

36th

Annual Report
2005 - 2006

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BHORUKA STEEL & SERVICES LIMITED

36th ANNUAL REPORT 2006**BOARD OF DIRECTORS**

Dr.V.V.Srivatsa

Mr. Cheraz Bharucha

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	
Date	: 22nd September, 2006
Day	: Friday
Venue	: Bhoruka Steel Limited Whitefield Road Mahadevapura Post Bangalore - 560 048
Time	: 10.00 A.M.

NOTICE OF 36TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 36th Annual General Meeting of the Members of the Company will be held on Friday, 22nd September, 2006 at 10A.M at Registered Office of Bhoruka Steel & Services 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 2006 and Profit and Loss Account for Twelve 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 Mr. Cheraz Bharucha who was appointed as an Additional Director of the Company by the Board of Directors with effect from 17th October, 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.

By Order of the Board

Place: Chennai

Date: 29th July, 2006

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 and 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 from Tuesday, 19th September, 2006 to Friday, 22nd September, 2006, both days inclusive.
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.

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

ITEM NO.3

Mr. Cheraz Bharucha was appointed as an Additional Director of the company by the Board of Directors with effect from 17th October 2005. In terms of Section 260 of the Companies Act, 1956 Mr. Cheraz Bharucha 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. Cheraz Bharucha as a candidate for the office of the Director. Mr. Cheraz Bharucha has an industrial experience well over a decade. The Board considers it desirable that the company continues to avail the services and wise counsel of Mr. Cheraz Bharucha and accordingly, the Directors recommend that he be appointed as a Director of the company. Other than Mr. Cheraz Bharucha, none of the other Directors is in any way concerned or interested in the resolution.

By Order of the Board

Place: Chennai

Date: 29th July, 2006

R.C. Purohit

Managing Director

36th ANNUAL REPORT 2006**DIRECTORS' REPORT**

Your Directors present the Company's 36th Annual Report together with the Audited Statements of Accounts for Twelve months ended 31st March, 2006.

1. FINANCIAL RESULTS:

The turnover of the Company was Rs. 1608 lakhs for Twelve months ended 31st March, 2006 as against Rs.785 lakhs for six months ended 31st March, 2005. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	Twelve months Ended 2006	Six months Ended 2005
Sales & Services	1608	785
Other Income	132	7
Total Expenses	1542	737
Finance Charges	30	1
Profit after interest but before depreciation and taxation	168	54
Depreciation	66	15
Provision for tax/earlier year taxes	29	—
Net Profit /Loss (-)	73	54

2. PERFORMANCE

During the year under review, the operations of the Refractory Division & the Stevedoring division have maintained the same as that of the previous year.

3. DIVIDEND:

Your Directors do not recommend any dividend for the period ended 31st March, 2006.

4. FIXED DEPOSITS:

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

5. DIRECTORS:

Mr. Cheraz Bharucha was appointed as Additional Director by the Board of Directors on 17th October, 2005 and being eligible offers himself for appointment. Mr. Anil Kumar Bhandary resigned from the Board with effect

from 18th October, 2005. The Board placed on record its appreciation for the valuable services rendered by Mr. Anil Kumar Bhandary during their tenure as Director of the company.

6. CHANGE OF NAME OF THE COMPANY AND OBJECTS:

During the year under review, the appropriate authorities approved change of objects as well as change of name of the company as "Bhoruka Steel & Services Limited".

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:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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: Chennai

Dated : 29th July 2006

R.C.Purohit

Managing Director

Dr.V.V.Srivatsa

Director

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36th ANNUAL REPORT 2006**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	PREVIOUS YEAR (6 MONTHS)
1. Electricity :		
Purchased Units (kwh)	150932	103629
Total Amount (Rs.)	774461	500987
Rate / Unit (Rs.)	5.13	4.83
2. Furnace Oil		
Quantity purchased (litres)	89272	84000
Total Amount (Rs.)	1706290	1213352
Rate / Litre (Rs.)	19.11	14.45
3. Consumption per Unit of production		
a) Electricity (Units per MT)- Refractory	116	114
b) Furnace oil (Litres per MT) - Refractory	92	90

FORM - B

Particulars with respect to Technology absorption

1. a) Research & Development	- To reduce fuel consumption and to	
b) Benefits derived as a result of the above R&D	- reduce rejections, we are in the	
c) Future plan of action	- process of installing new Tunnel kiln.	
d) Expenses on R & D (Rs.)	2005-06	2004-05
i) Capital	—	—
ii) Recurring	—	50,000
iii) Total	—	50,000
iv) Percentage to turnover	—	0.38%
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.)	2005-06	2004-05
a) Foreign Exchange earnings	7548360	3491188
b) Foreign Exchange outgo		
i) Raw materials imported CIF value	953951	309421
ii) Travelling expenses	—	—

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

Bhoruka Steel & Services Limited, looks at Corporate Governance as the foundation. 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.

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 Twelve months ended 31st March, 2006, 7 Meetings of the Board have taken place on 30th April, 2005, 28th June, 2005, 30st July, 2005 and 2nd September, 2005, 17th October, 2005, 29th October, 2005 and 28th January, 2006 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	R.C.Purohit	Executive- Managing Director	7	Yes	3
2	C.L.Sharma (upto 7/7/2005)	Non-Executive Independent Director	2	Yes	3
3	Dr.V.V. Srivastva	Non-Executive Independent Director	6	No	None
4	Mr.Anil Kumar Bhandary (w.e.f 28.6.2005)	Non-Executive Independent Director	1	No	-
5	Mr. Cheraz Bhandary (upto 17.10.2005)	Non-Executive Independent-Director	-	No	3

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

Mr. Cheraz Bharucha, Director retire at the ensuing Annual General Meeting and offer himself for appointment.

36th ANNUAL REPORT 2006**COMMITTEES OF THE BOARD:****3. AUDIT COMMITTEE****a) Constitution:**

The Audit Committee comprises of Two Non- Executive Independent Directors and Managing Director who are professionals having vast experience. The Audit Committee met 4 times during the year ended 31st March, 2006.

b) Attendance at the Audit committee Meetings:

Name	No of meetings held	No. of Meetings attended
Dr. V.V. Srivatsa	4	3
Mr. Anil Kumar Bhandary	1	1
Mr. Cheraz Bharucha	2	1
R.C. Purohit	2	2

4. SHAREHOLDERS GRIEVANCE COMMITTEE

Mr.R.C. Purohit, Managing Director, Dr.V.V. Srivatsa, Director were 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 37 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 year ended 31st March, 2006. Mr. R. Srinivasan is the Compliance Officer.

5. ANNUAL GENERAL MEETINGS (AGM):

Details of Annual General Meetings :

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

YEAR	LOCATION	DATE	TIME
2002-2003	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	31st July, 2003	10.00 Hrs
2003-2004	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	30th December, 2004	10.00 Hrs
2004-2005	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore	30th September, 2005	10.00 Hrs

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

Postal ballot was used for change of object clause.

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

6. 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.

7. 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:

8. AGM DETAILS :

DATE : 22nd September, 2006

Time : 10 A.M.

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

Book Closure : 19th September, 2006 to
22nd September, 2006 (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.

9. STOCK CODE : 504997

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

No share transaction through Bombay / Bangalore Stock Exchange.

11. ADDRESS FOR CORRESPONDENCE :

For any assistance regarding Share transfers, transmission of shares, change of address, duplicate/ lost share certificates and other relevant matters, please write to :

M/s. Bhoruka Steel Limited
Whitefield Road,
Mahadevapura Post,
BANGALORE - 560 048
Tel No. 28525096 Fax No.28524296
Attention : Mr. R. Srinivasan, Compliance Officer

36th ANNUAL REPORT 2006**12. SHAREHOLDING PATTERN:****THE DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2006 :**

No. of shares	No. of share-holders	% of share-holders	Shareholding	% of share-holding
Upto 5,000	4670	99.40	1055130	7.93
5,001- 10,000	12	0.25	90160	0.68
10,001 - 20,000	1	0.02	13920	0.10
20,001 - 30,000	-	-	-	-
30,001 - 40,000	1	0.02	32350	0.24
40,001 - 50,000	-	-	-	-
50,001 - 1,00,000	2	0.04	157140	1.18
1,00,001 and above	12	0.25	11961300	89.85
TOTAL	4698	100%	13310000	100%

13. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2006 :

Category	No. of shares held	% Shareholding
Promoters	8547703	64.22
Nationalized Banks, Insurance Companies	674	0.01
Associates of Promoters	1777062	13.35
Bodies Corporate	1775710	13.34
General Public	1208851	9.08
TOTAL	13310000	100 %