



**BALAJI GALVANISING
INDUSTRIES LIMITED**

**23RD
ANNUAL REPORT
2012-2013**

BOARD OF DIRECTORS

Shri Shiv Bhagwan Bagaria	-	Director
Shri Chetan Kumar Bagaria	-	Director
Shri Sanjay Kumar Bagaria	-	Director
Shri Navneet Khemani	-	Director
Shri Premotpal Guha	-	Director

AUDITORS

M/s. Dagliya & Co.
Chartered Accountants
Secunderabad

BANKERS

The Royal Bank of Scotland
Hyderabad

COMPLIANCE OFFICER

Shri Gopal Sharma

REGD. OFFICE

"Kabra Complex"
61-M. G. Road,
II Floor, Room No. 215
Secunderabad – 500 003
Tel No. (040) 2771 6684
Telefax. (040) 2771 6685
e-mail: atulbagaria@gmail.com

FACTORY

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

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Shareholders of Balaji Galvanising Industries Limited will be held on Saturday, the 28th day of September, 2013 at 10.30 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 of the Company as at 31st March, 2013 and Statement of Profit and Loss for the year ended on that date together with the Directors' Report and Auditors' Report 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 Navneet Khemani, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Statutory Auditors and fix their remuneration and for the purpose to consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Dagliya & Co., Chartered Accountants, Firm Registration No. 671S, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

Place: Secunderabad
Date: 14th August, 2013

By Order of the Board
For **Balaji Galvanising Industries Limited**

Chetan Kumar Bagaria
Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY COMPLETED AND STAMPED MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FOR HOLDING OF THE AFORESAID MEETING.
2. The Register of Members and Transfer Books will remain closed from Friday, the 20th day of September, 2013 to Saturday, the 28th day of September, 2013 (both days inclusive).
3. Members who are holding shares in the demat form are requested to bring their Depository ID and Client ID Numbers to facilitate easier identification for attendance at the Meeting.

4. Shareholders desiring any information as regards to the Accounts are requested to write to the Company at least ten days before the date of the Meeting so as to enable the Management to keep the information ready.
5. A copy of Balance Sheet as at 31st March, 2013, Statement of Profit and Loss for the year ended on that date, the Auditors' Report, the Directors' Report and all other documents required by law to be annexed or attached to the Balance Sheet shall be available for inspection at the Registered Office of the Company on all working days during business hours between 11.00 a.m. and 1.00 p.m. for a period of 21 days before the date of Annual General Meeting.
6. As required under Clause 49 of the Listing Agreement executed with the Stock Exchange(s), a brief profile of the Directors seeking appointment/re-appointment at the Meeting (Refer item no. 2 & 3 of Notice) is given below:

Name of the Director	Shri Chetan Kumar Bagaria
Date of Birth	15.07.1979
Date of Appointment	09.06.2010
Qualification	B COM (Hons.)
Expertise in specific functional areas	Marketing
Directorship held in other public Companies	1. R.K. Wire Products Limited
Committee Membership	Compensation Committee & Investors Grievance Committee
Shareholding in the Company	65200

Name of the Director	Shri Navneet Khemani
Date of Birth	26.05.1962
Date of Appointment	09.06.2000
Qualification	B COM (Hons.)
Expertise in specific functional areas	Accounts & Finance
Directorship held in other public Companies	1. Union Credit Securities Limited
	Audit Committee & Compensation Committee
Shareholding in the Company	Nil

DIRECTORS' REPORT

Your Directors take pleasure in presenting their Report as a part of the 23rd Annual Report, along with the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

The overall performance of the Company for the financial year are summarized below: (Rs. in Lac)

Particulars	2012-13	2011-12
Sales	797.18	1082.89
Increase/(Decrease) in Stocks	(58.47)	(40.84)
Other Income	2.47	1.12
Total Revenue	741.18	1043.17
Manufacturing/Operating Expenses	770.38	994.06
Loss before Financial Expenses & Depreciation	(29.20)	49.11
Interest & Financial Expenses	10.47	9.27
Depreciation	19.59	19.59
Net Loss after Interest & Financial Expenses and Depreciation	(59.26)	20.26
Earning per Share	(1.20)	0.41

PERFORMANCE

The power supply in Andhra Pradesh has deteriorated during the financial year and as a result your company could not achieve its normal production level inspite of having good orders for its products. Despite all efforts and also with the use of alternate means of power, during the year under review, the Company could manage a revenue of Rs. 799.65 lac as compared to last year's revenue of Rs. 1084.02 lac. With a high component of fixed overhead expenses as compared to the low production level the overall expenditure increased inproportionately to Rs. 858.91 lac as compared to last year's figure of Rs. 1063.76 lac. In view a lower production read with high overhead cost, the Company incurred a loss of Rs. 59.26 lac during the current financial year as compared to last year profit of Rs. 20.26 lac.

DIVIDEND

In view of the loss incurred by the Company, no dividend was declared for the year under review.

DIRECTORS

Shri Chetan Kumar Bagaria and Shri Navneet Khemani, Directors of your Company, retire from the Board by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956. All the Directors have made the necessary disclosures as required by the various provisions of the Act.

AUDITORS

M/s. Dagliya & Co., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

AUDITORS REPORT

The Auditors' Report read together with the Notes on Accounts are self-explanatory and, therefore do not call for any further explanation under section 217(3) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not invited any deposits during the year from the public/share holders as per the provisions of Section 58A and Companies (Acceptance of Deposits) Rules, 1975 nor did it hold any outstanding deposits at the end of the year.

DIRECTORS' RESPONSIBILITY STATEMENTS

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss for the year ended as on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Company had no employee during the year ended 31st March, 2013 who was in receipt of remuneration in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in a separate annexure attached hereto and form a part of this report.

CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance practices. The Company's Corporate Governance practices are in accordance with the relevant Clauses of the Listing Agreement. A separate Section on Corporate Governance is included in the Annual Report and the certificate from the Auditors of the Company regarding the compliances of the conditions of the Corporate Governance is given in annexure attached to and forming part of the Corporate Governance Report. All the Board members and senior manager personnel have also affirmed compliance with the Code of Conduct as has been laid down by the Company.

COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a certificate from Company Secretary in whole time practice and a copy of such certificate is annexed to this report.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Human Resource is valued as one of the most important asset by the Company. The Human Resource Development Process promotes co-operation and innovation within the employees and provides flexibility to keep current with the business needs of the Company. Your Company is confident that every one of its employees will relentlessly strive to innovate newer and better ways of doing things to foster team spirit. The Company is continuously renewing and updating the knowledge and skill of its employees at all levels through training and development. The Company has developed an environment of harmonious and cordial relations with its employees.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, is presented in a separate Section forming part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff resulting in the successful performance of the Company during the year.

For & on behalf of the Board

Place : Secunderabad

Date : 14th August, 2013

Chetan Kumar Bagaria
Director

Premotpal Guha
Director

ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

a) Your Company continues to give efforts to improve energy usage efficiencies and innovate its existing production and manufacturing processes with the objective of conservation of energy and waste utilization. Regular maintenance of machinery leads to improved operation efficiency and lower power consumption.

b) Additional Investment & Proposals – NIL

c) Impact of the measures (a) above for reduction of energy consumption and consequent impact on the cost of production of goods – Low energy consumption

The measures undertaken are expected to reduce the consumption of fuel and power substantially and consequently the cost of productivity.

Particulars	Current Yr.	Previous Yr.
A. Power and fuel consumption		
1. Electricity:		
a. Purchased		
- Units (Kwh)	1429846	1937630
- Total Amt. (Rs.)	1,01,91,376	87,50,624
- Rate/Unit (Rs./Kwh)	7.13	4.52
b. Own generation		
Through diesel generator		
-Total Amount	53,99,884	80,698
-Diesel Consumed (litres)	110778	1795
- Unit per litre	48.75	44.96
B. Consumption per unit of production		
1. Total Amount of Power & Fuel	1,55,91,260	88,31,322
2. G.I/ M.S/ S.S Wire (M.T)	416.170	560.295
3. Power & Fuel cost per M.T	37463.68	15761.91

B. Research & Development:
1. Specific areas in which the Company carried out R & D:

The Company is continuously involved in up-gradation of its manufacturing process. The Company is keeping a close eye on the latest developments and incorporating advancement in its processes. Due to shortage of electricity, the Company was more focused in conservation of energy and ensure that there should be optimum utilization of limited resources available.

2. Benefits derived as a result of above R & D:

Improvement in quality of products, enhancement of product range and improvement in manufacturing processes resulting in cost reduction, consumer satisfaction and wider acceptance of the products.

3. Future plan of action:

The future plan of the Company is to invest in up-gradation of its manufacturing process and new machinery for better productivity.

4. Expenses on R & D:

The expenditures on development work carried out are of continuous in nature.

Expenditure on R & D

- Capital	: Nil
- Recurring	: Nil
- Total	: Nil
- Total R & D expenditure as a percentage of total turnovers	: Nil

C. Technology absorption, adaptation & innovation:

i) Technology Absorption – NIL

ii) No technology is imported and the whole plant is working on Indigenous Technology.

D. Foreign Exchange Earnings & Outgo:

Earnings: NIL

Outgo: NIL

For & on behalf of the Board

Place : Secunderabad

Date : 14th August, 2013

Chetan Kumar Bagaria
Director

Premotpal Guha
Director

Management Discussion & Analysis Report

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

Industry Overview and Outlook

During the year 2012, the world crude steel production reached 1.548 billion tonnes, an increase of 1.2% as compared to 2011. The growth was positive in all the major steel producing countries apart from Japan, Brazil, Germany and Ukraine and particularly robust in Turkey, India and China. As per the World Steel Association forecasts, the world's steel demand is expected to grow by 2.9% in 2013. A recovery in global steel demand can be expected to kick off by the second half, led by the emerging companies with some of the global crisis settling down. Emerging and developing economies will continue to drive global recovery with a growth of 3.9% as compared to (-) 1.9% in the developed economies.

Indian steel industry plays a significant role in the country's economic growth. The World Steel Association has estimated steel consumption in India to grow at 5% in 2013. Indian crude steel production is estimated to grow at a compound annual growth (CAGR) of around 10% during 2010-2013, whereas the finished steel consumption is estimated to grow at a CAGR of around 12% during 2012-14.

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 demand of Steel is growing in India. Steel manufacturers are not only expanding their capacities through brown field and green field project, they are also working towards improving the capacity utilization.
- The Steel sector was one of the primary vehicles of economic development in Independent India. India is endowed with essential raw materials such as iron ore and coal. The Industry has widespread forward and backward linkages with 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 manufacturing of galvanized wires and other products find 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 is slated to grow resulting in improved revenues.

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.

- With a high component of fixed overhead expenses as compared to the low production level the overall expenditure increased proportionately.
- Due to shortage of electricity, the Company was unable to perform and even to achieve the normal production level. With the use of alternate sources of energy, the Company also faced the backdrop of the losses and fall in the amount of turnover as compared to previous year.
- 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.

Risks & Concerns

The Company on a regular basis reviews its Risk Management Policy and takes proactive steps to safeguard and minimize any adversity related to the Market, Technology, People, Environment/Regulatory, Financial, Information Technology and Opportunity Risks. Your Company like any other Company is exposed to specific risks that are particular to its business and the environment within which it operates. Despite growing demand of steel products, 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 setback due to inflation is a cause of concern and has put some mega project on hold. This may put down the spiraling demand for some time. Dynamic pricing of steel products have loomed large on the Company's pricing policy thereby reducing margins.

Company's Performance

Please refer the Directors' Report on performance review.

Internal Control System

The Company's comprehensive and effective Internal Control System ensures smooth business operations, meticulously recording of all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse. The Company has adequate internal control system and well laid-down policies and procedures for all its operations and financial functions. The objectives of these procedures are to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. The adequacy of internal control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

Forward-Looking Statement

This Report contains forward-looking statements that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

For & on behalf of the Board

Place : Secunderabad
Date : 14th August, 2013

Chetan Kumar Bagaria
Director

Premotpal Guha
Director