



**BALAJI GALVANISING
INDUSTRIES LIMITED**

**21st
ANNUAL REPORT
2010- 2011**

BOARD OF DIRECTORS :

Shri Shiv Bhagwan Bagaria	Chairman
Shri Sanjay Kumar Bagaria	Director
Shri Chetan Kumar 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.

AUDITORS :

M/s. Dagliya & Co.
Chartered Accountants
5-5-9/13, 2nd Floor, Srinivasa Building,
Ranigunj, Secunderabad - 500 003.

BANKERS

The Royal Bank of Scotland
Hyderabad

FACTORY

Survey No. 10 Gaddapotharam Village
Medak District (A.P.)

**DEPOSITORY REGISTRAR
& SHARE TRANSFER AGENTS**

NICHE TECHNOLOGIES PRIVATE LIMITED
D- 511 Bagree Market 5th Floor
71 B. R. B. Basu Road, Kolkata- 700001
Ph. No.: 033-22357271
Fax: 033 22156823
E- Mail nichetechpl@nichetechpl.com

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 Twenty first Annual General Meeting of the Members of the Company will be held on Thursday the 29th September, 2011 at 10:A.M. at Rajasthani Graduate Association Hall, 5-4-790/1, Snatak Bhavan, 1st Floor, Abids, Hyderabad- 500 001 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Audited Profit & Loss Account for the year ended on that date together with the reports of the Director's and Auditors thereon.
2. To appoint a Director in place of Shri Chetan Kumar Bagaria, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Premotpal Guha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

M/s Dagliya & Company, Chartered Accountants, Secunderabad retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

By order of the Board
FOR BALAJI GALVANISING INDUSTRIES LIMITED

Sd/-

(SHIV BHAGWAN BAGARIA)
CHAIRMAN

Place : Secunderabad

Dated : 31.05.2011

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 26th September, 2011 to 29th September, 2011 (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. At the ensuing Annual General Meeting Shri Chetan Kumar Bagaria and Shri Premotpal Guha shall retire by rotation and being eligible offer themselves for re-appointment..
7. The Company has appointed the following as Share Transfer Agent and Depository Registrars:
M/s NICHE TECHNOLOGIES PRIVATE LIMITED, D-511, Bagree Market, 5th Floor, 71, B.R.B.B Road, Kolkata - 700 001. Phone Nos: 033- 22357271; FAX - 033- 2215 6823.
All correspondence in respect of Shares may be made to the Registrars.
8. Members/Proxies should bring the Attendance Slip duly filled in 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 so as to enable the management to keep the information ready.

BRIEF PROFILE OF DIRECTORS SEEKING RE-APPOINTMENT

Shri Chetan Kumar Bagaria: He is a Commerce Graduate aged about 32 years and soon after his college joined the Company and has gained lot of experience in the S.S. and galvanized wire drawing business in which the Company is operating. He continues to associate with Kolkatta markets and nearby areas.

Shri Premotpal Guha : He is a businessman with over 40 years of experience in the wire drawing and steel Industry and is aged about 67 years. He has held directorships in large Industries in the steel sector and has contributed enormously to the growth of many industries.

DIRECTORS' REPORT

To,
The Members of Balaji Galvanising Industries Limited,
Secunderabad

Your Directors take pleasure in presenting the Twenty first Annual Report on the affairs of the Company for the financial year 2010-2011 together with the Audited Financial Statements.

BUSINESS PERFORMANCE:

Financial Results:

The overall performance of the Company for the financial year 2010-11 is summarized as under:

	(Rs. in Lakhs)	
Particulars	2010-2011	2009-2010
Sales	947.93	928.93
Increase / (Decrease) in Stocks	79.09	(49.66)
Other Income	5.64	1.15
Total Revenue	1032.66	880.42
Manufacturing / Operating Expenses	988.67	825.12
Profit/Loss before Financial Expenses & Depreciation	43.98	55.30
Interest & Financial Expenses	0.30	0.76
Depreciation	18.70	18.61
Net Profit/(Loss) after Financial Expenses & Depreciation	24.98	35.93
Earning Per Share	0.50	0.72

During the year under review the turnover of the Company marginally increased from Rs.928.93 lacs to Rs.947.93 lacs. The per tonne realization during the year was higher. The Company continued its effort in reducing the costs and improving the productivity

Dividend:

As the profit made by the Company not being significant and to conserve the resources your Board could not declare any dividend for the financial year under review.

FUTURE OUTLOOK:

The Country at present is the 5th largest producer of crude steel and is the leader in sponge iron production. The domestic steel consumption during the year has increased by about 8% indicating further strengthening of the demand. However the per capita consumption of steel remains at 49 kg against the world average of 182 kgs. Efforts by the Government are on to enhance the consumption in the rural sector. The Government also felt that the iron ore of the country should be used for domestic industry rather than exports. To ensure the quality of steel wire used in pre stressed concrete is now brought under a quality control order. All major steel plants are being modernized to have cost effective, energy efficient and environment friendly. The growth in steel production continues to lag the domestic consumption leaving scope for large demand. The products manufactured by the Company though belong to the secondary sector is linked to the primary steel industry. All the parameters of the India Growth story indicate large scale demand continuity for steel and your Board feels that the future appears to be very promising. The only need is to cut the costs, improve quality and focus in rural sector which the Company has already planned.

DIRECTORS:

Shri Chetan Kumar Bagaria and Shri Premotpal Guha retire by rotation and being eligible offer themselves for reappointment.

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 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 retires at the conclusion of the ensuing Annual General Meeting and is 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 and Kolkata stock Exchanges. The shares remain suspended from trading at BSE. The 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, 2011 is as follows:

1. **Conservation of Energy :** The company's operations require low energy consumption. Adequate measures are taken to conserve energy wherever 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:** The technology is indigenous and fully absorbed

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 and for physical transfer of shares as also all the matters relating to shares.

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.

Dated : 31.05.2011

Sd/-
(Chetan Kumar Bagaria)
Director

Sd/-
(Premotpal Guha)
Director

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 : Low energy consumption.
- 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.75,12,094.74
 - b. Total Units(KWH) 16,13,168
 - c. Rate per Unit Rs.4.66 per unit
2. Own Captive Generation (Diesel)
 - a. Total Amount Rs. 30,342
 - b. Consumed (litres) 780
 - c. Unit per litre 38.90

B. CONSUMPTION PER UNIT OF PRODUCTION

1. Total Amount of Power & Fuel Rs. 75,42,436.74
2. G.I / M.S / S.S Wire (M.T) 560.790
3. Power & Fuel cost per M.T 13,449.66

For & on behalf of the Board of Directors

Place: Secunderabad.

Dated : 31.05.2011

Sd/- (Chetan Kumar Bagaria) Director	Sd/- (Premotpal Guha) Director
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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 expected to become the worlds second largest from the present fifth position. Massive investments are now planned both in Government and Private sectors by Indian and Multinational Companies. The new projects are going to be most modern, energy efficient and environment friendly. The Government in recent times is focusing to use the large iron ore mines not for exports but to use it for domestic steel production. The per capita consumption of steel from the lowest level of 47 kgs against the per capita world average consumption of around 190 kgs is bound to increase gradually. The Country continues to lead in the production of sponge iron and pig iron. Efforts are being made to increase the rural demand by opening of more retail outlets and dealer outlets

The pricing of products is largely depending on the input costs which have gone up due to inflationary pressure and the trend is continuing. As the economic slow down has been overcome by the domestic industry and the lessons having been learnt to produce cost effective products all the Companies are now modernizing with energy efficient units and the prices now are stable and the demand started gradually increasing over the previous year. With the expected GDP growth over 8.5% in the current year the Industry performance appears to be promising

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 galvanized wires and other products finds easy demand due to dearth of such capacities and only few units are coming 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.