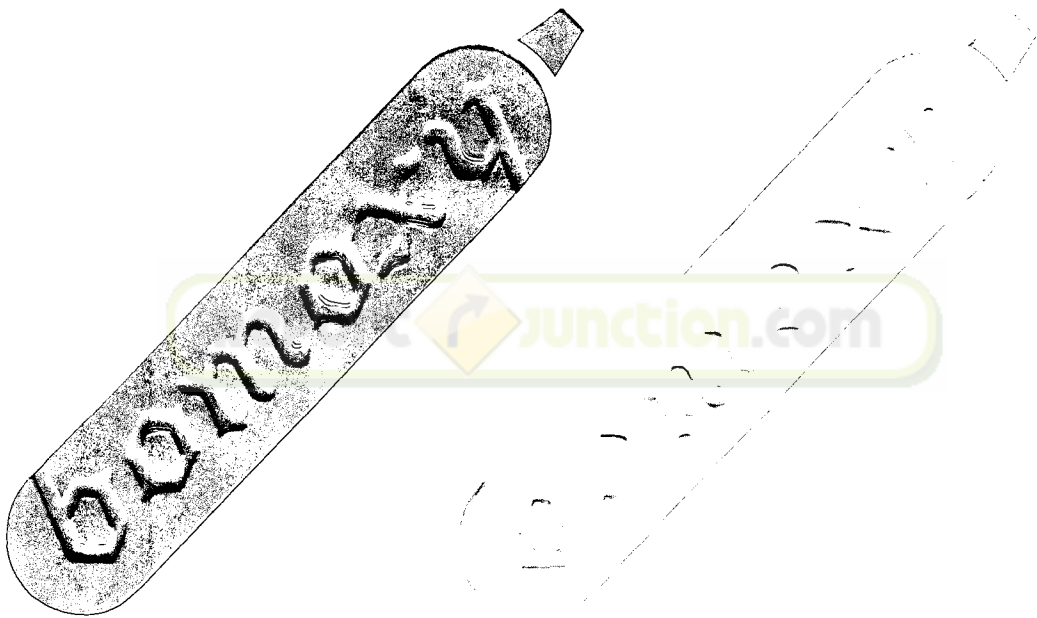


Bombay Oxygen Corporation Ltd.



Annual Report & Accounts - 2006-2007

Bombay Oxygen Corporation Ltd.

Registered office : L. B. S. Marg, Mulund (W), Mumbai-400 080.

PROXY FORM

I/We of
 in the district of being a member/members of the above named Company
 hereby appoint
 of in the district of
 or failing him of
 in the district of
 as my/our proxy to vote for me/us on my/our behalf at the FORTY-SIXTH ANNUAL GENERAL MEETING of the
 Company to be held on Tuesday, the 25th September, 2007 at 11.00 a.m. and at any adjournment thereof.
 Signed this day of 2007.

Re. 1 Revenue Stamp

Signature across Revenue Stamp

Bombay Oxygen Corporation Ltd.

Registered office : L. B. S. Marg, Mulund (W), Mumbai-400 080.

ATTENDANCE SLIP**TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL**

Full Name of the member attending : _____

 Full Name of the first joint-holder : _____
 (To be filled in if the first named joint-holder does not attend the meeting).

 Name of Proxy : _____
 (To be filled in if Proxy Form has been duly deposited with the company).

I hereby record my presence at the FORTY-SIXTH ANNUAL GENERAL MEETING of the Company held at
 Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, 76, Veer Nariman Road,
 Churchgate, Mumbai-400 020 at 11.00 a.m. on Tuesday, the 25th September, 2007.

Registered Folio No. _____

Member's/Proxy's Signature (To be signed at the time of handing over this slip).

No. of Shares held _____

Note: Persons attending the Annual General Meeting are requested to bring their copies of Annual Reports as the
 practice of distribution of copies of the Report at the meeting has been discontinued.

Bombay Oxygen Corporation Ltd.

DIRECTORS:

MR. SHYAM M. RUIA, **Chairman**

MR. IBRAHIM A. RAHIMTOOLA

MR. MOHAN BIR SINGH

MR. AJIT M. GHELANI

MR. NIRMAL P. JHUNJHUNWALA

MR. KAVAS BHARUCHA

COMPANY SECRETARY:

MR. AMAL TRIPATHI

AUDITORS:

K. G. SHAH & CO.

SOLICITORS:

KANGA & CO.

BANKERS:

CANARA BANK

UTI BANK LTD.

THE BANK OF RAJASTHAN LTD.

UNION BANK OF INDIA

BANK OF MAHARASHTRA

BANK OF INDIA

ALLAHABAD BANK

REGISTERED OFFICE:

L.B.S. MARG

MULUND (W)

MUMBAI 400 080

FACTORIES:

KALWE (THANE), KHOPOLI,

PUNE, TARAPUR & NAGPUR

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued. You are, therefore, requested to bring your copy of the Annual Report to the Meeting.

Bombay Oxygen Corporation Ltd.

NOTICE

NOTICE is hereby given that the 46th ANNUAL GENERAL MEETING of BOMBAY OXYGEN CORPORATION LIMITED will be held at Walchand Hirachand Hall, Lalji Naranji Memorial, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai-400 020 on Tuesday, the 25th September, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2007 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares.
3. To appoint a Director in place of Mr. Ibrahim A. Rahimtoola, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nirmal P. Jhunjhunwala, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration.

Registered Office :

L.B.S. Marg, Mulund (W),
Mumbai-400 080.

By Order of the Board of Directors,

AMAL TRIPATHI
Company Secretary

Mumbai, 30th July, 2007.

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 SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Dividend, if sanctioned, will be made payable at UTI Bank Limited, Mulund-West, Mumbai – 400 080 and at any of its specified branches in India on or after 29th September, 2007 to those members whose names stand on the Register of Members of the Company on 25th September, 2007.
3. The Share Transfer Books of the Company will remain closed from Wednesday, the 19th September, 2007 to Tuesday, 25th September, 2007 (both days inclusive).
4. Proxies, in order to be effective, must be received at the Registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
5. The Dividend warrants remaining unpaid (up to 28th Dividend) with the Company have been transferred to General Revenue Account of the Central Government pursuant to the provisions of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Amount of unclaimed dividend of 29th, 30th, 31st, 32nd, 33rd and 34th dividend warrants have been transferred to the Investor Education and Protection Fund.
6. The Dividend warrants, Interest warrants and Matured deposits remained unclaimed for more than seven years with the Company have been transferred to the Investor Education & Protection Fund of the Central Government pursuant to the provisions of the Investor Education and Protection Fund (Awareness & protection of investors) Rules, 2001. Those shareholders who have not still encashed their 35th to 40th Dividend warrants and fixed depositors who have not encashed their interest warrants and/or fixed deposits are requested to send to the Company for revalidation/repayment.

Registered Office :

L.B.S. Marg, Mulund (W),
Mumbai-400 080.

By Order of the Board of Directors,

AMAL TRIPATHI
Company Secretary

Mumbai, 30th July, 2007.

Bombay Oxygen Corporation Ltd.

DIRECTORS' REPORT

Your Directors have pleasure in submitting this 46th ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

	For the year ended 31st March, 2007 (Rs. in '000)	For the year ended 31st March, 2006 (Rs. in '000)
Profit before depreciation and tax	37,527	177,123
Provision for depreciation	31,903	32,211
Provision for taxation	625	43,516
Provision for Fringe Benefit Tax	294	372
Provision for Deferred taxation	2,605	6,119
Net Profit	<u>2,100</u>	<u>94,905</u>

Appropriations :

Proposed Dividend	1,650	3,000
Tax on Dividend	280	421
Balance transferred to General Reserve	170	91,484
	<u>2,100</u>	<u>94,905</u>

PERFORMANCE :

The 130 TPD Tonnage plant at Kalwe worked satisfactorily during the year. However the 40 TPD Oxygen Liquifier was under utilized due to less demand of liquid oxygen in the merchant market. Both prices and quantities were hit. This resulted in lower sales and decreased profitability of the Company as compared to the last year. Plants at other locations are working satisfactorily.

During the year under review, sales were Rs. 28,36,00,616/- as against Rs. 47,18,11,947/- for the previous year. The Profit before Depreciation and Tax during the year is Rs. 3,75,23,326/- as against Rs. 17,71,25,456/- in the previous year.

DIVIDEND :

Your Directors recommend payment of Dividend of Rs. 11/- (Previous year Rs. 20/-) per equity share. The proposed Dividend, if approved, at the Annual General Meeting, will absorb Rs. 19,30,418/- including Dividend tax [Previous year Rs. 34,20,750/-].

DIRECTORS :

Your Directors Mr. Ibrahim A. Rahimtoola and Mr. Nirmal P. Jhunjhunwala, retire this year by rotation in accordance with the Articles of Association of the Company and, being eligible, offer themselves for re-appointment.

FIXED DEPOSITS :

69 Deposits amounting to Rs. 10,11,000/- due for repayment on or before 31st March, 2007 were not-claimed by the depositors. As on the date of this report, Rs. 2,95,000/- thereof have been claimed and paid.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars required to be disclosed under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto which form part of this report.

GENERAL :

The Company has no employee covered under Section 217(2A) of the Companies Act, 1956. The assets of the Company are adequately insured.

Bombay Oxygen Corporation Ltd.

CORPORATE GOVERNANCE :

Report on Corporate Governance along with the certificate of the Auditors M/s K. G. Shah & Co., confirming the compliance of the conditions of corporate governance, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchange is annexed.

MANAGEMENT DISCUSSION AND ANALYSIS :

(i) Industry Structure and developments :

The gas industry is capital intensive. There has been large-scale capacity additions in the gas industry during the year. This has put pressure on price realization and margins.

(ii) Opportunities, Threats, Risks and Concerns :

- (a) Steel Companies are increasing their production capacities thus opening up new opportunities for more consumption of gases. The demand for medicinal gases is also rising. There is potential in this sector too.
- (b) Almost all multinational gas companies have their presence in India. They do pose a threat to the growth of medium and small scale gas companies.
- (c) The continuous rise in the power cost, which is the main cost in the production of gases is a major concern to the future profitability of the industrial gas sector.

(iii) Segment wise product wise performance :

The Company is primarily engaged in the manufacturing and sale of industrial gases, viz, Oxygen, Nitrogen, Argon.

Hydrogen and Dissolved Acetylene are outsourced by the Company for supply to end users.

(iv) Outlook :

With the national economy continuing its growth the demand for industrial gases is expected to increase. The Company is now exploring new segments such as pharmaceuticals, glass, food processing and chemicals industry. The Company is also augmenting its presence in the health care segment, through the supply of liquid medical oxygen.

(v) Internal Control Systems and their adequacy :

The Senior Management periodically reviews factors and issues that influence the Company's business and take appropriate decisions to ensure that the Company's interest and that of the stakeholders are protected. The Company has an inbuilt system of internal checks and controls and closely monitors the following :

- (a) Protection and conservation of resources of the Company;
- (b) Compliance of the Statutes;
- (c) Maximum utilisation of finances;
- (d) Delegation of adequate responsibility and authority to ensure timely decisions and implementation thereof.

The Audit Committee of the Board of Directors takes the responsibility of review of the Internal Controls and the matters connected there with.

(vi) Financial and Operational performance :

Particulars	For the year ended 31st March, 2007 (Rs. in '000)	For the year ended 31st March, 2006 (Rs. in '000)
Sales	283,601	471,812
Other Income	20,258	6,076
Profit before depreciation	37,527	177,123
Depreciation	31,903	32,211
Profit after depreciation & Taxes	2,100	94,905

(vii) Material developments in Human Resources/Industry relations front, including number of people employed :

The Company continues to give utmost importance to the Human Resource Development and high priority is given to keep individual relations healthy.

Bombay Oxygen Corporation Ltd.

(viii) **Cautionary Statement :**

Company's projections and estimates will vary from actual results, which depend on variety of factors over which the Company does not have control.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors hereby declare :

- (i) that in the preparation of the annual accounts, all applicable accounting standards have been followed;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS :

M/s. K. G. Shah & Co., Chartered Accountants, Statutory Auditors of the Company, retire at this Annual General Meeting and being eligible offer themselves for re-appointment.

COMPLIANCE CERTIFICATE :

The Compliance Certificate under section 383A of the Companies Act, 1956 has been obtained from M/s. Bharat V. Pathak & Company - Practicing Company Secretary, for the year under review and same is attached with this Report.

On behalf of the Board

S. M. RUIA
Chairman

Mumbai, 30th July, 2007.

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007.

A. CONSERVATION OF ENERGY :

- (a) The Company has taken measures for conservation of energy by regular maintenance of all plants.
- (b) The Company has made adequate arrangements for installation of vacuum lines, liquid pumping system, capacitors, UPS and other energy efficient equipments.
- (c) The measures like monitoring of power consumption, power factor and regular maintenance of all systems have kept power cost in control.
- (d) Energy conservation in respect of Specified Industries: Not Applicable.

B. TECHNOLOGY ABSORPTION :

RESEARCH & DEVELOPMENT

The Company continues to lay emphasis on Research & Development.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION AND BENEFITS DERIVED THEREFROM :

The 130.TPD Tonnage plant and 40 TPD Oxygen Liquifier at Kalwe, both imported, continued to work satisfactorily during the year, producing gaseous and liquid oxygen, nitrogen and argon. The other plants in the Company are of indigenous make, producing oxygen and nitrogen in gaseous form.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	Rs. in '000
Total Foreign Exchange earned	NIL
Total Foreign Exchange used	18

Bombay Oxygen Corporation Ltd.

REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance :

The Company firmly believes in and consistently endeavors to practice good Corporate Governance. The Company strives to promote the highest ethical standards and integrity. It pledges to be a good corporate citizen caring for health, safety and environment.

The Company is committed to conduct its business in accordance with all applicable Laws, Rules and Regulations envisaging the attainment of the highest levels of transparency, accountability and professionalism in all facets of its operations and interactions with its stakeholders.

2. Board of Directors :

- Composition and size of the Board :

The present strength of the Board is Six. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49(I)(A) of the Listing Agreement.

- Board meetings, attendance and other Directorships :

During the year ended 31st March, 2007, seven Board meetings were held on 27.04.2006, 25.07.2006, 06.09.2006, 25.09.2006, 31.10.2006, 31.01.2007 and 14.03.2007. The attendance of each Director at Board meetings and the last Annual General Meeting (AGM) and directorships in other Indian Public Limited Companies and Committee memberships therein are as under:-

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of Directorships in other Public Limited Companies in India	No. of Committee positions held in other Companies	
					Chairman	Member
Mr. Shyam M. Ruia	Non-Executive Chairman, Promoter	7	Yes	3	Nil	Nil
Mr. Ibrahim A. Rahimtoola	Non-Executive, Independent	7	Yes	2	Nil	Nil
Mr. Mohan Bir Singh	Non-Executive, Independent	6	Yes	2	Nil	Nil
Mr. Ajit M. Ghelani	Non-Executive, Independent	7	Yes	2	Nil	Nil
Mr. Nirmal P. Jhunjhunwala	Non-Executive, Independent	6	Yes	2	Nil	Nil
Mr. Kavas Bharucha	Non-Executive, Independent	6	Yes	3	Nil	4

3. Audit Committee :

- Constitution, Composition and Terms of Reference :

The Audit Committee comprises of three Non-Executive & Independent Directors as under:

- Mr. Kavas Bharucha – Chairman
- Mr. Ibrahim A. Rahimtoola – Member
- Mr. Nirmal P. Jhunjhunwala – Member

Bombay Oxygen Corporation Ltd.

The Chairman is a fellow member of the Institute of Chartered Accountants of India.

Terms of Reference of the Audit Committee are as outlined in the paragraphs C, D and E of Clause 49(II) of the Listing Agreement.

• Meetings and Attendance :

During the year ended 31st March, 2007, four Audit Committee Meetings were held on 27.04.2006, 25.07.2006, 31.10.2006, and 31.01.2007. The attendance of each Member at Audit Committee Meeting are as under:-

	27.04.2006	25.07.2006	31.10.2006	31.01.2007
Mr. Kavas Bharucha	Present	Present	Absent	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present

4. Remuneration Committee :

The Company has not constituted a Remuneration Committee since none of the Directors have been paid any remuneration. The sitting fees paid to the directors has been decided by the Board of Directors.

5. Shareholders'/Investors' Grievance Committee :

• Constitution, Composition and Terms of Reference :

The Shareholders'/Investors' Grievance Committee comprises of three Non-Executive & Independent Directors as under:

1. Mr. Mohan Bir Singh – Chairman
2. Mr. Ibrahim A. Rahimtoola – Member
3. Mr. Nirmal P. Jhunjhunwala – Member

The Committee looks into redressing the Investors' grievances/complaints, viz, non-receipt of transferred shares, non-receipt of dividends etc.

• Meetings and Attendance :

During the year ended 31st March, 2007, four Shareholders'/Investors' Grievance Committee meetings were held on 27.04.2006, 25.07.2006, 31.10.2006, and 31.01.2007. The attendance of each Member at Shareholders'/Investors' Grievance Committee are as under:-

	27.04.2006	25.07.2006	31.10.2006	31.01.2007
Mr. Mohan Bir Singh	Present	Present	Absent	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present

• Compliance Officer :

Mr. A. R. Lele, General Manager (Commercial) is Compliance Officer of the Company.

• Shareholders' complaints :

During the year, the Company received no complaints from the shareholders/investors. As on 31st March, 2007, no complaints were pending.

Bombay Oxygen Corporation Ltd.

• Share Transfer :

All Share transfers are received in physical form only since Company has not yet signed agreement for demat of the shares. The procedure for transfer of shares is narrated under heading 'Share Transfer System' in this report at point no 9 (ix).

6. General Body Meetings :

Location and time of last three Annual General Meetings (AGM) held is as under:

AGM	Year	Venue	Date	Time	No. of Special Resolutions passed
43rd	2003-04	Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.	21-09-2004	11.30 A.M.	Nil
44th	2004-05	— do —	15-09-2005	11.00 A.M.	Nil
45th	2005-06	— do —	06-09-2006	11.00 A.M.	Nil

No Special Resolution was passed in last year through Postal Ballot. No Special Resolution is proposed till date to be conducted through Postal Ballot this year.

7. Disclosures :

- (i) There are no transactions with any of the related parties.
- (ii) The Company has complied with all the provisions of various Corporate Acts, Rules and Regulations made there under, including various clauses of Listing Agreement. There has been no instance of non-compliance by the Company on any matter related to Capital Markets, during the last three years.
- (iii) Though there is no formal Whistle blower policy, the Company takes cognizance of complaints and suggestions by employees and others. All employees of the Company have free access to the Audit Committee of the Company.
- (iv) The Board of Directors has laid down a Code of Conduct for all the Board members and Members of the Senior Management of the Company. A declaration from the Chairman affirming compliance of the said Code by all the Board members and members of Senior Management of the Company, to whom the Code is applicable, is annexed separately to this Report.

8. Means of Communication :

- (i) The Board of Directors of the Company approves and takes on record the quarterly financial results in the prescribed format within one month of the end of the respective quarter.
- (ii) Such results are sent forthwith to the Stock Exchange and are published in two local news papers within 48 hours of approval thereof.
- (iii) The Company does not own website. However, the results can be viewed on the website of the Bombay Stock Exchange Limited.
- (iv) The Company has not made any presentation to institutional investors or to analysts. The Company does not have an official news release.
- (v) Management Discussion and Analysis is a part of the Directors' Report.