



BHORUKA STEEL & SERVICES LIMITED

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**38th
ANNUAL REPORT
2007-2008**

BHORUKA STEEL & SERVICES LIMITED

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 : State Bank of India

REGISTERED OFFICE & WORKS : Whitefield Road
 Mahadevapura Post
 Bangalore-560 048

SHARES LISTED AT : 1. Bangalore Stock Exchange Ltd
 2. The Stock Exchange Mumbai

Contents	Pages	Annual General Meeting
Board of Directors		Date : 30-September-2008
Notice		Day : Tuesday
Directors' Report		Venue : Bhuruka Gases Limited
Auditors Report		Whitefield Road,
Balance Sheet		Mahadevapura Post,
Profit & Loss Account		Bangalore-560 048
Schedules		Time : 9-30 AM

NOTICE OF 38th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 38th Annual General Meeting of the Members of the Company will be held on Tuesday 30th September, 2008 at 9.30 A.M at Registered Office of Bhuruka Gases 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, 2008 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 Mr.Cheraz Bharucha who retires by rotation and, being eligible, offers himself for re-appointment.
3. To re-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 subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed there under, SEBI (Delisting of Securities) Guidelines, 2003 and such other applicable laws, rules, regulations and guidelines and subject to such approvals, permission and sanctions, as may be necessary, the consent of the Company is hereby accorded to the Board of directors of the company to de-list the equity shares of the Company from Bangalore Stock Exchange Limited, Bangalore.

RESOLVED FURTHER that the equity shares of the Company shall continue to be listed on the Bombay Stock Exchange Limited, Mumbai having nation wide trading terminals and therefore as per the said de-listing guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the shareholders of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

RESOLVED FURTHER that Mr.R,C,Purohit, Managing Director be and is hereby to take all such necessary steps as may be required in this connection.

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

"RESOLVED that pursuant to the provisions of Sections 198,269,309,310 & 311 and other applicable provisions, if any, of the Companies Act, 1956(the Act) read with Schedule XIII of the Act, the approval of the Company is hereby accorded to the payment of increased remuneration as setout hereunder to Mr. R C Purohit, Managing Director of the Company for the balance period of his appointment from 1st April,2008 to 20th October, 2008 as well as the approval of the Company is hereby accorded to the re-appointment of Mr R C Purohit as Managing Director of the Company for the period from 21st October, 2008 to 31st March,2011 on the following terms and conditions including remuneration as setout hereunder with liberty to the Board of Directors (the Board) to vary the terms and conditions including remuneration subject to the same not exceeding the limits specified in Schedule XIII to the Act as may be agreed between the Board and Mr. R C Purohit

BHORUKA STEEL & SERVICES LIMITED**a) BASIC SALARY :**

Rs. 80,000 per month with such increments as may be decided by the Board from time to time

b) COMMISSION

In addition to the salary and perquisites as below, 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 his tenure, the company has no profits or its profits are inadequate, Mr R C Purohit shall be paid salary and perquisites as mentioned subject to ceiling specified under Section II(B) of Part II of Schedule XIII of the Act.

c) HOUSING

The expenditure made by the company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceilings:

i) upto 60% of the salary.**ii) In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance of 60% of the salary.****d) 10% of basic salary towards gas, electricity, water and furnishing.****e) Special Allowance - Rs 20535 per month****f) MEDICAL REIMBURSEMENT**

Expenses incurred by the Managing Director and his family subject to a ceiling of one month's salary in a year..

g) 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.

h) CLUB FEES

Fees of Clubs subject to maximum of two clubs. No admission/ Life Membership fees shall be payable.

i) PERSONAL ACCIDENT /MEDICAL INSURANCE

The Managing Director and his family shall be covered under Mediclaim / Personal Accident Insurance as per rules of the company.

j) GRATUITY

Gratuity is payable at the rate not exceeding 15 days of basic salary for each completed year of service.

k) PROVIDENT FUND

Contribution to Provident Fund, Superannuation 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.

l) ENCASHMENT OF EARNED LEAVE

Encashment of Earned Leave accumulated at the end of the Tenure.

m) 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 company to the Managing Director shall bill the personal long distance calls and use of car for personal purposes.**n) Reimbursement of actual Traveling, Entertainment and other expenses properly and reasonably incurred in or about the business of the company.****o) The appointment may be terminated by three months notice.**

BY ORDER OF THE BOARD

Place : Bangalore

Date : 30th August,2008

**R. C. Purohit
Managing Director**

38th ANNUAL REPORT-2008**NOTES :**

1. A relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business under item 4 and 5 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 on 30th September, 2008 (one day only)
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 152101014. 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.4**

The Securities and Exchange Board of India (SEBI) has notified guidelines for voluntary delisting of securities from the stock exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 an exit opportunity to the shareholders need not be given where securities of the company remain listed on a stock exchange having nation wide trading terminal which includes the Bombay Stock Exchange, Mumbai. At present the equity shares of the company are listed at Bangalore Stock Exchange Limited, Bangalore and Bombay Stock Exchange Limited, Mumbai. Considering the negligible volume of trading and as part of its cost reduction measure, the consent of members is sought for getting its equity shares delisted from Bangalore Stock Exchange Limited, Bangalore as proposed in the special resolution. The Equity shares of the company shall continue to be listed on the Bombay Stock Exchange which is having nation wide trading terminals.

The Board recommends the resolution for approval of members. None of the directors is, in any way concerned or interested in the said resolution.

ITEM NO.5

The company was incorporated in the year 1969 and has been in operations since long. As you are aware the company is presently engaged in business of manufacture of refractory products,

BHORUKA STEEL & SERVICES LIMITED

stevedoring services, etc and the business is expected to improve further. The Profit before tax of the company for the year ended 31.3.07 was Rs 554 lakhs from Rs 103 lakhs in the year 2005-06 and PBT for 07-08 is Rs 174 Lakhs. The Company is mainly operating in domestic market. However, earnings in foreign exchange in 2006-07 was Rs 1.32 lakhs and in 2007-08, it is nil. The company has presently no technology tie ups.

Mr R C Purohit, aged 60 years graduated from Calcutta University in the year 1968 and is having more than 35 years of professional experience. He is having more than 30 years of experience in present line of business and the Board feels that the company will immensely benefit from his experience. Mr Purohit has been working in the Company since 1974 and he has been Managing Director of the Company from the year 2000. Mr R C Purohit is associated with number of companies as Director including Bhuruka Gases Limited. He has successfully headed as the President of Greater Bangalore Industries Association and as the Chairman of Steel Wire Manufacturing Association of India, Calcutta, and as the Chairman of Steel Furnace Association of India, Delhi and had been Committee Member in CII also. He has served in the Chamber of Commerce (FKCCI) as various Sub-committee member like HRD, International Trade, for more than one decade and has also served various other social organizations like Indiranagar Club as Vice President and is an active member in Karnataka Golf Assn. Club and Century Club. He has served in the Chamber of Commerce as Treasurer in the year 2002-03, as Vice President in the year 2003-04, Sr.Vice President in the year 2005-06 of Federation of Karnataka Chambers of Commerce & Industry (FKCCI) & President for the year 2006-07.

The Shareholders at its meeting held on 29th September, 2007 have approved the payment of basic salary of Rs 65000 per month plus perquisites and commission from 1st April, 2007 to 20th October, 2008. The Board feels that considering the business of the Company, competitive nature of industry, profile of the position of office of managing director and his long experience in the present business of the Company, the increase in remuneration proposed to Mr Purohit with effect from 1.4.2008 and on his re-appointment from 21.10.08 to 31.3.2011 is reasonable. Mr Purohit is not, directly or indirectly, related with any of the Director or managerial personnel of the Company. The business of the Company is expected to further improve however, due to market conditions, in some years, profits may be inadequate to pay proposed remuneration to Mr Purohit within the ceiling as per Companies Act, 1956 and hence, it is proposed to pay the proposed remuneration as minimum remuneration subject to ceiling under Schedule XIII of Companies Act, 1956.

Accordingly, the Board of Directors at their Meeting held on 31st July, 2008 unanimously approved the increased remuneration to Mr Purohit from 1.4.08 to 20.11.08 as well as unanimously approved the re-appointment of Mr R C Purohit as Managing Director of the Company from 21.10.08 to 31.3.2011 on the terms and conditions set out in the resolution subject to the approval of the Members.

Mr Purohit shall look after the overall affairs of the Company and shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors. Before approving payment of increased remuneration as well as re-appointment of Mr Purohit, the remuneration committee to the Board also approved and recommended to the Board payment of increased remuneration as well as re-appointment of Mr Purohit. Your Directors recommend the resolution for approval. None of the Director of the company is in any way concerned or interested in this resolution except Mr.R.C.Purohit. This may be treated as an abstract of the terms of increased remuneration as well as re-appointment of the Managing Director under Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD

Place : Bangalore
Date : 30th August, 2008

R. C. Purohit
Managing Director

38th ANNUAL REPORT-2008**DIRECTORS' REPORT**

Your Directors present the Company's 38th Annual Report together with the Audited Statements of Accounts for Twelve months ended 31st March, 2008.

1. FINANCIAL RESULTS:

The turnover of the Company was Rs.1563 lakhs for Twelve months ended 31st March, 2008 as against Rs.944 lakhs for Twelve months ended 31st March, 2007. The financial performance is summarized below:

(Rs. In Lakhs)

Particulars	2006-2007	2007-2008
Sales & Services (Net of ED)	944	1563
Other Income	624	83
Total Expenses	948	1350
Finance Charges	8	28
Profit/Loss (-) after interest but before depreciation and taxation	612	268
Depreciation	64	94
Provision for tax (Excl. Deferred Tax)	71	82
Net Profit /Loss (-)	477	92

2. PERFORMANCE

During the Twelve months period under review, the Refractory Division commenced production and income of refractory division was Rs 49.86 lakhs in 2007-08 and the prospects of the refractory division may improve in future years. The operations of the Stevedoring division of the Company have shown recovery during the period and income of stevedoring division increased to Rs 1517.91 lakhs in 2007-08 from Rs 932 lakhs in previous year.

3. DIVIDEND:

Your Directors do not recommend any dividend for the period ended 31st March, 2008.

4. FIXED DEPOSITS:

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

5. DIRECTORS:

Mr.Cheraz Bharucha, 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.

BHORUKA STEEL & SERVICES LIMITED**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:

Pursuant to clause 49 of the Listing agreement a report of Compliance of Corporate Governance as on 31st March, 2008 is annexed together with the certificate from the Auditors of the Company on compliance.

10. COMPLIANCE CERTIFICATE

In terms of Section 383A of the Companies Act, 1956 the Company has obtained a secretarial compliance certificate from a practicing Company Secretary. The said Certificate is annexed to this Report.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) 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;
- c) 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;
- d) 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.

Regarding Auditors observation for sharing of area under joint development agreement the same has been adequately explained in note No. 15, of Schedule 16 to accounts and for actuarial valuation regarding gratuity, the company has already taken policy with LIC and the company is in process of getting the actuarial valuation from LIC.

For and on behalf of the Board

Place : Bangalore
Date : 30th August, 2008

Cheraz Bharucha
Director

R. C. Purohit
Managing Director

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
1. Electricity:		
Purchase Units(kwh)	197699	42016
Total Amount(Rs.)	1154203	381425
Rate /Unit (Rs.)	5.96	9.08
2. Furnace Oil		
Quantity purchased (liters)	92.089	-
Total Amount (Rs)Rate /Unit (Rs.)	2963875	-
3. Consumption per unit of productiona)		
Electricity (unit per MT) -Refractory	50.01	-
b)Furnace oil (liters per MT) - Refractory	337	-

FORM B

Particulars with respect to Technology absorption

1. a) Research & Development - To reduce fuel consumption and to
 b) Benefit 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)
- | | | |
|----------------------------|-----------|-----------|
| | 2007-2008 | 2006-2007 |
| i) Capital | - | - |
| ii) Recurring | - | - |
| iii) Total | - | - |
| iv) percentage to turnover | - | - |
2. Technology absorption, adoption and innovation
- a) Use of spinal raw materials being tested
 b) New better products
 c) Development of DART Refractory
3. Foreign Exchange earnings and outgo(Rs.)
- | | | |
|-------------------------------------|------------|-----------|
| | -2007-2008 | 2006-2007 |
| a) Foreign Exchange earnings | | 132049 |
| b) Foreign Exchange outgo | - | - |
| i) Raw materials imported CIF value | - | - |
| ii) Traveling Expenses | - | - |

BHORUKA STEEL & SERVICES LIMITED**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 comprises of Three Director of which two Non Executive independent Directors and one Managing Director. 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, Five Meetings of the Board have taken on 24th April, 2007, 28th July, 2007, 31st October, 2007, 31st January, 2008, 17th March, 2008 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	Directors held other companies
1	R. C. Purohit	Executive Managing Director	5	Yes	3
2	Dr. V. Srivatsa	Non-Executive Independent Director	2	No	None
3	Mr. Cheraz Bharucha	Non-Executive Independent Director	3	No	1

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

Mr. Cheraz Bharucha, Director retire at the ensuing Annual General Meeting and offer themselves for re-appointment /appointment.

Mr Cheraz Bharucha aged 48 years has been a Director of the Company from 17th October, 2005. Mr Bharucha has industrial experience of well over a decade. The Board considers it desirable that the Company continues to avail the services and wise counsel of Mr Bharucha and accordingly, the Directors recommend that he be re-appointed as a Director of the Company. Other than Mr Cheraz Bharucha, none of other directors is in any way concerned or interested in the resolution.

d) DETAILS OF REMUNERATION TO MR R C PUROHIT, MANAGING DIRECTOR

Salary	Rs. 780000
Rent	Rs. 390000
Cont. to PF and other Funds	Rs. 210600
Other Benefits	Rs. 78000