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27th

ANNUAL REPORT

1997

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BHORUKA STEEL LIMITED

27th ANNUAL REPORT 1997**Board of Directors**

S.N. Agarwal
 M. Sreenivasa Rao
 A.S. Lakshmanan
 Dr. M.V. Kamath
 C.S. Pani
 Dr. E.R.C. Shekar
 S.K. Sharma
 M.S. Ram
 A.V.S. Hameed
 Ms. Janaki Kathpalia
 D.P. Agarwal
 R.C. Purohit

*Chairman & Managing Director**Vice Chairman**Nominee of IDBI**Nominee of BIFR***Company Secretary**

J.C. Sharma

Auditors

R.S. Agarwala & Co

Bankers

Canara Bank

**Registered Office
& Works**

Whitefield Road
 Mahadevapura Post
 Bangalore 560 048

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Annual General Meeting	
Date	: 26th July 1997
Day	: Saturday
Venue	: Registered Office : Whitefield Road Mahadevapura Post Bangalore-560 048
Time	: 3 PM

BHORUKA STEEL LIMITED**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Saturday 26th July, 1997 at 3.00 p.m. at the Registered Office of the company at Whitefield Road, Mahadevapura Post, Bangalore 560 048 to transact the following business :

1. To consider and adopt Accounts of the company for the 18 months ended 31.3.1997 and the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. M. Sreenivasa Rao who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Dr. M.V. Kamath who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. E.R.C. Shekar who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration. M/s. R.S. Agarwala & Co., Chartered Accountants retire at this Meeting and are eligible for reappointment.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr. C.S. Pani who was appointed as a Director on 29.5.1996 in the casual vacancy caused by the resignation of Dr. N.C.B. Nath. The term of office expires at this Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Mr. C.S. Pani as a Director. The following resolution is proposed with or without modification.

RESOLVED THAT Mr. C.S. Pani be and is hereby appointed as a Director of the Company and is subject to retirement by rotation.

7. To appoint a Director in place of Mr. R.C. Purohit who was appointed as an Additional Director with effect from 26.3.1997. The term of office expires at this Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Mr. R.C. Purohit.

In this connection, it is proposed to pass the following resolution with or without modification.

RESOLVED THAT Mr. R.C. Purohit be and is hereby appointed as a Director of the company and is subject to retirement by rotation.

By order of the Board

S.N. AGARWAL

Chairman & Managing Director

Place : Bangalore

Date : 23.6.1997

NOTES

1. An Explanatory Statement as required by Section 173 of the Companies Act, 1956, in respect of item nos.6 and 7 is appended hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
3. The Members are requested to intimate any change in their address, if any, to the Company.
4. Members requiring information on the Accounts are requested to write to the company atleast SEVEN DAYS before the meeting to enable the Company to furnish the information.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. C.S. Pani was the Executive Director of Industrial Development Bank of India, Bombay. He is associated with a number of companies as Director. Mr. Pani's rich and varied experience would help the Company immensely. The Directors, therefore, recommend that Mr. C.S. Pani be appointed as a Director of the company.

Mr. C.S. Pani is interested in this Resolution at Item No.6, since it relates to his own appointment.

The Company has received a sum of Rs.500/- from the member who has proposed his appointment.

Item No. 7

Mr. R.C. Purohit was the Vice President-Commercial of the company. Mr. Purohit's rich and varied experience would help the company. The Directors, therefore, recommend that Mr. R.C. Purohit be appointed as a Director of the company.

Mr. R.C. Purohit is interested in this Resolution at Item No.7, since it relates to his own appointment.

The Company has received a sum of Rs.500/- from the Member who has proposed his appointment.

By order of the Board

S.N. AGARWAL

Chairman & Managing Director

Place : Bangalore

Date : 23.6.1997

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BHORUKA STEEL LIMITED**DIRECTORS' REPORT**

Your Directors present the Company's 27th Annual Report together with the audited statements of accounts for the 18 months ended 31st March, 1997.

1. FINANCIAL RESULTS

The turnover of the Company was Rs.9849 lakhs for 18 months ended 31st March 1997 as against Rs.7848 lakhs for 12 months ended 30th September 1995. The financial performance is summarized below :

	Rs.in lakhs	
	31.3.97	30.9.95
Sales	9248.88	7847.79
Loss before Financial Expenses and depreciation charges	159.69	181.96
Deduct :		
Financial expenses	1657.57	668.75
Depreciation	162.13	111.07
Loss carried forward	1979.39	961.78

2. PERFORMANCE

During the period under review, the production was 37044MT of rolled products as against 36991MT in the previous year. The performance was adversely affected in the latter half of the period by the non-availability of adequate working capital funds. The plant remained closed from 28.11.1996.

3. DIVIDEND

Your Directors do not recommend any dividend in view of the loss.

4. FIXED DEPOSITS

During the period under review, the Company has neither accepted nor renewed any deposits

5. DIRECTORS

Messrs. M. Sreenivasa Rao, Dr. M.V. Kamath and Dr. E.R.C. Sekhar retire by rotation and are eligible for reappointment.

Dr. N.C.B. Nath resigned from the Board with effect from 7.5.1996 and Mr. C.S. Pani has been co-opted as a Director with effect from 29.5.1996. Mr. K.K. Aurora resigned from the Board with

effect from 21.9.1996. The Board for Industrial and Financial Reconstruction, New Delhi nominated Ms. Janaki Kathpalia with effect from 21.3.1996. Mr. R.C. Purohit was coopted as an additional director with effect from 26.3.1997. Mr. C.S. Pani and Mr. R.C. Purohit, Directors relinquish their offices at this meeting and their appointments are proposed.

The Board placed on record its appreciation for the valuable services rendered by Dr. N.C.B. Nath and Mr. K.K. Aurora during their tenure as Directors.

6. REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

In terms of Section 15(1) of the Sick Industrial (Special Provisions) Act, 1985, the Company made a reference to the Board for Industrial and Financial Reconstruction (BIFR) as required by the Act. The BIFR appointed Industrial Development Bank of India as Operating Agency for preparing a scheme for rehabilitation. The Draft Rehabilitation Scheme is under preparation and is expected to be circulated during the current year.

7. PERSONNEL

Industrial relations throughout the period were good. The Directors place on record their appreciation of the services rendered by all the employees.

8. PARTICULARS OF EMPLOYEES

The particulars of Employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of this report, is annexed.

9. DISCLOSURES

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 as given in the prescribed format also forms part of this Report.

10. AUDITORS

At the Annual General Meeting, the Members will be requested to appoint Auditors and to fix

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their remuneration for the ensuing year. Messrs. R.S. Agarwala & Co., Chartered Accountants, the present Auditors, have furnished the necessary certificate that they are eligible for reappointment.

suppliers, Central and State Government of Karnataka for their continued assistance and support.

By order of the Board

11. ACKNOWLEDGEMENT

The Directors thank the Bankers of the company, the Financial Institutions, the customers,

Place : Bangalore
Date : 23.6.1997

S.N. AGARWAL
Chairman & Managing Director



PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT

Name	Age	Date of commencement of employment	Qualification	Experience (years)	Designation	Gross remuneration (Rs.)	Name of the last employer	Period of service with last employer (years)
Employed through out the year								
Mr. Agarwal S N	51	1.4.1972	B.E.(Civil) T&DM (USA) AMP (HARVARD)	27	Chairman & Managing Director	6,95,163	Director, Transport Corpn. of India Ltd.,	4
Employed part of the year								
Mr. Purohit R C	48	1.7.1976	B.Com.,	21	Vice President (Commercial)	3,28,861	Manager, Karnatak Investments & Traders Ltd.,	1

Notes : Remuneration stated above includes inter alia, money value of perquisites and Company's contribution to Provident Fund, but does not include Gratuity. Other terms and conditions are as per Company's Rules.

Except Mr. S N Agarwal, Chairman & Managing Director, all other employees are non-contractual.

Except Mr. S N Agarwal, none of the above employees is a relative of any Director and Mr. S N Agarwal is related to Mr. D P Agarwal, Director.

Mr. S.N. Agarwal, Chairman and Managing Director holds Equity Shares within the meaning of Section 217 (2A)(iii) of the Companies Act, 1956.

BHORUKA STEEL LIMITED**FORM - A**

Form for Disclosure of Particulars with respect to Conservation of Energy.

POWER AND FUEL CONSUMPTION

	Current Year (18 Months ended 31.3.97)	Previous Year (12 Months ended 30.9.95)
1) ELECTRICITY		
a) Purchased Unit (kwh)	3,88,93,331	3,84,64,338
Total Amount (Rs)	12,91,66,871	9,65,71,935
Rate/Unit (Rs)	3.32	2.51
b) Own Generation		
i. Through Diesel Generator (Unit (kwh)	3,69,414	58,286
Units Generated /1 Litre of Diesel	2.82	2.83
Rate /Unit (Rs)	2.46	2.30
ii. Through Steam Generator	N/A	N/A
2. COAL	N/A	N/A
3. FURNACE OIL		
Qty (Ltrs)	20,26,867	19,90,582
Total Amount (Rs)	1,23,40,150	1,06,77,265
Avg. Rate Per Litre (Rs)	6.09	5.36
4) L S H S		
Qty.(Mt)	nil	nil
Total Amount (Rs)	nil	nil
Rate/Unit (Rs)	nil	nil
a) L P G	nil	nil
Qty. (Kgs)	nil	nil
Total Amount (Rs)	nil	nil
b) L D O		
Qty. (Ltrs)	nil	nil
Total Amount (Rs)	nil	nil
Avg. Rate Per Ltr (Rs)	nil	nil
c) H S D		
Qty. (Ltrs)	8,06,137	6,71,193
Total Amount (Rs)	55,90,481	43,71,787
Avg. Rate (Per Ltr)	6.93	6.51
5) Consumption per Unit of Production		
1) Electricity (Units per MT)		
Rolled Products	1,039	1,022
Refractories	133	133
2) Furnace Oil/LS HS/HSD (Ltrs Per MT)		
Rolled Product	48	53
Refractory	77	95
3) OTHERS		
c) L D O (Ltrs per MT)	—	—
Billets	—	—

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FORM - B

Form for disclosure of particulars with respect to Technology Absorption

1. Research & Development

a) Specific areas in which R & D is carried out by the Company.

The Company has an R & D Department which has been recognised by the Department of Science & Technology. During the period, following R & D activities have been carried out.

- Streamlining the steel making, secondary refining with deep vacuum degassing (around 1 Torr) for Cold heading Quality Steel including BORON grade steels for fastener application, chassis rivet application etc. Total oxygen content of steel within 15 ppm were achieved for cold heading quality steel.
- Standardisation of retarded cooling parameters & low laying head temperatures at Wire rod Mill to achieve upset guarantees in cold heading Quality by installing high pressure water cooling box. This step alongwith Sl.No. 1 enabled the organisation to meet the requirements of OEs of fastener Industry.
- Development of micro alloyed (Micro alloying with Chromium and Vanadium) high carbon wire rods for manufacture of Grade-II spring steel. The parameters included alteration in Steel making, high pressure cooling in water box at Wire rod Mill and control cooling parameters at the conveyor.
- Installation of intensified secondary cooling system at billet Casting machine to avoid secondary segregation, piping and improper macro structure of billets in high carbon grade.

b) Benefits derived as a result of the above R & D.

- Consistency in supplies of cold heading quality steel for various customers with upset guarantees.
- Manufacture of wire rod suitable for Grade II Spring steel.
- Wide acceptability of high carbon wire rod to manufacture Auto tyre bead wire, ACSR wire & PC stranding. The quality of Wire-rod is on par with best available in the country.
- Regular supplies of free machining steel (Lead variety) & semi-free machining steel.
- Saving in power consumption in EAF.

c) Future Plan of action.

- To consolidate control cooling thicker sections like 9.00 mm, 10.00mm High Carbon wire rods and venture for manufacture of wire rod suitable for Grade III application.
- To improve retarded cooling in thicker wire rods in CHQ grades (12.0 to 16.3 mm) and low laying head temperature to garret sections rolling.
- To improve cleanliness of steel through submerged nozzle casting.
- To explore use of other alternate feed stocks for its use in EAF for further reduction in electrical energy consumption.
- Copper coating of CO₂ electrode grade wires.

d) Investment

- Abrasive cut-off machine at BCM.
- Modification in blower conveyor at WRM.
- Intensified cooling system (High pressure cooling) with stainless steel pipe line at billet casting machine.
- Installation of Oxygen bank for higher oxygen usage.
- Services of experts from abroad.