



BHORUKA STEEL LIMITED

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35th

**Annual Report
2004 - 2005**

35th ANNUAL REPORT 2005**BOARD OF DIRECTORS**

Dr.V.V.Srivatsa

Mr.Anil Kumar Bhandary

Mr. R.C.Purohit

Managing Director

Dr.M.V.Kamath

(upto 25/01/05)

Mr. C.L.Sharma

*(upto 7/7/05)***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	
Date	: 30th September, 2005
Day	: Friday
Venue	: Bhoruka Steel Limited Whitefield Road Mahadevapura Post Bangalore - 560 048
Time	: 10.00 A.M.

NOTICE OF 35TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on Friday, 30th September, 2005 at 10A.M at Registered Office of Bhoruka 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 31st March 2005 and Profit and Loss Account for Six months ended on that date and Reports of the Directors and Auditors thereon.
2. 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

3. 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 Dr.V.V. Srivatsa who was appointed as an Additional Director of the Company by the Board of Directors with effect from 31st December, 2004 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.

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. Anil Kumar Bhandary who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th June, 2005 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.

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 21 and other applicable provisions if any of the Companies Act, 1956, and subject to the approval of the Central Government, the existing name of the company, ie, BHORUKA STEEL LIMITED, be changed to BHORUKA STEEL & INDUSTRIES LIMITED or such other name as may be permitted by the Central Government."

"RESOLVED FURTHER that after receipt of approval of the Central Government, the existing name , i.e, "BHORUKA STEEL LIMITED " be replaced by the new name wherever it appears in the Memorandum and Articles of Association of the Company."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section31, and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner:

To provide for Postal Ballot

The following new Article 66(3) and the marginal note to be inserted after Article 66 (2) to enable the company to pass Resolution by Postal Ballot

Article 66(3)	Resolution by Postal Ballot	Notwithstanding anything contained in the Articles of Association of the company, pursuant to Section 192A of the Companies Act, 1956 and other provisions of the Act, applicable, if any, the company do adopt the mode of passing a resolution by members of the company by means of a postal ballot in respect of the business, as may be so prescribed by the Central Government instead of transacting such business in a general meeting of the company.
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Nomination Facility

The following new Article 40 (1) and the marginal note be inserted after Article 40 to enable the company to provide nomination facility to Share and Debenture holders.

Article 40(1)	Nomination of shares and Debentures	"Every holder(s) of shares in or holder(s) of debentures of the Company, holding either singly or jointly, may at any time nominate a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the company or debentures of the company shall vest in the event of his/her death. Such member may or vary his/her nomination, at any time, by notifying the same to the company to that effect. Such nomination shall be governed by the provisions of section 109A and 109B of the Companies Act, 1956 or such other regulation governing the matter from time to time.
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7. To consider and if thought fit, to pass, with or without modification, 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 appointment of Mr. R.C.Purohit, as Managing Director and payment of remuneration to him for a period not exceeding Forty three months from 1st April, 2005.

a) BASIC SALARY:

Rs. 44,000 per month for the period
1.4.2005 to 31.03.2006

Rs. 48,000 per month for the period
1.4.2006 to 31.03.2007

Rs. 52,000 per month for the period
1.4.2007 to 20.10.2008

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:

- upto 50% of the salary over and above 10% payable by the Managing Director or actual rent whichever is less.
- In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance of 50% 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 Mediclaim / 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 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: 30th July, 2005

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 nos.3 to 7 above are 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 for one day i.e. Friday, 30th September, 2005.
5. Members are requested to intimate the change in their address, if any to the Company.
6. The Company made applications to CDSL And NSDL for dematting its Equity Shares and awaiting approval.
7. 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.
8. The Members/ Proxies are requested to bring their copies of the Annual Report to the Meeting.

By Order of the Board

Place: Bangalore

Date: 30th July, 2005

R.C. Purohit

Managing Director

35th ANNUAL REPORT 2005**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956.****ITEM NO.3**

Dr. V.V. Srivatsa was appointed as an Additional Director of the company by the Board of Directors with effect from 31st December, 2004. In terms of Section 260 of the Companies Act, 1956 Dr. V.V. Srivatsa 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 a Notice in writing from a shareholder of the company signifying his intention to propose Dr. V.V. Srivatsa as a candidate for the office of the Director. Dr.V.V. Srivatsa has vast experience in stevedoring and allied activities for well over three decades. The Board considers it desirable that the company continues to avail the services and wise counsel of Dr.V.V. Srivatsa and accordingly, the Directors recommend that he be appointed as a Director of the company. Other than Dr. V.V. Srivatsa, none of the other Directors is in any way concerned or interested in the resolution.

ITEM NO.4

Mr. Anil Kumar Bhandary was appointed as an Additional Director of the company by the Board of Directors with effect from 28th June, 2005. In terms of Section 260 of the Companies Act, 1956 Mr. Anil Kumar Bhandary 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 a Notice in writing from a shareholder of the company signifying his intention to propose Mr. Anil Kumar Bhandary as a candidate for the office of the Director. Mr. Anil Kumar Bhandary is an industrialist of Bangalore. The Board considers it desirable that the company continues to avail the services and wise counsel of Mr. Anil Kumar Bhandary and accordingly, the Directors recommend that he be appointed as a Director of the company. Other than Mr. Anil Kumar Bhandary none of the other Directors is in any way concerned or interested in the resolution.

ITEM No.5

As you are aware, the company was engaged in Steel and Steel related products. The company became a sick company due to continued recession in the steel industry and was referred to Hon'ble BIFR. With capital restructuring, the company has cleared all its institutional dues, the Refractory Division and Stevedoring Division of the company

continue to do well. The company now proposes to set up an Information Technology and Information Technology related activities, Software Technology Park and also undertake building and property development activities.

The Board is of the opinion that with the booming infrastructure related developments taking place in and around Bangalore, it would be in the interests of the company to undertake these new lines of activity. Since the existing Objects Clause do not provide for the commencement of these objects, it is proposed to abandon clause Nos. 2 and 6 contained in the Main Objects and substitute clauses relating to the proposed objects in their place. For the commencement of the new objects, it is considered necessary to change the name of the company from BHORUKA STEEL LIMITED TO BHORUKA STEEL & INDUSTRIES LIMITED or such other name as may be permitted by the Central Government subject to approval of the Members.

Yours Directors recommend the resolution for change of name of the company. None of the other Directors is in any way concerned or interested in the resolution.

ITEM NO.6

Alteration of Articles of Association

To provide for Postal Ballot

The concept of obtaining the consent of the Member of the company by voting by Postal Ballot has been introduced in the Companies Act, 1956, by the Companies (Amendment) Act, 2000 by inserting a new section 192A in the Act to enable the companies to adopt the mode of passing a resolution by members of the company by means of a postal ballot in respect of the business, as may be so prescribed by the Central Government instead of transacting such business in a general meeting of the company. This alteration of the Articles of Association of the Company will enable it to pass resolution by Postal Ballot.

Nomination Facilities

Section 109A of the Companies Act, 1956 permit companies to provide nomination facilities to every holder of shares in, or holder of debentures of, a company at any time, nominate in the prescribed manner. This alteration of the Articles of Association

of the Company will enable the shareholders to nominate their share-holdings.

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

ITEM NO.7

The Board of Directors at their Meeting held on Friday, 31st December, 2004 constituted Remuneration Committee comprising of Mr. C.L. Sharma, Director and Dr. V.V. Srivatsa, Director for the purpose of Appointment and fixation of remuneration payable to the Managing Director of the company.

The Remuneration Committee at its Meeting held on 30th April, 2005 considered and approved the appointment of Mr. R.C. Purohit, as Managing

Director for a period not exceeding 43 months with effect from 1st April, 2005 on the terms and conditions set out in the resolution subject to the approval of the Members.

The Board of Directors considered it necessary to avail the services of Mr. R.C. Purohit as Managing Director in the interest of the company.

Your Directors recommend the resolution for approval. None of the Directors of the Company is in any way concerned or interested in this resolution except Mr. R.C. Purohit.

By Order of the Board

Place: Bangalore

Date: 30th July, 2005

R.C. Purohit

Managing Director

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DIRECTORS' REPORT

Your Directors present the Company's 35th Annual Report together with the Audited Statements of Accounts for Six months ended 31st March, 2005.

1. FINANCIAL RESULTS:

The turnover of the Company was Rs. 785 lakhs for Six months ended 31st March, 2005 as against Rs.1860 lakhs for Eighteen months ended 30th September, 2004. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	Six months Ended March 2005	Eighteen months Ended Sept. 2004
Sales & Services	785	1860
Other Income	7	913
Total Expenses	737	1616
Finance Charges	1	46
Profit/Loss(-) after interest but before depreciation and taxation	54	1111
Depreciation	15	31
Provision for tax	—	146
Net Profit /Loss (-)	54	934

2. PERFORMANCE

During the Six months period under review, the operations of the Refractory Division have gained momentum. The operations of the Stevedoring division of the Company have shown recovery during the period.

3. DIVIDEND:

Your Directors do not recommend any dividend for the period ended 31st March, 2005.

4. FIXED DEPOSITS:

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

5. DIRECTORS:

Dr. V.V. Srivatsa and Mr. Anil Kumar Bhandary were appointed as Additional Directors by the Board of Directors on 31st December, 2004 and 28th June, 2005 respectively and being eligible offer themselves for appointment. Dr. M.V. Kamath and Mr. C.L. Sharma resigned

from the Board with effect from 25th January, 2005 and 7th July, 2005 respectively. The Board placed on record its appreciation for the valuable services rendered by Dr. M.V. Kamath and Mr. C.L. Sharma during their tenure as Directors of the company.

The Board approved the appointment and remuneration payable to Mr. R.C. Purohit, as Managing Director, with effect from 1/4/2005 subject to approval of the Members at the ensuing Annual General Meeting.

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

The Hon'ble Board for Industrial and Financial Reconstruction, New Delhi discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 with effect from 17th May, 2005.

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" 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

R.C.Purohit

Dr.V.V.Srivatsa

Dated : 30th July 2005

Managing Director

Director



35th ANNUAL REPORT 2005**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 (6 MONTHS)	PREVIOUS YEAR (18 MONTHS)
1. Electricity :		
Purchased Units (kwh)	103629	253275
Total Amount (Rs.)	500987	1269288
Rate / Unit (Rs.)	4.83	5.01
2. Furnace Oil		
Quantity purchased (litres)	84000	180040
Total Amount (Rs.)	1213352	2451015
Rate / Litre (Rs.)	14.45	13.61
3. Consumption per Unit of production		
a) Electricity (Units per MT)- Refractory	114	108
b) Furnace oil (Litres per MT) - Refractory	90	78

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.)	2004-05	2003-04
i) Capital	—	—
ii) Recurring	50,000	1,50,000
iii) Total	50,000	1,50,000
iv) Percentage to turnover	0.38%	0.63%
2. Technology absorption, adoption and innovation		
a) Use of spinal raw material being tested.		
b) New better products.		
c) Development of "DART" Refractory		
3. Foreign Exchange Earnings and outgo (Rs.)	2004-05	2003-04
a) Foreign Exchange earnings	3491188	96,75,468
b) Foreign Exchange outgo		
i) Raw materials imported CIF value	309421	18,11,625
ii) Travelling expenses	—	—