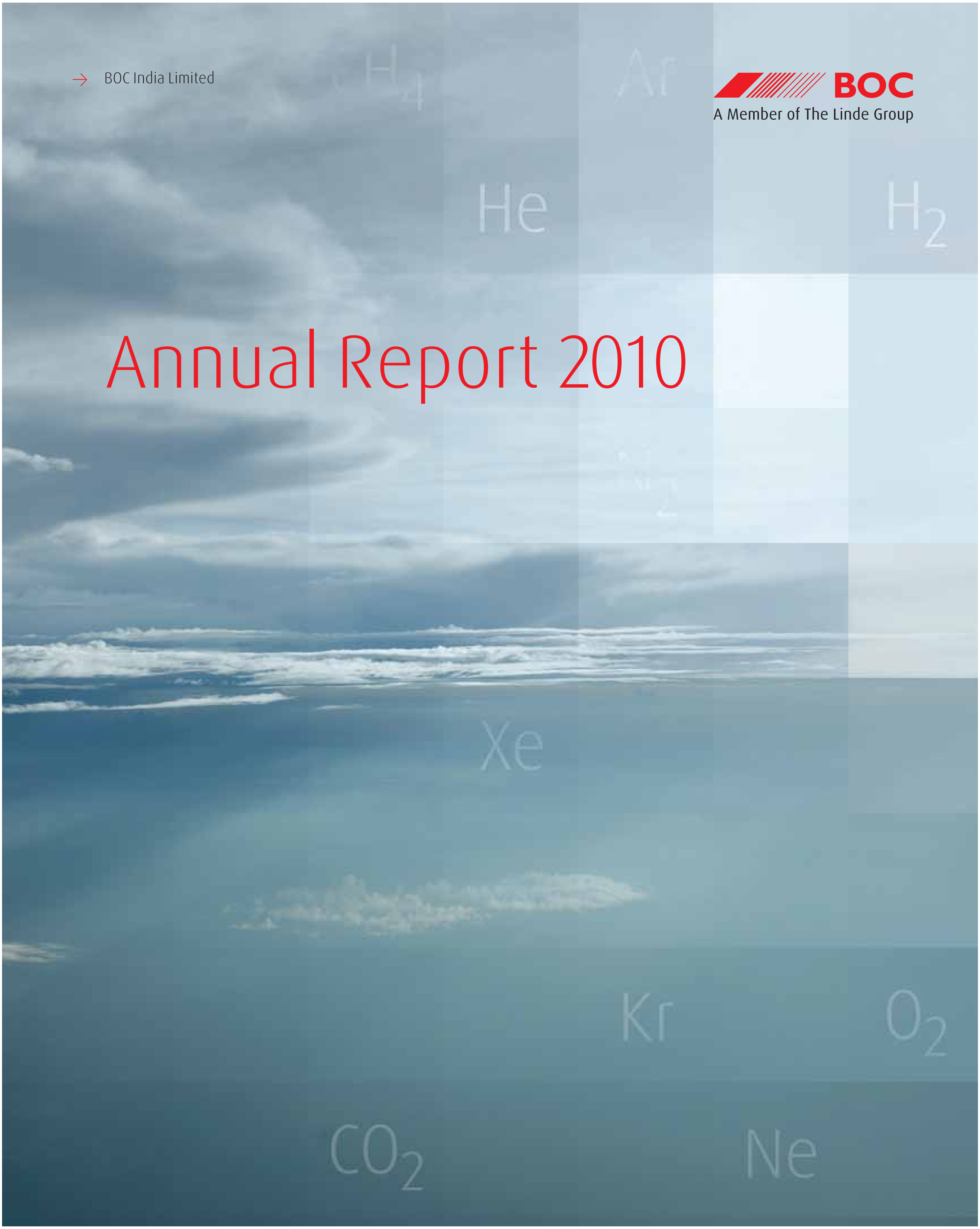
BOC India Limited

BOC

A Member of The Linde Group

Annual Report 2010



Contents

Treasures of the Atmosphere

The atmosphere that surrounds our world is a treasure house of gases. The world of BOC India too, is encircled by atmospheric gases. BOC India Limited is a member of The Linde Group, a pioneer in gas separation technology. Linde is a global leader in the industrial gases market. Our success is built on a heritage of innovation that dates back over 130 years when the company's founder, Carl Von Linde, pioneered a process for separating air into its component parts. This inventive spirit lives on today. Working closely together, our Gases and Project Engineering divisions at BOC India Limited continue to develop forward-looking products and technologies that support industries and make a difference to our lives.

Vision for Growth

The Linde Group's vision is to be the leading global gases and engineering company, admired for our people, who provide innovative solutions that make a difference to the world. BOC India Limited aspires to the same goal. Backed by The Linde Group as its parent, BOC India Limited has made and continues to make significant investments to support its growth strategy.

BOC India Limited is currently engaged in the construction of medium to large air separation units (ASUs) as part of our strategy to maintain our leadership in the gases market in India. We have recently commissioned a 221 tonnes per day merchant ASU in Selaqui near Dehradun, North India, and a 70 tonnes per day VPSA plant for Owens Corning in Taloja. Besides taking over three captive ASUs of Tata Steel at Jamshedpur with a combined capacity of 1,050 tonnes per day, BOC India is constructing a 2,550 tonnes per day ASU for Tata Steel at Jamshedpur. This plant when commissioned will be the largest air separation plant of The Linde Group in South and East Asia. The other upcoming plants include 2X 853 tonnes per day ASU for the Rourkela Steel Plant of Steel Authority of India, a 418 tonnes per day ASU for Jindal Stainless in Kalinganagar and a 330 tonnes per day merchant ASU in Taloja. With the commissioning of these plants, BOC India will create power zones across India, growing our geographical footprint in line with our aspiration to be the leading gases company in India.


TATA Steel site, Jamshedpur


SAIL Rourkela Steel Plant site


Jindal Stainless site, Kalinganagar

Safety First

Mock fire drill at a Solar customer site

Safety is one of The Linde Group's foundational principles which constitute our licence to operate as a business. At BOC India, SHEQ (safety, health, environment and quality) is a prerequisite to any business that we undertake and underpins all our decisions, actions and behaviours. We have a well-established SHEQ management system and SHEQ rules and procedures which are clearly defined and constantly communicated and reinforced to ensure their compliance by employees and contractors alike. The latest initiative is the implementation of the Linde Golden Rules of Safety across all its plants and offices to both employees and contractors, to ensure no one gets hurt working with or for us.

Customer Focus

Our strong technology base, backed by global best practices of The Linde Group, enables us to create value-added solutions tailored to the business requirements of our customers. Safety, quality, and reliability are built into the products and services that we offer to our customers. This has supported our goal to build strong relationships with our existing customers, and win new ones. The fact that many of our customers are leaders in their respective industries speaks of our strong partnership with them. Delivering quality products - safely and on time - is what helps BOC India maintain its position as the leading industrial gases company in India.

People Excellence

High performance thrive on diversity. BOC India Limited actively seeks, encourages and embraces contribution and participation from diverse individuals and teams regardless of their backgrounds, towards the organisational goal - to achieve sustainable and profitable growth safely. We support a culture of collaboration and inclusiveness. There is one culture that runs throughout The Linde Group that binds nearly 50,000 of its employees together.

The organisation fosters a working environment where ethical conduct is highly valued and enforced. The Linde Code of Ethics applies to all employees. BOC India Limited supports the Code by putting in place strong governance measures and transparency practices that create a working environment that is safe, promotes respect and builds enthusiasm and pride among employees.

Sanjiv Lamba addressing BOC India Team

Jamshedpur Tonnage Operations Team at the Country Excellence Awards program

Applications Solutions for Industry

The Linde Group possesses many leading technologies. We are constantly introducing new gas applications technologies and innovative products to stay on top of industry developments and to consistently improve our service capabilities.

BOC India Limited has a dedicated applications business development team responsible for introducing to our customers, Linde's patented applications technologies for gases which have proved to enhance the efficiency of our customers' processes and improve the quality of their products. Customers from diverse industries have benefited from our gases applications solutions, including those in the ferrous and non-ferrous metallurgy, glass, ceramics, petrochemicals, pharmaceuticals, infrastructure, automotive, shipbuilding and fabrication sectors.

Glass

Convective Glass Melting is the most advanced technology for the glass industry. It has proved to speed up the melting process and reduce electric boost. Linde's commitment to help our customers optimise glass production processes goes beyond melting. It extends to the design and installation of special burners which run on hydrogen to polish glass pieces that results in higher glass brightness and a flawless surface.

Pharmaceutical

Gases play a key role in many production processes involving active pharma ingredients (APIs). They are also essential in research & development, and quality control. With our extensive know-how and experience serving pharmaceutical companies, we have earned a reputation as a true industry partner providing complete solutions for our customers. Cryogenic cooling, for example, is an environment friendly alternative to mechanical cooling systems based on halogenated hydrocarbons, and can improve many pharmaceutical processes such as grinding, milling, mixing, freezing, and lyophilisation. Our solutions make it possible for companies to not only comply with stringent regulations relating to the release of volatile organic compounds to the atmosphere, but also help in recovering valuable products.

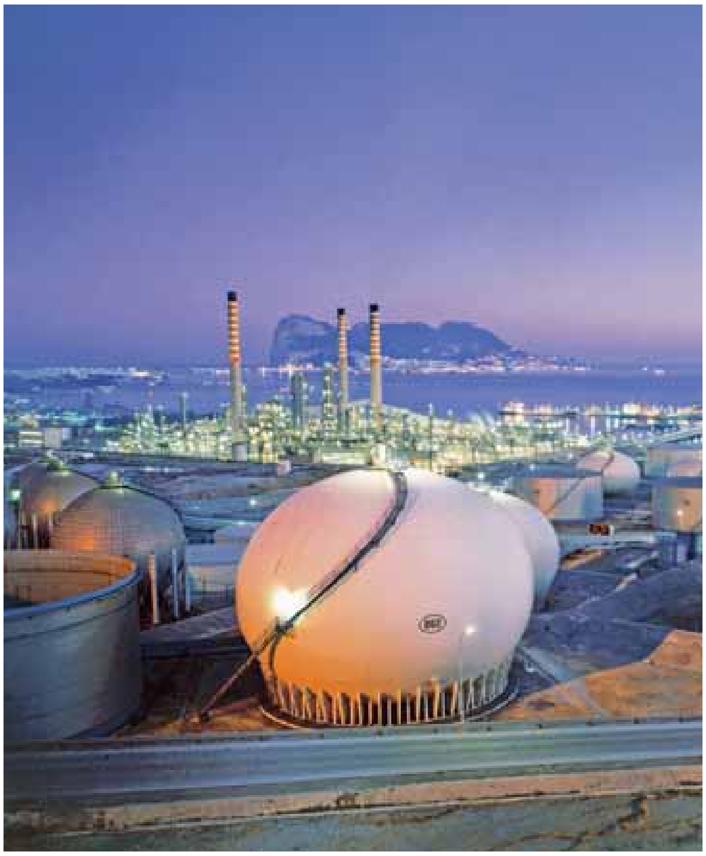
Steel

The steel industry is dedicated to reducing fuel consumption, optimising capital investments, and improving control of exhaust gas emissions. Linde has extensive experience and presence across almost all geographies in supporting the steel industry with state-of-the-art technologies. At every part of the production chain, we provide solutions that effectively enhance the processes in the steel mill.

We offer complete solutions for electric arc furnaces in collaboration with our leading technology partners to supply burners and injection equipment. REBOX® technology for reheating furnaces improves production capacity, reduce fuel consumption and contain emissions of hazardous flue gases to the environment. Another important benefit of the REBOX® oxyfuel solution is the reduction of scale formation and a more uniform heating.

Oil and Refinery

The ever increasing demand for high quality fuels worldwide has pushed refineries to increase the production of middle distillates while finding ways to reduce the fraction of lower value residues. At the same time, they face the challenges of improving overall process efficiency and ensuring compliance to stringent local regulations. BOC India Limited has the necessary expertise, experience and equipment to help customers overcome these challenges. Our solutions include steam reformers that are used to supply hydrogen from onsite plants owned and operated by BOC India Limited. This is a reliable and economical solution, freeing our customers to concentrate on their core businesses.



Manufacturing Industry

The metal fabrication sector is constantly on the lookout for innovative technologies to meet the exacting demands of consumers. Linde has a wealth of experience in optimising welding, cutting, brazing, coating and heating processes. It has skilled sales and technical teams to assist our customers in customising the appropriate applications solutions best suited to their needs.

Gas shielded arc welding process, metal active gas (MAG), metal inert gas (MIG), and tungsten inert gas (TIG) are used widely. Our product lines such as Argoshield and CORGON™ offer shielding gas mixtures for all arc-welding applications. Shielding gases influence the arc - both electrically and thermaly. They control wetting properties, penetration, seam geometry and weld bead characteristics and react with the filler metal and the spool. In addition, Linde offers gas mixtures with helium and hydrogen added for high-end quality requirement and specific metallurgies.

Oxy–acetylene cutting results in the highest flame propagation rate and is widely used in profile cutting application. Sharp cut edges, smooth cut surfaces and easily removable scales are guaranteed regardless of the type of cut.

Linde has developed applications using laser and assist gases to help companies in the manufacturing industry ensure high speed and precise cutting.

Healthcare

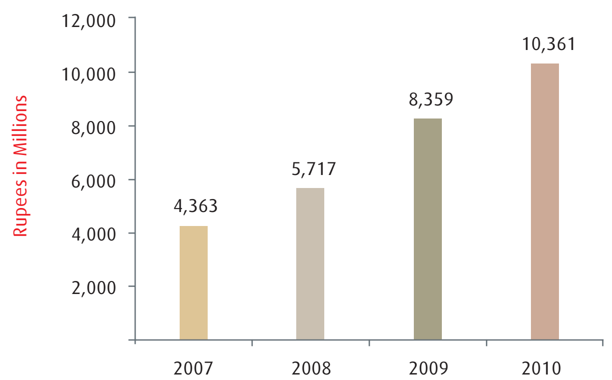
In emergency care, our medical gases provide immediate life support and enable other life-saving procedures. In clinical care, our medical gases are used throughout the hospital, supporting patients in their journey from diagnosis to treatment. BOC India Limited supplies healthcare equipment and gases including medical oxygen and nitrous oxide to help our medical professionals to provide better patient care and patient-focused services that save lives while being cost effective.

Solar Photovoltaic

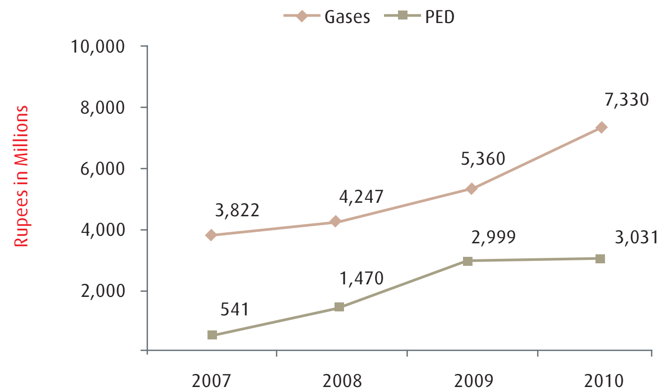
Ultra pure electronic special gases are used in to manufacturing of solar cells. This helps us to reduce our dependence on the fossil fuels and make a difference to our world. These include ultra high pure nitrogen, silane, ammonia, phosphane, etc. which improve the efficiency of the solar cells.

Graphical Representation of Financial Performance

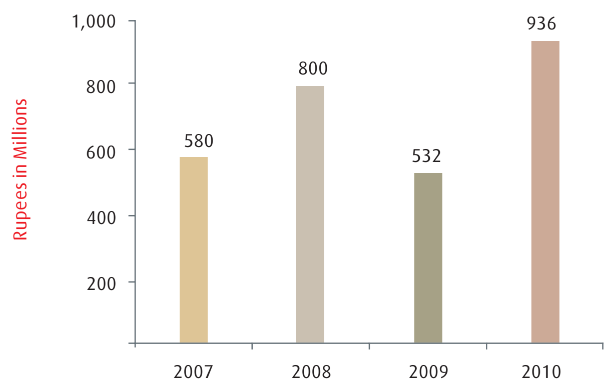
Gross Turnover



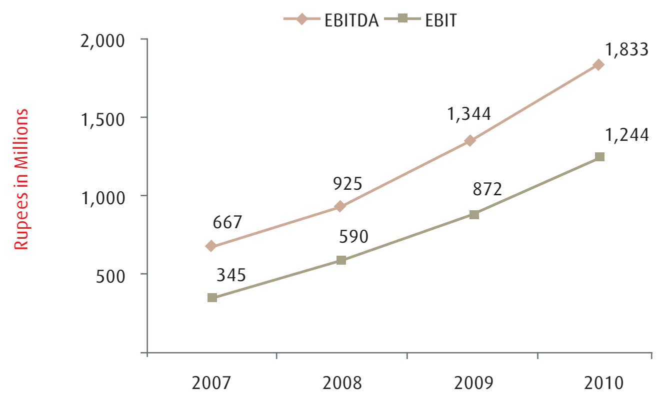
Gross Turnover - by Segment



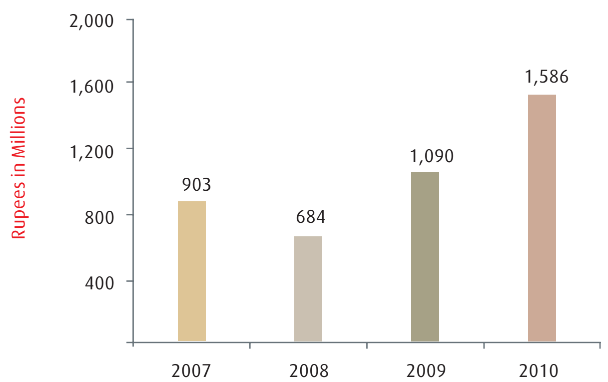
Profit After Tax



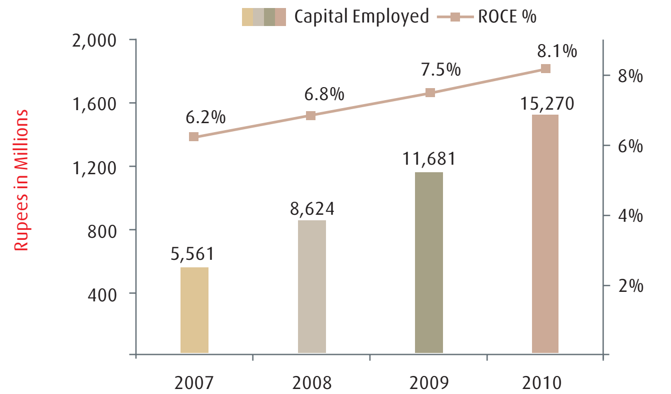
EBITDA & EBIT



Cash Generated from Operations



Average Capital Employed & ROCE %



Note: All figures of 2007 are annualised

Board of Directors*

S M Datta

Chairman, Non-executive Independent Director

S Lamba

Non-executive Director and Member of the Executive Board of Linde AG.

J J Irani

Non-executive Independent Director

B Patwari

Non-executive Director and Head of Finance and Control, Asia Pacific of The Linde Group

J Mehta

Non-executive Independent Director

S Menon

Managing Director

*as on 25 April 2011

Board of Directors*

Susim Mukul Datta, Chairman
Srikumar Menon, Managing Director
Jamshed Jiji Irani
Sanjiv Lamba
Jyotin Mehta
Binod Patwari

Asst. Vice President & Company Secretary

Pawan Marda

Auditors

B S R & Co.

Solicitors

Crawford Bayley & Co.
Khaitan & Co.

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

*as on 25 April 2011

Audit Committee

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

Shareholders' / Investors' Grievance Committee

Susim Mukul Datta
Jyotin Mehta
Srikumar Menon

Remuneration Committee

Jamshed Jiji Irani, Chairman
Susim Mukul Datta
Sanjiv Lamba

Registered Office

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

Directors' Report & Management Discussion and Analysis

The Directors have pleasure in submitting their Report together with the Audited Accounts of your Company for the year ended 31 December 2010:

The results for the year and for the previous year are summarised below:

	Year ended 31 Dec 2010 Rs. in million	Year ended 31 Dec 2009 Rs. in million
Gross Sales	**10361.08**	8359.18
Operating Profit after depreciation, impairment and interest, but before exceptional items	**1295.71**	920.00
Exceptional items (Net)	**—**	(17.42)
Profit before tax	**1295.71**	902.58
Provision for current, deferred & fringe benefits tax	**(359.38)**	(370.16)
Profit after tax	**936.33**	532.42
Profit Brought Forward	**2116.01**	1759.88
Profit available for appropriation	**3052.34**	2292.30
Appropriations :		
Proposed Dividend @ 15% (Previous year @ 15%) on 85,284,223 Equity Shares of Rs.10 each, absorbing	**127.93**	127.93
Tax on Proposed Dividend	**21.25**	21.74
Transfer to General Reserve	**46.82**	26.62
Balance carried forward	**2856.34**	2116.01

Financial Performance

The Company's performance during the year showed further improvement over the previous year following consistent revival in the various end user industry segments driven by fiscal stimulus packages put in place by the Government in the year 2009. Turnover for the year ended 31 December 2010 at Rs.10361.08 million recorded a robust increase of 24% compared to Rs. 8359.18 million for the previous year. The turnover from the gases business grew by over 37% driven mainly due to the full ramp up of the 1800 tonnes per day Air Separation Unit (ASU) at JSW Steel works at Bellary, acquisition of three existing ASUs of Industrial Gas Division of Tata Steel with an aggregate capacity of 1050 tonnes per day pursuant to long term contract with the said customer and the commissioning of a new 221 tonnes per day merchant ASU at Selaqui near Dehradun in North India. Other drivers of growth for the gases business were the higher volumes achieved by the healthcare business and packaged gases, mainly the special gases. Your company continued to leverage the first mover advantage in the electronic gases during the year, which resulted in a healthy growth of about 87% in its revenues over that of the previous year. Project Engineering business, which had doubled its turnover in the previous year recorded third party billings to the tune of Rs.3031.08 million during the year under review, which marginally surpassed all time high turnover achieved by the Project Engineering Division in 2009. The third party billings of the Division during the year were mainly driven on the back of execution of several large air separation unit projects, nitrogen VPSA plant and hydrogen PSA plants mainly across public sector refineries and steel companies.

The Company recorded Profit before interest, tax and exceptional items of Rs. 1243.77 million for the year ended 31 December 2010, reflecting a healthy growth of 43% over the preceding year driven by strong growth in base business and new tonnage business during the year, coupled with operating and other cost efficiencies. The net profit in the year 2010 amounted to Rs.936.33 million, a significant increase over Rs.532.42 million achieved in the previous year.

Dividend

Your directors are pleased to recommend a dividend of 15% (Rs. 1.50 per equity share of Rs. 10 each) for the year 2010 in respect of 85,284,223 equity shares of Rs.10 each in the Company. The Board has recommended this dividend after careful consideration of the matter with a view to balance the expectation of the shareholders and the need to conserve resources for financing the ongoing investment program towards setting up of new air separation units for supply scheme as well as merchant business. The dividend together with dividend tax will result in a cash outlay of Rs. 149.18 million. The Board has also recommended a transfer to General Reserve of Rs. 46.82 million (Previous Year Rs. 26.62 million) in compliance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

Industry Developments

The gases business is capital intensive by nature as it requires large investments in setting up of air separation units. The supply chain in the gases business also requires significant investments in the form of distribution assets and storage networks to service bulk volumes at competitive prices as well as in cylinders to service relatively smaller volumes in packaged gases business, which includes special and electronic gases as well as gases in the healthcare business. The industry comprises of large captive users in steel, fertilizer 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. New applications in segments like oil and gas, food freezing, refrigeration, fire suppression, solar photovoltaic, etc. continue to provide growth opportunities. This growth is being adequately supported by ‘Build Own Operate’ (BOO) type of supply scheme opportunities from the captive users mainly in steel and refinery sectors, which are increasingly outsourcing their gases requirements to the gases majors.

The revival of the Indian economy following the Government’s fiscal stimulus package during 2009 boosted demand from several end user segments, most of which continue to remain on growth mode. The primary end user sectors viz steel, glass, automobile, pharmaceuticals, construction & infrastructure, etc. in the country remained resilient and pursued their growth strategies driving demand for gases in India. The demand landscape would continue to be supported by greenfield expansions especially in steel, automobile, earth moving and farm equipment segments .

Business Segments

Your Company’s business has two broad segments, viz. Gases and Related Products and Project Engineering in line with the operating model of its parent, Linde AG.

Gases and Related Products

The Gases and Related Products segment comprises of gases in bulk and packaged gases for industrial and healthcare segments and related products. Gases in bulk consist of liquid oxygen, nitrogen and argon and packaged gases consist of compressed industrial, medical, electronic and special gases.

The strategy of the tonnage and bulk business is to build and sustain market leadership through aggressive but selective growth. BOC India leverages cutting edge technology of The Linde Group to differentiate itself with the support of a world class team through disciplined execution. The Packaged Gases business focuses on our competitiveness through process simplification/ standardization and portfolio optimization with relentless focus on costs.

The turnover of your Company’s Gases business for the year under review grew by 37% compared to the previous year. This growth was mainly driven by the full ramp up of the 1800 tonnes per day Air Separation Unit (ASU) that supplies oxygen, nitrogen and argon through pipeline to JSW Steel works at Bellary. The takeover of three existing ASUs of the Industrial Gas Division of Tata Steel with an aggregate capacity of 1050 tonnes per day pursuant to long term agreement with the said customer resulted in higher billings thereby contributing to increased revenues in the tonnage business. The commissioning of the new 221 tonnes per day merchant ASU at Selaqui near Dehradun in North India, which has achieved plant loading ahead of the plan has also contributed to higher revenues. Other drivers of growth for the gases business have been the higher volumes achieved by the healthcare business and packaged gases mainly, the specialty and electronic gases. The healthcare business maintained the momentum of growth with revenues recording a growth of 16% over the previous year on the back of higher volumes in gaseous and liquid medical oxygen and nitrous oxide. The medical engineering services witnessed a significant growth arising from new orders for pipelines at large private and public hospitals. Your Company's win in the country's biggest medical gas pipeline project in Seven Hills Mumbai and liquid medical oxygen supplies to all the BMC Hospitals in Mumbai deserve a special mention and bears testimony to the Linde/BOC brand in the healthcare business. Special and electronic gases also recorded good growth in revenues in view of higher demand from existing and new customers in Solar Photovoltaic space including deemed exports to customers in Special Economic Zone. Your Company is the market leader in the electronic gases with more than 50% market share and is a leading company in India to offer Total Gas Management (TGM) services in the electronic gases. The welding and safety products, relatively a much smaller part of your Company's business faced severe competition both from core players as well as smaller players in the unorganized sector in the welding business.

During the year, the momentum of revival witnessed in most end user segments following fiscal stimulus package announced by the Government of India was maintained leading to recovery in demand for gases. The improved performance of the gases business of your Company however was also the result of your Company being in a position to seize growth opportunities as they arose. Your Company seized several such medium to large supply scheme opportunities and is currently engaged in construction of several medium to large air separation units as a part of its growth strategy in the tonnage business viz. 2550 tonnes per day ASU for Tata Steel at Jamshedpur, 2X 853 tonnes per day ASU for Rourkela Steel Plant of Steel Authority of India Ltd., 418 tonnes per day ASU for Jindal Stainless in Kalinganagar, and a 330 tonnes per day merchant ASU in Taloja. The construction of all these plants is progressing well and the plants would be commissioned more or less on schedule. The commissioning of the 70 tonnes per day ASU for Owens Corning at Taloja has just been completed and supplies to the customer have commenced. Your Company has taken steps for setting up of debulking facilities for nitrous oxide at its plants at Ahmedabad and Kolkata, following which the nitrous oxide plants at these locations would be decommissioned, which would result in better operational and distribution efficiencies, improved asset utilization and better service to industrial and medical customers in parts of South Bengal and Kolkata.

Your Company plans to diversify in a phased manner into other gases such as hydrogen, helium and carbon-dioxide, which have good potential to support the growth in the gases business. With a view to increase its market share in helium business, your Company is in the process of setting up a Helium Transfilling Station at Taloja. Besides, your Company has aggressive plans to leverage Linde's gas based applications technology and has set up an Application Business Development team to drive this growth strategy in India. Your Company is also keenly exploring 'build-own-operate' type tonnage opportunities for supply of hydrogen, oxygen and nitrogen in refineries and petrochemical sectors including coal gasification projects.

The Company's tonnage plants and packaged gases plants generally performed well during the year under review barring outages witnessed in its Taloja and Bellary tonnage plants. The plant outage in Taloja was caused by a transformer failure and the outage of the 1800 tonnes per day plant at Bellary was caused due to failure of the Siemens main air compressor, as a result of which, the plant had to be run for seven days with a single compressor. Both the plants were repaired in shortest possible time and are operating satisfactorily. With a view to drive improved safety, efficiency and reliability in operations of the tonnage plants, the Group had earlier set up Remote Operating Centre (ROC) in Singapore, which is already operational and successful. The ROC is operated by experts within the Group who leverage its best operating practices to operate designated tonnage plants remotely from the Centre. In the next phase, starting with the tonnage plant in Hyderabad, all existing and new ASUs in India would be operated from the ROC. This will ensure smoother operation with less variability leading to better efficiencies.

The Company's business faces certain risks from both internal and external sources. These risks typically include risks of rising cost of power, a key input in the gases business, competition, unreliability in power supply in some of the tonnage plants, recruitment and retention of manpower, over dependence on certain key end user segment, etc. Rising cost of power is a risk that affects the industry as a whole and pricing management initiatives are under way in your Company to ensure price increases in line with rising cost of inputs. Your Company is pursuing the issue relating to unreliable power supply at its tonnage plants at Medak and Sealqui with the concerned State Governments and has also put in place contingency plans to mitigate this risk. The gases market in India has witnessed significant addition to capacities by almost all gas majors, which typically factor growth in merchant business. These additional capacities could lead to oversupply of products in the market in the short to medium term. As a result, the gases market which is already competitive, is expected to remain so with ongoing pricing pressures in the merchant business. The Project Engineering Division of your Company is engaged in execution of various in house Air Separation Units, which has an inherent risk of time and cost overruns due to various reasons including delay or deferment at the end of the customers. Your Company has a robust risk management process with ability to review, assess and put in place necessary mitigation plans in respect of identified key risks. Your Board of Directors provides oversight of the risk management process in the Company and reviews the progress of the action plans for each of the risks on a quarterly basis.

As the gases business involves transporting large volume of liquid products to long distances in transport tankers to customers spread across the country, this has been an area of ever increasing focus in your Company. This focus led to the commissioning of the national scheduling centre and the fleet control room at Kolkata. The centre operates on 24X7 basis and provides enormous support to the distribution, logistics and safety teams, which work tirelessly towards improving customer service, safe transportation and efficient distribution of the liquid products. The Fleet Control Room monitors the movement of Company's fleet of over 300 tankers on real time basis using GPRS technology and thereby also monitors driver behaviour for our entire fleet, speed, driving hours/rest hours, harsh braking, night driving restrictions, etc round-the-clock.

Project Engineering

The Project Engineering segment comprises the business of designing, supply, installation and commissioning of tonnage Air Separation Units of medium to large size, apart from projects relating to setting up of nitrogen plants, hydrogen Pressure Swing Adsorption (PSA) plants and gas distribution systems. The Project Engineering Division (PED) also manufactures cryogenic and non-cryogenic vessels for in-house use as well as for sale to third party customers.

The PED turned in another year of robust performance recording sales from third party projects amounting to Rs. 3,031.08 million against Rs. 2,998.62 million, which was the all time high turnover achieved by it in the previous year. The robust performance of PED was driven by execution of several projects relating to air separation units, nitrogen plants and hydrogen PSA Plants across refinery and steel companies primarily in public sector. In addition to the third party projects, the Division is also executing several in-house projects for the Gases business.

During the year, the Division successfully commissioned your Company's 221 tonnes per day merchant ASU Plant at Selaqui near Dehradun in the State of Uttarkhand. In addition, the Division commissioned several nitrogen plants including those at Bina refinery, BPCL Kochi refinery and at Barauni refinery. At the year end, the plant at Bongaigaon refinery was at an advanced stage of commissioning, which has since been commissioned. The Division thus maintained its leadership in cryogenic nitrogen plants and has acquired leadership in the hydrogen PSA Plants as well.

The Division is currently engaged in the execution of record number of large third party projects and progress of these projects under execution is satisfactory. The 700 tonnes per day ASU Project for Rourkela Steel Plant has been commissioned and 2 × 750 tonnes per day ASU for IISCO Burnpur was nearing completion at the year end. The large Compressed Air Station project at Bhilai Steel Plant is at an advanced stage of completion. The project of 420 tonnes per day ASU for Neelachal Inspat and a 50 tonnes per day plant for Chennai Petroleum, Manali are progressing well. Besides these, several nitrogen plant projects are at different stages of execution including those for Mangalore Refinery, Gujarat Narmada Valley Fertiliser Corporation, Kochi LNG Terminal (through TCI Corp, Taiwan), ONGC Petro, Dahej and Brahamputra Cracker, Dibrugarh, etc. The progress of hydrogen PSA plant for HPCL Mittal Energy Ltd is also satisfactory.

The Division continues to provide greater focus to execution of in-house ASU projects for the Gases Division and is currently executing several large size projects. Execution of country's largest ASU project of 2550 tonnes per day at Jamshedpur for supply of gases to Tata Steel is progressing quite satisfactorily and when completed this will be largest ASU in India and also the largest ASU of The Linde Group in South and East Asia. The execution of 418 tonnes per day ASU project at Jindal Stainless Ltd's works in Orissa, which had earlier been delayed by the customer has picked up momentum and is now progressing well. The Company's prestigious supply scheme project of 2×853 tonnes per day ASUs located at Rourkela Steel Plant is also progressing well. The Division has also started execution of the Company's in-house 330 tonnes per day merchant ASU project at Taloja.

The Division has given highest priority to make its business more competitive and has taken several initiatives in this regard. Such initiatives include manufacture of aluminum distillation columns and hydrogen PSA skid at its Plant Manufacturing Works and in-house manufacture of radial molecular sieve adsorbers and electrical regeneration heaters for large Air Separation Units. In a path-breaking move, the Division is now looking for opportunities for execution of ASU projects in the region of South and East Asia. The Division is in advanced stage of negotiations with some overseas customers and expects to win few orders in the near future.

The Division's effective collaboration with Linde Engineering as their technology partner continues. This partnership has been successful in bidding and winning several prestigious projects and your Company expects further enhancement in the consortium activities in near future.

The Division bagged orders valuing about Rs. 3,000 million during the year taking the total third party orders in hand to about Rs.5,200 million as on 31st December 2010.

Finance

Cash generation from operations increased from Rs.1,090.90 million in 2009 to Rs.1,585.99 million during the year under review driven by higher operating profits and efficient management of working capital.

During the year, the Company finalised funding arrangement of Euro 64 million, that is, approximately Rs. 3,951.36 million by way of an inter company loan through its parent company, Linde AG for financing of 2550 tpd Air Separation Unit project of Tata Steel at Jamshedpur. Out of this, as on 31 December 2010, an amount aggregating to Rs. 2,052.85 million was drawn down and a significant part thereof was utilised towards the project. During the year, the Company also made further draw down against inter company loan of Euro 58 million through Linde AG, which was arranged in the previous year for financing of the Rourkela Steel Plant project of Steel Authority of India Ltd. The remaining temporary surplus mainly arising from these draw downs has been parked in fixed deposits with banks.

Capital expenditure of Rs. 5,734.55 million during the year was mainly towards the setting up of ASUs for Tata Steel, Rourkela Steel Plant, Jindal Stainless, Owens Corning, merchant ASU in North and West India, and towards procurement of distribution resources.

Delisting Offer

The promoter group comprising The BOC Group Ltd. along with Linde Holdings Netherlands B.V. and Linde Finance B.V. as ''Persons Acting in Concert'' made a delisting offer to the public shareholders of the Company in January 2011 as per the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Delisting Regulations) for acquiring up to 8,975,930 equity shares, representing approximately 10.52% of the equity share capital of the Company with a view to voluntarily delist the equity shares of the Company from Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd. The public shareholders holding equity shares of the Company were invited to submit bids pursuant to a Reverse Book Building (RBB) process during the bid period in accordance with the Delisting Regulations. However, since the total number of equity shares tendered in the RBB process were less than the minimum number of equity shares required to be acquired by the Acquirer, the delisting offer was not deemed to be successful in terms of Regulation 19 of the Delisting Regulations. Accordingly, the Acquirer did not acquire any equity shares tendered by the public shareholders pursuant to the Delisting Offer and the equity shares of the Company continue to be listed on the Stock Exchanges.

Prescribed Particulars

The prescribed particulars required under Section 217(1)(e) and 217(2A) of the Companies Act, 1956, read with the Rules made there under as amended up to date are given by way of Annexure to this Report. In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the said information. Any shareholder interested in obtaining a copy of the said information may write to the Company Secretary at the registered office of the Company.

Human Resources

The Linde Group believes that qualified and motivated employees are an important prerequisite for its sustainable leadership in the gases and engineering business worldwide. The Group's Human Resource function is responsible for advising and supporting all its business units on policy guidelines in areas of recruitment, training, appraisal, compensation, managing and rewarding performance, talent retention, etc. The HR Strategy is to review the existing capacity and capability of our people, understand the new skills, matrices needed to support the growth with a view to attain new and enhanced level of growth, behaviours, benchmarks and leadership standards.

The Group's vision statement – "We will be the leading global industrial gases and engineering group, admired for our people, who provide innovative solutions that make a difference to the world" captures the importance of the Human Resource function in its operations. As a member of The Linde Group, BOC India provides similar focus to the Human Resource function in its journey to become a leading gases and engineering company in the country.

The leadership position attained by the Company over the years is largely due to the dedication and commitment of its people. People are the most valuable asset in the organization and the management helps the Human Resource function to ensure that people are given the space to contribute and grow. The Company's corporate culture is based on the Group's mission statement and is geared towards high performance.

Recruitment is the first step towards building high performance team and BOC India has very carefully approached prime institutions across India to hire right talent in the company's core business competencies. BOC India is a blend of old and new talents which is one of its key strengths today. The management encourages all employees to develop an individual development plan. The engagement of employees and succession planning are key to their motivation. During the year, the company conducted the First in Line Managers program as well as the Linde Pro program covering employees in sales. The Human Resource function also has a program for identifying and rewarding the high performers thus keeping them motivated and ensuring that the value of their contribution keeps increasing.

Your Company had manpower strength of 726 employees as on 31 December 2010 and continues to enjoy harmonious industrial relations at all its plants and offices spread across the country.

Safety, Health, Environment and Quality (SHEQ)

Safety is one of the foundation principles upon which the Linde Spirit is built and as such continues to be the top most priority for your Company. Safety assumes greater importance in view of your Company's aspiration to become a High Performance Organization, where the SHEQ rules and procedures are clearly defined, understood, respected and complied with by the management, employees and contractors alike. In line with this aspiration, BOC India rolled out Linde's Golden Rules of Safety across all its plants and offices during the year amongst all its employees as well as contractors. These golden rules must be adhered to at all times by everyone in BOC India and are one of the mandatory conditions of continued employment. They aim to prevent fatalities and major incidents and support a leading SHEQ culture within the organization.

Your Company continued to make good progress with its SHEQ agenda. The Safety agenda covering general safety, process safety and behavioural safety have all contributed to an improved safety performance. Your Company believes in complete transparency in SHEQ reporting and all accidents and incidents, including minor ones and the near misses are reported. These are thereafter investigated and corrective actions where required are identified and implemented.

Transport Safety continues to remain the most significant challenge and therefore an important focus area for improvement in the Company as the gases business involves transporting large volume of liquid products to long distances in transport tankers to customers spread across the country. Your Company has risen to the challenge by constantly maintaining and improving its focus on this area. The Company has recently completed installation of VTS (Vehicle Tracking System) in 100% of its bulk and cylinder fleet. This has been a long journey and the distribution, logistics and safety teams have worked tirelessly to achieve this distinction. The Fleet Control Room (FCR) which was installed a little over two years ago, is now able to monitor driver behaviour and driving pattern for our entire fleet round-the-clock. This has significantly contributed to safer driving and lesser transport related incidents.

On the Health and Occupational Hygiene (HOH) front, various training and awareness initiatives have been taken up covering manual handling, asbestos and noise management.

Your Company's Jamshedpur 1290 tpd site and Bellary 855 tpd site, where the Company has a joint venture were audited as a part of The Linde Group's "Corporate Responsibility" audit and have received favourable reports for its environment initiatives. Your Company has set up water recycling and rain harvesting facilities at many of its tonnage plant sites. As an integral part of its initiatives to protect the environment, your Company monitors waste generation, emission of green house gases, effluents, quality of air, etc at its plant sites. Most of our key tonnage sites have already been covered under ISO 14001:2004 accreditation while the other sites are in the process of acquiring the certification.

You Company is also committed to protecting the environment, offering safe, environmentally friendly products and services, and developing technologies, products and services which are particularly ecologically sustainable. During the year, to commemorate 75 years of operations in India, a tree plantation drive for planting 7500 trees was taken up by your Company across the country. This target has been exceeded and well over 9500 trees have been planted at the various plant sites and also at community/public places at large around the locations where your Company has its operations. This includes 1000 coconut trees planted in villages in the Sunderbans in West Bengal, which were devastated by cyclone Aila.

Outlook

The momentum gained by the Indian economy following government's fiscal stimulus in 2009 was generally sustained during most part of 2010. The economy has however been continuing to witness inflationary trends. The headline inflation has continued to be fuelled by high food inflation and rising prices of crude and commodities. The RBI's action to consistently raise interest rates and sucking liquidity out of the system to tame inflation together with high commodity prices is likely to make new investment less attractive, contract demand and generally lead to a slow down in the industry. India's macro-economic fundamentals however, remain good and its domestic demand led model of economic growth continues to remain promising in the long term. As per recent estimates, the Indian economy is set to grow at 8.6% in the current fiscal year 2010-11 on the back of a robust farm growth and service sector.

The steel industry in India continues to remain in growth mode and the expansion plans of some of the steel majors are in various stages of implementation. The oil and gas and refinery sector in the PSU space is also showing signs of opening up and is likely to offer supply scheme opportunities in the tonnage business. These will therefore continue to sustain high momentum of demand for gases in the years ahead albeit in a fiercely competitive environment, where all the global gas majors are present.

As a member of The Linde Group, BOC India has been able to develop capabilities by leveraging the strengths of its parents both in the gases and engineering segment and putting best commercial practices in place to win large tonnage gas supply contracts and grow bulk and packaged gases businesses including in electronics and healthcare segment. With robust business model and aggressive growth plan, BOC India is poised to become a leading industrial gases company.

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. The Company's Internal Audit Department continuously monitors the effectiveness of the internal controls with a view to provide to the Audit Committee and the Board of Directors an independent, objective and reasonable assurance of the adequacy of the organization's internal controls and risk management procedures. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the executive management with a view to provide oversight of the internal control systems. The Company reviews its policies, guidelines and procedures of internal control on an ongoing basis in view of the ever changing business environment.

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

Corporate Governance

As a member of The Linde Group, your Company recognises the importance of good corporate governance. Your Company is therefore, 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. It is the endeavour of the Board and the executive management of your Company to ensure that their actions are always based on principles of responsible corporate management. In The Linde Group, corporate governance is seen as an ongoing process. Your Company's Board will therefore closely follow future developments in the governance norms and will take lead in ensuring compliance with the same. A separate report on Corporate Governance along with the certificate of the Auditors, B S R & Co., 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.

Responsibility Statement

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

That in preparation of the annual accounts for the year ended 31 December 2010, 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 judgments 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 financial year 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 annual accounts on a going concern basis.

Directors

During the year, Mr Binod Patwari, Head of Finance and Control, South and East Asia of The Linde Group was appointed as an Additional Director (non executive) of the Company with effect from 15 June 2010. Mr Patwari vacates his office as an 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. Mr Patwari is presently Head of Finance and Control, Asia Pacific of The Linde Group.

Mr Kashyap Roy, who was appointed Finance Director of the Company in February 2009 suddenly passed away on 1 August 2010 and ceased to be a Director of the Company with effect from the said date. Your Directors express deep regret on the sad and untimely demise of Mr Roy and place on record their sincere appreciation of the contribution made by him to the functioning of the Board during his tenure as Finance Director of the Company.

Dr J J Irani retires by rotation at the ensuing Annual General Meeting and does not offer himself for re-election. Your Board has regretfully acceded to Dr Irani's request. As per the requirement of Section 256(4) of the Companies Act, 1956 and Article 105 of the Articles of Association of the Company, an appropriate resolution for not filling the vacancy caused by the retirement of Dr Irani has been included in the Notice of the ensuing Annual General Meeting for consideration and approval of the shareholders. Accordingly, Dr Irani will cease to be a director of the Company from 2 June 2011. Dr Irani has been serving on your Board since 1987 and his deep understanding of the metallurgical industry has helped your Company to better grasp the emerging opportunities in this sector. During his long tenure as a Director of the Company, your Company's Board and its Audit and Remuneration Committees have benefited from the wise counsel and advice of Dr Irani. Your Directors therefore, place on record their sincere appreciation of the valuable contribution made by Dr Irani to the deliberations of the Board as well as towards the growth of the Company.

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 year ended 31 December 2009. The Company had also received the approval of the Central Government for appointment of M/s. S. Gupta & Co. for audit of cost records for the financial year 2010.

Auditors

Messrs B S R & Co., Chartered Accountants, Auditors of the Company retires, and being eligible, offers them for re-appointment. The Company has also obtained a written consent from Messrs B S R & Co. 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

Srikumar Menon
Managing Director

S M Datta
Chairman

Kolkata, 25 April 2011

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 YEAR ENDED 31 DECEMBER 2010.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

(i) Major overhaul of refrigeration units, namely R-60 and R-15, including replacement of R-15 chiller unit have improved efficiency of Rourkela plant.

(ii) Running of centrifugal oxygen compressor of ASU3 in place of smaller reciprocating units of ASU 1 and ASU 2 has resulted in energy savings in operation of IGP plants at Jamshedpur.

(iii) On-going energy conservation measures such as PUF insulation over Super Insulated Vacuum Lines, optimization in plant operation mode to maximize liquid nitrogen production at Bellary and maintaining high load factor / power factor were undertaken at the various tonnage plants.

(iv) Best operating practices like cluster filling and dual filling of transport tankers were followed at tonnage plants including Bellary and Hyderabad, which have resulted in reduction of product losses.

(b) Additional Investments and Proposals :

(i) Investment planned for more efficient plant operation through Remote Operation Center (ROC) by centralised team of experts.

(ii) Major investment planned at Jamshedpur towards revamping of ASU1 and ASU2 cooling tower, Pre Purification Unit of 225 tpd plant and replacement of existing refrigeration unit by VAM unit in ASU3.

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

The above measures will have a positive impact on the electrical power usage and will lead to significant 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) On-going development of shielding gases for quality welding in automobile and fabrication industry has been continued.

(ii) Supply of customer specific composition of Deuterium - Nitrogen mixture for high quality fibre optics.

2 Benefits :

(i) Improved quality.

(ii) Product quality improvement.

3 Future plan of action :

(i) Continue to develop more variety of shielding gases to meet the specific need of the market.

(ii) As a member of The Linde Group, the Company has access to various Research & Development carried out by the Group globally. In view of this, the R&D activities of the Company are restricted to specific local requirements.

4 Expenditure on R&D :

(a)	Capital	Rs. Nil
(b)	Recurring	Rs. 2.167 million
(c)	Total	Rs. 2.167 million
(d)	Total R&D expenditure as a percentage of total turnover	0.02%

II Technology Absorption, Adaptation and Innovation

1 Efforts made :

1. Supply of bulk liquid helium in ISO containers commenced to optic fibre customer in Aurangabad. This system has been designed, installed and run by the Company to meet the customer specific requirement for manufacture of optic fibre cables.
2. Designing, installation, commissioning and supply of electronic and special gases at Solar cell manufacturing customer sites in the Solar Photovoltaic industry. The Company has also undertaken 24X7 gas management services for the solar cell customers under Total Gas Management concept.
3. Commissioning of 200 kg/hr Nitrous Oxide plant at Hyderabad. Initially the plant is proposed to cater to requirements of customers in southern India and is expected to meet total requirements across the country in the year 2011.

2 Benefits derived :

1. Gaining of significant market share in helium business.
2. Participating in the growth, development and usage of solar energy, one of the clean forms of renewable energy.
3. Safe, efficient and reliable Nitrous Oxide production facility meeting high standards of quality and safety and Good Manufacturing Practices (GMP) for medicinal gases.

3 Technology Imported : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) Activities relating to exports, initiatives taken to increase exports, etc and export plans:

During the year, about 1.41% of the Company's revenue was derived from exports. The exports mainly included supply of electronic gases and related equipment to Solar Photovoltaic customers in Special Economic Zone and the Company plans to leverage its first mover advantage in this segment. Exports also include supply of liquid argon and liquid oxygen to customers in Bangladesh, Kenya and the Middle East. The Company's strategy is to review its exports of liquid argon and oxygen to the aforesaid export markets in short to medium term in view of the prevailing economic conditions in these markets.

(g) Total foreign exchange used and earned:

Total Foreign exchange used during the year was Rs. 1709.13 million and total foreign exchange earned during the year was Rs. 152.84 million, which included Rs.146.29 million from exports.

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 2010:

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 2010, the Board of BOC India comprised of 6 Directors, detail whereof is given below:

- A Non-Executive Independent Chairman;
- Two Non-Executive Independent Directors;
- Two Non-Executive Directors representing The Linde Group; and
- One Executive Director.

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 year ended 31 December 2010, five Board meetings were held on 22 February 2010, 20 April 2010, 15 June 2010, 27 July 2010 and 28 October 2010. 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 year ended 31 December 2010 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and Other Board Committee Membership(s) held as on 31 December 2010

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other director-ship(s)(1)	Other Board Committee membership(s) / chairmanship(s)(2)
Mr S M Datta	(Chairman) Non-Executive Independent Director	5	Yes	12	5 (including 1 as Chairman)
Dr J J Irani	Non-Executive Independent Director	4	No	10	1

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship(s)(1)	Other Board Committee membership(s) / chairmanship(s)(2)
Mr S Lamba(3)	Non-Executive Director	4	Yes	—	—
Mr J Mehta	Non-Executive Independent Director	5	Yes	—	—
Mr S K Menon	(Managing Director) Executive Director	5	Yes	—	—
Mr Kashyap Roy(4) (up to 1 August 2010)	(Finance Director) Executive Director	4	Yes	N.A.	N.A.
Mr Binod Patwari(3)&(5)	Non-Executive Director	1	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) Director representing The Linde Group.

(4) Mr Kashyap Roy passed away on 1 August 2010 and thereby ceased to be a Director of the Company.

(5) Mr Binod Patwari was appointed as an additional director of the Company w.e.f. 15 June 2010.

Code of Conduct

As a member of The Linde Group, the Company had earlier adopted Linde's Code of Ethics as the Code of Conduct for all its employees including its wholetime directors. Linde's Code of Ethics anchors ethical and legal behaviour within the organisation. A brief Code of Conduct was earlier adopted by the Board of Directors as the Code applicable to the Non Executive Directors of the Company. The aforesaid Codes are available on the Company's website. All Directors and senior management personnel of the Company as on 31 December 2010 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 its Directors and designated employees.

Risk Management

The Company had originally developed a risk management framework in the year 2006. During the year 2008, the Risk Management Services of The Linde Group further reviewed and refreshed the risks, when fresh risks were identified, assessed and scoped in qualitative and quantitative terms. These risks were thereafter assigned to various risk owners within the Company and appropriate mitigation plans were put in place in respect of the identified key risks. Recently, with a view to strengthen the risk management system in the Company, a process for identification, assessment and review of new risks by the executive management was implemented so that such risks are identified, assessed and reviewed on an ongoing basis and necessary mitigation plans are put in place in respect of these risks. The Board provides oversight of the risk management process followed by the Company and reviews the progress of the action plan for each risk on a quarterly basis.

CEO/ CFO Certification

The Managing Director (CEO) and the Finance Controller (CFO) of the Company have certified to the Board that all the requirements of Clause 49 (V) of the Listing Agreement, inter alia, dealing with the review of financial statements and cash flow statement for the year ended 31 December 2010, transactions entered into by the Company during the said year, 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.

The minutes of all Board and 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 year ended 31 December 2010 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 reviews information as per the requirement of Clause 49 (II) (E) of the Listing Agreement.

The Audit Committee also complies with the relevant provisions of the Companies Act, 1956.

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 2010, 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 2010. 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 24 May 2010.

The Managing Director, Finance Controller 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

Four meetings of the Audit Committee were held during the year ended 31 December 2010. The meetings were held on 22 February 2010, 20 April 2010, 27 July 2010 and 28 October 2010. 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	4	4
Dr J J Irani	4	3
Mr S Lamba	4	3
Mr J Mehta	4	4

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 2010, the Committee comprised of three 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, and Mr S Lamba were the Members of the Committee as on 31 December 2010.

Attendance

During the year ended 31 December 2010, one meeting of the Committee was held on 20 April 2010. 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	—
Mr S M Datta	1	1
Mr S Lamba	1	1

Remuneration Policy

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

During the year, the sitting fees payable to the non-executive independent directors for attending the meetings of the Board of Directors and the Audit Committee of the Board was revised from Rs.8,000 to Rs.15,000 per meeting with effect from 1 April 2011. Accordingly, the Non-Executive Directors, other than the Directors representing The Linde Group are paid a sum of Rs. 15,000 as sitting fees for attending each meeting of the Board and Audit Committee and a sum of Rs. 8,000 as sitting fees for attending other Committee meetings of the Board. 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 Executive / Wholetime Directors

Details of remuneration to Executive / Wholetime Directors during the year ended 31 December 2010 [refer Note (xi) 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 S Menon, Managing Director	6,257,071	4,941,505	1,289,884	697,917	13,186,377
Mr K Roy, Finance Director (Up to 1 August 2010)	2,942,053	2,017,986	328,246	164,526	5,452,811

The Agreement entered into with the Managing Director is for a period of 3 years from the date of his appointment and can be terminated by either party by giving not less than six months notice in writing. The Agreement does not provide for payment of any severance fees. The Agreement with the erstwhile Finance Director was also for a period of 3 years, containing similar term with regard to termination and did 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 year ended 31 December 2010 are given below:

Name of the Director	Sitting Fees Rs.	Commission* Rs.
Mr S M Datta	1,37,000	15,00,000
Dr J J Irani	91,000	5,00,000
Mr J Mehta	1,29,000#	5,00,000

*Payable to Directors after approval of the audited accounts at the AGM.

#Paid to the employer company of the Director.

In accordance with the approval of the shareholders in the general 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 year ended 31 December 2010 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 2010 are as follows:

Name of the Director	Number of Equity Shares	No. of convertible Instruments
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 2010, 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 S K Menon, Managing Director of the Company.

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 year ended 31 December 2010, the Committee met once on 27 July 2010. 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 S K Menon	1	1

*Elected to chair the meeting.

The Board of Directors has delegated the power of approving the share transfers, transmission etc. to the Managing 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 year ended 31 December 2010, the Company received 18 complaints from the shareholders/ investors. As on 31 December 2010, 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 year ended 31 December 2010, the Company processed 44,318 shares for transfer. There were no shares pending for transfer. A total of 10 dematerialisation requests covering 3,203 equity shares received in the second half of December 2010 were pending as on 31 December 2010, which have been processed/ confirmed on 7 January 2011.

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 December 2009	24 May 2010	Kala Mandir, Kolkata	3.00 p.m.	None
Year ended 31 December 2008	28 May 2009	Kala Mandir, Kolkata	3.00 p.m.	None
9 months period ended 31 December 2007	29 May 2008	Science City, Kolkata	11.00 a.m.	None

B. During the year 2010, one special resolution was passed through Postal Ballot in respect of a proposal of the promoter group for voluntary delisting of equity shares of the Company from Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Ltd. Mr Trivikram Khaitan, Advocate of Khaitan & Company was appointed as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner in compliance with applicable laws and regulations. A total number of 824 Postal Ballots were received from the Members of the Company, of which 60 Postal Ballots were rejected and considered invalid. The details of the result of the said Postal Ballot including the voting pattern are as follows:

Particulars	No. of Postal Ballot Forms	Number of Votes	Percentage
Assent	352	76,968,639	99.73%
Dissent	412	208,528	0.27%
Total	764	77,177,167	100.00%

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot. 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

➢ 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 (xxiv) of Schedule 18 of the audited accounts for the year ended 31 December 2010 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.

➢ Material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement with Stock Exchanges:

None.

➢ Inter-se relationships between Directors of the Company:

None.

➢ **Non Mandatory Requirements**

The Company complies with the following non-mandatory requirements:

Chairman's Office

During the year ended 31 December 2010, 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 year ended 31 December 2010.

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.

Shareholders' Rights

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are also posted on the Company's website. Significant press releases are also posted on the website under the Press Releases section. The complete Annual Report is sent to every shareholder of the Company.

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 forty five days of the close of the relevant quarter and the audited financial results for the year ended 31 December 2010 were approved and taken on record within sixty days 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 published the audited financial results for the last quarter of the financial year within the stipulated period of sixty days 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 are not published.
- ➢ The Company also issues official press releases to the print media. The News Section in the Company's website includes all major press releases made by the Company.
- ➢ 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 the each quarter, official press releases etc. are displayed and regularly updated.
- ➢ The requirement of the Listing Agreement relating to uploading of data in respect of quarterly financial results, shareholding pattern, annual report, etc. on SEBI's EDIFAR website "www.sebiedifar.nic.in" was discontinued w.e.f. 1 .4.2010 as per SEBI Circular No. CIR/ CFD/DCR/3/2010 dt.16.4.2010.
- ➢ 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

Date, time and venue of the Annual General Meeting	:	2 June 2011 at 10.00 a.m. at Kala Mandir Auditorium 48, Shakespeare Sarani, Kolkata - 700 017
Financial Calendar 2011 (tentative and subject to change)	:	i. Financial Year : January 2011 to December 2011 ii. First Quarter Results : 25 April 2011 iii. Second Quarter and Half Yearly Results : 21 July 2011 iv. Third Quarter Results : 18 October 2011 v. Audited Annual Results : February 2012
Book Closure Period	:	24 May 2011 to 2 June 2011 (both days inclusive)
Dividend Payment Date	:	On or after 7 June 2011
Listing on Stock Exchanges	:	a) The Calcutta Stock Exchange 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 2010-11.

Stock Code	:	a) The Calcutta Stock Exchange 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 :

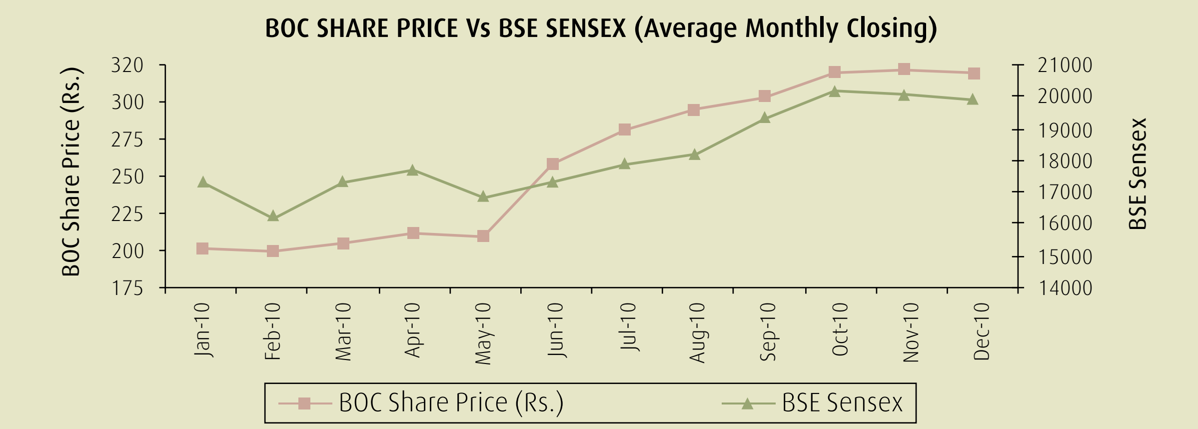
Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the year ended 31 December 2010

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
January 2010	227.50	172.10	2,645,070	227.40	174.30	3,109,522
February 2010	225.00	184.00	1,125,892	225.80	184.25	1,242,091
March 2010	216.00	165.00	517,675	220.00	197.00	589,708
April 2010	224.70	200.00	853,158	225.00	199.20	1,207,573
May 2010	218.75	201.00	297,225	218.95	200.00	6,439,968
June 2010	314.70	201.00	5,130,046	313.00	204.10	7,250,723
July 2010	297.95	260.05	684,341	297.70	260.10	911,123

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
August 2010	315.00	272.20	969,726	315.45	274.20	1,433,406
September 2010	310.80	295.50	371,311	311.00	295.60	782,379
October 2010	346.00	297.15	2,174,255	345.90	292.50	3,132,997
November 2010	338.80	309.00	433,470	334.00	308.00	642,886
December 2010	352.00	300.00	351,468	352.00	300.00	622,075

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 : Link Intime India Pvt. Ltd.
(Formerly "Intime Spectrum Registry Ltd.")
59C, Chowringhee Road, 3rd Floor, Kolkata 700 020
Phone : 91-33-2289 0540; Telefax : 91-33-2289 0539
Email : kolkata@linkintime.co.in

Share Transfer System : Share transfers in physical form should be lodged at the office of the Registrar and Transfer Agents, Link Intime India Pvt. 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 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 2010, a total of 83,769,579 equity shares of the Company constituting 98.22 % of the total Subscribed and Paid up Share Capital stand dematerialised.

Distribution of shareholding as on 31 December 2010

Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	7,793	35.71	174,157	0.20
51-100	4,202	19.25	379,126	0.45
101-250	4,227	19.37	752,177	0.88
251-500	3,023	13.85	1,137,061	1.33
501-1000	1,503	6.89	1,131,162	1.33
1001-5000	905	4.15	1,869,910	2.19
5001-10000	92	0.42	663,611	0.78
10001-100000	75	0.34	1,811,894	2.13
Above 100000	4	0.02	77,365,125	90.71
Total :	**21,824**	**100.00**	**85,284,223**	**100.00**

Shareholding pattern as on 31 December 2010

Category	Number of Shares held	% of Shares held
Foreign Promoters (The BOC Group Ltd, U.K., a part of The Linde Group)	76,308,293	89.48
Foreign Holdings (FIIs, OCBs & NRIs)	172,463	0.20
FIs, Insurance Companies & Banks	785,329	0.92
Other Corporate Bodies	1,420,592	1.67
Mutual Funds	3,700	0.00
Individuals & Others	6,593,846	7.73
Total :	**85,284,223**	**100.00**

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

Bellary
Air Separation Unit Plant (1800 tpd)
Torunagallu, Sandur Taluk
Dist: Bellary, Karnataka 583 123

Bhiwadi
Plot No. B-821, RIICO 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

Greater Noida SEZ
Electronic Gases Plant
Gate No.3, 66 Udyog Vihar
Gautam Budha Nagar
Greater Noida 201 306

Howrah
Village: Pakuria, P.O. Lakhenpur
P.S. Domjur, Howrah 711 114

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

Jamshedpur (Contd.)
Tonnage Plant (225 tpd)
Near "L" Town Gate
Opposite Bari Maidan
Sakchi, Jamshedpur 831 001

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

Taloja PGP Plant
T-25, MIDC Industrial Area
Taloja, Navi Mumbai 410 208
Dist. Raigad

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

Selaqui
Tonnage Plant (221 tpd)
Khasara No. 122, MI,
Behind Pharma City,
Selaqui, Dehraun 248197

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 correspondence : Asst. Vice President and Company Secretary
BOC India Limited
Oxygen House
P 43 Taratala Road, Kolkata 700 088, India
Phone : 91-33-2401 4708 (12 lines)
Fax : 91-33-2401 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, Srikumar Menon, 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 year ended 31 December 2010.

Kolkata
25 April 2011

Srikumar Menon
Managing Director

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 ('the Company') for the year ended on 31 December 2010, 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 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 **B S R & Co.**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Plac e : Kolkata
Date : 25 April 2011

Balance Sheet as at 31 December 2010

(Amounts in Rupees Thousand)

	Schedule	As at 31 Dec 2010	As at 31 Dec 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	852,842	852,842
Reserves and Surplus	2	10,297,762	9,728,376
		11,150,604	10,581,218
LOAN FUNDS	3		
Unsecured Loans		4,691,604	1,176,076
DEFERRED TAX LIABILITIES (NET)	4	797,749	747,155
		16,639,957	12,504,449
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		12,717,669	10,658,141
Less : Depreciation and Impairment		4,291,925	3,757,578
		8,425,744	6,900,563
Capital Work-in-Progress		7,872,209	4,265,259
		16,297,953	11,165,822
INVESTMENTS	6	150,000	150,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	653,954	675,651
Sundry Debtors	8	2,014,795	1,203,184
Cash and Bank Balances	9	572,328	722,223
Other Current Assets	10	1,399,954	1,060,147
Loans and Advances	11	2,115,514	2,485,549
		6,756,545	6,146,754
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	12	4,445,486	2,984,753
Provisions	13	2,119,055	1,973,374
		6,564,541	4,958,127
NET CURRENT ASSETS		192,004	1,188,627
		16,639,957	12,504,449
Significant Accounting Policies and Notes on Accounts	18		

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

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

For and on behalf of
B S R & Co.
Firm Registration No. 101248W
Chartered Accountants

VIKRAM ADVANI
Partner
Membership No. : 091765

Kolkata
25 February, 2011

On Behalf of the Board

Chairman S M DATTA
Managing Director S MENON
Company Secretary P MARDA

Profit and Loss Account for the year ended 31 December 2010

(Amounts in Rupees Thousand)

	Schedule	Year ended 31 Dec 2010	Year ended 31 Dec 2009
INCOME			
Gross Sales		10,361,077	8,359,179
Less: Excise Duty		503,608	318,619
Net Sales		9,857,469	8,040,560
Other Income	14	166,884	99,632
		10,024,353	8,140,192
EXPENDITURE			
Materials Consumed and Change in Stock	15	2,149,247	2,518,152
Expenses	16	6,042,466	4,278,441
Depreciation and Impairment	5	588,875	471,832
		8,780,588	7,268,425
PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEMS		1,243,765	871,767
Interest Income (Net)	17	51,940	48,232
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		1,295,705	919,999
Exceptional Items (Net) [Refer Note (v) on Schedule 18]		—	(17,422)
PROFIT BEFORE TAX		1,295,705	902,577
Provision for -			
Current Tax (includes Rs. 53,480 being adjustment pertaining to earlier years)		(203,322)	(31,335)
Fringe Benefits Tax		—	(2,500)
Deferred Tax Charge		(156,056)	(336,321)
PROFIT AFTER TAX		936,327	532,421
Profit and Loss Account Brought Forward		2,116,017	1,759,884
		3,052,344	2,292,305
APPROPRIATIONS			
Proposed Dividend		127,926	127,926
Dividend Tax		21,247	21,741
Transfer to General Reserve		46,816	26,621
Profit and Loss Account Carried Forward		2,856,355	2,116,017
		3,052,344	2,292,305
Earnings per Equity Share of Rs. 10/- each [Refer Note (xvi) on Schedule 18]			
on Profit after tax and before exceptional items			
Basic and diluted (Rs.)		10.98	6.38
on Profit after tax			
Basic and diluted (Rs.)		10.98	6.24
Significant Accounting Policies and Notes on Accounts	18		

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

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

For and on behalf of
B S R & Co.
Firm Registration No. 101248W
Chartered Accountants

VIKRAM ADVANI
Partner
Membership No. : 091765

Kolkata
25 February, 2011

On Behalf of the Board

Chairman S M DATTA

Managing Director S MENON

Company Secretary P MARDA

Cash Flow Statement for the year ended 31 December 2010
(Amounts in Rupees Thousand)

		Year ended 31 Dec 2010	Year ended 31 Dec 2009
A	**Cash Flow from Operating Activities :**		
	Net Profit before Tax and Exceptional items	1,295,705	919,999
	Adjustments for :		
	Depreciation and Impairment	588,875	471,832
	Provision for Doubtful Debts	16,641	56,008
	Provision for Contingencies	12,617	(4,131)
	Provision for Warranties	88,558	13,072
	Provision for Liquidated Damages	134,622	81,990
	Unrealised Foreign Exchange Loss	1,417	98,780
	Dividend on Trade Investment	(15,000)	(15,000)
	Loss / (Profit) on Sale of Fixed Assets (Net)	1,832	(26,263)
	Interest Income (Net)	(12,486)	(24,035)
	Operating Profit before Working Capital changes	2,112,781	1,572,252
	Adjustments for :		
	Trade Receivables	(828,252)	(404,493)
	Other Receivables	(97,301)	(836,836)
	Inventories	21,697	(195,673)
	Trade Payables	377,064	955,647
	Cash generated from Operations	1,585,989	1,090,897
	Direct Taxes paid	(267,522)	(187,448)
	Direct Taxes refunds received	82,725	42,296
	Cash Flow before Exceptional Items	1,401,192	945,745
	Exceptional Items:		
	Separation Payments made to Employees	—	(52,919)
	Gain on Finance Lease Arrangement	—	35,497
	Net Cash from Operating Activities	1,401,192	928,323
B	**Cash flow from Investing Activities :**		
	Purchase of Fixed Assets	(5,118,225)	(2,717,881)
	Proceeds from Sale of Fixed Assets	86,282	34,184
	Dividend received	15,000	15,000
	Interest received	48,039	76,599
	Net Cash used in Investing Activities	(4,968,904)	(2,592,098)
C	**Cash Flow from Financing Activities :**		
	Proceeds from Long Term Borrowings	3,880,346	1,176,076
	Interest paid	(314,355)	(27,446)
	Dividend paid	(126,927)	(127,407)
	Dividend Tax paid	(21,247)	(21,741)
	Net cash from Financing Activities	3,417,817	999,482

Cash Flow Statement for the year ended 31 December 2010 (Contd.)

(Amounts in Rupees Thousand)

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Net Decrease in Cash and Cash Equivalents (A+B+C)	(149,895)	(664,293)
Opening Cash and Cash Equivalents	722,223	1,386,516
Closing Cash and Cash Equivalents	572,328	722,223
Notes :		
(i) Cash and Cash Equivalents comprises of (Refer Schedule 9) :		
Cash in Hand	5,032	3,063
With Scheduled Banks		
– on unclaimed dividend accounts*	5,594	4,595
– on current accounts	141,302	169,165
– on fixed deposits	420,400	545,400
* Account is not available for use by the company	572,328	722,223

(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 Companies (Accounting Standard) Rules, 2006 (as amended) .

(iii) Previous year's figures have been rearranged / regrouped wherever necessary.

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

For and on behalf of
B S R & Co.
Firm Registration No. 101248W
Chartered Accountants

VIKRAM ADVANI
Partner
Membership No. : 091765

Kolkata
25 February, 2011

The Schedules referred above form an integral part of the Cash Flow Statement.

On Behalf of the Board

Chairman S M DATTA
Managing Director S MENON
Company Secretary P MARDA

Schedules to the Balance Sheet as at 31 December 2010

(Amounts in Rupees thousand)

			As at 31 Dec 2010	As at 31 Dec 2009
1	**SHARE CAPITAL**			
	Authorised			
	86,000,000	(Previous Year 86,000,000) Equity Shares of Rs. 10 each	860,000	860,000
	Issued			
	85,286,209	(Previous Year 85,286,209) Equity Shares of Rs. 10 each	852,862	852,862
	Subscribed and Paid-up			
	73,182,743	(Previous Year 73,182,743) for Cash	731,827	731,827
	222,666	(Previous Year 222,666) for Consideration other than Cash	2,227	2,227
	11,878,814	(Previous Year 11,878,814) as Bonus Shares by Capitalisation of Reserves and Securities Premium	118,788	118,788
	85,284,223*	(Previous Year 85,284,223) Equity Shares of Rs. 10 each fully paid	852,842	852,842

* Includes 76,308,293 (Previous year 76,308,293) equity shares held by The BOC Group Limited, U.K., the holding company. The ultimate holding company is Linde AG.

			As at 31 Dec 2010	As at 31 Dec 2009
2	**RESERVES AND SURPLUS**			
	Revaluation Reserve [Refer Note (i)(e) on Schedule 18]		16,839	16,839
	Securities Premium Account		6,972,522	6,972,522
	Capital Incentive		2,000	2,000
	General Reserve			
	As per last Accounts	785,077		758,456
	Add: Transfer from Profit and Loss Account	46,816		26,621
			831,893	785,077
	Translation & Hedging Reserve			
	As per last Accounts	(164,079)		—
	Add: Movement during the year net of Deferred Tax Rs. 189,952 (Previous Year Rs. 84,489) [Refer Note (xxii) of Schedule 18]	(217,768)		(164,079)
			(381,847)	(164,079)
	Profit and Loss Account		2,856,355	2,116,017
			10,297,762	9,728,376

Schedules to the Balance Sheet as at 31 December 2010

(Amounts in Rupees thousand)

		As at 31 Dec 2010	As at 31 Dec 2009
3	**LOAN FUNDS**		
	Unsecured Loans		
	Long term foreign currency loan from ultimate holding company	4,691,604	1,176,076
		4,691,604	1,176,076

Note :

1. The Company has entered into a long term loan agreement in the nature of external commercial borrowing of Euro 58,000 thousands and Euro 64,000 thousands with Linde AG, ultimate holding company. The said Loans will be repaid in full by May 2016 and September 2017, respectively. As at 31 December 2010 the Company has availed Euro 78,430 thousands (previous year Euro 17,700 thousands). [Also refer note (xxii) of Schedule 18]

			As at 31 Dec 2010	As at 31 Dec 2009
4	**DEFERRED TAX LIABILITIES (NET)**			
	Deferred Tax Liability on :			
	Difference between net book value of depreciable assets as per books and written down value as per Income Tax		972,920	814,657
	Future Income from Finance Lease Arrangement		107,927	114,769
	Others		1,120	314
		(A)	1,081,967	929,740
	Deferred Tax Asset on :			
	Mark to Market on derivative contracts		189,952	84,489
	Provision for doubtful debts, advances, other current assets, contingencies and leave encashment		78,256	77,789
	Voluntary Separation payments		16,010	20,088
	Settlement compensation for closed units		—	219
		(B)	284,218	182,585
		(A) - (B)	797,749	747,155

Schedules to the Balance Sheet as at 31 December 2010

(Amounts in Rupees thousand)

5 FIXED ASSETS

	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION / AMORTISATION				IMPAIRMENT	NET BOOK VALUE	
	As at 1 Jan 2010	(a) Additions during the Year	Deductions during the Year	As at 31 Dec 2010	As at 1 Jan 2010	Depreciation/ Amortisation for the Year	Deductions during the Year	As at 31 Dec 2010	As at 31 Dec 2010	(e) As at 31 Dec 2010	As at 31 Dec 2009
	(A)	(B)	(C)	(D=A+B–C)	(E)	(F)	(G)	(H=E+F-G)	(I)	(J=D-H-I)	(K)
Land - Freehold	192,883	223	—	193,106	—	—	—	—	—	193,106	192,883
Land - Leasehold	81,311	25,005	—	106,316(d)	8,824	2,180	—	11,004	—	95,312	72,487
Buildings	608,109	104,607	5,831	706,885	133,522	20,134	931	152,725	1,940	552,220	472,607
Plant and Machinery	9,470,519	1,954,972	50,590	11,374,901	3,389,354	548,934	42,018	3,896,270	14,785	7,463,846	6,065,679
Motor Vehicles	45,957	15,590	672	60,875	19,550	4,258	216	23,592	—	37,283	26,407
Furniture and Fittings	43,739	17,629	2,453	58,915	21,912	4,183	1,823	24,272	—	34,643	21,739
Office Equipments	215,623	9,940	8,892	216,671	166,862	9,186	8,792	167,256	81	49,334	48,761
	10,658,141	2,127,966	68,438	12,717,669	3,740,024	588,875	53,780	4,275,119	16,806	8,425,744	6,900,563
Capital Work-in-Progress				7,906,484(b)					34,275	7,872,209(b)	
				20,624,153					51,081	16,297,953	
Previous Year	6,849,800	3,858,951	50,610	14,958,044	3,310,515	471,832	42,323	3,740,024	52,198	11,165,822(c)	

(a) Includes Revaluation on Building - Rs. 16,839 (Previous Year Rs. 16,839) done by an external valuer on 30 September 1966 and 1 October 1980.

(b) Includes unsecured Capital Advances aggregating Rs. 5,435,186 (Previous Year Rs. 2,880,878) that are considered good and borrowing costs aggregating Rs. 421,231 (Previous Year Rs. 42,555).
– Capital Advances includes advances paid to companies under the same management as defined under section 370(IB) of Companies Act, 1956:
Linde AG — Rs. 5,154,049 (Previous Year Rs. 2,792,965)
Chemogas NV — Rs. 1,559 (Previous Year Rs. Nil)
Cryostar SAS — Rs. Nil (Previous Year Rs. 4,901)

(c) Includes Capital Work in Progress Rs. 4,265,259 (net of impairment Rs. 34,644) pertaining to previous year.

(d) Includes Land aggregating to Rs. 22,000 pending registration in the name of the company.

(e) Movement in impairment :

	As at 1 Jan 2010	Provision during the year	Released on sale / adjustment during the year	As at 31 Dec 2010
	(A)	(B)	(C)	(D=A+B–C)
Buildings	1,980	—	40	1,940
Plant and Machinery	15,486	—	701	14,785
Furniture and Fittings	88	—	7	81
	17,554	—	748	16,806
Capital Work-in-Progress	34,644	—	369	34,275
Total	52,198	—	1,117	51,081
Previous Year	52,564	—	366	52,198

Schedules to the Balance Sheet as at 31 December 2010
(Amounts in Rupees thousand)

	As at 31 Dec 2010	As at 31 Dec 2009
6 INVESTMENTS (Fully paid up)		
A. Trade Investments		
Long Term - at cost		
Unquoted		
Bellary Oxygen Company Private Limited 15,000,000 (Previous Year 15,000,000) Equity Shares of Rs 10 each	1,50,000	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 25,000 (Previous Year 25,000) Ordinary Shares of Rs. 10 each		
	1,50,000	1,50,000
7 INVENTORIES (Valued at lower of cost and net realisable value)		
Stores and Spare Parts [including in transit Rs. 2,318 (Previous Year Rs. Nil)]	284,424	202,290
Raw Materials and Components [including in transit Rs. 21,395 (Previous Year Rs. 164,327)]	48,642	171,372
Finished Goods [including in transit Rs. 46,847 (Previous Year Rs. 2,024)]	239,911	175,524
Contract Work-in-Progress	80,977	126,465
	653,954	675,651

Schedules to the Balance Sheet as at 31 December 2010

(Amounts in Rupees thousand)

	As at 31 Dec 2010		As at 31 Dec 2009
8 SUNDRY DEBTORS			
Unsecured			
Debts outstanding for a period exceeding six months :			
(a) Considered good*	726,259		37,202
(b) Considered doubtful	106,201		118,906
Other debts:			
(a) Considered good**	1,288,536		1,165,982
(b) Considered doubtful	6,990		9,354
	2,127,986		1,331,444
Less: Provision for doubtful Debts	113,191		128,260
	2,014,795	***	1,203,184
* Includes Rs. 7,660 (Previous Year Rs. 5,370) due from a Joint Venture Company			
** Includes Rs. 4,964 (Previous Year Rs. 2,467) due from a Joint Venture Company			
*** Includes debts outstanding from companies under the same management as defined u/s 370 (IB) of the Companies Act, 1956:			
Linde Electronics & Speciality Gases (Suzhou) Co. Ltd.	—		7,891
BOC Bangladesh Limited	—		229
Linde Engineering Private Limited	46		46
BOC Kenya Limited	255		—
9 CASH AND BANK BALANCES			
Cash in Hand	5,032		3,063
With Scheduled Banks			
– on current accounts	141,302		169,165
– on fixed deposits	420,400		545,400
– on unclaimed dividend accounts*	5,594		4,595
	572,328		722,223
*Account is not available for use by the company.			
10 OTHER CURRENT ASSETS			
Unsecured and considered good			
Claims including Escalation	9,847		19,748
Prepaid Expenses [Refer Note (xiii) on Schedule 18]	18,745		19,300
Balances with Customs, Port Trust, Central Excise, etc.	792,612		495,495
Other Deposits	176,470		165,748
Receivables from Finance Lease Arrangement	324,910		337,656
Other Receivable	77,370		22,200
	1,399,954		1,060,147

Schedules to the Balance Sheet as at 31 December 2010
(Amounts in Rupees thousand)

	As at 31 Dec 2010	As at 31 Dec 2009
11 LOANS AND ADVANCES		
Unsecured		
Loans and Advances recoverable in cash or in kind or for value to be received*		
(a) Considered good [Refer Note (vii) on Schedule 18]	650,339	890,219
(b) Considered doubtful	—	2,605
	650,339	892,824
Less: Provision for doubtful advances	—	2,605
	650,339	890,219
Advance Tax (Including Fringe Benefit Tax)	1,465,175	1,595,330
	2,115,514	2,485,549
* Includes Loans and Advances outstanding from companies under the same management as defined u/s 370(IB) of Companies Act, 1956:		
Cryostar SAS	18,770	30,727
Linde Electronics Limited	951	2,270
Chemogas N.V.	562	562
Linde Gas Singapore Pte. Limited	615	64
Thai Industrial Gases Public Co Limited	914	—
BOC Gases	119	—
12 CURRENT LIABILITIES		
Sundry Creditors		
– Total outstanding dues of micro and small enterprises*	748	642
– Total outstanding dues of creditors other than micro and small enterprises**	2,968,130	2,352,168
Advances from Customers	408,635	356,995
Interest Accrued but not due on Loans	124,286	21,785
Mark to Market on derivative Contracts	938,093	248,568
Investor Education and Protection Fund shall be credited by Unpaid Dividend (not yet due to be credited)	5,594	4,595
	4,445,486	2,984,753
* Refer Note (vi) of Schedule 18		
** Includes		
– towards Statutory Liabilities	38,304	29,506
– towards Contribution to Provident and other Funds	2,909	636
– towards Voluntary Separation Scheme	2,838	11,345
13 PROVISIONS		
Provision for Contingencies*	76,779	64,162
Provision for Warranties*	188,465	99,907
Provision for Liquidated Damages*	294,232	159,610
Provision for Tax (including Fringe Benefit Tax)	1,247,464	1,386,849
Provision for Leave Encashment and Other Employee Benefits	162,446	113,179
Provision for Proposed Dividend (including Tax thereon)	149,669	149,667
	2,119,055	1,973,374
* Refer Note (xvii) of Schedule 18		

Schedules to the Profit and Loss Account for the year ended 31 December 2010

(Amounts in Rupees thousand)

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
14 OTHER INCOME		
Rent	11,925	9,701
Dividends on Trade Investments	15,000	15,000
Profit on Disposal of Fixed Assets (Net)	—	26,263
Liabilities no longer required Written back	51,892	31,694
Insurance Claims including Loss of Profits	—	4,108
Miscellaneous	88,067	12,866
	166,884	99,632
15 MATERIALS CONSUMED AND CHANGE IN STOCK		
Opening Stock		
Raw Materials and Components	171,372	12,497
Finished Goods	175,524	185,537
Contract Work-in-Progress	126,465	116,035
	473,361	314,069
Purchases during the year (including finished goods purchased)	2,045,416	2,677,444
	2,518,777	2,991,513
Less : **Closing Stock**		
Raw Materials and Components	48,642	171,372
Finished Goods	239,911	175,524
Contract Work-in-Progress	80,977	126,465
	2,149,247	2,518,152
Change in Excise Duty on Closing Stock of Finished Goods included above	(824)	573
16 EXPENSES		
Stores and Spare Parts Consumed	225,504	170,220
Salaries, Wages and Bonus	410,022	350,682
Provident Fund and Employee Benefit Expenses	53,938	37,815
Workmen and Staff Welfare Expenses	63,709	62,498
Travelling Expenses	113,504	86,363
Power and Fuel	2,596,544	1,729,177
Repairs to		
– Plant and Machinery	102,118	80,217
– Buildings	15,248	14,149
– Others	34,889	26,658
Insurance	41,249	29,679
Freight and Transport	650,609	509,544
Rent	17,822	19,204
Rates and Taxes	25,547	3,413
Communication Expenses	22,807	22,487
Separation Payments to Employees	4,274	2,747
Loss on Foreign Exchange (Net)	15,993	22,668
Loss on Disposal of Fixed Assets (Net)	1,832	—
Contract Job Expenses	979,915	669,493
Provision for Warranties	88,558	13,072
Provision for Liquidated damages	134,622	81,990
Bad Debts and Advances written off [Net of provision adjusted Rs. 34,315 (Previous Year Rs. 55,963)]	—	—
Provision for Doubtful Debts	16,641	56,008
Technical Support Fees	152,394	95,500
Miscellaneous	274,727	194,857
	6,042,466	4,278,441
17 INTEREST INCOME (NET)		
Income		
– on deposits and others [Tax deducted at source Rs. 1,714 (Previous Year Rs. 2,649)]	17,144	26,494
– on Finance Lease Arrangement [Refer Note (xiv) on Schedule 18]	39,454	24,197
Expenses		
– on bank and others	4,658	2,459
	51,940	48,232

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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 (as amended) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

(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 as at 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 on transfer of risk and rewards of ownership to the customer and facility charge is recognised on accrual basis as per the terms of the contract with the customers at the end of the month.

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 reassessed 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.

Interest is recognised on a time proportion basis. Income from dividend is recognised on declaration of dividend by the investee company.

(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 costs that are directly attributable to bringing assets to their working condition for their intended use. 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 under straight line method. The rates of depreciation prescribed by Schedule XIV of the Companies Act, 1956, are considered as minimum rates. If the management's estimate of useful life of a fixed asset at the time of acquisition of the asset or the remaining useful life on a subsequent review is shorter than the useful life derived from the rate of depreciation prescribed in Schedule XIV, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Accordingly, certain components of Plant & Machinery are being depreciated at the rate of 10% and 6.91% that are higher than the corresponding rates prescribed in the aforesaid Schedule XIV.

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

In case of revalued fixed assets, depreciation is provided as aforesaid, on the total value of fixed assets as appearing in the books of account after revaluation. Additional depreciation attributable to revalued amount is charged to the Profit and Loss Account. On disposal of a previously revalued item of fixed asset, the difference between the net disposal proceeds and the net book value is charged or credited to the Profit and Loss Account except that, to the extent such loss is related to an increase which was previously recorded as a credit to revaluation reserve and which has not been subsequently reversed or utilised, is charged directly to that account. The amount standing in revaluation reserve following the retirement or disposal of an asset, which relates to that asset is transferred to general reserve.

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

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

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 the Companies (Accounting Standards) Rules, 2006 (as amended), 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. Current investments are stated at lower of cost and fair 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.

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

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

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(i) Leases

Finance Leases

Assets made available to customers under arrangements which are in the nature of finance lease are recognised as a receivable at the inception of the lease at an amount equal to the net investment in the lease or the fair value of the leased assets, whichever is lower. The excess of net investment in the lease/ fair value of the leased asset, as the case may be, over the book value of the leased asset are recognised as gain in the Profit and Loss Account at the inception of the lease. Lease rentals are apportioned between principal and interest based on a pattern reflecting a constant periodic return on the net investment of the lessor outstanding in respect of the finance lease. The lease rental amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs are recognised immediately in the Profit and Loss Account.

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'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 their entitlement to future compensated absences. Cost is computed based on past trends and is not discounted.

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 in the nature of defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund authorities on a monthly basis.

Provident fund administered through Company's trust for certain employees (in accordance with Provident Fund Regulation) are in the nature of defined benefit obligations with respect to the yearly interest guarantee. Annual charge is recognised based on actuarial valuation of the Company's related obligation on the reporting date. Actuarial gains or losses for the year are recognised in the Profit and Loss Account as income or expenses.

ii) 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 of related obligations and plan assets 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 (LICI). The contributions are charged to Profit and Loss Account and deposited with LICI on a monthly basis. Excess of plan assets over obligations that is expected to be recovered in future has been recognised as a receivable in these financial statements.

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

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 year 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.

(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 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 which are entered into to hedge the foreign currency risk of a receivable/ payable recognised in these financial statements, premium or discount on such contracts are 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) Derivative Instruments and Hedge Accounting

The Company has entered into forward contracts and principal and interest swap contracts with a bank to hedge its risks associated with foreign currency and variable interest rate fluctuations related to certain firm commitments and forecasted transactions. These derivative contracts are being considered as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 “Financial Instruments : Recognition and Measurement” (AS 30). The use of hedging instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

To designate a forward contract/ swap contract as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in offsetting cash flows attributable to the hedged risk.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates at fair value. Gain/loss arising from year end translation of borrowings drawn down and gain/loss arising from changes in fair values of these derivatives that are effective hedges are recognized directly in the shareholders' funds and retained there till these hedging instruments either expire or are sold, terminated, exercised or no longer qualify for hedge accounting. When a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in Shareholders' Funds is transferred to the Profit and Loss Account for the year.

In the absence of designation as effective hedge, gain or loss arising from changes in fair values of these swap contracts are recognized in the Profit and Loss Account.

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(n) 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 can be reliably estimated, and it is probable that an outflow of 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.

(o) Tax

Income tax expense comprises current and fringe benefit (i.e. amount of taxes for the year 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 year). 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.

(p) 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.

(q) Earnings per Share

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

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

Notes on Accounts

(ii) Interest in Joint Venture

A) The Company does not have a subsidiary and is not required to present consolidated financial statements under Accounting Standard 21 "Consolidated Financial Statements" prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended). Interest in Joint-venture has been accounted for as a long term investment in these financial statements. The details as per Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures" as prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) are disclosed regarding the assets, liabilities, income and expenses of the joint venture company as additional information to the users of the financial statements.

b) 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 Dec 2010**	Percentage of ownership interest as at 31 Dec 2009
Bellary Oxygen Company Private Limited (Belloxy)	India	**50**	50

The Company's share in the financial position and the financial performance of Belloxy for the year ended 31 December 2010 are as follows:

Particulars	**As at 31 Dec 2010 (Unaudited)**	As at 31 Dec 2009 (Unaudited)
ASSETS		
Fixed Assets	**773,821**	823,660
Capital Work - in - Progress	**3,672**	2,068
Investments	**55,175**	55,175
Current Assets, Loans and Advances:		
(a) Inventories	**36,341**	27,133
(b) Trade Debtors	**194,086**	135,641
(c) Cash and Bank Balances	**14,591**	12,403
(d) Loans and Advances and Other Current Assets	**38,511**	26,722
LIABILITIES		
Secured Loans	**420,821**	497,612
Current Liabilities and Provisions:		
(a) Current Liabilities	**54,805**	302,572
(b) Provisions	**219**	—
Deferred Tax Liabilities (Net)	**82,134**	37,238

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

Particulars	Year ended 31 Dec 2010 (Unaudited)	Year ended 31 Dec 2009 (Unaudited)
INCOME		
Sales (Net)	**361,765**	394,177
Other Income	**4,117**	244
EXPENSES		
Manufacturing and Other Expenses	**225,584**	228,660
Depreciation	**53,893**	53,685
Interest	**39,789**	44,432
Provision for Tax	**20,912**	7,500
Profit after Tax	**25,704**	60,144

c) Estimated Capital commitments (net of advance) not provided for Rs. Nil (Previous year Rs Nil)

d) Contingent Liabilities not provided for Rs Nil (Previous year Rs Nil)

e) Company's transactions with Belloxy, being a related party, during the year ended 31 December 2010 are disclosed in Note (xxiv) below.

(iii) Estimated Capital commitments (net of advance) not provided for **Rs. 2,201,081** (Previous year Rs. 939,240).

(iv) Contingent Liabilities not provided for :

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
a) Excise Duty matters *	32,087	41,339
b) Other Excise matters***	—	—
c) Sales Tax matters *	35,907	54,862
d) Guarantees given by the Company	420,821	594,669
e) Sales Tax Liability transferred to a beneficiary **	27,600	27,600
f) Bills Discounted	12,310	3,834
g) Other claims	22,636	25,875

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

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

*** The Company had cleared cryogenic vessels for gases from one factory to the other used for captive consumption. The department alleged that the assessable value of such inter unit transfer was not calculated as per the principles of Cost Accounting Standards-4 (CAS-4). The Company is of the view that based on the facts of the cases and documents available with the Company, the liability would not devolve on the Company.

(v) Exceptional items:

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Gains on arrangement in the nature of finance lease (Refer note xiv below)	—	35,497
Separation payment made to employees	—	(52,919)
Total	—	(17,422)

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(vi) There are no Micro and Small Enterprises, to whom the Company owes dues, that are outstanding for more than 45 days as at 31 December, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of confirmations received from vendors, suppliers, etc in response to intimation in this regard sent by the Company to such parties.

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

(a) **Rs. 1,099** (Previous Year Rs. 1,045) 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 Nil** (Previous Year Rs. Nil) due from an Officer of the Company; [Maximum amount due during the year Rs Nil (Previous Year Rs.23)].

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

(viii) The details of employee benefits for the year 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:

Particulars	Pension				Gratuity				Leave Encashment				Provident Fund	
	2010	2009	2008	2007	2010	2009	2008	2007	2010	2009	2008	2007	2010	2009
(i) Components of Employer Expense														
a) Current Service Cost	621	852	743	522	3,770	3,369	2,469	1,869	1,800	2,360	1,902	1,279	1,590	1,536
b) Interest Cost	1,462	1,447	1,678	5,031	2,676	2,586	2,981	2,506	1,254	1,023	796	755	596	584
c) Expected Return of Plan Assets	1,459	1,430	1,724	5,091	2,832	2,934	3,435	2,700	–	–	–	–	–	–
d) Past Service Cost	–	–	–	–	12,163	–	–	–	–	–	–	–	–	–
e) Actuarial Losses / (Gains)	5,361	(310)	6,776	3,318	3,199	2,575	7,653	(2,106)	1,789	1,359	8,557	1,757	(127)	358
f) Total Expenses recognised in the Statement of Profit & Loss Account	5,985	559	7,473	3,780	18,976	5,596	9,668	(431)	4,843	4,742	11,255	3,791	2,059	2,478
(ii) Actual Returns for the period ended 31 December	1,503	1,816	(462)	3,709	5,118	104	1,275	4,465	–	–	–	–	–	–
(iii) Net (Asset) / Liability recognised in Balance Sheet as at 31 December														
a) Present Value of Defined Benefit Obligation	24,545	18,592	25,139	83,882	54,290	35,077	44,521	40,042	19,103	16,326	17,632	13,260	9,342	8,613
b) Fair Value of Plan Assets	19,939	18,033	19,535	83,965	44,382	31,549	41,905	45,254	–	–	–	–	–	–
c) Status [(Surplus) / Deficit]	4,606	559	5,604	(83)	9,908	3,528	2,616	(5,212)	19,103	16,326	17,632	13,260	9,342	8,613
d) Net (Asset) / Liability recognized in Balance Sheet	4,606	559	5,604	(83)	9,908	3,528	2,616	(5,212)	19,103	16,326	17,632	13,260	9,342	8,613
(iv) Change in Defined Benefit Obligation (DBO) during the period ended														
a) Present Value of DBO at the beginning of Year	18,592	25,139	23,302	85,580	35,077	44,521	40,042	44,425	16,326	17,632	13,260	14,594	8,613	7,080
b) Current Service Cost	621	852	743	522	3,770	3,369	2,469	1,869	1,800	2,360	1,902	1,279	1,590	1,536
c) Interest Cost	1,462	1,447	1,678	5,031	2,676	2,586	2,981	2,506	1,254	1,023	796	755	596	584
d) Plan Amendments	–	–	–	–	12,163	–	–	–	–	–	–	–	–	–
e) Actuarial (Gains) / Losses	5,405	76	4,590	1,936	5,485	(255)	5,493	(341)	1,789	1,359	8,557	1,757	(127)	358
f) Benefits Paid	1,535	8,922	5,174	9,187	4,881	15,144	6,464	8,417	2,066	6,048	6,883	5,125	1,330	945
g) Present Value of DBO at the end of year	24,545	18,592	25,139	83,882	54,290	35,077	44,521	40,042	19,103	16,326	17,632	13,260	9,342	8,613

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

Particulars	Pension				Gratuity				Leave Encashment				Provident Fund	
	2010	2009	2008	2007	2010	2009	2008	2007	2010	2009	2008	2007	2010	2009
(v) Change in Fair Value of Plan Assets during the period ended														
a) Fair value of Plan Assets at the beginning of year	18,033	19,535	23,104	89,443	31,549	41,905	45,254	49,206	–	–	–	–	–	–
b) Expected Return on Plan Assets	1,459	1,430	1,724	5,091	2,832	2,934	3,435	2,700	–	–	–	–	–	–
c) Actuarial Gains /(Losses)	44	386	(2,186)	(1,382)	2,286	(2,830)	(2,160)	1,765	–	–	–	–	–	–
d) Actual Company Contribution	1,938	5,604	2,067	-	12,596	4,684	1,840	-	2,066	6,048	6,883	5,125	1,330	–
e) Benefits Paid	1,535	8,922	5,174	9,187	4,881	15,144	6,464	8,417	2,066	6,048	6,883	5,125	1,330	–
f) Fair value of Plan Assets at the end of the year	19,939	18,033	19,535	83,965	44,382	31,549	41,905	45,254	–	–	–	–	–	–
(vi) Actuarial Assumptions														
a) Discount Rate (%)	8.00	8.20	6.50	8.10	8.00	8.20	6.50	8.10	8.00	8.20	6.50	8.10	8.00	8.20
b) Expected Return on Plan Assets (%)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	–	–	–	–	–	–

The Pension expenses and Gratuity expenses have been recognised in "Provident Fund and Employee Benefit Expenses" and Leave Encashment in "Salaries, Wages and Bonus" under Schedule 16 to the Profit and Loss Account.

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.

VII 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.

			Pension	Gratuity
VIII	**Major category of planned asset**			
	a)	Government of India Securities (Central & State)	40.21% (29.59%)	21.03% (26.25%)
	b)	Cash (including Special Deposits)	59.79% (39.83%)	78.97% (69.44%)
	c)	High quality Corporate Bonds (including Public Sector Bonds)	— (—)	— (4.31%)
	d)	Insurance manage Funds	— (30.58%)	— (—)

Previous years' figures are in brackets.

Miscellaneous Expenses includes :	Year ended 31 Dec 2010		Year ended 31 Dec 2009
(ix) Auditors' Remuneration :			
As Auditors			
Audit Fee	1,500		1,350
Limited Reviews	600	*	550
Group Reporting Package Review	540	*	500
Miscellaneous certificates, etc.	160	*	60
Reimbursement of expenses	397	*	484
	3,197		2,944

* includes Rs. 298 paid to the erstwhile auditor

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

			Year ended 31 Dec 2010	Year ended 31 Dec 2009
(x)	Expenditure on Research and Development :			
		Revenue Expenditure	2,167	1,529
(xi)	Remuneration to Directors :			
	(a)	Salaries	9,199	9,044
	(b)	Variable Compensation Pay	6,959	4,356
	(c)	Contribution to Provident Fund and Other Funds	1,618	1,605
	(d)	Other Benefits	862	1,949
	(e)	Commission to Non-Wholetime Directors (Note (xii) below)	2,500	2,500
	(f)	Sitting Fees	357	304
			21,495	19,758

(xii) Computation of Directors' Commission for the year ended 31 December 2010 in accordance with Section 349 of the Companies Act, 1956.

		Year ended 31 Dec 2010	Year ended 31 Dec 2009
Profit Before Taxation		1,295,705	902,577
Add :	Depreciation charged to Accounts	588,875	471,832
	Directors' Remuneration	21,495	19,758
	Termination benefits to Employees	4,274	55,666
	Wealth Tax	1,000	1,000
		1,911,349	1,450,833
Less:	Capital Profit on disposal of Fixed Assets	5,439	18,919
	Depreciation under Section 350 of the Companies Act,1956	588,875	471,832
Profit for the purpose of Directors' Commission		1,317,035	960,082
Directors' Commission thereon - 1% of profit, restricted to		2,500	2,500

(xiii) Prepaid expenses in Schedule 10 include: **Rs. 10,540** (Previous Year Rs. 11,880) towards rent adjustable over a period of 20 years from April 1998.

(xiv) a) Certain plant and machineries have been made available by the Company to the customers under a finance lease arrangement. Such assets given under a finance lease arrangement have been recognised, at the inception of the lease, as a receivable at an amount equal to the net investment in the lease. The finance income arising from the lease is being allocated based on a pattern reflecting constant periodic return on the net investment in the lease.

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

b) Details with respect to the above leased asset under finance lease arrangements in accordance with Accounting Standard 19 –'Leases' as prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended).

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Total gross investment in the lease	578,400	630,600
Less : Present value of minimum lease payments	246,233	289,003
Less : Present Value of unguaranteed residual value	21,194	21,194
Unearned finance income	310,973	320,403
Gross investment in the lease :		
Not later than one year [Present value of minimum lease payments receivable Rs. 38,639 (Previous Year Rs. 44,596)]	52,200	52,200
Later than one year but not later than five years [Present value of minimum lease payments Rs. 120,702 (Previous Year Rs. 139,305)]	208,800	208,800
Later than five years [Present value of minimum lease payments Rs. 108,086 (Previous Year Rs. 126,296)]	317,400	369,600
Contingent rent recognised in the Profit and Loss account	6,153	2,969

There is no uncollectable minimum lease payments receivable at the balance sheet date.

(xv) 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, cancelable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rentals. Minimum lease payment charged during the year to the profit and loss account aggregated to **Rs. 20,250** (Previous Year Rs. 21,088).

(xvi) In calculating Basic and Diluted Earnings per Share

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
a) Numerator used:		
Profit before tax and exceptional item	1,295,705	919,999
Less: Taxes thereon	359,378	376,078
Profit after tax and before exceptional item	936,327	543,921
Add: Exceptional item	—	17,422
Less: Taxes thereon	—	(5,922)
Profit after Tax	936,327	532,421
b) Denominator used:		
Weighted average number of Equity Shares of Rs. 10 each outstanding during the year	85,286,209	85,286,209
c) Basic and diluted earnings per Equity Share of Rs. 10 each		
– on Profit after tax and before exceptional items	10.98	6.38
– on Profit after tax	10.98	6.24

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(xvii) Movement in Provisions

	Liquidated damages	Warranties	Contingencies
Balance as at 1 January 2010	159,610 (77,620)	99,907 (86,835)	64,162 (68,293)
Add: Provision during the year	173,883 (83,773)	106,171 (59,114)	33,000 (7,500)
Less: Utilised / reversed during the year	39,261 (1,783)	17,613 (46,042)	20,383 (11,631)
Balance as at 31 December 2010	294,232 (159,610)	188,465 (99,907)	76,779 (64,162)

Previous year's figures are in brackets.

(a) Provision for Liquidated damages

Liquidated damages are provided based on contractual terms when the delivery / commissioning dates of an individual project have exceeded or are likely to exceed the delivery / commissioning dates and / or on the deviation in contractual performance as per the respective contracts. This expenditure is expected to be incurred over the respective contractual terms upto closure of the contract (including warranty period).

(b) Provision for warranty

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

(c) Provision for Contingencies

Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies 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.

(xviii) Information in accordance with the requirements of the Revised Accounting Standard 7 on Construction Contracts as prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended).

		Year ended 31 Dec 2010	Year ended 31 Dec 2009
a)	Contract revenue recognised	3,164,890	3,072,090
b)	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress	7,650,242	4,759,737
c)	Amount of customer advances outstanding for contracts in progress	367,099	467,902
d)	Amount of retention due from customers for contracts in progress	754,902	509,523
e)	Gross amount due from customers for contracts in progress	80,977	129,465

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(xix) Details of un-hedged foreign currency exposures are as follows:

		As at 31 Dec 2010 in '000	As at 31 Dec 2009 in '000
Creditors	GBP	275	1,469
	EUR	1,726	2,611
	USD	3,167	2,585
	AUD	64	7
	SGD	119	114
	DKK	286	395
	MYR	2	2
	JPY	876	204
	HKD	24	24
	THB	—	83
	SEK	1	—
Other Recoverable	GBP	9	10
	EUR	24	—
	USD	348	440

(xx) Provision for taxation has been recognised with reference to the taxable profit for the year ended 31 December 2010 in accordance with the provision of the Income tax Act, 1961. The ultimate tax liability for the assessment year 2011-2012 will be determined on the basis of total income for the year ending on 31 March 2011.

(xxi) 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. 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.

(xxii) As explained in note (i) (m) above, the Company has designated principal and interest swap contracts with a bank as hedges of foreign currency borrowing facilities aggregating Euro 122,000 thousand (Previous Year Euro 58,000 thousand) equivalent to Rs 7,808,967 (Previous Year Rs. 3,857,607) available to the Company at variable interest rates based on LIBOR.

Rs. 244,611 (net of deferred tax Rs.121,683) [Previous Year Rs 1,476] being the translation gain on foreign currency borrowings drawn down till the year-end and Rs. 472,834 (net of deferred tax Rs.235,214) [Previous Year Rs 54,094 (net of deferred tax 27,095)] being the portion of loss arising from changes in fair values of the aforesaid swap contracts that are determined to be effective hedge of the aforesaid foreign currency borrowing facilities at variable interest and the related hedged transaction expected to occur in future have been recognized in Translation and Hedging Reserve in Shareholders' Funds. The loss so recognized in the Translation and Hedging Reserve will be transferred to the Profit and Loss Account on occurrence of the hedged transaction.

Further ,the translation loss on the forward covers for firm commitments which are determined to be effective hedge of foreign currency payables aggregating to Rs. 153,624 (net of deferred tax Rs 76,421) [Previous Year Rs 111,461 (net of deferred tax Rs. 57,394)] has been recognised in Translation & Hedging Reserve in Shareholders' Funds. The loss so recognised in translation/hedging reserve would be transferred to profit and loss account upon occurrence of the hedged transaction.

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(xxiii) Segment information in accordance with Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rule,2006 (as amended).

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) The Company operates predominantly within the geographical limits of India, accordingly secondary segments have not been considered.

c) Inter-segment revenue has been recognised at cost.

Information about Business Segments :	Year Ended / as at 31 December 2010			Year Ended / as at 31 December 2009		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
1 Segment Revenue						
External Revenue (Net of Excise Duty) (A) [including net gain on finance lease arrangement Rs Nil (Previous Year Rs 35,497)]	6,950,254	3,029,874	9,980,128	5,134,337	3,007,588	8,141,925
Interest Income (B)	39,454	—	39,454	24,197	—	24,197
Interest Income - Unallocable			17,144			26,494
Other Income - Unallocable			44,225			33,764
Total External Revenue			10,080,951			8,226,380
Inter Segment Revenue (C)	—	1,002,994	1,002,994	—	857,314	857,314
Total Segment Revenue (A) + (B) + (C)	6,989,708	4,032,868	11,022,576	5,158,534	3,864,902	9,023,436
2 Segment Results [including net gain on finance lease arrangement Rs Nil (Previous Year Rs 35,497)]	1,002,358	369,683	1,372,041	929,685	257,323	1,187,008
Interest Income	39,454	—	39,454	24,197	—	24,197
Total Segment Result	1,041,812	369,683	1,411,495	953,882	257,323	1,211,205
Interest (net) - Unallocable			12,486			24,035
Other unallocable expenses (net of unallocable income)			(128,276)			(279,744)
Exceptional Items			—			(52,919)
Profit before Tax			1,295,705			902,577
Less: Provision for Tax			359,378			370,156
Profit after tax			936,327			532,421
3 Segment Assets	19,072,052	1,823,259	20,895,311	13,472,979	1,401,784	14,874,763
Unallocated Assets			2,159,187			2,437,813
Unallocated Investments			150,000			150,000
Total assets			23,204,498			17,462,576
4 Segment Liabilities						
Current Liabilities & Provisions	1,807,573	2,128,815	3,936,388	1,267,729	1,607,135	2,874,864
Unallocable Current Liabilities & Provisions			2,628,153			2,083,263
Loan Funds			4,691,604			1,176,076
Deferred Tax Liability (Net)			797,749			747,155
Total Liabilities			12,053,894			6,881,358
5 Cost incurred to acquire Fixed Assets	5,721,001	1,735	5,722,736	2,747,467	4,531	2,751,998
Unallocable			11,812			8,438
			5,734,548			2,760,436
6 Depreciation/Amortisation	570,644	1,376	572,020	457,699	1,474	459,173
Unallocated Depreciation / Amotisation			16,855			12,659
			588,875			471,832
7 Impairment Released On disposal of fixed assets	1,117	—	1,117	366	—	366
8 Significant non cash expenses other than Depreciation/Amortisation	29,259	—	29,259	59,317	4,190	63,507

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(xxiv) Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures issued by the Companies (Accounting Standards) Rules,2006 (as amended).

A) List of Related Parties

i) Ultimate Holding Company (entity having control over the Company)

Linde AG

ii) Holding Company (entity having control over the Company)

The BOC Group Limited
(Wholly owned Subsidiary of Linde AG)

iii) Fellow Subsidiaries and Joint Venture with whom transactions have taken place during the year

(a) Located outside India

Fellow Subsidiary	Country
BOC Bangladesh Limited	Bangladesh
Chemogas NV	Belgium
BOC (China) Holdings Company Limited	China
Linde Electronics & Speciality Gases (Suzhou) Company Limited	China
Linde Gas (Ningbo) Limited	China
Linde CryoPlants Limited	England
Cryostar SAS	France
Hong Kong Oxygen & Acetyene Company Limited	Hong Kong
Linde Gas Hungary Company Limited	Hungary
Linde Japan Limited (earlier named as Linde Electronics Gas Japan Limited)	Japan
BOC Kenya Limited	Kenya
MOX-Linde Gases Sdn Bhd (formerly known as MOX Gases Sdn Bhd)	Malaysia
Malaysian Oxygen Berhad	Malaysia
Linde Philippines Inc (formerly known as Consolidated Industrial Gases Inc)	Philippines
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
African Oxygen Limited (Afrox)	South Africa
Linde Electronics South Africa (Pty) Limited	South Africa
Cryo Aktiebolag	Sweden
BOC Lienhwa Industrial Gases Company Limited	Taiwan
Thai Industrial Gases Public Company Limited	Thailand
BOC Process System	United Kingdom
BOC Limited	United Kingdom
Linde Global Helium (A division of Linde Gas North America, L.L.C)	United States of America
Linde North America, Inc.	United States of America
Linde Gas North America LLC E&S Gas	United States of America

(b) Located in India

Fellow Subsidiary

Linde Global Support Services Private Limited
Linde Engineering Private Limited

Joint Venture

Bellary Oxygen Company Private Limited

iv) Key Management Personnel of the Company

Mr S Menon, Managing Director
Late K Roy, Finance Director (till 1st August 2010)

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

B) Transactions with Related Parties during the year

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries (Refer 'C' below)	Joint Venture	Key Management Personnel (Refer 'D' below)
Purchase of Goods	57,531	—	127,773	97,926	—
	(223)	(—)	(101,113)	(169,742)	(—)
Purchase of Fixed Assets	583,334	—	11,381	—	—
	(134,897)	(—)	(291,293)	(—)	(—)
Services Received	20,465	152,394	41,509	—	—
	(16,599)	(95,500)	(4,427)	(—)	(—)
Facility Fees Received	—	—	3,000	—	—
	(—)	(—)	(4,250)	(—)	(—)
Sale of Goods / Services	—	—	15,689	9,165	—
	(—)	(—)	(20,041)	(9,942)	(—)
Recovery of Expenses	6,547	4,044	18,687	10,682	—
	(1,066)	(—)	(30,594)	(10,361)	(—)
Reimbursement of Expenses	—	52	172	—	—
	(—)	(—)	(15,015)	(—)	(—)
Rent Received	—	—	10,240	—	—
	(—)	(—)	(8,384)	(—)	(—)
Managerial Remuneration	—	—	—	—	18,638
	(—)	(—)	(—)	(—)	(16,953)
Dividend Paid / Payable	—	114,462	—	—	—
	(—)	(114,462)	(—)	(—)	(—)
Dividend Received	—	—	—	15,000	—
	(—)	(—)	(—)	(15,000)	(—)
Borrowings	3,880,346	—	—	—	—
	(1,176,076)	(—)	(—)	(—)	(—)
Interest Expense	162,106	—	—	—	—
	(18,183)	(—)	(—)	(—)	(—)
Outstanding balances:					
– Receivables/Debtors	1,970	800	15,922	22,394	—
	(1,113)	(800)	(16,259)	(11,521)	(—)
– Payables/ Creditors	4,822,258	64,957	73,219	112,115	3,742
	(1,212,349)	(59,542)	(176,824)	(113,738)	(4,356)
– Advance to Vendors/ Capital Advances	5,154,049	—	23,490	250,000	—
	(2,811,243)	(—)	(38,525)	(250,000)	(—)

Previous year's figures are in brackets.

Schedules to the accounts for the year ended 31 December 2010

(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 the similiar nature

Nature of Transaction	Name of Fellow Subsidiaries	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Purchase of goods	Cryostar SAS	21,837	47,907
	Linde Electronics & Speciality Gases (Suzhou) Company Limited	16,696	—
	Linde Gas North America LLC E&S Gas	18,917	—
	Linde Global Helium	61,410	—
	Linde Electronics Limited	—	21,295
	BOC Limited	—	704
Purchase of fixed assets	Cryostar SAS	6,354	8,937
	Linde Cryoplants Limited	4,098	—
	Linde Gas (Ningbo) Limited	—	130,429
	Linde Gas Hungary Company Limited	—	113,031
	Hong Kong Oxygen & Acetyene Company Limited	—	38,896
Services Received	Cryostar SAS	3,621	1,633
	Linde Gas Singapore Pte Limited	459	—
	Linde BOC Process Plants LLC	—	945
	Linde Philippines Inc	—	457
	BOC Limited	—	1,046
Sale of goods	BOC Bangladesh Limted	14,499	11,276
	Linde Electronics & Speciality Gases (Suzhou) Company Limited	—	7,891
Recovery of expenses	Linde Gas Asia Pte Limited	14,991	21,733
	Linde Global Support Services Private Limited	3,696	2,426
	BOC Limited	—	6,291
Rent Received	Linde Global Support Services Private Limited	10,240	8,384
Reimbursement of Expenses	BOC (China) Holdings Company Limited	—	10,790
	Linde Gas Asia Pte Limited	107	4,004
	Linde North America, Inc.	22	—
	Linde Electronics & Speciality Gases (Suzhou) Company Limited	35	—
Facility fees received	Linde Global Support Services Private Limited	3,000	4,250
Outstanding balance:			
– Receivables/Debtors	Linde Global Support Services Private Limited	2,463	3,049
	Linde Gas Asia Pte Limited	11,924	2,626
	Linde Electronics & Speciality Gases (Suzhou) Company Limited	—	7,891
	BOC Bangladesh Limited	—	229
	BOC Limited	—	1,418
– Payables/Creditors	BOC (China) Holdings Company Limited	12,514	—
	Linde Global Helium	21,813	—
	BOC Limited	11,202	—
	BOC Process System	—	83,842
	Crostar SAS	—	36,207
	BOC Limited	—	7,408
– Advance to Vendors/ Capital Advances	Cryostar SAS	20,329	35,629
	Chemogas NV	—	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 the similar nature

Nature of Transaction	Name of Personnel	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Managerial Remuneration	S Menon	13,186	12,018
	K Roy	5,452	4,935
Payables	S Menon	3,742	3,416
	K Roy	—	940

Schedules to the accounts for the year ended 31 December 2010

(Amounts in Rupees thousand)

(xxv) Gross Sales

Class of Goods	Units	Year ended 31 Dec 2010 Quantity	Year ended 31 Dec 2010 Amount	Year ended 31 Dec 2009 Quantity	Year ended 31 Dec 2009 Amount
Air Separation Unit Gases	1000 cum	1,675,885	6,363,771	1,114,720	4,397,293
Other Cylinder Gases	1000 cum	3,176	511,047	1,903	331,196
Vessels, plants and related accessories		***	3,031,080	***	2,998,623
Others		***	455,179	***	632,067
			10,361,077		8,359,179

(xxvi) Raw Materials and Components Consumed

Class of Goods	Units	Year ended 31 Dec 2010 Quantity	Year ended 31 Dec 2010 Amount	Year ended 31 Dec 2009 Quantity	Year ended 31 Dec 2009 Amount
Ferrous, Non-ferrous Metals & Components		***	1,277,358	***	1,897,426
Chemicals	tonnes	2,629	80,319	1,943	66,032
			1,357,677		1,963,458

(xxvii) Licensed Capacity, Installed Capacity and Production

Class of Goods	Units	Year ended 31 Dec 2010 Licensed Capacity*	Year ended 31 Dec 2010 Installed Capacity**	Year ended 31 Dec 2010 Production	Year ended 31 Dec 2009 Licensed Capacity*	Year ended 31 Dec 2009 Installed Capacity**	Year ended 31 Dec 2009 Production
Air Separation Unit Gases	1000 cum	N.A.	1,988,073	1,624,697	N.A.	1,468,410	1,076,927
Other Cylinder Gases	1000 cum	N.A.	10,176	842	N.A.	10,176	980
Air Separation & Gas Plants, Associated and Cryogenic Equipment	Nos/ Sets	N.A.	38	3	N.A.	38	2

* 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.

(xxviii) Closing Stock of Finished Goods

Class of Goods	Units	As at 31 Dec 2010 Quantity	As at 31 Dec 2010 Amount	As as 31 Dec 2009 Quantity	As as 31 Dec 2009 Amount	As as 31 Dec 2008 Quantity	As as 31 Dec 2008 Amount
Air Separation Unit Gases	1000 cum	9,586	45,346	13,182	57,258	9,645	52,064
Other Cylinder Gases	1000 cum	153	65,077	94	41,931	116	25,319
Others		***	129,488	***	76,335	***	108,154
			239,911		175,524		185,537

(xxix) Finished Goods Purchased

Class of Goods	Units	Year ended 31 Dec 2010 Quantity	Year ended 31 Dec 2010 Amount	Year ended 31 Dec 2009 Quantity	Year ended 31 Dec 2009 Amount
Air Separation Unit Gases	1000 cum	47,592	450,020	41,330	285,980
Other Cylinder Gases	1000 cum	2,393	244,942	901	121,163
Others		***	115,507	***	147,968
			810,469		555,111

*** 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 year ended 31 December 2010

(Amounts in Rupees thousand)

(xxx) Value of Imports on CIF basis

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Raw Materials	—	—
Components and Spare Parts	499,164	668,938
Capital Goods	749,124	584,493
	1,248,288	1,253,431

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

	Year ended 31 Dec 2010		Year ended 31 Year 2009	
	Amount	% of total Consumption	Amount	% of total Consumption
Raw Material				
Imported	—	—	—	—
Indigenous	80,319	100	66,032	100
	80,319	100	66,032	100
Components and Stores & Spare Parts				
Imported	435,365	29	647,285	31
Indigenous	1,067,496	71	1,420,361	69
	1,502,861	100	2,067,646	100

(xxxii) Expenditure in Foreign Currency

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Travelling Expenses	886	414
Technical Support Fees	152,394	95,500
Services Received	30,774	21,026
Interest Expense	162,106	18,183
Reimbursement of Expenses	223	15,015
	346,383	150,138

(xxxiii) Earnings in Foreign Exchange

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Export (F. O. B. basis)	146,289	113,635
Recovery of Expenses	6,547	29,235
	152,836	142,870

(xxxiv) Remittance in Foreign Currency on account of Dividend

	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Number of Non-Resident Shareholders	One	One
Dividend for the year	2009	2008
Number of Shares held	76,308,293	76,308,293
Amount Remitted	114,462	114,462

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

(xxxv) Expenses are net of reimbursements received aggregating Rs. 39,959 (Previous Year Rs. 164,470)

(xxxvi) Previous year's figures have been rearranged/ regrouped where considered necessary to conform to current year's presentation. Significant regroupings in the current year includes the reclassification of Provision for liquidated damages and Provisions for warranties from 'Current Liabilities' to 'Provisions' in the Balance Sheet to facilitate an appropriate comparison and disclosures thereof in the books of accounts. There is however, no impact on Profit.

Signatures to Schedule '1' to '18'

For and on behalf of
B S R & Co.
Firm Registration No. 101248W
Chartered Accountants

VIKRAM ADVANI
Partner
Membership No. : 091765

Kolkata
25 February, 2011

On Behalf of the Board

Chairman S M DATTA

Managing Director S MENON

Company Secretary P MARDA

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

(a) Registration Details

CIN No.	L40200WB1958PLC0088184	State Code	21
Balance Sheet Date	31 December 2010		

(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	16,639,957	Total Assets	16,639,957
Sources of Funds :		Application of Funds :	
Paid up Capital	852,842	Net Fixed Assets	16,297,953
Reserves and Surplus	10,297,762	Investments	150,000
Secured Loans	—	Net Current Assets	192,004
Unsecured Loans	4,691,604		
Deferred Tax Liability (Net)	797,749		

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

Turnover*	10,080,951
(*Representing Total Income including Other Income)	
Total Expenditure	8,785,246
Profit/(Loss) Before Tax	1,295,705
Profit/(Loss) After Tax	936,327
Earning per share (Rs.)	10.98
Dividend rate %	15

(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 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 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year 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 ('Order'), 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 those 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 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2010 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 2010;
      ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No: 091765

Place: Kolkata
Date: 25 February, 2011

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 off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except goods-in-transit 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.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of the contract or arrangement referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) Under the aforesaid contract or arrangement, certain services that are rendered by the Company as per the specialised requirements of a buyer and the value of such services exceeds Rs. 5 lakhs during the year, suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, they appear reasonable.

(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 the 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 generally 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of 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 were in arrears as at 31 December 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Customs duty, Wealth tax 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 Income-tax, Sales tax, Service tax and Excise duty which have not been deposited on account of any dispute are listed below:

Name of the Statute	Nature of Dues	Amount (Rs. '000)	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-tax	442,195	2006-2007	Commissioner of Income-tax (Appeals)
Central Sales Tax Act and various State Sales Tax Acts	Sales Tax	4,781	1982-1992	High Court
		209,112	1981-1988 1992-2005	Revisional Board

Name of the Statute	Nature of Dues	Amount (Rs. '000)	Period to which amount relates	Forum where the dispute is pending
		1,152	1990-1991 1995-1997 2001-2004 2005-2006	Tribunal
		33,080	2005-2008	Senior Joint Commissioner (Appeals) of Commercial Taxes
		9,269	2002-2009	Joint Commissioner (Appeals) of Commercial Taxes
		305	2006-2007	Additional Commissioner of Commercial Taxes
		301	1997-1998	Deputy Commissioner (Appeals) of Commercial Taxes
		38,521	1991-1992 1998-1999 2000-2001 2005-2008	Assistant Commissioner of Commercial Taxes
Central Excise Act	Excise Duty	11,693	1999-2009	Supreme Court
		870	1998-2001	High Court
		32,308	1991-2009	Customs, Excise and Service Tax Appellate Tribunal
		12,515	1991-2009	Commissioner (Appeals)
		90,198	1999-2010	Commissioner of Central Excise
		2,814	2005-2009	Additional Commissioner
		2,517	2006-2010	Deputy Commissioner
		10,285	1991-2010	Assistant Commissioner
Service Tax Act	Service Tax	29,236	2005-2007	Customs, Excise and Service Tax Appellate Tribunal
		1,669	2003-2009	Commissioner (Appeals)
		106,731	2004-2009	Commissioner of Service tax
		7,909	2003-2009	Additional Commissioner
		107	2006-2008	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. The Company did not have any outstanding debentures during the year.

(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) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus fund which were not required for immediate utilisation have been gainfully invested in fixed deposits with banks. The maximum amount idle/surplus fund in fixed deposits during the year was Rs. 1,470,000 thousands of which Rs. 300,000 thousand was outstanding at the end of the year.

(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 funds raised on short-term basis have not been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(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) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No: 091765

Place: Kolkata
Date: 25 February, 2011

Ten-Year Financial Data

(Rs million)

	2002	2003	2004	2005	2006	2007	31 Dec 2007 (9 Months)	31 Dec 2008 (12 Months)	2009	2010
Sales : Home	3,031.3	3,206.6	3,469.8	4,243.5	5,607.1	4,954.7	3,259.8	5,697.3	8,245.6	**10,214.8**
Export	6.6	16.1	1.9	0.1	2.2	11.1	12.1	19.3	113.6	**146.3**
Profit before Tax and Extraordinary Item	35.5	114.6	201.4	455.9	809.1	437.7	240.2	832.3	920.0	**1,295.7**
Tax	(15.0) ***	36.5	76.6	189.6	326.0	183.3	96.0	212.3	376.1	**359.4**
Profit after Tax, before Extraordinary Item	50.5	78.1	124.8	266.3	483.2	254.4	144.2	620.0	543.9	**936.3**
Extraordinary Item, (net of Tax)	(24.7)	85.2	168.1	13.4	303.1	191.6	472.4	180.4	(11.5)	**—**
Profit after Tax	25.8	163.3	292.9	279.7	786.3	446.0	616.6	800.4	532.4	**936.3**
Share Capital	490.8	490.8	490.8	490.8	490.8	490.8	490.8	852.8	852.8	**852.8**
Reserves and Surplus	1,523.0	1,529.5	1,767.1	1,898.9	2,517.2	2,819.7	3,246.0	9,509.7	9,728.4	**10,297.8**
Shareholders' Funds	1,857.1	2,020.3	2,257.9	2,389.7	3,008.1	3,310.5	3,736.8	10,362.5	10,581.2	**11,150.6**
Loan Funds	1,408.9	1,142.9	848.4	768.6	1,087.3	917.3	2,190.0	—	1,176.1	**4,691.6**
Gross Block *	4,911.5	5,041.9	5,219.8	5,836.3	5,862.4	7,298.4	9,456.1	12,248.2	14,958.0	**20,624.2**
Depreciation **	2,009.5	2,227.9	2,384.1	2,674.2	2,752.7	3,012.8	3,217.3	3,363.1	3,792.2	**4,326.2**
Net Block *	2,902.0	2,814.0	2,835.7	3,162.1	3,109.7	4,285.6	6,238.8	8,885.1	11,165.8	**16,298.0**
Investments	0.7	0.6	121.7	650.0	290.1	150.0	150.0	150.0	150.0	**150.0**
Net Current Assets	338.9	327.0	233.6	(396.4)	1,187.9	275.7	21.4	1,822.7	1,188.6	**192.0**
Total Capital Employed	3,241.6	3,141.6	3,191.0	3,415.7	4,587.7	4,711.3	6,410.2	10,857.8	12,504.4	**16,640.0**
Dividend (Incl. Tax thereon)	—	—	55.4	84.1	167.9	143.6	199.6	149.7	149.7	**149.1**
Rate of Dividend	—	—	10%	15%	30%	25%	20%	15%	15%	**15%**
No of Shareholders	26,196	27,034	27,993	28,675	32,061	31,772	31,663	29,178	26,759	**21,824**
No of Employees	613	633	591	588	633	643	657	722	666	**726**

* Includes Capital Work-in-Progress

** Includes Impairment

*** Excess provision for taxation for earlier years written back

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