

33rd
Annual Report 2003

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BHORUKA STEEL LIMITED

Board of Directors Dr. M.V. Kamath
S. Gopalakrishnan *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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| Board of Directors | 2 | Date | : 31st July, 2003 |
| Notice | 3 | Day | : Thursday |
| Directors' Report | 4 | Venue | : Registered Office Whitefield Road Mahadevapura Post Bangalore - 560 048 |
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BHORUKA STEEL LIMITED**NOTICE**

Notice is hereby given that the 33rd Annual General meeting of the Company will be held on Thursday 31st July, 2003 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, 2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.C. PUROHIT 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.

By Order of the Board

Place: Bangalore
Date: 21st May, 2003

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, 31st July, 2003.
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.

By Order of the Board

Place: Bangalore
Date: 21st May, 2003

R.C. Purohit
Managing Director

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33rd ANNUAL REPORT 2003**DIRECTORS' REPORT**

Your Directors present the Company's 33rd Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2003.

1. FINANCIAL RESULTS:

The turnover of the Company was Rs.827 lakhs for the year ended 31st March, 2003 as against Rs.1587lakhs. for the year ended 31st March, 2002. The financial performance is summarized below:

(Rs. in lakhs)

| Particulars | 2002-2003 | 2001-2002 |
|--|-------------------|-----------|
| Sales & Services | 827.48 | 1586.62 |
| Other Income | 512.22 | 1779.65 |
| Total Expenses | 1634.50 | 1618.26 |
| Finance Charges | 30.06 | 31.20 |
| Profit /Loss after interest but before depreciation and taxation | (-) 324.86 | 1716.81 |
| Depreciation | 106.29 | 113.25 |
| Net Profit /Loss | (-) 431.15 | 1603.56 |

2. PERFORMANCE

As mentioned in our earlier Report, the Steel manufacturing operation remained closed from 28/11/96. During the year under review, your company has disposed off all the assets of the Steel manufacturing division.. The operations of the Refractory Division though started during the last year, it is gaining momentum. The operations of the Stevedoring division of the Company could not be satisfactory during the year under review on account of substantial fall in the import of steel scrap due to hike in the prices in the international market. The shifting of coal handling business from Chennai port to Ennore port also affected adversely the business of Stevedoring division.

3. DIVIDEND:

In view of Loss, 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:

MR. R.C. Purohit, retires by rotation and is eligible for reappointment. The Hon'ble Board for Industrial and Financial Reconstruction, New Delhi withdrawn the nomination of Mrs. Janaki Kathpalia and nominated Mr. S.Gopalakrishnan in her place. The Board placed on record its appreciation for the valuable services rendered by Mrs. Janaki Kathpalia during her tenure as Director.

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

As mentioned in our earlier Report, the Rehabilitation Scheme approved by Hon'ble AAIFR 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.

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)

| | 2002-2003 | 2001-2002 |
|---|--------------|-----------|
| Foreign Exchange Earnings | 99.31 | 55.81 |
| Foreign Exchange Outgo (Traveling Expenses) | 2.14 | 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 implemented by

your Company with effect from 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. OBSERVATIONS OF AUDITORS:

The observations of the Auditors at Para 6 of their Report are explained in the Notes on Accounts at Schedule 15.

13. 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 Auditor, have furnished their certificate of eligibility for appointment.

For and on behalf of the Board

Place: Bangalore

Dated : 21st May,2003

R.C.Purohit

Managing Director

M.V. Kamath

Director.

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33rd ANNUAL REPORT 2003**AUDITORS' REPORT****To the Members of Bhoruka Steel Limited**

We have audited the attached Balance Sheet of Bhoruka Steel Limited as at 31st March 2003 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 Standard 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 2003, 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 1). Raw materials and Stores & Spares of Rs.248.23 lakhs written off during the year as per notes on accounts 15(4) 2). Bad debts of Rs.180.75 lakhs written off as per notes on account 15(5) 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 2003.

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, the stocks of finished goods, Stores, Spare parts and Raw Materials have been physically verified during the period, and based on the current realisable value necessary accounting effects have been carried out in the books of account.
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