



**BHORUKA STEEL LIMITED**

*32<sup>nd</sup>* ANNUAL  
REPORT  

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**BHORUKA STEEL LIMITED**

**Board of Directors** Dr. M.V. Kamath  
 Janaki Kathpalia *Nominee of BIFR*  
 M.Kumar *Nominee of IDBI*  
 R.C. Purohit *Managing Director*

**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-560 002

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

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Annual General Meeting	
<b>Date</b>	26th September, 2002
<b>Day</b>	Thursday
<b>Venue</b>	Registered Office Whitefield Road Mahadevapura Post Bangalore - 560 048
<b>Time</b>	10 A.M.

**32nd ANNUAL REPORT 2002****NOTICE**

Notice is hereby given that the 32nd Annual General meeting of the Company will be held on Thursday 26th September, 2002 at 10 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, 2002 and the Reports of the Directors and Auditors 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 and Company, Chartered Accountants, who retire at this meeting are eligible for re-appointment.

**4. Special Business :**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

"RESOLVED that pursuant to Section 198, 269 and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, approval be and is hereby accorded for the payment of remuneration as set out below to Mr. R.C.Purohit, Managing Director for a period of three years commencing from 1st April, 2002.

**a) BASIC SALARY:**

Rs. 32,500 per month for the period 1.4.2002 to 31.3.2003

Rs. 36,000 per month for the period 1.4.2003 to 31.3.2004

Rs. 40,000 per month for the period 1.4.2004 to 31.3.2005

Additional Annual increments, if any, shall be determined by the Board of Directors from time to time.

**b) COMMISSION**

In addition to the salary and perquisites Mr. R.C.Purohit is entitled for commission not exceeding 1% of the net profits of the Company.

In case in any financial year during the currency of the tenure, company has no

profits or its profits are inadequate, payment of remuneration will be restricted to salary, perquisites and benefits.

**c) HOUSING**

The expenditure made by the company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceilings:

- a) upto 60% of the salary over and above 10% payable by the Managing Director or actual rent whichever is less.

- b) In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance of 60% of the salary.

- c) 10% of basic salary towards gas, electricity, water and furnishing.

**d) MEDICAL REIMBURSEMENT**

Expenses incurred by the Managing Director and his family subject to a ceiling of one month's salary in a year or 3 months salary for a period of 3 years.

**e) LEAVE TRAVEL ASSISTANCE**

Leave Travel Assistance shall be provided for the Managing Director and his family once in a year incurred in accordance with the Rules specified by the Company.

**f) CLUB FEES**

Fees of Clubs subject to maximum of two clubs. No admission/ Life Membership fees shall be payable.

**g) PERSONAL ACCIDENT INSURANCE**

Managing Director shall be covered under Mediciam / Personal Accident Insurance with premium not exceeding Rs.4,000/- per annum.

**h) GRATUITY**

Gratuity is payable at the rate not exceeding 15 days salary for each completed year of service.

**i) PROVIDENT FUND**

Contribution to Provident Fund, Super Annuation Fund or Annuity Fund shall not be included in the computation of ceiling on perquisites to the extent either singly or

**BHORUKA STEEL LIMITED**

put together are not taxable under Income Tax Act, 1961.

j) **ENCASHMENT OF EARNED LEAVE**

Encashment of Earned Leave accumulated at the end of the Tenure.

k) Provision of car with driver and mobile phone for use on Company's business and telephone at residence will not be considered as perquisites. The personal long distance calls and use of car for personal purposes shall be billed by the company to the Managing Director.

l) Reimbursement of actual Traveling, Entertainment and other expenses properly and reasonably incurred in or about the business of the company.

By Order of the Board

Place: Bangalore

Date: 29th July, 2002

**R.C. Purohit**

*Managing Director*

**NOTES:**

1. The Register of members and Share Transfer Book of the Company will remain closed for one day i.e., Thursday, 26th September, 2002.
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.
5. EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

**APPROVAL FOR PAYMENT OF REMUNERATION TO MR. R.C. PUROHIT, MANAGING DIRECTOR, WITH EFFECT FROM 1/4/2002.**

The Board of Directors unanimously approved the appointment of Mr. R.C. Purohit, as Managing Director of the Company for a period of 5 years with effect from 1/4/2000 without any remuneration for the time being subject to such approvals as may be required. The Shareholders of the Company at their Meeting held on 29th September, 2000, unanimously approved the appointment of Mr. R.C. Purohit as Managing Director with effect from 1/4/2000 without any remuneration for the time being. The Hon'ble AAIFR approved the Rehabilitation Scheme of the Company at the hearing held on 31st August, 2001. In view of the valuable services rendered by Mr. R.C. Purohit, Managing Director, the Board of Directors thought fit to remunerate him suitably and hence unanimously approved payment of remuneration as set out in the resolution to Mr. R.C. Purohit, Managing Director for a period of three years with effect from 1/4/2002 subject to such approvals as may be required.

Save and except Mr. R.C. Purohit, none of the Directors is, in any way, concerned or interested in this resolution.

The above may be treated as notice to members under Section 302 of the Companies Act, 1956.

By Order of the Board

Place: Bangalore

Date: 29th July, 2002

**R.C. Purohit**

*Managing Director*

**32nd ANNUAL REPORT 2002****DIRECTORS' REPORT**

Your Directors present the Company's 32nd Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2002.

**1. FINANCIAL RESULTS:**

The turnover of the Company was Rs.1587 lakhs for the year ended 31st March, 2002 as against Rs.1261 lakhs for the year ended 31st March, 2001. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	2001-2002	2000-2001
Sales & Services	1586.62	1261.01
Other Income	1779.65	266.78
Total Expenses	1618.26	1249.40
Finance Charges	31.20	43.03
Profit after interest but before depreciation and taxation	1716.81	235.36
Depreciation	113.25	115.24
Net Profit	1603.56	120.12

**2. PERFORMANCE**

As mentioned in our earlier Report, the Steel Melting Shop and Wire Rod Mill remain closed from 28/11/96. Your company has entered into agreements for the disposal of complete Wire Rod Mill and Sheds and Structures. Efforts are being made to dispose of Steel Melting Shop during the current year. During the year under review, the operations of the Refractory Division has been started, but in order to gain momentum, it would take some more time as it involves planning and modernization etc., However, it is gratifying to note that the Stevedoring division of the Company is doing well.

**3. DIVIDEND:**

In view of carry forward loss and inadequate profit, your Directors do not recommend any dividend.

**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. Industrial Development Bank of India, withdrawn the nomination of Mr. A.V.S. Hameed and nominated Mr. M. Kumar in his place. The Board placed on record its appreciation for the valuable services rendered by Mr. A.V.S. Hameed during his tenure as Director. The Board of Directors at their Meeting held on 19th April, 2002 approved payment of remuneration to Mr. R.C. Purohit, Managing Director for a period of three years from 1/4/2002, subject to approval of Members at the ensuing Annual General Meeting.

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

As mentioned in our earlier Report, your company's 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 was upheld by the said Authority on 31st August, 2001 and the Rehabilitation Scheme was approved. The Scheme is progressing well and your Directors' are confident to adhere to the terms and conditions in letter and spirit.

**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 was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

**BHORUKA STEEL LIMITED****9. DISCLOSURES:**

In view of the suspended steel manufacturing 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)

	2001-2002	2000-2001
Foreign Exchange Earnings	55.81	317.42
Foreign Exchange Outgo (Traveling Expenses)	NIL	NIL

**10. CODE OF CORPORATE GOVERNANCE:**

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.

The listing fees have been paid to Stock Exchanges.

**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 judgment 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: Chennai  
Dated : 29th July, 2002

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**32nd ANNUAL REPORT 2002****AUDITORS' REPORT****To the Members of Bhoruka Steel Limited**

We have audited the attached Balance Sheet of Bhoruka Steel Limited as at 31st March 2002 and also the Profit and Loss Account for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We further report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief where 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956.
5. On the basis of our review of the confirmations received from the companies, in which the Directors of the company are directors and the information and the explanations given to us, none of the Directors of the company are prima facie, as at 31st March 2002, disqualified from being appointed as director of the company

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 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 in conformity with the accounting principles generally accepted in India.
  - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2002.
  - 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956 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 Management during the year has physically verified the fixed assets of the company and no serious discrepancies have been noticed.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us due to suspended steel manufacturing 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.
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.