



**BHORUKA STEEL & SERVICES LIMITED**

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*37th*

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Annual Report  
2006 - 2007

**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
3. National Securities Depository Ltd

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Annual General Meeting	
<b>Date</b>	: 29th September, 2007
<b>Day</b>	: Saturday
<b>Venue</b>	: <b>Bhoruka Steel &amp; Services Limited</b> Whitefield Road Mahadevapura Post Bangalore - 560 048
<b>Time</b>	: 10.00 A.M.

**BHORUKA STEEL & SERVICES LIMITED****NOTICE OF 37TH ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 37th Annual General Meeting of the Members of the Company will be held on Saturday 29th September, 2007 at 10.00 A.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, 2007 and Profit and Loss Account for twelve months ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr.V.V.Srivatsa 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 SPECIAL Resolution:

RESOLVED that pursuant to Section 198, 269 and 309 Schedule XIII, Part II Section II (1)(b) under Clause (IV) of (b) and other applicable provisions, if any, read with Schedule XII of the Companies Act, 1956, approval be and is hereby accorded for the payment of remuneration to Mr.R.C.Purohit, Managing Director for a period not exceeding 19 months from 1st April, 2007.

a) **BASIC SALARY:**

Rs. 65,000 per month for the period 1.4.2007 to 20.10.2008

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 50% 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 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.

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

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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.

- i) 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

**R.C. Purohit**

Date: 28.07.2007

*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 25th September, 2007, to 29th September, 2007. (both days inclusive)
5. Members are requested to intimate the change in their address, if any in their address to the Registrar and share transfer Agent..

M/s Can Bank Computer Services Limited  
Unit: Bhoruka Steel & Services Limited  
R & T Center, Naveen Complex  
4th Floor, 14.M.G.Road,  
Bangalore - 560 001  
Tel No: 080- 25320541 /542/543  
Fax No.080 - 25320544  
Email : canbankcomputer@dataone.in

6. The Shareholders of the company are aware the Company is already listed with National Securities Depository Ltd (NSDL) to facilitate the shareholders to dematerialize their shares

The International Securities Identification Number (ISIN) allotted for the equity shares of the Company is INE 152I01014. Shareholders

who desire to dematerialize their shares may do so by opening an account with any depository participant (DP) and avail themselves of the demat facility. The physical segment of the shares will continue to be handled by M/s Can Bank Computer Services Limited at the address given above.

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.1**

**GENERAL INFORMATION :** In the year 2000, Mr.R.Purohi has been appointed as Managing Director of the company and the same is being held by him as on date, Mr.R.C.Purohit is associated with number of Companies as Director, He has successfully headed as the president of Greater Bangalore Industries Association and as the Chairman of Steel Wire Manufacturing Association of India, Calcutta, as the Chairman of Steel Furnace Association of India, Delhi and has been committee member in CII also. At present he is the Vice President of the Indiranagar Club and President of Federation of Karnataka Chamber of Commerce & Industry, Bangalore.

The Board of Directors at their Meeting held on 28th April, 2007 approved and fixation of remuneration payable to the Managing Director of the Company for a period not exceeding 19 months with effect from 1ST April, 2007 on the terms and conditions set out in the resolution subject to the approval of the Members.

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

By Order of the Board

Place: Bangalore

**R.C. Purohit**

Date: 28.07.2007

*Managing Director*

**BHORUKA STEEL & SERVICES LIMITED****DIRECTORS' REPORT**

Your Directors present the Company's 37th Annual Report together with the Audited Statements of Accounts for Twelve months ended 31st March, 2007.

**1. FINANCIAL RESULTS:**

The turnover of the Company was Rs.1567 lakhs for Twelve months ended 31st March, 2007 as against Rs1608 lakhs for Twelve months ended 31st March, 2006. The financial performance is summarized below:

(Rs. in lakhs)

Particulars	Year Ended 31.03.2007	Year Ended 31.03.2006
Sales & Services	944	1608
Other Income	624	132
Total Expenses	948	1542
Finance Charges	8	30
Profit/Loss (-) after interest but before depreciation and taxation	612	168
Depreciation	64	66
Provision for tax	71	29
Net Profit /Loss (-)	477	73

**2. PERFORMANCE**

During the Twelve months period under review, the operations of the Refractory Division have been discontinued. 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 31st March, 2007.

**4. FIXED DEPOSITS:**

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

**5. DIRECTORS:**

Dr.V.V.Srivatsa, Director retires by rotation and is eligible for reappointment.

**6. PERSONNEL:**

Your Directors placed on record their appreciation for the services rendered by the employees.

**7. 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.

**8. 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.

**9. 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.

**10. 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;
- 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;
- That your Directors have prepared the annual accounts on a going concern basis.

**11. 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 : 28.07.2007

**R.C.Purohit**  
Managing Director

**37th ANNUAL REPORT 2007****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.

<b>POWER AND FUEL CONSUMPTION</b>	<b>CURRENT PERIOD</b>	<b>PREVIOUS YEAR</b>
1. Electricity :		
Purchased Units (kwh)	<b>42016</b>	150932
Total Amount (Rs.)	<b>381425</b>	774461
Rate / Unit (Rs.)	<b>9.08</b>	5.13
2. Furnace Oil		
Quantity purchased (litres)	—	89272
Total Amount (Rs.)	—	1706290
Rate / Litre (Rs.)	—	19.11
3. Consumption per Unit of production		
a) Electricity (Units per MT)- Refractory	—	116
b) Furnace oil (Litres per MT) - Refractory	—	92

**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.)	<b>2006-07</b>	2005-06
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.)	<b>2006-07</b>	2005-06
a) Foreign Exchange earnings	<b>132049</b>	7548360
b) Foreign Exchange outgo		
i) Raw materials imported CIF value	—	953951
ii) Travelling expenses	—	—

## REPORT ON CORPORATE GOVERNANCE

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

The Company's philosophy on corporate Governance is founded upon a legacy of fair ethical and transparent business practices and accountability to share holders that is essential for corporate growth.

### 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, 2007, Four Meetings of the Board have taken on 24th April, 2006, 29th July, 2006, 28th October, 2006, 29th January, 2007 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	4	Yes	3
2	Dr.V.V.Srivatsa	Non-Executive Independent Director	4	No	None
3	Mr. Cheraz Bhandary	Non-Executive Independent-Director	1	No	3

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

Dr.V.V.Srivatsa, Director retire at the ensuing Annual General Meeting and offer himself for re-appointment /appointment.

#### COMMITTEES OF THE BOARD:

### 3. AUDIT COMMITTEE

#### a) Constitution:

The Audit Committee comprises of Two Non- Executive Independent Directors, and One Executive Managing Director who are professionals having vast experience. The Audit Committee met Four times during the financial year, 24th April, 2006, 29th July, 2006, 28th October, 2006, 29th January, 2007 respectively.



**37th ANNUAL REPORT 2007****b) Attendance at the Audit committee Meetings:**

Name	No of meetings held	No. of Meetings attended
Dr. V.V. Srivatsa	4	4
Mr. Cheraz Bharucha	4	1
R.C. Purohit	4	4

**4. INVESTORS' GRIEVANCE COMMITTEE**

Mr.R.C. Purohit, Managing Director, Mr. Dr.V.V.Srivatsa, 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.

**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
2003-2004	Registered Office of Bhorka Steel Ltd Whitefield Road, Bangalore	30th December, 2004	10.00 Hrs
2004-2005	Registered Office of Bhorka Steel Ltd Whitefield Road, Bangalore	30th September, 2005	10.00 Hrs
2005-2006	Registered Office of Bhorka Steel Ltd Whitefield Road, Bangalore	22nd September, 2006	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

**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 : 29th September, 2007  
 Day : Saturday  
 Time : 10 A.M.  
 Venue : Registered Office of Bhorka Steel & Services Limited  
 Whitefield Road, Mahadevapura Post,  
 Bangalore-560 048

Book Closure : 25th September, 2007 to 29th September, 2007

**Listing of Equity shares.**

On the Stock exchanges at : Bangalore, Mumbai & NSDL

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

9. STOCK CODE : 504997  
 ISIN NO. : INE 152101014

**10. 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, 2006 to January, 2007 the Shares were not quoted. The two months details are as follows :

MONTH	HIGH	LOW
February, 2007	18.35	17.50
March , 2007	23.35	19.25

**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 Can Bank Computer Services Limited  
 Unit: Bhorka Steel & Services Limited  
 R & T Center, Naveen Complex  
 4th Floor, 14.M.G.Road,  
 Bangalore – 560 001  
 Tel No: 080- 25320541 /542/543  
 Fax No.080 – 25320544  
 Email : canbankcomputer@dataone.in

**37th ANNUAL REPORT 2007****12. SHAREHOLDING PATTERN:****THE DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2007 :**

No. of shares	No. of share-holders	% of share-holders	Shareholding	% of share-holding
Upto 5,000	4664	99.44	1059825	7.96
5,001 - 10,000	12	0.25	90740	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	10	0.21	11957150	89.84
<b>TOTAL</b>	<b>4690</b>	<b>100%</b>	<b>13310000</b>	<b>100%</b>

**13. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2007 :**

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	1779365	13.36
General Public	1205196	9.05
<b>TOTAL</b>	<b>13310000</b>	<b>100 %</b>

**CODE OF CONDUCT:**

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2007. A declaration to this effect is signed by the Executive Vice chairman and forms part of this report.

**DECLARATION – CODE OF CONDUCT**

All Board Members and Senior Management personal have, for the financial year ended March 31, 2007, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement with the Bombay Stock Exchanges.