



**BALAJI GALVANISING  
INDUSTRIES LIMITED**

**17th  
ANNUAL REPORT  
2006- 2007**

**BOARD OF DIRECTORS :**

<b>Shri Shiv Bhagwan Bagaria</b>	Chairman
<b>Shri Sanjay Kumar Bagaria</b>	Director
<b>Shri Chetan Kumar Bagaria</b>	Director
<b>Shri Shiv Ratan Bagaria</b>	Director
<b>Shri Navneet Khemani</b>	Director
<b>Shri Premotpal Guha</b>	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 Seventeenth Annual General Meeting of Members of the Company will be held on Friday the 28th September, 2007 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 31<sup>st</sup> March, 2007 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 Bhagwan Bagaria, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Navneet Khemani, 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(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that Shri.Premotpal Guha, who was appointed as Additional Director by the Board under Section 260 of the Companies Act, 1956 and who holds office upto the date of next Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the company and is liable to retire by rotation."

By order of the Board  
FOR BALAJI GALVANISING INDUSTRIES LIMITED  
Sd/-  
SHIV BHAGWAN BAGARIA  
CHAIRMAN

Place : Secunderabad  
Dated : 30<sup>th</sup> August, 2007

**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. An Explanatory Statement pursuant to Section 173 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 25th September, 2007 to 28th September, 2007 ( Both days inclusive) for the purpose of Annual General Meeting.
5. Brief profile of Mr. Shiv Bhagwan Bagaria, Shri Navneet Khemani and Shri Premotpal Guha are given elsewhere in the Annual Report.
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**

The Board of Directors of the Company appointed Mr. Preotpal Guha as Additional Director of the Company during the period and his term of office expires on the date of ensuing Annual General Meeting and a notice from a member of the Company was received proposing his appointment as a Director of the Company under Section 257 of the Companies Act, 1956.

No Director other than the appointees is concerned or interested in the said Resolution.  
Your Directors commend the Resolutions in item no.5 for approval.

**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. Khemni 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 cast experience of Mr. Navneet Khemani as Director of the Company to oversee the technical rehabilitation with better mix and balancing the production capacities.

**Shri Premotpal Guha** aged about 64 years is a Mechanical Engineer from Kolkata. He is having a vast technical experience of over 40 years in Steel Industry. It is considered appropriate to avail the benefit of vast experience of Shri Premotpal Guha.

## DIRECTORS' REPORT

To,  
The Members of Balaji Galvanising Industries Limited,  
Secunderabad

Your Directors take pleasure in presenting the Seventeenth Report on the affairs of the Company for the financial year 2006-2007 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 2006-07 is summarized as under:

(Rs. in Lakhs)

Particulars	2006-2007	2005-2006
Sales ( Net)	566.47	371.69
Increase / (Decrease) in Stocks	59.35	(16.26)
Other Income	5.51	28.29
Total Revenue	631.33	383.72
Manufacturing / Operating Expenses	610.25	385.89
Profit / Loss before Financial Expenses & Depreciation	21.08	(2.17)
Interest & Financial Expenses	3.51	2.76
Depreciation	13.27	12.77
Net Loss after Financial Expenses & Depreciation	4.30	(17.70)

During the year 2006-07, the Company has posted a turnover of Rs. 631.33 lakhs as against Rs. 383.72 lakhs in previous year ( including other income) and has earned a Net Profit of 4.30 lacs after a gap of almost 5 years in a row of losses. This has resulted from the unstinted efforts of the Management and also supported by buoyant market conditions in manufacturing of Steel and galvanized wires. The Company has been able to generate higher sales due to better product mix. Due to inadequate profits, the Board has not recommended any dividend nor any transfer to reserves.

**FUTURE OUT LOOK:**

The Indian Steel industry has continued to grow with an amazing the pace under the huge demand created due to multiple mega infrastructural projects both in Public and Private sectors of the economy. While the Indian Economy continues to grow at the rate of 10%, the Infrastructure growth is blooming. This has enlarged the demand for Company's products also. The better product mix will further enhance the growth of the Company.

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However, increasing cost of raw material has continued to haunt the Company and put pressure on margins and Company has pulled up a meager profit on account of sustained cost effective measures being deployed at the operational level.

**DIRECTORS:**

Shri Shiv Ratan Bhagwan Bagaria and Shri Navneet Khemani retire by rotation and being eligible offer themselves for reappointed. During the year Shri C.V Prithviraj resigned due to ill health and Shri Premotpal Guha was appointed as Additional Director. The Board recommends his appointment as Director liable to retire by rotation.

**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, 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 31<sup>st</sup> March, 2007 is as follows:

- 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. 53,32,471
b. Total Units( KWH)	1403224
c. Rate per Unit	Rs. 3.80 per unit

**2. Own Captive Generation ( Diesel)**

a. Total Amount	Rs. 32,400
b. Consumed ( litres)	900
c. Unit per litre	36.00

**B. CONSUMPTION PER UNIT OF PRODUCTION**

1. Total Amount of Power & Fuel	Rs. 53,64,871
2. G.I / M.S / S.S Wire ( M.T )	437.673
3. Power & Fuel cost per M.T	12257.71

II. TECHNOLOGY ABSORPTION : NIL

III. a) FOREIGN EXCHANGE EARNINGS : NIL

b) FOREIGN EXCHANGE OUTGO : NIL

For & on behalf of the Board of Directors

Sd/-

**SHIV BHAGWAN BAGARIA**  
**CHAIRMAN**

Place: Secunderabad.

Date : 30.08.2007



**ANNEXURE- B TO REPORT OF THE DIRECTORS****Annexure- B to Report of the Directors****Management Discussion & Analysis:**

Pursuant to the revised Clause 49 of the Listing agreement, the Management Discussion and Analysis report covering the performance and outlook of the Company is given below:

**Industry structure and developments**

The Steel industry continues to witness huge demand creation due to scale up of manufacturing capacities in all types of industries. The specialty products like the one manufactured by the Company are also finding huge demand from various Infrastructural projects coming up. The Company has also witnessed a spurt in demand in the financial year and sales have shown considerable improvement over last year.

The pricing of products is largely depending on the input costs which have gone up from Steel manufacturers and the trend is expected to continue for the FY 2007-2008. The Indian economy is also witnessing the surge in demand with growth targets of 10% in GDP which the Company also expects to capitalize with increased business operations and capacity.

**OPPORTUNITIES AND THREATS****OPPORTUNITIES:**

- The Company's core competence in manufacture of Bright Bars instills various advantages in maintaining its leadership in local markets and the markets for such specialty products.
- With capacities to be fully utilized, the production in current year is slated to grow resulting in the revenues to improve significantly.
- Demand fuelled by growth can be capitalized by spreading the areas of operations into other parts of the country.

**THREATS:**

- The Company's dependence on public sector Steel companies for raw material and increase in prices by them have posed threat to the bottom line of the Company in the past and continues to be so. Efforts to develop alternative sources are proving costlier for the company.
- Due to lower realizations, the company continues to suffer with lower accruals. Financial resources continue to be strained.

**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 & CONCERNS :**

- The expected growth rate of Indian economy may be an ambitious target with Government facing severe Budget deficits leaving little room for infrastructure growth.
- Dynamic pricing of steel products have loomed large on the Company's pricing policy thereby reducing margins. The efforts for cost reduction are likely to bring some benefits in the current year.

**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:

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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 has been fully repaid and there are NIL loans from any financial institution as at 31<sup>st</sup> March, 2007. The working capital needs are being met from unsecured loans from others.

### **Fixed Assets**

Fixed Assets (Net Block) have increased from Rs. 194.11 lakhs to Rs. 225.03 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. 119.54 lakhs from Rs. 181.49 lakhs on account of decrease in Loans and advances.

### **Human Resources**

The Company has continued with the policy of having a motivated workforce for obtaining best results from the working both Technical and commercial which has resulted in increased performance on both fronts.. An efficient technical team has spearheaded our operations. Having acquired expertise in their niche areas, they are now able to provide best results out of the available resources.

## **CAUTIONARY STATEMENT:**

Statement made in Management Discussion and Analysis report which seeks to describe the Objectives, projections, estimates, predictions may be considered to be forward looking statements and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied and are determined by many factors including global and domestic demand – supply conditions, process, raw materials availability, tax laws, governmental policies and other statutes which may affect actual results which may be different from what the Directors envisaged in terms of future performance and outlook.

By order of the Board  
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Sd/-  
SHIV BHAGWAN BAGARIA  
CHAIRMAN

Place : Secunderabad  
Dated : 30-8-2007