



BALAJI GALVANISING INDUSTRIES LIMITED

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15th
ANNUAL REPORT
2004 - 2005

CERTIFIED TO BE
TRUE COPY

For BALAJI GALVANISING INDUSTRIES LTD.

Chetan Bhangoria
Director

BOARD OF DIRECTORS :

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

REGISTERED OFFICE :

R.No. 215, II Floor, Kabra Complex.
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.

BRIEF PROFILES:

Shri Shiv Bhagwan Bagaria : He is a veteran businessman aged about 76 years and the patriarch of the Company . He has very wide business experience in the field of wires and steel business. He continues to guide the Company in its major policy decisions.

Shri. Navneet Khemani has been Director of the Company since 2001. Mr. Khemani is a Graduate in Mechanical Engineering . He 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 Director of the Company to oversee the technical rehabilitation with better product mix and balancing the production capacities.

Place : Secunderabad

Dated : 3rd September, 2005

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

SHIV BHAGWAN BAGARIA
CHAIRMAN

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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. The shares remain suspended from trading at BSE despite the fact that the Listing compliances have been regularly made. Company is following up the matter with Stock Exchange at Mumbai.

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 herew

BGIL**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. 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

Place : Secunderabad

for & on behalf of Board

Dated : 3.9.2005

Shiv Bhagwan Bagaria
Chairman

Fixed Assets

Fixed Assets (gross block) have increased from Rs.185.77 lakhs to Rs. 188.88 lakhs during the financial year on account of installation of Balancing equipments.

Current Assets

The Net current assets of the Company have come down to Rs. 183.89 lakhs from Rs. 227.92 lakhs on account of increase in current liabilities.

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. An 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.

Place : Secunderabad

Dated : 3rd September, 2005

By order of the Board

FOR BALAJI GALVANISING INDUSTRIES LIMITED

SHIV BHAGWAN BAGARIA

CHAIRMAN

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Composition of Audit Committee is as under

Name of Director	Title	Status	Meetings attended
Shri Shiv Ratan Bagaria	Member	Independent and non-executive Directors	5
Shri Navneet Khemani	Member		3
Shri C.V Prithvi Raj	Member		5

The Audit Committee met on 30.04.2004, 31.07.2004, 25.08.2004, 30.10.2004 and 29.01.2005

COMPENSATION COMMITTEE

Company has constituted Compensation Committee with Shri Sanjay Kumar Bagaria, Shri Shiv Ratan Bagaria and Shri Jugal Kishore Jethalia as members. There are no employees which require the approval of Committee for fixing salaries etc. However, Company has a regular Appraisal Policy. Due to slowdown in business, the compensations have not witnessed significant changes. On 31.01.2005, Shri Navneet Khemani replaced Shri Jugal Kishore Jethalia as member.

Details of Remuneration paid to Directors

Executive Director – NIL

INVESTORS' GRIEVANCE COMMITTEE

As a measure of good corporate governance and to focus on the shareholders' grievances and to redress the investor's complaints in minimum possible time the Board has constituted Investor Grievance Committee under the Chairmanship of Shri Sanjay Kumar Bagaria. This sub-committee also focuses on strengthening investor relations.

Composition : Shri Shiv Ratan Bagaria, Shri Sanjay Kumar Bagaria and Shri Chetan Kumar Bagaria

Name and designation of Compliance officer

Mr. Anil Nair – Manager

Status of Complaints received

During the year Company has received about 12 (**Twelve**) Complaints from the public

Processed to the satisfaction of shareholders: 11 (**Eleven**).

Pending complaints: 1 (**One**) for non receipt of Annual Report.

Reasons for pending the complaint : Annual Report not received. Copy sent. Not acknowledged.

1. Date, Venue and time for the last three Annual General Meetings

Date	Venue	Time
30.09.2002	Agrasen Hall Trust, Abids Road, Hyderabad	10.00 A.M
30. 09. 2003	Agrasen Hall Trust, Abids Road, Hyderabad.	10:00 AM
30. 09. 2004	Agrasen Hall Trust, Abids Road, Hyderabad.	10:00 AM

- i) Shares received for physical transfers are generally registered within a period of 15 days from the date of receipt of the valid and duly filled-up transfer deeds.
- j) In respect of transfer of physical shares, shareholders are advised to contact our STA Niche Technologies Pvt. Limited, C- 444, Bagree Market, 71, B.R.B.B Road, Kolkata - 700 001 Phone Nos. 2234 2318, 2235 3070; FAX - 033- 2215 6823

Shareholding Pattern as at 31st March, 2005

	Category	No. of shares held	Percentage of shares holding
A	PROMOTER'S HOLDING		
1.	Promoters:		
	Indian Promoters	19,60,700	39.57
	Foreign Promoters	—	—
2	Persons acting in concert	—	—
	Sub total	19,60,700	39.57
B	NON – PROMOTERS HOLDING	—	—
3.	Institutional Investors	—	—
a.	Mutual Funds and UTI	1,00,000	2.02
b.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non- government Institutions)	2,46,700	4.98
c.	Foreign Financial Institutions	Nil	Nil
	Sub total	3,46,700	7.00
4.	Others	—	—
a.	Private Bodies Corporate	2,80,800	5.67
b.	Indian Public	22,16,300	44.74
c.	Non Resident Indians/ Overseas Bodies Corporate	1,50,000	3.03
d.	Any others(to specify)		
	Sub total	26,47,100	53.44
	GRAND TOTAL	49,54,500	100.00

NOTE : Total Foreign Shareholding (Including GDR / ADR holding) 1,50,000 - 3.03%

AUDITOR'S REPORT

The Members of
BALAJI GALVANISING INDUSTRIES LIMITED
SECUNDERABAD

1. We have audited the attached Balance Sheet of BALAJI GALVANISING INDUSTRIES LIMITED as at 31st March, 2005 and the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. 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;
 - ii. 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;
 - iii. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. Advances, creditors and other liabilities include certain old balances which require review, re-calculation and adjustments. In the absence of the same, consequential adjustments are not carried out in the books of accounts. The relevant impact on the accounts is not ascertainable;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 - ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Secunderabad

for Dagiya & Co
Chartered Accountants,

Date : 03.09.2005

(JITENDRA KUMAR JAIN)
Partner

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11. According to the records of the company examined by us and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to a chit fund/nidhi/mutual benefit fund/society are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures or other investments.
15. In our opinion and 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 during the year.
16. The company has not raised any new term loans during the year. There is no term loan outstanding at the beginning of the year.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment, and vice versa.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures so far.
20. The company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

Place : Secunderabad

for DAGLIYA & CO.,
Chartered Accountants

Date : 03.09.2005

(JITENDRA KUMAR JAIN)
Partner