

Bombay Oxygen Corporation Ltd.



Annual Report & Accounts - 2011-2012

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. AMAY S. RUIA

AUDITORS :

K. G. SHAH & CO.

SOLICITORS :

KANGA & CO.

BANKERS :

CANARA BANK
AXIS BANK LTD.
BANK OF MAHARASHTRA
BANK OF INDIA
ALLAHABAD BANK
HDFC BANK LTD.

REGISTERED OFFICE :

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

FACTORIES :

KALWE (THANE), PUNE, TARAPUR & NAGPUR

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliance by the companies, and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses. Members are requested to fill the appropriate columns in the members feedback form (refer page no. 41 of Annual Report) and send it to the Company's Registered Office.

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.

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NOTICE

NOTICE is hereby given that the 51st 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 Wednesday, the 29th August, 2012 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Statement of Profit & Loss of the Company for the year ended 31st March, 2012, and the Balance Sheet as on that date together with the Report 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,

NIRMAL P. JHUNJHUNWALA
Director

Mumbai, 19th July, 2012.

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 HDFC Bank Limited, Fort, Mumbai - 400 023 and at any of its specified branches in India on or after 1st September, 2012 to those members whose names stand on the Register of Members of the Company as on 29th August, 2012.
3. The Share Transfer Books of the Company will remain closed from Thursday, the 23rd August, 2012 to Wednesday, 29th August, 2012 (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. Pursuant to provisions of Section 205A(5) and 205C of the Companies Act 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years up to 2003-04 to the General Revenue Account/Investors Education and Protection Funds of the Central Government. Those shareholders who have not still encashed their 39th to 45th Dividend warrants and fixed depositors who have not encashed their interest warrants and/or fixed deposits are requested to send them 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,

NIRMAL P. JHUNJHUNWALA
Director

Mumbai, 19th July, 2012.

Bombay Oxygen Corporation Ltd.

DIRECTORS' REPORT

Your Directors have pleasure in submitting this 51st ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS :

	For the year ended 31st March, 2012 (₹ in '000)	For the year ended 31st March, 2011 (₹ in '000)
Profit before depreciation and tax	42,694	88,354
Provision for depreciation	35,299	35,999
Profit before tax	7,395	52,355
Current tax	—	12,600
Deferred tax	(3,751)	(1,698)
Profit for the year	11,146	41,453
Appropriations :		
Proposed Dividend	3,000	3,000
Tax on Dividend	486	486
Transferred to General Reserve	7,660	37,967
	11,146	41,453

PERFORMANCE :

The 130 TPD tonnage plant at Kalwe has worked satisfactorily during the year. However the 40TPD Oxygen liquifier was under utilized due to less demand of liquid oxygen in the Market. This has hit both prices and quantities and resulted in lower sales and decreased profitability of the Company as compared to the last year.

During the year under review, sales were ₹ 36,66,28,074/- as against ₹ 41,73,70,079/- for the previous year. Profit before Depreciation and Tax during the year is ₹ 4,26,93,237/- as against ₹ 8,83,54,521/- in the previous year.

The Subsidiaries Bombay Oxygen Acetylene Ltd. and Bombay Oxygen Gases Ltd. have been closed and their names are struck off from the Registrar of Companies.

DIVIDEND :

Your Directors recommend the payment of dividend of ₹ 20/- (Previous year ₹ 20/-) per equity share. The proposed dividend, if approved, at the Annual General Meeting, will absorb ₹ 34,86,675/- including Tax on dividend [Previous year ₹ 34,86,675/-].

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 :

48 Deposits amounting to ₹ 5,67,000/- due for repayment on or before 31st March, 2012 were not claimed by the depositors.

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 a highly capital intensive. Large-scale capacity additions in the gas industry are expected during the year. As there already is over production, this will put further pressure on margins and on capacity utilization.

(ii) Opportunities, Threats, Risks and Concerns :

Due to the present recessionary conditions growth in the gas industry is already adversely affected. Industries which are bulk consumers of industrial gases such as Steel, Chemical, Pharmaceutical, Glass etc. are not showing much improvement in their demand of gases. On top of this the continuous rise in the cost of power is a major concern for profitability. Power is the main input in the cost of production of gases and unless uninterrupted power at reasonable tariffs is made available to the industry, margins are sure to be under heavy pressure.

(iii) Segment wise product wise performance :

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

Dissolved Acetylene is outsourced by the Company for supply to end users.

(iv) Outlook :

With the national economy in an unpredictable position, it is difficult to forecast the requirement of gases. The company is continuing its efforts to explore new markets such as ship breaking, pharmaceuticals, glass, food processing and the chemical industry. The Company is also augmenting its presence in the health care segment, through the supply of liquid and gaseous medical oxygen.

(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 is 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, 2012 (₹ in '000)	For the year ended 31st March, 2011 (₹ in '000)
Sales	3,66,628	4,17,370
Other Income	30,263	22,480
Profit before depreciation	42,694	88,354
Depreciation	35,299	35,999
Taxes	(3,751)	10,902
Profit after depreciation and taxes	11,146	41,453

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- (vii) Material developments in Human Resources/Industry relations front, including number of people employed :
The Company continues to give utmost importance to Human Resources Development and keeps relations healthy.
- (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 any 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 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, having Registration No. 109630W, 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. Sanjay Dholakia & Associates – 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, 19th July, 2012.

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, 2012.

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 Liquefier 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 indigenous, producing oxygen and nitrogen in gaseous form.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	₹ in '000
Total Foreign Exchange earned	NIL
Total Foreign Exchange used	287

Bombay Oxygen Corporation Ltd.

REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance :

The Company strongly believes in and endeavours to practice good Corporate Governance. It tries to promote the highest possible ethical standards and integrity. It pledges to be a good corporate 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 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, 2012, Eight Board meetings were held on 11.05.2011, 02.08.2011, 16.08.2011, 15.09.2011, 08.11.2011, 14.11.2011, 06.02.2012 and 28.03.2012. The maximum time gap between any two consecutive meetings was within the stipulated period of four months. 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	8	Yes	3	Nil	Nil
Mr. Ibrahim A. Rahimtoola	Non-Executive, Independent	8	Yes	Nil	Nil	Nil
Mr. Mohan Bir Singh	Non-Executive, Independent	8	Yes	Nil	Nil	Nil
Mr. Ajit M. Ghelani	Non-Executive, Independent	7	Yes	Nil	Nil	Nil
Mr. Nirmal P. Jhunjunwala	Non-Executive, Independent	5	No	Nil	Nil	Nil
Mr. Amay S. Ruia	Non-Executive Non-Independent	6	No	2	Nil	Nil

3. Audit Committee :

- Constitution, Composition and Terms of Reference :

The Audit Committee comprises as under :

- | | | | |
|---|---------------------------|----------------------------------|----------|
| 1 | Mr. Nirmal P. Jhunjunwala | – Non-Executive, Independent | Chairman |
| 2 | Mr. Ibrahim A. Rahimtoola | – Non-Executive, Independent | Member |
| 3 | Mr. Ajit M. Ghelani | – Non-Executive, Independent | Member |
| 4 | Mr. Amay S. Ruia | – Non-Executive, Non-Independent | Member |

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.

Bombay Oxygen Corporation Ltd.

- Meetings and Attendance :

During the year ended 31st March, 2012, Five Audit Committee Meetings were held on 03.05.2011, 02.08.2011, 16.08.2011, 08.11.2011 and 06.02.2012. The attendance of each Member at Audit Committee Meetings are as under :

	03.05.2011	02.08.2011	16.08.2011	08.11.2011	06.02.2012
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present	Present
Mr. Ajit M. Ghelani	Absent	Present	Present	Present	Present
Mr. Amay S. Ruia	Present	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 as under :

- | | | |
|-------------------------------|---------------------------------|----------|
| 1. Mr. Mohan Bir Singh | – Non-Executive Independent | Chairman |
| 2. Mr. Nirmal P. Jhunjhunwala | – Non-Executive Independent | Member |
| 3. Mr. Ibrahim A. Rahimtoola | – Non-Executive Independent | Member |
| 4. Mr. Amay S. Ruia | – Non-Executive Non-Independent | 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, 2012, Five Shareholders'/Investors' Grievance Committee meetings were held on 11.05.2011, 02.08.2011, 16.08.2011, 08.11.2011 and 06.02.2012. The attendance of each Member at Shareholders'/Investors' Grievance Committee are as under :

	11.05.2011	02.08.2011	16.08.2011	08.11.2011	06.02.2012
Mr. Mohan Bir Singh	Present	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present	Present
Mr. Nirmal P. Jhunjhunwala	Absent	Present	Present	Present	Present
Mr. Amay S. Ruia	Present	Present	Present	Present	Present

- Compliance Officer :

Mr. Bhupesh P. Mehta, General Manager (Accounts & Finance) is the Compliance Officer of the Company.

- Shareholders' complaints :

During the year, the Company had received 3 complaints from the shareholders/investors which have been redressed satisfactorily. As on 31st March, 2012, no complaints were pending.

- 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).

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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
48th	2008-09	Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.	14.09.2009	11.00 A.M.	Nil
49th	2009-10	– do –	18.08.2010	11.00 A.M	Nil
50th	2010-11	– do	15.09.2011	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 the 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 is annexed.

8. Means of Communication :

- (i) The Board of Directors of the Company approve and take on record the unaudited quarterly financial results and audited annual financial results and announce forthwith the results to the Bombay Stock Exchange Ltd., where the shares of the Company are listed. The same are published in two local news papers within 48 hours of approval thereof and are displayed on the Company's website www.bomox.com.
- (ii) The Company has not made any presentation to institutional investors or to analysts. The Company does not have an official news release.
- (iii) Management Discussion and Analysis is a part of the Directors' Report.

9. General Shareholder information :

- (i) Fifty-first Annual General Meeting:

Date	: 29th August, 2012
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)

First Quarter results	: Before 14th August, 2012
Second Quarter results	: Before 14th November, 2012
Third Quarter results	: Before 14th February, 2013
Audited results for the year ended 31st March, 2013	: Before 30th May, 2013