

# REPORT AND ACCOUNTS 1997

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**BOC India Limited**

# BOC India Limited

A Nationwide Network of Manufacturing Facilities





MD			BKC	<input checked="" type="checkbox"/>
CS			DPY	<input checked="" type="checkbox"/>
RO			DIV	<input checked="" type="checkbox"/>
TRA			AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
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## Chairman's Statement



With the passage of another year, it is time for me to write to you again. It is with some anguish that I say that whilst the rest of the world is busy transforming itself to meet the challenges and opportunities of the twenty-first century, we, in our wisdom, are finding excuses to postpone the painful decisions and thereby losing time, the most precious of all resources. After nearly three years of Governmental inaction in furthering the reform process, we are back to another round of electioneering in less than two years and the portents appear to be no different to what transpired after the 1996 elections. How long will this endless debate carry on? Can we not learn to keep politics segregated from economic necessity and reality?

In recognition of the emerging consensus on the need to further economic reforms, it was hoped, albeit with some trepidation, that political wisdom and national concern would enable the Congress-backed United Front Government to at least implement the Common Minimum Programme and keep the reform process moving in the right direction. The "Dream Budget" presented by the Finance Minister early this year and the initiative taken to liberalise the credit norms and lower the interest rates gave promise of more concerted

action to follow on the unfinished agenda and trigger industrial activity in the areas of infrastructure development, insurance and financial sectors. Unfortunately, this was not to be. Political expediency took its toll. In the uncertain political climate of the past ten months, Industry was understandably cautious and the expected industrial revival has yet to take place. The events of the last quarter have not helped either. The currency crisis in South East Asia and Korea, followed by the devaluation of the Indian Rupee by almost 10%, has added to the confusion and uncertainty and provided the much needed fodder for another round of debate to those who would like to see what is 'wrong' with anything new and different than what is 'right'.

Your Company's performance in the year could only mirror the overall slowdown of the economy, since its growth depends on the development and expansion of other industries, particularly steel and fabrication. There was also softening of prices due to competitive activity in a depressed demand market. Also, both gases and health care businesses were adversely affected by the closure of your Company's Delhi unit at Kirtinagar from end November last year, following the Hon'ble Supreme Court's order of 8 July 1996. The loss in turnover and operating profit attributable directly to the closure of the Delhi unit is estimated to be approximately Rs 88 million and Rs 24 million respectively. Additionally, voluntary separation payout was higher than in the previous year by Rs 46 million, of which Rs 31 million was incurred in respect of voluntary separation payments to Delhi employees alone.

The growth in turnover by only 4% and the slide in gross profit (before interest, depreciation and



## BOC India Limited

### Notice

Notice is hereby given that the sixty second Annual General Meeting of BOC India Limited will be held at Kala Mandir, 48 Shakespeare Sarani, Calcutta 700 017 on Thursday, 22 January 1998 at 11.00 am to transact the following business :

- 1 To receive and consider the Profit & Loss Account for the year ended 30 September 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint Directors in place of those retiring.
- 4 To appoint Auditors and fix their remuneration and, in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution which will be proposed as a Special Resolution :

"That Messrs Price Waterhouse, Chartered Accountants, be and are hereby reappointed as the Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration and on terms as may be determined by the Board of Directors of the Company plus out-of-pocket expenses."

### As Special Business

To consider and, if thought fit, to pass with or without modification, the following resolution :

#### 5 As an Ordinary Resolution

"That this meeting approves the increase in the remuneration of Mr S S Prasad, Vice Chairman and Managing Director, with effect from 1 April 1997, as set out in a supplemental agreement being entered into between the Company of the one part and Mr Prasad of

the other part, a copy of the draft whereof has been laid on the table and signed by the Chairman for the purpose of identification."

#### 6 As an Ordinary Resolution

of which due notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company from a member :

"That Mr G L Sedgwick, who vacates office as Director under Article 92 of the Company's Articles of Association, and being eligible for reappointment, be and is hereby reappointed as a Director of the Company."

#### 7 As an Ordinary Resolution

of which due notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company from a member :

"That Mr Raman Pandya, who vacates office as Director under Article 92 of the Company's Articles of Association, and being eligible for reappointment, be and is hereby reappointed as a Director of the Company."

#### 8 As an Ordinary Resolution

"That this meeting approves the appointment of Mr Raman Pandya as the Managing Director of the Company for a period of 5 years from 1 January 1998 till 31 December 2002 on a remuneration as set out in an agreement to be entered into between the Company of the one part and Mr Pandya of the other part, a copy of the draft whereof has been laid on the table and signed by the Chairman for the purpose of identification."

"That in the event of any amendment or modification of the Companies Act, 1956 or relevant Schedule thereto relating to the remuneration of Managing Director, the Board of Directors of the Company be and is hereby

authorised to revise the remuneration of Mr Pandya including his salary, commission, perquisites and allowances within such amended or modified ceiling of remuneration."

22 January 1998 or to their mandatees, and the dividend warrants will be posted on or about 31 January 1998.

The Register of Members of the Company will remain closed from 16 January 1998 to 22 January 1998 both days inclusive.

The dividend, if any, to be declared at this meeting will be payable to those members whose names appear on the Company's Register of Members on

Registered Office :  
Oxygen House  
P43 Taratala Road  
Calcutta 700 088

4 December 1997

By Order of the Board



T ROY  
Assistant Secretary

#### 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 proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
- 2 Dividend, if declared, will be paid pro rata from 23<sup>rd</sup> September 1997 to 30 September 1997 on the <sup>& not a pay date</sup> Rights Shares allotted by the Company on 22 September 1997 in terms of the Letter of Offer dated 11 July 1997.
- 3 In terms of the provisions of the Income Tax Act, 1961, no tax will be deducted at source from the dividend payable to members.
4. Dividends which remained unpaid or unclaimed upto 42nd Dividend declared at the 59th Annual General Meeting held on 2 February 1995 have been transferred to the General Revenue Account of the Central Government. Notice pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all shareholders concerned.
5. Members are requested to notify immediately any change in their address including PIN CODE and the Bank Mandate details to the Company's Share Department at the Registered Office.
6. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of items No 5 to 8 is annexed.

**Annexure to the Notice convening the 62nd Annual General Meeting to be held on Thursday, 22 January 1998**

As the business specified in item nos 5 to 8 of the Notice of even date to which this statement is annexed, is an item of special business to be transacted at the sixty second Annual General Meeting of the Company, the following facts are set out in compliance with the provisions of Section 173 of the Companies Act, 1956 ('the Act').

**Item No 5**

The remuneration payable to Mr S S Prasad, Vice Chairman and Managing Director, was approved at the 60th Annual General Meeting held on 1 February 1996. The Board has approved the increase in remuneration of Mr Prasad from 1 April 1997 within the limits specified in Schedule XIII of the Act, subject to the approval of the members at a general meeting. The approval of the members is sought to the increase in the remuneration of Mr Prasad with effect from 1 April 1997.

The revised terms of his remuneration from 1 April 1997 are set out in a supplemental agreement to be entered into between the Company of the one part and Mr Prasad of the other part and are detailed below :

(a) Salary	Rs 100,000 per month or such sum as may be determined by the Board from time to time within the overall limits as prescribed in the Act.
(b) Commission	A commission based on the net profits of the Company as may be determined by the Board, within the limits set forth in the Act.
(c) Perquisites	Mr Prasad will be entitled to the following perquisites, the aggregate value of which shall not exceed Rs 900,000 in any one year.
(i) Housing	The Company will provide furnished accommodation. The expenditure on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962, subject to a

ceiling of 10% of the salary of Mr Prasad.

(ii) Medical Reimbursement	Expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.
(iii) Leave Travel Assistance	For self and his family once a year, in accordance with the rules of the Company.
(iv) Personal Accident Insurance	For an amount, the annual premium of which does not exceed Rs 4,000.
(v) Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
(vi) Company's car with driver	The Company shall provide two cars with a driver for use on the business of the Company. Any personal use of the car by Mr Prasad shall be billed by the Company. The Company shall reimburse Mr Prasad the expenses of an additional driver under the Company's existing scheme.
(vii) Telephone at residence	Cost of personal long distance calls made by Mr Prasad shall be billed by the Company.
(viii) Other perquisites	In accordance with the rules of the Company.
(d) Company's contribution towards Provident Fund	In accordance with the rules of the Company.
(e) Company's contribution towards Pension/ Superannuation Fund	In accordance with the rules of the Company, but so, however, that it shall, together with the Company's contribution to Provident



- (f) Gratuity Fund, be limited to such amounts as are not taxable under the Income Tax Act, 1961. Shall not exceed one-half month's salary for each completed year of service.

Contribution to Provident Fund and Superannuation Fund and encashment of leave at the end of the tenure will not be considered or included for the computation of ceiling on perquisites.

If during the currency of the tenure, the Company has no profits or its profits are inadequate in any financial year, Mr Prasad shall be entitled, subject to the approval of the Central Government, if required, to remuneration by way of salary and perquisites and also an assured amount of Rs 600,000 as Performance Pay in lieu of Commission within the limits specified above. The Supplemental Agreement also sets out the mutual rights and obligations of the Company and Mr Prasad and details his powers and duties. A copy of the proposed Supplemental Agreement will be available for inspection of members at the Registered Office of the Company on any working day during the usual business hours of the Company and will also be available at the meeting. This may be treated as an abstract of the remuneration of Mr S S Prasad pursuant to Section 302 of the Companies Act, 1956.

The Board recommends that the resolution be passed.

No Director other than Mr Prasad is concerned or interested in the resolution.

#### Item No 6

The Board of Directors of the Company ('the Board') appointed Mr G L Sedgwick as an Additional Director under Article 92 of the Articles of Association of the Company with effect from 31 January 1997. Under the provisions of the said Article, an Additional Director holds office only until the next Annual General Meeting of the Company. Accordingly, Mr Sedgwick vacates office at this meeting and it is proposed to reappoint him.

His colleagues on the Board consider that the valuable expertise and experience of Mr Sedgwick should be available to the Company, and recommend passing of this resolution.

No Director other than Mr Sedgwick is interested in this resolution.

#### Items No 7 & 8

The Board at their meeting held on 4 December 1997 appointed Mr Raman Pandya as an Additional Director under Article 92 of the Articles of Association of the Company with effect from 1 January 1998. Under the provisions of the said Article, an Additional Director holds office only until the next Annual General Meeting of the Company. Accordingly, Mr Pandya vacates office at this meeting and it is proposed to reappoint him.

At the same meeting the Board appointed Mr Raman Pandya as the Managing Director of the Company, subject to the approval of the members, for a period of 5 years with effect from 1 January 1998 upto 31 December 2002 on a remuneration and other terms as set out in an agreement to be made between the Company of the one part and Mr Pandya of the other part. The terms of remuneration of Mr Pandya proposed in the said Agreement are as follows :

- |                            |   |
|----------------------------|---|
| (a) Salary                 | Rs 100,000 per month or such sum as may be determined by the Board from time to time within the overall limits as prescribed in the Act.  |
| (b) Commission             | A commission based on the net profits of the Company as may be determined by the Board, within the limits set forth in the Act.   |
| (c) Perquisites            | Mr Pandya will be entitled to the following perquisites, the aggregate value of which shall not exceed Rs 900,000 in any one year.  |
| (i) Housing                | The Company will provide furnished accommodation. The expenditure on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the salary of Mr Pandya. |
| (ii) Medical Reimbursement | Expenses incurred for self and his family subject to a maximum  |



- of one month's salary in a year or three month's salary in a block of three years.
- (iii) Leave Travel Assistance For self and his family once a year, in accordance with the rules of the Company.
- (iv) Personal Accident Insurance For an amount, the annual premium of which does not exceed Rs 4,000.
- (v) Club Fees Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (vi) Company's car with driver The Company shall provide two cars with a driver for use on the business of the Company. Any personal use of the car by Mr Pandya shall be billed by the Company. The Company shall reimburse Mr Pandya the expenses of an additional driver under the Company's existing scheme.
- (vii) Telephone at residence Cost of personal long distance calls made by Mr Pandya shall be billed by the Company.
- (viii) Other perquisites In accordance with the rules of the Company.
- (d) Company's contribution towards Provident Fund In accordance with the rules of the Company.
- (e) Company's contribution towards Pension/ Superannuation Fund In accordance with the rules of the Company, but so, however, that it shall, together with the Company's contribution to Provident Fund, be limited to such amounts as are not taxable under the Income Tax Act, 1961.
- (f) Gratuity Shall not exceed one-half month's salary for each completed year of service.

Contribution to Provident Fund and Superannuation Fund and encashment of leave at the end of the tenure will not be considered or included for the computation of ceiling on perquisites.

If during the currency of the tenure, the Company has no profits or its profits are inadequate in any financial year, Mr Pandya shall be entitled, subject to the approval of the Central Government, if required, to remuneration by way of salary and perquisites and also an assured amount of Rs 1,200,000 as Performance Pay in lieu of Commission within the limits specified above.

The Agreement also sets out the mutual rights and obligations of the Company and Mr Pandya and details his powers and duties. A copy of the proposed Agreement will be available for inspection of members at the Registered Office of the Company on any working day during the usual business hours of the Company and will also be available at the meeting.

This may be treated as an abstract of the terms and conditions of appointment and remuneration of Mr Raman Pandya pursuant to Section 302 of the Companies Act, 1956.

The Board recommends that the resolutions be passed.

No Director other than Mr Pandya is concerned or interested in the resolutions.

By Order of the Board

Registered Office :  
Oxygen House  
P43 Taratala Road  
Calcutta 700 088

4 December 1997



T ROY  
Assistant Secretary

