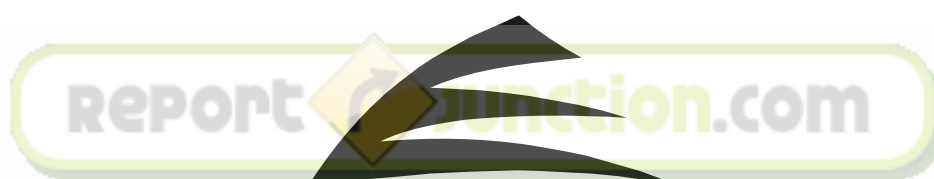


BHURUKA GASES LIMITED



BHORUKA

35th ANNUAL REPORT - 2008-2009

35th ANNUAL REPORT

BOARD OF DIRECTORS : S.N.AGARWAL – Chairman
: R.C.PUROHIT - Director
: SAROSH J GHANDY - Director
: ARUN K THIAGRAJAN - Director [up to 27.01.2009]

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



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Board of Directors	2	Date : 10-09-2009
Directors Report	6-9	Day : Thursday
Auditors Report	10-13	Venue : Bhuruka Gases Limited
Balance Sheet	14	Whitefield Road,
Profit & Loss Account	15	Mahadevapura Post,
Schedules	16-30	Bangalore-560 048
Bhoruka Overseas Pte. Ltd	32-44	Time : 10-00 AM

BHURUKA GASES LIMITED

NOTICE OF 35TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on Thursday 10.09.2009 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 2009 and the Profit & Loss Account for the year ended 31st March, 2009 and the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. R.C. Purohit 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

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

RESOLVED that in partial modification of resolution passed at the Extra Ordinary General Meeting of the Company held on Tuesday 31st July, 2007 in respect of terms of remuneration of Mrs. Umah Agarwal, relative of a director and in accordance with the provisions of Section 314 (1B) and any other provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and are hereby given to the revision in the terms of remuneration payable to Mrs. Umah Agarwal with effect from 1/08/2009 as follows:

Medical Reimbursement shall be payable to Mrs. Umah Agarwal at actuals

RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all such acts, things and deeds as may be necessary to give effect to the above resolution.

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

RESOLVED that in partial modification of resolution passed at the Extra Ordinary General Meeting of the Company held on 31st July, 2007 in respect of terms of remuneration of Mrs. Kanika Agarwal, relative of a director and in accordance with the provisions of Section 314 (1B) and any other provisions, if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and are hereby given to the revision in the terms of remuneration payable to Mrs. Kanika Agarwal with effect from 1/08/2009 as follows:

Medical Reimbursement shall be payable to Mrs. Kanika Agarwal at actuals

RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all such acts, things and deeds as may be necessary to give effect to the above resolution..

BY ORDER OF THE BOARD

Place: Bangalore
Date: 01.08.2009

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 03.09.2009 to 10.09.2009 (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

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: 01.08.2009

S.N. Agarwal
Chairman

BHURUKA GASES LIMITED

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

[Refer item Nos. 1 & 2 – Special Business]

At the Extra Ordinary General Meeting of the Company held on 31st July, 2007, the Members of the Company had approved the terms of remuneration of Mrs. Umah Agarwal for the period from 1/4/2007 to till attainment the age of Superannuation on the following terms:

Effective date: 1st April, 2007

Basic Salary: Rs.1, 50,000

HRA: 40% of basic salary per month

Medical Reimbursement: 5% of basic salary per month

The above payment of remuneration to Mrs. Umah Agarwal, a relative of Mr. S.N. Agarwal, Chairman of the Company was duly approved by the Central Government vide letter No.12/889/2007-CL.VII dated 14th November, 2007 in pursuance of the provisions of Section 314 (1B) of the Companies Act, 1956 to take effect from 1/4/2007.

It is now proposed to revise the terms of remuneration of Mrs. Umah Agarwal in respect of payment of medical reimbursement at actuals in lieu of existing 5% of basic salary per month with effect from 1/08/2009 to till attainment the age of Superannuation. The other terms and conditions as stipulated by the Central Government shall remain unaltered.

The above revision in the payment of remuneration is subject to the approval of the Central Government.

The Board recommends the resolution for acceptance by the members

Save and except Mr. S.N. Agarwal, none of the Directors are, in any way concerned or interest in the resolution.

At the Extra Ordinary General Meeting of the Company held on 31st July, 2007, the Members of the Company had approved terms of remuneration of Mrs. Kanika Agarwal for the period from 1/4/2007 to till the retirement age of 58 years on the following terms:

Effective date: 1st April, 2007

Basic Salary: Rs.1, 10,000

HRA: 40% of basic salary per month

Medical Reimbursement: 5% of basic salary per month

The above payment of remuneration to Mrs. Kanika Agarwal, a relative of Mr. S.N. Agarwal, Chairman of the Company was duly approved by the Central Government vide letter No.12/890/2007-CL.VII dated 14th November, 2007 in pursuance of the provisions of Section 314 (1B) of the Companies Act, 1956 to take effect from 1/4/2007.

It is now proposed to revise the terms of remuneration of Mrs. Kanika Agarwal in respect of payment of medical reimbursement at actuals in lieu of existing 5% of basic salary per month with effect from 1/08/2009 to till the retirement age of 58 years. The other terms and conditions as stipulated by the Central Government shall remain unaltered.

The above revision in the payment of remuneration is subject to the approval of the Central Government.

The Board recommends the resolution for acceptance by the members

Save and except Mr. S.N. Agarwal, none of the Directors are, in any way concerned or interest in the resolution.

BY ORDER OF THE BOARD

Place: Bangalore
Date: 01.08.2009

S.N. Agarwal
Chairman

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Accounts for the year ended 31st March, 2009

1. FINANCIAL RESULTS:

Rs. Lakh

PARTICULARS	Year ended 31-03-2009	Year ended 31-03-2008
Income from Sales & Service	3820	2876
Other Income	161	231
Profit Before Interest & Depreciation (includes other Income)	803	698
Operational Profit Before Interest & Depreciation (excluding Other Income)	642	467
Depreciation	555	511
Interest & Finance Charge	20	46
Profit Before Depreciation & Taxes	783	652
Depreciation	555	511
Profit after Depreciation	228	141
Taxation [MAT]	26	16
Fringe Benefit Tax	4	3
Deferred Tax Liability	-82	-214
Adjustments for earlier years tax	1	3
Profit After Tax [PAT]	279	333

2. OPERATIONAL HIGHLIGHTS:

During the year, despite economic slow down and stiff competition, your company posted a total income of Rs.3981 Lakh against Rs.3107 lakh in Y-o-Y a substantial of around 28%.

Due to strategic, aggressive and growth oriented efforts initiated at all levels, your Company bucking the recessionary trend, was able to achieve the uptrend in its operational and financial results. As a result of this, the operational profit before Interest & Depreciation for the year was Rs.642 lakh as against Rs.467 lakh during the previous year. There is significant increase of about 38% over Y-o-Y.

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, it is heartening to report, due to concerted efforts the quantum loss has been gradually made good through new customer base and also augmenting of Transport Tankers and significant improvements manifested during 2008-09.

3. DIVIDEND :

Your Company has drawn up and embarked upon long term strategic investment plan to sustain the operations in the recession hit economy and also combat the cut throat competition. These strategic growth oriented diversified downstream investments abroad are aimed at long term growth on a continuous

basis. Keeping in view of these long term growth and huge funds requirement thereof your Directors decided not to recommend any dividend for the year ended 31st March 2009.

4. FUTURE OUTLOOK:

There is tremendous potential for expanding the manufacturing base of Calibration/Speciality gases. There has been continuous study and research to expand the "Speciality Gases" market share for your Company. As a part of this strategy your Company has added UHP Oxygen manufacturing facility during 2008-09. The product is an import substitute and is well received by end users and the market. There has been a further effort to add more and more of such manufacturing facilities which helps the Company to achieve rapid growth. 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 the requisite approval has been received from Bombay Stock Exchange Limited and Bangalore Stock Exchange Limited delisting the shares with effect from 06.12.2008. Consequent upon delisting of shares from the stock exchanges trading has been suspended.

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. R.C. Purohit who retires by rotation and being eligible, offers himself for re-appointment.
2. Mr. Arun K Thiagarajan, independent Director, consequent upon tendering his resignation ceased to be the Director with effect from 28.01.2009.

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:

Your Company has been complying with the applicable provisions of the Companies Act, 1956 regarding Corporate Governance.

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.

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- 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.

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 are furnished in Annexure.

12. SUBSIDIARY COMPANIES:

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 been annexed as at 30th September, 2008. However, due to variant accounting period these have not been consolidated with the accounts of your Company.

13. OBSERVATIONS OF AUDITORS:

The observations of the Auditors in the Report are explained in the Notes on Accounts at Schedule 22 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.

BY ORDER OF THE BOARD

Bangalore
Date : 01.08.2009

S.N. Agarwal
Chairman

BHURUKA GASES LIMITED

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.

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.303.01 Lakh (Previous Year Rs. 38.13 Lakh) in foreign exchange towards import of components, spares and high pure gases, repairs and traveling during the year 2008-09 and the export earnings were Rs.15.06 Lakh (Previous Year – 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		Qualifi- cation	Total Experie- nce	Date of Commen- cement of Employment	Last Employment held and Designation
				Gross Rupees	Net Rupees				
1	Umah Agarwal	57	President	3096000	1916000	B.A	23	1-07-1987	-
2	Kanika Agarwal	29	General Manager I.T. Admin	1700400	933600	PGI.T	9	01/04/2004	-

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R. S. AGARWALA & CO.
Chartered Accountants

48-Lavelle Road,
Hitananda-II, Bangalore-560 001

AUDITORS' REPORT

TO THE MEMBERS OF BHURUKA GASES LIMITED

1. We have audited the attached Balance Sheet of Bhuruka Gases Limited as at March 31, 2009, and also the Profit and Loss Account, Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraphs 3 above, we report that:
 - I. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - II. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - III. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV. In our opinion, the balance sheet, profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
 - V. on the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as director in terms of Clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - VI. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - VII. (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
(b) in case of profit and loss account of the profit of the Company for the year ended on that date; and
(c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R S AGARWALA & Co.,
Chartered Accountants

(M GANDHI)
Partner
Membership Number : 22958

Place: Bangalore
Date: 01.08.2009