



BHORUKA GASES LIMITED

25th ANNUAL REPORT

1998-99

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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
 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

REGISTERED OFFICE Whitefield Road

& PLANT Mahadevapura

Bangalore - 560 048

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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 Fifth Annual General Meeting of the members of the Company will be held on Friday, 24th September 1999 at 2.15 p.m. at Chandrika Hall Extension, Hotel Woodlands, No. 5, Raja Rammohan Roy Road, Bangalore - 560 025 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Statement of Accounts for the year ended 31st March 1999 and Report of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. S. N. Agarwal, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Rudi G. Endres, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. S. Santhanam, 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."

By Order of the Board
for BHORUKA GASES LIMITED
(K. Gururaj)
MANAGING DIRECTOR

Place : Bangalore
Date : July 30, 1999

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.

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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 16, 1999 to September 24, 1999.
5. The Company has already transferred unclaimed dividend declared upto the financial year ended 31st March 1994 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. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the office of the Registrar of Companies, Karnataka located at "E Block", 2nd Floor, Kendriya Sadan, Koramangala, Bangalore - 560 034.
6. All documents referred to in the Notice 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:

<p>M/s. Kirloskar Computer Services Limited Unit : Bhoruka Gases Limited No. 5570, Malleswaram West BANGALORE - 560 055</p>
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8. Members are requested to bring their copies of Annual Report to the Meeting.
9. Members desirous of availing the nomination facility are requested to fill in the form enclosed with the Annual Report

BHORUKA GASES LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 25th 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 1999 are furnished below:

(Rs. in lakhs)

	Year ended 31.3.1999	Year ended 31.3.1998
Sales & Other Income	3,470	2,631
Profit for the year before Depreciation & Taxes	250	(161)
Less: Depreciation including Preliminary Expenses written off during the year	524	518
Profit before tax	(274)	(679)

2. OPERATIONAL HIGHLIGHTS:

The performance of your Company during the year under review has been on the expected lines. Your Company has continued to show good growth rates. Your Company has registered an increase of 29% in Sales quantity over the previous year and 32% increase in the value of Gross Sales and Other Income over the previous year. The net loss for the year was Rs.274 Lakhs as against a net loss of Rs. 679 Lakhs during the previous year.

The improvement in the profitability levels is mainly on account of, as well as increased volumes, slight improvement in the prices of various products & product mix. Besides, your Company has also taken various steps to control the Direct and Indirect expenses.

3. OUTLOOK FOR THE FUTURE

Your company has commissioned a DG set of 4 MW capacity during October 1998 which has enhanced the availability of Captive Power. This will enable the Company to have access to quality Power. Your Company is also trying to obtain higher realisation in respect of various products. Though your Company expects to break even during this year, the continued dismal industrial growth will have its effects on the performance of Industrial Gases Sector. In addition, creation of substantial additional capacities in this region will make the market highly competitive. Your Directors are confident of meeting these challenges.

4. DIRECTORS:

Mr. S. Santhanam, Mr. S.N. Agarwal and Mr. Rudi G Endres retire at the ensuing Annual General Meeting and are eligible for re-appointment.

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5. INDUSTRIAL RELATIONS:

The longterm wage agreement with the unionised workmen expired in November 1998, and after mutual discussions an agreement has been signed which will be effective for a period of three years from April 1999.

6. PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration exceeding the amount prescribed under Section 217 (2A) of the Companies Act, 1956.

7. AUDITORS:

M/s. R.S. Agarwala & Co, Chartered Accountants, retire as Auditors of the Company at the conclusion of the 25th Annual General Meeting and are eligible for re-appointment.

8. 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.

9. PROJECTIONS VS PERFORMANCE :

The Company recorded a net loss of Rs. 274 lakhs during the year against a projection of a profit of Rs. 1,175 lakhs made in the Letter of Offer dt. November 11, 1995. The profitability of the company has been affected due to fall in the selling prices of various products and steep hike in the cost of power.

10. YEAR 2000 COMPLIANCE:

The company is taking effective steps to be Y2K compliant relating to computers and the costs involved are not significant.

11. APPRECIATION:

Your Directors wish to place on record their sense of appreciation for the valuable assistance, guidance and co-operation extended by the Financial Institutions, Bank, Customers, Shareholders and the Employees of the Company during the year under review.

Bangalore
July 30, 1999

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

BHORUKA GASES LIMITED

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, 1999

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. 373 Lakhs in foreign exchange towards travelling, interest on foreign currency loan, import of ultra high pure gases and spare parts during the year 1998-99 and the export earnings was Rs. 14.67 Lakhs. Moreover, the Company has introduced several products as import substitutes which have helped save precious foreign exchange outgo for the country.