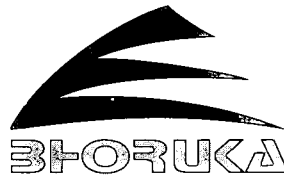


86-7661

24th Annual Report

Report  Junction.com



BHORUKA GASES LIMITED





BHORUKA GASES LIMITED

MD	✓	BKC	✓
CS	✓	DTY	NA
RO	✓	INV	NA
TRA	✓	AC	✓
AGM	✓	SH	✓
YE	✓		



Report  junction.com
BHORUKA GASES LIMITED

24th ANNUAL REPORT

1997-98

24th ANNUAL REPORT

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*
 C P PHILIP - *IDBI Nominee Director*

VICE PRESIDENT A SHARATH CHANDRA PRASAD
FINANCE & ADMINISTRATION

COMPANY SECRETARY & L NANDALAL
DEPUTY MANAGER FINANCE

AUDITORS R S AGARWALA & CO

BANKERS STATE BANK OF INDIA
 Industrial Finance Branch
 Bangalore

REGISTERED OFFICE Whitefield Road
& PLANT Mahadevapura
 Bangalore - 560 048

	Contents	Page No.
1	AGM Notice	3
1	Directors' Report	8
2	Annexure to Directors' Report	10
3	Auditors' Report	12
4	Balance Sheet	14
5	Profit & Loss Account	15
6	Schedules	16
7	Notes on Accounts	20

BHORUKA GASES LIMITED

BHORUKA GASES LIMITED

Registered Office: Whitefield Road, Mahadevapura, Bangalore-560 048

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of the Company will be held on Friday, 25th September 1998 at 3.30 p.m. at Greater Bangalore Industries Association, No. 40 J, Opp. N.G.E.F. Ancillary Estate, Doddanakundi Industrial Area, II Phase, Mahadevapura Post, Bangalore - 560 048 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Statement of Accounts for the year ended 31st March 1998 and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S.V.S. Raghavan, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Dinesh Himatsingka, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S.K. Warrior, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this connection, 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 Section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s. R.S. Agarwala & Company, Chartered Accountants, the retiring Auditors, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting on such remuneration as the Board may deem fit."

SPECIAL BUSINESS:

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 Sections 198, 269, 309, 310, 311 read along with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Mr. K. Gururaj, who fulfills the conditions specified in Part I and Part II of Schedule XIII to the Companies Act, 1956, be and is hereby re-appointed as Managing Director of the Company for a period of four years and eleven months from April 1, 1999 to February 29, 2004 viz., upto his age of superannuation on the following terms:

REMUNERATION:

I. SALARY:

- Rs. 35,000/- per month for the period from 1.4.1999 to 31.3.2000
- Rs. 37,000/- per month for the period from 1.4.2000 to 31.3.2001
- Rs. 39,000/- per month for the period from 1.4.2001 to 31.3.2002
- Rs. 41,000/- per month for the period from 1.4.2002 to 31.3.2003
- Rs. 43,000/- per month for the period from 1.4.2003 to 29.2.2004

24th ANNUAL REPORT

II. COMMISSION:

Commission shall be payable at the discretion of the Board of Directors to Mr. K. Gururaj, at a rate not exceeding 1 per cent of the net profits of the Company or 50% of his annual salary, whichever is less.

III. PERQUISITES:

Mr. K. Gururaj, shall be entitled to perquisites which shall be restricted to an amount equal to the annual salary.

In the event the Company has no profits or its profits are inadequate in any financial year during the currency of tenure of Mr. K. Gururaj as the Managing Director, the Company shall pay him by way of salary and perquisites not exceeding the limits specified in Part II of Schedule XIII of the Companies Act, 1956, or any amendments effected thereto by the Central Government from time to time."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to these Resolutions."

7. 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 Sections 198, 269, 309, 310, 311 read along with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Ms. Uma Agarwal, who fulfills the conditions specified in Part I and Part II of Schedule XIII to the Companies Act, 1956 be and is hereby re-appointed as a Whole Time Director of the Company for a period of five years from April 1, 1999 to March 31, 2004 and that the remuneration payable to Ms. Uma Agarwal, would be as follows:

REMUNERATION:

I. SALARY:

Rs. 19,500/- per month

II. COMMISSION:

Commission shall be payable at the discretion of the Board of Directors to Ms. Uma Agarwal, at a rate not exceeding 1 per cent of the net profits of the Company or 50% of her annual salary, whichever is less.

III. PERQUISITES:

Ms. Uma Agarwal, shall be entitled to perquisites which shall be restricted to an amount equal to her annual salary.

In the event the Company has no profits or its profits are inadequate in any financial year during the currency of tenure of Ms. Uma Agarwal as a Whole Time Director, the Company shall pay her by way of salary and perquisites not exceeding the limits specified in Part II of Schedule XIII of the Companies Act, 1956, or any amendments effected thereto by the Central Government from time to time."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to these Resolutions."

By Order of the Board
for BHORUKA GASES LIMITED

Place : Bangalore
Date : July 29, 1998

(K. Gururaj)
MANAGING DIRECTOR

BHORUKA GASES LIMITED

NOTES:

1. 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.
2. Proxies in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
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 Share Transfer books of the company will be closed from September 01, 1998 to September 25, 1998.
5. The Unpaid Dividends that are due for transfer to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 are as follows:

Date of Declaration of Dividend	Financial Year	Due for Transfer on
17.11.1995	1994-95	04.01.1999
26.09.1996	1995-96	13.11.1999
30.09.1997	1996-97	07.11.2000

6. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company at Whitefield Road, Mahadevapura, Bangalore - 560 048 between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of the Annual General Meeting.
7. Members are requested to notify change in address, if any, immediately by quoting their folio numbers to the Registrars at the following address:

M/s. Kirloskar Computer Services Limited
 Unit : Bhorka Gases Limited
 No. 5570, Malleswaram West
 BANGALORE - 560 055

8. Members are requested to bring their copies of Annual Report to the Meeting.

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

1. For Item No. 6:

Mr. K. Gururaj was appointed as Whole Time Director of the Company with effect from May 7, 1992 for a period of five years. His remuneration was revised upwards with effect from 1.4.93. He was appointed as Managing Director of the Company with effect from April 1, 1994 for a period of five years i.e. up to March 31, 1999 on a revised remuneration in accordance with the increased limits under Schedule XIII of the Companies act, 1956 at the Annual General Meeting held on September 30, 1994.

24th ANNUAL REPORT

The Board of Directors have proposed to re-appoint Mr. K. Gururaj as the Managing Director of the Company for a further period of five years or his age of superannuation, whichever is earlier subject to the approval of the shareholders at the General Meeting. Mr. K. Gururaj attains the age of superannuation by February 2004 and hence his re-appointment would be from April 1, 1999 to February 29, 2004.

The existing salary of Rs. 33,000/- per month is being proposed to be increased to Rs. 35,000/- per month w.e.f. April 1, 1999 and thereafter Rs. 2,000/- per month annually. The perquisites he is entitled to remain unchanged. In the event of loss or inadequacy of profits, he shall be paid salary and perquisites not exceeding the limits specified in Part II of Schedule XIII of the Companies Act, 1956 or any amendments effected thereto by the Central Government from time to time. The other details of the agreement to be entered into between the Company and Mr. K. Gururaj are given below:

- a. The Company shall enter into an agreement with Mr. K. Gururaj describing the terms and conditions of his appointment as Managing Director of the Company for the period from April 1, 1999 to February 29, 2004.
- b. The terms and conditions of the said Agreement for re-appointment may be varied or enhanced from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable to Managing Directors in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
- c. The Agreement may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' salary in lieu thereof.
- d. If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director in terms of this Agreement and this Agreement shall forthwith terminate.
- e. The Managing Director undertakes not to become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company in future without the prior approval of the Central Government and the Agreement shall cease and determine upon the contravention of this undertaking. The Managing Director shall not be entitled to supplement his earnings under this Agreement with any buying or selling commissions.
- f. The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(4) of the Companies Act, 1956.
- g. The Managing Director shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Directors including powers exercisable by the Board under the Articles of Association of the Company.

The above information may be treated as an abstract of the agreement to be entered into between Mr. K. Gururaj and the Company pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Mr. K. Gururaj is concerned or interested in this Resolution.

2. For Item No. 7:

Ms. Uma Agarwal was appointed as Whole Time Director of the Company with effect from September 22, 1989 for a period of five years. She was reappointed as Whole Time Director of the Company with effect from April 1, 1994 for a period of five years i.e. up to March 31, 1999 on a revised remuneration in accordance with the increased limits under Schedule XIII of the Companies Act, 1956 at the Annual General Meeting held on September 30, 1994.

The Board of Directors have proposed to re-appoint Ms Uma Agarwal as Whole Time Director of the Company on the same remuneration for a further period of five years viz., from April 1, 1999 to March 31, 2004 subject to approval of the shareholders at the General Meeting.

BHORUKA GASES LIMITED

Her existing salary of Rs. 19,500/- per month is proposed to be retained at the same level for the next five years also. The perquisites she is entitled to remain unchanged. In the event of loss or inadequacy of profits, she shall be paid salary and perquisites not exceeding the limits specified in Part II of Schedule XIII of the Companies Act, 1956 or any amendments effected thereto by the Central Government from time to time. The other details of the agreement to be entered into between the Company and Ms. Uma Agarwal are given below:

- a. The Company shall enter into an agreement with Ms. Uma Agarwal describing the terms and conditions of her renewal as Whole Time Director of the Company for the period from April 1, 1999 to March, 2004.
- b. The terms and conditions of the said Agreement for re-appointment may be varied or enhanced from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable to Whole Time Directors in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
- c. The Agreement may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' salary in lieu thereof.
- d. If at any time the Whole Time Director ceases to be a Director of the Company for any cause whatsoever, she shall cease to be the Whole Time Director in terms of this Agreement and this Agreement shall forthwith terminate.
- e. The Whole Time Director undertakes not to become interested or otherwise concerned directly or through her spouse and/or children in any selling agency of the Company in future without the prior approval of the Central Government and the Agreement shall cease and determine upon the contravention of this undertaking. The Whole Time Director shall not be entitled to supplement her earnings under this Agreement with any buying or selling commissions.
- f. The Whole Time Director is appointed by virtue of her employment in the Company and her appointment is subject to the provisions of Section 283(1)(d) of the Companies Act, 1956.
- g. The Whole Time Director shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to her by the Directors including powers exercisable by the Board under the Articles of Association of the Company.

The above information may be treated as an abstract of the agreement to be entered into between Ms. Uma Agarwal and the Company pursuant to Section 302 of the Companies Act, 1956.

None of the Directors other than Ms. Uma Agarwal is concerned or interested in this Resolution. Mr. S.N. Agarwal and Mr. M. K. Agarwal are deemed to be interested in this resolution as they are relatives of Ms. Uma Agarwal.

24th ANNUAL REPORT

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 24th 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 1998 are furnished below:

	Year ended 31.3.1998	Year ended 31.3.1997
Sales & Other Income	2631	2103
Profit for the year before Depreciation & Taxes	(161)	278
Less: Depreciation including Preliminary Expenses written off during the year	518	205
Profit before tax	(679)	73
Less: Provision for taxation	—	10
Profit after tax	(679)	63
Earlier Year Income Tax Paid	—	1
Net Profit	(679)	62
Proposed Appropriations:		
**Dividends (5% - Rs.0.50 per Share)	—	42
Dividend Tax under Section 115 O of Income Tax Act	—	4
Transfer to General Reserve	—	6
Balance carried forward	—	10

** 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 on the expected lines. Your Company has registered an increase of 62% in Sales quantity over the previous year and 25% increase in the value of Gross Sales and Other Income over the previous year. The net loss for the year was Rs.679 Lakhs as against a Profit before Tax of Rs. 73 Lakhs during the previous year.

Members would recall that 120 TPD Air Separation Plant increasing the capacity fourfold was commissioned during 1996-97, and 1997-98 was the first year of full operation of the new plant. The decrease in Profit before Tax is mainly on account of the drop in selling prices of all our products and increase in cost of Power. The Indian Economy has not done well during the last year. We have witnessed a lower Industrial growth and in addition infrastructural bottle necks have added to the woes of the Industries. This situation has adversely affected the performance of several Industries. Many of the Industries have experienced fall in the selling prices, and reduced margins in this period. As most of the Industries have not been performing well, the demand has slackened and the selling prices of Industrial gases have also come down. This has resulted in drastic reduction of margins.

3. OUTLOOK FOR THE FUTURE

The immediate task before your Company is the improvement in the profitability margins. Your Company is making all efforts to improve the profitability. It has been decided to commission a