
It's Liquidation Time at Bhoruka Gases: A Case Study

Sunita Panicker
Assistant Professor
Department of Management
Studies, Christ University
sunita.panikar@christunive
rsity.in

The Bangalore based Bhoruka Gases, one of the Industrial houses, has scripted a perfect turnaround story following its management's restructuring efforts and financial restructuring of the business. Rust had not only settled down on machines and costly plant equipment, but deeply blurred remote hopes of any rebirth, three long years. Promises in the past were galore, but were never kept. The year 2003-04 had been a record-breaking year for Bhoruka Gases which was also a year to remember as this accomplishment came after several setbacks since 2000. Bhoruka Gases started losing its financial stability since 2000, despite the record-high energy prices and increasing world appetite for gases. For the management those were challenging times. Undeterred by obscurity, a comprehensive restructuring programme was chalked out. To revive its fortunes, in 2004, Bhoruka Gases implemented several restructuring strategies; these strategies included financial restructuring, better quality of product, change in the management and the like. The loss making Bhoruka Gases has altered itself into a healthy profit-making company in a span of four years due to these strategies. It posted a net profit of Rs 17.64 Crores on net sales of Rs.35.92 Crores in 2004-05 as against a net loss of Rs 4.22 Crores on sales of Rs 32.03 Crores in 2000-01. The company registered a turnover of Rs 34.92 Crores for the financial year 2005-06. This way, the company was able to come out of BIFR (Board for Industrial and Financial Restructuring) in 2005.

Key Words: Liquidation, Industrial Sickness, Z-score

Chemical manufacturing is one of the ancient businesses in India. The business, comprises of petrochemicals and alcohol-based substance which had developed at a speed outperforming the by and large growth of the business. The Chemicals Industry involves both small and large scale business entity. The economic allowance approved to small sector in mid-eighties led to founding of large amount of unit in the Small Scale Industry segment. Presently, the Indian Chemical business is in the centre of chief reorganization and consolidation stage. Through the shift in importance on product improvement, brand building and ecological friendliness, this business is progressively affecting superior customer-orientation. Though India benefits from a copious supply of essential raw materials, it still wants to develop upon technological services and marketing competence to face worldwide competition and augments its share of exports. Chemical fertilizers and pesticides play a significant position in the "Green Revolution" during the 1960s and 1970s. The expenditure of pesticides in India is small in assessment to other nation. Indian exports of agrochemicals have revealed an inspiring growth over the previous five years. The key export destination markets are USA, UK, France, Netherlands, Belgium, Spain, South Africa, Bangladesh, Malaysia and Singapore.

The Government of India was encouraging investigation on the adoption of substitute and beneficial pesticides with the help of Neem seeds. A country level agenda titled "Development and Production of Neem Products as Environment Friendly Pesticides" was being embarked on by the Department of Chemicals and Petrochemicals with the monetary support of United Nations Development Programme (UNDP)/ United Nations Industrial Development Organization (UNIDO). The scheme was being employed at two places, which were Nimpith in West Bengal and Nagpur in Maharashtra to endorse manufacturing, processing and employing of Neem-based goods, thereby supporting wasteland expansion, generating rural employment and giving the farmers with eco-friendly/biodegradable pesticides in 2008.

A large region of India's sedimentary basins remains unexplored. The outstanding discovery of oil and gas in recent years have placed India firmly on the global oil and gas map and has brought about a paradigm shift in the minds of prospective investors in the upstream sector in India. India imports more than 70 per cent of its crude requirement which was the single biggest item of foreign exchange outgo in 2009. But at the same time petroleum exports constitute the country's single largest item of foreign exchange earner. Till about 12 years ago, the petroleum

sector was almost totally controlled by National Oil and Gas Organisations. Today, there are many players both in the upstream and downstream sectors. Indian oil and gas scene looks vibrant.

Petrochemical manufacturing is a cyclic business. However, there is a lethargic demand and volatile feedstock price which is a characteristic feature of the internationally petrochemical business. In India, expenditure on petrochemical goods is still one of the least in the globe. For instance in case of polyester, India's per capita expenditure is 1.4 kilograms compared to 6.6 kilograms for China and 3.3 kilograms for the globe in 2009. In case of polymers, per capita expenditure of India is 4 kilograms and is about fifth of the globe. Demand for the petrochemicals goods has grown in two digits for an extended period. The industrial gas industry is an emergent business. With the expansion of demand for diverse industrial gases for a multiplicity of purposes in industrial, medical, commercial and residential application, it is obvious that the development of this industry is essential for the expansion of the economy.

Industrial gas business is the back bone of the industrial sector. These gases are employed in the manufacturing process of almost all the major businesses. Industrial gases were found in the second half of the eighteenth century. The major gases are nitrogen, argon, oxygen, hydrogen and some specific gases.

CATEGORIES OF GASES

The industrial gases that are produced or traded can be classified into the subsequent three categories. They are:

- Extracted gases - Those gases that are extracted from air, for instance, nitrogen, oxygen helium, and others
- Synthesized gases - Those gases that are the by-products of the different chemical processes. For instance acetylene, hydrogen, nitrous oxide, carbon dioxide, and so on.
- Medical gases - This basically consists of the distilled type of nitrous oxide and oxygen.
- Gaseous mixture s- Mixture of gases those are required for particular applications for less significant marketplace. For example., welding etc.

These gases are there in the natural air and are separated from there through an extraction process whereas; some gases are produced through chemical synthesis. The gas extraction procedures used are cryogenic and non-cryogenic. The cryogenic techniques are the conventional and most accepted techniques. The cryogenic technique extraction depends on cooling as well as forcing the air till it turns out to be liquid. Non cryogenic air separation process utilizes the physical feature of the gases, other than the temperature to separate and purify elements of air at close-to-atmospheric temperature and create commercially important gaseous goods. This type of air separation procedure is extensively adequate as an appropriate and cost effective alternative when high purity product is not vital or when the desired manufacturing rate is really minute.

The main markets in the globe almost rely on industrial gases at different levels in relation to manufacturing of their finished goods and services. These markets in relation to agriculture, oil and gas, mining, food and chemical products and the like account for greater than \$9 trillion of total worldwide Gross Domestic Products. Thus, more than fifty percent of the total global economy is supported in one way or the other with the help of industrial gases. In spite of many Asian gas producers being major exporters. India's share of gas consumption in 2009 was an estimated 9.37%, while its share of production is put at 9.00%. By 2014 its share of gas consumption is forecast to be 9.79%, with the country accounting for 10.81% of supply. Gas production is expected to rise from an estimated 34 billion cubic meters (bcm) in 2009 to a possible 70bcm by 2019. With demand growth of 69.17%, India is likely to be importing up to 2.7bcm per annum of gas by the end of the period, largely in the form of LNG (Liquefied Natural Gas).

The Indian gas industry is primarily in the hands of the state governments and the control of the gas industry is government-owned. Nevertheless, these days with augmented foreign reserves, many organisations are entering into the manufacturing of industrial gases. Substitutes are discovered to lessen regulation and take on a more market-driven cost environment that will encourage private sector investment and more extensive utilisation of natural gas. Currently, there are two hundred and fifty odd gas organisations in India. The Indian gas business is emerging at an average rate of 12 per cent per year through the last couple of years, with the industrial oxygen rising constantly at 15-17 per cent per year. Natural gas includes nine percent of India's principal energy expenditure and it has developed to 14 percent of energy mix in 2010.

Requirement for natural gas is moreover expected to boost at an average annual development rate of 7.3 percent.

ABOUT THE COMPANY

Bhoruka Gases Group, founded by a great visionary, philanthropist and a humanitarian Shri P.D.Agarwal, is a highly diversified Industrial House/Group into Power Generation (The first Company in the private sector to successfully set up a hydro power station in the post independence era), Steel (Engineering & Stevedoring), Industrial Gases, I.T. Parks, Education, Community Welfare and allied activities with an Annual Turnover of Rs.120.00 Crores.

Bhoruka Gases United was incorporated in 1974 in the joint sector by Shri S.N.Agarwal through Transport Corporation of India Limited (TCI) and Karnataka State Industrial Investment and Development Corporation Ltd (KSIIDC). The Company was initially promoted under the name Bhoruka Gases Oxygen Limited, altered to its current name in 1990 after KSIIDC disinvested its shareholding. Bhoruka Gases had been in operation as a successful, dependable and quality conscious independent manufacturer of Industrial, Specialty & Calibration Gases. Bhoruka Gases is strategically located in the Industrial Hub of Bangalore city, Centre of South.

The Organisation, an existing, income generating and dividend paying company is one of the biggest producers of high worth industrial gases in South India. The company produces a broad variety of Industrial Gases like Oxygen (both in liquid and gaseous form), Nitrogen (In Liquid and Gaseous Form), Argon (Including UHP and TL Grade Argon) Hydrogen, Dissolved Acetylene, Mixture Gases, and Calibration Gases. Bhoruka Gases is a manufacturer and exporter of calibration gas mixtures, process gas mixtures and pure gases. Bhoruka Gases as an Industrial group has been in the field for the last more than four decades with the activities spread across the country. Bhoruka Gases produces industrial gases. Their products include argon, hydrogen, nitrogen and oxygen. The company also offers cryogenic fluids such as liquid oxygen, liquid medical oxygen, liquid nitrogen and liquid argon. These gases are used by organizations like Hindusthan Aeronautical Limited (HAL), Indian Satellite and Research Organization (ISRO), Tagutec, etc.

Bhoruka Gases also takes up projects such as air-separation plant installation, commissioning, troubleshooting and maintenance; high-pressure gas pipelines; Cu/SS/carbon steel with cylinder handling manifolds. Leading manufacturers of high purity gases such as IOL, INOX, and Bhoruka Gases have played a significant role in this regard.

While focusing on diversifying the product range and thereby increasing the market base, Bhoruka Gases became the lone producer and supplier of cryogenic products having a modern independent Cryogenic Liquid Plant in South India having a high standard safety features. The basis of strong customer confidence of its products is due to its flagship modern air separation plant with technical know-how from internationally renowned Linde AG, Germany. The initial oxygen plant of the corporation with a facility of 140 cubic meters (Cu.M) per hour was custom-made in 1975. Consequently, dissolved acetylene plant of 40 Cu.M per hour capability and hydrogen plant of 40 Cu.M per hour capacity were made to order in 1976 and 1982, respectively. In 1984, the Company custom-built and introduced second hand air separation plant from Aga AB, Sweden, with a capability of 800 Cu.M per hour and appeared as one of the major industrial gas manufacturer in South India. In 1991, the corporation obtained production of calibration gases - an import substitute. The Company supplies complete range of industrial gases and has established good rapport with its customers for quality of its products and services. Of late, the Company has been laying more emphasis on the manufacture of value added products like high purity, specialty and calibration gases. In view of the fact that incessant power supply is indispensable for operation of the air separation Plant, the business embarked on a project to set up captive DG Sets of the capacity of 3.00 MW for the period of April, 1993. This has facilitated the business in not only guaranteeing continuous power supply but also in significantly improving the worth of products. Other than this the company had also entered into an contract with Bhoruka Gases Power Corporation Ltd.(BPCL) one of the Group organisations engaged in generation of Hydel power, in provisions of which BPCL will supply minimum power of 5 lakh units (kwh) per month from April 1994 to March 1999 to make sure added power supply for the projected air separation plant. BPCL initiated its process in the year 1992- 93 and has a set up capacity of 18MW.

SICKNESS AND TURNAROUND AT BHORUKA GASES

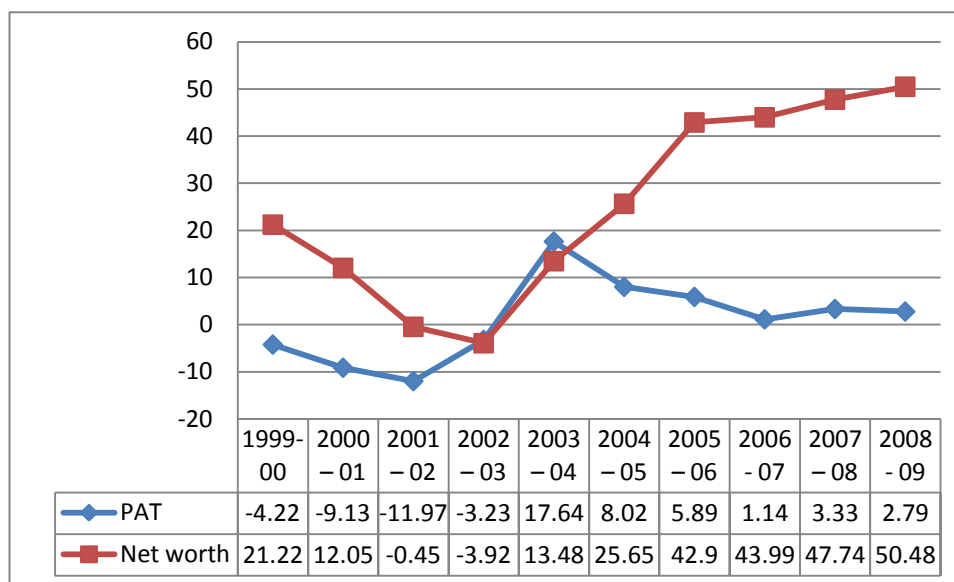
In 1995, Bhoruka Gases was scrutinised by the commission of the Board for Industrial and Financial Reconstruction (BIFR) due to long-lasting losses in power generation and augmented competition. Bhoruka Gases was declared sick by BIFR in 2002. After many restructuring steps by the government, it was declared positive on 02/05/2005 by BIFR.

The table below represents the Profit after Tax and Net worth. The table clearly depicts that in 2001-2002 the loss to the company is 11.97 Crores and net worth has been negative to the extent of 0.45 Crores. However, it is only in the year 2003-2004, the company made a profit of 17.64, while the net worth of the company started increasing drastically in the year 2005-06 to a greater extent.

Table 6.1 (b): Profit after Tax (PAT) and Net worth of Company during the years 1999 to 2009

Year	PAT	Net worth
1999-00	-4.22	21.22
2000 – 01	-9.13	12.05
2001 – 02	-11.97	-0.45
2002 – 03	-3.23	-3.92
2003 – 04	17.64	13.48
2004 – 05	8.02	25.65
2005 – 06	5.89	42.90
2006 - 07	1.14	43.99
2007 – 08	3.33	47.74
2008 - 09	2.79	50.48

Graph 6.1b: Profit after Tax (PAT) and Net worth of Boruka Gases during the years 1999 to 2009



The detection of a firm's operating and financial difficulties is a subject which has been particularly amenable to analysis with financial ratios. To identify the reasons of looming bankruptcy, analysts determine and evaluate all types of financial ratios, viz. Working capital ratios, debts levels, liquidity and profitability ratios. The problem is each ratio is distinctive and tells a special tale about an organisations financial health. Many a time, they even seem to disagree with each other. Thus, there is a need to identify one single best ratio.

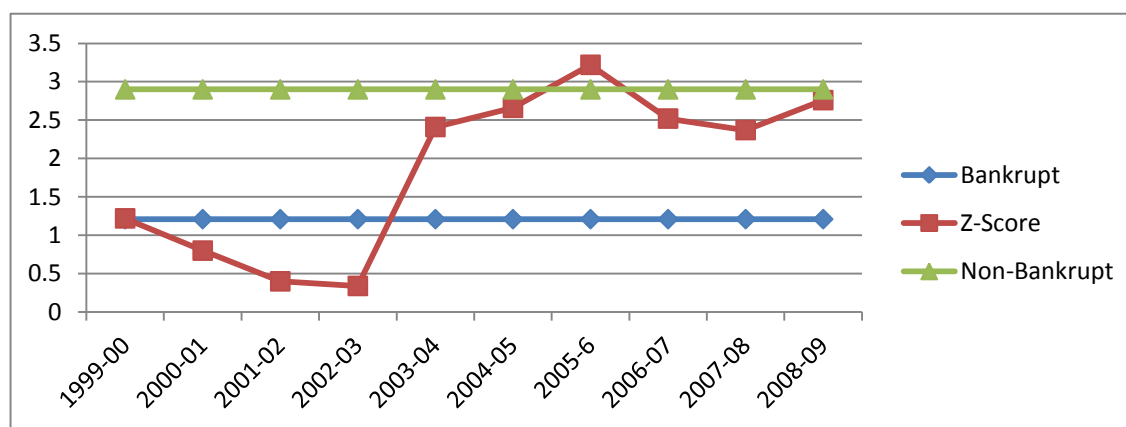
Thereby, Prof. Edward Altman has developed a novel model that extracts five key performance ratios into a particular score called Z-score, which gives shareholders a pretty good snap-shot of an organisations financial health. The Z score values of Boruka Gases are given in table 6.2b.

Table 6.2.b: Z-Score values of Boruka Gases for the years 1999 to 2009

Z-SCORE TABLE										
YEAR/DETAILS	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-6	2006-07	2007-08	2008-09
WORKING CAPITAL	4.16	4.94	3.79	2.96	5.27	2.29	-0.13	0.29	1.65	9.01
TOTAL ASSETS	68.77	64.88	59.43	53.26	50.28	46.41	45.9	50	49.49	51.94
RETAINED EARNINGS	10.32	1.17	-11.08	-32.62	3.34	20.51	38.06	39.2	43	45.97

EBIT	9.35	4.97	2.01	8.21	22.04	14.01	14.97	9.94	7.03	8.09
EQUITY	8.72	8.72	8.72	8.72	8.72	2.18	3.52	3.52	3.52	3.52
TOTAL LIABILITIES	68.77	84.88	59.43	53.26	50.28	46.41	45.9	50	49.49	51.94
NET SALES	28.54	23.93	22.9	28	32.31	44.52	43.34	35.98	30	39.4
RATIOS										
WC/TA	0.06	0.08	0.06	0.06	0.10	0.05	0.00	0.01	0.03	0.17
RE/TA	0.15	0.02	-0.19	-0.61	0.07	0.44	0.83	0.78	0.87	0.89
EBIT/TA	0.14	0.08	0.03	0.15	0.44	0.30	0.33	0.20	0.14	0.16
EQUITY/TL	0.13	0.10	0.15	0.16	0.17	0.05	0.08	0.07	0.07	0.07
SALES/TA	0.42	0.37	0.39	0.53	0.64	0.96	0.94	0.72	0.61	0.76
Z – SCORES (ARRIVED AT USING THE WEIGHTAGE FACTORS)										
X1	0.07	0.09	0.08	0.07	0.13	0.06	0.00	0.01	0.04	0.21
X2	0.21	0.03	-0.26	-0.86	0.09	0.62	1.16	1.10	1.22	1.24
X3	0.45	0.25	0.11	0.51	1.45	1.00	1.08	0.66	0.47	0.51
X4	0.08	0.06	0.09	0.10	0.10	0.03	0.05	0.04	0.04	0.04
X5	0.41	0.37	0.38	0.53	0.64	0.96	0.94	0.72	0.61	0.76
Z-SCORES	1.22	0.80	0.40	0.34	2.41	2.66	3.22	2.52	2.37	2.76

Graph 6.2b: Z-Score values of Bhoruka Gases for the years 1999 to 2009



The Z-score started with 1.07 in 1999. 2000, much below the standard score of 1.21, indicating the bankruptcy, which worsened further and reached 0.423 in 2001-2002, then recovered during the remaining turnaround period and crossed the danger line in 2004-2005. It has to still improve the Z-score during the ensuing years to avoid any further damage to the liquidity and solvency.

In 1995, Bhoruka Gases was reviewed by the commission of the Board for Industrial and Financial Reconstruction (BIFR) and was declared sick by BIFR in 2002.

REASONS FOR SICKNESS

By 2000-2001, the process of liberalization of the Indian economy, kick-started by the Government of India, had bitten Bhoruka Gases. It was buffeted by strong competition from local and multinational competitors. Thereby, performance of the 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, the operational profit before Interest & Depreciation for the year was Rs.467 lakh as against Rs.895 lakh during the year 1999-2000. The drop is mainly due to decline in selling prices and volumes.

The company faced high cost of imported gas analyzers (ppm impurity levels measurement, Calibration Gas Mixtures Composition measurement) and their proper maintenance. The company had to face the challenges of Geographical disparity between location of producers and bulk consumers of high purity gases which leads to high cost of transportation and greater losses during transportation over large distances. In India, there is lack of standardization of high purity gases. This becomes a major challenge to Bhoruka Gases. Thus, convincing the customers was difficult as it becomes a difficulty to the company to satisfy their customers.

Thus, in the 1990.s till the beginning of 2000, the company had to struggle very hard to get buyers. So, the Company had entered into an agreement with Bhoruka Gases Power Corporation Limited (BPCL) one of the Group organisations engaged in generation of Hydel power, in terms of which BPCL will supply minimum power of 5 lakh units (kwph) per month from April 1994 to March 1999 to ensure additional power supply for the proposed air separation plant. However, this did not yield any good benefits. Molecular sieves of desired quality, expansion turbines, Cryogenic liquid pumps, and catalysts were not easily available and had to be imported. The company had to face the challenges non availability of raw materials for production in the year of loss. The industry was differentiated by small product differentiation, elevated exit overheads and a focus on utmost capacity exploitation. This, in turn, has strengthened competition among

players. The industry faced the confrontation of lofty taxes, huge investments and an unfriendly import duty arrangement.

Moreover, high expenses of raw materials, utilities and capital had additionally rocketed production costs. Furthermore, as a participant to the developing global trade administration, it has become compulsory for the Indian chemical industry to enlarge patent laws in agreement with international practices in the year 2000.

In 2000, the company has been mainly relying on existing assets and trying to make the best out of existing capacity. Since, the company was doing so; it faced losses on account of inefficient capacity. The company lacked focus on core competencies. Company became diffident about the future, so they were concentrating on other non-core area which is visible in year 2004 in other income 17.64 Crores and sales increase by 4.31 Crores. They had a conservative approach towards their business rather than aggressive approach. Bhoruka Gases had borrowed heavily from Industrial Development Bank of India (IDBI) and other industrial organizations. The company had a debt to the extent of Rs. 64.88 Crores in the year 2000.

TURNAROUND STRATEGIES

In year 2002-03 the company initiated steps to turnaround the company and started to move in the right direction. In 2002, Bhoruka Gases, made the following changes with respect to its Management. Uma Agarwal, a Whole Time Director of the Company resigned from the Board with effect from June 24, 2002 and M Srivastava was appointed as an Executive Director of the Company with effect from June 26, 2002. In addition to this K Gururaj, the Managing Director of the Company submitted his resignation. The change in the management of the company had helped the company to turnaround its operations. The company started focusing on research and development. Thus, a number of R&D organizations are working in Industrial gases and related areas in India such as:

National Physical Laboratory (NPL), New Delhi

NPL is carrying out research related with cryogenic liquefied gases especially with the applied aspects of it.

-Tata Institute of Fundamental Research (TIFR), Bombay

TIFR is a premier R&D institute engaged in research in the field of nuclear Science and has in-house liquid Helium and Nitrogen liquefiers. Also engaged in development of small size cryocontainers.

- Central Mechanical Engineering Research Institute (CMERI), Durgapur

CMERI is engaged in the development of turbo expanders for the industrial gas plants which are suitable for low pressure cycles.

These steps were initiated because there were major technological developments/trends taking place in the industrial gases sector in India. They included:

- The manufacture of molecular sieves by IPCL at Bombay, precious metal catalysts by Arora

Matthey at Calcutta and Cryogenic Liquid pumps by CryoPump Asia Ltd. New Delhi has led to their production within the country although still imports are taking place.

- A few organizations specially large ones e.g. GSF, IOL, INOX etc. have adopted state of the art quality control and energy saving measures such as online gas analyzers, purge gas close circuit circulation etc.

- In the field of equipments for industrial gases developments have been achieved by BHPV through in-house R&D e.g. indigenization of trays/distillation columns, per litre expansion unit, automatic MIG welding technology etc.

- In the field of reciprocating compressors BPCL, Naini has carried out considerable design improvements to enhance efficiencies of gas compressors e.g. Double mechanical damping design of suction/discharge valves, Synthetic oil lubrication, Dynamic seals etc.

The mushrooming growth in the industrial gases manufacturing industry had to be checked for the overall development of the industry. There was de-licensing of the industry and as such Government and financial institutions were encouraged to develop tonnage plants which were economically viable. These tonnage plants were used for producing high purity/specialty liquefied gases and were located in regions where there was substantial demand for gases from the nearby industries. The company was also facing competition from commercial grade

Industrial gases. To counter increasing competition in the commercial grade of Industrial gases leading gas manufacturers have also started manufacturing High purity/ UHP gases. The company in 2003 set up of merchant sector on site plants which reduced storage and transportation costs and also high gases were supplied by special pipelines thereby minimizing the chances of their contamination.

In 2004 the company focused on Training & Development. It ensured that randomness is to be reduced and learning or behavioural change takes place in structured format. Thus, Bhoruka Gases gives more importance to training their people and focusing on talent development. Building knowledge through learning formed part of the core ethics of the management philosophy. The knowledge of the Company believed in the importance of a Team - Team is that builds the distinction in the method business is performed. Bhoruka Gases knew the importance of corporate training. Training was now considered as more of retention tool than a cost. The training system in the gas Industry has been changed to create a smarter workforce and yield the best results.

Bhoruka Gases believed in the standard that workforce performs superior and in a secure way, when they are qualified to take up their responsibilities. After guiding the individuals they are evaluated to make sure that the guidance communicated has been triumphant.

Emerging technologies such as purification of air by molecular sieve batteries, usage of catalytic adsorption for manufacture of high purity gases/UHP gases is widely being adopted by the industry was also used at Bhoruka Gases. The manufacturing ability and technical skills, which are in par with the global standards, have also enabled the company to see off the bad phase.

In 2005 the company focused to ensure quality of products in the product range. To facilitate and ensure quality of the product range, Bhoruka Gases has installed and commissioned a full range of quality control equipments during manufacture and before dispatch. Quality and safety are visible at Bhoruka Gases and endeavors constant up-gradation of its facility and training of its personnel to achieve customers' satisfaction. Bhoruka Gases under its umbrella has an ISO 9001:2000 wing, namely Calibration Gases, Plant a separate facility with a number of sophisticated computerized gas chromatographs and precision gravimetric equipments to produce and certify calibration gases as per specific need of customers regarding composition,

purity, analytical accuracy and stability. The company executed well on its export strategy, also helped change perceptions about it. Few Indian manufacturers have been able to achieve this kind of export-led growth. After many restructuring steps by the government, the company was declared positive on 02/05/2005 by BIFR.

The company was aided by some deft financial management leading to debt restructuring. Thus, the company in 2007 got an interest grant of 25%-30% from ICICI Bank Limited and Industrial Development Bank of India (IDBI) Limited which was outstanding since 1995. The Company utilised its profits to pay off the debts, and shore up its finances.

In 2008, there was a controversy regarding the deal between a partnership firm known as M/s. Kashmiri Rice Industries and Bhoruka Gases. The former had entered into a contract for supply of paddy husk to Bhoruka Gases. Despite, supply of the agreed quantity of paddy husk, Bhoruka Gases hadn't paid back dues of Rs.2, 61,696/-. Hence, Kashmiri Rice had filed a suit for recovery of the amount in the Court of Civil Judge, Hangal. Since, Bhoruka Gases was a sick industry within the meaning of the provisions of Section 22 of the Sick Industrial Organisations (Special Provisions) Act, 1985 (for short, 'the Act'), order was passed which said that a sick company cannot be ordered to pay back to its debtors. In this way, it was possible for the company to waive off its debts.

The company board has approved delisting offer from Bhoruka Gases' Holdings, to delist shares from BSE, reports CNBC-TV18. There were pending buy orders of 200 shares, with no sellers available. It was trading with volumes of 2,329 shares. On August 7th 2008, the share closed up 4.88% or Rs 1.40 at Rs 30.10. Bhoruka Gases was delisted in November 2008 from the Bombay Stock Exchange and later declared it has received shareholders' approval to buy back its shares at Rs41 per share is preparing to buy out the total hold of its minority stakeholders in the business at Rs 41 per share and has called for an EGM (Extra-ordinary General Meeting) on 24th December for the same. The legal manager and compliance officer of Bhoruka Gases said that the company's management was not interested in trading. Moreover, not great than 50 shares are dealt in a day and that the organisation has to pay unnecessary fees. Whereas, the company opines that it desires to delist in order to cut costs, and that seem to be at what they call the good potential dealings of the business.

Due to the fear of being acquired by any other company, Boruka Gases was delisted in November 2008 from the Bombay Stock Exchange and later declared that the company had received shareholders' approval to buy back its shares at Rs.41 per share. The BIFR working group recommended that Boruka Gases should lessen its share capital by decreasing its face value per share from Rs10 to Rs2.50. This enabled the company to come out of losses.

In order to promote gas industries, Government of India has given business allowances in power and tax repayment. The support given by the Government enabled the company to make profits. They got tax benefit under Central Government order as they had suffering from huge losses. Mentioning losses due to greater competition and an enhancement in power expenditure the organisation had not paid any dividend since 1995. As per the Director's Report, Boruka Gases did not create any dividend disbursement for the year ended 31 March 2009 because of the company's long-term expansion and enormous fund requirement.

ROAD AHEAD

Boruka Gases 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 in the Company, the company had embarked upon new customer base and the progress is encouraging. As a part of continuous growth effort, Boruka Gases explored Overseas Trading Operations in Coal and Bio-Diesel through an Investment Company incorporated in Singapore. According to media reports, the company invested in abroad trading functions in coal and bio-diesel in the year 2010, by the Boruka Gases Overseas Pte Ltd, with its investment entity found in Singapore. As a part of the company's forward vision, it conducted ground breaking ceremony for their new high purity Methane plant at Bherampur. The total investment of this plant was around \$12 million and was completed on April 2010. Boruka Gases believes that client contentment should surpass opportunities both within as well as externally in dealings that encourage trade that take the company ahead of the targets. In order to accomplish this, the quality strategy and quality purpose helps build up thoughts within the company to do correct things, all the time. A Boruka Gases' management belief is in connecting the people who stand for the business. The purpose is to build self-confidence and understanding in the people with precise boundaries of responsibility and influence with the aid of expertise and schemes that includes the checks and balances in business dealings.

