



BHURUKA GASES LIMITED

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34th ANNUAL REPORT 2007-2008

34th ANNUAL REPORT

BOARD OF DIRECTORS : S.N.AGARWAL - Chairman
 : R.C.PUROHIT - Director
 : SAROSH J GHANDY - Director
 : PRASAD M KUMAR - Director [Up to 21.01.2008]
 : ARUN K THIAGRAJAN - Director [w e f 17.04.2008]

COMPANY SECRETARY : K.N. SURYAPRAKASH

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

BANKERS : STATE BANK OF INDIA

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

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

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Annual General Meeting	
Date	: 30-09-2008
Day	: Tuesday
Venue	: Bhuruka Gases Limited Whitefield Road, Mahadevapura Post, Bangalore-560 048
Time	: 10-00 AM

BHURUKA GASES LIMITED**NOTICE OF 34TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 34th Annual General Meeting of the Members of the Company will be held on Tuesday 30.09.2008 at 10.00 A.M at Bhuruka Gases 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 2008 and the Profit & Loss Account for the year ended 31st March, 2008 and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Sarosh J Ghandy who retires by rotation and is eligible 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 re-appointment.

SPECIAL BUSINESS

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

RESOLVED THAT the appointment of Mr. Arun K Thiagarajan as Additional Director of the Company by the Board of Directors with effect from 17th April, 2008 be and is hereby approved

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

RESOLVED THAT pursuant to section 349 & 350 of the Companies Act, 1956 the company do hereby approve the payment of commission to Non- Executive Independent Directors of the company at 1% (one percent) of the net profits of the company subject to a maximum of Rs.75,000 (Rupees Seventy Five Thousand Only) per annum to each Non-Executive Independent Directors for a period of 5 years with effect from 1st April, 2005,

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

RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and compliance thereof and as permitted under the Memorandum of Association and Articles of Association of the Company, approval of the Board be and is hereby accorded to issue an undertaking to Power Company of Karnataka Limited (PCKL) named in the RFP, whereby the Company undertakes to invest 100 % of the total equity share capital requirements of the Seller, as per the terms of the RFP, representing the entire amount proposed to be invested by Bhuruka Energy Limited for development of the 1x300 MW Coal fired Thermal Power Station situated at Belgaum District, project from which the Contracted Capacity is proposed to be supplied to the Procurers under the Bid Process No. 01/ LTPP/2007 of PCKL, in case of failure of Bhuruka Energy Limited to make such investment.

FURTHER RESOLVED THAT Mr. R.C.Purohit Director and Mr. N. Ravindernath General Manager Finance, be and are hereby authorised to take all the steps required to be taken by the Company in this regard, including in particular, signing the said Undertaking, issuing the same to the PCKL of all the related documents, certified copy of this Board resolution or letter, undertakings etc, required to be submitted to PCKL as part of the RFP or such other documents as may be necessary in this regard.

BY ORDER OF THE BOARD

Place: Bangalore
Date: 30.08.2008

S.N. Agarwal
Chairman

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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 23.09.2008 to 30.09.2008 (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. The shareholders of the company are aware that the Company has entered into an agreement 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.

BY ORDER OF THE BOARD

Place: Bangalore

Date: 30.08.2008

S.N. Agarwal
Chairman

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

4. Mr. Arun K Thiagarajan who was appointed as an Additional Director of the Company by the Board of Directors with effect from 17th April, 2008 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956. Mr. Arun K Thiagarajan holds office as a Director till the date of the ensuing Annual General Meeting of the Company and is eligible for appointment. The company has received a Notice in writing from a shareholder of the company signifying his intention to propose Mr. Arun K Thiagarajan as a candidate for the office of the Director.

Mr. Arun K Thiagarajan had his higher education in Sweden, with a Master's in Electrical Engineering from the Royal Institute of Technology, Stockholm, and a degree in Business Administration and Information Systems from Uppsala University. He started his career with Asea AB Vasteras, Sweden in 1969. In 1975, he became Managing Director of Flakt India Ltd (previously SF India Ltd), Calcutta. In 1984, he was recalled to Asea to head their India operations in Bangalore. With the merger of Asea, Sweden and Brown Boveri, Switzerland in January 1988 and absorption of Flakt India in the organization, he was appointed the Deputy Managing Director of Asea Brown Boveri, Ltd at Bangalore. From 1994 till 1998, he was the Managing Director and Country Manager of the company at Delhi. Mr. Arun K Thiagarajan has vast experience. The Board considers it desirable that the company continues to avail the services and wise counsel of Mr. Arun K Thiagarajan and accordingly, the Directors recommend that he be appointed as a Director of the Company. Other than Mr. Arun K Thiagarajan none the other Directors is in any way concerned or interested in the resolution.

5. The Board of Directors of the Company at its meeting held on 27th July, 2005 approved the payment of commission to Non- Executive Independent Directors of the company at 1% (one percent) of the net profits of the company subject to a maximum of Rs.75,000 (Rupees Seventy Five Thousand Only) per annum to each Non-Executive Independent Directors for a period of 5 years, its due for the year 2007-2008 subject to approval of the members.
6. The Board of Directors meeting held on 31st August, 2007 approved the investment in the equity shares of Bhuruka Energy Limited, pursuant to the provisions of the Companies Act, 1956 and compliance thereof and as permitted under the Memorandum of Association and Articles of Association of the Company, approval of the Board be and is hereby accorded to issue an undertaking to Power Company of Karnataka Limited (PCKL) named in the RFP, whereby the Company undertakes to invest 100 % of the total equity share capital requirements of the Seller, as per the terms of the RFP, representing the entire amount proposed to be invested by Bhuruka Energy Limited for development of the 1x300 MW Coal fired Thermal Power Station situated at Belgaum District, project from which the Contracted Capacity is proposed to be supplied to the Procurers under the Bid Process No. 01/LTPP/2007 of PCKL, in case of failure of Bhuruka Energy Limited to make such investment subject to the approval of the members.

BY ORDER OF THE BOARD

Place: Bangalore
Date: 30.08.2008

S.N. Agarwal
Chairman

34th ANNUAL REPORT**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 34TH Annual Report together with the Audited Accounts for the year ended 31st March, 2008

1. FINANCIAL RESULTS:**Rs. Lakh**

PARTICULARS	Year ended 31-03-2008	Year ended 31-03-2007
Income from Sales & Service	2885	3418
Other Income	231	96
Profit Before Interest & Depreciation (includes other Income)	698	991
Operational Profit Before Interest & Depreciation (excluding Other Income)	467	895
Depreciation	511	462
Interest & Finance Charge	46	17
Profit Before Depreciation & Taxes	652	974
Depreciation	511	462
Profit after Depreciation	141	512
Taxation [MAT]	16	58
Fringe Benefit Tax	3	4
Deferred Tax Liability	-214	336
Adjustments for earlier years tax	3	-
Profit After Tax [PAT]	333	114

2. DIVIDEND :

Your Directors decided not to recommend any dividend for the year ended 31st March, 2008.

3. OPERATIONAL HIGHLIGHTS:

As stated in the last year's Report, during the year, the performance of your company continued to be hit by 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.467 lakh as against Rs.895 lakh during the previous year. The drop is mainly due to decline in selling prices and volumes.

In the last year's Report it was stated that in February 2007 M/s. Praxair India (P) Limited had abruptly withdrawn from the Long-Term Purchase agreement and this has had serious impact on the working results of your Company. Nevertheless, due to concerted efforts the quantum loss has been gradually made good through new customer base and augmenting of Transport Tankers and significant improvements could be seen during 2008-09.

4. FUTURE OUTLOOK:

As stated in the last year's Report your Company continued its unstinted efforts to expand market share in Industrial and Calibration Gases. Based on the market survey and study carried out by a reputed Professional Research Organisation your Company embarked upon new customer base and

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the progress is encouraging. As a part of continuous growth effort, your Company is exploring Overseas Trading Operations in Coal and Bio-Diesel through an Investment Company incorporated in Singapore.

5 DELISTING OF SHARE CAPITAL:

As per the Securities & Exchange Board of India (Delisting of Securities) Guidelines - 2003 the Promoters of your Company opted for voluntary delisting of Share Capital and requisite approval from Share Holders is being obtained by way of Special Resolution at the Extra Ordinary General Meeting being held on 05.09.2008. Further process in this behalf is in progress.

6. SAP - ERP

As informed in the last year's Report your Company's operations continue to be integrated with World renowned ERP package of SAP.

7. DIRECTORS:

The changes in the Constitution of the Board of Directors between the last Annual General Meeting and now are summarized below:

1. Mr. Sarosh J Ghandy who retires by rotation and being eligible, offers himself for re-appointment.
2. Mr. Prasad M Kumar, Independent Director, consequent upon his tendering resignation ceased to be the Director with effect from 22.01.2008.
3. Mr. Arun K Thiagarajan has been appointed as independent Director with effect from 17.04.2008.

8. 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.

9. CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement, a report of compliance of Corporate Governance as on 31/3/2008 is annexed together with the certificate from the Auditors of the company on compliance.

10. 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.

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11. 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.

The Details of employees covered under sub-section 2A of Section 217 of the Companies Act 1956 and Companies (Particulars of employees) Rules 1975 Annexed.

12. SUBSIDIARY COMPANIES:

A scheme of amalgamation of Calibration Gas India Limited [Wholly Owned Subsidiary] with your Company was submitted before the Hon'ble High Court of Karnataka, vide case No.Co.P.No.31/2007 and No.Co.P.No.31/2007. The Hon'ble High Court after completion of due process of law has approved the said scheme of amalgamation vide its Order dated 28.09.2007. In pursuance of this Order the accounts of Calibration Gas India Limited has been merged with the accounts of your Company as on 31st March, 2008.

Bhoruka Overseas Pte Ltd, Singapore, was incorporated only in June 2007 and the Company observes October to September as Financial Year. Therefore, the accounts have not been annexed but a Statement as at 31st March 2008 pursuant to Section 212 of the companies Act, 1956 is appended

13. 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

14. 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.

15. 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

Bangalore
Date: 30.08.2008

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 Directors' Report for the year ended March 31, 2006

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.

BHURUKA GASES LIMITED**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:

During the year the Company incurred an expenditure of Rs.38.13 Lakhs (Previous Year Rs.178.88 Lakh) in foreign exchange towards import components, spares and ultra high pure gases, repairs and visit of foreign technicians and traveling during the year 2007-08 and the export earnings were Rs. Nil (Previous Year - Rs. Nil)

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies
(particulars of employees) Rules, 1975

Sl. No.	Name	Age Years	Designation	Remuneration		Qualification	Total Experience	Date of Commencement of Employment	Last Employment held and Designation
1	Umah Agarwal	56	President	3096000	1869883	B.A.	22	1-07-1987	-
2	Kanika Agarwal	28	General Manager Information Technology & Administration	2270400	1289350	Post Graduate Information Technology	8	01-04-2004	-

ANNEXURE II TO THE DIRECTORS' 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, 2008

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
Arun K Thiagrajan	Non - Executive Director [w e f 17.04.2008]
Mr. Prasad M Kumar	Non - Executive and Independent Director (up to 21.1.2008)

During the year Five Board Meetings were held on 17th April, 2007, 31st July, 2007, 31st August, 2007, 31st October, 2007, and 21st January, 2008

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Name of Director	No. of Board Meetings Attended	Attendance at last AGM held on 6/7/2005	No. of Other Directorships	Memberships Other Board Committes
1. Mr. S.N. Agarwal	5	NO	8	3
2. Mr.Sarosh J Ghandy	5	NO	10	3
3. Mr.R.C.Purohit	4	YES	2	2
4. Mr. Prasad M Kumar (up to 21.1.2008)	2	NO	3	3
5. Mr. Arun K Thiagrajan [w e f 17.04.2008]	--	9	6	

b) DETAILS OF APPOINTMENT AND RE-APPOINTMENT DIRECTORS:

Mr. Sarosh J Ghandy retires by rotation and is eligible for re-appointment. He has over 44 years working experience. He has held wide ranging positions in Tata Group of Companies and possesses vast experience in Technology, Manufacturing, General Management and Business Acumen. He has worked for Tata motors, Telco Construction Equipment Co. Ltd, and was Executive Director of Tata Motors for 18 years and then became Managing Director of TELCON and held the position for 3 years. He had held various positions in Tata Group and has wide exposure in Technology, Manufacturing and General Management.

Sl. No.	Name of the Company	Nature of Interest	Committee
1	Quipo Infrastructure Equipment Co Ltd	Director	-
2	Kirloskar Electric Company Ltd	Director	Audit Committee Remuneration Committee
3	Servion Global Solutions Ltd	Director	Audit Committee Remuneration Committee
4	TRF Limited	Director	Audit Committee
5	NTTF Edutech Pvt Ltd	Director	-
6	Nettur Technical Training Foundation	Director	-
7	Rapsri Engineering Co Ltd	Director	-
8	Maini Material Movement Pvt Ltd	Director	-
9	Tele Radiology Solutions Pvt Ltd	Director	-
10	York Transport Equipment (Asia) Pte	Director	-

2. 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 Four Times during the financial year

II. The Attendance of Directors at the Audit Committee Meeting held during the year 2007-2008 is given below.

Name of Director	Category of Membership	Attendance particulars	
		Meetings Held	Meetings Attended
Mr. Sarosh J Ghandy	Chairman	5	5
Mr. S.N. Agarwal	Member	5	5
Mr. Arun K Thiagarajan (w.e.f 17.4.2008)	Member	-	-
Mr. Prasad M Kumar(up to 21.1.2008)	Member	-	-