

# Bombay Oxygen Corporation Ltd.



Annual Report & Accounts - 2012-2013

# **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. 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.

# Bombay Oxygen Corporation Ltd.

## NOTICE

NOTICE is hereby given that the 52nd 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 Monday, the 29th July, 2013 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, 2013, 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. 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 consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s Singrodia Goyal & Co., Chartered Accountants, Registration No.112081W be and are hereby appointed as Auditors of the Company, in place of the retiring Auditors, M/s. K. G. Shah & Co., Chartered Accountants, having Registration No.109630W, who have given to the Company, a notice in writing of their unwillingness to be re-appointed and that M/s Singrodia Goyal & Co., Chartered Accountants, Registration No.112081W shall hold office as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Auditors."

### Registered Office :

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

By Order of the Board of Directors,

NIRMAL P. JHUNJHUNWALA  
*Director*

**Mumbai, 7th June, 2013.**

### 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 or at any of its specified branches in India on or after 2nd August, 2013 to those members whose names stand on the Register of Members of the Company as on 29th July, 2013.
3. The Share Transfer Books of the Company will remain closed from Tuesday, the 23rd July, 2013 to Monday, the 29th July, 2013 (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 2004-05 to the General Revenue Account/Investors Education and Protection Funds of the Central Government. Those shareholders who have not still encashed their 40th to 46th 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, 7th June, 2013.**

# Bombay Oxygen Corporation Ltd.

## DIRECTORS' REPORT

Your Directors have pleasure in submitting this 52nd ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS :

	For the year ended 31st March, 2013 (₹ in '000)	For the year ended 31st March, 2012 (₹ in '000)
Profit/(Loss) before depreciation and tax	(53,793)	42,694
Provision for depreciation	34,731	35,299
Profit/(Loss) before tax	(88,524)	7,395
Deferred tax credit	(21,622)	(3,751)
Profit/(Loss) for the year	<u>(66,902)</u>	<u>11,146</u>

### Appropriations :

Transferred from General Reserve	67,779	—
Proposed Dividend	750	3,000
Tax on Dividend	127	486
Transferred to General Reserve	—	7,660
	<u>(66,902)</u>	<u>11,146</u>

### PERFORMANCE :

The 130 TPD tonnage plant at Kalwe whilst running satisfactorily, could not be utilized to its full capacity, due to less demand in the market for liquid gases. Therefore, the sales suffered. Plants at other locations are working satisfactorily. During the year under review, sales were ₹ 28,62,33,718/- as against ₹ 36,66,28,074/- for the previous year. Loss before Depreciation and Tax during the year is ₹ 5,37,91,633/- as against profit of ₹ 4,26,93,237/- in the previous year.

### DIVIDEND :

Your Directors recommend the payment of dividend of ₹ 5 /- (Previous year ₹ 20/-) per equity share. The proposed dividend, if approved, at the Annual General Meeting, will absorb ₹ 8,77,463/- including Tax on dividend [Previous year ₹ 34,86,675/-].

### 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 but, being eligible, offer themselves for re-appointment.

### FIXED DEPOSITS :

34 Deposits amounting to ₹ 4,45,000/- due for repayment on or before 31st March, 2013 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 :

Large-scale capacity additions are planned by some gas companies. However, the implementation is being delayed due to the slow down in the economy thereby causing less demand by gas consumers. When their new capacities are commissioned, it will put further pressure on margins, as there is already surplus production in the market.

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

Due to the continued recessionary conditions, the growth of the gas industry is adversely affected. The Steel industry being the main gas consuming sector is not showing any improvement in its demand nor is the demand rising from other industries like Chemical, Pharmaceutical, Glass, etc. On top of this the high cost of power is a major concern for profitability.

### (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 refineries, fertilizers, 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	<b>For the year ended 31st March, 2013 (₹ in '000)</b>	For the year ended 31st March, 2012 (₹ in '000)
Sales	<b>2,86,234</b>	3,66,628
Other Income	<b>(6,979)</b>	30,263
Profit/(Loss) before depreciation	<b>(53,793)</b>	42,694
Depreciation	<b>34,731</b>	35,299
Taxes	<b>(21,622)</b>	(3,751)
Profit/(Loss) after depreciation and taxes	<b>(66,902)</b>	11,146

# Bombay Oxygen Corporation Ltd.

- (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 working 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 whose term of office as the Auditors of the Company will expire at the conclusion of the ensuing Annual General Meeting of the Company, have given to the Company, a notice in writing of their unwillingness to be re-appointed.

Accordingly, M/s Singrodia Goyal & Co., Chartered Accountants, Registration No.112081W, who have given their letter to the Company certifying that their proposed appointment as Auditors would be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956, are proposed to be appointed as the Auditors of the Company.

## **AUDITORS REPORT :**

As regards the qualified opinion in the Auditor's Report pertaining to purported non-provision for diminution in the value of investment, your Directors invite your attention to the Explanatory Note No.12 to the Financial Statements wherein your Company's position has been fully explained. In view of the same, the qualification by the Auditors is unwarranted/misconceived.

## **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, 7th June, 2013.

## 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, 2013.

### 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 .....	1778

## REPORT ON CORPORATE GOVERNANCE

### 1. Company Philosophy on Corporate Governance :

The Company strongly believes in and endeavors 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 Non-Executive Independent 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, 2013, Five Board meetings were held on 26.04.2012, 19.07.2012, 29.08.2012, 05.11.2012 and 11.02.2013. 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	5	Yes	3	Nil	Nil
Mr. Ibrahim A. Rahimtoola	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
Mr. Mohan Bir Singh	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
Mr. Ajit M. Ghelani	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
Mr. Nirmal P. Jhunjunwala	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
Mr. Amay S. Ruia	Non-Executive Non-Independent	5	Yes	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, 2013, Four Audit Committee Meetings were held on 26.04.2012, 19.07.2012, 05.11.2012 and 11.02.2013. The attendance of each Member at Audit Committee Meetings are as under :

	26.04.2012	19.07.2012	05.11.2012	11.02.2013
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Ajit M. Ghelani	Present	Present	Present	Present
Mr. Amay S. Ruia	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, 2013, Four Shareholders'/Investors' Grievance Committee meetings were held on 26.04.2012, 19.07.2012, 05.11.2012 and 11.02.2013. The attendance of each Member at Shareholders'/Investors' Grievance Committee are as under :

	26.04.2012	19.07.2012	05.11.2012	11.02.2013
Mr. Mohan Bir Singh	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present
Mr. Amay S. Ruia	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 one complaint from the shareholders/investors which has been redressed satisfactorily. As on 31st March, 2013, no complaints were pending.

- Share Transfer :

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

# Bombay Oxygen Corporation Ltd.

## 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
49th	2009-10	Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.	18.08.2010	11.00 A.M	Nil
50th	2010-11	– do –	15.09.2011	11.00 A.M	Nil
51st	2011-12	– do –	29.08.2012	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 thereunder, including various clauses of Listing Agreement. There has been no instance of non-compliance by the Company on any matter related to the 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 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](http://www.bomox.com).
- 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.

## 9. General Shareholder information :

- Fifty Second Annual General Meeting:
 

Date	: 29th July, 2013
Time	: 11.00 a.m.
Venue	: Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.
- Financial Calendar (proposed)
 

First Quarter results	: Before 14th August, 2013
Second Quarter results	: Before 14th November, 2013
Third Quarter results	: Before 14th February, 2014
Audited results for the year ended 31st March, 2014	: Before 30th May, 2014