

*34th*  
*Annual Report*  
*2004*

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**BHORUKA STEEL LIMITED**

**BOARD OF DIRECTORS**

Dr.M.V.Kamath  
 Mr. M.KUMAR *Nominee-IDBI*  
 (upto 8.9.03)  
 Mr. C.L.Sharma  
 (w.e.f. 30.10.03)  
 Mr. S. Gopalakrishnan  
 (upto 21.03.04) *Nominee-BIFR*  
 Mr. R.C.Purohit *Managing Director*

**AUDITORS**

M/s R.S.Agarwala & Company  
 No.48, Lavelle Road  
 Bangalore -560 001.

**BANKERS**

Canara Bank

**REGISTERED OFFICE  
 & WORKS**

Whitefield Road  
 Mahadevapura Post  
 Bangalore-560 048

**SHARES LISTED AT**

1. Bangalore Stock Exchange Ltd
2. The Stock Exchange Mumbai

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Annual General Meeting	
<b>Date</b>	: 30th December, 2004
<b>Day</b>	: Thursday
<b>Venue</b>	: Registered Office Whitefield Road Mahadevapura Post Bangalore - 560 048
<b>Time</b>	: 10.00 A.M.

## NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of the Company will be held on Thursday, 30th December, 2004 at 10.00 A.M at Registered Office of Boruka Steel Limited, Whitefield Road, Mahadevapura Post, Bangalore-560 048 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2004 and Profit and Loss Account for the Eighteen months period ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. M.V. Kamath who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. M/s. R.S. Agarwala and Company, Chartered Accountants, who retire at this meeting and are eligible for appointment.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

To appoint a Director in the place of Mr. C.L. Sharma who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th October, 2003 and who holds office upto the date of this Annual General Meeting under section 260 of the companies Act, 1956, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of the Director.

By Order of the Board

Place: Bangalore  
Date: 18th November, 2004

**R.C. Purohit**  
Managing Director

### NOTES :

1. A relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business under item 4 above is annexed hereto:
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members/Proxies should bring their attendance slip/proxy form duly filled in for attending the Meeting. A copy of the proxy form and attendance slip is appended hereto.
4. The Register of Members and Share Transfer books of the company will remain closed from 24th December, 2004 to 30th December, 2004. (both days inclusive)
5. Members are requested to intimate the change in their address, if any to the Company.
6. 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.
7. The Members/ Proxies are requested to bring their copies of the Annual Report to the Meeting.

By Order of the Board

Place: Bangalore  
Date: 18th November, 2004

**R.C. Purohit**  
Managing Director

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

**ITEM NO.4**

Mr.C.L.Sharma was appointed as an Additional Director of the company by the Board of Directors with effect from 30th October, 2003 . In terms of Section 260 of the Companies Act, 1956 Mr. C.L. Sharma holds office as a Director till the date of the ensuing Annual General Meeting of the company and is eligible for appointment. The company has received Notice in writing from a shareholder of the company signifying his intention to propose Mr. C.L. Sharma as a candidate for the office of the Director. Mr. C.L. Sharma is a Fellow Member of Institute of Chartered Accountants of India and have held senior

position in public / private sectors for well over three decades. The Board considers it desirable that the company continues to avail the services and wise counsel of Mr. C.L. Sharma and accordingly, the Directors recommend that he be appointed as a Director of the company. Other than Mr. C.L. Sharma, none of the other Directors is in any way concerned or interested in the resolution.

By Order of the Board

Place: Bangalore

Date: 18th November, 2004

**R.C. Purohit**

*Managing Director*

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## **DIRECTORS' REPORT**

Your Directors present the Company's 34th Annual Report together with the Audited Statements of Accounts for Eighteen months ended 30th September, 2004.

### **1. FINANCIAL RESULTS:**

The turnover of the Company was Rs. 1860 lakhs for Eighteen months ended 30th September, 2004 as against Rs.827 lakhs for twelve months ended 31st March, 2003. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	2003-2004	2002-2003
Sales & Services	1860	827
Other Income	913	512
Total Expenses	1616	1634
Finance Charges	46	30
Profit/Loss (-) after interest but before depreciation and taxation	1111	(-)325
Depreciation	31	106
Provision for tax	146	-
Net Profit /Loss (-)	934	(-)431

### **2. PERFORMANCE**

During the 18 months period under review, the operations of the Refractory Division have gained momentum. The operations of the Stevedoring division of the Company though not satisfactory owing to external factors but have shown recovery during the period.

### **3. DIVIDEND:**

Your Directors do not recommend any dividend for the period ended 30th September, 2004.

### **4. FIXED DEPOSITS:**

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

### **5. DIRECTORS:**

Dr. M.V. Kamath, retires by rotation and is eligible for reappointment. Mr. C.L. Sharma was appointed as an Additional Director by the Board of Directors on 30th October, 2003 and being eligible offers himself for appointment. Consequent to the repayment of term loan, IDBI has withdrawn the nomination of Mr. M.

Kumar as Nominee Director with effect from 8/9/2003. Mr. S. Gopalakrishnan, Nominee of Hon'ble BIFR has resigned from the Board on his appointment as RBI ombudsman with effect from 21/3/2004. The Board placed on record its appreciation for the valuable services rendered by Mr. Kumar and Mr. S. Gopalakrishnan during their tenure as Nominee of IDBI and BIFR respectively.

### **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.

### **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. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Details of energy conservation and research and development activities undertaken by the company along with the information in accordance with the provisions of 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 are given in Annexure-"A" & "B" to the Directors' Report.

### **10. CORPORATE GOVERNANCE:**

In this report, we confirm our compliance with the Corporate Governance criteria as stipulated in clause 49 of the Listing Agreement with the 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 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 Auditor, have furnished their certificate of eligibility for appointment.

For and on behalf of the Board

Place: Bangalore

Dated : 18th Nov. 2004

**R.C.Purohit**

*Managing Director*

**C.L.Sharma**

*Director.*

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**ANNEXURE "A"**

**ANNEXURE TO THE DIRECTORS' REPORT DISCLOSURE OF PARTICULARS**

Information pursuant to Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988.

**FORM - A**

Particulars with respect to conservation of energy.

POWER AND FUEL CONSUMPTION	CURRENT PERIOD (18 MONTHS)	PREVIOUS YEAR (12 MONTHS)
1. Electricity :		
Purchased Units (kwh)	253275	46016
Total Amount (Rs.)	1269288	192731
Rate / Unit (Rs.)	5.01	4.19
2. Furnace Oil		
Quantity purchased (litres)	180040	26875
Total Amount (Rs.)	2451015	417207
Rate / Litre (Rs.)	13.61	15.52
3. Consumption per Unit of production		
a) Electricity (Units per MT)- Refractory	108	113
b) Furnace oil (Litres per MT) - Refractory	78	66

**FORM - B**

Particulars with respect to Technology absorption

1. a) Research & Development	- Developed DRT for use in convertor.	
b) Benefits derived as a result of the above R&D	- Substantial reduction in cost.	
c) Future plan of action	- To develop similar products for use in Ladle.	
d) Expenses on R & D (Rs.)	2003-04	2002-03
i) Capital	-	-
ii) Recurring	1,50,000	1,00,000
iii) Total	1,50,000	1,00,000
iv) Percentage to turnover	0.63%	4.21%
2. Technology absorption, adoption and innovation		
a) Use of spinal raw material being tested.		
b) New better products.		
3. Foreign Exchange Earnings and outgo (Rs.)	2003-04	2002-03
a) Foreign Exchange earnings	96,75,468	99,31,452
b) Foreign Exchange outgo		
i) Raw materials imported CIF value	18,11,625	-
ii) Travelling expenses	-	2,13,857

## REPORT ON CORPORATE GOVERNANCE

### 1. THE COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

Bhoruka Steel Limited, looks at Corporate Governance as the cornerstone for the sustained performance, for serving all its stakeholders and instilling pride of association. The entire process begins with the functioning of Board of Directors with professionals and experts serving as independent directors and in various Committees of the Board.

Key elements in corporate governance are transparency, disclosure, supervision and internal controls, internal and external communications, accounting fidelity, product and service quality.

The following is a Report on the status and progress on major aspects of Corporate Governance.

### 2. BOARD OF DIRECTORS:

#### a) Composition:

The Board comprising of one Executive and two independent Directors. The independent directors do not have any material pecuniary relationship with the company. None of the directors is a member of more than ten Board level committees or a Chairman of more than five such committees, as required under clause 49 of the listing agreement. All statutory and significant and material information are placed before the Board to enable it to discharge its responsibilities.

#### b) Meetings and Attendance :

During the Financial year for eighteen months ended 30th September, 2004, Eight Meetings of the Board have taken on 21st May, 2003, 30th July, 2003, 30th October, 2003, 28th January, 2004, 29th March, 2004, 29th April, 2004, 17th June, 2004 and 29th July, 2004 respectively. The intervening period between two Board Meetings was well within the maximum time gap of four months as prescribed under clause 49 of the listing agreement.

Attendance of Directors at Board Meetings and at Annual General Meetings held during the Financial year and other Directorships.

Sl. No.	Name	Category	No. of Meetings attended	Whether attended last AGM	Directorships held in other companies
1	Dr.M.V.Kamath	Non-Executive Independent-Director	1	No	3
2	R.C.Purohit	Executive- Managing Director	8	Yes	3
3	C.L.Sharma*	Non-Executive Independent Director	5	Yes	3
4	S.Gopalakrishnan**	Non-Executive Independent Director	2	No	None
5	M.Kumar ***	Non-Executive Independent Director	1	No	3

\* - Appointed with effect from 20th October, 2003.

\*\* - Ceased with effect from 21st March, 2004

\*\*\* - Ceased with effect from 8th September, 2003

#### c) DETAILS OF RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS:

Dr. M.V. Kamath is retiring by rotation and Mr.C.L. Sharma, Additional Director retire at the ensuing Annual General Meeting and offer themselves for re-appointment /appointment.



## COMMITTEES OF THE BOARD:

### AUDIT COMMITTEE

#### a) Constitution:

The Audit Committee comprises of three Non- Executive Independent Directors who are professionals having vast experience in finance, taxation and banking. The Audit Committee met three times during the financial year 13th December, 2003, 28th January, 2004 and 29th March, 2004 respectively.

#### b) Attendance at the Audit committee Meetings:

Name	No of meetings held	No. of Meetings attended
Dr. M.V. Kamath	3	1
Mr.C.L.Sharma	3	3
Mr.S.Gopalakrishnan	3	2

By profession Mr. C.L. Sharma and Mr.S. Gopalakrishnan are Chartered Accountants and Dr.M.V.Kamath is a Cost Accountant. The Audit Committee meetings were also attended by internal auditors.

### SHAREHOLDERS GRIEVANCE COMMITTEE

Mr.R.C. Purohit, Managing Director, Mr. C.L. Sharma, Director and Mr. S. Gopalakrishnan, Director are the Members of the Committee. The Committee facilitates prompt and effective redressal of the Shareholders complaints. During the year under review, the company had received forty-seven complaints from the Shareholders and all of them have been redressed by furnishing requisite information/documents. There is no complaint pending at the end of the financial year. Mr. R. Srinivasan is the Compliance Officer.

### REMUNERATION PAID TO MANAGING DIRECTOR

The Shareholders at their meeting held on 26th September, 2002 approved payment of remuneration to Mr. R.C. Purohit, Managing Director with effect from 1/4/2002.

Remuneration details of Mr. R.C. Purohit during the year 2003-2004 (18 months)

Particulars	Amount Rs.
Salary	6,72,000
Commission	Nil
PF/Superannuation Fund Contribution	1,68,000
Monetary value of perquisites	5,11,132
Total	13,51,132

### ANNUAL GENERAL MEETINGS (AGM):

Details of Annual General Meetings :

Location and Time where AGM's held in last three years.

YEAR	LOCATION	DATE	TIME
2000-2001	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	29th September, 2001	11.00 Hrs
2001-2002	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	26th September, 2002	10.00 Hrs
2002-2003	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	31st July, 2003	10.00 Hrs

All the resolutions including the special resolutions set out in the respective Notices were passed by the shareholders.

No postal ballot was used for voting at these meetings.

Disclosures on materially significant related party transactions:

A list of related parties as per accounting standard 18 and the transactions entered into with them is annexed to the accounts hereto.

Details of non-compliance by the company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years - NONE

#### **COMPLIANCE WITH CORPORATE GOVERNANCE NORMS:**

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in clause 49 of the Listing Agreement with the Stock Exchanges.

#### **MEANS OF COMMUNICATION :**

The quarterly, half-yearly unaudited financial results and the annual audited financial results are sent to the Stock Exchanges immediately after the Board Meetings and are also published in the newspapers. The quarterly / half yearly results are not individually sent to the shareholders.

Management's Discussion & Analysis Report forms part of the Annual Report.

#### **SHAREHOLDER INFORMATION:**

##### **AGM DETAILS :**

DATE : 30th December, 2004

Time : 10 a.m.

Venue : Registered Office of Bhorka Steel Limited  
 Whitefield Road, Mahadevapura Post,  
 Bangalore-560 048

Book Closure : 24th December, 2004 to 30th December, 2004  
 (both days inclusive)

##### **Listing of Equity shares**

On the Stock exchanges at : Bangalore & Mumbai

The Annual Listing Fees has been paid to these stock exchanges.

STOCK CODE : 504997

##### **STOCK PRICE DATA (IN Rs. / per share) :**

The high/low quotation of the Company's equity shares on the Mumbai Stock Exchange during the year (April 2003 to September 2004) are as follows :

MONTH	HIGH	LOW	MONTH	HIGH	LOW
April'03	1.75	1.50	January'04	5.82	4.60
May'03	1.75	1.50	February'04	4.65	4.60
June'03	2.16	1.80	March'04	4.65	4.60
July'03	10.05	2.59	April'04	4.65	4.60
August'03	8.22	6.42	May'04	4.65	4.60
September'03	6.17	5.30	June'04	4.65	4.60
October'03	5.47	4.34	July'04	4.65	4.60
November'03	5.00	4.48	August'04	15.15	5.50
December'03	5.04	4.50	September'04	16.00	11.00