

ANNUAL REPORT 2004-2005

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BAZALONI GROUP LIMITED



BAZALONI GROUP LIMITED

BOARD OF DIRECTORS : SMT. D. SARAF, Chairperson
SRI S.S. SARAF, Managing Director
SRI P.D. BHOOT, Joint Managing Director
SRI P. JATIA
SRI R.R. AGARWAL

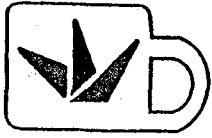
COMPANY SECRETARY : SRI R.K. AGARWAL

AUDITORS : M/S G. SANYAL & CO.
Chartered Accountants

BANKERS : ALLAHABAD BANK

REGISTERED : BAZALONI TEA ESTATE
P.O. MAKUM JUNCTION
DIST.: TINSUKIA, ASSAM
PIN - 786170

ADMINISTRATIVE OFFICE : 15C, HEMANTA BASU SARANI
KOLKATA - 700 001.



BAZALONI GROUP LIMITED

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company will be held on Tuesday, the 13th day of September, 2005 at 2.30 p.m. at the Registered Office of the Company at Bazaloni Tea Estate, P.O. Makum Junction, Dist. - Tinsukia, Assam, to transact the following business :

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Darshana Saraf, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Sri Raghunath Rai Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration :

The present Auditors, M/s G.Sanyal & Co. Chartered Accountants, retire and are eligible for re-appointment.

By order of the Board

Administrative Office :
15C, Hemanta Basu Sarani,
Kolkata - 700 001.

R.K. AGARWAL
Company Secretary

Dated : 29th July, 2005.

Note :

1. A member entitled to attend and vote at this Annual General Meeting may appoint a Proxy to attend and to vote on a poll on his / her behalf. 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.

2. Members are requested to notify any change in their address immediately to the Company.



BAZALONI GROUP LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twenty Ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	31st March 2005 Rs.	31st March 2004 Rs.
Profit before Depreciation and Taxation	73,86,732	37,57,027
Less : Depreciation	<u>49,08,589</u>	<u>52,05,036</u>
Profit / (Loss) before Taxation	24,78,143	(14,48,009)
Provision for taxation		
1. Current Tax	(13,00,000)	-
2. Deferred Tax	<u>10,02,416</u> <u>(2,97,584)</u>	<u>6,36,467</u> <u>6,36,467</u>
Profit / (Loss) after taxation	21,80,559	(8,11,542)
Less : Provision for contingencies	---	<u>(3,36,000)</u>
Net Profit / (Loss)	21,80,559	(11,47,542)
Add/Less :		
1. Tax adjustment		
For earlier years	(41,032)	32,046
2. Profit brought forward from previous year	<u>(4,58,926)</u> <u>(4,99,958)</u>	<u>6,56,570</u> <u>6,88,616</u>
Balance available for appropriations :	16,80,601	(4,58,926)
Appropriations :		
General Reserve	<u>12,00,000</u>	---
Balance carried forward to next year	<u>4,80,601</u>	<u>(4,58,926)</u>

SHARE CAPITAL

During the year under review the Company bought back 6,25,000 equity shares of Rs.10/- each @Rs.40/- per share pursuant to the buy-back scheme and the relevant share certificates have been extinguished. The paid up share capital of the Company now stands at Rs. 3,12,50,000/- divided into 31,25,000 equity shares of Rs. 10/- each.

PERFORMANCE

Your Company's financial performance has shown a turnaround over the previous year. Despite of fall in the production which was in line with the industry's trend due to adverse weather conditions, the Company was able to achieve better price realisation than previous year.

The Company produced 25.47 lacs kgs. of tea as compared to 26.94 lacs kgs. in the previous year owing to unfavourable weather condition.

The Company is consistently trying to follow latest available practice in both its field and factory which reflects overall better condition of the Tea Estate.

DIVIDEND

In order to conserve reserves, your Directors have not recommended dividend for the year under review.



BAZALONI GROUP LIMITED

DIRECTORS' REPORT (Contd.)

DEVELOPMENT PROGRAMME

The total capital expenditure incurred by the Company was Rs.31.08 lacs compared to Rs. 17.30 lacs in last year. The factory and the garden have been continuously upgraded and modernized enabling the Company to produce quality teas commanding premium.

The Company is in process of installing new gas engine and other tea processing machineries to conserve energy, cost control and to improve quality of tea.

PROSPECTS

Tea being the most popular beverage in the country, your Company continues to adhere to its policy of producing quality tea. It looks to encouraging time subject to market conditions. It is of concern to your Director that the growing conditions so far during this season are not upto expectations and the trend of price realization even in respect of your Company's quality teas are not encouraging.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform members that the Audited Accounts containing the Financial Statements for the year ended 31st March, 2005 are in full conformity with the requirement of the Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These financial statements are audited by the Statutory Auditors M/s. G. Sanyal & Co., Chartered Accountants, Kolkata.

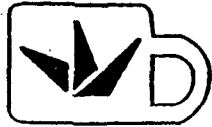
Your Directors further confirm that according to their information :

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2005, applicable accounting standards had been followed along with proper explanation relating to material departures ;
- ii) the Directors had selected such accounting policies and applied them consistently and made judgements 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) the Directors had 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 had prepared the annual accounts on a going concern basis.

DIRECTORS

Smt. D. Saraf and Sri R.R. Agarwal, Directors of the Company, retire by rotation and offer themselves for re-appointment.

Sri A.K. Saraf has resigned from the Board of Directors of the Company with effect from 30th March, 2005.



BAZALONI GROUP LIMITED

DIRECTORS' REPORT (Contd.)

AUDITORS' REPORT

As regards Auditors' observations, the relevant Notes on the Accounts are self-explanatory and therefore do not call for any comments.

PARTICULARS OF EMPLOYEES

The Company has no employee of the category specified in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DISCLOSURE OF PARTICULARS WITH REGARD TO CONSERVATION OF ENERGY ETC.

The information relating to 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 the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and forms part of this report.

AUDITORS

Messrs. G. Sanyal & Company, Chartered Accountants, Kolkata the Auditors of the Company retire from the office at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment for the year 2005-2006, which we recommend.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the continued support and full co-operation rendered by the Company's Bankers and valuable contributions made by executives, staff and workers.

For and on behalf of the Board

D.SARAF	S.S. SARAF	P.D. BHOOT
Chairperson	Mg. Director	Jt.Mg. Director

Kolkata, 29th July, 2005.



BAZALONI GROUP LIMITED

DIRECTORS' REPORT (Contd.)

ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo forming part of the Directors' Report for the year ended 31st March, 2005.

CONSERVATION OF ENERGY :

Energy consumption in the tea industry has been a critical factor in the sense that it accounts for substantial amount of the manufacturing cost. The Company, as a matter of requirement and good governance, had always had an eye on conservation of energy since avoidable use of energy could also constitute a national waste. By reducing wastage of energy and using it more efficiently, there is a potential of saving energy substantially.

FORM A

Form for disclosure of particulars with respect to conservation of energy :

	Current year ended 31.03.2005	Previous year ended 31.03.2004
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased - Units (Lakh KWH)	17.82	20.01
Total amount (Rupees in Lacs)	119.00	116.03
Rate / Unit (Rs./ KWH)	6.68	5.79
b) Own Generation		
i) Through Diesel Gen.		
Units (Lakh KWH)	2.41	1.75
Units per Ltr. of Diesel	2.51	1.77
Cost / Unit (Rs./KWH)	9.65	11.23
ii) Through Gas Gen.		
Units (Lakh KWH)	1.22	0.79
Units per S.cu.m. of Gas	0.49	0.56
Cost / Unit (Rs./KWH)	3.60	3.13
2. Coal		
Quantity (Tonnes)	—	—
Total Cost (Rs.)	—	—
Average Cost (Rs.)	—	—
3. Furnace Oil		
Quantity (K.Ltrs.)	—	—
Total Cost (Rs.)	—	—
Average Cost (Rs.)	—	—
4. Gas		
Quantity (lakhs Cu.m.)	24.71	24.29
Total Cost (Rs. lakhs)	43.66	42.44
Rate/Unit (Rs./Cu.m.)	1.77	1.74

Note : 24,45,973 S.Cu.M. (2004 : 22,87,118 S.Cu.M.) of gas was consumed for generation of electricity & for tea drying / withering respectively, total cost of which amounted to Rs. 43,21,390/- (2004 : Rs. 42,44,300/-)



BAZALONI GROUP LIMITED

	Current year ended 31.03.2005	Previous year ended 31.03.2004
B. CONSUMPTION PER UNIT OF PRODUCTION		
Production - (Kgs. Lacs)	25.47	26.94
Electricity	0.70	0.74
Furnace Oil	Nil	Nil
Other - Gas	0.84	0.84

FORM B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

RESEARCH AND DEVELOPMENT (R & D)

1. Specific Area in which R & D carried out by the Company : The Company has no R & D unit. However, it subscribes regularly to Tea Research Association which does R & D work for tea industry.
2. Benefits derived as a result of the above R & D : Higher yield, reduction of cost of production and improvement in quality of product.
 - a) Future plan of action : This being a long term process, will be carried on with required improvement from time to time, in future.
3. Expenditure on R & D : The aforesaid activities are being carried out as part of the Company's normal business activities. Hence, no separate expenditure figures are available. In addition, the Company subscribes regularly to Tea Research Association which carries out R & D work for the Tea Industry.
 - a) Capital : Not separately ascertained.
 - b) Recurring : Rs.3,46,112/- being amount paid to Tea Research Association as above.
 - c) Total R & D Expenditure as a percentage of total turnover : 0.18%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- (1) Efforts in brief, made towards technology absorption, adaptation and innovation : Continuous efforts to improve the technology are being carried. Seminars and group discussions with the feed back from the field workers are regularly held.
- (2) Benefits derived as a result of the above e.g. products improvement, cost reduction, product development, import substitution etc. : Increase in productivity and cost reduction.
- (3) In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 - a) Technology imported : None
 - b) Year of Import : Not applicable
 - c) Has technology been fully absorbed ? : Not applicable
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action -- None
- (4) Foreign exchange earnings and outgo :

Total Foreign Exchange used	: Rs.3,75,240/-
Total Foreign Exchange earned	: Nil

For and on behalf of the Board

	D. SARAF	S.S. SARAF	P.D. BHOOT
Kolkata, 29th July, 2005	Chairperson	Mg. Director	Jt. Mg. Director