

ANNUAL REPORT
2002

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BALURGHAT
TECHNOLOGIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Shri Uttam Chand Sethia

Managing Director
Shri Pawan K. Sethia

Executive Director
Shri Arun Sethia

Director
Shri Mahavir Prasad Goenka

LISTINGS AT

The Calcutta Stock Exchange Assn.
Ltd.
Mumbai Stock Exchange.
Madras Stock Exchange.
Jaipur Stock Exchange.

Secretary and
Finance Manager
Shri D. Banerjee

REGISTRARS & SHARE TRANSFER AGENTS

MCS Ltd.
3rd & 5th Floor
77/2A, Hazra Road
Kolkata-700 029

Auditors
Guha & Sons
Chartered Accountants
Kolkata

REGISTERED OFFICE

170/2C, A. J. C. Bose Road
Kolkata-700 014

Banker
Vijaya Bank

BALURGHAT TECHNOLOGIES LIMITED

NOTICE

Notice is hereby given that the 8th Annual General Meeting of the Shareholders of Balurghat Technologies Ltd. will be held on Friday 27th September, 2002 (10 a.m.), at Bharitya Bhasa Parishad, 36A, Shakespeare Sarani, Kolkata-700 017.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Annual Accounts of the Company for the year ended 31st March, 2002 along with the Auditor's and the Directors' Report there upon.
2. To appoint Directors in place of those retiring by rotation.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider if thought fit and to pass with or without modifications, the following resolution as an Ordinary Resolution :

RESOLVED that in accordance with the provisions of Secs. 269,309,311 and other applicable provisions, if any of the Companies Act 1956 the Company hereby accords the reappointment of Sri Pawan Kumar Sethia as the Managing Director of the Company for a further period of 5 years w.e.f. 24th February, 2002 for a remuneration payable as per the previous terms of appointment, which had been set out in the letter of appointment dated 30th January, 2002 issued under the signature of the Chairman, with prior necessary approval of the Board of Directors, a copy of which had been placed before this meeting duly attested for the purpose of identification.

RESOLVED FURTHER that the terms of reappointment of Sri Pawan Kumar Sethia indicated as above are within the limits prescribed by the Schedule XIII of the Companies Act 1956 in respect of which the Secretary of the Company had been authorised to file necessary compliance as required under the provisions of the Companies Act, 1956 within the stipulated period.



By the Order of the Board
For **BALURGHAT TECHNOLOGIES LTD.**

Registered Office :
170/2C, A. J. C. Bose Road,
Kolkata-700 014
Dated : 29th July, 2002

D. BANERJEE
Secretary & Finance Manager

BALURGHAT TECHNOLOGIES LIMITED**NOTES :**

1. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2002 to 27th September, 2002 (both days inclusive).
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead. A proxy need not be a Member of the Company, Proxies, in order to be effective, must be recieved at the Registered Office of the Company not less than forty- eight hours before the meeting.
3. Members are requested to bring their copies of the Report and Accounts to the meeting alongwith the Admission slip duly filled in and handover the same at the entrance of the meeting hall.
4. Members are requested to notify the correction/ change in their addresses immediately to the Registrars and Transfer agent.
5. Pursuant to the provision under Sec. 205A of the Companies Act 1956, as amended the balance dividend for the financial year 1994-95 remaining unpaid and unclaimed till date, is being transferred to the Investor Education and Protection Fund of the Central Govt. 7 years having lapsed since its date of declaration.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**Item 4**

At its meeting held on 30th April, 2002, the Board of Directors of the Company ("the Board") reappointed Sri Pawan Kumar Sethia, as the Managing Director of the Company for a further period of five years from 27th February, 2002. The terms of his reappointment and remuneration are subject to the approval of the Company in General Meeting and set out in the Company's letter to Sri Pawan Kumar Sethia dated 30th January, 2002 the material terms of which may be summarised as under :

Sri Pawan Kumar Sethia shall be the Managing Director for a period of five years from 27th February, 2002. As the Managing Director, Sri Pawan Kumar Sethia shall, subject to the superintendence, control and direction of the Board of Directors of the Company and look after the day to day management of the Company's business until otherwise decided by the Board and shall perform such duties and exercise such powers as are entrusted to or conferred upon him.

Sri Pawan Kumar Sethia shall be entitled to a monthly Salary at the rate of Rs. 8,000/- and to perquisites (restricted to an amount equal to annual salary) such as housing/house rent allowance, gas, electricity, water & furnishings at residence, medical expenses for self and family, club fees/subscription, provident and superannuation funds contributions, gratuity, personal accident insurance, free car with driver and telephone at residence.

Further, Sri Pawan Kumar Sethia shall also be entitled to leave in accordance with the rules of the Company. His appointment is terminable by one month's notice in writing on either side or such shorter notice as may be mutually agreed upon.

The reappointment of Sri Pawan Kumar Sethia as Managing Director require the approval of the members of the Company in General Meeting pursuant to paragraph (1) of part III of schedule XIII to the Companies Act 1956 and the remuneration payable to him also requires the approval of the members of the Company in General Meeting pursuant to Section 309 of the Companies Act, 1956.

The resolution set out in item 4 of the convening Notice has to be considered accordingly and the Board recommends the same.

A copy of the letter of appointment dated 30th January, 2002 will be available for inspection by the members of the Company at its Registered Office between 11.00 am and 1.00 pm on any working day of the Company and will also be available at the meeting. None of the Directors, excepting Sri Arun Kumar Sethia and Sri Pawan Kumar Sethia himself is concerned or interested in the said reappointment, and did not participate in the Resolution concerned.

BALURGHAT TECHNOLOGIES LIMITED**DIRECTORS' REPORT****To the Members :**

The Directors' present their 8th Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

The highlights of the financial performance of the Company is stated as under :

Particulars	(Amount Rs. In Lacs.)	
	Year Ended 31.03.2002	18 Months Ended 31. 03.2001
Total Earnings	2551.70	5,863.92
Less : Total Expenses	2489.77	5,726.63
P B D I T	61.93	137.29
Less : Finance Charges	58.86	62.04
Depreciation	19.97	65.57
Profit before Tax	(16.90)	9.68
Provision for Taxation	NIL	2.50
Profit after Tax	(16.90)	7.18
Balance B/F from Previous Year	11.21	9.61
Less : Provision for Tax-earlier years	—	1.39
Less : Adjustment related to assets withdrawn	—	3.38
Profit available for Appropriation	(5.71)	12.02
Appropriations :		
Transferred to General Reserve	—	0.80
Charge on General Reserve	(5.71)	—
Balance Carried Forward	NIL	11.22

DIVIDEND

In view of the adverse performance during the year under reference your Directors regret their inability to recommend any dividend to the Members for their approval.

OPERATIONS

The performance of your Company during the period under review had been depressing with the Information Technology Project suspended, the main focus had been on the Transport Operations and the Retail Petroleum outlet. With respect to the primary business the non availability of Working Capital Support and the stagnation of credit facilities by the Company's Bankers considerably eroded the business turnover which had been significantly reduced and fails to support the escalating input costs and growing statutory obligations, apart from the elaborate overhead requirements. The trends no doubt indicate that the key for existence in the market, demands competitive credit terms to attract more and more business, but where the operations are primarily based on Debtors realisation and overheads control, recovery only through business expansion, is a fallacy altogether, virtually improbable. The only rational approach to survival which the Company had lately introduced as a policy, is to downsize the volume in all respects and restrict itself to selective and productive size, and such a process involves true patience, willingness to compromise and sacrifice for a greater interest, and finally to project the ultimate benefit-certainly demand time to convince the various other external factors involved in the business process. Your Directors have confident that, given the requisite time and opportunity, things are bound to improve and a turn around with support, is on the cards.

FUTURE OUTLOOK

Transportation being recession free industry, the scope of growth and profitability can never be undermined. The vast on hands experience of your Directors are true assets, which if productively utilised are capable of reaping immense value which had been established in the past. Now, to the ultimate benefit and greater interests, all required are the unstinted support from the stake holders, which has not yet been deprived of till date.

Your Directors ensure that all such necessary steps had been planned, (some of which are already under implementation) in order to come out of the present crisis situation, will be a success, in the days to come. All it is required are patience and cooperation from the stake holders end, who may play their part by pledging full support and confidence, in order to share the fruits of collective success in future.

BALURGHAT TECHNOLOGIES LIMITED**IMMEDIATE CONCERNS**

Your company has been challenged with certain misconceived actions against which your Directors had already under taken all possible and such effective steps that the common interests are quite well secured. Of the immediate concerns, the financial demands for repayments are mostly under successful negotiations with settlements pending finalisation and the interests of the Company remains unhindered and well protected.

The Management is of the opinion that the same are well manageable and are of no paramount importance or consequences to jeopardise the survival, and involves normal business risks.

DIRECTORS

The term of appointment of Sh. Pawan Kumar Sethia, Managing Director of the Company had expired on 27.02.2002. The Board of Directors at their meeting held on 30th April, 2002, subject to necessary approval, had approved the reappointment of Sh. Pawan Kumar Sethia as the Managing Director for a further period of 5 years w.e.f. 28.02.02 for a remuneration payable same as before.

Your directors recommend your approval for reappointment and remuneration payable to Sh. Pawan Kumar Sethia as the Managing Director.

Sh. Uttam Chand Sethia, Chairman and a Director of the Company retires by rotation at the end of the ensuing Annual General Meeting, being eligible offers himself for reappointment.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report as Annexure - 1 and 2. The Certificate from the Company's auditors confirming the compliance of the terms as stipulated in the clause 49 of the listing agreement is annexed along with.

DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) That your Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) That your Directors have prepared the annual accounts on a going concern basis.
- (v) That the observations of the Auditors in points 6 and 14 of the Annexure to their Report had been noted by the Board and the needful steps are being ensured in the context.

CONSERVATION OF ENERGY AND TECHNOLOGICAL ABSORPTION

Having regard to the nature of business undertaken by your Company, the aforesaid disclosures are not required.

FOREIGN EXCHANGE EARNING AND OUTGO

There had been no foreign exchange earnings and outgo during the period under review.

PARTICULARS OF EMPLOYEES

No statement in terms of Sec. 217(2A) of the Companies Act 1956 is annexed to this report as the Company did not have any employee who has been in receipt of remuneration above Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month, during whole or any part of the year under review.

AUDITORS

M/s. Guha & Sons, Chartered Accountants are the Auditors of the Company, retiring at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment.

LISTING OF SHARES

The shares of the Company are listed in the Stock Exchanges at MUMBAI, KOLKATA, CHENNAI and JAIPUR. The Annual listing fees of the Regional Stock Exchange and of Mumbai Stock Exchange has been cleared in due time.

TRANSFER OF UNCLAIMED DIVIDENDS

Pursuant to the provisions of Sec. 205A of the Companies Act 1956, unclaimed Dividend for the year 1994-95, amounting to Rs. 8,200/- lying in the unclaimed Dividend Account with the Allahabad Bank, Chowringhee Branch for a period of last 7 years, has since been closed. The said Amount shall be deposited with the Investor Education Fund of the Central Govt. as per the regulations applicable in this regard.

BALURGHAT TECHNOLOGIES LIMITED**ACKNOWLEDGEMENT**

Your Directors wish to place on record their gratitude to various Depts. of the State and Central Governments, bank and financial institutions, suppliers and esteemed customer for their valuable support. Your Directors also appreciate the support provided by the Employees and Workmen at all levels of the organisation for their contributions that had led to maintain peace and harmony in the over all industrial relations. Your Directors also place on record their gratitude to the valued shareholders for their unstinted support for enhancing the values of a true Corporate democracy.

For and on behalf of the Board,

Dated : 29th July, 2002
Place : Kolkata

PAWAN K. SETHIA
Managing Director.

**INFORMATION PURSUANT TO THE LISTING AGREEMENTS
DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT
AT THE ENSUING ANNUAL GENERAL MEETING :**

Name	Sh. Pawan Kumar Sethia	Sh. Uttam Chand Sethia
Date of Appointment	24.02.1997 (for a tenure of 5 years as the Managing Director)	26.06.2000
Nature of expertise in functional areas	Marketing and Administrative Management	Entrepreneur and Business promotion and organisation
Names of Companies in which concerned is interested	NIL	Balurghat Minerals Pvt. Ltd.
		SSM Pharmaceuticals Pvt. Ltd.
Names of Committees in other companies in which concerned is a member	NIL	NIL

The above report had been taken on record at the meeting of the Board of Directors held on 29th July, 2002.

Dated : 29th July, 2002
Place : Kolkata

PAWAN K. SETHIA
Managing Director.



BALURGHAT TECHNOLOGIES LIMITED**REPORT ON CORPORATE GOVERNANCE****A. MANAGEMENT DISCUSSION AND ANALYSIS :**

The Company is currently undergoing the worst phase of its existence since its inception. The traces of the crisis of immense proportions prevailing today was apparent 3 years back, when it was not adequately visualised and the same under its vicious multiplier effect had resulted in a virtual stagnation in revenue generation and inflow of funds which had been iratic and insufficient for planned utilisation. Added to it, the successive vagaries of nature during the previous year by way of the Super Cyclone of Orissa, devastating flood in the North Bengal and the earthquake at Gujarat stalled the operations and revenue inflow for an intermittent period around the peak season, during which period the heavy burden of fixed obligations and considerable volume of employment expenses eroded the working capital availability, wherein a significant short fall arose. The situation worsened on the Bank's withdrawal of support and the haste and lack of patience displayed on their part had been exemplary.

The initial reflection was the steady decline in the volume of the operation which fell below the break even level and was being only subject to realisation of Debtors which had been the only Source of Fund, apart from the expensive borrowings. Diversion of realisation proceeds to Working Capital in full, led to accrual of other obligations including statutory payments which could only be part funded due to excessive cost of private funds made available and the short term liabilities multiplied in rapid progressions, straining the asset base of the Company.

The prolonged presence in the transportation trade consolidated the goodwill of the Company, which ensures the Promoters and Directors the long term viability of the business and a fit case for rehabilitation with minimum restructuring. The exercise of the mobilisation of internal resources are under active consideration, proposals are floated inviting external sources for planned induction of funds, and phased settlement of the accrued liabilities. Such a restructuring involves only a longer gestation period, to be implemented out of internal accruals solely.

The availability of abundant market for its services which with added value, may reap adequate returns to pay back, at a rate above average, which along with productive use of the vast infrastructure and distribution network currently available, can turn the break neck situation without any extraordinary effort or sacrifice.

The steps identified for immediate implementation are the following :—

- (1) Scrutiny of branch viabilities and closure of non contributing branches.
- (2) Rationalisation of Work force and introduction of incentive based compensation.
- (3) Working Capital facilities and banking support.
- (4) Rephasing of debts and liabilities including claims pending.
- (5) Moratorium of certain statutory obligation accrued.

CAUTIONARY STATEMENT :

The Directors are optimistic that the above programme once implemented shall be able to turn the situation prevailing and may yeild turn the entire investment a profitable return, under the existing economic conditions. However, the actual results and performance will largely depend upon the general industrial scenario and other economic conditions, which apart from the direct external factors influencing this trade, are beyond control of the Management.

B. (1) PHILOSOPHY :

Where the Company under the strained economic conditions and adverse performance are unable

BALURGHAT TECHNOLOGIES LIMITED

to extend sufficient pecuniary returns to the benefit of its shareholders, it is committed to provide satisfactory investors services and transparent information sharing to justify the sincere efforts of the Management performing with the best of their abilities.

(2) BOARD OF DIRECTORS :**a. Composition :**

- (i) Sri Uttam Chand Sethia — Chairman Non Executive
- (ii) Sri Mahavir Prasad Goenka — Director Non Executive Independent
- (iii) Sri Pawan Kumar Sethia — Managing Director
- (iv) Sri Arun Sethia — Executive Director
- (v) Sri Sukumar Bhattacharya — Director Non Executive Independent

- ★ Prof. Sukumar Bhattacharya had resigned from the Board of Directors on 28th May '01 on account of his failing health due to old age.

b. Attendance :

Out of 4 Board Meetings held during the year, dates of which are mentioned below, the Directors were present as under —

- (i) Sri U. C. Sethia — 1 out of 4; Not Present in AGM
- (ii) Sri M. P. Goenka — 4 out of 4; Present in AGM
- (iii) Sri P. K. Sethia — 3 out of 4; Present in AGM
- (iv) Sri Arun Sethia — 4 out of 4; Present in AGM
- (v) Sri Sukumar Bhattacharya — None till 28.05.2001

c. Declaration of Interests :

General Notice U/S 299 were received from all the Directors and taken on record by the Board.

- d. Board meetings were held on 23/4, 30/7, 20/10 and 30.01.2002, during the year ended 31st March, 2002.

3. AUDIT COMMITTEE :

- (i) Chariman — Sh. M. P. Goenka (Non Executive Director)

Member — Sh. Arun Sethia

Member — Sh. Pawan Kumar Sethia

(ii) No. of Meetings	—	4 Nos.	23/4,	30/7,	30/10 &	30/01
Sh. M. P. Goenka	—	4 Nos.	Y	Y	Y	Y
Sh. Arun Sethia	—	4 Nos.	Y	Y	Y	Y
Sh. Pawan Kumar Sethia	—	2 Nos.	Y	N	N	Y

- (iii) Terms of Reference —
- (i) Review of Unaudited Results.
 - (ii) Review of Annual Accounts.
 - (iii) Management representations to Auditors.
 - (iv) Internal Audit and Review Internal Controls Procedures.
 - (v) Statutory Compliance Review.
 - (vi) Directors Remuneration.

4. REMUNERATION COMMITTEE :

Not yet constituted formally

Details of remuneration to Directors (2001-2002)