

Balurghat
The Balurghat Group Since 1952

BALURGHAT TECHNOLOGIES LIMITED



**24 TH ANNUAL REPORT
2017-2018**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Shri Sushil Kumar Sancheti
Independent Director

Non Executive Director

Shri Rajendra Dugar-Additional Director
SmtGita Sharma-Independent Director

Executive Directors

Shri Arun Kumar Sethia-Whole time Director
Shri Pawan Kumar Sethia-MD

CFO- Apurv Sethia

Company Secretary

Mr. Saibal Chowdhury

Auditors

R.VenkataramaAiyar&Co
Chartered Accountants
Kolkata

REGISTRARS & SHARE TRANSFER AGENTS

MCS Share Transfer Agent Limited
12/1/5 Manoharpukur Road
Kolkata – 700 026

REGISTERED OFFICE

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

AUDIT COMMITTEE

Smt Gita Sharma
Shri Arun Kumar Sethia
ShriSushil Kumar Sancheti

BANKERS

State Bank of India
Indusind Bank

NOMINATION AND REMUNERATION COMMITTEE

Shri.Sushil Kumar Sancheti- Chairman, Independent Director
Smt Gita Sharma - Independent Director
Shri Rajendra Dugar) - Non Executive Director (Additional Director)

DIRECTOR'S REPORT

The Members of Balurghat Technologies Limited

The Board of Directors is pleased to present the 24th Annual Report of the company together with the audited financial statement for the year ended on March 31, 2018.

FINANCIAL RESULTS

The financial performance of the Company, for the year ended March 31, 2018 are summarized below: **(Rs. in hundreds)**

Particulars	2017-2018	2016-2017
Profit before Depreciation & Amortization Expenses, Finance Costs & Tax Expenses	168096	130919
Less : Finance Cost	33743	28,247
Depreciation	37658	26547
Profit before Tax	96,695	76125
Less : Current Tax	24120	25026
Deferred Tax Liabilities	-1975	-3312
Profit for the year	74,550	54,411
Other Comprehensive Loss	-6206	
Total Comprehensive Income (Loss) For the Year	68344	54,411
Add :Balance in Profit &Loss Account	-1014540	-1068260
Appropriation		-691
Add :Adustment of Provision of IT		
Add: Adjustment of Fixed Asset		
Closing Balance	-946196	-1014540

SUMMARY OF FINANCIAL RESULTS AND PERFORMANCE OF THE COMPANY

Financial Year 2017-2018 was yet another challenging year. In spite of various constraints and the challenging environment your Company has performed well. The highlights of the performance are as under:

- Revenue from operation increased by 25.43% to 4796774 hundreds for the year as against 3823980 hundred of the previous year.
- PBDIT increased by 28.390% to 168096 hundred for the year as against 130919 hundred of the previous year.

- Profit before tax increased by 27.02% to 96695 hundred for the year as against 76125 hundred of the previous year.
- Net Profit rise by 25.60 % to 68344 hundred for the year as against 54411 hundred of the previous year.

➤ **INDIAN ACCOUNTING STANDARDS**

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2017 with a transition date of 1st April, 2016. The Financial Results for the year 2017-18 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and the other recognized accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2017-18 presented have been prepared in accordance with Ind AS.

DIVIDEND

In view of the accumulated losses during the current year, your Directors are unable to recommend any dividend for the year under reference.

RESERVES

The Company has transferred an amount of Rs.68344 hundreds to the General Reserve which is current year's profits and the same is in compliance with the applicable provisions prescribed under the Companies Act, 2013.

THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR

The Company has performed well irrespective of highly competitive market. Increase in Turnover by 25.43 % in such market conditions showed company's operational excellence.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business.

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There has been no such material or significant changes during the year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals impacting going concern status and company's operations in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and nature of its operations. The scope and authority of the Internal Audit function is well defined and to maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board as well as directly to the Chairman & Managing Director. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The company do not have subsidiary companies or associates companies nor it has entered into any joint ventures agreements.

DEPOSITS

The company has not accepted any deposits during the year from the Public under section 73 to 76 of the Companies Act, 2013 nor did it receive the same in any of the previous years and hence there are no overdue / outstanding Deposits or any interest payable thereon and therefore the prescribed details under the Companies Act, 2013 are not required to be furnished.

STATUTORY AUDITORS

M/S R.Venkatarama Aiyar&Co ,Chartered Accountant Firm has been appointed as statutory auditor of the Company for a period of five years in the AGM held on 06-09-2017 to hold the office till 28th AGM to be held on 2022. The Audit report given by the Auditor on the Financial Statement of your Company is part of the Annual Report. There has been no qualification ,reservation or adverse remarks given by the Auditor in his report.

SECRETARIAL AUDITOR

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. Anand Khandelia, Company Secretary in practice to undertake the Secretarial Audit of the Company for FY 2017-18.The Secretarial Audit report is annexed herewith as “Annexure B”. Secretarial Report does not contain any observation and qualification.

AUDITORS REPORT

The observations made in the Auditor's Report are self explanatory and do not call for any further comments u/s 134(3)(f) of the Companies Act, 2013. The Auditors have not made any qualifications in their report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure C". Web address of the Company www.balurghat.co.in.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated in SEBI(LODR) Regulations 2015, is presented in a separate section forming part of the Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Having regard to the nature of business undertaken by your company, the disclosures on Conservation of Energy and Technology are not required. However there had been foreign exchange outgo of EURO 70590.80 equivalent to Rs. 5358036.00/- and USD 43848.43. equivalent to Rs 2883790.00 and ,CAD 4748 equivalent to 225693/- during the period under review.

AUDIT COMMITTEE

As Per Corporate Governance Report annexed hereto.

CORPORATE SOCIAL RESPONSIBILITY POLICY

As per the criteria prescribed under section 135 of the Companies Act, 2013, the CSR is not applicable to the Company in respect of the financial year 2017-2018 .The company will however, formulate and implement CSR policy as and when it gets applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. Details of investments made by the company are given in the notes to the financial statements.

RELATED PARTY TRANSACTION

The company has framed Policy on materiality of related party transactions and dealing with related party transactions. All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There

are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

PARTICULARS OF EMPLOYEES

The Statement of Particulars of Employees pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (personnel) Rules, 2014 in respect of employees of the Company, forms part of this report and annexed herewith as Annexure “D”.

In terms of the provisions of Section Statement of particulars of employees pursuant to Rule 5 (2) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company did not have any employee who has been in receipt of the remuneration in excess of prescribed in the above mention section, during whole or any part of the year under review.

DIRECTORS

Mr Hans Raj Sethia, Non –Executive Non –independent Director of the Company ceased to be Director with effect from 07-07-2018 following his death. The Directors placed their deepest appreciation for his valuable guidance and assistance received during his tenure as Director, Chairman, Members of various committees.

NUMBER OF MEETINGS OF THE BOARD

During the year Five Board Meetings were convened and held, and one Independent Director Meeting was held details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the Companies Act, 2013.

DECLARATION BY INDEPENDENT DIRECTORS

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(7) of the Companies Act, 2013 and under the extant provisions of the SEBI(Listing Obligation and Disclosure Requirements)Regulations,2015.

BOARD EVALUATION

Pursuant to the provisions of the Sec 134(3) (p) Companies Act, 2013 and SEBI(Listing Obligations and Disclosure Requirements),Regulations,2015 the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committees. During the year under review, the Independent Director met on 29th March 2018 inter alia, to discuss the performance evaluation of Non – independent Directors and Board Of Directors as a whole and was satisfied overall .Evaluation Process is based on structured questionnaire covering various aspects of the Board’s functioning, Board’s culture , performance was circulated to the members of the Board for the financial year 17-18. Based on the response received, the Board as a whole, the

Committees, the Chairperson and individual Directors were separately evaluated in the meeting of the Independent Directors and at the meeting of the Board of Directors. The Board has carried out the performance evaluation of all independent Directors of the Company and is satisfied with their performance..

APPOINTMENT/RE-APPOINTMENT/ RESIGNATION

Sri Arun Kumar Sethia,(DIN:00001027) is the whole time director of the Company. The Board of Directors subject to the approval of shareholders proposes his re- appointment as a whole –time Director of the Company under section 196,197,203 read with Schedule V and all other applicable provisions of the Companies Act 2013,for a further period of three years with effect from 30th October 2018.A brief resume of Director and other relevant provisions have already been provided in the Corporate Governance Report.

Mr Arun Kumar Sethia, whole time Director of the Company, retires by rotation at the ensuing AGM and being eligible offer himself for re-appointment.

Board of Directors at its meeting held on.31-07-2018.. has approved appointment of Mr Rajendra Dugar (Din08187495:)as Additional ,Non –Executive Director liable to retire by rotation who will hold up to the ensuing Annual General Meeting.

The Board, based on the recommendation of Nomination and Remuneration Committee considered his appointment as Non-Executive Directors subject to approval of Shareholders. Accordingly, resolutions seeking approval of Shareholders for their appointment as Non-Executive Directors whose office is liable to retire by rotation is included in the Notice convening the Annual General Meeting.

The Board of Directors subject to the approval of shareholders proposes revision of remuneration of the Managing Director of the Company Mr Pawan Kumar Sethia(DIN:004824620) under section 196.197,203, read with Schedule V and all other applicable provisions of the Companies Act ,2013 till the remaining duration of his tenure starting from 23-02-2019.

Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 prescribed that no listed entity shall appoint a person or continue the directorship as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect. Mr. Sushil Kumar Sancheti aged 81 years (date of birth :15/12/1936) was appointed in the Annual General Meeting held on 29th September,2014 for a period of five years up to conclusion of Annual General Meeting to be held in the calendar year 2019.In view of the said provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Nomination&Remuneration Committee discussed the matter and recommended continuation of the Directorship, of Mr. Sushil Kumar Sancheti for the remaining period of his term Mr. Sushil Kumar Sancheti is a Graduate in Commerce has immense experience in the area the Company is operating. He brings independent judgment on the Board's discussion especially on issues relating to operational performance. He is an expert and give valuable advises having beneficial

effect on Company's performance. The Board based on the recommendation of NR Committee and considering benefit and expertise of the person recommend the resolution for shareholders' approval by way of special resolution.

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes and other matters provided under sub section (3) of section 178 of the Companies Act 2013. The Remuneration Policy is stated in the Corporate Governance Report.

RISK MANAGEMENT POLICY

As per requirement of section 134(3)(n) of the companies act 2013 and SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015 the Board of Directors has framed risk management policy .The Board has a risk assessment and minimization procedure which is reviewed by the Board periodically. There is a structure in place to identify and mitigate various identifiable risks faced by the Company from time to time. At the Meetings of the Board, these risks are reviewed and new risks are identified. As of now the Directors do not envisage any element of risk which threaten the existence of the Company.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company believes in the conduct of its affairs in a fair and transparent manner to foster professionalism, honesty, integrity and ethical behaviours in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has adopted a Vigil Mechanism through which the employees, Directors and other stakeholders are free to report to Senior Management any unethical behaviour, improper practices and wrongful conduct taking place in the Company for taking appropriate action. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

SEXUAL HARASSMENT

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the requirement of formation of a suitable committee as required under the said act. The Board of Directors and/or the Management of the Company has not received any complaint on this account from any of the employees of the Company or from any other person.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board of Directors .

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and certain designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

STATUTORY DISCLOSURE

None of the Directors of the Company are disqualified as per provision 164(2) of the Companies Act ,2013. Your Directors have made necessary disclosures as required under various provisions of the Companies Act ,2013 and Listing Regulations.

FRAUDS REPORTED BY AUDITORS

There were no frauds reported by the Auditor under section 143(12) of the Companies Act ,2013

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review .
- iii) The 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 the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.