10:00 A.M. at Agrasen Trust Hall, 5 - 8- 512/ 517- A2, Abids Road, Hyderabad- 500 001 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Audited Profit & Loss Account for the period ended on that date together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jugal Kishore Jethalia, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Sanjay Kumar Bagaria, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary resolution:

"RESOLVED THAT in accordance with the provisions of Section 269, 198,309,310 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 and other provisions thereto, as amended, the Company hereby accords its approval and consent to the appointment of Mr. Navneet Khemani, Director of the Company as Executive Director of the Company with effect from **1st October, 2002** for a period of **3 years** with such remuneration as stated herein :

1. Salary : Rs. 20,000/- (Rupees Twenty Thousand only) per Month all inclusive.
2. He shall not be paid any sitting fees for attending the meetings of Board of Directors or committee thereof.

"RESOLVED FURTHER THAT the Board of Directors shall have power to revise, alter, increase or abrogate the terms and conditions of such appointment and remuneration thereto without recourse to the approval of members in General Meeting during the currency of his tenure".

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special resolution:

"RESOLVED that, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with the Stock Exchanges and the provisions of the SEBI (Delisting of Securities) Guidelines, 2003 or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company or any Committee/ person(s) authorized by the Board, consent be and is accorded to delist the Equity Shares of the Company from the Stock Exchange at Hyderabad."

**By Order of the Board,
for BALAJI GALVANISING INDUSTRIES LIMITED**

**Sd/-
(SHIV BHAGWAN BAGARIA)
Chairman**

Place: Secunderabad
Dated: 27.08.2003

NOTES :

1. A person entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote for himself and such proxy need not be a member.
2. Proxy Form duly executed should be deposited at the Registered Office of the Company at least FORTY EIGHT hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item nos. 5 & 6 is attached hereto.
4. The Register of Members and Share Transfer Books shall remain closed from 26th September 2003 to 30th September, 2003 (Both days inclusive) for the purpose of Annual General Meeting.
5. Brief profile of Mr. Navneet Khemani is given in the Explanatory Statement.
6. The Company has appointed the following as Share Transfer Agent and Depository Registrars:
M/s NICHE TECHNOLOGIES PRIVATE LIMITED, C- 444, Bagree Market, 71, B.R.B.B Road, Kolkata - 700 001. Phone Nos: 234 2318 / 235 3070; FAX - 033- 215 6823.

All correspondence in respect of Shares may be made to the Registrars.

**EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)**

Item No. 5

Mr. Navneet Khemani has been Director of the Company since 2001. Mr. Khemani is a Technocrat with 15 years of experience in business. It is considered appropriate to avail the benefit of vast experience of Mr. Navneet Khemani as the Executive Director of the Company to oversee the technical and financial rehabilitation of the Unit at Hyderabad, on such terms and conditions as set out in the resolution in Item No. 5.

No other Director, except Mr. Navneet Khemani, himself is interested in the resolution.

The statement may be construed as the abstract of terms u/s 302 of the Act.

Item No.6

The equity shares of your Company are presently listed on the Stock Exchanges of Mumbai, Kolkata and Hyderabad. It has been observed that trading in the Company's shares on Hyderabad Stock Exchanges is either nil or insignificant. The Board of Directors of your Company at its meeting held on 27th August, 2003 accordingly recommended for approval of the Members, the proposal to voluntarily delist the Company's shares from the Stock Exchanges at Hyderabad Stock Exchange. The Shares of the company will however continued to be listed on the Mumbai Stock Exchange and Kolkata Stock Exchange.

In accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the consent of the members by way of a Special Resolution is required for voluntary delisting of the Company's shares from the aforesaid Stock Exchanges.

None of the Directors of your Company is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

**By Order of the Board,
for BALAJI GALVANISING INDUSTRIES LIMITED**

Sd/-
(SHIV BHAGWAN BAGARIA)
Chairman

Place: Secunderabad
Dated: 27.08.2003

DIRECTORS' REPORT

To

The Members of Balaji Galvanising Industries Limited,
Secunderabad

Your Directors take pleasure in presenting the Thirteenth report on the affairs of the Company for the financial year 2002-2003 together with the Audited Financial Statements and Report of the Auditors thereon.

BUSINESS PERFORMANCE:

Financial Results: The overall performance of the Company for the financial year 2002-03 is summarized as under:

	(Rs. in Lakhs)	
Particulars	2002-2003	2001-2002
Sales (Net)	156.52	117.05
Increase / (Decrease) in Stocks	(8.04)	(11.04)
Other Income	16.58	7.97
	-----	-----
Total Revenue	165.06	113.98
Manufacturing / Operating Expenses	161.91	111.46
	-----	-----
Profit / Loss before Financial Expenses & Depreciation	3.15	2.52
Interest & Financial Expenses	14.27	—
Depreciation	11.25	10.96
	-----	-----
Net Loss after Financial Expenses & Depreciation	(22.37)	(8.44)

During the year 2002-03, the Company has posted a turnover of Rs. 165.07 lakhs as against Rs. 113.98 lakhs in previous year and incurred a loss of Rs. 22.37 lakhs as against previous year loss of Rs. 8.44 lakhs out of manufacturing of Steel wires. Due to inadequacy of profits, the Board has not recommended any dividend nor any transfer to reserves.

Future out look:

The line of business of the Company, as a part of Steel industry, has seen some shake up after a slump of almost five years and all the major players have shown encouraging results. The Company is also witnessing a spurt in demand in the current financial year and is expected to make rapid strides in consolidating its position. The smaller players in unorganized sector have continued to sledge prices to compete with the organized sector. This coupled with past losses have placed the Company in loss. However, with signs of recovery and installation of balancing equipments for increasing production, the Company expects to come in marginal profits during the current fiscal.

DIRECTORS:

During the period, Shri Navneet Khemani was appointed as Executive Director w.e.f 1.10.2002.

Shri Jugal Kishore Jethalia and Shri Sanjay Kumar Bagaria retire by rotation and being eligible offer themselves for reappointed.

There are no changes in Directors during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

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- (i) That the accounting standards to the extent applicable to the Company have been followed in the preparation of then annul accounts. There are no material departures there from.
- (ii) That the accounting policies selected by the Board for the purpose of preparation and presentation of the financial statements have been and are being applied consistently and reasonable and prudent judgments and estimates (wherever applicable) have been made for the said purpose, so as to give a true and fair view of the affairs of the Company as at the end of the financial year under review and of the profit/loss for the said year.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities.
- (iv) That the annual Accounts have been prepared on a going concern basis.

AUDITORS:

M/s. Dagaliya & Company, Chartered Accountants, Hyderabad, the Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Board recommends their reappointment for the year 2003-04.

The observations made by the Auditors in their report read with the Notes on Accounts are self explanatory and do not require any comments from Directors.

LISTING :

The shares of your company are listed on Mumbai, Kolkata and Hyderabad Stock Exchanges. Given the abysmally low trading volumes on Hyderabad stock exchange, the Company proposes to delist its shares from Hyderabad Stock Exchange subject to your approval.

EMPLOYEES:

There are no employees whose particulars are to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS:

During the year under review, the Company has not accepted any deposits under Section 58A of the Companies Act 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988, forming part of the Directors Report for the year ended 31st March, 2003 is as follows:

1. Conservation of Energy : The company's operations require low energy consumption. Adequate measures are taken to conserve energy whenever possible. The details required are attached herewith.
2. Technology Absorption:

a. Research & Development	There is no specific Research and Development activity carried out by the Company during the year.
b. Technology Absorption	NIL

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3.	Foreign Exchange Earning and Outgo:	Value (in Rs. Lacs)
	Value of Imports (CIF basis)	Nil
	Expenditure in Foreign currency	2.66
	Earnings in Foreign Exchange	Nil

CORPORATE GOVERNANCE:

The Company has implemented the Code for Corporate Governance as stipulated under Clause 49 of the Listing Agreement. A separate report on Corporate Governance is annexed to this report.

DEMATERIALISATION OF SHARES:

M/s. NICHE TECHNOLOGIES PRIVATE LIMITED, Kolkata were appointed as Depository Registrars for dematerialization of shares and for physical shares also the transfer work was entrusted to them.

The Company made an application to NSDL and CDSL for demat of shares but the Depositories have not granted the ISIN number till date and Company is following up the matter with the Depositories.

ACKNOWLEDGEMENTS:

The Board takes this opportunity to express its deep gratitude for the continued co-operation and support received from its Bankers, State and Central Governments, the customers, share holders, business associates and employees during the year under review.

For & on behalf of the Board of Directors
BALAJI GALVANISING INDUSTRIES LTD.

Place: Secunderabad.

Date : 27.08.2003

Sd/-

SHIV BHAGWAN BAGARIA
CHAIRMAN

SCHEDULE '19' : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF

ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to the Conservation of Energy, Technology absorption and Foreign Exchange Earnings & Outgo as required under Companies (Disclosure of Particulars in the Board of Directors Report) Rules, 1988:

I. CONSERVATION OF ENERGY :

- A.** Energy conservation measures taken: Regular maintenance of machinery leads to improved operational efficiency and lower power consumption.
- B.** Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- C.** Impact of measures of (A) and (B) above for reduction of Energy consumption and consequent impact on the cost of production of goods : NIL
- D.** Total Energy consumption and Energy consumption per unit of production as per Form – A of the Annexure to the Rules in respect of the Industries specified in the Schedule thereto :

A. POWER AND FUEL CONSUMPTION:**1. Electricity:**

a. Purchased	Rs. 27,19,110
b. Total Units(KWH)	5,71,125
c. Rate per Unit	Rs. 4.761 per unit

2. Own Captive Generation (Diesel)

a. Total Amount	Rs. 1,70,767
b. Consumed (litres)	8240
c. Unit per litre	20.72

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Total Amount of Power & Fuel	Rs. 28,89,877
2. G.I / M.S / S.S Wire (M.T)	322.928
3. Power & Fuel cost per M.T	8948.98

II. TECHNOLOGY ABSORPTION : NIL**III. a) FOREIGN EXCHANGE EARNINGS : NIL****b) FOREIGN EXCHANGE OUTGO : Rs. 2,66,015**

For and on behalf of the Board

Sd/-
(SHIV BHAGWAN BAGARIA)
 Chairman

Place: Secunderabad
 Dated: 27.08.2003

ANNEXURE- B TO REPORT OF THE DIRECTORS**Management Discussion & Analysis****Industry structure and developments**

The Indian steel industry has demonstrated impressive growth in the last few months after a prolonged slump of almost five years. India's share in the global steel market is considerably low, despite this growth. Nevertheless, India enjoys a relatively favorable position in the world market as it offers quality steel at low costs.

Opportunities and Threats

The Company is a leading steel and galvanized steel wires manufacturer in the State of Andhra Pradesh with diverse capabilities in the areas of a range of products. Our strategic inputs in people and cutting-edge technology enables us to deliver quality products that create new and easy business opportunities for our customers. Our strategic focus is to excel in every area of expertise and enhance value exchange for our clients. And while doing so, to convert every challenge into a destination.

Outlook

During last years, the industry in general slowed down and has started to show rapid recovery. This coupled with large infrastructure projects in pipeline and the Govt. of India initiative to install barbed wire fences across the Northern and Western borders of the country translate into increased demand for Company's products. The Company which has suffered losses in previous years, is slated to be in the black during current fiscal.

Risks and concerns

The slowdown in the industry has been a cause for concern. To reduce the impact of the such slowdown in future, your company is taking measures for modernizing the plant, install certain balancing equipments to become more competitive and efficient. The unorganized sector continues to be the major threat to the company due to undercutting in prices. The modernization and balancing equipments will help the company in cutting its expenses drastically. The marketing strategy has been changed and the Directors are personally involved in marketing activities to achieve better results and your company is exploring the Government promoted projects.

Internal control systems and their adequacy

The internal control systems are aimed at promoting operational efficiencies. The Company is conducting internal audit at regular intervals to ensure that:

- a) Transactions are executed in accordance with the Company's policies and authorizations.
- b) Deployment of funds are in accordance with the Company's policies.

The internal audit is conducted as per the requirement of the Company and the report is submitted to the Audit committee and to the Management. It reviews the policies and procedures followed.

The Audit committee with three independent and non-executive directors meets regularly to investigate any matter relating to the internal control system and reviews the Internal Audit. The committee reviews the quarterly and half yearly financials before they are submitted to the Board of Directors.

Financial Condition**Share Capital**

During the year under review Company has not allotted any shares.

Secured Loans

The Secured Cash Credit outstanding of Rs.73.31 lakhs as on 31st March 2003 from the Bank is under One Time Settlement arrived at with the Bank and is to be paid in 36 installments and is being serviced as per the terms of OTS.

Fixed Assets

Fixed Assets (gross block) have increased from Rs. 171.85 lacs to Rs. 183.51 during the financial year.

Current Assets

The Net current assets of the Company have decreased to Rs. 251.79 lacs as on 31st March 2003 from Rs. 283.96 lacs last year. The fall is due to increase in sundry creditors and lower inventories.

Human Resources

The Company strongly believes that a right workforce makes all the difference in catapulting an organization to the highest echelons of success and achievement. Our workforce, thus, is a blend of cohesive and effective knowledge workers. One that is flexible. One that gives us a clear competitive advantage. Working together, we intend to develop and hone a workforce strategy that will be integral to the business strategy of our client. A highly qualified technical team is at the core of our operations. Having acquired expertise in their niche areas, they are trained in-house, on a regular basis, on diverse emerging trends and products.

For and on behalf of the Board

Sd/-
(SHIV BHAGWAN BAGARIA)
Chairman

Place: Secunderabad
Dated: 27.08.2003