



BHURUKA GASES LIMITED

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30th ANNUAL REPORT

2003-2004

BOARD OF DIRECTORS

S.N.AGARWAL	<i>Chairman</i>
R.C.PUROHIT	<i>(w.e.f.1.04.2004)</i>
SAROSH J. GHANDY	<i>(w.e.f.29.04.2004)</i>
SHAMIK ROY	<i>Nominee IDBI (w.e.f 31.05.2004)</i>
R.S.MATHUR	<i>Special Director BIFFR (w.e.f 29.6.2004)</i>
C S PANI	<i>(upto 01.02.2004)</i>

MAYANK SRIVASTAVA	<i>(upto 31.03.2004)</i>
S.V.S.RAGHAVAN	<i>(upto 19/7/2004)</i>
S.SANTHANAM	<i>(upto 28.07.2004)</i>

AUDITORS

M/s R.S.AGARWALA & COMPANY

BANKER

STATE BANK OF INDIA

**REGISTERED OFFICE
& WORKS**

Whitefield Road
Mahadevapura Post
Bangalore-560 048

SHARES LISTED AT

1. Bangalore Stock Exchange Ltd
2. The Stock Exchange Mumbai

Contents	Page No.
AGM Notice	4
Directors' Report	6 - 7
Annexure to Directors' Report	8 - 12
Management Discussion & Analysis Report	13
Auditor's Report	15 - 17
Balance Sheet	18
Profit & Loss Account	19
Schedules	20 - 24
Notes on Accounts	24 - 28
Proxy form / Attendance slip	31

Annual General Meeting	
Date	: 17th September, 2004
Day	: Friday
Venue	: Registered office Whitefield Road, Mahadevapura Post, Bangalore-560 048
Time	: 10 A.M.

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of the Company will be held on Friday 17th September, 2004 at 10.00 A.M at Registered Office of the Company, 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, 2004 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.N.Agarwal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. M/s. R.S. Agarwala & Company, Chartered Accountants, who retire at this meeting are eligible for appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

To appoint a Director in the place of Mr.R.C.Purohit who was appointed as an additional Director by the Board of Directors with effect from 1st April, 2004 and who holds office upto the date of this Annual General Meeting under section 260 of the companies Act, 1956, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of the Director.

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

To appoint a Director in the place of Mr.Sarosh J. Ghandy who was appointed as an additional Director by the Board of Directors with effect from 29th April, 2004 and who holds office upto the date of this Annual General Meeting under section 260 of the companies Act, 1956, being eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of the Director.

BY ORDER OF THE BOARD

Place : Bangalore
Date :29.07.2004

S.N.Agarwal
Chairman

NOTES :

1. A relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under items No. 4 & 5 above is annexed hereto.
2. 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. A PROXY MAY NOT VOTE EXCEPT ON A POLL.
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 Register of Members and Share Transfer books of the company will remain closed from 10th September, 2004 to 17th September, 2004 (both days inclusive)
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 am and 1 pm 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 : Bhuruka Gases Limited
No. 5570, Malleswaram West
BANGALORE - 560 055 Tel No. 2332 2082
8. As the shareholders of the company are aware, the Company is already listed 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.

9. Unclaimed dividend declared upto the financial year ended 31st March, 1996 is due for transfer to General Revenue Account of the Central Government on 5th November 2004.
10. Shareholders who have so far not claimed / collected their dividend upto the aforesaid financial year may claim their dividend from the company.
11. Members are requested to bring their copies of the Annual Report to the Meeting.
12. The company has paid the Annual listing fees to the Stock Exchanges for the Financial year 2004-2005.

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

ITEM NO.4

Mr.R.C.Purohit was appointed as an additional director of the company by the Board of Directors with effect from 1st April, 2004. In terms of Section 260 of the Companies Act, 1956 Mr. R.C.Purohit, holds office as a Director till the date of the ensuing Annual General Meeting of the Company and is eligible for appointment. Notice in writing has been received from a share holder of the company signifying his intention in proposing Mr. R.C. Purohit as a candidate for the office of the Director. Mr. R. C. Purohit is having rich and varied experience in

Management. The Board considers it desirable that the company continues to avail of the services and wise counsel of Mr. R.C. Purohit and accordingly, the Directors recommend that he be appointed as a Director of the Company. Other than Mr. R.C.Purohit, none of the other Directors, are in any way, concerned or interested in this resolution.

ITEM NO.5

Mr. Sarosh J. Ghandy was appointed as an additional director of the company by the Board of Directors with effect from 29th April, 2004. In terms of Section 260 of the Companies Act, 1956 Mr. Sarosh J. Ghandy, holds office as a Director till the date of the ensuing Annual General Meeting of the Company and is eligible for appointment. Notice in writing has been received from a share holder of the company signifying his intention in proposing Mr. Sarosh J. Ghandy as a candidate for the office of the Director. Mr. Sarosh J. Ghandy is having rich and varied experience in Management. The Board considers it desirable that the company continues to avail of the services and wise counsel of Mr. Sarosh J. Ghandy and accordingly, the Directors recommend that he be appointed as a Director of the Company. Other than Mr. Sarosh J. Ghandy, none of the other Directors, are in any way, concerned or interested in this resolution.

BY ORDER OF THE BOARD

Place : Bangalore
Date : 29.07.2004

S.N.Agarwal
Chairman

30th ANNUAL REPORT 2004**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Accounts for the year ended 31st March, 2004

1. FINANCIAL RESULTS:

(Rs.in lacs)

	Year ended 31.03.2004	Year ended 31.03.2003
Sales & Other Income	5581	3522
Profit before Interest & Depreciation	2193	701
Less: Interest & Finance Charges	34	625
Profit/(Loss) for the year before Depreciation & Taxes	2159	76
Less: Depreciation	395	399
Profit/(Loss) after Depreciation	1764	(323)

2. DIVIDEND :

Your Directors decided not to recommend any dividend for the year ended 31st March, 2004.

3. 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 2% in Sales quantity and a net increase of 3% in value over the previous year. The profit for the year was Rs.1764 lakhs as against a net loss of Rs.323 Lakhs during the previous year.

During the year under review, your company has settled and cleared the dues of ICICI, one of the term lending institutions. IDBI, the main term lender has agreed to re-structure its dues with waiver of past interest liability and recover the same over a period of six years (principal dues) and over next 2 1/2 years, the future interest dues. The benefits accrued out of the waiver have been accounted during the year.

4. REFERENCE TO BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR)

The Hon'ble BIFR has approved the Rehabilitation Scheme of the Company on 29th June 2004 and the same is being implemented in true letter and spirit.

5. DIRECTORS:

Mr.C.S.Pani, Mr.Mayank.Srivastava Mr..S.V.S. Raghavan, and Mr.S.Santhanam, Directors have resigned from the Board with effect from 1/2/2004, 31/03/2004, 19/7/2004, 28/07/2004 respectfully. The Board placed on record its appreciation for the valuable services rendered by them during their tenure as Directors.

Mr.R.C.Purohit and Mr.Sarosh J.Ghandy have been appointed as Additional Directors with effect from 1/4/2004 and 29/4/2004 respectively.

Industrial Development Bank of India nominated Mr. Shamik Roy as its Nominee with effect from 31/5/2004

The Hon'ble Board for Industrial and Financial Reconstruction nominated Mr.R.S.Mathur as its Special Director with effect from 29/6/2004.

Mr. S.N. Agarwal, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. R.C.Purohit and Mr. Sarosh J. Ghandy retire at this ensuing Annual General Meeting and being eligible offer themselves for appointment.

6. CHANGE OF NAME

The name of the Company has been changed from "Bhoruka Gases Limited" to "Bhuruka Gases Limited" with effect from 29th March, 2004. The Registrar of Companies, Karnataka, Bangalore issued fresh certificate of Incorporation consequent to change of name of the Company.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:

As required under Section 217 (i) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the

particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, wherever applicable are annexed.

8. CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement, a report of compliance of Corporate Governance as on 31/3/2004 is annexed together with the certificate from the Auditors of the company on compliance.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors based on the representations received from the operating management confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. they have in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and 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 at the end of the financial year and of the profit of the company for that period.
3. they have taken proper and sufficient care, to the best of their knowledge and ability, 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;
4. they have prepared the annual accounts on a going concern basis.

10. PERSONNEL:

The relationship with the employees continued to be cordial through out the year. The Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork, exemplary professionalism and enthusiastic contribution during the year.

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.

11. OBSERVATIONS OF AUDITORS:

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

12. AUDITORS:

M/s. R.S. Agarwala & Company, Chartered Accountants, Bangalore Company's Auditors retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for appointment.

13. ACKNOWLEDGMENTS:

Directors acknowledge with thanks co-operation and assistance received by the Company from the Central and State Governments, Financial Institutions, Bank, Customers, Shareholders and its Employees for their support and commitment to ensure that the company continues to grow.

For and on behalf of the Board

Bangalore
Date 29.7.2004

S.N. AGARWAL
Chairman

ANNEXURE I TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

A. CONSERVATION OF ENERGY:

The Company has suitable system 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.

B. TECHNOLOGY ABSORPTION:

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.

C. FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company incurred an expenditure of Rs136 Lakhs in foreign exchange towards import of ultra high pure gases, spare parts and traveling during the year 2003-2004 and the export earnings were Rs.15.49 lakhs.

ANNEXURE II TO THE DIRECTOR'S REPORT

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

Bhuruka Gases Limited, looks at Corporate Governance as the cornerstone for the sustained Superior performance, for serving all its stakeholders and instilling pride of association. The entire process begins with the functioning of Board of Directors with professionals and experts serving as independent directors and represented in various Committees of the Board.

Key elements in corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications, and high standards of safety, health, accounting fidelity, product and service quality.

The following is a report on the status and progress on major aspects of Corporate Governance.

2. BOARD OF DIRECTORS:

a) Composition:

The Board of Directors of the company, headed by a Non-Executive Chairman, consisted of the following Directors, as on 31st March, 2004.

Name of the Director Category

Mr. S.N. Agarwal	Non- Executive chairman and Promoter
Mr. S. Santhanam	Non- Executive and independent Director
Mr. S.V.S. Raghavan	Non- Executive and independent Director
Mr. C.S.Pani	Non- Executive and independent Director
Mr. Mayank Srivastava	Executive Director

b) Attendance at the Board Meeting and last Annual General Meeting and details of other Directorships etc.,

During the financial year ended 31st March, 2004 Five Board Meetings were held on the following dates:

May 21, 2003, July 30, 2003, October 31, 2003, January 27, 2004 and March 26, 2004.

Name of Director	No. of Board Meetings Attended	Attendance at last AGM held on 31ST July,2003	Number of Directorships & other committee Memberships	
			Other Directorships	Other Board Committees
1. S.N.Agarwal	4	Yes	10	3
2. S. Santhanam	5	No	2	3
3. S.V.S. Raghavan	Nil	No	4	-
4. C.S.Pani	4	No	5	3
5. Mayank Srivastava	2	Yes	Nil	-

c) NEW DIRECTORS:

Mr.R.C.Purohit and Mr.Sarosh J. Ghandy, were appointed as Additional Directors w.e.f 1.4.2004 and 29.04.2004 respectively.

Industrial Development Bank of India nominated Mr.Shamik Roy as its Nominee w.e.f 31.05.2004.

The Hon'ble Board for Industrial and Financial Reconstruction appointed Mr.R.S.Mathur as its Special Director with effect from 29.06.2004.

d) DETAILS OF RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS:

Mr. S.N.Agarwal is retiring by rotation, Mr. R.C. Purohit and Mr. Sarosh J. Ghandy Additional Directors retire at the ensuing Annual General Meeting and offer themselves for appointment.

3. AUDIT COMMITTEE:

Terms of reference and composition, names of Members and Chairman

a) Constitution:

The Audit Committee comprises of three Directors Mr. S. Santhanam, Mr. C.S. Pani, Mr. S.N. Agarwal.

b) Terms of reference:

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges and as specified Under Section 292 A of the Companies Act, 1956.

c) Meetings and Attendance:

There were three meetings held during the year 2003-2004. The attendance of each member of the Committee is given below:

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

Executive Director, Senior Management Personnel, Statutory Auditors, Internal Auditors are required to attend by invitation as and when invited to the meeting.

4. SHAREHOLDERS GRIEVANCE COMMITTEE

The Committee comprises of Mr. S.Santhanam, Mr. C.S. Pani and Mr. S.N. Agarwal as members.

During the year the company had received 197 Letters from the Shareholders and all of them were resolved to the satisfaction of the shareholders by furnishing the requisite information/documents. There were no complaints pending at the close of the financial year.

There were Five meetings held during year.

The role of Shareholder Grievance Committee includes:

- i) Approval of share transfers.
- ii) Approval of transmission of shares.
- iii) Issue of duplicate share certificates.
- iv) Issue of share certificates by consolidation / sub-division.
- v) Look into specific complaints of investors.

5. REMUNERATION COMMITTEE:

The broad terms of reference of the remuneration Committee are to determine and recommend to the Board the remuneration payable to the Executive Director, periodic evaluation of his performance and to determine and advise the Board.

The Remuneration Committee comprises of three Directors Mr. S. Santhanam, Mr. C.S. Pani, Mr. S.N. Agarwal .

6. ANNUAL GENERAL MEETINGS (AGM):

Details of last three AGMs held are given below:

DATE	TIME	VENUE
31.7.2003	12.00 Hrs	Registered Office of Boruka Steel Ltd Whitefield Road, Bangalore
27.9.2002	1330 Hrs	Woodlands Hotel, Bangalore
26.9.2001	1230 Hrs	Woodlands Hotel, Bangalore

All the resolutions including the special resolutions set out in the respective Notices were passed by the shareholders.

No postal ballot was used for voting at these meetings.

7. DISCLOSURES :

During the year under review, electricity was purchased from Boruka Power Corporation Limited to the tune of Rs 464 lakhs.

During the last three years, there were no strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital markets.

8. COMPLAINTS WITH CORPORATE GOVERNANCE NORMS:

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in clause 49 of the Listing Agreement with the Stock Exchanges.

9. MEANS OF COMMUNICATION :

The quarterly, half-yearly unaudited financial results and the annual audited financial results are sent to the Stock Exchanges immediately after the Board Meetings and are also published in the newspapers. The results are not sent individually to the shareholders.