



# **BALAJI GALVANISING INDUSTRIES LIMITED**

**18th  
ANNUAL REPORT  
2007- 2008**

**CERTIFIED TRUE COPY**

*Premottal Gobra*  
Director

**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 Eighteenth Annual General Meeting of Members of the Company will be held on Tuesday the 30<sup>th</sup> September, 2008 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, 2008 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 Shiv Ratan Bagaria, who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors and to fix their remuneration.

By order of the Board  
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Place : Secunderabad  
Dated : 30<sup>th</sup> August, 2008

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.
3. The Register of Members and Share Transfer Books shall remain closed from 26th September, 2008 to 30th September, 2008 ( Both days inclusive) for the purpose of Annual General Meeting.
5. Brief profile of Mr. Shiv Ratan Bagaria, Shri Chetan Bagaria 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.

**BRIEF PROFILES:**

- 1) **Shri Shiv Ratan Bagaria**
- 2) **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.

## DIRECTORS' REPORT

To,

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

Your Directors take pleasure in presenting the Eighteenth Report on the affairs of the Company for the financial year 2007-2008 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 2007-08 is summarized as under:

	(Rs. in Lakhs)	
Particulars	2007-2008	2006-2007
Sales ( Net)	658.19	566.47
Increase / (Decrease) in Stocks	107.91	59.35
Other Income	7.77	5.51
Total Revenue	773.87	631.33
Manufacturing / Operating Expenses	736.19	610.25
Profit / Loss before Financial Expenses & Depreciation	37.68	21.08
Interest & Financial Expenses	10.01	3.51
Depreciation	17.61	13.27
Net Profit/ (Loss) after Financial Exp.& Depreciation	10.06	4.30

During the year 2007-08, the Company has generated a gross turnover of Rs. 773.86 lakhs as against Rs. 631.33 lakhs in previous year ( including other income) and has earned a Net Profit of Rs. 10.06 lacs as against Rs. 4.30 lakhs in previous year. 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 certain balancing equipment installation and better product mix at higher prices. Due to inadequate profits, the Board has not recommended any dividend nor any transfer to reserves.

**FUTURE OUT LOOK:**

The industry has witnessed a little slow down in demand due to overall growth rate falling to 8% with large infrastructure projects being delayed in both Public and Private sectors. This may continue for sometime till the inflationary pressure eases out which will again fuel the demand.. The increasing cost of raw material has continued to haunt the Company but can be set off due to rise in demand thus pushing prices up leading to better realizations. Company has been able to come out of red in last three years due to this scenario and the upbeat trend is likely to continue in current year.

The pricing of products is largely depending on the input costs which have gone up from Steel manufacturers and the trend is continuing. The Indian economy growth rate slowing down to 8% may affect this demand scenario which are also getting affected due to high costs and slowing down of

reality and infrastructural projects pan India. Company envisages to build up capacities during this period.

#### **DIRECTORS:**

**Shri Shiv Ratan Bagaria and Shri Chetan Bagaria** retire by rotation and being eligible offer themselves for reappointed. The Board recommends their reappointment as Directors 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 the 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 31<sup>st</sup> March, 2008 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
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.

**CODE OF CONDUCT**

The Company has adopted a uniform Code of Conduct for Directors and Senior Management and above Officers level to ensure ethical standards and ensure compliance to the laid down standards.

**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.

**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 : 30.08.2008

**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.68,38,686.00	
b. Total Units( KWH)	17,82,876.00	
c. Rate per Unit	Rs.3.84	per unit

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

a. Total Amount	Rs. 1,600.00
b. Consumed ( litres)	44.00
c. Unit per litre	36.00

**B. CONSUMPTION PER UNIT OF PRODUCTION**

1. Total Amount of Power & Fuel	Rs. 68,40,286.00
2. G.I / M.S / S.S Wire ( M.T )	499.485
3. Power & Fuel cost per M.T	13694.68

**II. TECHNOLOGY ABSORPTION**

NIL

**III. a) FOREIGN EXCHANGE EARNINGS**

NIL

**b) FOREIGN EXCHANGE OUTGO:**

NIL

Place : Secunderabad  
Dated : 30.08.2008

for & on behalf of Board  
Shiv Bhagwan Bagaria  
Chairman

## 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 has continued to witness demand surplus 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 tried to catch up with scaling up of the production and is trying to have a buoyant sales since last year.

The pricing of products is largely depending on the input costs which have gone up from Steel manufacturers and the trend is continuing. The Indian economy growth rate slowing down to 8% may affect this demand scenario which are also getting affected due to high costs and slowing down of realty and infrastructural projects pan India. Company envisages to build up capacities during this period.

### OPPORTUNITIES AND THREATS

#### OPPORTUNITIES:

- The Company's core competence in manufacture of galvanized wires and other products finds easy demand due to dearth of such capacities and very few new capacity build up due to pollution norms. This brings the advantages in maintaining its leadership in local markets and the markets for such specialty products.
- With capacities to be fully utilized and measures being taken to further improve on the same, the production in current year is slated to grow resulting in the revenues to improve.
- Demand fuelled by growth, though slowed down, is enough for the Company to look for continued orders from all corners in 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 realisation. Efforts to develop alternative sources are proving costlier for the company.
- Due to lower realizations and small size of operations, the company continues to suffer in terms of large volume supplies. Scanty financial resources also place pressure on further growth in capacity.

#### OUTLOOK

The industry has witnessed a little slow down in demand due to overall growth rate falling to 8% with large infrastructure projects being delayed in both Public and Private sectors. This may continue for sometime till the inflationary pressure eases out which will again fuel the demand.. The increasing cost of raw material has continued to haunt the Company but can be set off due to rise in demand thus pushing prices up leading to better realizations. Company has been able to come out of red in last three years due to this scenario and the upbeat trend is likely to continue in current year..

#### RISKS & CONCERNS :

- The expected growth rate of Indian economy suffering a set back due to inflation is a cause of concern and has put some mega infrastructural projects on hold.. This may push down the spiraling demand for some time..
- Dynamic pricing of steel products have loomed large on the Company's pricing policy thereby reducing margins. The efforts for cost reduction and launch of better product mix can only



offset the pressure which the Company is pursuing vigorously and benefits may accrue 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:

- 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. Company has availed vehicle loan to the tune of Rs. 4.54 lakhs as at 31<sup>st</sup> March, 2008. The additional working capital needs are being met from unsecured loans from others.

#### **Fixed Assets**

Fixed Assets (Net Block) have increased to Rs. 237.12 lakhs from 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. 90.32 lakhs from Rs. 119.54 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.

For and on behalf of the Board  
SHIV BHAGWAN BAGARIA  
CHAIRMAN

Place : Secunderabad  
Date : 30-08-2008