

*31<sup>st</sup>*  
**ANNUAL  
REPORT  
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**BHORUKA STEEL LIMITED**

**31st ANNUAL REPORT 2001**

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<b>Board of Directors</b>	Dr.M.V. Kamath	
	Janaki Kathpalia	<i>Nominee of BIFR</i>
	A.V.S. Hameed	<i>Nominee of IDBI</i>
	R.C. Purohit	<i>Managing Director</i>

**Auditors** R.S. Agarwala & Co.

**Bankers** Canara Bank

**Registered Office & Works** Whitefield Road  
Mahadevapura Post  
Bangalore - 560 048

**Shares Listed at** Bangalore Stock Exchange Ltd  
51, 1st Cross, J.C. Road  
Bangalore - 560 027

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

Contents	Page	Annual General Meeting	
Board of Directors		<b>Date</b>	: 29th September, 2001
Notice		<b>Day</b>	: Saturday
Directors' Report		<b>Venue</b>	: Registered Office Whitefield Road Mahadevapura Post Bangalore - 560 048
Auditors' Report		<b>Time</b>	: 11A.M.
Balance Sheet			
Profit & Loss Account			
Schedules			

**BHORUKA STEEL LIMITED****NOTICE**

Notice is hereby given that the 31st Annual General Meeting of the Company will be held on Saturday, 29th September, 2001 at 11 A.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 year ended 31st March, 2001 and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Dr. M.V. Kamath who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and fix their remuneration. R.S. Agarwala & company, Chartered Accountants, who retire at this meeting are eligible for re-appointment.

Place : Bangalore  
Dated : 20th August, 2001

By order of the Board

**R.C. Purohit**  
*Managing Director*

**NOTES :**

1. The Register of Members and Share Transfer Books of the company will remain closed for one day 29th September, 2001.
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 the change in their address, if any, to the Company.
4. Members requiring information on the Accounts are requested to write to the company at least SEVEN DAYS before the meeting to enable the Company to furnish the information.

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**31st ANNUAL REPORT 2001****DIRECTORS' REPORT**

Your Directors' present the Company's 31st Annual Report together with the Audited Statements of Accounts for the twelve months ended 31st March, 2001.

**1. FINANCIAL RESULTS:**

The turnover of the Company was Rs.1261 lakhs for the year ended 31st March, 2001 as against Rs.965 lakhs for the year ended 31st March, 2000. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	2000-2001	1999-2000
Sales & Services	1261.01	965.49
Other Income	266.78	112.18
Total Expenses	1249.40	1076.38
Finance Charges	43.03	1.66
Profit after interest but before depreciation and taxation	235.36	0.37
Depreciation	115.24	117.23
Income Tax for earlier Year	-	13.09
Net Profit /Loss (-)	120.12	(-)130.69

**2. PERFORMANCE**

As mentioned in our earlier Report, the Steel Melting Shop and Wire Road Mill remain closed from 28/11/96. Consequently, no Steel production throughout the year under review. The refractory division operations also remained suspended from September, 1998 which resulted low turn-over. However, it is gratifying to note that the Stevedoring division of the Company is doing well.

**3. DIVIDEND:**

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

**4. FIXED DEPOSITS:**

During the year under review, the Company had neither accepted nor renewed any deposits.

**5. DIRECTORS:**

Dr. M.V. Kamath, Director retires by rotation and is eligible for reappointment. Mr. S.N. Agarwal resigned from the Board of Directors' of the Company with effect from 8th June, 2001. The Board placed on record its appreciation for the valuable services

rendered by Mr. S.N. Agarwal during his tenure as Director.

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

The reference made to the Board for Industrial And Financial Reconstruction is under consideration. Your Company filed an Appeal before the Hon'ble Appellate Authority for Industrial and Financial Reconstruction under Section 25 of the Sick Industrial Companies (Special Provisions) Act, 1985 challenging record of summary proceedings of the hearing held on 24th April, 2001. The Rehabilitation Scheme is expected to be approved during the current year.

**7. PERSONNEL:**

Your Directors placed on record their appreciation for the services rendered by the employees despite trying times.

**8. PARTICULARS OF EMPLOYEES:**

None of the employees of the Company during the year or part thereof were in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

**9. DISCLOSURES:**

In view of the suspended operations of the Company, it has no information to be disclosed in respect of the conservation of energy and technology absorption. In so far as the Foreign Exchange earnings and outgo is concerned the same is set out as below:

(Rs. in lakhs)

Particulars	2000-2001	1999-2000
Foreign Exchange Earnings	317.42	306.95
Foreign Exchange Outgo (Travelling Expenses)	—	0.92

**10. CORPORATE GOVERNANCE CODE:**

The Securities & Exchange Board of India has introduced a code of Corporate Governance for implementation by the listed companies by an amendment to the Listing Agreement. As per the amendment, this code is required to be implemented by your Company by 31st March, 2003.

**BHORUKA STEEL LIMITED****11. 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;
- 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 this Act 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.

**12. AUDITORS:**

At the Annual General Meeting the Members are requested to appoint auditors and to fix their remuneration for the ensuing year. M/s. R.S. Agarwala & Company, Chartered Accountants, the present Auditors, have furnished their certificate of eligibility for appointment.

For and on behalf of the Board

**R.C. Purohit**  
Managing Director

**M.V. Kamath**  
Director

Place : Bangalore

Dated : 20th August, 2001

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**31st ANNUAL REPORT 2001****AUDITORS' REPORT****To the Members of Bhoruka Steel Limited**

We have audited the attached Balance Sheet of Bhoruka Steel Limited as at 31st March, 2001 and the annexed Profit and Loss Account of the Company for the year ended on that date and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
3. The Balance Sheet and Profit & Loss Account dealt with by this report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Profit and Loss account comply with the Accounting Standard referred to in sub section (3C) of section 211 of Companies Act, 1956.
5. On the basis of confirmations received from the directors and taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2001 from being appointed as a Director under section 274(1) (g) of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to (1) Note No. 4 in schedule No. 15 Non-provision of interest on Secured and Unsecured loans and Lease rent (2) Realisation of inventories/debtors and read together with other notes and accounting policies thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
  - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2001.
  - b. In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and other companies (Auditors Report). Order, 1988 and on the basis of such checks as were considered appropriate and the

information and explanations given to us during the course of audit, we state that in our opinion:

1. The Company has maintained proper records to show full particulars including quantitative details and situations of its Fixed Assets excepting Furniture and Fixtures and itemwise particulars regarding depreciation written off. The Fixed Assets of the Company have not been physically verified by the Management due to closure of operations during the year.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us due to suspended operations, the stocks of Finished goods, Stores, Spare parts and Raw Materials could not be physically verified during the period. However a Chartered valuer appointed by the Canara Bank has evaluated the inventories and as per his report the realisable values have fallen substantially. However, necessary accounting effects will be carried out in the books of account only on final disposal of the stocks after getting approval from the BIFR as required under Law.
4. Interest free loans taken from Companies, firms or other parties listed in Register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company. No loans have been taken from companies under the same management.
5. The company has not granted any loans to companies. Loans and advances in the nature of loans given to employees have generally been recovered as stipulated or as rescheduled together with interest where chargeable.
6. There are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of Stores, Raw materials including components, Plant & Machinery, Equipment, other Assets and for sale of goods.
7. According to the information and explanations given to us, the transactions of purchase of goods, materials and services and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to