

Report & Accounts 2007



# BOC - Making a Difference to The World



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# It's a beautiful world

And it is up to us to keep it that way!

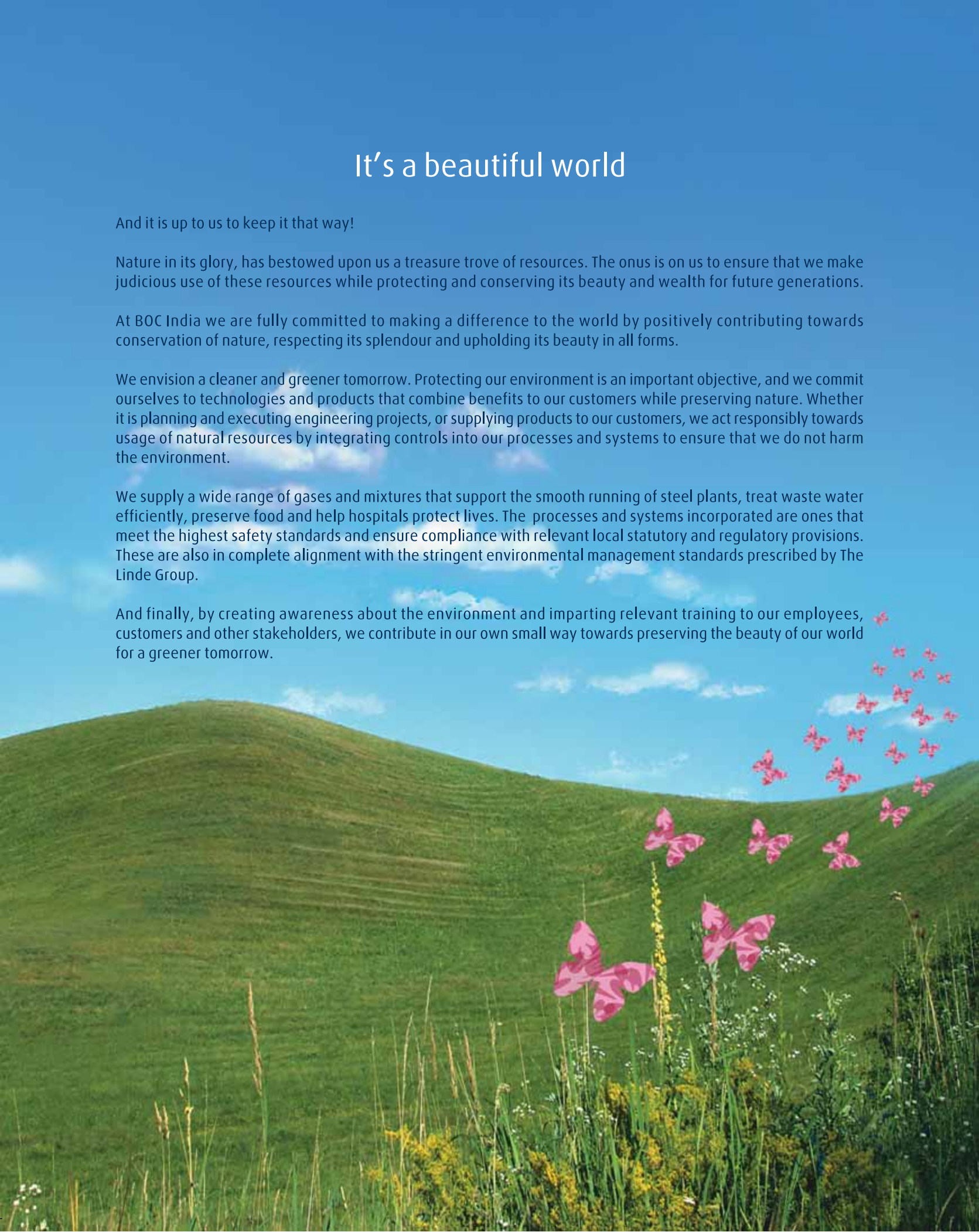
Nature in its glory, has bestowed upon us a treasure trove of resources. The onus is on us to ensure that we make judicious use of these resources while protecting and conserving its beauty and wealth for future generations.

At BOC India we are fully committed to making a difference to the world by positively contributing towards conservation of nature, respecting its splendour and upholding its beauty in all forms.

We envision a cleaner and greener tomorrow. Protecting our environment is an important objective, and we commit ourselves to technologies and products that combine benefits to our customers while preserving nature. Whether it is planning and executing engineering projects, or supplying products to our customers, we act responsibly towards usage of natural resources by integrating controls into our processes and systems to ensure that we do not harm the environment.

We supply a wide range of gases and mixtures that support the smooth running of steel plants, treat waste water efficiently, preserve food and help hospitals protect lives. The processes and systems incorporated are ones that meet the highest safety standards and ensure compliance with relevant local statutory and regulatory provisions. These are also in complete alignment with the stringent environmental management standards prescribed by The Linde Group.

And finally, by creating awareness about the environment and imparting relevant training to our employees, customers and other stakeholders, we contribute in our own small way towards preserving the beauty of our world for a greener tomorrow.



The world is our stage



BOOC

For over 70 years, we at BOC India have been adopting global best practices to serve local needs.

The merger of the BOC Group and Linde AG in 2006, has led to a significant shift in the competitive landscape of the gases industry worldwide, with positive spin-offs for us and our customers. This merger has created a new organisation, **The Linde Group, with a vision to be the leading global gases and engineering group, admired for its people and for providing innovative solutions that make a difference to the world.**

The Linde Group is the world's leading gases and

engineering company with around 50,000 employees working in about 100 countries. The Group has achieved a turnover of EURO 12.3 billion in the financial year ended December 2007.

With an extensive network of global resources in research and an expanded support base of technological expertise from The Linde Group, we at BOC India are equipped to offer our customers a wider range of products and solutions.



Industrial solutions simplified



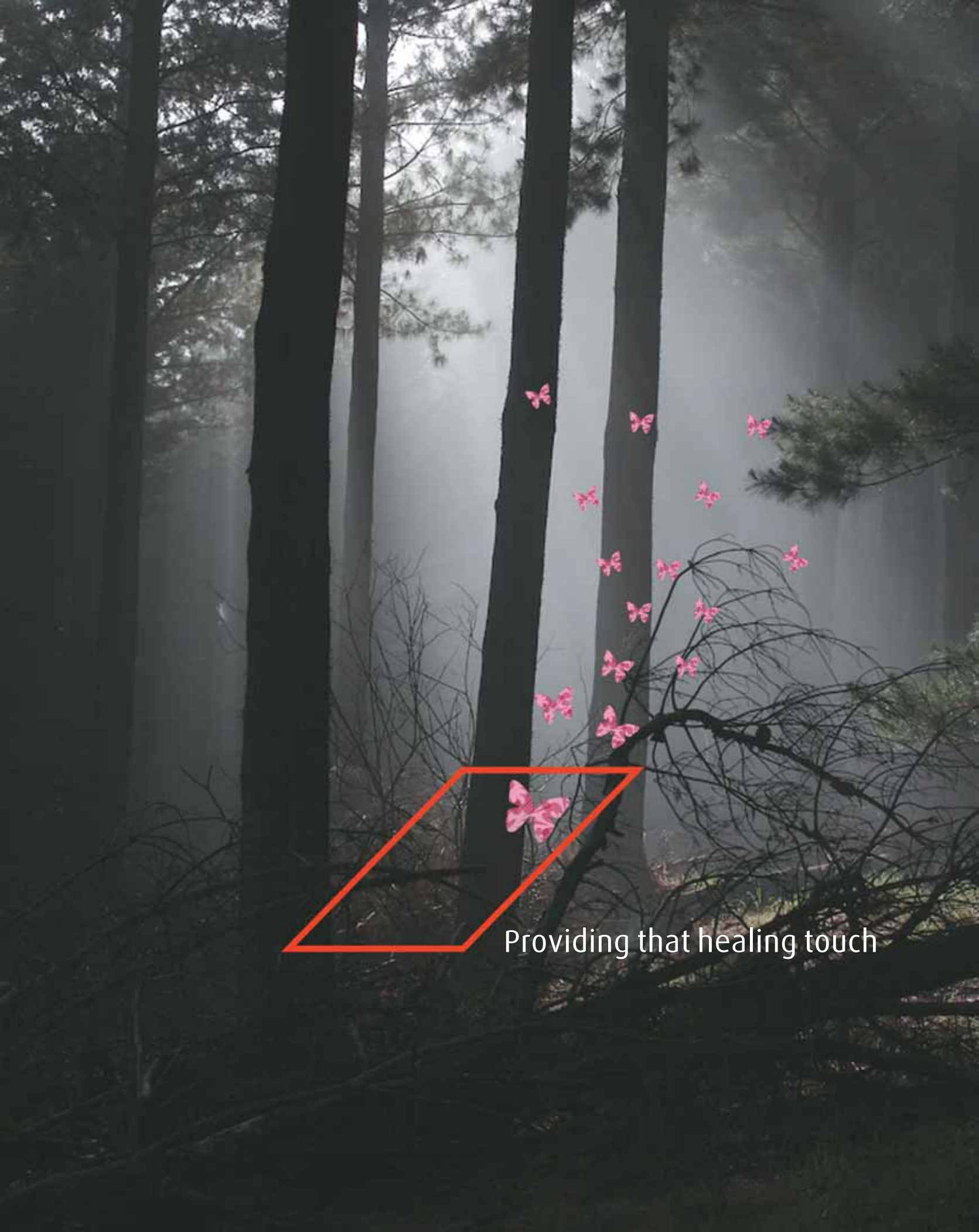
As a member company of The Linde Group, the leading company in gases and engineering space, we strive to raise the bar on performance through continuous innovation. From steel making to food processing, from oil refineries to glass manufacturing, from pharmaceuticals to electronics manufacturing, we offer innovative gas solutions and processes. We, thus contribute significantly towards improving our productivity and quality for a wide range of customers.

Apart from the traditional applications in Steel, we now cater to a wide range of applications in bulk drug manufacturing, shrink fitting, purging and inerting applications in petrochemicals/refinery and food packaging, pharmaceuticals, flame cutting, oxy-lancing, laser and metal fabrication markets, fire suppressant and refrigerant gases, earth moving and farm equipment manufacturers. The liquid oxygen business meets the industrial requirement of iron making, ship cutting, profile and laser cutting of metals.

Our special gases business services those industries which employ a high pure calibration/process. This section of our business also provides customized gas mixtures, and Helium to the industry segments of metal cutting, optic fiber, petroleum and refinery, automobile, research laboratories, and defence.

Our global strategy is to acquire a leading position in emerging markets. To achieve this goal, we are in the process of identifying and optimising the usage of alternate energy sources.





Providing that healing touch



The healing touch could make a difference to an individual and thereby to the world at large.

The Medical Engineering Services (MES) team was merged with the Hospital Care team at BOC this year. This was done to improve focus in the hospital care business.

Liquid medical oxygen, the main growth driver which registered a growth of 18% last year, continued on its success run. All BOC India's Liquid Medical Oxygen installations are backed by centralized cylinder manifold system to supply medical oxygen to the hospitals through the pipeline system. BOC medical gases' have a background spanning more than 50 years of experience, with approximately 2800 installations in India. We constantly strive towards maintaining the highest standards in terms of quality and an incident-free track record.

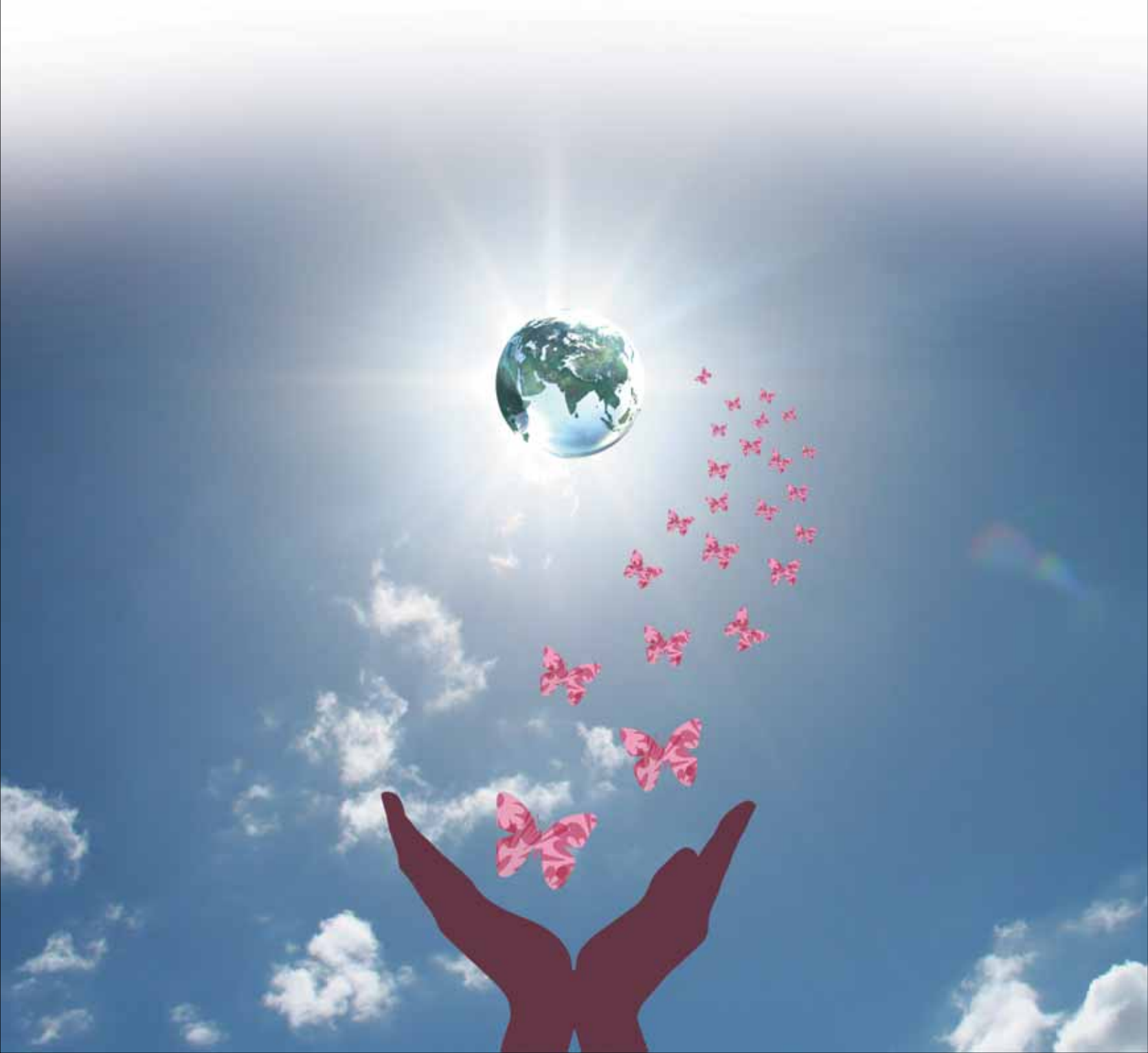
Our high quality team of experienced engineers and contractors, and an all India network which provides support services, ensure a smooth supply of medical gases.

At BOC India, we follow the international standards of NFPA99, HTM 2022, HTM 02-01, EN737 & others including third party inspection by 'Authorized Persons' as per the

requirement of the hospitals. Compressed Medical Oxygen (CMO) is distributed through the centralized medical pipelines in hospitals. This is currently ongoing in most major government hospitals in the state of West Bengal. After establishing market leadership in the South, 'Entonox', our speciality product for pain-relief during childbirth, is now being introduced in Western India.



# Weaving a Safety framework





Safety has always been a key priority in our company. At The Linde Group, we do not want to harm the people or the environment.

We take considerable pride in our world-class SHEQ processes and systems which assign topmost priority towards the safety of our employees, customers, contractors, and anyone who works with or for us, as well as the communities in which we operate. We strive towards achieving world-class safety through visible leadership, continuous training, injury and incident investigation reporting, & contractors' and drivers' safety. Under the stewardship of our able SHEQ team, regular safety audits are carried out to ensure strict compliance of safety standards. Training in safety and operations processes on the basis of the Linde Integrated Management Systems & Standards (LIMSS) has now been completed at all our tonnage sites and is being extended to other sites as well.

To ensure that no one gets hurt while working for or with us, we at BOC India have initiated a number of projects to ensure that our safety policies are implemented across the country. These include the 'Drive Safe Campaign', 'Site Safe Campaign', 'Driver Incentive Programme', Communication Protocol and training on 'Defensive Driving Techniques'.

Engineering dreams into reality



Besides being a leader in gas management, we at BOC India have also built a strong and growing business in building Air Separation Units ( ASUs). Our team of engineers and specialists including a pool of welders trained overseas on alloys, steel, aluminium & copper welding, constantly engage themselves in providing support and advice on proper equipment maintenance and crisis management for customer installations.

At our Projects Engineering Division, we design, carry out basic & detailed engineering, and execute projects across diverse industries, meeting the highest global standards on quality, cost competitiveness, and customer satisfaction. Our clients benefit from global standards for customized solutions - with an assurance of safety, quality, and reliability.

We possess an impressive track record in catering to a wide range of sectors including steel manufacturing, food processing, electronics, waste water treatment, chemical processes, coating high performance glass, metal cutting and fabrication, high pressure water de-scaling, surface treatment of raw materials, sophisticated clean room engineering processes, fertilizers, petrochemicals, defense, space research and many others.

We at BOC India take pride in providing all our customers with a one-stop shop for all their turnkey cryogenic/ gases engineering, project design/execution and gas management. Our endeavour towards the maintenance of safety standards, protection of the environment & people and incorporation of best practices, is a culmination of our commitment towards making a difference to the world. Our world.



# Board of Directors\*



S M DATTA  
Chairman



E R RAJ NARAYANAN  
Managing Director



DR. J J IRANI  
Chairman Rem. Committee



S LAMBA



R N GREENFIELD



M S HUGGON



J MEHTA



S MENON  
Finance Director

\*As on 31 Dec 2007

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# BOC India Limited

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## BOARD OF DIRECTORS\*

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Susim Mukul Datta, *Chairman*  
E R Raj Narayanan, *Managing Director*  
Robert Neil Greenfield  
Michael Stewart Huggon  
Jamshed Jiji Irani  
Sanjiv Lamba  
Jyotin Mehta, *Nominee of ICICI Bank Ltd.*  
Srikumar Menon, *Finance Director*

## COMPANY SECRETARY

Pawan Marda

## AUDITORS

BSR & Company

## SOLICITORS

Crawford Bayley & Co.  
Khaitan & Co.

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## BOARD COMMITTEES\*

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### AUDIT COMMITTEE

Susim Mukul Datta, *Chairman*  
Jamshed Jiji Irani  
Sanjiv Lamba  
Jyotin Mehta

### SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Susim Mukul Datta  
Jyotin Mehta  
E R Raj Narayanan

### REMUNERATION COMMITTEE

Jamshed Jiji Irani, *Chairman*  
Susim Mukul Datta  
Michael Stewart Huggon  
Sanjiv Lamba

### BANKERS

ABN AMRO Bank N.V.  
Citibank N.A.  
ICICI Bank Ltd.  
Punjab National Bank  
Standard Chartered Bank  
State Bank of India  
United Bank of India

### REGISTERED OFFICE

Oxygen House  
P43 Taratala Road  
Kolkata 700 088  
India  
Tel : 91-33-2401 4708/4710-16  
Fax : 91-33-2401 8471/4206

\*as on 31 December 2007

## Directors' Report & Management Discussion and Analysis

The Directors have pleasure in submitting their Report together with the Audited Accounts of your Company for the nine months period ended 31 December 2007.

### Chairman of the Board

At its meeting held on 31 July 2007, the Board unanimously elected Mr Susim Mukul Datta as the chairman of the Board of Directors in succession to Mr Jagdish Narain Sapru, the erstwhile chairman of the Board.

### Financial Results

The results for the nine months period ended 31 December 2007 and those of the previous year are summarised below:

	<b>9 months period ended 31 December 2007 Rs. in million</b>	Year ended 31 March 2007  Rs. in million
Gross Sales	<b>3271.92</b>	4965.82
Operating Profit after depreciation, impairment and interest, but before exceptional item	<b>240.17</b>	437.66
Exceptional item (Net)	<b>609.19</b>	242.94
Profit before tax	<b>849.36</b>	680.60
Provision for current, deferred & fringe benefits tax	<b>232.77</b>	234.56
Profit after tax	<b>616.59</b>	446.04
Profit and Loss Account brought Forward	<b>778.38</b>	520.51
Profit available for appropriation	<b>1394.97</b>	966.55
Appropriations :		
Proposed Dividend @ 20% (Previous year @25% on 49,084,223 Equity Shares of Rs. 10 each) on 85,284,223 Equity Shares of Rs. 10 each, absorbing	<b>170.57</b>	122.71
Tax on Proposed Dividend	<b>28.99</b>	20.86
Transfer to General Reserve	<b>46.24</b>	44.60
Balance carried forward	<b>1149.17</b>	778.38

### Financial Performance

Turnover for the 9 months period ended 31 December 2007 at Rs. 3271.92 million as against Rs.4965.82 million in the previous year 2006-07 recorded a decline of about 12% on an annualised basis. The operating profit during the period after depreciation and interest but before exceptional item was similarly 27% lower on an annualised basis as compared to the previous year. While the gases business achieved a growth of 9% on account of higher sales of liquid argon, liquid nitrogen and new products like refrigerants etc., the decline in total turnover during the period was mainly due to lower Project Engineering billings to the tune of Rs.55.69 million as compared to Rs.569.82 million in the previous

year in connection with the sale of plant and machinery and components to Bellary Oxygen Co. Pvt. Ltd. for the construction of their 855 tpd plant. Turnover and profits during the period was further impacted as your Company's 1290 tpd plant at Jamshedpur could not be operated for a period of 23 days during the quarter ended 30 June 2007 due to a planned shutdown taken for major overhaul of the plant. Higher maintenance cost of the plant, purchase of liquid products and additional costs incurred to transport them to meet the customers' demand during the period of shutdown also eroded margins. The increase in power tariff in Maharashtra over last year, also impacted the profitability as the entire cost increase could not be passed on to the customers.



Following the shifting of operations of the erstwhile PGP plant at Sanatnagar in Hyderabad to the site of your Company's 65 tpd plant at Medak district in the State of Andhra Pradesh, land and buildings at Sanatnagar were disposed of resulting in an exceptional income of Rs.609.19 million. The residual interest in the property retained by your Company has also been disposed of in the first quarter of 2008.

Total Profit before Tax during the 9 months period jumped to Rs.849.36 million, which includes profit of Rs.609.19 million from sale of land and buildings in Hyderabad. Net Profit after tax during the 9 months period was at Rs. 778.38 million.

### **Dividend**

Your Directors are pleased to recommend a dividend of 20% (Rs.2.00 per equity share) for the nine months period ended 31 December 2007, which works out to around 27% on an annualised basis as against 25% (Rs.2.50 per equity share) paid in the previous year. The Board has recommended this dividend after careful consideration of your Company's financial performance and the need to conserve resources towards the long term growth of your Company. The dividend together with dividend tax will involve cash outflow of Rs.199.56 million (previous year Rs. 143.57 million). The Board also recommends a transfer to General Reserve of Rs.46.24 million (previous year Rs. 44.60 million) in compliance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

### **Industry Developments**

The gases business is capital intensive and requires large investments in manufacturing units, distribution assets and storage networks to service bulk volumes at competitive prices. The industry comprises of large captive users in steel, fertiliser and refinery sectors and a large number of merchant liquid customers primarily in metal, glass, automobile, petrochemicals and pharmaceutical sectors, besides customers for medical gases. Merchant market has continued to show growth on the back of robust growth seen in construction, automobile and healthcare sectors. Additionally, gases applications in the electronic sector have opened new avenues of growth.

The gases industry typically follows its end use segments. Higher growth in end use segments such as steel, petrochemicals, glass and chemicals in last year have created significant incremental demand for gases in these sectors. This growth is being met mainly by 'Build Own Operate' (BOO) type of supply scheme opportunities arising from the trend of captive users

increasingly outsourcing their gases requirements to the gases specialists, while focusing on their core competencies.

The gases industry is poised for a quantum jump on the back of robust growth experienced in various end user segments. The annual production target of 110 million tonnes of steel by 2020 set by the Government in the national steel policy is likely to be achieved much ahead of the plan as most of the major steel producers in the country have announced modernisation and expansion of their existing steel making capacities. Several global steel majors have also been exploring opportunities for setting up large steel capacities in India. With this exponential growth in steel sector, the demand for gases, in particular, oxygen will continue to witness a substantial increase. Opportunities for growth also arise from the increasing Government focus in streamlining of its policies in new application areas such as electronics and food processing. Besides, the boom in construction and automobile sector in India is also providing a strong fillip to the demand for nitrogen and argon.

Your Company continues to be the leading gases company in India and has aggressive growth plans to maintain its leadership position in the market place. However, other global gas players are also trying to increase their market presence and their sphere of activities in the country. Apart from these major global players, the market is also served by several regional and local gas companies, including those operating their own plants. With large-scale capacity additions in the gases industry, competition in both bulk and merchant markets is likely to intensify, which may adversely impact margins.

### **Business Segments**

The Company had been reporting its primary business segments as "Process Gas Solutions" and "Industrial and Special Products" till 31 March 2007. As informed in the last year's report, arising out of a reorganisation of the Company's operating model resulting from Linde's acquisition of The BOC Group plc, the Company has reclassified its business segments with effect from 1 April 2007 into two broad segments, viz. Gases and Related Products and Project Engineering.

### **Gases and Related Products**

The Gases and Related Products segment comprises of gases in Bulk and Packaged Gases and related products. Gases in Bulk consists of liquid oxygen, nitrogen and argon and the Packaged gases consists of industrial, medical and special gases packaged in

cylinders. Business in the market has continued to remain buoyant as a result of high level of economic dynamism in the country.

During the period under review, the turnover of the gases business achieved a growth of about 9% over the corresponding period of the previous year. This growth was achieved on the back of higher sales of liquid argon, liquid nitrogen, medical engineering services and from new products such as refrigerants, fire suppressants, welding and safety products. The Company achieved a quantum jump in the turnover from argon and argon mixtures, thereby maintaining its leadership in the country in this product segment. The healthcare business grew by about 13% mainly driven by medical engineering services. The special gases and welding and safety products business also showed remarkable growth of about 28% and 86% respectively, though on a small base. The welding and safety products business has good synergy to our gases business, particularly in fabrication sector and the initial response from the market is quite encouraging. The growth in the gases business is considered satisfactory as it was achieved despite a planned shutdown of the 1290 tpd plant at Jamshedpur taken for carrying out major overhaul and repairs to the plant, which lasted for 23 days. The performance of the 1290 tpd plant has since improved despite the lower offtake of pipeline gas supplies by the customer.

All other tonnage plants of the Company at Jamshedpur (225 tpd), Taloja, Tarapur and that of its joint venture company at Bellary are operating at full capacity and their performance have been satisfactory.

The project for 1800 tpd plant at Bellary works of JSW Steel which is being executed by your Company's Project Engineering Division on scope split basis with Linde Engineering is expected to be commissioned in the third quarter of this financial year. Your Company has also initiated construction of a merchant ASU in the State of Uttarkhand. These new plants are expected to significantly step up the turnover of your Company, thereby contributing to improved profitability, besides helping maintain its market leadership as a truly national gases company.

Your Company is proud to have won the 5 year contract for supply of electronic gases to Moser Baer, the country's first and single largest "photo- voltaic" investment. The contract with Moser Baer covers designing, installation, operation and maintenance of an electronic gases supply system and supply of speciality gases to them. This is in line with the Group's global

strategy to steadily make inroads into emerging applications and alternate energy is one of them.

Your Company won two new on site supply scheme opportunities (ECOVAR)<sup>TM</sup> for supply of gases to GKN Sinter Metals and Electrosteel Castings. The construction of these plants is progressing as per schedule. Your Company is also in the process of commissioning the 100 tpd plant at the Rourkela site of Adhunik Metaliks. Your Company continues to pursue similar ECOVAR<sup>TM</sup> opportunities which includes supply of hydrogen from an onsite plant.

The Cryospeed<sup>TM</sup> service which is a specially designed vehicle to transport liquid gases to customers sites, that was launched last year has been very successful and provides a competitive advantage to your Company.

During the period under review, your Company continued to focus on packaged gases and products business and commissioned new modern liquid compression plants at Bhiwadi in Rajasthan and Medak in Andhra Pradesh. The operations of the old Faridabad site have been shifted to Bhiwadi and the old site at Faridabad has been closed. Your Company also commissioned another state of the art liquid compression facility at the site of its 65 tpd plant at Medak near Hyderabad. The operations at the old site at Sanatnagar in Hyderabad have been shifted to the new site at Medak. Your Company is making substantial investments in adding distribution resources such as Vacuum Insulated Transport Tankers and Cylinders to overcome constraints and improving distribution efficiencies of the liquid and packaged products.

### **Project Engineering Division (PED)**

This segment comprises manufacture and sale of cryogenic and non- cryogenic vessels as well as designing, supplying, testing, erecting and commissioning of projects.

Project Engineering Division turned in a robust performance during the 9 months period under review with turnover at Rs. 405.29 million for third party projects in addition to executing in-house projects worth Rs.1,545.72 million, which however do not account for the turnover. As against Rs.1545.72 million during the period under review, the Division had executed in house projects of only Rs.190.48 million in the previous year. In keeping with its successful track record of executing projects, the Division successfully commissioned during the year, a 220 tpd ASU at Jindal Stainless at Hisar.

The Division is currently engaged in the execution of several in-house projects, prominent amongst them is the 1800 tpd ASU at the steel works of JSW Steel at Bellary, Karnataka. The construction of the plant is progressing as per schedule. Besides, the Division has also initiated construction of a 220 tpd merchant ASU in north India in the State of Uttarkhand.

The Division, in collaboration with Linde Engineering was successful in winning several large orders for third party plant sale including a 700 tpd ASU order from Rourkela Steel plant, another 2x750 tpd ASU order from IISCO Burnpur and a large hydrogen PSA plant order from Bongaigaon Refinery. The Division maintained its leadership in cryogenic nitrogen generators by winning several orders including those from Bongaigaon Refinery, another repeat nitrogen generator order from Indian Oil, Haldia and one from Bina Refinery. As on 31 December 2007, the Division has an order book position of Rs. 4,521 million, which is at its all time high.

Plant Manufacturing Works, the fabrication facility of Project Engineering Division, continues to manufacture cryogenic storage tanks and provides support to the Gases business.

The Division has successfully collaborated with Linde Engineering in the past as their technology partner and the merger of BOC with Linde AG further strengthens this association. Post merger, PED with the support from Linde Engineering has won several prestigious projects in India. This consortium expects to win several projects on the strength of Linde Engineering's cutting edge technology complemented by Project Engineering Division's local capabilities and execution skills to suit the Indian industry.

Third party orders in hand stands at Rs. 4,646 million including an order for Rs. 213.10 million recently received from SAIL for Rourkela Steel Plant.

### **Finance**

Cash generation from operations for the 9 months period ended 31 December 2007 at Rs.549.75 million showed a decline of around 12% on an annualised basis as compared to the previous year. This was mainly due to collections made from Bellary Oxygen Co. Pvt. Ltd. in the previous year against sale of the 855 tpd plant to the joint venture company during the previous year.

Capital expenditure of Rs.2201.19 million (Previous Year : Rs. 1531.10 million) during the period under review was mainly towards 1800 tpd Air Separation Unit at Bellary, new liquid compression sites at Bhiwadi and Medak and capital advances for procurement of cylinder and distribution resources.

The interest cost of the Company decreased from Rs. 52.50 million in the previous year to Rs. 18.84 million during the period under review, which reflects a decline of about 52% on an annualised basis over the previous year. This is mainly owing to capitalisation of interest on borrowings for the ongoing projects.

In line with the special resolution passed by the shareholders at the Extra Ordinary General Meeting held on 5 December 2007, your Company made a preferential issue of 3,62,00,000 equity shares of Rs.10 each at an issue price of Rs.165 per equity share to The BOC Group plc, a wholly owned subsidiary of Linde AG in compliance with the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000. The said shares were allotted on 19 January 2008 after receipt of the subscription amount of Rs.5973 million in cash. As a result of this equity injection, the shareholding of The BOC Group in your Company has increased from 54.8% to 73.99% of the paid up share capital. Your Company has since repaid most of the high cost borrowings and the temporary surplus cash of Rs.4210 million has been parked in fixed deposits of varying tenors with the banks, which will be utilised over next year in ongoing projects and new investment opportunities being pursued by the Company.

Your Company has transferred a total sum of Rs. 0.06 million of matured deposits and interest thereon to the Investor Education & Protection Fund pursuant to Section 205C of the Companies Act, 1956.

### **Public Announcement/ Open Offer by The BOC Group plc**

Consequent upon the acquisition of 3,62,00,000 equity shares of Rs.10 each in the Company by way of preferential allotment, The BOC Group plc (Acquirer) along with BOC Holdings, Linde Holdings Netherlands B.V. and Linde Finance B.V. as persons acting in concert made a public announcement to the shareholders of your Company on 22 January 2008 in compliance with Regulation 11(1) of the SEBI Takeover Regulations, 1997 as amended to date. As per the public announcement, The BOC Group plc has along with the persons acting in concert made a cash offer to the shareholders of your Company to acquire up to 20% of its total expanded voting capital at a price of Rs.165 per equity share of Rs. 10 each as per Regulation 11(1) of the SEBI Takeover Regulations, 1997. The Acquirer is awaiting observations on the draft Letter of Offer filed with SEBI in this regard.

### **Prescribed Particulars**

The prescribed particulars required under Section 217(1)(e) and 217(2A) of the Companies Act, 1956, read with the Rules made thereunder as amended up to date are given by way of Annexure to this Report.

### **Human Resources**

The Company successfully implemented a new matrix organisation structure in line with that of The Linde Group. The Linde Group recently articulated its vision of becoming a leading global gases and engineering group admired for its people who provide innovative solutions that make a difference to the world. Your Company is committed to this global vision of the Group and truly believes that its success is based on the skills and competencies of a team of motivated employees. To this end, the Company's senior management team participated in The Linde Group Asia Culture Workshop aimed at creating a shared understanding and alignment with new Linde culture and values amongst the employees in the South and East Asia Region.

As a member of The Linde Group, your Company continued to attract and select best talent not only from premier engineering and management institutes but also from the best in industry pool. Training and Development continued to contribute towards the development of our employees through various internal and external training initiatives.

Internal changes fuelled by external dynamics stimulated some amount of employee turnover. To combat this challenge, various focused initiatives towards introducing HR Best Practices have already been rolled out and work has been initiated to introduce a robust performance management system, career and succession planning and nurturing of high potential talents. One of the several recent HR initiatives includes compensation restructuring to align the same with those prevailing in comparable companies.

Your Company had manpower strength of 657 employees as on 31 December 2007 and continues to enjoy harmonious industrial relations at all its plants and offices across the country.

### **Safety, Health, Environment and Quality (SHEQ)**

Safety has been integral to the business performance of your Company and continues to receive focus throughout the Company. Effective implementation of our SHEQ policy is of key importance to all our employees, partners in business and our customers. Behaving responsibly towards other people and our environment is key to the long term success of our business.

BOC India has a dedicated SHEQ department that manages all related activities within the country and liaises and derives support from the Regional Business Unit.

Our SHEQ policy is a set of guidelines designed to ensure continuous improvement in production process & transport safety, occupational health, environment protection and product quality standards across the Company. The conduct guidelines set out in the policy align with our core principle : " At The Linde Group, we don't want to harm people or the environment". The systematic SHEQ management approach makes a substantial contribution to limiting risks to all employees, contractors and customers. To increase awareness in SHEQ related areas and help proper implementation of initiatives, your Company is conducting intensive training for its own employees and those of its customers. Our SHEQ policy extends far beyond a call for compliance to regulatory requirements. Your Company's senior management team strives to set a strong example by walking the talk and providing strong visible leadership in this area.

### **Outlook**

The Indian economy has grown at a healthy rate of over 8% for the last three years and is expected to maintain a high GDP growth rate in the near future. The high level of economic activities in India is expected to impart buoyancy in the business and industrial scenario in the country. As a result of this buoyancy in the industrial activity, the gases industry is poised for sustained growth in the near future. The recent trend of captive users in steel, petrochemicals & refinery sectors increasingly opting for outsourcing their gases requirement is resulting in increasing number of tonnage opportunities in the gases business.

The Government's National Steel Policy 2005 had projected the country's steel making capacity to touch 110 million tonnes per annum by 2020. The recent developments however indicate that this projected capacity will be commissioned well ahead of 2020. The surge in steel demand and sustained upturn in this industry will continue to benefit your Company as a major player in the gases industry.

Your directors believe that despite fears of a global recession, domestic demand in the country will provide sufficient fillip and resilience to the growth of the economy and the core industries sector. Your Company is bidding for certain large and prestigious tonnage opportunities and with the support of The Linde Group, is well positioned to take advantage of the emerging opportunities in the industry.

As the Indian economy matures, the demand for liquid nitrogen will continue to increase in line with similar pattern seen in developed economies of the West. This augurs well for the gases industry and your Company is well positioned to benefit from this development.

Special gases business is also showing impressive growth. With double digit growth in this segment, this will be a key focus area in the years ahead.

New product lines like hydrogen, CO<sub>2</sub> etc. also offer a lot of promise. Significant growth in the hydrogen application processes such as speciality chemicals, edible oils, solar cells, optical fibres etc. is fuelling growth for merchant hydrogen.

The solar cell / Photo Voltaic industry is another sunshine sector and offers significant potential for the gases industry. Your Company is closely pursuing growth in this sector. With major wins at Moser Baer, your Company has already established a clear lead over the other players in the gases industry.

Emerging applications in industries such as glass, oil, electronics, fibre optics and food would also contribute to the growth of the industrial gases sector. Your Company has restructured its hospital care business towards maintaining its leadership position in the healthcare segment. In summary, the outlook for the Company looks promising.

#### **Internal Control Systems and their adequacy**

Your Company has an adequate system of internal control commensurate with the size and the nature of its business, which ensures that transactions are recorded, authorised and reported correctly apart from safeguarding its assets against loss from wastage, unauthorised use and removal.

The internal control system is supplemented by documented policies, guidelines and procedures and an extensive program of review carried out by the Company's Internal Audit function which submits detailed reports periodically to the management and the Audit Committee.

Your Company's statutory auditors have, in their report, confirmed the adequacy of the internal control procedures.

#### **Corporate Governance**

Your Company is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment, the Board of Directors supports high standards in corporate governance. A separate report on Corporate

Governance along with the certificate of the Auditors, Messrs BSR & Company, confirming compliance of the conditions of corporate governance, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed.

#### **Corporate Social Responsibility**

As a member of The Linde Group, your Company focuses on the quality and reliability of products and technologies and sense of responsibility towards other people and the environment. During the period under review, your Company took several initiatives as a responsible corporate citizen such as organising blood donation camp with active participation from employees, promoting sports for healthy lifestyle and supporting an NGO working for restoring of a secured future for all socio-economically deprived children.

#### **Responsibility Statement**

As required by Section 217(2AA) of the Companies Act, 1956, the Directors state and confirm :

That in preparation of the accounts for the nine months period ended 31 December 2007, applicable accounting standards had been followed along with proper explanations relating to material departures, if any.

That they had 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 aforesaid period ended 31 December 2007 and of the profit or loss of the Company for that period.

That they had 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.

That they had prepared the aforesaid accounts on a going concern basis.

#### **Directors**

During the year, Mr S M Datta, a non executive independent director of the Company since 1996 and the Chairman of the Audit Committee of the Board was unanimously elected as the Chairman of the Board of Directors of the Company with effect from 31 July 2007 in view of the vacancy in the office of Chairman caused by the passing away of Mr J N Sapru on 8 May 2007. Your Directors once again express their deepest sorrow and profound regret on the sad demise of Mr J N Sapru

during the period under review and place on record their sincere appreciation of the wise counsel and guidance received from him as well as for the invaluable contribution made by him towards the growth of the Company during his tenure as its Chairman.

Mr Trevor Burt, a Director representing The Linde Group resigned from the Board with effect from 16 October 2007. The Board places on record its appreciation of the invaluable support and guidance extended by Mr Burt during his tenure as a director, especially as a member of the Executive Board of Linde AG. Mr P B Ramanujam, Nominee of GIC of India resigned as its Nominee Director with effect from 19 September 2007 after decision of its competent authority to withdraw its nominee from the Board of the Company. Mr J Mehta, Nominee Director of ICICI Bank Ltd. resigned from the Board as a Nominee Director with effect from 19 January 2008. The Directors place on record their appreciation of the contribution made by the nominee directors towards the smooth functioning of the Board. Mr J Mehta was appointed Additional Director (non executive independent director) of the Company by the Board at its meeting held on 19 January 2008. Mr Mehta vacates his office as Additional Director under Article 92 of the Articles of Association of the Company at the ensuing Annual General Meeting and it is proposed to appoint him as a Director at the said meeting.

Dr J J Irani and Mr M S Huggon retire by way of rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **Cost Audit**

The Central Government's directions vide their Order dated 10 August 2000 pursuant to Section 233B of the Companies Act, 1956, requires audit of the cost accounting records of the Company relating to Industrial Gases, for every financial year. Messrs S. Gupta & Co., a firm of Cost Accountants, conducted this audit for the previous year. The Company has received the approval of the Central Government for appointment of M/s. S. Gupta & Co., for audit of cost records for the

nine months period ended 31 December 2007, which is under progress.

#### **Auditors**

Messrs BSR & Company, the Statutory Auditors of the Company retire, and being eligible, offer themselves for re-appointment. The Company has obtained a written consent from M/s BSR & Company to the effect that their re-appointment if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

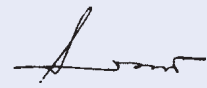
#### **Disclaimer**

Certain statements in this report relating to Company's objectives, projections, outlook, expectations, estimates, etc may be forward looking statements within the meaning of applicable laws and regulations. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, actual results or performance could differ materially from such expectations, projections etc whether express or implied as a result of among other factors, changes in economic conditions affecting demand and supply, success of business and operating initiatives and restructuring objectives, change in regulatory environment, other government actions including taxation, natural phenomena such as floods and earthquakes, customer strategies, etc over which the Company does not have any direct control.

On behalf of the Board



E R Raj Narayanan  
Managing Director



S M Datta  
Director

Mumbai  
27 February 2008

## Annexure to Directors' Report

**INFORMATION AS PER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 ('THE RULES') AND FORMING PART OF THE DIRECTORS' REPORT FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2007.**

### **A. CONSERVATION OF ENERGY**

#### **(a) Energy conservation measures taken :**

- (i) Major overhauling of plant distillation column, modification in pre-purification unit at Jamshedpur 1290 TPD plant and replacement of heat exchangers and overhauling of plant distillation column at Taloja Tonnage plant.
- (ii) Upgradation of Distributed Control System (DCS) and Vibration Monitoring System was carried out at Taloja and Tarapur Tonnage plants.
- (iii) Commissioning of TUI Vibration monitoring system for monitoring vibrations from remote locations and Partial Discharge monitors for online partial discharge in motors in major Tonnage plants.
- (iv) Revamping of refrigeration systems at Tarapur and Taloja Tonnage plants.
- (v) On-going energy conservation measures such as maintaining high load factor/ power factor, demand management, use of energy efficient equipment were continued with at all sites.

#### **(b) Additional Investments and Proposals :**

- (i) Investment planned for installation of TUI Vibration monitoring system at remaining Tonnage plants for monitoring vibrations by experts from remote locations.
- (ii) Installation of Partial Discharge monitoring system for critical HT motors in new installation.
- (iii) Investment planned for Uninterrupted Power Supply system at new plant.

#### **(c) Impact of above measures on energy consumption and cost of production :**

The above measures will directly impact the electrical power usage positively and lead to reduction in specific power usage per unit of output.

#### **(d) Energy conservation in respect of specified industries :**

Not Applicable

## B. TECHNOLOGY ABSORPTION

### (e) As per Form-B of the Rules

#### I Research & Development (R&D)

##### 1 Areas in which R&D carried out :

- (i) Developed specific shielding gases for quality welding for auto industries and others.
- (ii) Application of nitrogen and nitrogen-mixture in food packaging.
- (iii) Introduction of improved testing and analytical tool for quality assurance of medical gases.

##### 2 Benefits :

- (i) Improved quality.
- (ii) Preservation of quality.
- (iii) Quality assurance.

##### 3 Future plan of action :

- (i) Continue to develop more varieties of shielding gases to cater to the specific need of the market.
- (ii) Continue work on application of nitrogen and nitrogen - mixture in food packaging to benefit both the high and low end users.

##### 4 Expenditure on R&D :

(a) Capital	Rs. Nil
(b) Recurring	Rs. 2.365 million
(c) Total	Rs. 2.365 million
(d) Total R&D expenditure as a percentage of total turnover	0.08%

#### II Technology Absorption, Adaptation and Innovation

##### 1 Efforts made :

Introduction of Cryospeed™ service, a specially designed vehicle to transport liquid products and 230 bar cylinders for filling of gases at high pressure.

##### 2 Benefits derived :

- (i) Improvement in distribution cost efficiencies.
- (ii) Elimination/Reduction of cylinder handling and improvement in safety.

##### 3 Technology Imported : Nil

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) Your Company's exports include plant spares, argon and speciality gases.

(g) Total foreign exchange used during the year was Rs. 1077.24 million and total foreign exchange earned during the year was Rs. 36.99 million.



**INFORMATION AS PER SECTION 217(2A) READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE NINE MONTHS ENDED 31 DECEMBER 2007**

Name	Designation	Qualification	Total working experience (years)	Date of commencement of employment	Remuneration (Rs.)	Age (years)	Previous Employment/ Position held
1	2	3	4	5	6	7	8
<b>Employees who were employed throughout the year</b>							
Narayanan, E R Raj	Managing Director	B. Tech. (Chemical), PG Diploma in Management	24	16 03 2005	6,509,024	46	Managing Director LANXESS India Pvt Ltd
Menon, Srikumar	Finance Director	B. Com. (Hons.), ACA	29	01 10 2001	5,086,852	56	Vice President-Finance Pidilite Industries Ltd.
Bengani, Hanuman Mal	Head - PED	B.E.(Hons), Chemical Engg.	33	14 05 1980	2,490,489	54	Erection & Comm. Engineer Bharat Heavy P & V Ltd.
Chaudhuri, Monojit	Operations Manager - Tonnage	B.E. (Chemical Engg.)	25	01 01 2004	2,149,620	47	Site General Manager - Manufacturing and Supply ICI India Limited
K, Manoharan	Head - PG & P Operations	B.E., Diploma in Maintenance Management	23	21 04 2003	1,862,039	46	Chief Manager - Packaged & Speciality Gases Praxair India Pvt Ltd
<b>Employees who were employed for part of the year</b>							
Lindsay, David Neil	President - Special Projects	B. Sc. (Mechanical Engg.)	30	01 11 2004	3,180,676	49	G.M. - ISP & Director, Consolidated Industrial Gases Inc., Philippines
Ganguly, Subir	National Sales Manager- PGP & Bulk	B.E. (Metallurgical), MBA (Marketing)	27	17 12 1997	1,904,680	49	Asst. General Manager Saraswati Industrial Syndicate, Unit: ISGEC
Sen, Dhruva	Head - Human Resources	B.Sc. (Hons.), LLB PGDPM & IR (XLRI, Jamshedpur)	23	15 03 2007	1,393,671	47	Head - HR Operations Nokia India Pvt Ltd

NOTES : 1) Remuneration includes, *inter-alia*, Company's contribution to Provident and other Funds and perquisites at actual cost or as evaluated as per Income Tax Rules, 1962.  
2) All appointments are contractual.  
3) None of the above employees is a relative of any Director of the Company.

## Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India, the details of compliance by the Company with the norms on Corporate Governance are as under:

### Company's philosophy on Corporate Governance

BOC India Limited believes in good corporate governance and continuously endeavours to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general. The Company undertakes to behave responsibly towards its shareholders, business partners, employees, society and the environment. As a member of The Linde Group, the Company is committed to business integrity, high ethical values and professionalism in all its activities.

### Board of Directors (Board)

#### Composition of the Board as on 31 December 2007 :

BOC India's Board has an appropriate mix of Executive and Non Executive Directors. The Non Executive Directors including Independent Directors impart balance to the Board and bring independent judgement in its deliberations and decisions. As on 31 December 2007, the Board of BOC India comprised of 8 Directors, detail whereof is given below:

- A Non-Executive Independent Chairman;
- Two Non-Executive Independent Directors including a Nominee Director;
- Three Non-Executive Directors representing The Linde Group; and
- Two Executive Directors.

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

### Board Meetings

During the 9 months period ended 31 December 2007, five Board meetings were held on 18 May 2007, 31 July 2007, 18 September 2007, 15 October 2007 and 11 December 2007. The gap between any two consecutive meetings did not exceed four months.

### Board Agenda

The meetings of the Board are governed by a structured agenda. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings.

### Information placed before the Board

Necessary information as required under the statute and as per the guidelines on Corporate Governance are placed before and reviewed by the Board from time to time.

### Attendance of Directors at the Board Meetings of the Company held during the 9 months period ended 31 December 2007 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and Other Board Committee Membership(s) held as on 31 December 2007

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship(s) <sup>(1)</sup>	Other Board Committee membership(s) / chairmanship(s) <sup>(2)</sup>
Mr J N Sapru <sup>(3)</sup>	(Chairman up to 8/5/2007) Non-Executive Independent Director	—	N.A.	N.A.	N.A.
Mr S M Datta <sup>(4)</sup>	(Chairman) Non-Executive Independent Director	5	Yes	14	5 (including 1 as Chairman)

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship(s) <sup>(1)</sup>	Other Board Committee membership(s) / chairmanship(s) <sup>(2)</sup>
Mr T J Burt <sup>(5)</sup> & <sup>(6)</sup>	Non-Executive Director	1	Yes	N.A.	N.A.
Mr R N Greenfield <sup>(5)</sup>	Non-Executive Director	1	Yes	—	—
Mr M S Huggon <sup>(5)</sup>	Non-Executive Director	—	No	—	—
Dr J J Irani	Non-Executive Independent Director	3	No	9	1
Mr S Lamba <sup>(5)</sup>	Non-Executive Director	5	Yes	—	—
Mr J Mehta <sup>(7)</sup>	(Nominee of ICICI Bank Ltd as Lender) Non-Executive Independent Director	5	Yes	—	—
Mr S K Menon	(Finance Director) Executive Director	5	Yes	—	—
Mr E R Raj Narayanan	(Managing Director) Executive Director	5	Yes	—	—
Mr P B Ramanujam <sup>(8)</sup>	(Nominee of GIC of India as Investor) Non-Executive Independent Director	3	Yes	N.A.	N.A.

(1) Excludes directorships in Indian private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

(2) Represents memberships of Audit Committee and Shareholders'/Investors' Grievance Committee.

(3) Mr J N Sapru passed away on 8 May 2007 and thereby ceased to be a Director and Chairman of the Company.

(4) Mr S M Datta was elected as Chairman of the Board of Directors w.e.f. 31 July 2007 at the Board meeting held on the same date.

(5) Represents The Linde Group.

(6) Mr T J Burt resigned from the Board w.e.f. 16 October 2007.

(7) Mr J Mehta ceased to be a Nominee Director of ICICI Bank Ltd. w.e.f. 19 January 2008 and was appointed as an additional director (non executive independent director) in the Board meeting held on 19 January 2008.

(8) Mr P B Ramanujam resigned as a Nominee Director of General Insurance Corporation of India w.e.f. 19 September 2007.

## Code of Conduct

The Company had earlier adopted the BOC's global Code of Conduct for all its employees including its wholtime directors. A brief Code on the lines of the BOC Group's global Code of Conduct was also adopted by the Board of Directors as the Code applicable to the Non Executive Directors of the Company. The existing code remains in force until a new code of conduct designed to meet the new requirements of The Linde Group comes into effect in due course. The aforesaid Codes are posted on the Company's website. All Directors and senior management personnel of the Company as on 31 December 2007 have individually affirmed their compliance with the applicable Code of Conduct. A declaration signed by the Managing Director (CEO) to this effect is enclosed at the end of this report.

The Company has a code of conduct for prevention of insider trading in its shares which applies to all Directors and designated employees of the Company.

## Risk Management

The Company had earlier developed a risk management framework with the help of the Risk Management Services of The BOC Group plc. The process of identification of the risks and assessment thereof together with the identified key risks were informed to the Board. The mitigation plans in respect of the identified key risks have been reviewed by the Board, which provides oversight of the risk management process followed by the Company.

### **CEO/ CFO Certification**

The Managing Director (CEO) and the Finance Director (CFO) of the Company have certified to the Board that all the requirements of the Clause 49 (V) of the Listing Agreement, inter alia, dealing with the review of financial statements and cash flow statement for the 9 months period ended 31 December 2007, transactions entered into by the Company during the said period, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with.

### **Committees of the Board**

There are presently three committees of the Board of Directors – Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievance Committee. During the year, Administrative Committee of the Board was abolished by the Board of Directors in its meeting held on 31 July 2007. The Administrative Committee had originally been set up to approve routine administrative matters concerning day to day operations of the Company and to deal with matters specifically delegated to it by the Board. This Committee had however become inactive since 2002 as these matters were later shifted to the agenda of the meetings of the Board of Directors.

The minutes of all Board Committee meetings are placed before the Board and noted by the Directors at the Board meetings. The role and composition of Audit Committee, Remuneration Committee, Shareholders' / Investors' Grievance Committee including the number of meetings held during the 9 months period ended 31 December 2007 and the related attendance are as follows:

#### **Audit Committee**

The Audit Committee of the Company was constituted in the year 1988. The present terms of reference of the Audit Committee includes the powers as laid out in Clause 49 (II) (C) and role as stipulated in Clause 49 (II) (D) of the Listing Agreement with the Stock Exchanges. The Audit Committee also complies with the relevant provisions of the Companies Act, 1956.

The Audit Committee also reviews information as per the requirement of Clause 49 (II) (E) of the Listing Agreement.

#### **Terms of Reference**

The brief description of the terms of reference of the Audit Committee in line with the Clause 49 of the Listing Agreement is:

- a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommend to the Board the appointment/ removal of statutory auditors, nature and scope of audit, fixation of audit fee and payment for any other services rendered by the statutory/ external auditors.
- c. Review with the management, quarterly and annual financial statements before submission to the Board.
- d. Review with the management, performance of statutory and internal auditors.
- e. Review of the adequacy and effectiveness of Internal Audit function, the internal control system of the Company, structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- f. Discussion with internal auditors on any significant findings and follow up thereon including reviewing the findings of internal investigations, if any.
- g. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- h. And, generally all items listed in Clause 49 II D of the Listing Agreement.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

#### **Composition**

The composition of the Audit Committee is in accordance with the requirement of Clause 49 (II) (A) of the Listing Agreement. As on 31 December 2007, the Committee comprised of four Non- Executive Directors, three of whom, including the Chairman of the Committee were Independent Directors. Mr S M Datta (Chairman of the

Committee), Dr J J Irani, Mr S Lamba and Mr J Mehta were the Members of the Committee as on 31 December 2007. Mr J N Sapru, a Non Executive Independent Director was Member of the Committee up to 8 May 2007. As per the requirement of Clause 49 of the Listing Agreement, all members of the Audit Committee are financially literate with at least one member having expertise in accounting or related financial management. The Chairman of the Audit Committee attended the previous Annual General Meeting held on 31 July 2007.

The Managing Director, Finance Director and Head- Internal Audit are permanent invitees in all meetings of the Committee. The Statutory Auditors of the Company are invited to attend the Audit Committee meetings. The Cost Auditors are also invited to the meeting(s) for discussion on Cost Audit Report and for other related matters, if any. The Company Secretary acts as the Secretary to the Committee.

### Meetings and Attendance during the year

Three meetings of the Audit Committee were held during the 9 months period ended 31 December 2007. The meetings were held on 18 May 2007, 30 July 2007 and 15 October 2007. The gap between any two consecutive meetings did not exceed four months. The attendance of the Members at these meetings was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Mr S M Datta	3	3
Dr J J Irani	3	Nil
Mr S Lamba	3	3
Mr J Mehta	3	3
Mr J N Sapru	Nil	N.A.

### Remuneration Committee

The Remuneration Committee of the Board was constituted in the financial year 2002-03. The Committee is responsible for recommending to the Board the remuneration package of Managing/Wholetime Directors including their annual increments, variable compensation pay etc. after reviewing their performance.

### Composition

As on 31 December 2007, the Committee comprised of four Non- Executive Directors, two of whom, including the Chairman of the Committee were Independent Directors. Dr J J Irani (Chairman of the Committee), Mr S M Datta, Mr M S Huggon and Mr S Lamba were the Members of the Committee as on 31 December 2007. Mr J N Sapru, a Non Executive Independent Director was Member of the Committee up to 8 May 2007.

### Attendance

During the 9 months period ended 31 December 2007, the Committee met once on 18 May 2007. The attendance of the members at the meeting was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Dr J J Irani	1	1
Mr S M Datta	1	1
Mr M S Huggon	1	—
Mr S Lamba	1	1
Mr J N Sapru	Nil	N.A.

### Remuneration Policy

Payment of remuneration to the Managing/Wholetime Directors is governed by the terms and conditions of their appointment, including remuneration, as recommended by the Remuneration Committee and approved by the Board subject to the approval of the shareholders and Central Government, where applicable. The remuneration structure comprises basic salary, perquisites and allowances, variable compensation pay, contribution to provident fund, superannuation and gratuity funds.

The Non-Executive Directors, other than the Directors representing The Linde Group are paid a sum of Rs.8,000 as sitting fees for attending each meeting of the Board and/or Committee thereof. Remuneration of Non-Executive Directors, other than the Directors representing The Linde Group, by way of commission is determined by the Board in terms of approval accorded by the shareholders.

#### Details of remuneration to Managing / Wholetime Directors

Details of remuneration to Managing / Wholetime Directors during the 9 months period ended 31 December 2007 (refer Note xiv of Schedule 18 of the Accounts) are given below:

Name of the Director	Salary and Allowances Rs.	Variable Compensation Pay Rs.	Contribution to Provident and Other Funds Rs.	Perquisites / Other Benefits Rs.	Total Rs.
Mr E R Raj Narayanan, Managing Director	43,35,928	11,31,200	8,52,017	1,89,879	65,09,024
Mr S Menon, Finance Director	26,66,425	10,53,225	4,43,610	9,23,592	50,86,852

The Agreements entered into with the Directors are for a period of 3 years from the respective dates of their appointments and can be terminated by either party by giving not less than six months notice in writing. The Agreements do not provide for payment of any severance fees. Presently, the Company does not have a scheme for grant of stock options to its employees.

#### Details of remuneration to Non-Executive Directors

Details of remuneration to the Non-Executive Directors during the 9 months period ended 31 December 2007 are given below:

Name of the Director	Sitting Fees Rs.	Commission* Rs.
Mr S M Datta	80,000	12,00,000
Dr J J Irani	32,000	3,50,000
Mr J Mehta	72,000#	3,50,000#
Mr P B Ramanujam	24,000	2,35,000#
Mr J N Sapru (payable to legal heir)	Nil	2,00,000

\* Payable after approval of the audited accounts by the Members.

# Paid/ payable to the Institution / Company, the Director represents.

In accordance with the approval of the shareholders in the meeting held on 26 July 2006, the payment of commission to Non-Executive Directors, other than the Directors representing The Linde Group has been determined by the Board, which is well within the ceiling of 1% of net profits of the Company for the 9 months period ended 31 December 2007 as computed under applicable provisions of the Companies Act, 1956. The allocation of the commission amongst the eligible Non-Executive Independent Directors has been decided by the Board with each interested director present not participating in the deliberations in respect of his own commission.

Other than above, the Non-Executive Directors do not have any other pecuniary relationship or transactions with the Company.

The details of shares/ convertible instruments held by the Non-Executive Directors of the Company as on 31 December 2007 are as follows:

Name of the Director	Number of Equity Shares	No. of Convertible Instruments
Mr S M Datta	5,000	N.A.
Mr S Lamba	400	N.A.

#### Shareholders' / Investors' Grievance Committee

The Committee oversees redressal of complaints and grievances of the shareholders/ investors and quarterly Secretarial Audit Reports as well as compliance with other related guidelines of Securities and Exchange Board of India.

#### Composition

As on 31 December 2007, the Shareholders'/ Investors' Grievance Committee comprised of three Directors - two Non-Executive Independent Directors, viz. Mr S M Datta and Mr J Mehta and Mr E R Raj Narayanan, Managing Director of the Company. Mr J N Sapru, a Non Executive Independent Director was Member of the Committee up to 8 May 2007.

The members present at each meeting elect one of the Non-Executive Independent Directors to act as the Chairman. The Company Secretary acts as the Secretary to the Committee.

During the 9 months period ended 31 December 2007, the Committee met once during the year on 15 October 2007. The attendance of the Members at the meeting was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Mr S M Datta	1	1
Mr J Mehta	1	1
Mr E R Raj Narayanan	1	1
Mr J N Sapru	Nil	N.A.

The Board of Directors has delegated the power of approving the share transfers, transmission etc. to the Managing Director, Finance Director and Company Secretary of the Company for expediting these processes. The Committee of Delegates meets once in a fortnight to dispose of all matters relating to share transfers, transmission, etc.

#### Compliance Officer

The Board of Directors has designated Mr Pawan Marda, Company Secretary of the Company as the Compliance Officer.

#### Shareholders' complaints

During the 9 months period ended 31 December 2007, the Company received 37 complaints from the shareholders/ investors. As on 31 December 2007, no complaint was pending. It is the endeavour of the Company to attend to shareholders'/ investors' complaints and other correspondence within a period of 15 days except where constrained by disputes or legal impediments.

#### Pending Share Transfers & Dematerialisation Requests

The Company's shares are required to be compulsorily traded in electronic form and as such the Company receives few transfers in physical form. During the 9 months period ended 31 December 2007, the Company processed 22,591 shares for transfer. As on 31 December 2007, there were no shares pending for transfer. A total of 18 dematerialisation requests covering 4,466 equity shares received in the second half of December 2007 were pending as on 31 December 2007, which have been processed/ confirmed by 4 January 2008.

## General Body Meetings

A. Location and time for last three Annual General Meetings (AGM) :

Financial Year	Date of AGM	Venue	Time	No. of Special Resolution(s) passed
Year ended 31 March 2007	31 July 2007	Science City, Kolkata	3.00 p.m.	None
Year ended 31 March 2006	26 July 2006	Science City, Kolkata	3.00 p.m.	One
Year ended 31 March 2005	25 July 2005	Science City, Kolkata	3.00 p.m.	One

- B. No special resolution was passed last year through Postal Ballot. Similarly, no special resolution is being proposed to be conducted through a Postal Ballot for the ensuing Annual General Meeting. The Company will seek shareholders' approval through postal ballot in respect of resolutions relating to such businesses as are prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as and when the occasion arises.
- C. Information about Directors proposed to be appointed / re-appointed as required under Clause 49 IV (G) of the Listing Agreement with the Stock Exchanges is furnished under Note 10 of the Notice of the ensuing Annual General Meeting.

## Disclosures

- **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interests of the Company.

However, the related party relationship and transactions given under Note (xxv) of Schedule 18 of the audited accounts for the 9 months period ended 31 December 2007 may be referred.

- **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years.**

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.

- **Non Mandatory Requirements**

The Company complies with the following non-mandatory requirements:

### Chairman's Office

During the 9 months period ended 31 December 2007, the Company maintained office of the non-executive Chairman and paid / reimbursed expenses incurred by him in performance of his duties.

### Tenure of Independent Directors

No specific tenure has been specified for the Independent Directors. However, none of the Independent Directors on the Board has served for a tenure exceeding 9 years from the date when the revised Clause 49 became effective.

### Remuneration Committee

The Company has a Remuneration Committee of the Board. The details of the Remuneration Committee have been covered elsewhere in the report.



### Audit Qualifications

There are no qualifications in the Auditors' Report to the Members on the financial statements for the 9 months period ended 31 December 2007.

### Training of Board Members

Presentations are made by the Executive Directors giving an overview of Company's operations to familiarise the new Non-Executive Directors with the operations and business model of the Company. The Non-Executive Directors are also apprised of industry developments and new initiatives, risk framework and management strategy of the Company as well as important changes in applicable legislation, enactment, guidelines, accounting standards, etc. to enable them to take informed decisions.

### Other Non Mandatory Requirements

The Company would implement other non-mandatory requirements in due course as and when required and /or deemed necessary by the Board.

### Means of Communication

- The unaudited quarterly financial results were approved and taken on record within one month of the close of the relevant quarter and the audited financial results for the 9 months period ended 31 December 2007 were approved and taken on record within two months of the close of the financial year. Such results were thereafter sent to the Stock Exchanges in the proforma prescribed under the Listing Agreement and also published in prominent business dailies in English and a regional newspaper published in Bengali.
- As the Company publishes the audited financial results for the last quarter of the financial year/ period within the stipulated period of three months from the close of the financial year as per the Listing Agreement with the Stock Exchanges, the unaudited financial results for the last quarter of the financial year/ period are not published.
- The Company also issues official press releases to the print media.
- The Company has its own website "www.boc-india.com", where information about the Company, extracts of the last three audited Balance Sheets and Profit & Loss Accounts, quarterly and annual audited financial results, distribution of shareholding at the end of each quarter, official press releases etc. are displayed and regularly updated.
- The Company also electronically files unaudited quarterly and audited annual Financial Results, Segment Results, Shareholding Pattern etc. on the EDIFAR website "www.sebiedifar.nic.in" as required by SEBI/ the Listing Agreement with the Stock Exchanges.
- Management Discussion and Analysis is a part of the Directors' Report.
- The Company has not made any presentation to institutional investors/ analysts during the year.
- The Company has an exclusive section on "Investor Relations" in its website "www.boc-india.com" for the purpose of giving necessary information to the shareholders on various matters such as transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, nomination facility, use of electronic clearing service for payment of dividend, etc. These information, procedures, formats, etc. are available on the aforesaid website in downloadable formats as a measure of added convenience to the investors.

### General Shareholder Information

<b>Date, time &amp; venue of the Annual General Meeting</b>	:	29 May 2008 at 11.00 a.m. at Science City Main Auditorium JBS Haldane Avenue, Kolkata 700 046															
<b>Financial Calendar 2008</b> (tentative and subject to change)	:	<table border="0"> <tr> <td>i. Financial Year</td> <td>:</td> <td>January 2008 to December 2008</td> </tr> <tr> <td>ii. First Quarter Results</td> <td>:</td> <td>28 April 2008</td> </tr> <tr> <td>iii. Second Quarter and Half Yearly Results</td> <td>:</td> <td>24 July 2008</td> </tr> <tr> <td>iv. Third Quarter Results</td> <td>:</td> <td>23 October 2008</td> </tr> <tr> <td>v. Audited Annual Results</td> <td>:</td> <td>February 2009</td> </tr> </table>	i. Financial Year	:	January 2008 to December 2008	ii. First Quarter Results	:	28 April 2008	iii. Second Quarter and Half Yearly Results	:	24 July 2008	iv. Third Quarter Results	:	23 October 2008	v. Audited Annual Results	:	February 2009
i. Financial Year	:	January 2008 to December 2008															
ii. First Quarter Results	:	28 April 2008															
iii. Second Quarter and Half Yearly Results	:	24 July 2008															
iv. Third Quarter Results	:	23 October 2008															
v. Audited Annual Results	:	February 2009															
<b>Book Closure Period</b>	:	20 May 2008 to 29 May 2008 (both days inclusive)															
<b>Dividend Payment Date</b>	:	On or after 5 June 2008															

- Listing on Stock Exchanges** :
- a) The Calcutta Stock Exchange Association Ltd.  
7 Lyons Range, Kolkata 700 001
  - b) Bombay Stock Exchange Ltd.  
P. J. Towers, Dalal Street, Mumbai 400 001
  - c) National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051

Annual Listing Fees have been paid to all these stock exchanges for the year 2007-08.

- Stock Code** :
- a) The Calcutta Stock Exchange Association Ltd.  
Physical : 16; Demat : 10000016
  - b) Bombay Stock Exchange Ltd.  
Physical : 23457; Demat : 523457
  - c) National Stock Exchange of India Ltd.  
Symbol : BOC

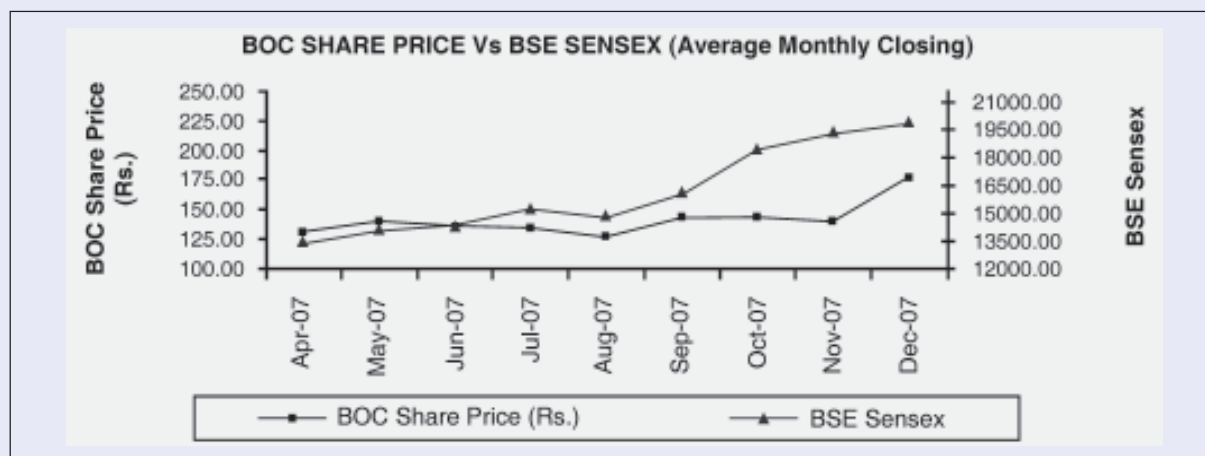
**Stock Market Price Data :**

**Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the 9 months ended 31 December 2007**

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
April 2007	145.00	122.00	6,26,875	145.00	122.00	8,45,077
May 2007	149.60	131.00	7,48,752	149.90	131.50	10,44,879
June 2007	147.00	129.25	2,47,559	145.00	129.10	3,62,203
July 2007	148.00	126.50	4,20,219	146.00	125.10	5,59,598
August 2007	136.00	120.00	3,21,529	139.40	122.05	3,56,128
September 2007	162.85	125.00	15,28,841	161.95	128.05	17,63,673
October 2007	159.90	133.50	11,83,605	170.00	130.00	11,84,561
November 2007	158.40	130.00	12,76,082	158.30	123.65	13,05,860
December 2007	214.45	145.15	72,23,589	214.90	145.55	71,31,556

During the year, there were no significant transactions in the shares of the Company on the Calcutta Stock Exchange.

**Performance of the Company's shares to broad based indices such as BSE Sensex**



**Registrar and Transfer Agents** : Intime Spectrum Registry Ltd.  
59C, Chowringhee Road, 3rd Floor, Kolkata 700 020  
Phone : 91-33-2289 0540; Telefax : 91-33-2289 0539  
Email : kolkata@intimespectrum.com

**Share Transfer System** : Share transfers in physical form should be lodged at the office of the Registrar and Transfer Agents, Intime Spectrum Registry Ltd., Kolkata at the address given above or at the registered office of the Company. All share transfers are normally processed within 15 days of lodgement thereof and are approved by the committee of Managing Director, Finance Director and Company Secretary who have been delegated this power by the Board of Directors for expediting these processes. The Committee of Delegates meets once in a fortnight to dispose of all matters relating to transfers, transmission etc. Dematerialisation of shares is processed normally within a period of 10 days from the date of receipt of the Demat Request Form.

**Dematerialisation of shares and Liquidity** : The Company's shares are compulsorily required to be traded in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE 473A01011. As on 31 December 2007, a total of 20,337,846 equity shares of the Company constituting 41.43 % of the total Subscribed and Paid up Share Capital stands dematerialised.

#### Distribution of shareholding as on 31 December 2007

Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	9,700	30.63	256,873	0.53
51-100	6,753	21.33	623,944	1.27
101-250	6,348	20.05	1,150,016	2.34
251-500	4,670	14.75	1,781,900	3.63
501-1000	2,392	7.55	1,831,267	3.73
1001-5000	1,543	4.87	3,291,535	6.71
5001-10000	133	0.42	983,457	2.00
10001-100000	102	0.32	2,071,363	4.22
Above 100000	24	0.08	37,093,868	75.57
<b>Total</b>	<b>31,665</b>	<b>100.00</b>	<b>49,084,223</b>	<b>100.00</b>

#### Shareholding pattern as on 31 December 2007

Category	Number of Shares held	% of Shares held
Foreign Promoters (The BOC Group plc, U.K., a part of The Linde Group)	26,898,891	54.80
Foreign Holdings (FIs, OCBs & NRIs)	6,089,617	12.41
FIs, Insurance Companies & Banks	2,583,227	5.26
Other Corporate Bodies	2,352,651	4.79
Mutual Funds	1,092,691	2.23
Individuals & Others	10,067,146	20.51
<b>Total</b>	<b>49,084,223</b>	<b>100.00</b>

**Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity** : Not applicable

**Plant Locations :****Ahmedabad**

Rakhial Road  
Ahmedabad 380 023

**Asansol**

G T Road (West)  
Gopalpur, Asansol 713 304  
Dist. Burdwan

**Bangalore**

Plot No.1/2, Phase-I, Peenya Industrial Estate  
Bangalore 560 058

**Bhiwadi**

Plot No.B-821, RILCO Industrial Area  
Bhiwadi 301 019, Dist. Alwar

**Chennai**

Plot No. G-21, SIPCOT Industrial Park  
Irungattukottai,  
Dist. Kancheepuram 602 105

Plot No. 21E (NP), SIDCO Industrial Estate  
Ambattur, Chennai 600 098

**Howrah**

Village: Pakuria, P.O. Lakhenpur  
P.S. Domjur, Howrah 711 323

**Hyderabad**

Tonnage Plant (65 tpd) &  
Packaged Gases and Products Plant  
Plot No. 178 & 179  
IDA Pashamylaram, Phase III  
Dist. Medak 502 307

**Jamshedpur**

Tonnage Plant (1290 tpd )  
Long Tom Area, (Behind NML)  
Burma Mines  
Jamshedpur 831 007

Tonnage Plant (225 tpd )

Near "L" Town Gate  
Opposite Bari Maidan  
Sakchi, Jamshedpur 831 001

**Jamshedpur (contd.)**

Mona Road  
Burma Mines  
Jamshedpur 831 007

**Kolkata**

Plant Manufacturing Works  
P-41 Taratala Road  
Kolkata 700 088  
48/1 Diamond Harbour Road  
Kolkata 700 027

**Navi Mumbai**

Special Gases Centre  
E-27 MIDC Industrial Area  
Dist. Raigad, Talaja  
Navi Mumbai 410 208

Tonnage Plant  
T-8 MIDC Industrial Area  
Dist. Raigad, Talaja  
Navi Mumbai 410 208

Talaja ISP Plant  
T-25, MIDC Industrial Area  
Dist. Raigad, Talaja  
Navi Mumbai 410 208

**Pune**

B 16/2, MIDC Industrial Area  
Chakan, Village - Mahalunge,  
Tal - Khed, Dist. Pune 410 501

**Tarapur**

Tonnage Plant  
Plot No. F-7/2, Road C  
MIDC Industrial Area  
Tarapur 401 506, Dist. Thane

**Trichy**

Plot No. 30, 31 & 32  
Sidco Industrial Estate, Mathur  
Dist. Pudukkottai 622 515

**Visakhapatnam**

51-1-1 Nakkavanipalem  
P.O. P & T Colony  
Visakhapatnam 530 013

**Address for communication**

: The Company Secretary  
BOC India Limited  
Oxygen House  
P 43 Taratala Road, Kolkata 700 088  
Phone : 91-33-2401 4708 ; 2401 5172 ( Dir.)  
Fax : 91-33-2401 8471; 2401 4206  
Email : pawan.marda@boci.co.in

## Declaration by the Managing Director (CEO) under Clause 49 of the Listing Agreement

To,  
**The Members of  
BOC India Limited**

I, E R Raj Narayanan, Managing Director of BOC India Limited declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the 9 months period ended 31 December 2007.

Mumbai  
27 February 2008

E R Raj Narayanan  
Managing Director

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## Auditors' Certificate on compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To,  
**The Members of  
BOC India Limited**

We have examined the compliance of conditions of Corporate Governance by BOC India Limited for the nine months period ended 31 December 2007, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BSR & Company**  
*Chartered Accountants*

**Akhil Bansal**  
*Partner*  
*Membership No. 090906*

Mumbai  
Date : 27 February 2008

## Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	Schedule	As at 31 Dec 2007	As at 31 March 2007
<b>SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	490,842	490,842
Reserves and Surplus	2	3,245,967	2,819,688
		<u>3,736,809</u>	<u>3,310,530</u>
LOAN FUNDS			
Secured Loans	3	150,000	452,302
Unsecured Loans		2,040,000	465,000
		<u>2,190,000</u>	<u>917,302</u>
DEFERRED TAX LIABILITY (NET)	4	483,420	483,476
		<u>6,410,229</u>	<u>4,711,308</u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	5	6,533,284	5,995,259
Less : Depreciation		3,160,110	2,953,068
		<u>3,373,174</u>	<u>3,042,191</u>
Capital Work-in-Progress		2,922,798	1,303,187
		<u>6,295,972</u>	<u>4,345,378</u>
Less : Impairment		57,146	59,754
		<u>6,238,826</u>	<u>4,285,624</u>
INVESTMENTS	6	150,000	150,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	394,654	281,792
Trade Debtors	8	571,459	706,503
Cash and Bank Balances	9	11,298	13,155
Other Current Assets	10	206,436	170,477
Loans and Advances	11	409,409	381,546
		<u>1,593,256</u>	<u>1,553,473</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	1,201,938	1,018,228
Provisions	13	369,915	259,561
		<u>1,571,853</u>	<u>1,277,789</u>
NET CURRENT ASSETS		<u>21,403</u>	<u>275,684</u>
		<u>6,410,229</u>	<u>4,711,308</u>
Significant Accounting Policies and Notes on Accounts	18		

This is the Balance Sheet referred to in our Report of even date.

Mumbai  
27 February 2008

AKHIL BANSAL  
Partner  
Membership No. : 090906  
For and on behalf of  
BSR & COMPANY  
Chartered Accountants

The Schedules referred above form an integral part of the Balance Sheet.

On behalf of the Board  
Chairman S M DATTA  
Managing Director E R RAJ NARAYANAN  
Finance Director S MENON  
Company Secretary P MARDIA

## Profit and Loss Account for the nine months ended 31 December 2007

(Amounts in Rupees thousand)

	Schedule	Period ended 31 Dec 2007	Year ended 31 March 2007
<b>INCOME</b>			
Gross Sales		3,271,915	4,965,816
Less : Excise Duty		289,854	404,847
Net Sales		2,982,061	4,560,969
Other Income	14	27,668	132,290
		<b>3,009,729</b>	<b>4,693,259</b>
<b>EXPENDITURE</b>			
Materials consumed and change in stock	15	469,619	951,826
Expenses	16	2,039,821	2,907,175
Depreciation and Impairment [Including Rs. 20,725 (Previous year - Nil) in respect of prior years]	5	241,284	344,097
Interest (Net)	17	18,837	52,499
		<b>2,769,561</b>	<b>4,255,597</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEM</b>		<b>240,168</b>	437,662
Exceptional item (Note vi on Schedule 18)		609,189	242,936
<b>PROFIT BEFORE TAX</b>		<b>849,357</b>	680,598
Provision for –			
Current Tax		(223,825)	(230,977)
Fringe Benefits Tax		(9,000)	(12,500)
Deferred Tax Credit		56	8,915
<b>PROFIT AFTER TAX</b>		<b>616,588</b>	446,036
Profit and Loss Account Brought Forward		778,382	520,516
		<b>1,394,970</b>	<b>966,552</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend (Note xxiii on Schedule 18)		170,568	122,711
Dividend Tax (Note xxiii on Schedule 18)		28,988	20,855
Transfer to General Reserve		46,244	44,604
Profit and Loss Account carried forward		1,149,170	778,382
		<b>1,394,970</b>	<b>966,552</b>
<b>Earnings per Equity Share of Rs. 10/- each</b> (Note xviii on Schedule 18)			
<b>on Profit after tax and before exceptional item</b>			
Basic and diluted (Rs.)		2.94	5.18
<b>on Profit after tax</b>			
Basic and diluted (Rs.)		12.56	9.09
Significant Accounting Policies and Notes on Accounts 18			

This is the Profit and Loss Account referred to in our Report of even date.

Mumbai  
27 February 2008

AKHIL BANSAL  
Partner  
Membership No. : 090906  
For and on behalf of  
BSR & COMPANY  
Chartered Accountants

The Schedules referred above form an integral part of the Profit and Loss Account.

On behalf of the Board  
Chairman S M DATTA  
Managing Director E R RAJ NARAYANAN  
Finance Director S MENON  
Company Secretary P M ARDA

## Cash Flow Statement for the nine months ended 31 December 2007

(Amounts in Rupees thousand)

	Period ended 31 Dec 2007	Year ended 31 March 2007
<b>A Cash Flow from Operating Activities :</b>		
Net Profit before Tax and Exceptional item	240,168	437,662
Adjustments for :		
Depreciation and Impairment	241,284	344,097
Provision for doubtful debts, advances and other current assets (Net)	23,898	13,328
Unrealised Foreign Exchange (Gain) / Loss	(8,443)	1,068
Dividends on Current Investment	(18)	(6,090)
Profit on Sale of Fixed Assets (Net)	(10,580)	(7,159)
Interest (Net)	18,837	52,499
Operating Profit before working capital changes	<u>505,146</u>	<u>835,405</u>
Adjustments for :		
Trade Receivables	113,751	134,739
Other Receivables	(110,251)	43,621
Inventories	(112,862)	107,523
Trade Payables	209,222	(79,747)
Cash generated from operations	<u>605,006</u>	<u>1,041,541</u>
Direct Taxes paid	(56,581)	(232,099)
Direct Taxes refunds received	1,325	24,740
Net Cash from Operating Activities	<u>549,750</u>	<u>834,182</u>
<b>B Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(2,160,929)	(1,559,669)
Proceeds from Sale of Fixed Assets	15,587	16,457
Proceeds from Sale of Current Investments	30,000	2,220,027
Purchase of Current Investments	(30,000)	(1,930,000)
Dividend received	18	6,090
Interest received	9,775	16,172
Cash Flow before Exceptional item	<u>(2,135,549)</u>	<u>(1,230,923)</u>
Exceptional item:		
Proceeds from sale of Fixed Assets (Property)	610,889	244,742
Direct taxes on Exceptional item	(136,817)	(51,301)
Net Cash used in Investing Activities	<u>(1,661,477)</u>	<u>(1,037,482)</u>
<b>C Cash Flow from Financing Activities :</b>		
Increase in Short Term Borrowings (Net)	1,386,585	14,415
Repayment of Long Term Borrowings	(113,887)	(184,400)
Interest paid	(20,343)	(71,507)
Dividend paid	(121,630)	(146,110)
Dividend Tax paid	(20,855)	(20,652)
Net cash from / (used in) Financing Activities	<u>1,109,870</u>	<u>(408,254)</u>



## Cash Flow Statement for the nine months ended 31 December 2007 (Contd.)

(Amounts in Rupees thousand)

	Period ended 31 Dec 2007	Year ended 31 March 2007
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	<b>(1,857)</b>	(611,554)
Opening Cash and Cash Equivalents	<b>13,155</b>	624,709
Closing Cash and Cash Equivalents	<b>11,298</b>	13,155
<b>Notes :</b>		
(i) Cash and Cash Equivalents comprises (Refer Schedule 9):		
Cash in Hand	<b>2,090</b>	1,497
With Scheduled Banks		
– Unclaimed Dividend Accounts	<b>3,227</b>	2,146
– Current Accounts	<b>458</b>	1,969
– Deposit Accounts	<b>5,523</b>	7,543
	<b>11,298</b>	13,155

(ii) The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 on Cash Flow Statements as prescribed by the Companies (Accounting Standards) Rules, 2006.

(iii) Previous year’s figures have been rearranged / regrouped wherever necessary. Further as fully explained in Note i (a) on Schedule 18 current period’s figures are for nine months for the period from 1 April 2007 to 31 December 2007 and are hence not comparable to the previous year’s figures.

This is the Cash Flow Statement referred to in our Report of even date.

Mumbai  
27 February 2008

AKHIL BANSAL  
Partner  
Membership No. : 090906  
For and on behalf of  
BSR & COMPANY  
Chartered Accountants

The Schedule referred above forms an integral part of the Cash Flow Statement.

On behalf of the Board

Chairman	S M DATTA
Managing Director	E R RAJ NARAYANAN
Finance Director	S MENON
Company Secretary	P MARDA

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	As at 31 Dec 2007	As at 31 March 2007
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
60,000,000 (P Y: 60,000,000) Equity Shares of Rs. 10 each	<u>600,000</u>	<u>600,000</u>
<b>Issued</b>		
49,086,209 (P Y: 49,086,209) Equity Shares of Rs. 10 each	<u>490,862</u>	<u>490,862</u>
<b>Subscribed</b>		
36,982,743 (P Y: 36,982,743) for Cash	<b>369,827</b>	369,827
222,666 (P Y: 222,666) for consideration other than cash	<b>2,227</b>	2,227
11,878,814 (P Y: 11,878,814) as Bonus Shares by Capitalisation of Reserves and Securities Premium	<u>118,788</u>	118,788
<u>49,084,223*</u> Equity Shares of Rs. 10 each fully paid * Includes 26,898,891 Equity shares held by The BOC Group plc, the holding company [Refer note xxiii on Schedule 18]	<u>490,842</u>	<u>490,842</u>
<b>2 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Revaluation Reserve	<b>19,821</b>	23,990
As at 1 April 2007	<b>2,767</b>	4,169
Less: Transfer to General Reserve	<u>17,054</u>	19,821
Securities Premium Account	<b>1,361,522</b>	1,361,522
Capital Incentive (from Government of Maharashtra) As at 1 April 2007	<b>2,000</b>	2,000
Less: Transfer to General Reserve	<u>2,000*</u>	—
	—	2,000
<b>General Reserve</b>		
As at 1 April 2007	<b>657,963</b>	609,190
Add: Transfer from Revaluation Reserve	<b>2,767</b>	4,169
Add: Transfer from Profit and Loss Account	<b>46,244</b>	44,604
Add: Transfer from Capital Incentive	<b>2,000*</b>	—
Add: Transition adjustment on adoption of Accounting Standard - 15 (revised) [Refer note i (k) on Schedule 18]	<u>9,247</u>	—
	<b>718,221</b>	657,963
Profit and Loss Account	<u>1,149,170</u>	778,382
	<u>3,245,967</u>	<u>2,819,688</u>

\*Transferred to general reserve as related fixed assets are fully depreciated.

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	As at 31 Dec 2007	As at 31 March 2007
<b>3 LOAN FUNDS</b>		
<b>Secured Loans</b>		
From Banks :		
Term Loans	—	113,887
Working Capital Demand Loans	—	90,000
Commercial Paper	<b>150,000</b>	—
Bank Overdraft	—	<u>248,415</u>
	<b>150,000</b>	452,302
<b>Unsecured Loans</b>		
From Banks :		
Term Loans	<b>2,040,000</b>	465,000
	<b>2,190,000</b>	<u>917,302</u>

### Notes :

- Working Capital Demand Loans, Commercial Paper and Bank Overdraft are secured by a first charge by way of hypothecation of the stocks of raw materials and components, finished goods, work-in-progress, stores and spare parts and book debts.
- Term Loans were secured by way of mortgage of immovable properties and hypothecation of movable properties other than book debts of the 1290 TPD plant at Jamshedpur, subject to first charge in respect of Working Capital Demand Loans, Commercial Paper and Bank Overdraft.
- Secured Loans from Banks repayable within 1 year Rs. 150,000 (Previous Year - Rs. 203,887) and Unsecured Loans from Banks repayable within 1 year Rs. 2,040,000 (Previous Year - Rs. 465,000).

	As at 31 Dec 2007	As at 31 March 2007
<b>4 DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Difference between written down value of depreciable assets as per books and written down value as per Income Tax	<b>581,426</b>	569,199
(A)	<b>581,426</b>	<u>569,199</u>
<b>Deferred Tax Asset</b>		
Voluntary Separation payments	<b>5,264</b>	4,414
Settlement compensation for closed units	<b>3,467</b>	4,328
Provision for doubtful debts, advances, contingencies and leave encashment	<b>89,275</b>	76,981
(B)	<b>98,006</b>	<u>85,723</u>
<b>Deferred Tax (Net)</b>	(A) - (B) <b>483,420</b>	<u>483,476</u>

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

### 5 FIXED ASSETS

	GROSS BLOCK AT COST OR VALUATION			DEPRECIATION / AMORTISATION			IMPAIRMENT		NET BLOCK VALUE		
	As at 1 April 2007 (a)	Additions during the Period (b)	Deductions during the Period (c)	As at 31 December 2007 (D=A+B-C)	As at 1 April 2007 (E)	Depreciation/ Amortisation for the Period (F)	Deductions during the Period (G)	As at 31 December 2007 (H=E+F+G)	As at 31 December 2007 (I)	As at 31 December 2007 (J=D-H+I)	As at 31 March 2007 (K)
Land - Freehold	56,576	686	251	57,011	—	—	—	—	—	57,011	56,576
- Leasehold	59,301	—	—	59,301	6,936	466	—	7,402	—	51,899	52,365
Buildings	422,309	43,774	8,255	457,828	96,937	10,655	4,899	102,693	2,155	352,980	322,061
Plant and Machinery	5,196,544	521,350	20,785	5,697,109	2,662,833	220,619	17,023	2,866,429	20,259	2,810,421	2,512,035
Motor Vehicles	39,531	5,571	549	44,553	11,762	2,752	325	14,189	—	30,364	27,769
Furniture and Fittings	38,176	848	7,766	31,258	25,150	1,059	6,438	19,771	88	11,399	12,903
Other Office Equipments	182,822	9,353	5,951	186,224	149,450	5,733	5,557	149,626	—	36,598	33,372
	<b>5,995,259</b>	<b>581,582(d)</b>	<b>43,557</b>	<b>6,533,284</b>	<b>2,953,068</b>	<b>241,284(e)</b>	<b>34,242</b>	<b>3,160,110</b>	<b>22,502</b>	<b>3,350,672</b>	<b>3,017,081</b>
Capital Work-in-Progress				<b>2,922,798(b)</b>					<b>34,644</b>	<b>2,888,154(b)</b>	
				<b>9,456,082</b>					<b>57,146</b>	<b>6,238,826</b>	
Previous Year	5,655,655	434,638	95,034	7,998,446	2,690,209	341,786	78,927	2,953,068	59,754	4,285,624(C)	

(a) Includes Revaluation on 30 September 1966 and 1 October 1980 by an external valuer.

(b) Includes Unsecured Capital Advances aggregating Rs. 951,828 (Previous Year Rs. 844,014) that are considered good and borrowing costs aggregating Rs. 110,922 (Previous Year - Nil).

(c) Includes Capital Work-in-Progress Rs. 1,268,543 (net of Impairment - Rs. 34,644).

(d) Includes Rs. 84,279 pertaining to earlier years.

(e) Includes Rs. 20,725 pertaining to earlier years.

(f) Movement in Impairment (also refer note vii on Schedule 18).

	As at 1 April 2007 (A)	Provision during the Period (B)	Released on sale / adjustment during the period (C)	As at 31 December 2007 (D=A+B-C)
Buildings	3,311	—	1,156	2,155
Plant and Machinery	21,676	—	1,417	20,259
Furniture and Fittings	123	—	35	88
Capital Work-in-Progress	25,110	—	2,608	22,502
	<b>34,644</b>	—	—	<b>34,644</b>
Previous Year	59,754	—	2,608	57,146
	62,446	2,311	5,003	59,754

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	As at 31 Dec 2007	As at 31 March 2007
<b>6 INVESTMENTS</b>		
<b>(Fully paid up)</b>		
<b>Trade Investments</b>		
<b>Long Term - at cost or under</b>		
<b>Unquoted</b>		
Bellary Oxygen Company Private Limited 15,000,000 (Previous Year 15,000,000) Equity Shares of Rs 10 each	<b>1,50,000</b>	1,50,000
At nominal value of Re. 1 each:		
(a) Woodlands Hospital and Medical Research Centre Limited 30 (Previous Year 30) 1/2% Debentures of Rs. 100 each		
(b) Belvedere Estates Limited 1 (Previous Year 1) 1/2% Debentures of Rs. 325 thousand 25,000 (Previous Year 25,000) Ordinary Shares of Rs. 10 each		
	<b><u>1,50,000</u></b>	<u>1,50,000</u>

### Notes:

- No quoted investments were held by the Company during the year.
- Units of Mutual Funds purchased and / or sold during the year :

Investment	No. of Units	
	Purchased	Sold
G70 Standard Chartered Liquidity Manager - Plus - Daily Dividend	30,012.377	30,012.377

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	As at 31 Dec 2007	As at 31 March 2007
<b>7 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Stores and Spare Parts [including in transit Rs. 391 (Previous Year Nil)]	109,416	172,218
Raw Materials and Components [including in transit Rs. 8,730 (Previous Year Rs. 359)]	48,943	7,869
Finished Goods	114,900	92,866
Construction Work-in-Progress	121,395	8,839
	<u>394,654</u>	<u>281,792</u>
<b>8 TRADE DEBTORS</b>		
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
(a) Considered good* [including retention money pertaining to construction contracts Rs. 68,749 (Previous Year - Rs. 30,835)]	183,430	95,925
(b) Considered doubtful	173,072	141,884
Other debts considered good** [including retention money pertaining to construction contracts Rs. 20,963 (Previous Year - Rs. 28,200)]	388,029	610,578
	<u>744,531</u>	<u>848,387</u>
Less: Provision for Doubtful Debts	173,072	141,884
	<u>571,459</u>	<u>706,503</u>
	***	
* Includes Rs. 42,212 (Previous Year - Nil) due from a Joint Venture		
** Includes Rs. 11,020 (Previous Year - Rs. 114,861) due from a Joint Venture		
*** Includes debts outstanding from companies under the same management as defined u/s 370 (1B) of the Companies Act, 1956:		
BOC Bangladesh Limited	3,081	—
BOC Kenya Limited	13	—
<b>9 CASH AND BANK BALANCES</b>		
Cash in Hand	2,090	1,497
With Scheduled Banks		
– Unclaimed Dividend Accounts	3,227	2,146
– Current Accounts	458	1,969
– Deposit Accounts	5,523	7,543
	<u>11,298</u>	<u>13,155</u>

## Schedules to the Balance Sheet as at 31 December 2007

(Amounts in Rupees thousand)

	As at 31 Dec 2007	As at 31 March 2007
<b>10 OTHER CURRENT ASSETS</b>		
<b>Unsecured and considered good :</b>		
Claims including Escalation (Net)	6,057	—
Prepaid Expenses (Note xvi on Schedule 18)	26,401	22,837
Balances with Customs, Port Trust, Central Excise, etc.	80,270	55,182
Deposits	72,806	69,494
Others	20,902	22,964
	<u>206,436</u>	<u>170,477</u>
<b>11 LOANS AND ADVANCES</b>		
<b>Unsecured</b>		
Loans and Advances recoverable in cash or in kind or for value to be received		
(a) Considered good (Note x on Schedule 18)	409,409	381,546
(b) Considered doubtful	2,605	—
	<u>412,014</u>	<u>381,546</u>
Less: Provision for Doubtful Advances	2,605	—
	<u>409,409</u>	<u>381,546</u>
<b>12 LIABILITIES</b>		
Sundry Creditors (Note viii and ix on Schedule 18)	1,037,360	904,411
Advances from Customers	154,676	108,630
Interest accrued but not due on loans	6,675	1,966
Provision for Escalation Claims (Net)	—	1,028
Investor Education and Protection Fund shall be credited by the following amounts namely :-		
Unpaid Dividends (not yet due to be credited)	3,227	2,146
Unpaid Public Deposits (not yet due to be credited)	—	47
	<u>1,201,938</u>	<u>1,018,228</u>
<b>13 PROVISIONS</b>		
Provision for Contingencies (Note xix on Schedule 18)	60,293	60,371
Provision for leave encashment and other employee benefits	49,796	36,106
Tax (including Fringe Benefits Tax) net of advance taxes paid Rs. 193,398 (Previous Year Rs. 283,400)	60,270	19,518
Provision for Proposed Dividend (including tax thereon)	199,556	143,566
	<u>369,915</u>	<u>259,561</u>

## Schedules to the Profit and Loss Account

for the nine months ended 31 December 2007

(Amounts in Rupees thousand)

	Period ended 31 Dec 2007	Year ended 31 March 2007
<b>14 OTHER INCOME</b>		
Rent	4,672	4,554
Dividends on Current Investments	18	6,090
Profit on Disposal of Fixed Assets (Net)	10,580	7,159
Liabilities no longer required written back	2,898	85,219
Insurance claims realised including Loss of Profits	1,248	18,204
Miscellaneous	8,252	11,064
	<u>27,668</u>	<u>132,290</u>
<b>15 MATERIALS CONSUMED AND CHANGE IN STOCK</b>		
<b>Opening Stock</b>		
Raw Materials and Components	7,869	11,180
Finished Goods	92,866	86,118
Construction Work-in-Progress	8,839	159,790
	<u>109,574</u>	257,088
<b>Purchases during the year</b>	<u>645,283</u>	804,312
	754,857	1,061,400
<b>Less : Closing Stock</b>		
Raw Materials and Components	48,943	7,869
Finished Goods	114,900	92,866
Construction Work-in-Progress	121,395	8,839
	<u>469,619</u>	951,826
<b>16 EXPENSES</b>		
Stores and Spare Parts consumed	60,164	147,058
Salaries, Wages and Bonus	175,835	248,522
Contribution to Employee benefit funds	20,905	32,014
Workmen and Staff Welfare Expenses	59,758	75,994
Travelling Expenses	59,740	76,977
Power and Fuel	870,302	1,189,960
Repairs – Plant and Machinery	37,584	45,181
– Buildings	5,186	8,681
– Others	21,261	22,384
Insurance	16,619	38,935
Freight and Transport	321,718	394,248
Rent	8,700	11,505
Rates and Taxes	1,847	3,450
Communication Expenses	18,804	22,027
Termination benefit to Employees	9,791	3,068
Loss on Foreign Exchange (Net)	8,800	7,254
Contract Job Expenses	169,221	330,906
Bad Debts, Advances and Other Current Assets previously provided written off	—	29,744
Provision for Doubtful Debts, Advances and Other Current Assets (Net)	23,898	13,328
Technical Support Fees	32,258	33,701
Miscellaneous	117,430	172,238
	<u>2,039,821</u>	<u>2,907,175</u>
<b>17 INTEREST (NET)</b>		
On fixed loans	11,847	60,220
On others	13,205	8,851
	<u>25,052</u>	69,071
<b>Less: Interest Income</b>	<u>6,215</u>	16,572
[Tax deducted at source Rs. 636 (Previous Year - Rs. 2,634)]	<u>18,837</u>	<u>52,499</u>



## Schedules to the accounts for the period ended 31 December 2007

### 18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (i) Significant Accounting Policies

##### (a) Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India (GAAP) and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. With effect from 1 April 2007, the Company has changed its accounting year to year ending 31 December instead of year ending 31 March. Consequently these financial statements are for the period from 1 April 2007 to 31 December 2007.

##### (b) Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### (c) Revenue Recognition

Revenue from sale of gas is recognised when risk and reward of ownership is transferred to the customer and amount receivable from the customers on a monthly basis become due.

Income from fixed price long term construction contracts are recognised under the percentage of completion method with reference to the estimated overall profitability of the contract that is re-estimated on a regular basis. Percentage of completion is ascertained on the basis of work completed under the contract and accepted by the customer based on the extent of work performed in accordance with the terms of the contract. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue. Revenue from cost plus contracts is recognised based on cost incurred on the project plus the mark up agreed with the customer by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred upto the reporting date bear to the estimated total costs of the contract.

Interest is recognised on a time proportionate basis.

##### (d) Fixed Assets

Fixed assets are stated at cost of acquisition / revalued amounts less accumulated depreciation. Cost of acquisition includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Spares that can be used only with particular items of plant and machinery and such usage is expected to be irregular are capitalised.

##### (e) Depreciation/ Amortisation

###### *Tangible Assets*

Depreciation is provided on a straight line method over the useful life of the fixed assets as estimated by the management. Useful life so estimated are in line with the useful lives derived from the depreciation rates as prescribed in Schedule XIV to the Companies Act, 1956.

Consideration for obtaining leasehold rights over land is being amortised over the period of the lease.

Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.

## Schedules to the accounts for the period ended 31 December 2007

Spares capitalised are being depreciated over the useful life/ remaining useful life of the plant and machinery with which such spares can be used.

### *Intangible Assets*

Computer software is amortised over its useful life of 5 years as estimated by management.

### **(f) Impairment of Fixed Assets**

The carrying amounts of fixed assets and capital work in progress are reviewed at each balance sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets' prescribed by Companies (Accounting Standards) Rules, 2006, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

### **(g) Investments**

Long Term Investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments, wherever applicable. Short term investments are stated at lower of cost and realisable value.

### **(h) Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. In determining the cost, weighted average cost method is used. The carrying costs of raw materials, components and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

Finished goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost comprises of direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of the production facilities.

Costs incurred on long term construction contracts that are yet to be billed to the customer are disclosed as construction work in progress net of provision for loss.

Excise duty liability is included in the valuation of year-end inventory of finished goods.

### **(i) Operating Leases**

Lease payments under operating leases are recognised as expense in the Profit and Loss Account on a straight line basis over the lease term.

### **(j) Research and Development**

Revenue expenditure on research and development is expensed in the year in which it is incurred and related capital expenditure is considered as addition to fixed assets.

### **(k) Employee Benefits**

The Company has adopted the revised Accounting Standard 15 - Employee Benefits (revised AS 15) prescribed by Companies (Accounting Standards) Rules, 2006 with effect from 1 April 2007.

The Company's obligations towards various employee benefits have been recognised as follows:

#### *Short term benefits*

Cost of accumulating compensated absences that are expected to be availed within a period of 12 months from the period end are recognised when the employees render the service that increases

## Schedules to the accounts for the period ended 31 December 2007

their entitlement to future compensated absences. Cost is computed based on past trends and is not discounted. Hitherto, cost of such compensated absences were recognised when the absences occurred. The financial impact of the change in accounting policy is not significant.

Cost of non-accumulating compensated absences is recognised when absences occur. Costs of other short term employee benefits are recognised on accrual basis based on the terms of employment contract and other relevant compensation policies followed by the Company.

### *Post employment benefits*

- i) Monthly contributions to Provident Funds which are defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund authorities on a monthly basis.
- ii) In respect of gratuity and superannuation schemes which are in the nature of defined benefit plans, excepting Plan B of Executive Staff Pension Fund, are administered by the Trustees. Annual contributions are recognised on the basis of actuarial valuation conducted by an external actuary appointed by the Company and are paid to the respective funds. Plan B of Executive Staff Pension Fund which is a defined contribution scheme for which the Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). The contributions are charged to Profit and Loss Account and deposited with LIC on a monthly basis.

### *Other long term benefits*

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from the period-end are recognised when the employees render the service that increases their entitlement to future compensated absences. Such costs are recognised based on actuarial valuation of related obligation on the reporting date. Actuarial gains and losses for the period are recognised in the Profit and Loss Account as income or expense.

### *Termination benefits*

Costs of termination benefits have been recognised only when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle such obligation and the amount of the obligation can be reliably estimated.

### *Transition*

In accordance with the requirements of the aforesaid revised AS 15, excess of obligation as at 1 April 2007 towards employee benefits ascertained in accordance with pre revised AS 15 – Accounting for Retirement Benefits in the Financial Statements of Employer, over aggregate obligation at that date towards employee benefits ascertained in accordance with the revised AS 15, aggregating **Rs.9,247 thousand** have been considered as receivable and adjusted against General Reserve.

## **(l) Foreign Exchange Transactions**

Foreign exchange transactions are recorded at the exchange rate prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies, other than those covered by forward exchange contracts, are translated at the year-end foreign exchange rates.

Exchange differences arising on settlements/ translations are recognised in the Profit and Loss Account. In case of forward exchange contracts for firm commitments, premium or discount on such contracts amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Profit and Loss Account.

## **(m) Provisions and Contingent Liabilities**

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimable, and it is probable that an outflow of

## Schedules to the accounts for the period ended 31 December 2007

resources will be necessary to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and / or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation or the amount of the obligation cannot be reliably estimated.

### (n) Taxation

Income tax expense comprises current and fringe benefit (i.e. amount of taxes for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

### (o) Government Grants

Grants/ subsidies are recognised when no uncertainties exist as regards receipt of the amount of such grant/ subsidy and compliance with the attached terms and conditions.

When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Grants/ subsidies in respect of fixed assets are adjusted against the cost of the related items of fixed assets/ capital reserve as the case may be.

### (p) Earnings per Share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti dilutive.

## Notes on Accounts

### (ii) Interest in Joint Venture

a) The Company's interest, as a venturer, in a jointly controlled entity (Incorporated Joint Venture) is:

Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest as at 31 December 2007	Percentage of ownership interest as at 31 March 2007
Bellary Oxygen Company Private Limited (Belloxy)	India	50	50

The Company's interest in this Joint Venture is reported as Long Term Investments (Schedule – 6) and stated at cost. The Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and Belloxy) related to its interest in this Joint Venture set out below are based on unaudited numbers for the nine months ended 31 December 2007:

## Schedules to the accounts for the period ended 31 December 2007

Particulars	As at 31 Dec 2007 Rs' 000 (Unaudited)	As at 31 March 2007 Rs' 000 (Audited)
<b>ASSETS</b>		
Fixed Assets	925,261	961,557
Capital Work - in - Progress	68	—
Investments	55,175	55,175
Current Assets, Loans and Advances:		
(a) Inventories	17,071	1,847
(b) Trade Debtors	109,916	37,914
(c) Cash and Bank Balances	1,455	31,219
(d) Other Current Assets and Loans and Advances	73,998	113,409
Miscellaneous Expenditure (To the extent not written off)	1,331	1,331
<b>LIABILITIES</b>		
Secured Loans	672,000	600,000
Unsecured Loans	—	60,000
Current Liabilities and Provisions:		
(a) Liabilities	320,008	383,158
(b) Provisions	1,125	1,123
Deferred Tax Liability (Net)	2,578	2,578

Particulars	Period ended 31 Dec 2007 Rs' 000 (Unaudited)	Year ended 31 March 2007 Rs' 000 (Audited)
<b>INCOME</b>		
Sales	279,104	141,431
Other Income	4,276	2,313
<b>EXPENSES</b>		
Manufacturing and other expenses	166,484	81,893
Depreciation	40,069	26,588
Interest	43,856	25,969
Provision for Taxation	—	3,702

- b) The share of the Company in the capital commitments of Belloxy as at 31 December 2007 is **Nil** (Previous Year - Nil).
- c) Company's transactions with Belloxy, being a related party, during the 9 months ended 31 December 2007 are disclosed in Note xxv.

## Schedules to the accounts for the period ended 31 December 2007

(iii) Estimated Capital commitments (net of advance) not provided for **Rs. 637,620 thousand** (Previous year - Rs. 933,403 thousand).

(iv) Contingent Liabilities :

Claims against the Company in respect of taxes , duties etc. not acknowledged as debts are estimated as below:

	<b>Period ended 31 Dec 2007 Rs' 000</b>	Year ended 31 March 2007 Rs' 000
a) Excise Duty matters *	<b>73,446</b>	55,979
b) Sales Tax matters *	<b>36,243</b>	65,422
c) Guarantee given by the Company for car/ furniture loans taken by its employees from a bank	—	38
d) Other Guarantees given by the Company	<b>11,700</b>	—
e) Sales Tax Liability transferred to a beneficiary **	<b>27,600</b>	27,600
f) Bills Discounted	<b>17,588</b>	5,273
g) Other claims	<b>14,800</b>	7,791

\*Excludes disputed matters in view of favourable appellate decisions on similar issues.

\*\* Pursuant to an approved scheme of Government of Maharashtra, certain Sales Tax Liability of the Company has been transferred to an eligible beneficiary, at a discount, for which a bank guarantee has been provided by the beneficiary to ensure timely payment to the concerned authorities.

(v) In accordance with the Companies (Accounting Standards) Rules, 2006 gain/ loss on foreign exchange fluctuation and premium on forward contracts for firm commitments pertaining to acquisition of fixed assets from outside India has been recognised as income/ expense in the Profit and Loss Account. Hitherto, such gain/ loss was adjusted against the carrying cost of the relevant fixed assets. As a result expenses are higher by **Rs. 7,363 thousand**, gross value of fixed assets is lower by **Rs. 7,363 thousand** and net profit before tax is lower by **Rs. 7,363 thousand**.

(vi) Exceptional item represents profit of **Rs 609,189 thousand** from the sale of land and building in Hyderabad. During the previous year exceptional item represented profit of Rs 242,936 thousand on sale of land and building in Chennai.

(vii) Provision for Impairment losses in respect of certain fixed assets, recognised in earlier years, have been released on disposal of such assets.

(viii) There are no dues to small scale industrial undertakings outstanding for more than 30 days as at 31 March 2007 and 31 December 2007 respectively. The identification of small scale industrial undertaking is based on the information available with the Company.

(ix) Based on the information available with the Company there are no dues to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

(x) Loans and Advances recoverable in cash or in kind or for value to be received (Schedule 11) include:-

(a) **Rs. 1,238 thousand** (Previous Year - Rs. 710 thousand) being interest free loans (car loan, furniture loan and education loan) to various employees which are recovered from their remuneration in accordance with relevant repayment schedule contained in the relevant schemes / specific approvals.

(b) The above includes **Rs. 63 thousand** (Previous Year - Rs 93 thousand) due from an officer of the Company; [Maximum amount due during the period **Rs 93 thousand** (Previous Year – Rs 133 thousand)].

(c) **Rs. 250,000 thousand** (Previous Year – Rs. 250,000 thousand) being long term advance to a Joint Venture Company (Also refer note xxv below) for purchase of gases in future.

## Schedules to the accounts for the period ended 31 December 2007

- (xi) The details of employee benefits for the period on account of gratuity and superannuation which are funded defined employee benefit plans and leave encashment which is an unfunded defined benefit plan are as under:

Rs' 000

		Pension	Gratuity	Leave Encashment
I	Components of Employer Expense	Funded		Unfunded
a)	Current Service Cost	522	1,869	1,279
b)	Interest Cost	5,031	2,506	755
c)	Expected Return on Plan Assets	(5,091)	(2,700)	—
d)	Curtailment Cost / (Credit)	—	—	—
e)	Settlement Cost / (Credit)	—	—	—
f)	Past Service Cost	—	—	—
g)	Actuarial Losses / (Gains)	3,318	(2,106)	1,757
h)	Total Expenses recognised in the Statement of Profit & Loss Account	<b>3,780</b>	<b>(431)</b>	<b>3,791</b>
The Pension and Gratuity expenses have been recognised in 'Contribution to Employee Benefit Funds' and Leave Encashment have been recognised in 'Salaries, Wages and Bonus' under Schedule 16 to the Profit and Loss Account.				

Rs' 000

		Pension	Gratuity	Leave Encashment
II	Actual Returns for the nine months ended 31 December 2007	<b>3,709</b>	<b>4,465</b>	—
III	Net Asset / (Liability) recognised in Balance Sheet as at 31 December 2007			
a)	Present Value of Defined Benefit Obligation	83,882	40,042	13,260
b)	Fair Value of Plan Assets	83,965	45,254	—
c)	Status [Surplus / (Deficit)]	83	5,212	(13,260)
d)	Unrecognised Past Service Cost	—	—	—
e)	Net Asset / (Liability) recognised in Balance Sheet	<b>83</b>	<b>5,212</b>	<b>(13,260)</b>

Rs' 000

		Pension	Gratuity	Leave Encashment
IV	Change in Defined Benefit Obligation (DBO) during the nine months ended 31 December 2007			
a)	Present Value of DBO at the beginning of period	85,580	44,425	14,594
b)	Current Service Cost	522	1,869	1,279
c)	Interest Cost	5,031	2,506	755
d)	Curtailment Cost / (Credit)	—	—	—
e)	Settlement Cost / (Credit)	—	—	—
f)	Plan Amendments	—	—	—
g)	Acquisitions	—	—	—
h)	Actuarial (Gains) / Losses	1,936	(341)	1,757
i)	Benefits Paid	(9,187)	(8,417)	(5,125)
j)	Present Value of DBO at the End of Period	<b>83,882</b>	<b>40,042</b>	<b>13,260</b>

## Schedules to the accounts for the period ended 31 December 2007

Rs' 000

		Pension	Gratuity	Leave Encashment	
<b>V</b>	<b>Change in Fair Value of Assets during the nine months ended 31 December 2007</b>				
	a)	Plan Assets at the beginning of period	89,443	49,206	—
	b)	Acquisition Adjustment	—	—	—
	c)	Expected Return on Plan Assets	5,091	2,700	—
	d)	Actuarial Gains /(Losses)	(1,382)	1,765	—
	e)	Actual Company Contribution	—	—	5,125
	f)	Benefits Paid	(9,187)	(8,417)	(5,125)
	g)	Plan Assets at the End of Period	<b>83,965</b>	<b>45,254</b>	—
<b>VI</b>	<b>Actuarial Assumptions</b>				
	a)	Discount Rate (%)	8.10	8.10	8.10
	b)	Expected Return on Plan Assets (%)	8.00	8.00	—
	The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.				
<b>VII</b>	<b>Major Category of Plan Assets as a % of the Total Plan Assets as at 31 December 2007</b>				
	a)	Government Securities / Special Deposits with RBI			81
	b)	High Quality Corporate Bonds			14
	c)	Cash and Cash Equipments			5

### VIII Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.



## Schedules to the accounts for the period ended 31 December 2007

	Period ended 31 Dec 2007 Rs' 000	Year ended 31 March 2007 Rs' 000
<b>(xii)</b> Auditors' Remuneration :		
As Auditors		
Audit Fee	700	700
Tax Audit	—	150
Limited Reviews	216*	350
Group Reporting Package Review	310*	250
Miscellaneous certificates, etc.	343*	346
Reimbursement of expenses	79	51
	<u>1,648</u>	<u>1,847</u>

\* Includes Rs. 573 thousand paid to erstwhile auditors

<b>(xiii)</b> Expenditure on Research and Development :		
Capital Expenditure	—	261
Revenue Expenditure	2,365	2,715
	<u>2,365</u>	<u>2,976</u>

<b>(xiv)</b> Remuneration to Directors :		
(a) Salaries	7,002	19,997
(b) Variable Compensation Pay	2,184	4,334
(c) Contribution to Employee benefit funds	1,296	1,543
(d) Other Benefits	1,113	4,478
(e) Commission to Non-Wholetime Directors (Note xv below)	2,335	2,500
(f) Sitting Fees	208	368
	<u>14,138</u>	<u>33,220</u>

**(xv)** Computation of Directors' Commission for the period ended 31 December 2007 in accordance with Section 349 of the Companies Act, 1956.

	Period ended 31 Dec 2007 Rs' 000	Year ended 31 March 2007 Rs' 000
Profit Before Taxation	849,357	680,598
<b>Add :</b> Depreciation [excluding impairment – Nil (Previous Year Rs. 2,311)] charged to Accounts	241,284	341,786
Directors' Remuneration	14,138	33,220
Termination benefits to employees	9,791	3,068
Wealth tax	574	700
	<u>1,115,144</u>	<u>1,059,372</u>
<b>Less:</b> Capital Profit		
– on disposal of fixed assets	613,717	235,150
Depreciation under Section 350 of the Companies Act, 1956	241,284	341,786
Profit for the purpose of Directors' Commission	<u>260,143</u>	<u>482,436</u>
Eligible Non Executive Directors' Commission thereon – upto 1% of profit, restricted to	2,335	2,500

## Schedules to the accounts for the period ended 31 December 2007

- (xvi) Prepaid expenses in Schedule 10 include:
- (a) **Rs. 14,760 thousand** (Previous Year - Rs.15,840 thousand) towards rent adjustable over a period of 20 years from April 1998.
  - (b) **Rs. 2,103 thousand** (Previous Year - Nil) towards prepaid interest on Commercial Paper issued on 26th October 2007 for a period of 133 days.
  - (c) **Rs. 2,754 thousand** (Previous Year - Nil) towards forward premium on open forward exchange contracts as at 31 December 2007.
- (xvii) The Company has taken various residential and office premises under operating lease or leave and license agreements. These agreements are for a period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties and does not contain stipulation for increase in lease rentals. Minimum lease payments charged during the period to the profit and loss account aggregated to **Rs. 17,984 thousand** (Previous Year Rs. 26,135 thousand).
- (xviii) In calculating Basic and Diluted Earnings per Share

	<b>Period ended 31 Dec 2007 Rs' 000</b>	Year ended 31 March 2007 Rs' 000
a) Numerator used:		
Profit before tax and exceptional item	<b>240,168</b>	437,662
Less: Taxes thereon	<b>95,952</b>	183,261
<b>Profit after tax and before exceptional item</b>	<b>144,216</b>	254,401
Add: Exceptional item	<b>609,189</b>	242,936
Less: Taxes thereon	<b>136,817</b>	51,301
<b>Profit after Tax</b>	<b>616,588</b>	446,036
b) Denominator used:		
Number of Equity Shares of Rs. 10 each outstanding during the period / year	<b>49,084,223</b>	49,084,223

	<b>Excise &amp; Sales Tax cases (a)</b>	<b>Others (b)</b>	<b>Total</b>
Balance as at 1 April 2007	<b>50,293</b> (50,293)	<b>10,078</b> (25,078)	<b>60,371</b> (75,371)
<b>Less:</b>			
Utilised during the period	—	— (5,000)	— (5,000)
Written back during the period	—	<b>78</b> (10,000)	<b>78</b> (10,000)
	—	<b>78</b> (15,000)	<b>78</b> (15,000)
Balance as at 31 December 2007	<b>50,293</b> (50,293)	<b>10,000</b> (10,078)	<b>60,293</b> (60,371)

Previous year's figures are in brackets.

- (a) Excise and sales tax cases relate to those that are pending before various adjudicating Authorities for a considerable period of time and where based on decision in similar cases / counsel's opinion, management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.
- (b) Other provisions are towards various legal cases pending against the Company and contractual obligation in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

## Schedules to the accounts for the period ended 31 December 2007

(xx) Information in accordance with the requirements of the Revised Accounting Standard 7 on Construction Contracts prescribed by the Companies (Accounting Standards) Rules, 2006:

	<b>Period ended 31 Dec 2007 Rs' 000</b>	Year ended 31 March 2007 Rs' 000
a) Contract revenue recognised	<b>449,415</b>	1,383,581
b) Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress	<b>4,150,524</b>	4,157,972
c) Amount of customer advances outstanding for contracts in progress	<b>103,094</b>	64,733
d) Amount of retention due from customers for contracts in progress	<b>72,359</b>	50,731
e) Gross amount due from customers for contracts in progress	<b>121,395</b>	8,839

(xxi) The Company has entered into the following forward exchange contracts that are outstanding as at 31 December 2007 to hedge the foreign currency risks of firm commitments:

Particulars	<b>As at 31 December 2007</b>	As at 31 March 2007
Nature of contracts	<b>Forward cover buy</b>	Forward cover buy
Number of contracts	<b>3</b>	13
	<b>In '000</b>	In '000
Foreign currency amount	<b>EUR 2,646 USD 159</b>	EUR 12,646 USD 638

The details of unhedged foreign currency exposures are as follows:

Particulars	<b>As at 31 December 2007 In '000</b>	As at 31 March 2007 In '000
Creditors	<b>GBP 921</b>	GBP 383
	<b>EUR 1,099</b>	EUR 316
	<b>USD 1,372</b>	USD 330
	<b>AUD 11</b>	AUD 41
	<b>SGD 715</b>	SGD 439
	<b>DKK 51</b>	DKK 13
	<b>MYR 1</b>	MYR 2
Other Recoverables	<b>GBP 12</b>	GBP 7
	<b>EUR 179</b>	EUR —
	<b>USD 12</b>	USD 176
	<b>SGD 18</b>	SGD 199

## Schedules to the accounts for the period ended 31 December 2007

- (xxii) The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of the international transactions entered into with the associated enterprises during the period and expects such records to be in existence latest by October 2008 as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
- (xxiii) Pursuant to the approval obtained from the Board of Directors and Shareholders of the Company on 11 December 2007 and 5 January 2008 respectively, the Company has since made a preferential allotment of 3,62,00,000 equity shares of Rs. 10 each at a premium of Rs. 155 per share to The BOC Group plc on 19 January 2008. Consequent to such preferential allotment, the aggregate shareholding of the promoter group has increased from 54.80% to 73.99%. Pursuant to the aforesaid approvals the Company has also increased its Authorised Share Capital from Rs. 60 crores to Rs. 86 crores divided into 8,60,00,000 equity shares of Rs. 10 each. The proposed dividend for the nine months ended 31 December 2007 and the tax thereon provided has been provided in the books of accounts after considering the aforesaid preferential allotment as these shares rank in *pari passu* with the shares outstanding as at 31 December 2007 in all respects including as to dividend.
- (xxiv) Segment information in accordance with Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rules, 2006.
- a) Determination of segment information is based on the organisational and management structure of the Company and its internal financial reporting system. The Company business segments namely 'Gases and Related Products' and 'Project Engineering' have been considered as primary segments for reporting format. Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.
  - b) Hitherto, the Company had been reporting primary business segments as 'Process Gas Solutions' and 'Industrial and Special Products'. In keeping with the internal reorganisation and changes in the system of internal reporting consequent to acquisition of The BOC Group plc. (the holding company) by Linde AG (the ultimate holding company), management believes that the revised reporting format results in better presentation of the segment information.
  - c) The Company operates predominantly within the geographical limits of India, accordingly secondary segments have not been considered.
  - d) Inter-segment revenue has been recognised at cost plus appropriate mark-up.

## Schedules to the accounts for the period ended 31 December 2007 (Amounts in Rupees thousand)

### Information about Business Segments :

	Period ended 31 Dec 2007	Year ended 31 March 2007		Period ended 31 Dec 2007	Year ended 31 March 2007
REVENUE EXTERNAL (Net of Excise Duty)			PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		
Gases and Related Products	<b>2,599,372</b>	3,336,022	Gases and Related Products	<b>353,146</b>	384,884
Project Engineering	<b>405,290</b>	1,340,437	Project Engineering	<b>43,142</b>	252,903
Unallocable revenue [including exceptional item representing profit of Rs. 609,189 (Previous Year Rs. 242,936)]	<b>614,256</b>	259,736	Other unallocable expenses (net of unallocable income)	<b>(156,120)</b>	(200,125)
Total	<b>3,618,918</b>	4,936,195	Total	<b>240,168</b>	437,662
			Exceptional item	<b>609,189</b>	242,936
			Provision for Tax	<b>(232,769)</b>	(234,562)
			Profit after Tax	<b>616,588</b>	446,036
INTER SEGMENT REVENUE			SEGMENT ASSETS		
Project Engineering	<b>1,545,720</b>	190,477	Gases and Related Products	<b>7,258,378</b>	5,156,251
Total	<b>1,545,720</b>	190,477	Project Engineering	<b>547,921</b>	515,172
			Other unallocable corporate / other assets	<b>25,783</b>	167,674
			Total	<b>7,832,082</b>	5,839,097
			Investments	<b>150,000</b>	150,000
			Total Assets	<b>7,982,082</b>	5,989,097
DEPRECIATION / AMORTISATION			CURRENT LIABILITIES AND PROVISIONS		
Gases and Related Products	<b>(233,544)</b>	(329,478)	Gases and Related Products	<b>(596,560)</b>	(468,192)
Project Engineering	<b>(767)</b>	(1,547)	Project Engineering	<b>(574,018)</b>	(548,999)
Unallocable depreciation / amortisation	<b>(6,973)</b>	(10,761)	Other unallocable corporate / other liabilities	<b>(401,275)</b>	(260,598)
Total	<b>(241,284)</b>	(341,786)	Total	<b>(1,571,853)</b>	(1,277,789)
			Loan Funds	<b>(2,190,000)</b>	(917,302)
			Total Liabilities	<b>(3,761,853)</b>	(2,195,091)
NON CASH EXPENSES OTHER THAN DEPRECIATION / AMORTISATION AND IMPAIRMENT			CAPITAL EXPENDITURE		
Gases and Related Products	<b>17,910</b>	(51,072)	Gases and Related Products	<b>2,190,660</b>	1,489,493
Project Engineering	<b>(10,910)</b>	(28,050)	Project Engineering	<b>947</b>	3,651
Other unallocable non cash expenses	<b>(4,160)</b>	(6,427)	Other unallocable items	<b>9,586</b>	37,953
Total	<b>2,840</b>	(85,549)	Total	<b>2,201,193</b>	1,531,097
IMPAIRMENT LOSS					
Gases and Related Products	—	(2,311)			
Total	—	(2,311)			
IMPAIRMENT RELEASE (On disposal of fixed assets)					
Gases and Related Products	<b>2,608</b>	5,003			
Total	<b>2,608</b>	5,003			

## Schedules to the accounts for the period ended 31 December 2007

(Amounts in Rupees thousand)

(xxv) Related Party Disclosures in accordance with Accounting Standard 18 prescribed by the Companies (Accounting Standards) Rules, 2006.

**A) List of Related Parties**

**i) Ultimate Holding Company**

Linde AG

**ii) Holding Company**

The BOC Group plc.

**iii) Fellow Subsidiaries and Joint Venture with which transactions have taken place during the period**

**(a) Outside India**

Fellow Subsidiaries	Country
BOC Limited	United Kingdom
Edwards High Vacuum International Limited (ceased to be Related Party w.e.f 31 May 2007)	United Kingdom
Cryostar SAS	France
Linde Gas Asia Pte Limited (name changed from BOC Gases Pte Ltd w.e.f 3 December 2007)	Singapore
BOC Australia Pty Limited	Australia
Thai Industrial Gases Public Co. Limited	Thailand
Hong Kong Oxygen & Acetylene Co Limited	Hong Kong
MOX Gases Sdn Berhad	Malaysia
BOC Bangladesh Limited	Bangladesh
Chemogas N.V.	Belgium
BOC, Inc.	United States of America
BOC Pakistan Limited	Pakistan
BOC Kenya Limited	Kenya
Linde BOC Process Plants LLC	United States of America
Consolidated Industrial Gases Inc	Philippines
Linde CryoPlants Limited	United Kingdom

**(b) In India**

**Fellow Subsidiaries**

BOC Global Support Services Private Limited  
Linde Process Technologies India Private Limited

**Joint Venture**

Bellary Oxygen Company Private Limited

**iv) Key Management Personnel of the Company**

E R Raj Narayanan, Managing Director  
S Menon, Finance Director  
D N Lindsay, Director - Industrial and Special Products (till 29 March 2007)

**B) Transactions with Related Parties during the period**

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries (Refer 'C' below)	Joint Venture	Key Management Personnel (Refer 'D' below)
Purchase of Goods	<b>34,312</b> (8,534)		<b>39,073</b> (39,271)	<b>80,115</b> (45,752)	
Purchase of Fixed Assets	<b>483,347</b>		<b>31,676</b> (8,803)		
Services received	<b>17,481</b> (44,503)	<b>32,258</b> (35,018)	<b>4,551</b> (18,033)		
Sale of Goods	<b>791</b>		<b>9,389</b> (8,262)	<b>55,692</b> (569,816)	
Recovery of Expenses	<b>8,396</b>		<b>17,799</b> (76,492)	<b>8,794</b> (5,391)	
Rent Received			<b>3,506</b> (3,000)		
Managerial remuneration					<b>11,595</b> (30,352)
Dividend paid		<b>67,247</b> (80,697)			
Interest Income			<b>70</b>		
Interest Paid			<b>8,137</b>		
Loans					
– Given			<b>7,500</b>		
– Receipt towards Repayment			<b>7,500</b>		
Borrowings					
– Accepted			<b>150,000</b>		
– Repaid			<b>150,000</b>		
Outstanding balance as at 31 December 2007					
– Receivables/ Debtors	<b>10,150</b>	<b>87</b> (94)	<b>5,964</b> (15,269)	<b>61,954</b> (117,588)	
– Payables/ Creditors	<b>13,368</b>	<b>19,364</b> (4,731)	<b>27,117</b> (27,229)	<b>67,854</b> (25,445)	<b>2,184</b> (3,931)
– Advance to suppliers	<b>870,389</b> (818,694)		<b>5,291</b> (6,837)	<b>250,000</b> (250,000)	

Previous year's figures are in brackets.

## Schedules to the accounts for the period ended 31 December 2007

(Amounts in Rupees thousand)

**C) Details of transactions with fellow subsidiaries (included under Column 'Fellow Subsidiaries' in 'B' above) the amount of which is in excess of 10% of the total related party transactions of similar nature**

Nature of Transaction	Name of Fellow Subsidiaries	Period ended 31 December 2007	Year ended 31 March 2007
1. Purchase of Goods	BOC Ltd.	12,089	18,030
	Cryostar SAS	25,779	17,538
2. Purchase of Fixed Assets	BOC Ltd.	680	6,799
	Cryostar SAS	680	2,004
	Linde CryoPlants Ltd.	30,316	—
3. Services Received	BOC Ltd.	3,046	9,623
	Cryostar SAS	885	3,523
	Linde BOC Process Plants LLC	508	—
	Linde Gas Asia Pte Ltd.	—	3,818
4. Sale of Goods	BOC Bangladesh Ltd.	8,217	7,811
	BOC Kenya Ltd.	1,172	—
5. Recovery of Expenses	Linde Gas Asia Pte Ltd.	8,477	22,283
	BOC Ltd.	7,500	22,577
	Edwards High Vacuum International Ltd.	—	14,917
	BOC Global Support Services Private Ltd.	1,244	10,997
6. Rent Received	BOC Global Support Services Private Ltd.	3,506	3,000
7. Interest Income	BOC Global Support Services Private Ltd.	70	—
8. Interest Paid	Linde Process Technologies India Private Ltd.	8,137	—
9. Loans			
— Given	BOC Global Support Services Private Ltd.	7,500	—
— Receipt towards Repayment	BOC Global Support Services Private Ltd.	7,500	—
10. Borrowings			
— Accepted	Linde Process Technologies India Private Ltd.	150,000	—
— Repaid	Linde Process Technologies India Private Ltd.	150,000	—
Outstanding balance as at 31 December 2007			
— Receivables / Debtors	Edwards High Vacuum International Ltd.	—	4,906
	Linde Gas Asia Pte Ltd.	487	5,743
	BOC Ltd.	842	2,835
	BOC Global Support Services Private Ltd.	1,264	1,248
	BOC Bangladesh Ltd.	3,081	—
— Payables / Creditors	BOC Ltd.	10,965	23,190
	BOC, Inc	—	1,737
	Linde CryoPlants Ltd.	12,009	—
— Advance to suppliers	Cryostar SAS	2,483	3,492
	MOX Gases Sdn Berhad	2,034	2,386
	Chemogas N.V.	562	—

**D) Details of transactions with Key Management Personnel (included under Column 'Key Management Personnel' in 'B' above) the amount of which is in excess of 10% of the total related party transactions of similar nature**

Nature of Transaction	Party	Period ended 31 December 2007	Year ended 31 March 2007
Managerial Remuneration	Mr E R Raj Narayanan	6,508	8,450
	Mr S Menon	5,087	5,851
	Mr D N Lindsay	—	16,051
Payables	Mr E R Raj Narayanan	1,131	1,302
	Mr S Menon	1,053	912
	Mr D N Lindsay	—	1,717

## Schedules to the accounts for the period ended 31 December 2007

(Amounts in Rupees thousand)

### (xxvi) Gross Sales

Class of Goods	Units	Period ended 31 December 2007		Year ended 31 March 2007	
		Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	424,155	2,316,201	559,583	2,953,212
Other Cylinder Gases	1000 cum	1,744	212,225	2,170	267,081
Vessels, plants and related accessories		***	405,290	***	1,350,720
Others			338,199		394,803
			<b>3,271,915</b>		<b>4,965,816</b>

### (xxvii) Raw Materials and Components consumed

Class of Goods	Units	Period ended 31 December 2007		Year ended 31 March 2007	
		Quantity	Amount	Quantity	Amount
Ferrous, Non-ferrous Metals & Components		***	233,732	***	484,833
Chemicals	tonnes	1,851	48,467	2,625	65,461
			<b>282,199</b>		<b>550,294</b>

### (xxviii) Licensed Capacity, Installed Capacity and Production

Class of Goods	Units	Period ended 31 December 2007			Year ended 31 March 2007		
		Licensed Capacity*	Installed Capacity Per annum**	Production	Licensed Capacity*	Installed Capacity Per annum**	Production
Air Separation Unit Gases	1000 cum	N.A.	903,403	403,260	N.A.	903,403	541,566
Other Cylinder Gases	1000 cum	N.A.	8,548	1,481	N.A.	7,548	1,808
Air Separation & Gas Plants, Associated and Cryogenic Equipment	Nos/ Sets	N.A.	38	32	N.A.	94	32

\* N.A. represents not applicable in view of Government of India's notification No. S.D.477(E) dated 25 July 1991.

\*\* Information on installed capacity have been certified by management and have not been audited since it is technical in nature.

### (xxix) Closing Stock of Finished Goods

Class of Goods	Units	Period ended 31 December 2007		Year ended 31 March 2007		Year ended 31 March 2006	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	7,363	42,368	7,259	38,595	7,145	33,253
Other Cylinder Gases	1000 cum	127	30,001	96	21,136	89	20,254
Others			42,531		33,135		32,611
			<b>114,900</b>		<b>92,866</b>		<b>86,118</b>

### (xxx) Trading Goods Purchased

Class of Goods	Units	Period ended 31 December 2007		Year ended 31 March 2007	
		Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	20,999	196,269	18,131	146,979
Other Cylinder Gases	1000 cum	294	39,764	369	45,127
Others			49,739		41,509
			<b>285,772</b>		<b>233,615</b>

\*\*\* The quantitative details are not given as the Company deals in a large number of items of different measurement units and therefore it is not practical to give quantitative details in respect thereof.



## Schedules to the accounts for the period ended 31 December 2007

(Amounts in Rupees thousand)

### (xxxi) Value of Imports on CIF basis

	<b>Period ended 31 December 2007</b>	Year ended 31 March 2007
	<b>Amount</b>	Amount
Raw Materials, Components and Spare Parts	<b>151,750</b>	371,123
Capital Goods	<b>564,402</b>	944,646
	<b><u>716,152</u></b>	<u>1,315,769</u>

### (xxxii) Consumption of Raw Materials, Components and Stores & Spares

	<b>Period ended 31 December 2007</b>		Year ended 31 March 2007	
	<b>Amount</b>	<b>% of total consumption</b>	Amount	% of total consumption
Imported	<b>100,449</b>	<b>29</b>	235,788	34
Indigenous	<b>241,914</b>	<b>71</b>	461,564	66
	<b><u>342,363</u></b>	<b><u>100</u></b>	<u>697,352</u>	<u>100</u>

### (xxxiii) Expenditure in Foreign Currency

	<b>Period ended 31 December 2007</b>	Year ended 31 March 2007
	<b>Amount</b>	Amount
Travelling expenses	<b>2,398</b>	3,891
Technical Know-how / Services	<b>288,896</b>	129,068
Others	<b>2,546</b>	15,557
	<b><u>293,840</u></b>	<u>148,516</u>

### (xxxiv) Earnings in Foreign Exchange

	<b>Period ended 31 December 2007</b>	Year ended 31 March 2007
	<b>Amount</b>	Amount
Export (F. O. B. basis)	<b>12,078</b>	11,129
Others	<b>24,916</b>	68,578
	<b><u>36,994</u></b>	<u>79,707</u>

### (xxxv) Remittance in Foreign Currency on account of Dividend

Dividend for the financial year ended	<b>Period ended 31 December 2007</b>			Dividend for the Year ended	Year ended 31 March 2007		
	<b>Number of Non Resident Shareholders</b>	<b>Number of Shares held</b>	<b>Net Dividend Remitted Amount</b>		Number of Non Resident Shareholders	Number of Shares held	Net Dividend Remitted Amount
31 March 2007 Final Dividend	<b>1</b>	<b>26,898,891</b>	<b>67,247</b>	31 March 2006 Final Dividend	1	26,898,891	80,697

Dividend warrants of certain non-resident shareholders sent to their bankers in India have been excluded.

(xxxvi) Expenses are net of reimbursements received.

(xxxvii) Previous year's figures have been rearranged/ regrouped where considered necessary to conform to current period's presentation. However, previous year's figures are not comparable with those of the current period of nine months, as fully explained in Note 18(i)(a) above.

Signatures to Schedule '1' to '18'

On behalf of the Board  
 Chairman S M DATTA  
 Managing Director E R RAJ NARAYANAN  
 Finance Director S MENON  
 Company Secretary P MARDA

Mumbai  
27 February 2008

## Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

(a) Registration Details

CIN No.	L40200WB1958PLC008184	State Code	21
Balance Sheet Date	31 December 2007		

(b) Capital raised during the period (Amounts in Rs. thousand)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

(c) Position of Mobilisation and Deployment of Funds (Amounts in Rs. thousand)

Total Liabilities	6,410,229	Total Assets	6,410,229
Sources of Funds :		Application of Funds :	
Paid up Capital	490,842	Net Fixed Assets	6,238,826
Reserves and Surplus	3,245,967	Investments	150,000
Secured Loans	150,000	Net Current Assets	21,403
Unsecured Loans	2,040,000		
Deferred Tax Liability (Net)	483,420		

(d) Performance of Company (Amounts in Rs. thousand)

Turnover*	3,299,583
(*Representing Total Income including Other Income)	
Total Expenditure	3,059,415
Profit/(Loss) Before Tax	849,357
Profit/(Loss) After Tax	616,588
Earning per share (Rs.)	13
Dividend rate %	20

(e) Generic Names of three Principal Products / Services of the Company

Item Code No. (ITC Code)	28044000	Product Description	Oxygen
Item Code No. (ITC Code)	28043000	Product Description	Nitrogen
Item Code No. (ITC Code)	28042100	Product Description	Argon

On behalf of the Board

Chairman S M DATTA  
 Managing Director E R RAJ NARAYANAN  
 Finance Director S MENON  
 Company Secretary P MARDA

## Auditors' Report

### To the members of BOC India Limited

1. We have audited the attached Balance Sheet of BOC India Limited as at 31 December 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the nine months period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from directors as on 31 December 2007, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31 December 2007 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 December 2007; and
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the nine months period ended on that date and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the nine months ended on that date.

For **BSR & Company**  
Chartered Accountants

**Akhil Bansal**  
Partner  
Membership No. 090906

Mumbai  
Date : 27 February 2008

## Annexure to the Auditors' report

(Referred to in our report of even date)

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii)
  - (a) The inventory, except goods-in-transit and stocks lying with customers has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix)
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.  
There were no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.
  - (b) According to the information and explanations given to us, there are no dues of Income-tax, Wealth tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.  
According to the information and explanations given to us, dues of Sales tax, Excise duty and Service tax which have not been deposited on account of any dispute are listed below:

Name of the Statute	Nature of the Dues	Amount Rs. ('000)	Period to which the amount relates	Forum where dispute is Pending
Central Sales Tax Act and Various State Sales Tax Acts	Sales Tax	50,900	1983-1984, 1986-2003	Supreme Court

Name of the Statute	Nature of the Dues	Amount Rs. ('000)	Period to which the amount relates	Forum where dispute is Pending
		7,371	1982-1992, 2004-2005	High Court
		72,998	1981-1988, 1992-1996	Revisional Board
		7,784	1989-1991, 1994-2001	Tribunal
		1,166	1998-1999	Commissioner (Appeals) of Commercial Taxes
		7,844	2001-2005	Joint Commissioner (Appeals) of Commercial Taxes
		79,662	1996-1997, 2000-2006	Additional Commissioner of Commercial Taxes
		178,559	1976-1979, 1984-2005	Deputy Commissioner (Appeals) of Commercial Taxes
		2,585	1994-1995, 1997-2001	Assistant Commissioner of Commercial Taxes
Central Excise Act	Excise duty	23,656 18,275	1991-2006 1991-2006	Commissioner (Appeals) Customs, Excise and Service Tax Appellate Tribunal
		13,133	1997, 1999, 2003-2006	Assistant Commissioner
Service Tax	Service Tax	5,375 133	2005-2006 2003-2006	Joint Commissioner Assistant Commissioner

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institution.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the short-term funds aggregating Rs 2,168,597 thousand have been used for long-term purposes.
- (xviii) We have been informed by management that the Company has not made any preferential allotment of shares.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) We have been informed that a fraud by way of misappropriation of the Company's assets was committed on the Company by a Liquid Compression Station agent. We have been informed by management that the amount misappropriated is estimated at Rs.2,605 thousand. As informed to us, apart from the above, no other fraud on or by the Company has been noticed or reported during the course of our audit.

For **BSR & Company**  
Chartered Accountants

**Akhil Bansal**  
Partner  
Membership No. 090906

Mumbai  
Date : 27 February 2008

## Ten-Year Financial Data

(Rs. million)

	1998	2000	2001	2002	2003	2004	2005	2006	31 March 2007 (12 months)	31 Dec 2007 (9 months)
	(18 months)									
<b>Sales : Home</b>	2,357.8	3,973.2	2,978.5	3,031.3	3,206.6	3,469.8	4,243.5	5,607.1	4,954.7	<b>3,259.8</b>
<b>Export</b>	7.8	5.0	35.2	6.6	16.1	1.9	0.1	2.2	11.1	<b>12.1</b>
<b>Profit / (Loss) before Tax and Exceptional Item</b>	(26.8)	(794.4)	18.1	35.5	114.6	201.4	455.9	809.1	437.7	<b>240.2</b>
<b>Tax</b>	—	—	—	(15.0)***	36.5	76.6	189.6	326.0	183.3	<b>96.0</b>
<b>Profit / (Loss) after Tax, before Exceptional Item</b>	(26.8)	(794.4)	18.1	50.5	78.1	124.8	266.3	483.2	254.4	<b>144.2</b>
<b>Exceptional Item, (net of Tax)</b>	88.2	—	—	(24.7)	85.2	168.1	13.4	303.1	191.6	<b>472.4</b>
<b>Profit after Tax</b>	61.4	(794.4)	18.1	25.8	163.3	292.9	279.7	786.3	446.0	<b>616.6</b>
<b>Share Capital</b>	490.8	490.8	490.8	490.8	490.8	490.8	490.8	490.8	490.8	<b>490.8</b>
<b>Reserves and Surplus</b>	2,138.0	1,549.9	1,564.6	1,523.0	1,529.5	1,767.1	1,898.9	2,517.2	2,819.7	<b>3,246.0</b>
<b>Shareholders' Funds</b>	2,628.9	1,834.2	1,851.0	1,857.1	2,020.3	2,257.9	2,389.7	3,008.1	3,310.5	<b>3,736.8</b>
<b>Loan Funds</b>	1,860.6	1,839.0	1,562.5	1,408.9	1,142.9	848.4	768.6	1,087.3	917.3	<b>2190.0</b>
<b>Gross Block*</b>	4,665.6	4,788.2	4,833.3	4,911.5	5,041.9	5,219.8	5,836.3	5,862.4	7,298.4	<b>9,456.1</b>
<b>Depreciation**</b>	1,190.6	1,560.4	1,803.5	2,009.5	2,227.9	2,384.1	2,674.2	2,752.7	3,012.8	<b>3,217.3</b>
<b>Net Block*</b>	3,475.0	3,227.8	3,029.8	2,902.0	2,814.0	2,835.7	3,162.1	3,109.7	4,285.6	<b>6,238.8</b>
<b>Investments</b>	33.4	0.8	0.7	0.7	0.6	121.7	650.0	290.1	150.0	<b>150.0</b>
<b>Net Current Assets</b>	981.2	430.9	355.0	338.9	327.0	233.6	(396.4)	1,187.9	275.7	<b>21.4</b>
<b>Total Capital Employed</b>	4,489.6	3,659.6	3,385.5	3,241.6	3,141.6	3,191.0	3,415.7	4,587.7	4,711.3	<b>6,410.2</b>
<b>Dividend (Incl. Tax thereon)</b>	—	—	—	—	—	55.4	84.1	167.9	143.6	<b>199.6</b>
<b>Rate of Dividend</b>	—	—	—	—	—	10%	15%	30%	25%	<b>20%</b>
<b>No of Shareholders</b>	25,559	25,806	25,860	26,196	27,034	27,993	28,675	32,061	31,772	<b>31,663</b>
<b>No of Employees</b>	1,199	660	636	613	633	591	588	633	643	<b>657</b>

\* Includes Capital Work-in-Progress

\*\* Includes Impairment

\*\*\* Excess Provision for taxation for earlier years written back

# Linde to pump Rs 597 cr into BOC

**Will raise stake to 73.99% for larger gas play**

**Ajoy K Das, Mumbai**

The board of directors of BOC India Ltd has decided to raise Rs 597 crore through preferential allotment of shares to promoters, Linde AG, Germany.

BOC India will issue 3.62 crore shares of Rs 165 each at Rs 162 per share that will increase Linde AG's stake in the Indian industrial gas manufacturer from 54.8% to 73.99%. Linde AG, the fifth largest gas manufacturer, acquired the stake in BOC Group Plc in March 2006.

Following its \$14 billion takeover of BOC Group Plc in March 2006, Linde AG also proposed to increase its authorised equity capital from Rs 60 crore to Rs 86 crore and has convened an extraordinary general meeting of shareholders on January 8 to consider the proposal.

Linde AG's move to increase stake in BOC India is in line with its Indian affiliate and infuse fresh capital into the company as it moves into the global market.

## Eye on the future

BOC Group's assets in Asia are considered to be prized ones, contributing as much as 54% to the group revenues. In India, BOC is the market leader in industrial gas with 20 production facilities.

Latest move aimed at concentrating on the global business of industrial gas and engineering and exiting all non-core operations.



Asia are considered to be prized ones, contributing as much as 54% to the group's total revenues. So much so that BOC is putting up five gas plants in China. In India, BOC is the market leader in industrial gas with 20 production facilities including the Asia's largest air separation unit, 40 warehouses and over 100 dedicated distribution tanks.

BOC officials said that Linde has been working to bolster Indian presence and tap the rising demand in the steel industry in the region. With steel consumption growing at 7%, second only to China, BOC India is targeting a growth of 20% over the next five years.

However, despite the fast growth in the steel industry, BOC India's financial performance does not reflect this. Total turnover in 2006-07 was down 11% at Rs 496 crore while profit after tax was down 46% at Rs 44 crore. Though there are only two industrial gas companies in India, the other being Praxair, which started operations in this country ten years ago, there are over 100 other industrial gas suppliers in the unorganised sector.

BOC India is selling its promoter's stake in 1% to raise their stake to 73.99% per cent from the current level of 54.8% per cent through the preferential issue of 3.62 crore equity shares in the company of Rs 165 a share. The current holding of the German industrial parent in BOC India is through BOC Group Plc of the UK, which is proposed to be 73.99%.

The issue of shares would amount to Rs 597 crore, which is the equivalent of 35.7% of the equity share capital of the company as of Dec 31, 2011.

## BOC holders clear mega funds infusion by Linde

**Corporate Bureau**

The board of directors of BOC India Ltd has decided to raise Rs 597 crore through preferential allotment of shares to promoters, Linde AG, Germany.

BOC India will issue 3.62 crore shares of Rs 165 each at Rs 162 per share that will increase Linde AG's stake in the Indian industrial gas manufacturer from 54.8% to 73.99%. Linde AG, the fifth largest gas manufacturer, acquired the stake in BOC Group Plc in March 2006.

Following its \$14 billion takeover of BOC Group Plc in March 2006, Linde AG also proposed to increase its authorised equity capital from Rs 60 crore to Rs 86 crore and has convened an extraordinary general meeting of shareholders on January 8 to consider the proposal.

Linde AG's move to increase stake in BOC India is in line with its Indian affiliate and infuse fresh capital into the company as it moves into the global market.

## BOC India jumps on pref issue to Linde AG

**To offer at Rs 165 a share to promoters**



BOC India is selling its promoter's stake in 1% to raise their stake to 73.99% per cent from the current level of 54.8% per cent through the preferential issue of 3.62 crore equity shares in the company of Rs 165 a share. The current holding of the German industrial parent in BOC India is through BOC Group Plc of the UK, which is proposed to be 73.99%.

The issue of shares would amount to Rs 597 crore, which is the equivalent of 35.7% of the equity share capital of the company as of Dec 31, 2011.

## Linde to hike stake in BOC India to 74%

**Corporate Bureau**

Germany-based Linde AG is set to consolidate its shareholding in industrial gases major BOC India to around 74% for Rs 597.30 crore. On Tuesday, BOC India, in a notice to the Bombay Stock Exchange (BSE), said it will issue 3.62 crore equity shares at Rs 165 each to its promoters. Linde AG is a preferential allotment issue.

On Tuesday, the board of directors at its meeting approved the proposal entailing the issue of shares to its German promoters. According to the notice, the 3.62 crore equity shares represent up to 42.45% of the total post issue paid-up equity share capital of the company.

However, Linde AG has said that initially, they do not have plans to delist BOC India. Post the preferential issue, they will be required to

## BOC 9-month net profit at Rs 62 crore

**Corporate Bureau**

BOC India Ltd, a member of the Linde group, has reported a net profit of Rs 62 crore for the 9 months to December 31, 2011. The company had reported a net profit of Rs 49.58 crore for the corresponding period in 2010.

The company's revenue for the 9 months to December 31, 2011, was Rs 511.11 crore, an increase of 11.11% over the corresponding period in 2010.

The company's revenue for the 9 months to December 31, 2011, was Rs 511.11 crore, an increase of 11.11% over the corresponding period in 2010.

## German parent to invest Rs 598 cr in BOC

**Our Bureau**

GERMAN industrial gases major Linde will inject Rs 598 crore into its subsidiary BOC India to meet half of the latter's fund requirements for ongoing projects by 2016.

The German firm will bring in the capital through the preferential allotment issue. In the process, Linde will consolidate its shareholding in BOC India to about 74% from the present 54.8%.



about Rs 600 crore by 2016. We have completely leveraged our debt position, hence, the need for fresh equity injection. This would meet roughly 70% of our fund requirements, the rest will be met by the sale of assets.

BOC India MD ER Raj Manoj says: "We have raised Rs 130 crore to meet capital requirements of new and ongoing projects over the next few years. Overall, we would require about Rs 600 crore by 2016. We have completely leveraged our debt position, hence, the need for fresh equity injection. This would meet roughly 70% of our fund requirements, the rest will be met by the sale of assets."

**बीओसीमधील लिंडेची हिस्सेदारी वाढणार**

जर्मनीमधील लिंडे ग्रूप या इंग्लिशोर्नियन खोदकालीन कारखान्याचे बीओसीमधील हिस्सेदारी 54 टक्केपासून नेल्पाक निर्यात येणारा, बीओसी 3.62 कोटी सभागण प्राधान्य हक्काचे लिंडेला देणार अन्वु 165 रु. प्रतिभागण या दाने हे वाटुद केने बाईल, असे आर बीओसीमधील सभागण आले. या सभागणवाटुदारी बीओसीमधील हिस्सेदारी 54.8 कोटी रु. 165 कोटी रु. प्रात होतील. सगळ लिंडेची बीओसीमधील हिस्सेदारी 73.99 टक्केपासून टोक इतकी अन्वु प्राधान्य सभागण वाढवणानर ही हिस्सेदारी 73.99 टक्केपासून वाढील. अधिकृत भागभादवत 60 कोटी बचन 165 कोटी बचकावर वाढविल्याचा निर्णयही आर बीओसीने घेतला. नेल्पाकनी सयदेकर मोल्न्यार लिंडे इवने बीओसीमधील बीओसी ग्रुप चीवलीवे अधिष्ठान केने होते. बीओसीचा सभागण आर 1 टक्केपासून वाढुद 165 रु. बचकावर बंद झाला.

## Outlook positive



**Dr Wolfgang**... (Caption text is partially obscured)

## BOC India net rises 13-fold to Rs 51 crore

**The Bureau**

BOC India Ltd, a member of the Linde group, has reported a net profit of Rs 51 crore for the 9 months to December 31, 2011. The company had reported a net profit of Rs 3.85 crore for the corresponding period in 2010.

The company's revenue for the 9 months to December 31, 2011, was Rs 511.11 crore, an increase of 11.11% over the corresponding period in 2010.

The company's revenue for the 9 months to December 31, 2011, was Rs 511.11 crore, an increase of 11.11% over the corresponding period in 2010.

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**BOC India Limited**

**A Member of The Linde Group**

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