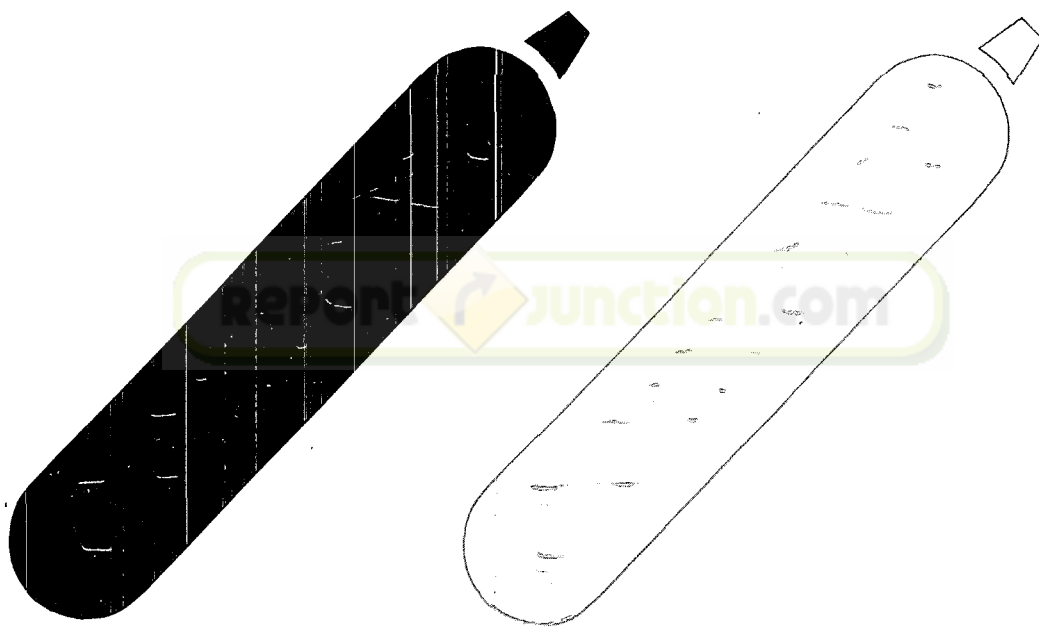


# Bombay Oxygen Corporation Ltd.



Annual Report & Accounts - 2007-2008

## **Bombay Oxygen Corporation Ltd.**

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### **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 (UP TO 24.08.2007)

### **COMPANY SECRETARY:**

MR. NEERAJ KUMAR OMAR

### **AUDITORS:**

K. G. SHAH & CO.

### **SOLICITORS:**

KANGA & CO.

### **BANKERS:**

CANARA BANK  
AXIS BANK LTD.  
THE BANK OF RAJASTHAN LTD.  
UNION BANK OF INDIA  
BANK OF MAHARASHTRA  
BANK OF INDIA  
ALLAHABAD BANK

### **REGISTERED OFFICE:**

22/B, Mittal Tower,  
210, Nariman Point,  
Mumbai - 400 021.

### **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 47th ANNUAL GENERAL MEETING of BOMBAY OXYGEN CORPORATION LIMITED will be held at Walchand Hirachand Hall, Lalji Narajji Memorial, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai-400 020 on Monday, the 23rd June, 2008 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, 2008 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. Mohan Bir Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajit M. Ghelani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration.

### Registered Office :

22/B, Mittal Tower, 210, Nariman Point,  
Mumbai - 400 021.

By Order of the Board of Directors,

NEERAJ KUMAR OMAR  
Company Secretary

**Mumbai, 20th May, 2008.**

### 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 Axis Bank Limited, Nariman Point, Mumbai - 400 021 and at any of its specified branches in India on or after 27th June, 2008 to those members whose names stand on the Register of Members of the Company as on 23rd June, 2008.
3. The Share Transfer Books of the Company will remain closed from Tuesday, the 17th June, 2008 to Monday, 23rd June, 2008 (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 29th 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 30th, 31st, 32nd, 33rd, 34th and 35th 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 36th to 41st 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 :

22/B, Mittal Tower, 210, Nariman Point,  
Mumbai - 400 021.

By Order of the Board of Directors,

NEERAJ KUMAR OMAR  
Company Secretary

**Mumbai, 20th May, 2008.**

# Bombay Oxygen Corporation Ltd.

## DIRECTORS' REPORT

Your Directors have pleasure in submitting this 47th ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2008.

### FINANCIAL RESULTS :

	For the year ended 31st March, 2008 (Rs. in '000)	For the year ended 31st March, 2007 (Rs. in '000)
Profit before depreciation and tax and exceptional item	40,160	37,527
Provision for depreciation	31,566	31,903
Provision for taxation	0	625
Provision for Fringe Benefit Tax	300	294
Provision for Deferred taxation	6,029	2,605
Profit after taxation and before exceptional item	2,265	2,100
Exceptional item (Net of Tax)	15,85,077	0
Profit after tax and exceptional item	15,87,342	2,100

### Appropriations :

Proposed Dividend	3,000	1,650
Tax on Dividend	510	280
Balance transferred to General Reserve	15,83,832	170
	15,87,342	2,100

### PERFORMANCE :

The 130 TPD Tonnage plant at Kalve whilst running satisfactorily, could not be utilized to its full capacity, due to less demand in the merchant market for liquid gases. Therefore, the sales suffered. During the year under review, sales were Rs. 24,08,13,601/- as against Rs. 28,36,00,616/- for the previous year. Profit before Depreciation, Tax and exceptional items during the year is Rs. 4,01,59,354/- as against Rs. 3,75,23,326/- in the previous year.

For better utilization of its assets, the company has sold the Development Rights of land at Mulund for a consideration of Rs. 200 Crores during the year under review. Now the Company has an opportunity to invest its surplus funds for growth and to secure its long-term future.

### DIVIDEND :

Your Directors recommend the payment of Dividend of Rs. 20/- (Previous year Rs. 11/-) per equity share. The proposed Dividend, if approved, at the Annual General Meeting, will absorb Rs. 35,09,850/- including Dividend tax [Previous year Rs. 19,30,418/-].

### DIRECTORS :

Your Directors Mr. Mohan Bir Singh and Mr. Ajit M. Ghelani, retire this year by rotation in accordance with the Articles of Association of the Company but, being eligible, offer themselves for re-appointment.

### FIXED DEPOSITS :

83 Deposits amounting to Rs. 12,76,000/- due for repayment on or before 31st March, 2008 were not claimed by the depositors. As on the date of this report, Rs. 3,29,000/- 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.

# Bombay Oxygen Corporation Ltd.

## GENERAL :

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

## 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 highly capital intensive. The multinational gas companies have installed plants of large capacities both for captive supply to steel mills as well as for the merchant market. This has put pressure on margins and overall capacity utilization of the gas industry.

### (ii) Opportunities, Threats, Risks and Concerns :

(a) The increasing demand of gases in steel manufacturing and oil exploration is opening up opportunities for more consumption of gases. There is also a rising demand of gases for medicinal uses and health care.

(b) Due to additional capacities created by the new installations of plants by large companies, there is over-supply. However, economies of scale being in the favour of large companies, the growth of medium size gas companies like ours, are subject to severe price competition.

(c) Power is the main input in the cost of production of gases, and its uninterrupted supply to the gas industry is of paramount importance. As this is not so readily available, new areas and markets cannot be approached quite so easily.

### (iii) Segment-wise product wise performance :

The Company primarily manufactures and sells industrial gases i.e. Oxygen, Nitrogen & Argon both in liquid & gaseous forms.

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

### (iv) Outlook :

With the economy continuing its growth, the demand for industrial gases is expected to increase.

### (v) Internal Control Systems and their adequacy :

The Senior Management periodically reviews factors and issues that influence the Company's business and takes 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.

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

### (vi) Financial and Operational performance :

Particulars	For the year ended 31st March, 2008 (Rs. in '000)	For the year ended 31st March, 2007 (Rs. in '000)
Sales	2,40,814	2,83,601
Other Income	22,822	20,258
Profit before depreciation	40,160	37,527
Depreciation	31,566	31,903
Profit after depreciation, Taxes and before exceptional items	2,265	2,100

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

The Company continues to give utmost importance to 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 a 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 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 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

Mumbai, 20th May, 2008.

S. M. RUIA  
Chairman

## 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, 2008.**

### 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 .....	1810

# 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 possible ethical standards and integrity. It pledges to be a good corporate caring for health, safety and the 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 Five. The composition of the Board of Directors with reference to the 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, 2008, six Board meetings were held on 30.04.2007, 20.06.2007, 30.07.2007, 25.09.2007, 30.10.2007 and 30.01.2008. 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	6	Yes	3	Nil	Nil
Mr. Ibrahim A. Rahimtoola	Non-Executive, Independent	6	Yes	2	Nil	Nil
Mr. Mohan Bir Singh	Non-Executive, Independent	6	Yes	2	Nil	Nil
Mr. Ajit M. Ghelani	Non-Executive, Independent	5	Yes	2	Nil	Nil
Mr. Nirmal P. Jhunjunwala	Non-Executive, Independent	5	Yes	2	Nil	Nil
Mr. Kavas Bharucha (up to 24.08.2007)	Non-Executive, Independent	2	No	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. Nirmal P. Jhunjunwala – Chairman
- Mr. Ibrahim A. Rahimtoola – Member
- Mr. Ajit M. Ghelani – Member

## Bombay Oxygen Corporation Ltd.

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, 2008, four Audit Committee Meetings were held on 30.04.2007, 30.07.2007, 30.10.2007, and 30.01.2008. The attendance of each Member at Audit Committee Meetings are as under:-

	30.04.2007	30.07.2007	30.10.2007	30.01.2008
Mr. Nirmal P. Jhunjhunwala Chairman From 25/09/2007	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Ajit M. Ghelani From 25/09/2007	N. A.	N. A.	Present	Present
Mr. Kavas Bharucha Chairman (up to 24.08.2007)	Present	Present	N. A.	N. A.

#### 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, 2008, four Shareholders'/Investors' Grievance Committee meetings were held on 30.04.2007, 30.07.2007, 30.10.2007, and 30.01.2008. The attendance of each Member at Shareholders'/Investors' Grievance Committee are as under:-

	30.04.2007	30.07.2007	30.10.2007	30.01.2008
Mr. Mohan Bir Singh	Present	Present	Present	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 the Compliance Officer of the Company.

- Shareholders' complaints :

During the year, the Company has received one complaint from the shareholders/investors, and has been redressed satisfactorily. As on 31st March, 2008, no complaint is pending.

# Bombay Oxygen Corporation Ltd.

## • Share Transfer :

All Share transfers are received in physical form only since Company has not yet signed the agreement for the 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 are as under:

AGM	Year	Venue	Date	Time	No. of Special Resolutions passed
44th	2004-05	Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.	15-09-2005	11.00 A.M.	Nil
45th	2005-06	— do —	06-09-2006	11.00 A.M.	Nil
46th	2006-07	— do —	25-09-2007	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 :

- There are no transactions with any of the related parties.
- 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.
- Though there is no formal Whistle blower policy, the Company takes cognizance of complaints and suggestions by employees and others. All the employees of the Company have free access to the Audit Committee of the Company.
- 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 is annexed.

## 8. Means of Communication :

- 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.
- Such results are sent forthwith to the Stock Exchange and are published in two local news papers within 48 hours of approval thereof.
- The Company does not have a website. However, the results can be viewed on the website of the Bombay Stock Exchange Limited.
- The Company has not made any presentation to institutional investors or to analysts. The Company does not have an official news release.
- Management Discussion and Analysis is a part of the Directors' Report.

## Bombay Oxygen Corporation Ltd.

### 9. General Shareholder information :

- (i) Forty Seventh Annual General Meeting:
- Date : 23rd June, 2008
- Time : 11.00 a.m.
- Venue : Walchand Hirachand Hall,  
Indian Merchant Chamber Building,  
76, Veer Nariman Road, Churchgate,  
Mumbai - 400 020.
- (ii) Financial Calendar (proposed) : April, 2008 to March, 2009
- First Quarter results : July, 2008
- Second Quarter results : October, 2008
- Third Quarter results : January, 2009
- Un-audited/audited results
- For the year ended 31st March, 2009 : April, 2009
- (iii) Date of Book Closure : 17th June, 2008 to 23rd June, 2008
- (iv) Dividend Payment Date : 27th June, 2008
- (v) Listing on Stock Exchange : Bombay Stock Exchange Limited
- (vi) Stock Code : 509470
- (vii) Market Price Data : High and Low of share price on BSE and BSE Sensex during each month in the last financial year:

MONTH	Price of the Share		BSE SENSEX	
	HIGH (Rs.)	LOW (Rs.)	HIGH	LOW
April, 2007	5600.00	4454.00	14228.88	12455.37
May, 2007	5510.00	4535.00	14544.46	13765.46
June, 2007	5563.00	4806.00	14650.51	14003.03
July, 2007	6699.00	5000.00	15794.92	14664.26
August, 2007	6000.00	5144.30	15318.60	13989.11
September, 2007	5512.50	4751.00	17291.10	15422.05*
October, 2007	12387.15	5250.00	19977.67	17328.62
November, 2007	13006.50	7721.15	19976.23	18526.32
December, 2007	8900.00	7500.00	20375.87	19079.64
January, 2008	9760.00	7611.80	20873.33	16729.94
February, 2008	9608.25	7126.05	18663.16	16608.01
March, 2008	7035.00	6138.00	16677.88	14809.49

- (viii) Registrar and Transfer Agents : There is no Registrar and Transfer Agent and the Company carries on the job of share transfer in house.
- (ix) Share Transfer System : Shares are to be lodged at the registered office of the Company for transfer along with transfer deed duly executed in all respect. All share transfers are normally processed within 15 days of lodgment thereof and are approved by the Committee of Directors constituted by the Board of Directors for this purpose. The Committee meets once every fortnight to dispose of all matters relating to transfers, transmissions, issue of duplicate shares, replacement of shares etc.