



**BALAJI GALVANISING
INDUSTRIES LIMITED**

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**14th
ANNUAL REPORT
2003 - 2004**

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.

BG/L**NOTICE:**

NOTICE is hereby given that the Fourteenth Annual General Meeting of Members of the Company will be held on Thursday the 30th September, 2004 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, 2004 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 Shiv Ratan Bagaria, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Chetan 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 modifications, 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, then 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 Exchanges at Hyderabad."

By Order of the Board,
for BALAJI GALVANISING INDUSTRIES LIMITED

Sd/-

(SHIV BHAGWAN BAGARIA)
Chairman

Place: Secunderabad
Dated: 27.08.2004

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 no. 5 is attached hereto.
4. The Register of Members and Share Transfer Books shall remain closed from 28th September, 2004 to 30th September, 2004 (Both days inclusive) for the purpose of Annual General Meeting.
5. Brief profile of Mr. Shiv Ratan Bagaria and Shri Chetan Kumar Bagaria are 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: 235 7271 / 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

The equity shares of your Company have been listed on the Stock Exchanges of Mumbai, Kolkata and Hyderabad. The Company had passed a resolution for voluntary delisting from Hyderabad Stock Exchange in the Annual General Meeting held on 30th September, 2003. However due to non receipt of a certificate from Mumbai Stock Exchange, the delisting application was not approved by HSE.

The trading in the Company's shares on Hyderabad Stock Exchanges has continued to be nil. The Board of Directors of your Company at its meeting held on 25th August, 2004 accordingly again recommended for approval of the Members, the proposal to voluntarily delist the Company's shares from the Stock Exchange at Hyderabad as per the Voluntary Delisting Guidelines pronounced by SEBI. The Shares of the company will however continue 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 Exchange.

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

The Board recommends this Special Resolution for your approval.

BRIEF PROFILES :

1. **Shri Shiv Ratan Bagaria** : He is a Commerce Graduate who has been involved in wire business for last 20 years. He has got immense knowledge about marketing the products which the company is producing and intends to produce in near future. He has served on the Board of various companies which are in business lines of manufacturing.
2. **Shri Chetan Kumar Bagaria** : He is a Commerce Graduate and the youngest addition to the Board. His infusion is expected to bring in a lot of new ideas and energy to the company He is also got some hands on experience in similar manufacturing companies particularly in the production and financial management. His rigour will open new vistas of business policies and their implementation in the Company.

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

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

Place: Secunderabad
Dated: 27.08.2004

DIRECTORS' REPORT

To

**The Members of Balaji Galvanising Industries Limited,
Secunderabad**

Your Directors take pleasure in presenting the Fourteenth report on the affairs of the Company for the financial year 2003-2004 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 2003-04 is summarized as under:

	(Rs. in Lakhs)	
Particulars	2003-2004	2002-2003
Sales (Net)	249.25	156.52
Increase / (Decrease) in Stocks	37.09	(8.04)
Other Income	17.53	16.58
	-----	-----
Total Revenue	303.87	165.06
Manufacturing / Operating Expenses	301.37	161.91
	-----	-----
Profit / Loss before Financial Expenses & Depreciation	2.50	3.15
Interest & Financial Expenses	0.16	14.27
Depreciation	12.07	11.25
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Net Loss after Financial Expenses & Depreciation	(9.73)	(22.37)

During the year 2003-04, the Company has posted a turnover of Rs. 303.87 lakhs as against Rs. 165.06 lakhs in previous year (including other income) and incurred a loss of Rs. 9.73 lakhs as against previous year of Rs. 22.37 lakhs out of manufacturing of Steel wires. The losses have continued due to operational bottlenecks which have continued to haunt the Company over last few years despite good demand of the products. The Company has been able to generate higher sales and reduce losses in the year under review. Due to the loss, the Board has not recommended any dividend nor any transfer to reserves.

Future out look:

The Steel industry has been showing quantum jump in the offtake of all products across the board and all the major players have shown encouraging results. The Company is also reaping some benefits of this scenario and is witnessing a spurt in demand which is likely to continue in current year also. The smaller players in unorganized sector are now finding it difficult to meet the expectations of demand and are not able to sledge prices to compete with the organized sector. 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 has resigned as Executive Director but continues to be a Director of the Company.

Shri Shiv Ratan Bagaria and Shri Chetan 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:

- (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. Dagliya & 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.

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 which could not be completed last year.

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 and 58AA of the Companies Act 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY 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, 2004 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.	
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b. Technology Absorption	NIL
3. Foreign Exchange Earning and Outgo:	Value (in Rs. Lacs)
Value of Imports (CIF basis)	NIL
Expenditure in Foreign currency	NIL
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.

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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 due to pending certificate from Stock Exchange, Mumbai 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 : 27.08.2004

Sd/-
SHIV BHAGWAN BAGARIA
CHAIRMAN

ANNEXURE 'A' 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.	29,35,283
b. Total Units(KWH)		6,36,196
c. Rate per Unit	Rs.	4.61 per unit

2. Own Captive Generation (Diesel)

a. Total Amount	Rs.	1,84,830
b. Consumed (litres)		8,000
c. Unit per litre		23.10

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Total Amount of Power & Fuel	Rs.	31,20,113
2. G.I / M.S / S.S Wire (M.T)		333.488
3. Power & Fuel cost per M.T		9355.99

II. TECHNOLOGY ABSORPTION : NIL**III. a) FOREIGN EXCHANGE EARNINGS : NIL****b) FOREIGN EXCHANGE OUTGO : NIL**

For and on behalf of the Board

Sd/-
(SHIV BHAGWAN BAGARIA)
Chairman

Place: Secunderabad
Dated: 27.08.2004

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 years with opening up of Indian market for infrastructural projects and Government initiatives for major projects. Besides, the Indian Industry has also created huge demand with several large Production facilities being set up. India enjoys a relatively favorable position in the world market as it offers quality steel at low prices.

Opportunities and Threats

The Company is one of the few production facilities in galvanized wire among the organized sector with wide range of products for industrial and security purposes. However the benefits could not accrue due to the reason that the Company has been saddled with accumulated losses.

Now the Company is placing its strategic inputs in people and cutting-edge technology enable it to deliver quality products that create new and easy business opportunities. Our strategic focus is to excel in every area of expertise and enhance value exchange for customers. The product rejig with entry into new products would help to square up the losses in future.

Outlook

During last years, the industry in general had slowed down which has shown recovery for last one year. 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. 58.61 lakhs as on 31st March 2004 from the Bank is under One Time Settlement and payment are made regularly as stipulated. However, this has put pressure on the working capital availability which has been a hindrance for rapid growth.

Fixed Assets

Fixed Assets (gross block) have increased from Rs.183.51 lakhs to Rs. 185.77 lakhs during the financial year on account of installation of Balancing equipments.

Current Assets

The Net current assets of the Company have increased to Rs. 170.71 lacs as on 31st March 2004 from Rs. 111.04 lakhs last year.

Human Resources

The Company has continued with the policy of having a right workforce for catapulting an organization to the higher levels of success and achievement. The policy to recruit experts in the line of production impart a clear edge over other players. A highly efficient technical team has spearheaded 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: 27.08.2004