



# **BHURUKA GASES LIMITED**

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**33rd**  
**ANNUAL**  
**REPORT**  

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**2006-2007**

**33rd ANNUAL REPORT 2007**

<b>BOARD OF DIRECTORS</b>	S.N.AGARWAL	<i>Chairman</i>
	SAROSH J GHANDY	<i>Director</i>
	PRASAD M KUMAR	<i>Director</i>
	R.C.PUROHIT	<i>Director</i>

**AUDITORS** M/s R.S.AGARWALA & COMPANY

**BANKERS** STATE BANK OF INDIA

**REGISTERED OFFICE  
& WORKS** Whitefield Road  
Mahadevapura Post  
Bangalore-560 048

**SHARES LISTED AT** 1. Bombay Stock Exchange Ltd., Mumbai  
2. Bangalore Stock Exchange Ltd., Bangalore

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<b>Annual General Meeting</b>	
<b>Date</b>	: 29th September, 2007
<b>Day</b>	: Saturday
<b>Venue</b>	: Boruka Steel & Services Limited Whitefield Road Mahadevapura Post Bangalore-560 048
<b>Time</b>	: 10.00 A.M.

**BHURUKA GASES LIMITED****NOTICE**

**NOTICE** is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held on 29.09.2007 at 10.00 A.M at Bhuruka Steel & Services Limited, Whitefield Road, Mahadevapura Post, Bangalore - 560 048 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Balance Sheet as at 31st March 2007 and the Profit & Loss Account for the year ended 31st March, 2007 and the 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 is eligible for re-appointment.
3. To appoint a Director in place of Mr. R.C. Purohit 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 are eligible for re-appointment.

For and on behalf of the Board

Place : Bangalore  
Date : 31.08.2007

**S.N.Agarwal**  
Chairman

**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.
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 Register of Members and Share Transfer books of the company will remain closed from 25.09.2007 to 29.09.2007 (both days inclusive)
5. 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 up to the date of the Annual General Meeting.
6. Members are requested to notify immediately any change in their address to the Registrar and Share transfer Agent

M/s. Canbank Computer Services Limited  
Unit: Bhuruka Gases Limited  
R & T Centre, Naveen Complex, 4th Floor  
# 14, M.G. Road  
BANGALORE - 560 001  
Tel No. 080-25320542/25320543  
Fax No. 080-25320544

7. As the shareholders of the company are aware, the Company is 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. Canbank Computer Services Limited at the address given above.

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

For and on behalf of the Board

Place : Bangalore  
Date : 31.08.2007

**S.N.Agarwal**  
Chairman

**33rd ANNUAL REPORT 2007****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited Accounts for the year ended 31st March, 2007

**1. FINANCIAL RESULTS:**

(Rs.in lacs)

	Year ended 31.03.2007	Year ended 31.03.2006
Sales & Services	3418	4114
Other Income	96	44
Profit before Interest & Depreciation (incl. Other income)	991	1445
Operational profit before Interest & Depreciation	895	1401
Interest & Finance Charges	17	105
Profit for the year before Depreciation & Taxes	974	1340
Depreciation	462	434
Profit after Depreciation	512	906
Taxation	58	76
Deferred tax assets	-	35
Deferred Tax Liability	336	203
Fringe Benefit Tax	4	3
Profit after Tax	114	589

**2. DIVIDEND :**

Your Directors decided not to recommend any dividend for the year ended 31st March, 2007.

**3. OPERATIONAL HIGHLIGHTS:**

Turnover/Total Income for the year Rs.3514 lakh was 15% lower than Rs.4158 lakh in the previous year. The decline was mainly due to stiff competition in the form of steep drop in selling prices of bulk gases. This has affected the working and financial results though the capacity utilization was sustained and vigorous marketing efforts continued. As a result of this, the operational profit before Interest & Depreciation for the year was Rs.895 lakh as against Rs.1401 lakh during the previous year.

In the last year it was reported that the long-term sales agreement for 5 years for sale of 50% of the liquid Oxygen and Nitrogen was entered into with M/s. Praxair India (P) Limited.

However, in February 2007 M/s. Praxair India (P) Limited has abruptly terminated the said agreement. This has had serious impact on the working of your Company. Nevertheless, efforts are on to make good the quantum loss through new customer base on vigorous marketing efforts.

**4. FUTURE OUTLOOK:**

Your Company has been making unstinted efforts to expand its market share in Industrial and Calibration Gases. As a part of the Strategy, the task of market survey and study is entrusted to a reputed Professional Research Organisation to explore various avenues for expansion of market share, more particularly Calibration gases. As a part of continuous growth effort, your Company is exploring Overseas Trading Operations.

In the last year's Report it was stated that your Company is proposing to expand its activities to Power Generation through Windmill source of Energy Power generation will be distributed for business/Commercial purposes. Proceeding in this direction efforts were made to set up a 3.2 MW Wind Mill at Nargund, Gadag District, Karnataka, after tie-up of Term Loan arrangement with State Bank of India and the same was in advanced stage of completion. However, due to certain changes in the norms of wheeling and banking arrangement with Karnataka Power Transmission Company Limited and Karnataka Electric Supply Companies having cascading effect on the economics of the project it was decided to shelve the implementation of project.

**5. SAP - ERP**

It is heartening to report that, during the year under review, your Company's operations have been integrated with World renowned ERP/ Business solutions from SAP. To begin with 7 modules viz., MM, SD, FICO, PP, PM, QM and Cylinder Tracking were taken up and was put to live in December 2006. It is proposed to review and introduce more modules depending upon need based requirement.

**6. DIRECTORS:**

1. Mr. S.N. Agarwal Chairman who retires by rotation and being eligible, offers himself for re-appointment.
2. Mr. R.C.Purohit Director who retires by rotation and being eligible, offers himself for re-appointment.

**BHURUKA GASES LIMITED****7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUT GO:**

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 31/3/2007 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:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) they have in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and 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 at the end of the financial year and of the profit of the company for that period.
- c) 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;
- d) they have prepared the annual accounts on a going concern basis.

**10. HUMAN RESOURCES:**

The relationship with employees continued to be cordial throughout the year. The Directors record their appreciation of the dedicated services employees at all levels.

There are no employees covered under sub-

section 2A of Section 217 of the Companies Act 1956 and Companies (Particulars of employees) Rules 1975.

**11. SUBSIDIARY COMPANIES:**

In the last year's Report it was stated that your Company has acquired the entire equity capital of M/s Calibration Gas India Ltd., with effect from 2nd June 2005 and consequently Calibration Gas India Ltd., has become a wholly owned subsidiary of your company. Keeping in view the synergistic benefits an application was moved before the Hon'ble High Court of Karnataka seeking merger of Calibration Gas India Limited with your Company Bhuruka Gases Limited with effect from 01.04.2006. This was consented to by the Share Holders at their Extra - Ordinary General Meeting held on 10th March, 2007. The Orders of Hon'ble High Court of Karnataka in this behalf are awaited.

Pending formal approval/orders from the Hon'ble High Court of Karnataka, the reports and audited accounts of Calibration Gas India Ltd., along with the statement as at 31st March 2007 pursuant to Section 212 of the companies Act, 1956 are appended.

**12. OBSERVATIONS OF AUDITORS:**

The observations of the Auditors in the Report are explained in the notes and Accounts at Schedule 23 which are self explanatory

**13. 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.

**14. ACKNOWLEDGMENTS:**

Your Directors are thankful for the co-operation and support, which the company has received from its promoters, financial institutions, bankers, suppliers, customers and most importantly the Government of Karnataka, Government of India and other regulatory authorities. Your Directors gratefully acknowledge the contributions made by the employees towards the working of the Company.

For and on behalf of the Board

Place : Bangalore  
Date : 31.08.2007

**S.N.Agarwal**  
Chairman

**33rd ANNUAL REPORT 2007****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 Directors' Report for the year ended March 31, 2007

**A. 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.

**B. TECHNOLOGY ABSORPTION:****Research and Development:**

The Company has a Research and Development division, which is 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 Rs.179 Lakhs in foreign exchange towards import components, spares and ultra high pure gases and traveling during the year 2006-07 and the export earnings were Nil.

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**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's Philosophy is to aim at the highest levels of quality management through transparency and commitment to all the stakeholders viz. its shareholders, employees, Government lenders and the promoters.

**2. BOARD OF DIRECTORS:****a) Composition:**

The Board of Directors of the company headed by Non – Executive Chairman, consisted of the following Directors, as on 31st March, 2007

Name of the Director Category

Mr. S.N. Agarwal	Non – Executive Chairman and Promoter
Mr. Sarosh J Ghandy	Non – Executive and Independent Director
Mr. R.C. Purohit	Non – Executive Director
Mr. Prasad M Kumar	Non – Executive and Independent Director



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

During the year Five Board Meetings were held on 22nd April, 2006, 22nd July, 2006, 30th October, 2006, 4th January, 2007 and 30th January, 2007

Name of Director	No. of Board Meetings Attended	Attendance at last AGM held on 6/7/2005	Number of Other Directorships	Memberships Other Board Committees
1. Mr. S.N.Agarwal	5	Yes	7	3
2. Mr.Sarosh J Ghandy	3	No	9	3
3. Mr.R.C.Purohit	4	Yes	2	2
4. Mr.Prasad M Kumar	2	No	3	3

**c) DETAILS OF RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS:**

1. Mr. S.N. Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment. Mr. S.N. Agarwal is the Chairman of TCI-BHORUKA Group. Mr. Agarwal is a graduate engineer and has done his Management studies from USA. He has also done the AMP from Harvard Business School. He has been the Chairman of Various National Committees, i.e. power, Non-Conventional energy, Logistics, etc

Sl.No.	Name of the Company	Nature of Interest	Committee
1	Transport Corporation of India Ltd	Chairman	Remuneration Committee
2	TCI Industries Limited	Chairman	-
3	Bhoruka Power Corporation Ltd	Chairman	-
4	Kirloskar Electric Company Ltd.	Director	-
5	Iruppu Power Pvt Ltd	Director	-
6	Bhoruka Healthcare Pvt Ltd	Director	-

2. Mr. R.C. Purohit who retires by rotation and being eligible, offers himself for re- appointment. Mr. Purohit is 59 years old working for Bhoruka steel Limited as Managing Director for the last 7 years. He had held various positions in Bhoruka Group and has very good experience in Manufacturing and General Management for the last 30 years.

Sl.No.	Name of the Company	Nature of Interest	Committee
1	Bhoruka Steel & Services Limited	Managing Director	Audit Committee
2	Bhoruka Trailers Private Ltd	Director	-

**3. AUDIT COMMITTEE:****I. Constitution ;**

The Audit Committee comprises of three Non Executive Independent directors, who are professionals having vast experience in finance, taxation and banking. The Audit Committee met Three Times during the financial year

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- II. The Attendance of Directors at the Audit Committee Meeting held during the year 2006-2007 is given below.

Name of the Director	Category of Membership	Attendance particulars	
		Meetings Held	Meetings Attended
Mr. Sarosh J Ghandy	Chairman	3	2
Mr. S.N. Agarwal	Member	3	3
Mr. Prasad M Kumar	Member	3	1

- III. 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 Exchange and as specified under Section 293 A of the Companies Act, 1956

**4. SHAREHOLDERS COMMITTEE**

The Committee comprise of Mr. Sarosh J Ghandy, Mr. S.N. Agarwal and Mr. Prasad M Kumar as Members. The Committee redresses shareholders complaints promptly and effectively.

During the year the company had received 52 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 end of the financial year.

**5. REMUNERATION COMMITTEE:**

A "Remuneration Committee" comprising of Mr. Sarosh J Ghandy, Mr. S.N. Agarwal and Mr. Prasad M Kumar was constituted to look into the remuneration of non-executive directors. Mr. Sarosh J Ghandy is the Chairman of the Committee.

**6. ANNUAL GENERAL MEETINGS (AGM):**

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

DATE	TIME	VENUE
25.08.2006	10.00 Hrs	Registered Office at Whitefield Road, Bangalore.
06.07.2005	10.00 Hrs	Bhoruka Steel Limited Whitefield Road, Bangalore
17.09.2004	10.00 Hrs	Registered Office, Whitefield Road , Bangalore

The shareholders passed all the resolutions including the special resolutions set out in the respective Notices. No postal ballot was used for voting at these meetings

**7. DISCLOSURES :**

During the year electricity has been purchased from Bhoruka Power Corporation Limited and the total value of the purchases is Rs.274 lakh.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the period under review.

**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 Stock Exchanges.

**9. MEANS OF COMMUNICATION :**

The quarterly, half-yearly and yearly 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.



**BHURUKA GASES LIMITED****10. GENERAL SHAREHOLDERS INFORMATION:**

The 33rd Annual General Meeting of the members of the company is scheduled to be held on 29.09.2007 at Bhuruka Steel & Services Limited, Whitefield Road, Bangalore – 560 048.

The company's financial years 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 25.09.2007 to 29.09.2007 (both days inclusive).

The Company's shares are listed at the Bangalore and Mumbai Stock Exchanges. The company has paid the annual listing fee to these exchanges.

**11. STOCK MARKET PRICE DATA FOR THE YEAR 2006-2007 :**

The high/low quotation of the Company's shares on the Mumbai Stock Exchange during the year (April 2006 to March 2007) is as follows:

(In Rupees)

Month	Apr -06	May -06	June -06	July -06	Aug -06	Sep -06	Oct -06	Nov -06	Dec -06	Jan -07	Feb -07	Mar -07
High	43.50	41.40	35.00	28.50	30.80	29.85	32.25	27.20	27.95	29.00	27.95	23.25
Low	35.60	25.05	19.80	21.60	24.00	24.55	25.85	24.00	21.00	23.50	20.30	18.10

**12. ADDRESS FOR CORRESPONDENCE :**

For any assistance regarding Share transfers, transmissions, change of address, non-receipt of dividends, duplicate/missing share certificates and other relevant matters, please write to the Share Transfer Agents of the Company at the address given below:

M/s. Canbank Computer Services Limited

R & T Centre, Naveen Complex, # 14, 4th Floor, M.G. Road, BANGALORE – 560 001

Tel No. 080-25320542/25320543 Fax No. 080- 25320544

**13. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2007 :**

No. of shares	No. of share-holders	% of share-holders	Shareholding	% of share-holding
Up to 5,000	4231	83.92	779682	5.54
5001-10000	448	8.89	373612	2.65
10001-20000	180	3.57	273455	1.94
20001-30000	44	0.87	111318	0.79
30001-40000	28	0.56	102670	0.73
40001-50000	28	0.56	134461	0.96
50001-100000	40	0.79	285786	2.03
1000001 & above	43	0.84	12010990	85.35
<b>TOTAL</b>	<b>5042</b>	<b>100</b>	<b>14071974</b>	<b>100.00</b>

**33rd ANNUAL REPORT 2007****14. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2007 :**

Category	No. of shares held	% Shareholding
Financial Institutions	214248	1.52
Nationalized Banks, Insurance Companies	14010	0.09
Promoters	8721060	61.98
Associates of Promoters	2371248	16.85
Bodies Corporate	522376	3.71
General Public	2229032	15.84
<b>TOTAL</b>	<b>14071974</b>	<b>100 %</b>

**15. SHARE TRANSFER SYSTEM :**

As per the SEBI directions, the company has appointed M/s Canbank Computer Systems Limited, as the Registrar and Share Transfer Agents (R & TA) of the company for all aspects of investor servicing relating to shares.

Share transfers are completed with a period of 30 days from the date of receipt of documents, if the documents are clear in all aspects.

