

ANNUAL REPORT

2003



BALURGHAT

TECHNOLOGIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Shri Uttam Chand Sethia

Managing Director
Shri Pawan K. Sethia

Executive Director
Shri Arun Kumar Sethia

Director
Shri Mahavir Prasad Goenka

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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 9th Annual General Meeting of the Shareholders of Balurghat Technologies Ltd. will be held on Saturday 27th September, 2003 (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, 2003 along with the Auditor's and the Directors' Report there upon.
2. To appoint Directors in place of Sh. Mahavir Prasad Goenka who retires by rotation, being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider though fit, and to pass with or without modifications the following resolution, as a Special Resolution :

"RESOLVED that the Company do take effective steps for voluntary delisting of its Ordinary Shares from the Madras, Jaipur and Calcutta Stock Exchanges, subject to compliance of the terms and provisions of the SEBI (Delisting of Securities) Guidelines 2003 and/or any other law for the time being in force, any other statutory guidelines as may be imposed upon and agreed by the Board in terms of the Listing agreement with the relevant Stock Exchanges."

"RESOLVED FURTHER that the authority be and is hereby accorded to the Executive Director and/or the Secretary of the Company to settle all the disputes as may arise in the context and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to the above resolution."

By the Order of the Board
For BALURGHAT TECHNOLOGIES LTD.

Registered Office :
170/2C, A. J. C. Bose Road,
Kolkata-700 014
Dated : 18th August, 2003

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 26th September, 2003 to 27th September, 2003 (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 received 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

Shareholders are aware of the scanty trading of the Company's Ordinary Shares in the various Stock Exchanges they are listed with. We further inform that since last 3 years there had been no transactions in Madras and Jaipur Exchanges and hardly any significant trading in the Calcutta Stock Exchange to justify continued listing in these Exchanges and provide for a significant amount towards the Listing fees.

In view of the above and the present financial crisis at its extreme the Directors had decided to avail the provisions of the Delisting guidelines issued by the SEBI in 2003 and strongly recommends your approval for delisting of the securities of the Company from the Jaipur, Madras and Calcutta Stock Exchanges, with the earliest effect.

However, the listing continues with the Mumbai Stock Exchange and the shares are tradeable only in dematerialised form through NSDL and CDSL.

None of the Directors are in way concerned or interested in the aforesaid resolutions.

The Directors recommends the above resolution for the approval of the Members.

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

NAME	SH. MAHAVIR PRASAD GOENKA
Date of Appointment	28.09.2001
Nature of expertise in functional areas	Entrepreneur Par Excellence
Names of Companies in which concerned is interested	Orissa Spinning Mills Ltd. Director
Names of Committees in other companies in which concerned is a member	NIL

The above report had been taken on record at the meeting of the Board of Directors held on 18th August, 2003.

Dated : 18th August, 2003
Place : Kolkata

PAWAN K. SETHIA
Managing Director.

BALURGHAT TECHNOLOGIES LIMITED**DIRECTORS' REPORT**

To the Members :

Your Directors' present their 9th Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

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

Particulars	(Amount Rs. In Lacs.)	
	Year Ended 31.03.2003	18 Months Ended 31.03.2002
Total Earnings	1492.83	2551.70
Less : Total Expenses	1729.13	2489.77
P B D I T	(236.90)	61.93
Less : Finance Charges	8.52	58.86
Depreciation	23.18	19.97
Profit before Tax	(268.60)	(16.90)
Provision for Taxation	NIL	NIL
Profit after Tax	(268.60)	(16.90)
Balance B/F from Previous Year	11.21	11.21
Less : Provision for Tax-earlier years	—	—
Less : Adjustment related to assets withdrawn	—	—
Profit available for Appropriation	(5.71)	(5.71)
Appropriations :		
Transferred to General Reserve	—	—
Charge on General Reserve	(5.71)	(5.71)
Balance Carried Forward	NIL	NIL

DIVIDEND

In view of the adverse performance incurred 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 had been at its lowest ebb. While the staggering short fall in the working capital had drastically reduced the volume of operations as well as the in flow of funds, various defaults including certain statutory obligations had surfaced alongwith ever growing demands for funds that the routine business operations became virtually impossible. the management had been left with no other alternatives than to resort to temporary suspension of all business operations at Kolkata and Siliguri, w.e.f. 13th March, 2003.

The Directors of your Company regrets to state that with the available resources, it was no longer possible to maintain such elaborate establishment expenses and service the outstanding obligations, until and effective business restructuring and rehabilitation scheme is put into effect. Presently all the efforts and resources would be directed therefor, since under the present highly competitive environment and economic conditions lingering on with a default status and accumulating the liabilities amounts to a sheer wastage of scarce economic resources, and are no longer permissible.

FUTURE OUTLOOK

Your Directors assure that all the necessary steps had been identified and planned for the rehabilitation of the Company, in order to come out of the crisis situation; some of which are already under implementation. The Directors are confident that their determined efforts coupled with the unstinted support of the Shareholders are bound to yield success in the days ahead. All that is required at the moment are patience and perseverance, and there is no dearth of such qualities in the present Directors of the Company.

BALURGHAT TECHNOLOGIES LIMITED**IMMEDIATE CONCERNS**

Your company has been challenged with diverse conflicts of interest against which your Directors had already under taken all possible and such effective steps that the corporate interests are quite well secured. Of the immediate concerns, the financial demands for repayments are mostly under successful negotiations with settlements pending finalisation.

The Directors are of the opinion that the above conflicting interests are well manageable and are of no paramount importance or consequences to jeopardise the survival of the 52 year old Organisation, and involves no more than normal business risks.

DIRECTORS

Sh. Mahavir Prasad Goenka 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 with proper explanation to all material departures, in case if any,
- (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 the Companies Act 1956 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 (f) and para 14 of the Annexure to their Report had been noted by the Board and the appropriate steps are being ensured in the context, so that such recurrence may be avoided.

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.

BALURGHAT TECHNOLOGIES LIMITED

LISTING OF SHARES

The shares of the Company are listed in the Stock Exchanges at MUMBAI, KOLKATA, CHENNAI and JAIPUR. The Annual listing fee of the Mumbai Stock Exchange has been cleared in due time. The Directors propose delisting of the securities of your company from Jaipur, Madras and Calcutta Stock Exchanges, in view of the significant maintenance expenses against insignificant volumes traded in such Exchanges.

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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their gratitude to various Depts. of the State and Central Governments, 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 efforts 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 : 18th August, 2003
Place : Kolkata

PAWAN K. SETHIA
Managing Director.

BALURGHAT TECHNOLOGIES LIMITED**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2003.****A. MANAGEMENT DISCUSSION AND ANALYSIS :**

Under the present circumstances, the Management have its priorities fixed initially at the settlement of various outstanding obligations to the maximum possible extent. These outstanding liabilities pose a big threat in smooth running of the business operations and is certainly a major hurdle in the profitability considerations. During this rehabilitation phase, this consolidation of entity and continuity happens to be the prime objective. The Management considers that business operations during this phase should be maintained at the subsistence level, as the resources would be otherwise occupied and all it is necessary that the going concern assumption is ensured.

Once the rehabilitation is successful, with the major legal constraints removed to the maximum possible extent, the focus of the Management may then shift to profitability considerations and creation of shareholder wealth may progress unhindered. Growth, expansion, diversification are the allied considerations at such phase which also can progress simultaneously without hindrance.

With the above guidelines set, priorities refixed and the objectives redefined the Management is fully confident from their vast resources of trade experience that the Company is once again poised to take off as a new venture and are indeed hopeful of the success.

CAUTIONARY STATEMENT :

The Directors are confident that careful business reengineering and the programmes implemented with utmost administrative competence is bound to turn the investment profitable, under the present economic scenario and existing market conditions. However the actual results and performance will be subject to direct bearings of the political stability and the general economic conditions of the country as may prevail upon in future, which are beyond the control of this Management.

B. (1) PHILOSOPHY :

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

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

BALURGHAT TECHNOLOGIES LIMITED**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 30/4, 29/7, 28/10 and 30.01.2003, during the year ended 31st March, 2003.**3. AUDIT COMMITTEE :**

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

Member — Sh. Arun Sethia

Member — Sh. Pawan Kumar Sethia

(ii) No. of Meetings	—	4 Nos.	30/4,	29/7,	28/10 &	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	—	3 Nos.	Y	N	Y	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 (2002-2003)

Heads of Payments	Sh. U. C. Sethia	Sh. M. P. Goenka	Sh. P.K.Sethia	Sh. A. K. Sethia
Consolidated Salary	Nil	Nil	96,000/-	96,000/-
Benifits (HRA)	Nil	Nil	Nil	57,600/-
Bonus	Nil	Nil	Nil	Nil
Others (Sitting Fees)	Nil	2,000/-	Nil	Nil
Total	Nil	2,000/-	96,000/-	1,53,600/-

Apart from the aforesaid no amounts were paid to any of the Directors for their participation in the meetings of the various committees attended by them.

5. SHARE COMMITTEE :

This particular Committee constituted of a Director and the Compliance officer who are authorised by the Board to control and coordinate all the activities pertaining to Share Transfer, Dematerialisation and settlement of Investor's greivances jointly with the Registrars and Transfer Agents, viz. MCS Ltd. 77/2A, Hazra Road, Kolkata - 700 029.

Sh. Arun Sethia is the Chairman of the Committee under reference, and Sh. D. Banerjee Compliance Officer of the Company being the other executive member.

The Share Committee holds its meetings usually on a fortnight basis as requisitioned by the RTA on processing the transfer applications which are approved in the meeting, as per the records presented. All the cases of Investor's Compliants, either received directly or through the RTA or the Depositories are disposed off on the case to case basis and the redressal action is recommended to the RTA.