



23 Years of
Service to the
Nation

BHORUKA GASES LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TR	✓		AC	✓
AS	✓	✓	SH	✓
YE	✓	✓		✓



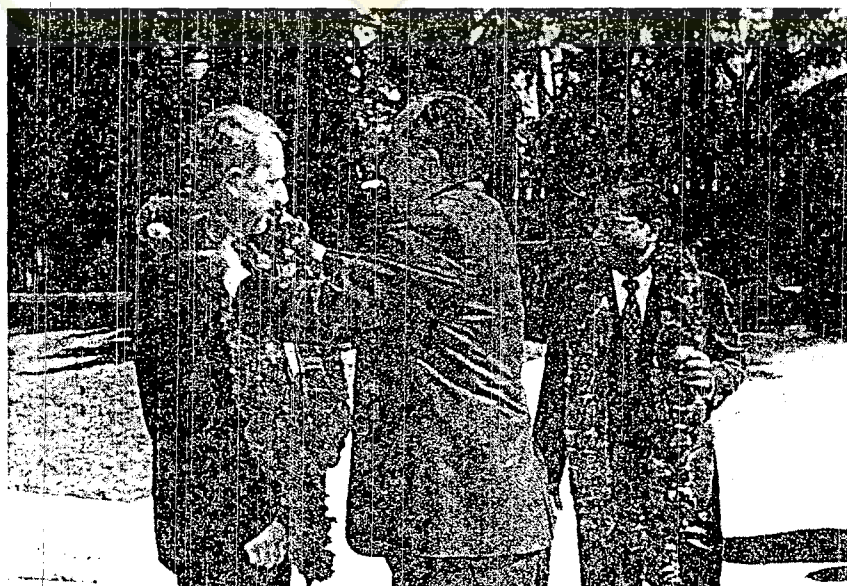
23rd Annual Report



Inauguration of 120 TPD Linde Plant

-Mr. S.N.Agarwal, Chairman, Mr. Peter McCausland, Chairman & CEO, Airgas Inc.,
Mr. K.Gururaj, MD and Mrs. Uma Agarwal, Director-Marketing

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Inauguration of 120 TPD Linde Plant

- Mr.Rudi G Endres, Vice President-International, Airgas Inc.,
Mr. K.Gururaj, MD and Mr. S.N.Agarwal, Chairman

BHORUKA GASES LTD



BHORUKA GASES LIMITED

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1996-97

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BOARD OF DIRECTORS	S N AGARWAL	- Chairman
	K GURURAJ	- Managing Director
	UMA AGARWAL	- Wholetime Director
	S SANTHANAM	
	S K WARRIOR	
	C S PANI	
	M K AGARWAL	
	DINESH HIMATSINGKA	
	S V S RAGHAVAN	
	RUDI G ENDRES	- MIG Nominee Director
GENERAL MANAGER FINANCE & ADMINISTRATION	C P PHILIP	- IDBI Nominee Director
	A SHARATH CHANDRA PRASAD	
COMPANY SECRETARY & DEPUTY MANAGER FINANCE	L NANDALAL	
AUDITORS	R S AGARWALA & CO	
BANKERS	STATE BANK OF INDIA	
	Industrial Finance Branch	
	Bangalore	
REGISTERED OFFICE & PLANT	Whitefield Road	
	Mahadevapura	
	Bangalore - 560 048	

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BHORUKA GASES LTD

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 23rd Annual Report together with the Audited Statement of Accounts and Auditors' Report thereon.

1. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31st March 1997 are furnished below:

	(Rs. in lakhs)	
	Year ended 31.3.1997	Year ended 31.3.1996
Sales & Other Income	2,103.01	1,544.45
Profit for the year before Depreciation & Taxes	277.79	264.82
Less : Depreciation including Preliminary expenses written off during the year	204.89	126.01
Profit before tax	72.90	138.81
Less: Provision for taxation	9.82	-
Profit after tax	63.08	138.81
Earlier year Income Tax paid	0.73	2.04
Net Profit	62.35	136.77
Proposed Appropriations:		
**Dividends (5% - Re. 0.50 per Share)	42.22	42.39
Dividend Tax under Section 115 O of Income Tax Act	4.22	-
Transfer to General Reserve	6.00	54.47
Balance carried forward	9.91	39.91

**Pro-rata in respect of 65,37,000 Rights Shares (Rs.5/- paid-up) from 1.5.96 to 31.3.97.

2. OPERATIONAL HIGHLIGHTS:

The performance of your Company during the year under review has been satisfactory. Your Company has registered an increase of 36% in the value of Gross Sales and Other Income over the previous year. Profit before tax for the year was Rs. 72.90 lakhs as against Rs. 138.81 lakhs during the previous year. The decrease in Profit before Tax is mainly on account of steep hike in the cost of power and drop in prices due to interplay of market forces.

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3. IMPLEMENTATION OF THE EXPANSION PROJECT:

The new Linde 120 tons/day Air Separation Plant was formally inaugurated by Mr. Peter McCausland, Chairman and Chief Executive Officer of Airgas Inc., on December 05, 1996. The project was successfully implemented and the commercial production commenced during the year. With the commencement of the Linde 120 TPD ASU, your Company has become South India's largest producer of Industrial Gases and India's largest independent producer of Argon. With the commissioning of the new Plant, your Company has crossed a major milestone which augurs well for your Company's future.

4. FOREIGN COLLABORATION:

The collaboration with Airgas Inc., through Mauritius Industrial Gases has been of immense help and they have been a constant source of inspiration in the process of implementation of the Expansion Project.

5. ISO 9002:

During the year 1996-97, your company has achieved the prestigious ISO 9002 Certification for the Calibration Division. Your Company is one of the very few companies in this field to have been awarded the Certification.

6. OUTLOOK FOR THE FUTURE:

Your Company believes that the next few years would be challenging times as it strengthens its foothold in the Industrial Gases Market. Your Company enjoys the tremendous confidence of the customers who number more than 500. New customers are being added. On the power front however, the steep increase in the price of power will make things difficult for any industry. We are making all efforts to reduce the impact of this increase. Your Company is making all out efforts to improve the market share so that the plant could be loaded to the maximum. Energy conservation, tapping of areas of application in the field of Industrial Gases which were hitherto untouched, etc are some of the priorities in the current year. Your company is confident of maintaining the same trend of growth in the current year also barring unforeseen circumstances.

7. FINANCE:

The Company has received excellent support from Banks, Institutions and other organisations which made the successful commissioning of the Plant a possibility.

8. DIRECTORS:

Mr. S. Santhanam, Mr. C.S. Pani and Mr. M.K. Agarwal retire at the ensuing Annual General Meeting and are eligible for re-appointment.

9. INDUSTRIAL RELATIONS:

Industrial Relations continued to be cordial and harmonious during the year under review.

10. PARTICULARS OF EMPLOYEES:

The particulars as required under Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 form part of this report.

11. AUDITORS:

M/s. R.S. Agarwala & Co, Chartered Accountants, retire as Auditors of the Company at the conclusion of the 23rd Annual General Meeting and are eligible for re-appointment.

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12. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS/OUTGO:

The information required under Section 217 (i) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 with respect to these matters is appended hereto and forms part of the report.

13. PROMISES VS PERFORMANCE:

Comparison of the actual performance with the projected performance as set out in the Letter of Offer dt. 8th November 1995:

(Rs. in lakhs)			
Sl No.	Description	Projections for the year 1996-97	Performance
1.	Profit before Interest, Finance Charges & Tax	1,101.00	236.48
2.	Interest & Finance Charges	587.00	163.58
3.	Profit before tax (PBT)	514.00	72.90

NOTE :

There is a steep hike in the cost of power and further the prices of products have dropped substantially. This has affected the performance of the company.

14. APPRECIATION:

Your Directors wish to place on record their deep sense of appreciation for the valuable assistance, guidance and co-operation extended by the Financial Institutions, Banks, Customers, Shareholders and the Employees of the Company for the successful implementation of the Expansion Project.

Bangalore
August 06, 1997

For and on behalf of the
Board of Directors
S N AGARWAL
Chairman

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ANNEXURE TO DIRECTORS' REPORT

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO

Particulars as per Section 217(i)(e) of the Companies Act, 1956 forming part of the Director's Report for the year ended March 31, 1997.

1. CONSERVATION OF ENERGY:

The Company has suitable systems for monitoring the consumption of electrical energy and to conserve the same wherever possible. The Energy Audit was conducted during 1991-92 following which several measures were taken which have resulted in substantial savings and improved productivity. Further, the Company has imported a power efficient State-of-art Air Separation Plant which will result in reduction of power consumption.

2. TECHNOLOGY ABSORPTION:

A. Research and Development:

The Company has a Research and Development division which has been recognised by the Ministry of Science and Technology, Government of India. This division is constantly engaged in development of new products and technologies for indigeneous manufacture of several products which are presently being imported into the country.

B. Technology Absorption:

The Company has joined hands with Airgas Inc. of USA for continuous flow of know-how and technological improvements in the Industrial Gases field. Access to the latest know-how and technological improvements will help the Company in competing globally and supply top quality products.

3. FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company spent an amount of Rs. 430.68 lakhs in foreign exchange towards travelling, import of ultra high pure gases, capital equipment and spare parts during the year 1996-97 and the export earnings was Rs. 0.79 lakhs. Moreover, the Company has introduced several products as import substitutes which have helped save precious foreign exchange outgo for the country.

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Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 1997.

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experience in Years	Last Employment	Commencement of employment
Mr. K.Gururaj	Managing Director	58	632398	263896	B.E.(Hons.) C.Eng., M.I.Prod. E., A.M.P. (Harvard)	36	Executive Director, English Electric Co. India Ltd, Madras	March 1990
Ms.Uma Agarwal	Director, Marketing	45	409500	249288	B.A.	10	—	July 1987

Notes:

1. Gross Remuneration comprises Salary, Allowances, Monetary value of perquisites as per Income Tax Rules and the Company's Contribution to Provident Fund and Superannuation Fund.
2. Net Remuneration is arrived at by deducting from the Gross Remuneration, Income Tax, Company's contribution to Provident Fund and Superannuation Fund and Monetary value of non-cash perquisites wherever applicable.
3. The nature of employment in all cases is contractual.
4. Ms. Uma Agarwal is related to one of the Directors of the Company.

Bangalore
August 06, 1997

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For and on behalf of the
Board of Directors
S N AGARWAL
Chairman