



# **BHORUKA GASES LIMITED**

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## **29th ANNUAL REPORT 2002-2003**



**29th ANNUAL REPORT 2003****BOARD OF DIRECTORS**S.N.AGARWAL - *Chairman*

S.SANTHANAM

C S PANI

S V S RAGHAVAN

M SRIVASTAVA - *Executive Director***AUDITORS**

M/s R.S.AGARWALA &amp; COMPANY

**BANKERS**

STATE BANK OF INDIA

**REGISTERED OFFICE  
& WORKS**Whitefield Road  
Mahadevapura Post  
Bangalore-560 048**REGISTRAR & TRANSFER  
AGENTS**M/s Kirloskar Computer Services Limited,  
5570, Malleswaram West  
Bangalore-560 055  
Telephone : 3370280 Fax No. 3376996

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Annual General Meeting		
<b>Date</b>	:	31st July, 2003
<b>Day</b>	:	Thursday
<b>Venue</b>	:	Registered office of Bhoruka Steel Limited at Whitefield Road, Mahadevapura Post, Bangalore-560 048
<b>Time</b>	:	12 Noon

## NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company will be held on Thursday 31st July 2003 at 12.00 Noon at Registered Office of Boruka Steel Limited, Whitefield Road, Mahadevapura Post, Bangalore- 560 048 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March 2003 and Profit and Loss account for the year ended on that date and Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. S.Santhanam, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. S.N.Agarwal, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration. M/s. R.S. Agarwala & Company, Chartered Accountants, who retire at this meeting and being eligible offer themselves for re-appointment.

By Order of the Board

Place : Bangalore  
Date : May 21, 2003

**S.N. AGARWAL**  
Chairman

### 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. Proxies in order to be effective must be deposited at the Registered Office of the Company 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 Register of Members and Share Transfer books of the company will be remain closed from Friday , 25th July 2003 to Thursday, 31st July 2003 (both the days inclusive).
5. 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 : Boruka Gases Limited  
No. 5570, Malleswaram West  
BANGALORE - 560 055 Tel No. 3370280

6. As the shareholders of the company are already aware, the Company has already listed 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.

7. Pursuant to the provisions of Section 205 (A) of the Companies Act, 1956 as amended dividends for the financial year ended 31st March 1995 and 31st March, 1996 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Accordingly, the unpaid dividends for the year 1995 / 1996 will be transferred to the Central Government on 27th October 2003 and 5th November 2004 respectively. Members who have not encashed their dividend warrants for the financial years ended 31st March, 1995 and 31st March, 1996 may claim the unclaimed dividends directly from the company or Registrars and Transfer Agents before 27th October, 2003 and 5th November, 2004 respectively.
8. Members who have not yet dematerialized their shares, may please get their shares dematerialized immediately.
9. As per the provisions of Section 219 (a) (b) (iv) of the Companies Act, 1956 the Annual Report is being sent to all the Members and the Trustees for the holders of debentures of the company.
10. As per the provisions of the amended Companies Act, 1956 facility for making nominations is now available to individuals holding shares in the company. The nomination form- 2B prescribed by the government can be obtained from R&TA.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Statements of Accounts for twelve months ended 31st March, 2003

### 1. FINANCIAL RESULTS:

The financial results of the Company for the year ended 31st March 2003 are as follows:

	Year ended 31.03.2003	Year ended 31.03.2002
Sales & Other Income	2993	2,586
Profit before Interest & Depreciation	701	194
Less: Interest & Finance Charges	625	975
Profit/(Loss) for the year before Depreciation & Taxes	76	(781)
Less: Depreciation	399	416
Profit/(Loss) after tax	(323)	(1,197)

### 2. OPERATIONAL HIGHLIGHTS:

During the year under review, the performance of your Company has witnessed improved working and financial results through increased capacity utilization and vigorous marketing efforts on one hand and the cost cutting measures on the other. Your Company has registered an increase of 32% in Sales quantity and a net increase of 24% in value over the previous year. The net loss for the year was Rs. 323 lakhs as against Rs.1197 Lakhs during the previous year.

During the year under review, your company has made a negotiated settlement with ICICI one of the term lending institutions, which has not only brought down the interest charges substantially, but will also help the company in the revival efforts. Negotiations on similar lines are on with IDBI, the other term lending institution. IDBI and ICICI have approved for the disposal of the assets of the Calibration Gas Division for Rs. 199 lakhs (which is around 2% of the total value of assets).

### 3. REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR), NEW DELHI.

During the year under review, a reference was made to the Hon'ble Board for Industrial and Financial Reconstruction, New Delhi. The Hon'ble BIFR at the hearing held on 6th May, 2003 declared that the company has become a sick Industrial company within the meaning of Section 3 (1)(0) of the Sick Industrial Companies(Special Provisions) Act,1985. Industrial Development Bank of India (IDBI) has been appointed as the Operating Agency and has been asked to submit the Draft Rehabilitation Scheme based on the Technical Evaluation and fully tied up proposals with the secured creditors and other concerned agencies.

### 4. DIRECTORS:

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

### 5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE 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:

As a listed company, necessary measures are taken to comply with the listing agreements with the stock exchanges. A Report on Corporate Governance, along with the Certificate of Compliance from the Auditors, forms a part of this Report.

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956. Your Directors state

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

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ii. That your Directors have selected accounting policies were applied consistently and the directors made judgments 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 end of the financial year and of the loss of the Company for that period

iii. That your Directors have taken proper and sufficient care 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 your Directors have prepared the annual accounts on a going concern basis

**8. INDUSTRIAL RELATIONS:**

The three year wage agreement entered into by your company with the Employee's Union has expired on March 31, 2002 and the Union has been intimated the change of service conditions on which the fresh settlement can be negotiated. The Discussion took place before the Labour Commissioner and the matter is under consideration. The rehabilitation scheme will have to be based on the minimum manpower cost so as to ensure the operations to be viable.

**9. PARTICULARS OF EMPLOYEES:**

None of the employees of the Company during the year or part thereof were in receipt of

remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

**10. OBSERVATIONS OF AUDITORS :**

The observations made in the Auditors' Report are self explanatory in Notes on Accounts in Schedule 19 and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**11. AUDITORS:**

At the Annual General Meeting the Members are requested to appoint auditors and to fix their remuneration for the ensuing year. M/s. R.S. Agarwala & Company, Chartered Accountants, the present Auditors, have furnished their certificate of eligibility for appointment.

**12. 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.

For and on behalf of the Board

Bangalore  
May 21, 2003

**S.N. AGARWAL**  
Chairman

## **ANNEXURE I TO DIRECTORS' REPORT**

### **CONSERVATION OF ENERGY, 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, 2003

#### **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.

#### **TECHNOLOGY ABSORPTION:**

##### **A. Research and Development :**

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

#### **2. FOREIGN EXCHANGE EARNINGS/OUTGO:**

The Company spent an amount of Rs 65.00 Lakhs in foreign exchange towards import of ultra high pure gases, spare parts and traveling during the year 2002-2003 and the export earnings was Rs. 24.00 lakhs.

## **ANNEXURE II TO THE 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 a Chairman, one Whole Time Executive Director and Three independent Directors.

During the year, Five Board Meetings were held on April 22, 2002, June 26, 2002, July, 29, 2002, October 29, 2002 and January 29, 2003.

**BHORUKA GASES LIMITED**

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 :

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM	Number of Other Directorships
1. S.N.Agarwal	Chairman	5	No	10
2. S.Santhanam	Independent	4	Yes	2
3. C.S.Pani	Independent	2	No	4
4. M.Srivastava	Executive Director	3	Yes	-
5. S.V.S.Raghavan	Independent	1	No	5
6. Uma Agarwal (since resigned)	Whole -time Director	2	No	-
7. K.Gururaj (since resigned)	Managing Director	3	Yes	-

**NEW DIRECTOR:**

Mr.M.Srivastava was appointed as an Executive Director with effect from July 01, 2002

**DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED:**

Mr. S.N.Agarwal and Mr.S.Santhanam have been on the Board of the Company from 1974 and 1984 respectively.

**3. AUDIT COMMITTEE:**

Chairman of the committee, Mr. Santhanam and Mr. C.S.Pani are independent Directors.

**Terms of reference:**

The role and Power of the Audit Committee are as laid down under the relevant clause of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Committee met three times during the year 2002-2003 and the attendance of members at the meetings were as follows:

Name of Member	Status	No. of meetings attended
Mr. S. Santhanam	Chairman	3
Mr. C.S. Pani	Member	2
Mr. S.N. Agarwal	Member	3

**4. SHAREHOLDERS COMMITTEE**

A "Shareholders Committee" was constituted to look into the redressal of shareholders and investors complaints like transfer of shares, non-receipt of declared dividends, etc. Mr. S. Santhanam is the Chairman of the Committee. No complaint is pending as on date.

**5. REMUNERATION COMMITTEE:**

A "Remuneration Committee" was constituted of Mr. S. Santhanam, Mr. C.S. Pani and Mr. S.N. Agarwal was constituted to look into the remuneration of Non-Executive Directors as and when the company starts making profits. Mr. S. Santhanam is the Chairman of the Committee.



**29th ANNUAL REPORT 2003****6. GENERAL BODY MEETINGS:**

The dates, time and venue of the previous Annual General Meetings held during the last three years are given below:

DATE	TIME	VENUE
27.9.2002	1330 Hrs	Woodlands Hotel, Bangalore
26.9.2001	1230 Hrs	Woodlands Hotel, Bangalore
29.9.2000	1330 Hrs	Woodlands Hotel, Bangalore

**7. DISCLOSURES :**

During the year, electricity has been purchased from Bhoruka Power Corporation Limited and the total value of the said purchases was Rs.393 lakhs.

There were no instances of non-compliance on any matter related to the capital markets during the last three years.

**8. MEANS OF COMMUNICATION:**

The unaudited quarterly results and the audited yearly financial results are sent to the Stock Exchanges where the shares of the company are listed. The results are also published in the local newspapers.

Management's Discussion & Analysis Report forms part of the Annual Report.

**9. GENERAL SHAREHOLDERS INFORMATION:**

The 29th Annual General Meeting of the Members of the company is scheduled to be held on Thursday 31st July 2003 at 12.00 Noon at the Registered Office of Bhoruka Steel Limited, Whitefield Road, Mahadevapura Post, Bangalore-560 048.

The company's financial year is divided into four quarters, viz.,

First Quarter	1st April	to 30th June
Second Quarter	1st July	to 30th September
Third Quarter	1st October	to 31st December
Fourth Quarter	1st January	to 31st March

The Share Transfer books would remain closed during the period from 25th July, 2003 to 31st July, 2003 (both days inclusive).

The Company's shares are listed at the Bangalore and Mumbai Stock Exchanges. The listing fees for the year 2003-2004 have been paid to the above Stock Exchanges.

**10. STOCK MARKET PRICE DATA FOR THE YEAR 2002-2003 :**

The high/low quotation of the Company's shares on the Mumbai Stock Exchange during the year (April 2002 to March 2003) are as follows

(In Rupees)												
Month	Apr 02	May 02	June 02	July 02	Aug 02	Sep 02	Oct 02	Nov 02	Dec 02	Jan 03	Feb. 03	Mar 03
High	2.00	1.65	5.55	7.20	4.00	3.00	2.00	2.00	2.40	3.35	3.25	2.70
Low	2.00	1.30	1.85	4.00	3.50	2.25	1.65	2.00	1.40	1.55	2.50	1.95