

ANNUAL REPORT

=====2005=====

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BALURGHAT
TECHNOLOGIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Shri Uttam Chand Sethia

Managing Director

Shri Pawan Kumar Sethia

Executive Director

Shri Arun Kumar Sethia

Director

Shri Mahavir Prasad Goenka

LISTING AT

The Calcutta Stock Exchange Assn. Ltd.
Bombay Stock Exchange

Secretary & Finance Manager

Shri Debashis Banerjee

REGISTRARS & SHARE TRANSFER AGENTS

MCS Ltd.

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

UTI Bank Ltd.

BALURGHAT TECHNOLOGIES LIMITED

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Shareholders of Balurghat Technologies Ltd. will be held on Monday, 26th September, 2005 (10:00 AM), at Bhartiya 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, 2005 along with the Auditors Report thereon and the Report of the Directors on that date.
2. To appoint Director in place Sri Mahavir Prasad Goenka, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

BY THE ORDER OF THE BOARD
for **BALURGHAT TECHNOLOGIES LTD.**

Dated: 30th July, 2005.

Place : Kolkata

D. BANERJEE
SECRETARY AND FINANCE MANAGER

NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2005 to 26th September, 2005 (both days inclusive).
2. A member entitled to attend and vote at the meeting is also 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 along with the Admission slip duly filled in and handover the same at the entrance of the meeting hall.
4. Members are requested to notify any correction/change in their address 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, has been transferred to the Investor Education and Protection Fund of the Central Government, 7 years having lapsed since its date of declaration.

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

Name :	Sri Mahavir Prasad Goenka
Age:	65 years
Date of Appointment :	27 th September, 2003
Academic Qualification :	Under Graduate
Nature of expertise in functional Areas :	Entrepreneur par Excellence with over 40 years experience in Transport Trade Organization & Operations
Interest in Other Companies & nature :	Orissa Spinning Mills Ltd. – Director
Membership of committees in other Concerns :	NIL

The above report had been taken on record at the meeting of the Board of Directors held on 30th July, 2005.

For & on Behalf of the Board

Dated: 30th July, 2005.
Place: Kolkata

**Pawan Kumar Sethia
Managing Director**

DIRECTORS REPORT

To the Members:

Your Directors herewith present the 11th Annual report of the Company along with the Audited Accounts for the year ended 31st March, 2005.

2. The summarized financial performance of your Company is presented herein under:

Particulars	(Amount Rs. In Lacs)	
	Year Ended 31-03-05	Year ended 31-03-04
Total Earnings	1009.93	828.95
Total Expenditure	1351.75	1207.23
PBDIT	(341.82)	(378.28)
LESS: Finance Charges	1.32	4.18
Depreciation	<u>17.50</u>	<u>22.19</u>
Profit / Loss before Tax	(360.64)	(404.65)
Provision for Tax	NIL	NIL
Profit / Loss after Tax	(360.64)	(404.65)
Accumulated Profit / Loss b/f	(338.39)	NIL
Profit/Loss for appropriation	(699.03)	(404.65)
Profit / Loss c/f	(699.03)	(338.39)

DIVIDEND-

In view of the growing accumulated losses and uncertain outlook during the current year, your Director are unable to recommend any Dividend for the year under reference.

REVIEW OF OPERATIONS AND STRATEGIC PLANNING-

The Company is undergoing its worst phase of its existence since over last 50 years. With the primary revenue generating centre being under suspension of operations since over last two year and a half year, performance is at its lowest ebb, only through branch operations barely to sustain its existence as a going concern. The profitability of the Company as a whole is disastrous with huge burden of loss steadily accumulating. The rate of decline of net worth happens to be even more rapid, as under compelling circumstances, the Company had to dispose a part of, its fixed assets and investments to mobilize resources in order to settle several outstanding obligations, the carrying costs of which would have virtually rendered the Company insolvent, even in the short run.

Now, that the Company had been relived of a significant part of its huge debt burdens, it is poised to divert all its available resources to revive the business operations at Kolkata, shortly after reorganization of its infrastructural facilities already in progress. The Directors are optimistic to restore the operations back during the current financial year, at least to the breakeven level. Needless to mention that the co-operation of the Statutory and Regulatory Authorities wherever the necessary approach has been made are yet to accord to the sanctions in terms of waiver and grants as such are eagerly awaited.

FUTURE OUTLOOK-

In view of the tremendous potential of the trade particularly in a developing economy, no stones are being left unturned by your Directors to revamp and reengineer the business operations and resume the activities on a full scale. All such necessary and effective steps are being taken to plug the possible loopholes which in fact had led to the present disaster. Although the revival programme is being primarily funded from internal accruals, institutional finance is yet to be mobilized and is an essential condition to support a large scale operation, but the approach will only be possible once the business gets going, which is by far the primary target as of now.

IMMEDIATE CONCERNS-

The immediate concern as of now is the resumption of Kolkata operations as the wide spread market share and goodwill can no longer be retained without active business participation and presence in the trade. However upon the resumption of activities the problem pertaining to allocation of resources both for working capital and settlement of outstanding liabilities unless be accommodated in full the success of the Management will entirely depend upon balancing of the liquidity which as such will be the key to the survival.

EMPLOYEE RELATIONS-

With the entire surplus manpower discharged from employment the Company is left with very few persons, which fits the requirement for existing statutory continuity. Hence, unless manpower policy is ascertained in particular under organized efforts, it is unlikely that a corporate form of business may be continued with, in the long run. Your Directors had taken cognizance of this issue and are in the process of taking appropriate steps as necessary, in the context. The employee relations at the branch level continues to be stable and satisfactory productive at the present juncture and is independent of the Kolkata crisis.

DIRECTORS-

Sri Mahavir Prasad Goenka, being independent non-executive Director retires by rotation and being eligible offers himself for reappointment. Your Directors recommend the reappointment of Sri Mahavir Prasad Goenka, as beneficial in the interests of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT-

Pursuant to the provisions contained in the Section 217(2AA) of the Companies Act, 1956, your Directors state as under:

- (i) That in the preparation of the annual accounts the accounting standards had been substantially complied along with proper explanation to all the material departures;
- (ii) That your Directors have selected such accounting policies and have applied the same consistently and had 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 at the end of the financial year as well as the profit or loss of the Company pertaining to such period;
- (iii) That your Directors have taken proper and sufficient care for the maintenance of accounting records, as also for safe guarding the assets of the Company and for detection of frauds and other irregularities;
- (iv) That on account of the adverse circumstances prevailing in the Company your Directors had been compelled to allow certain departures in respect of certain regulatory provisions all of which had been justified with proper explanations as also with regards to the adverse opinions and reservations made by the Auditors, in their report to the members.
- (v) Your Directors have prepared the accounts on the going concern basis and considers the same to be appropriate irrespective of opinions to the contrary.

CORPORATE GOVERNANCE-

A separate section on Corporate Governance is included in the Annual Report as Annexure – I and II. A certificate from the Auditors as to compliance of the various provisions of the Clause 49 of the listing agreement is annexed herewith.

CONSERVATION OF ENERGY AND TECHNOLOGY 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 EARNINGS-

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; retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment.

LISTING OF SHARES-

The Securities of the Company are listed with Mumbai Stock Exchange and shall continue to be listed thereat only. Pursuant to the SEBI (Delisting of Securities) Regulations 2003, upon confirming the applicable compliances Company had made necessary application for Voluntary Delisting of its shares from Jaipur, Madras and Kolkata and the same are pending disposal as on date, with the respective 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 has been deposited in the Investor Education and Protection 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 Deps. of the State and Central Governments, Suppliers and esteemed customer for their valuable support. Your Directors also place on record their gratitude for the valued shareholders for their unstinted support for enhancing the true values of a corporate democracy.

For & on Behalf of the Board

Dated: 30th July, 2005
Place: Kolkata

Pawan Kumar Sethia
Managing Director

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2005.**A. MANAGEMENT DISCUSSION AND ANALYSIS –**

The management of Balurghat Technologies Limited presents herein under a brief analysis of its performance, prospects and outlook, as perceived by them, in light of the present developments.

In the days of fierce competition in the Manufacturing Sector, the profitability of a product largely depends upon the Company's edge over the logistics and distribution management, commonly referred to as Supply Chain Management an area which has assumed a great significance, these days. Thus, the potential in the Transportation trade cannot be undermined and follows an accelerated growth with the profitability primarily lying in the value added segment of the service.

The Company has been operating since over last 50 years although in diverse forms of organization, responding to the need it had mastered sufficient goodwill having served a host of prestigious clientele over the years.

However, presently with the operations of the primary revenue yielding Centre being the Kolkata market suspended for over more than last 2 years, it has accumulated a significant business loss, yet viewed from the long-term perspective, with the ongoing Suspension the Company had substantially achieved the much required reduction of fixed overheads and the disproportionate interest obligations through settlement of various short term advances, including the Bank dues and discharge of the redundant and surplus manpower carried over the years, through Voluntary separation scheme finally accepted by the Labour Unions after much persuasion. The falling income from operation and the steep decline in the margin over past 5 (five) years was primarily due to the above limitations which are expected to be put to rest finally and no sooner subject to increase of Working Capital support positive returns may be expected, which in turn will enhance the net worth of the company adding to the Shareholders wealth, which had been eroded significantly till date.

The revival programme under implementation has been funded from the internal accruals, but for the expansion of operations, on a larger scale, will be hardly possible without support of Institutional funding and such an approach will only be possible once the operations gets going which is the primary target as of now.

B. CAUTIONARY STATEMENT:

Whereas the Management has optimistic plans and believes in the success of their revival programme, the actual outcome in fact depends to a large extent on several extraneous factors, over which the Management does not have any direct control, as such.

C.1. CORPORATE PHILOSOPHY

Whereas due to the strained financial conditions, the Company is unable to provide any pecuniary benefits to its shareholders it is committed to satisfy them through prompt Investors services, transparent information sharing and disclosures to justify the efforts of the Directors and other Executives in the Management of the Company.

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

- i. Sharvasree Uttam Chand Sethia - Chairman (Non Executive)
- ii. Sri Mahavir Prasad Goenka - Director (Non Executive/ Independent)
- iii. Sri Pawan Kumar Sethia - Managing Director (Whole time)
- iv. Sri Arun Sethia - Executive Director (Whole time)

b. Attendance:

During the financial year 2004-2005, Four (4) nos. Board Meetings were held, along with the Annual General Meeting on the various dates, stated as under vis-à-vis the attendance of the Directors thereat:

NAMES	30.04	30.07	30.10	29.01	ATTENDED	AGM 28/09/04
Sri U.C. Sethia	YES	YES	YES	YES	04	Not present
Sri M.P. Goenka	YES	YES	YES	YES	04	Present
Sri P.K. Sethia	YES	YES	YES	YES	04	Present
Sri Arun Sethia	YES	YES	YES	YES	04	Present

C. DECLARATION OF INTEREST:

Pursuant to provisions of Sec 299(I) of the Companies Act 1956, Notice in Form 24AA was received from all the Directors, along with the necessary declaration U/s 274(1) (g) had been taken on record at the relevant Board Meeting on the commencements of the financial year under reference.

3. AUDIT COMMITTEE:

i) Composition:

The Audit Committee is constituted of 3 Members under the Chairmanship of Sri M.P. Goenka an Independent & Non Executive Director with 2 other whole time Directors along with Secretary & Finance Manager as the Secretary of the Committee.

ii) Attendance:

The audit Committee met 4 times during the Financial Year under reference on the dates usually preceding the Board Meetings and the attendance therein is stated as under:

Names	30.04	30.07	30.10	29.01	Total
Sh. M.P. Goenka	YES	YES	YES	YES	04
Sh. Pawan Kr. Sethia	YES	YES	YES	YES	04
Sh. Arun Sethia	YES	YES	YES	YES	04

(iii) Terms of Reference -

- (i) Review of Unaudited Financials.
- (ii) Review of Annual Accounts.
- (iii) Management representations & Co-ordinations of Statutory Audit.
- (iv) Internal Audit Appraisals and Review of Internal Controls.
- (v) Review & assessment of Compliance under applicable laws.
- (vi) Review & recommendation in respect of Managerial Remuneration.

4. REMUNERATION COMMITTEE:

Not yet formally constituted and the relevant functions are discharged by the Audit Committee above referred.

Details of Remuneration paid to the to Directors (2004-2005)

Heads of Payments	Sh. U.C. Sethia	Sh. M.P. Goenka	Sh. P.K. Sethia	Sh.A.Sethia
Consolidated Salary	NIL	NIL	96,000/-	96,000/-
House Rent Allowance	NIL	NIL	NIL	57,600/-
Perquisites /P.F. Cont.	NIL	NIL	11,520/-	11,520/-
Bonus/ Commission	NIL	NIL	NIL	NIL
Others (Sitting Fees)	NIL	3500/-	NIL	NIL
Total	NIL	3500/-	1,07,520/-	1,65,120/-

Notes: Apart from the aforesaid no other sum was paid to the Directors, apart from reimbursements of expenses incurred on behalf of the Company, if any. However, the Managing and the Executive Director being in whole time employment with the Company are not entitled to sitting fees for attending the meetings. The Chairman has waived all the sitting fees for attending the meeting as a gesture of goodwill. The concerned Directors have waived their entitlements of the sitting fees for attending the Meetings of the Committees.

5. SHARE COMMITTEE:

The Share Committee as it is known is responsible for both the Share Transfer Management and Investors Redressal Services. The Committee constitutes of Sri Arun Sethia, as the Chairman, Sri M.P. Goenka as Director and the Compliance Officer, Sri D. Banerjee as the other Committee Members.

The Share committee holds its meetings monthly as per requisition of the Registrars and Share Transfer Agents, processing the transfer applications which are approved at the meeting. The RTA concerned reports the committee on Dematerialization status and requests over 21 days, if any. The committee also reviews the status of redressal of Investor's Complaints on the basis of report of the RTA along with the Compliance Officer for the cases received by them respectively and any pending complaints as may be referred to it are disposed by the Committee itself. Further that the Committee has been authorized and empowered by the Board for issue of Share Certificate upon dematerialization and / or sub-division consolidation and / or Duplicate Certificates under the signature of the Secretary as the Authorized Signatory along with the mechanized signatures imprinted on the Certificates.

During the year ended 31.03.05-

Total no. of Complaint / queries received: 28

No. of Complaints / Queries disposed:

Directly : 8 nos.

Through RTA : 20 nos.

No. of Complaints / Queries pending as on 31.03.2005 – NIL

6. GENERAL MEETINGS:

Sl. No.	Nature of Meeting	Date	Time	Venue	Voting through Postal Ballots
1.	Annual General Meeting (8 th)	27-09-02	10:00 AM	Bhartiya Bhasa Parishad 36A, Shakespeare Sarani Kolkata – 700 017.	No
2.	Annual General Meeting (9 th)	27-09-03	10:00 AM	-do-	No
3.	Annual General Meeting (10 th)	28-09-04	10:00 AM	-do-	No

7. DISCLOSURES:

- (i) There were no related party transactions, materially significant for the disclosures in specific were made during the year ended 31.03.05, other than as disclosed by way of Notes on Accounts.
- (ii) There were no significant non compliance reported against the Company during the year under reference, attributing any penal liability imposed upon, by any of the Regulatory Authorities related to the Capital Market
- (iii) Whereas due to suspension of Operations at Kolkata and the prevailing financial stringency over the last several years, the Company was not in a position to pay the listing fees to certain Stock Exchanges except Mumbai Stock Exchange in respect of which there are no outstanding as on date. The Company have applied for delisting of its securities from the Madras, Jaipur, Kolkata, pending disposal till date. Under similar