



BHORUKA GASES LIMITED

28th ANNUAL REPORT

2001-2002

28th ANNUAL REPORT

BOARD OF DIRECTORS S N AGARWAL - Chairman
 K GURURAJ - Managing Director
 UMA AGARWAL - Wholetime Director
 S SANTHANAM
 C S PANI
 S V S RAGHAVAN
 Dr. S.L. RAO (upto 5.9.2001)

VICE PRESIDENT A SHARATH CHANDRA PRASAD
FINANCE & ADMINISTRATION

COMPANY SECRETARY & L NANDALAL
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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of the Company will be held on Friday, September 27, 2002 at 1330 hrs 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 2002 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. C. S. Pani, 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 pass the following resolution, with or without modification as an ordinary resolution :
"RESOLVED that the reference made under Section 15 of The Sick Industrial Companies (Special Provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction, by the Managing Director of the Company be taken note of."

By Order of the Board
for BHORUKA GASES LIMITED

(K. GURURAJ)
MANAGING DIRECTOR

Place : Bangalore
Date : April 22, 2002

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 Special business at Item Nos. 5 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 2, 2002 to September 27, 2002.
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 Wing", 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 : Bhoruka Gases Limited
No. 5570, Malleswaram West
BANGALORE - 560 055 Tel No. 3322082

9. As the shareholders of the company are already aware, the Company has signed agreements with National Securities Depository Ltd (NSDL) and Central Depository Services Limited 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 the Annual Report to the Meeting.

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

ITEM NO. 05

The Company had made a reference in January 2002 to the Board for Industrial and Financial Reconstruction under Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985 in respect of erosion of more than fifty per cent net worth by the company.

It can be seen from the audited Profit and Loss Account and Balance Sheet for the year ended 31st March 2002 that the accumulated losses have exceeded the company's net worth and therefore the Company has become a Sick Industrial Company within the meaning of The Sick Industrial Companies (Special Provisions) Act 1985. Accordingly, a reference under Section 15 of the said Act has been made by the Managing Director to the Board for Industrial and Financial Reconstruction (BIFR), for determination of the measures to be adopted with respect to the company, under the authority of the Board of Directors of the company, duly exercised at their meeting held on April 22, 2002.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

By Order of the Board
for BHORUKA GASES LIMITED

Place : Bangalore
Date : April 22, 2002

(K GURURAJ)
MANAGING DIRECTOR



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 28th 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 2002 are as follows:

	Year ended 31.3.2002	Year ended 31.3.2001
Sales & Other Income	2,586	2,702
Profit before Interest & Depreciation	194	488
Less: Interest & Finance Charges	975	888
Profit/(Loss) for the year before Depn & Taxes	(781)	(400)
Less: Depreciation including Preliminary	416	515
Expenses written off during the year		
Profit/(Loss) after tax	(1,197)	(915)

2. OPERATIONAL HIGHLIGHTS:

The performance of your Company during the year under review has witnessed further reduction in volumes due to market conditions. Your Company has registered a decrease of 4% in Sales quantity and a corresponding decrease of 5% in value over the previous year. The net loss for the year was Rs. 1,197 lakhs as against a net loss of Rs. 915 Lakhs during the previous year.

3. REFERENCE TO BIFR UNDER SECTION 15 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Consequent to the erosion of the net worth of the company based on the audited results of the company for the year ended 31st March 2002, a reference is being made to the Board for Industrial and Financial Reconstruction under Section 15 of The Sick Industrial Companies (Special Provisions) Act, 1985.

4. DIRECTORS:

The Board wishes to place on record its appreciation of the services rendered by Dr. S.L. Rao who resigned from the Board on September 5, 2001.

Mr. S.V.S. Raghavan and Mr. C. S. Pani retire at the ensuing Annual General Meeting and are eligible for re-appointment.

5. 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 vide Annexure I and forms part of the report.

6. CORPORATE GOVERNANCE :

A detailed report on Corporate Governance is annexed vide Annexure II to this Report. The Auditors' Certificate regarding compliance of all conditions of Corporate Governance, and the Management discussion and Analysis Report form part of this Report.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- 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, 2002 and of the loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records

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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.

8. INDUSTRIAL RELATIONS:

The unionised workmen of the Company have gone on an indefinite strike from January 11, 2002 against the suspension of one of their members against whom inquiry proceedings had already commenced. The conciliation proceedings before the Labour Commissioner have failed and the management have appealed to the striking workers to rejoin the duty, and not to precipitate the matter. The three year wage agreement with the Union has expired on March 31, 2002 and the Union has been intimated the conditions on which the fresh settlement for a further period of three years can be negotiated. Discussions are yet to take place.

9. 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.

10. AUDITORS:

M/s. R.S. Agarwala & Co, Chartered Accountants, retire as Auditors of the Company at the conclusion of the 28th Annual General Meeting and are eligible for re-appointment.

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, Banks, Customers, Shareholders and the Employees of the Company during the year under review.

Bangalore
April 22, 2002

For and on behalf of the
Board of Directors

S N AGARWAL
Chairman



ANNEXURE I 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, 2002

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 has resulted in reduction of power consumption.

2. TECHNOLOGY ABSORPTION:

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.

3. FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company spent an amount of Rs. 166.65 Lakhs in foreign exchange towards import of ultra high pure gases, interest, spare parts and travelling during the year 2001-2002 and the export earnings was Rs. 1.46 lakhs.

ANNEXURE II TO DIRECTOR'S REPORT :**REPORT ON CORPORATE GOVERNANCE :**

In pursuance of the Listing Agreement with the Stock Exchanges, the Company is furnishing below information on "Corporate Governance" for the benefit of the shareholders.

1. THE COMPANY PHILOSOPHY ON CODE OF GOVERNANCE :

The Company is managed and controlled through a professional Board of Directors. The members of the Board are all experienced professionals.

The matters of policy and other relevant and significant information are regularly made available to the Board. The Board has constituted an Audit Committee, Shareholder's Committee and a Remuneration Committee to look into the aspects relevant to each committee.

2. BOARD OF DIRECTORS :

The Board of Directors comprises of Chairman, Managing Director, whole time Director and three part time Directors.

During the year four Board Meetings were held on June 30, 2001, July, 24, 2001, October 29, 2001 and January 30, 2002.

The composition of directors, their attendance at the Board meetings during the financial year and at the last Annual General Meeting as also number of other directorships held by them are as follows :

Sl. No.	Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Number of other Directorships
1.	Mr. S.N. Agarwal	Chairman	4	Yes	11
2.	Mr. S.V.S. Raghavan	Part-time	2	No	4
3.	Mr. C.S. Pani	Part-time	4	No	6
4.	Mr. S. Santhanam	Part-time	4	Yes	1
5.	Ms. Uma Agarwal	Whole-time	3	Yes	-
6.	Mr. K. Gururaj	Managing Director	4	Yes	1
7.	Dr. S.L. Rao	Part-time	1	No	6