



**BALAJI GALVANISING
INDUSTRIES LIMITED**

**16th
ANNUAL REPORT
2005- 2006**

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	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 :

ABN Amro Bank
Hyderabad

BGIL

BALAJI GALVANISING INDUSTRIES LIMITED

Regd. Office : Room No. 215, II Floor, Kabra Complex, M.G Road, Secunderabad- 500 003

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of Members of the Company will be held on Friday the 29th September, 2006 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, 2006 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 Chetan Bagaria, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri C.V Prithviraj, who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors and to fix their remuneration.

Report

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Place : Secunderabad
Dated : 31st August, 2006

Sd/-
SHIV BHAGWAN BAGARIA
CHAIRMAN

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.
4. The Register of Members and Share Transfer Books shall remain closed from 27th September, 2006 to 29th September, 2006 (Both days inclusive) for the purpose of Annual General Meeting.
5. Brief profile of Mr. Chetan Bagaria and Shri C.V Prithviraj are given elsewhere in the Annual Report.

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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: 2234 2318 / 2235 3070; FAX - 033-2215 6823. All correspondence in respect of Shares may be made to the Registrars.

BRIEF PROFILES:

Shri Chetan Bagaria : He is a commerce graduate aged about 29 years has joined business during his college days and has acquired varied experience in the field of steel wires and galvanized wires which is the main business line of the Company. He is actively associated in the business promotion in Kolkata markets and nearby areas. .

Shri. C.V Prithviraj aged about 64 years is a Post Graduate in Economics and Management Graduate from IIM Kolkata. He is also a Certified Associate of Indian Institute of Bankers with vast experience in Banking and Financial Management. It is considered appropriate to avail the benefit of vast experience of Shri C. V Prithviraj.

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Place : Secunderabad
Dated : 31st August, 2006

Sd/-
SHIV BHAGWAN BAGARIA
CHAIRMAN

DIRECTORS' REPORT

To

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

Your Directors take pleasure in presenting the Sixteenth Report on the affairs of the Company for the financial year 2005-2006 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 2005-06 is summarized as under:

Particulars	(Rs. in Lakhs)	
	2005-2006	2004-2005
Sales (Net)	371.69	288.44
Increase / (Decrease) in Stocks	(16.26)	14.12
Other Income	28.29	33.33
<hr/>		
Total Revenue	383.72	335.89
Manufacturing / Operating Expenses	385.89	368.98
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Profit / Loss before Financial Expenses & Depreciation	(2.17)	(33.09)
Interest & Financial Expenses	2.76	0.74
Depreciation	12.77	12.77
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Net Loss after Financial Expenses & Depreciation	(17.70)	(46.60)

During the year 2005-06, the Company has posted a turnover of Rs. 399.98 lakhs as against Rs. 321.77 lakhs in previous year (including other income) and incurred a loss of Rs. 17.70 lakhs as against previous year of Rs. 46.60 lakhs out of manufacturing of Steel wires mainly due to high reaw material costs. The Company has been able to generate higher sales due to better product mix. Due to the loss, the Board has not recommended any dividend nor any transfer to reserves.

Future out look:

The Indian Steel industry has continued to blossom under the huge demand created due to multiple mega infrastructural projects both in Public and Private sectors of the economy. This has enlarged the demand for Company's products also. India continues to enjoy a relatively favorable position in the world market as it offers quality steel at low prices.

The industry is buoyant in general due to large infrastructure projects in pipeline and both Public and Private sectors generating good demand. The big ticket privatization of Public Sector undertakings could provide further spurt in demand. However, increasing cost of raw material has continued to

haunt the Company and put pressure on margins and Company has once again suffered losses which is likely to be reversed with new product mix.

DIRECTORS:

Shri Chetan Bagaria and Shri C.V Prithviraj retire by rotation and being eligible offer themselves for reappointed.

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 annual 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, Secunderabad, 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, 2006 is as follows:

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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

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 amended Clause 49 of the Listing Agreement. A separate report on Corporate Governance is annexed to this report.

DEMATERIALIZATION 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 and were admitted for demat during March, 2005.

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

Place: Secunderabad.

Sd/-

Date : 31.08.2006

SHIV BHAGWAN BAGARIA
CHAIRMAN

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. 40,94,437 |
| b. Total Units(KWH) | 10,23,160 |
| c. Rate per Unit | Rs. 4.01 per unit |

2. Own Captive Generation (Diesel)

- | | |
|-----------------------|------------|
| a. Total Amount | Rs. 36,248 |
| b. Consumed (litres) | 1,200 |
| c. Unit per litre | 30.21 |

B. CONSUMPTION PER UNIT OF PRODUCTION

- | | |
|---------------------------------|---------------|
| 1. Total Amount of Power & Fuel | Rs. 41,30,685 |
| 2. G.I / M.S / S.S Wire (M.T) | 341.156 |
| 3. Power & Fuel cost per M.T | 12,107.91 |

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

For & on behalf of the Board of Directors

Sd/-

Place: Secunderabad.

Date : 31.08.2006

SHIV BHAGWAN BAGARIA
CHAIRMAN

ANNEXURE- B TO REPORT OF THE DIRECTORS

Management Discussion & Analysis**Industry structure and developments**

The Indian Steel industry has continued to blossom under the huge demand created due to multiple mega infrastructural projects both in Public and Private sectors of the economy. This has enlarged the demand for Company's products also. India continues to enjoy 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. This relative advantage has been identified and efforts are being made to capitalize on the same with rejig on the production mix and efforts are afoot for increase in capacity.

Company's strategic focus is to excel in the areas of business with high quality products for 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

The industry is buoyant in general due to large infrastructure projects in pipeline and both Public and Private sectors generating good demand. The big ticket privatization of Public Sector undertakings could provide further spurt in demand. However, increasing cost of raw material has continued to haunt the Company and put pressure on margins and Company has once again suffered losses which is likely to be reversed with new product mix.

Risks and concerns

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 and with imposition of Excise on the products, the competitive edge could restore for supplies in other States. Marketing activities are enhanced to achieve better results. Up trend in raw material costs are being dealt with by adopting and implementing several cost cutting measures.

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.

BGIL**Financial Condition****Share Capital**

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

Secured Loans

The Secured Cash Credit outstanding has been fully repaid and there are NIL loans from any financial institution as at 31st March, 2006. The working capital needs are being met from unsecured loans from others.

Fixed Assets

Fixed Assets (Net Block) have increased from Rs.188.82 lakhs to Rs. 194.11 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. 181.63 lakhs from Rs. 183.89 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.

Report

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Place : Secunderabad
Dated : 31st August, 2006

Sd/-
SHIV BHAGWAN BAGARIA
CHAIRMAN