



BHORUKA GASES LIMITED

27th ANNUAL REPORT

2000-2001

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 Seventh Annual General Meeting of the members of the Company will be held on Wednesday, 26th September 2001 at 12.30 p.m. at A/c Hall, Woodlands Hotel, 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 2001 and Report of the Directors' and Auditors' 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. S. Santhanam, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s R.S. Agarwala & Co., Chartered Accountants, as the Auditors of the Company.

SPECIAL BUSINESS:

5. To appoint a Director in place of Dr. S.L. Rao, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th March 2001.
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

Amendments to the Articles of Association :

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

(A) After Article 47, insert the following article as Article 47A.

47A DEMATERIALISATION OF SECURITIES**Definitions :****1. For the purpose of this Article :**

"Beneficial Owner" means a person or persons whose name is recorded as with a depository.

"SEBI" means the Securities & Exchange Board of India;

"Depository means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation Of Securites

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

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Option for Investors

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. If a person opts to hold his security with a Depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153 A, 153 B, 187 B, 187 C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories :

- 5(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.
- 5(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- 5(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with by a depository

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a Depository

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 and any other amendments made thereto from time to time, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

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

Place : Bangalore
Date : July 24, 2001

BHORUKA GASES LIMITED**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under Item Nos. 5 & 6 is annexed hereto.
3. 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.
4. 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.
5. The Share Transfer books of the company will be closed from September 01, 2001 to September 26, 2001.
6. 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.
7. 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 am and 1 pm on any working day of the Company upto the date of the Annual General Meeting.
8. 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
 Tel No. 3322082

9. The shareholders of the company are hereby informed that the Company has signed agreements with National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL) to facilitate the shareholders to dematerialise their shares.

The International Securities Identification Number (ISIN) allotted for the equity shares of the Company is INE 880D01011. Shareholders who desire to dematerialise 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. Kirloskar Computer Services Limited at the address given above.

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

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. 05**

Dr. S.L. Rao was appointed as an Additional Director of the Company by the Board of Directors on 28th March 2001. By virtue of provisions of Section 260 of the Companies Act, 1956, Dr. S.L. Rao holds office upto the conclusion of this Annual General Meeting. The Company has received a notice in writing from a member, proposing Dr. S.L. Rao's candidature for the office of a Director under Section 257 of the Companies Act, 1956.

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Dr. S.L. Rao was the first Chairman of the Central Electricity Regulatory Commission. He was Director General of National Council of Applied Economic Research. He has worked with several multinational companies in the private sector for over twenty eight years. He has taught and written extensively on Management and the Economy. He has to his credit eight books, many papers and hundreds of articles. He was the President of Indian Management Association in 1985-86. He is on the Board of many teaching and research institutions in Management and Economics and also on the Boards of several Companies.

The Board of Directors consider that it will be in the interest of the Company to continue to avail the services of Dr. S.L. Rao as a Director. The Board of Directors therefore recommend that Dr. S.L. Rao be appointed as a Director of the Company.

None of the Directors other than Dr. S.L. Rao is concerned or interested in this Resolution.

ITEM NO. 06

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company.

Your Company has also joined the Depository System as per the directions of the Mumbai Stock Exchange and it is therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 6 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

The Directors commend the Resolution for acceptance by the Members.

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

Place : Bangalore
Date : July 24, 2001

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BHORUKA GASES LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 27th 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 2001 are furnished below:

	Year ended 31.3. 2001	Year ended 31.3.2000
	(Rs. in lakhs)	
Sales & Other Income	2,702	3,228
Profit before Interest & Depreciation	488	926
Less: Interest & Finance Charges	888	816
Profit for the year before Depreciation & Taxes	(400)	110
Less: Depreciation including Preliminary	515	533
Expenses written off during the year		
Profit/(Loss) after tax	(915)	(423)

2. OPERATIONAL HIGHLIGHTS:

The performance of your Company during the year under review has further suffered due to reduced volumes due to market conditions. Your Company has registered a decrease of 14% in Sales quantity and a corresponding decrease of 16% in value over the previous year. The net loss for the year was Rs. 915 lakhs as against a net loss of Rs. 423 Lakhs during the previous year. The increase in loss is mainly on account of reduced volumes, increase in cost of Power, increased Transportation Cost, and increase in Interest and Finance Charges.

3. DIRECTORS:

The Board wishes to place on record its appreciation of the services rendered by Mr. Rudi G. Endres & Mr. Dinesh Himatsingka who resigned from the Board on 2nd November 2000 and 14th January 2001 respectively. It also places on record the services rendered by Mr. S. K. Warrior, who expired on February 19, 2001.

Mr. S.N. Agarwal and Mr. S. Santhanam retire at the ensuing Annual General Meeting and are eligible for re-appointment. Dr. S.L. Rao has been co-opted as an Additional Director to hold office up to the conclusion of the ensuing Annual General Meeting. The Company has received a notice from a member proposing Dr. S.L. Rao's candidature as a Director at the ensuing Annual General Meeting.

4. FORMATION OF AUDIT COMMITTEE

In compliance with Section 292 A of the Companies Act, 1956, an Audit Committee comprising of the following non-wholetime Directors has been constituted and two meetings have been held till date:

- a. Shri S. Santhanam : Chairman
- b. Shri C.S. Pani : Member
- c. Dr. S.L. Rao : Member

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001 and of the loss of the Company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

6. INDUSTRIAL RELATIONS:

Industrial relations were cordial during the year.

7. PARTICULARS OF EMPLOYEES:

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

8. AUDITORS:

M/s. R.S. Agarwala & Co, Chartered Accountants, retire as Auditors of the Company at the conclusion of the 27th Annual General Meeting and are eligible for re-appointment.

9. 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.

10. 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.

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Bangalore
July 24, 2001

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