

Bombay Oxygen Corporation Ltd.



Annual Report & Accounts - 2013-2014

Bombay Oxygen Corporation Ltd.

Corporate Identity Number – L74999MH1960PLC011835

DIRECTORS :

MR. SHYAM M. RUIA, <i>Chairman</i>	– DIN 00094600
MR. IBRAHIM A. RAHIMTOOLA	– DIN 00192896
MR. MOHAN BIR SINGH	– DIN 00192554
MR. AJIT M. GHELANI	– DIN 00754651
MR. NIRMAL P. JHUNJHUNWALA	– DIN 00192810
MR. AMAY S. RUIA	– DIN 00564257

AUDITORS :

S G C O & CO.
4A, Kaledonia – HDIL,
2nd Floor, Sahar Road,
Near Andheri Station,
Andheri(East),
Mumbai – 400 069

COST AUDITOR :

S. PODDAR & CO.
B-205, Chandulal Park,
Station Road,
Bhayandar (West),
Thane - 401101

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 53rd ANNUAL GENERAL MEETING of BOMBAY OXYGEN CORPORATION LIMITED (CIN L74999MH1960PLC011835) 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 28th July, 2014 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, 2014, and the Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Amay S. Ruia, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shyam M. Ruia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Auditors and to fix their remuneration.

By Order of the Board of Directors,

NIRMAL P. JHUNJHUNWALA
Director

Registered Office :

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

Mumbai, 19th May, 2014

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. 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.
3. The Share Transfer Books of the Company will remain closed from 22nd July, 2014 to 28th July, 2014 (both days inclusive).
4. The shareholders who have not still encashed their 41st to 47th 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.

By Order of the Board of Directors,

NIRMAL P. JHUNJHUNWALA
Director

Registered Office :

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

Mumbai, 19th May, 2014

Bombay Oxygen Corporation Ltd.

DIRECTORS' REPORT

Your Directors have pleasure in submitting this 53rd ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS :

	For the year ended 31st March, 2014 (₹ in '000)	For the year ended 31st March, 2013 (₹ in '000)
Profit/(Loss) before depreciation and tax	7,350	(53,793)
Provision for depreciation	34,601	34,731
Profit/(Loss) before tax	(27,251)	(88,524)
Earlier Period Taxation	17	—
Deferred tax credit	(464)	(21,622)
Profit/(Loss) for the year	(26,804)	(66,902)

Appropriations :

Transferred from General Reserve	26,804	67,779
Proposed Dividend	—	750
Tax on Dividend	—	127
	(26,804)	(66,902)

PERFORMANCE :

The 130 TPD tonnage plant at Kalwe has worked satisfactorily, however it could not be utilized to its full capacity, due to less demand in the market. Therefore, the sales have not been good. Plants at other locations are working satisfactorily also.

During the year under review, sales were ₹ 18,97,25,623/- as against ₹ 28,62,33,718/- for the previous year. However, due to stringent financial management controls, the Profit before Depreciation and Tax during the year is ₹ 73,49,826/- as against the loss of ₹ 5,37,91,633/- in the previous year.

DIVIDEND :

On account of losses during last two years, no dividend is recommended (Previous year ₹ 5/- per equity share).

DIRECTORS :

Your Directors Mr. Amay S. Ruia and Mr. Shyam M. Ruia, 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 :

13 Deposits amounting to ₹ 1,64,000/- due for repayment on or before 31st March, 2014 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 S G C O & 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 :

There is substantial excess capacity of oxygen gas during the year. However, due to less demand most of the large tonnage plants are underutilized. This has led to immense pressure on margins and capacity utilization.

(ii) Opportunities, Threats, Risks and Concerns :

Due to a virtually no growth in the industry the demand by gas consuming industries has been badly affected. The cost of production and logistics has been continually increasing with no corresponding increase in sale price thus affecting our 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.

(iv) Outlook :

With the national economy in its present situation, it is difficult to forecast the requirement of gases. We are exploring new markets such as refineries, fertilizers, pharmaceuticals, glass, food processing and the chemical industry. We are also increasing our presence in health care, 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, 2014 (₹ in '000)	For the year ended 31st March, 2013 (₹ in '000)
Sales	1,89,726	2,86,234
Other Income	54,069	(6,979)
Profit/(Loss) before depreciation	7,350	(53,793)
Depreciation	34,601	34,731
Taxes	(447)	(21,622)
Profit/(Loss) after depreciation and taxes	(26,804)	(66,902)

(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 normal.

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(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. S G C O & Co., Chartered Accountants, having Registration No. 112081W, 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

Mumbai, 19th May, 2014

S. M. RUIA
Chairman

Bombay Oxygen Corporation Ltd.

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, 2014.

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	NIL

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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 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, 2014, Six Board meetings were held on 07.06.2013, 26.06.2013, 29.07.2013, 13.08.2013, 13.11.2013 and 10.02.2014. 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 Shares Held	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	11205	6	Yes	3	Nil	Nil
Mr. Nirmal P. Jhunjhunwala	Non-Executive, Independent	200	6	Yes	Nil	Nil	Nil
Mr. Mohan Bir Singh	Non-Executive, Independent	50	4	Yes	Nil	Nil	Nil
Mr. Ajit M. Ghelani	Non-Executive, Independent	50	4	Yes	Nil	Nil	Nil
Mr. Ibrahim A. Rahimtoola	Non-Executive, Independent	50	6	Yes	Nil	Nil	Nil
Mr. Amay S. Ruia	Non-Executive Non-Independent	50	6	Yes	2	Nil	Nil

3. Audit Committee :

- Constitution, Composition and Terms of Reference :

The Audit Committee comprises as under :

- | | | |
|-------------------------------|----------------------------------|----------|
| 1. Mr. Nirmal P. Jhunjhunwala | – 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, 2014, Five Audit Committee Meetings were held on 07.06.2013, 26.06.2013, 13.08.2013, 13.11.2013 and 10.02.2014. The attendance of each Member at Audit Committee Meetings are as under :

	07.06.2013	26.06.2013	13.08.2013	13.11.2013	10.02.2014
Mr. Nirmal P. Jhunjhunwala	Present	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present	Present
Mr. Ajit M. Ghelani	Absent	Absent	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, 2014, Four Shareholders'/Investors' Grievance Committee meetings were held on 13.05.2013, 13.08.2013, 13.11.2013 and 10.02.2014. The attendance of each Member at Shareholders'/Investors' Grievance Committee are as under :

	13.05.2013	13.08.2013	13.11.2013	10.02.2014
Mr. Mohan Bir Singh	Present	Present	Present	Present
Mr. Ibrahim A. Rahimtoola	Present	Present	Present	Present
Mr. Nirmal P. Jhunjhunwala	Absent	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, 2014, 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(viii).

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
50th	2010-11	Walchand Hirachand Hall, Indian Merchant Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai - 400 020.	15.09.2011	11.00 A.M.	Nil
51st	2011-12	– do –	29.08.2012	11.00 A.M.	Nil
52nd	2012-13	– do –	29.07.2013	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 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 namely Free Press Journal English and Navshakti Marathi within 48 hours of approval thereof and are displayed on the Company's website www.bomoxy.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 Third Annual General Meeting:
 - Date : 28th July, 2014
 - 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, 2014
 - Second Quarter results : Before 14th November, 2014
 - Third Quarter results : Before 14th February, 2015
 - Audited results for the year ended 31st March, 2015 : Before 30th May, 2015