



**BALAJI GALVANISING
INDUSTRIES LIMITED**

CERTIFIED TRUE COPY

Premottal Guha

**19th
ANNUAL REPORT
2008- 2009**

BOARD OF DIRECTORS :

Shri Shiv Bhagwan Bagaria	Chairman
Shri Sanjay Kumar Bagaria	Director
Shri Chetan Kumar Bagaria	Director
Shri Shiv Ratan Bagaria	Director
Shri Navneet Khemani	Director
Shri Premotpal Guha	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 Nineteenth Annual General Meeting of Members of the Company will be held on Wednesday the 30th September, 2009 at 10: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, 2009 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 Sanjay Kumar Bagaria, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Place : Secunderabad

Dated : 30.07.2009

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 25th September, 2009 to 30th September, 2009 (Both days inclusive) for the purpose of Annual General Meeting.
5. The Chairman of the Audit committee of Directors shall be Present at the Annual General Meeting to answer queries of shareholders arising out of the Accounts of the Company
6. Brief profile of Mr.Sanjay Kumar Bagaria is given elsewhere in the Annual Report. Your Board of Director recommends his reappointment to continue to avail of his valuable services. Except Mr.Sanjay Kumar Bagaria, no other director is interested in the resolution.
7. 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.
8. Members/Proxies should bring the Attendance Slip duly filled for attending the meeting.
9. Members desiring any information as regards the Accounts are requested to write to the Company at least 15 days before the date of the meeting as to enable the management to keep the information ready.

BRIEF PROFILES:**Shri Sanjay Kumar Bagaria:**

He is commerce graduate aged about 40 years. He joined the Company at the Initial stage. He knows good analysis & research technique therefore he is able to predict the ups and downs in the market. He has rich experience in steel businesses. He continues to guide the Company in its major policy decision.

DIRECTORS' REPORT

To,
The Members of Balaji Galvanising Industries Limited,
Secunderabad

Your Directors take pleasure in presenting the Nineteenth Report on the affairs of the Company for the financial year 2008-2009 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 2008-09 is summarized as under:

Particulars	2008-2009	(Rs. in Lakhs)
		2007-2008
Sales	737.16	658.19
Increase / (Decrease) in Stocks	(21.33)	107.91
Other Income	11.27	7.77
Total Revenue	727.10	773.87
Manufacturing / Operating Expenses	724.30	736.19
Profit/Loss before Financial Expenses & Depreciation	2.80	37.68
Interest & Financial Expenses	6.48	10.01
Depreciation	18.54	17.61
Net Profit/(Loss) after Financial Expenses & Depreciation	(22.22)	10.06

During the year 2008-09, the Company has generated a gross turnover of Rs.727.10 lakhs as against Rs. 773.87 lakhs in previous year (including other income) and has suffered a Net Loss of Rs.22.22 lacs due to substantial increase in the price of steel worldwide and recession in the market.

Dividend:

Due to the loss in operations, your Board of Directors do not recommend any dividend in order to conserve resources.

FUTURE OUTLOOK:

The steel industry which was witnessing a robust growth till December, 2007 started to face the tremors of slowdown since March, 2008 and further slipped into red by June, 2008 due to fall in demand from all major infrastructure projects which were placed on hold or deferred, both in Public Sector and Private sectors. This may continue for sometime till the inflationary pressure eases out which will again fuel the demand. The inflation driven increase in 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. The Indian steel industry is catching up the pace and luring the steel majors from all over the world. The industry has been gaining strength from the fact that large infrastructure spending is required to maintain GDP growth above 7% and major spending will happen in infrastructure, construction and automobile. Although India consumes less steel as compared to other Asian countries, it was ranked the fifth major crude steel producer in the world in 2008. Thus, the company is also geared up to reap the benefits of rise in demand upon revival of the economy and is confident to achieve turnover exceeding Rs. 800 lakhs in the coming year.

DIRECTORS:

Shri Sanjay Kumar Bagaria retire by rotation and being eligible offer himself for reappointment. The Board recommends his reappointment as Director liable to retire by rotation. Shri Shiv Ratan Bagaria

has resigned from directorship of the Company w.e.f 27.06.2009. The Board places on records its appreciation for the services rendered by him during his tenure.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) That the accountings 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, 2009 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 : 30.07.2009

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.66,68,131.54
b.	Total Units(KWH)	18,13,079.00
c.	Rate per Unit	Rs.3.68 per unit

2. Own Captive Generation (Diesel)

a.	Total Amount	Rs. 65,940.00
b.	Consumed (litres)	1830.00
c.	Unit per litre	36.03

B. CONSUMPTION PER UNIT OF PRODUCTION

1.	Total Amount of Power & Fuel	Rs. 67,34,071.54
2.	G.I. / M.S / S.S Wire (M.T)	516.570
3.	Power & Fuel cost per M.T	13,036.12

II. TECHNOLOGY ABSORPTION

: NIL

III. a) FOREIGN EXCHANGE EARNINGS

: NIL

b) FOREIGN EXCHANGE OUTGO

: NIL

Place: Secunderabad

Dated : 30.07.2009

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 India Steel Industry is experiencing a slow but steady growth. The India Steel Industry has a huge scope in the future with a massive scale of infrastructural development happening all across the country. The India Steel Industry caters to many other Industrial Sectors such as Construction Industry, Automobile, Consumer durables, Mining Industry etc.

The pricing of products is largely depending on the input costs which have gone up due to inflationary pressure and the trend is continuing. The Indian economy growth rate has slowed down to 6.2% which is affecting this demand scenario due to high costs and slowing down of really and infrastructural projects plan in India.

OPPORTUNITIES AND THREATS**OPPORTUNITIES:**

- The biggest opportunity before Indian steel sector is that there is enormous scope for increasing consumption of steel in almost all sectors in India.
- The Steel sector was one of the primary vehicle of economic development in independent India. India is endowed with essential raw material such as iron ore and coal. The industry has widespread forward and backward linkages with the rest of the economy. The industry has passed through various phases of changing domestic and external policy environment. The industry as a whole has responded to the emerging compulsions of the changing times. It has survived well with its impressive array of achievements.
- The Company's core competence in manufacture of S.S. wires and other products finds easy demand due to dearth of such capacities and only 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 with better profitability.

THREATS:

- Technological changes often force the industry structure to change. For a developing country like India where capital itself is costly, technological obsolescence is a major threat.
- The Company's dependence on public sector Steel companies for raw material and increase in prices by them have posed threat to the realization. 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.
- The demand for steel is a derived demand and the purchase quantity depends on the end-use requirement. This volatility of demand often affects the integrated steel manufacturers.

OUTLOOK

The Country's Steel Industry is catching up the pace and luring the steel majors from all over the world. The Industry has gained strength from the Indian Economy and strong sectors like Infrastructure, Construction etc. Company is looking towards new projects and trying to complete the existing projects on or before time. The Company is planning to curtail the operating cost and move further with the technological aspects. 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.

However the current economic turmoil has dented the growth curve of various industries which in turn, has hit the Indian Steel Industry hard. But with the Government's plan to boost up the economy by injecting funds in various industries like infrastructure and construction, growth is expected in near future.

RISKS & CONCERNS:

- Despite growing demand and increase in production of steel products at domestic and global level, there exists an imbalance in respect of supply and demand. Rising prices of steel products at global level and domestic market may slow down the demand for steel products.
- 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:

- Transactions are executed in accordance with the Company's policies and authorizations.
- 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 Company has availed a loan from Tata Motor Finance Limited by securing against hypothecation of a vehicle to the tune of Rs.3.11 lakhs.

Fixed Assets

Fixed Assets (Net Block) have decreased to Rs.223.35 lakhs from Rs.237.11 lakhs during the financial year on account of depreciation and sale of old Asset..

Current Assets

The Net current assets of the Company have come down to Rs.63.74 lakhs from Rs. 90.32 lakhs on account of increase in current liabilities.

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:

The 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

Sd/-

(SHIV BHAGWAN BAGARIA)

Chairman

Place : Secunderabad

Date : 30.07.2009

REPORT ON CORPORATE GOVERNANCE:

Balaji Galvanising Industries Limited has implemented the revised Corporate Governance Code in accordance with the SEBI directives and has been consistently following the good governance practices in its day to day working.

The information to be furnished under the Code is placed hereunder for the information of the stakeholders:

Company's philosophy on Corporate Governance:

Balaji Galvanising Industries Limited (BGIL) philosophy of Corporate Governance stems from its belief that the Company's business strategy and plans should be consistent with the welfare of all its stakeholders. Good Corporate Governance practice enables a company to attract financial and human capital and leverage these resources to maximize long term shareholders value while preserving the interest of multiple stakeholders, including society at large.

1. BOARD OF DIRECTORS**Composition of the Board:**

As on 31st March, 2009, the Board of Directors consist of Five Directors. All the Directors are non executive and three are independent. As 50 per cent of the Board consists of independent Directors, the composition of the Board is in consonance with revised Clause 49 of the Listing Agreement. Details of the Composition of the Board are given hereunder.

Composition and Category of Directors and details of meetings attended as at 31st March, 2009:

Name	Category	Designation	No. of Meetings attended since 01.04.2008	No. of membership on board of other Companies	No. of membership on Committees
Shri Shiv Bhagwan Bagaria	Promoter /Director Non Executive	Chairman	1	2	-
Shri Chetan Kumar Bagaria	Promoter/ Non-Executive Director	Director	5	-	1
Shri Sanjay Kumar Bagaria	Independent and Non-Executive Director	Director	5	-	1
Shri Navneet Khemani	Independent and Non-Executive Director	Director	1	1	1
Shri Shiv Ratan Bangaria	Independent and Non-Executive Director	Director	1	1	1
Shri Premotpal Guha	Independent and Non-Executive Director	Director	5	NIL	1

The following are dates on which the Board of Directors met during the financial year 2008-09:

S. No	Date of Board Meeting
1	30.04.2008
2	30.07.2008
3	30.08.2008
4	30.10.2008
5	30.01.2009