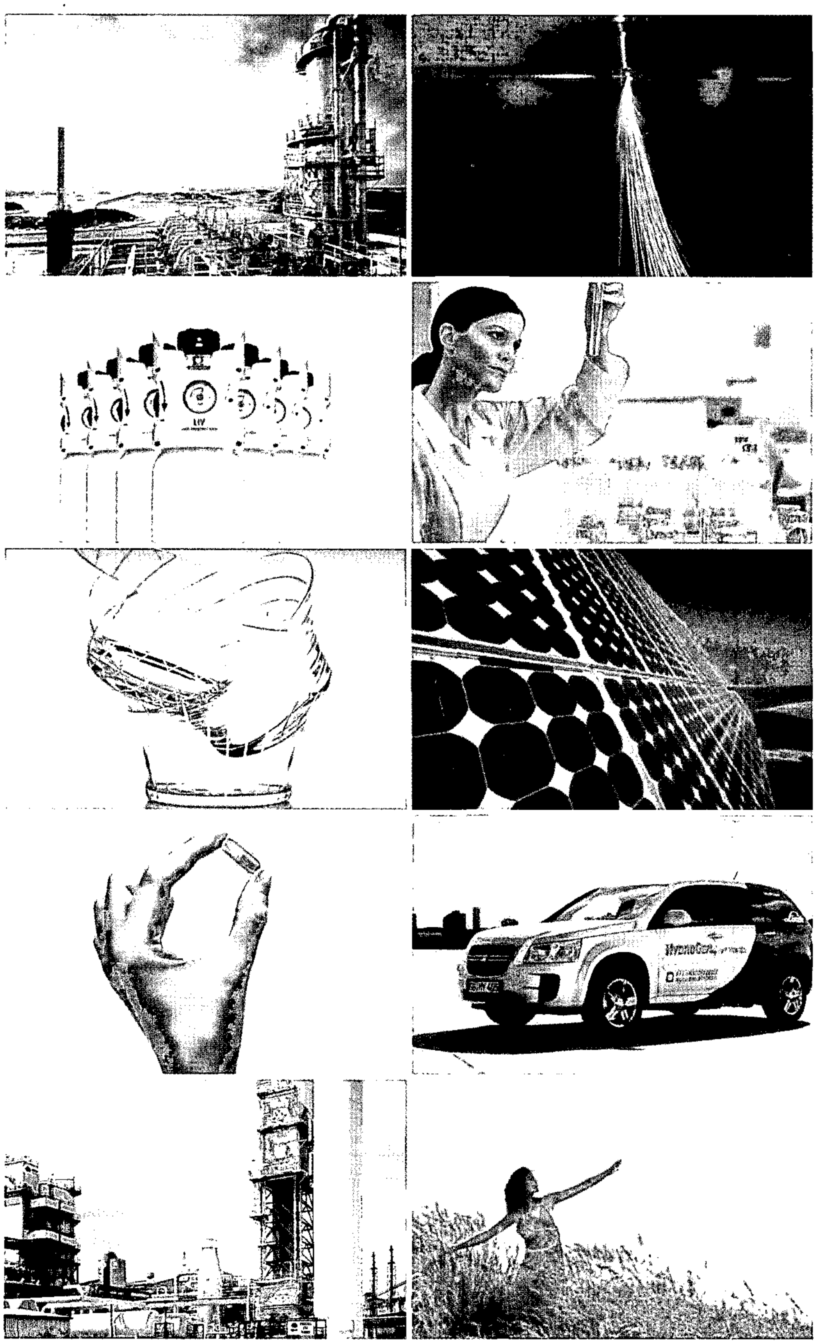
→ BOC India Limited

BOC
A Member of The Linde Group

CELEBRATING
75 YEARS

Annual Report 2009

Contents



FORM 2B

(See rules 4CCC and 5D)

NOMINATION FORM

[To be filled in by individual(s) applying singly or jointly]

I/We .... and .... and ....
the holders of shares/ debentures/ deposit receipts bearing number(s) .... of **BOC India Limited**, Oxygen House, P43 Taratala Road, Kolkata 700 088 wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and / or amount payable in respect of shares / debentures / deposits shall vest in the event of my / our death.

Name and Address of Nominee

Name : ....

Address : ....

Date of Birth* : | DD | MM | YEAR | (* to be furnished in case the nominee is a minor)

** The nominee is a minor whose Guardian is ....

(Name & Address of Guardian**) : ....

Signature of Nominee/ Guardian** : ....

(** To be deleted if not applicable)

1. Signature : ....
   Name : ....
   Address : ....
   Date : ....
2. Signature : ....
   Name : ....
   Address : ....
   Date : ....
3. Signature : ....
   Name : ....
   Address : ....
   Date : ....

Name, Address and Signature of two witnesses :

Name and Address	Signature with date
1.	
2.	

INSTRUCTIONS :

1. The Nomination can be made by individuals only applying / holding shares / debentures on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form.
2. A minor can be nominated by a holder of shares/ debentures/ deposits and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of share/ debenture or repayment/ renewal of deposits made.
5. Transfer of share/ debenture in favour of a nominee and repayment of amount of deposit to nominee shall be a valid discharge by a company against the legal heir.
6. The intimation regarding Nomination/ Nomination Form shall be filed in duplicate with the Company/ Registrar and Share Transfer Agents of the Company who will return one copy thereof to the share/ debenture/ deposit holder.

OFFICE USE

Name of first share/debenture/deposit holder .... Folio No. : ....

Nomination in favour of .... Regn. No. .... Date ..../......../2010

BOC

A Member of The Linde Group

BOC India Limited

Notice

Notice is hereby given that the Seventy Fourth Annual General Meeting of the Members of BOC India Limited will be held at the Kala Mandir Auditorium, 48 Shakespeare Sarani, Kolkata 700 017 on Monday, 24 May 2010 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 December 2009, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr Sanjiv Lamba, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

   "RESOLVED that Messrs B S R & Co., Chartered Accountants, (in respect of whom notice in writing from a Member of the Company signifying his intention to appoint them as Auditors of the Company has been received pursuant to Section 225(1) of the Companies Act, 1956) be and are hereby appointed Auditors of the Company in place of the retiring auditors, Messrs B S R & Company, Chartered Accountants (who have not offered themselves for re-appoinment as Auditors of the Company), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company."

As Special Business:

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

5. As an Ordinary Resolution:

   "RESOLVED that in supersession of resolution no. 8 passed at the 71st Annual General Meeting of the Company held on 31 July 2007, the consent of the Company be and is hereby granted in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of money, which together with the monies already borrowed by the Company, apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board and outstanding at any one time shall not at any time exceed the limit of Rs.1500 crores. (Rupees one thousand five hundred crores)."

By order of the Board

Registered Office:
Oxygen House
P - 43 Taratala Road
Kolkata 700 088, India
20 April 2010

Pawan Marda
Asst. Vice President
and Company Secretary

Notes :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.**

   Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 18 May 2010 to Monday, 24 May 2010 (both days inclusive).

3. The dividend, as recommended by the Board of Directors, if declared at this Annual General Meeting will be paid to those Members whose names appear on the Register of Members after giving effect to all valid transfer deeds in physical form lodged with the Company on or before 17 May 2010 and in respect of shares held in dematerialised form to the beneficial owners whose names appear in the statements to be furnished by the Depositories for this purpose as at the end of the business hours on 17 May 2010. The dividend declared at the Annual General Meeting shall be paid on or after 28 May 2010.

4. In terms of the amendment to Section 205A and introduction of Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF).

   Members who have not encashed their dividend warrants for any one or more of the financial year(s) ended on 31 March 2004, 31 March 2005, 31 March 2006, 31 March 2007, 9 months period ended 31 December 2007 and year ended on 31 December 2008 are requested to immediately contact the Company or its Registrar & Transfer Agents, Messrs Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.), 59 C, Chowringhee Road, 3rd Floor, Kolkata 700 020 for the same.

   Members are advised that once the unpaid/ unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

5. Members holding shares in physical form are requested to notify immediately any change in their address including Pin code, Bank Mandate, etc. to the Company's Registrar & Transfer Agents, Messrs Link Intime India Pvt. Ltd., 59 C, Chowringhee Road, 3rd Floor, Kolkata 700 020. Members holding shares in electronic form are requested to furnish this information to their respective depository participants for updation of the changes.

6. Members holding shares in multiple folios in identical names or joint accounts in the same order of names, are requested to consolidate their shareholdings into one folio.

7. Members holding shares in the physical form and desirous of making/ changing Nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company's Registrar & Transfer Agents, Messrs Link Intime India Pvt. Ltd., which is enclosed.

8. Members are requested to contact Messrs Link Intime India Pvt. Ltd., 59 C, Chowringhee Road, 3rd Floor, Kolkata 700 020 (Phone No. 91-33-2289 0540; Telefax No. 91-33-2289 0539) for reply to their queries / redressal of complaints, if any, or contact the Company Secretary and Compliance Officer at the Registered Office of the Company (Phone Nos: 91-33-2401 4708; 2401 5172; Fax : 91-33-2401 4206; Email: pawan.marda@boci.co.in) for prompt reply to their queries and for redressal of any complaint, which they may have.

9. Members are requested to bring their Attendance Slips together with their copies of the Annual Reports to the Meeting.

10. **Appointment / Re-appointment of Directors :**

    Mr Sanjiv Lamba, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

    Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Director(s) proposed to be appointed/ re-appointed:

Mr Sanjiv Lamba, 45 years old, is a B.Com (Hons.) and a Chartered Accountant. Mr Lamba joined the Company in the year 1989 and gathered rich experience of the Company's business both in India and overseas and was the Managing Director of the Company up to 31 March 2005. Mr Lamba is presently Regional Business Unit Head, South & East Asia of The Linde Group and is based in Singapore. Mr Lamba is on the Board of following Companies within the Group:

Company	Position	Committee Membership held
BOC Bangladesh Ltd.	Director	—
BOC Pakistan Ltd.	Director	Audit & Remuneration Committee
Malaysian Oxygen Berhad	Director	—
Thai Industrial Gases Public Co. Ltd.	Director	—
PT BOC Gases Indonesia	Director	—
Linde Gas Asia Pte Ltd.	Director	—
Linde Gas Vietnam Ltd.	Director	—
Linde Gas Singapore Pte Ltd.	Director	—
Consolidated Industrial Gases, Inc. (CIGI)	Director	—
Southern Industrial Gases Philippines	Director	—

Mr Lamba holds 400 equity shares in BOC India Ltd. at present.

11. **Appointment of Auditors:**

Messrs B S R & Company, Chartered Accountants, the Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting. The retiring auditors have not offered themselves for reappointment in view of the peer review certificate requirement for statutory auditors as per a recent amendment in Clause 41 of the Listing Agreement with the Stock Exchanges. It is proposed to appoint Messrs B S R & Co., Chartered Accountants, as Auditors of the Company in place of the retiring auditors as they are in compliance with the revised Clause 41 of the Listing Agreement. The Company has obtained a written consent from Messrs B S R & Co. to the effect that their appointment, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956.

By order of the Board

Registered Office:
Oxygen House
P - 43 Taratala Road
Kolkata 700 088, India
20 April 2010

Pawan Marda
Asst. Vice President
and Company Secretary

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Annexure to the Notice convening the 74th Annual General Meeting to be held on Monday, 24 May 2010

As the business specified in Item No. 5 of the Notice of even date, to which this statement is annexed, is item of special business to be transacted at the 74th Annual General Meeting of the Company, the following facts are set out in compliance with the provisions of Section 173 of the Companies Act, 1956:

Item No. 5

Section 293(1)(d) of the Companies Act, 1956 provides, inter alia, that the Board of Directors (the Board) of a public company shall not except with the consent of the Company in general meeting borrow monies where the monies to be so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose. At the seventy first Annual General Meeting of the Company held on 31 July 2007, the Company by a resolution passed under section 293(1)(d) of the Companies Act, 1956 authorised the Board to borrow monies upto a limit of Rs 750 crores.

The Company has embarked upon a significant capital investment programme. Among others, the Company is presently setting up 2×850 tpd Air Separation Units at Rourkela Steel Plant of Steel Authority of India Ltd. and a 2550 tpd Air Separation Unit for Tata Steel at Jamshedpur for supply of Oxygen, Nitrogen and Argon pursuant to long term gas supply contracts signed with them. Additionally, the Company is setting up other Air Separation Units for customers mainly in the steel sector, besides merchant Air Separation Units to increase its presence in the Northern and Western markets in India. The Company would also be bidding for several large and mid sized projects for supply of gases on Build-Own-Operate (BOO) basis. For implementation of these projects, the Company would require additional funds, part of which are proposed to be met by borrowing from external sources. The Board is therefore of the view that the existing borrowing limit pursuant to section 293(1)(d) needs to be revised to Rs. 1500 crores. As this sum is in excess of the aggregate of the present paid up share capital and free reserves of the Company, consent of members under section 293(1)(d) of the Companies Act, 1956 is being sought to enable the Board to borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) upto an increased limit of Rs.1500 crores.

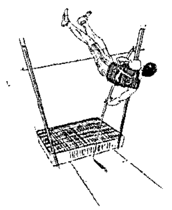
The Board recommends the resolution for your approval.

No Director of the Company is concerned or interested in the resolution.

By order of the Board

Registered Office:
Oxygen House
P - 43 Taratala Road
Kolkata 700 088, India
20 April 2010

Pawan Marda
Asst. Vice President
and Company Secretary



Passion to excel.

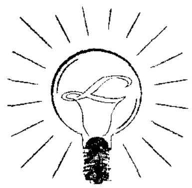
We have the commitment and drive to pursue ever higher standards of excellence and we celebrate success.

Empowering people.

People are given the space to contribute and grow.

Innovating for customers.

We relentlessly pursue new ways to add value to external customers.



Thriving through diversity.

Diversity results in enriched collaboration and enhanced solutions.

Our Core Values

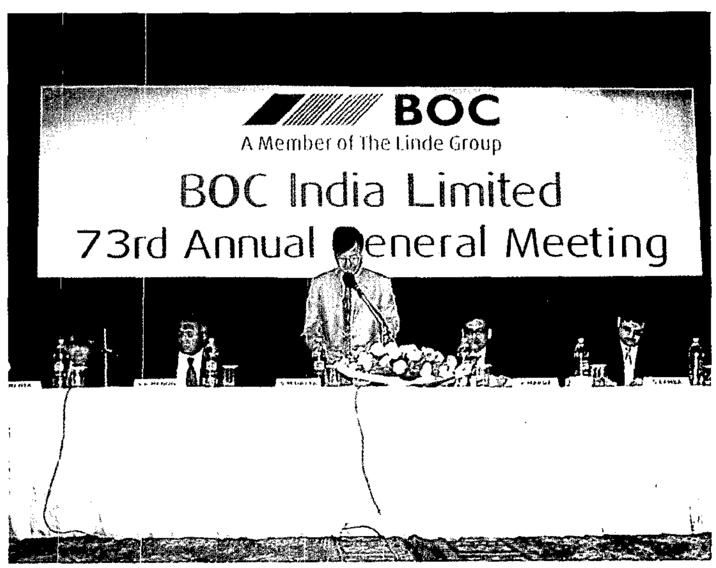
75 years of Trust

As we complete the 75th year of partnering Indian industry, we look back with satisfaction at the successes we have achieved and the obstacles we have overcome to arrive at where we are today, a leading player in the Gases and Engineering industry in India. This experience, and the expertise built along the way, enables us to look to the future with confidence to make a difference to the world we live in. Gases, the invisible fabric of everyday life will continue to play a vital role in bringing about sustainable growth and prosperity to the future of mankind and we, BOC India, will be at the forefront of this journey. During this journey, BOC India became a part of The Linde Group, a leading Gases and Engineering major on the world stage, with cutting edge technology and safety standards. Linde has a history of 130 years built on a strong heritage of innovation.

In the course of the journey of 75 years, we have invested in building a bond of Trust with our business partners and all other stakeholders. It is this trust with our partners that we have nurtured and accumulated over the decades that powers us forward, makes us different and gives us the confidence to continue to add real value and grow to an even stronger position in the years to come.

We wish to thank all our stakeholders for the trust they have placed in us. We remain committed to the core values of The Linde Group and providing leading solutions in the Gases and Engineering industry in India.

Shareholders at the 73rd AGM held in May 2009



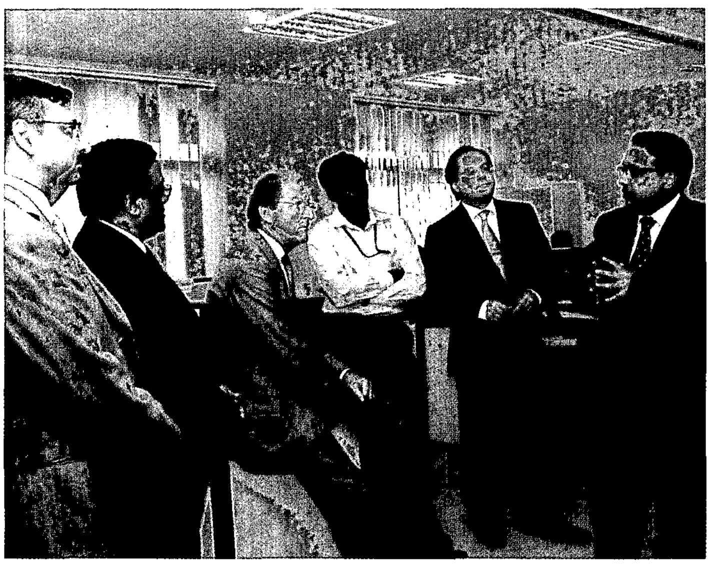
73rd AGM in progress

People Power

At BOC India, we believe, our employees are our greatest asset and key to our success. Our emphasis on people excellence is enshrined in The Linde 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."

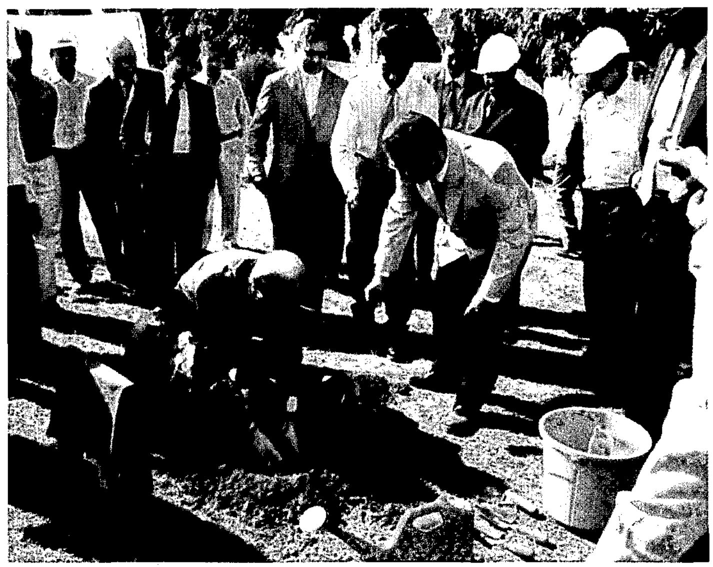
As a dynamic learning organisation focused on people excellence and committed to empowering our people, BOC India aims to unleash the full potential of employees at all levels. HR in BOC India plays a pivotal role in quality recruitment, need-based training and development and seamlessly manages the compensation and benefits programme together with an effective performance appraisal process. The HR team in the Company is well supported by a strong team of global and regional resources.

In the year 2009, the Company had rolled out the High performance Organisation (HPO) programme of The Linde Group, which aims to transform the Company from where it is today to the next level of superior performance. The HPO mindset would change the way we do business and is based on four pillars - Focus on Customers, Process Excellence, Ability to Execute and People Excellence, supported by a strong Six Sigma initiative that will help us improve service levels in all parts of our business.

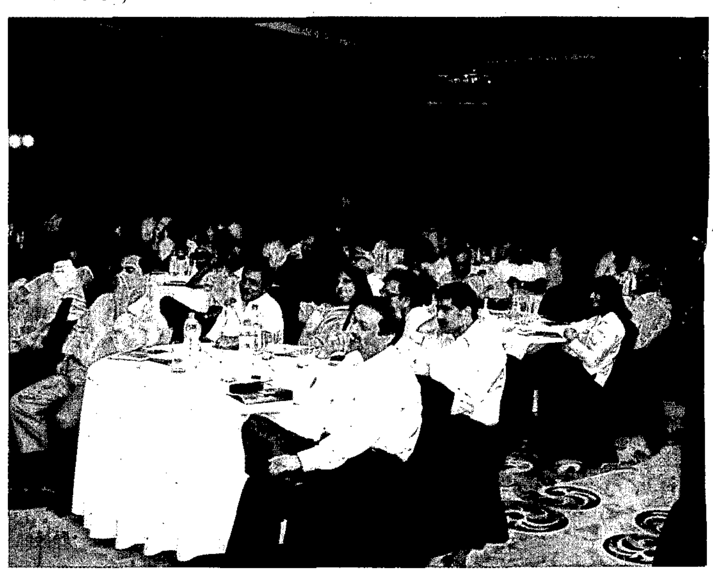


The Linde Group Executive Board Members interacting with PED team

We recently remodelled our office to create modern and comfortable workstations, a cosy cafeteria, a large assembly area for town hall meetings, celebrations and get- togethers, a well equipped gymnasium, a good library and an internet café to create a more friendly environment for our people. We believe this will help achieve our aim of breaking down hierarchies, build a closely-knit team, and make BOC India a place where every individual can aim for the sky and fly high.



Professor Dr. Wolfgang Reitzle, CEO of The Linde Group, planting a sapling during his visit to the Taloja Plant.



Managers at a Management Conference in March 2010

Safety, Health, Environment and Quality (SHEQ)

BOC India is committed to the SHEQ vision of its parent, Linde AG : "At The Linde Group, we do not want to harm people or the environment." Safety, health and care for the environment and quality are all fundamental tenets in any business activity we undertake. Safety is 100% of our behaviour, 100% of the time.

Safety is everyone's responsibility at BOC India. Senior managers demonstrate visible leadership in Safety and walk the talk to demonstrate that employees at all levels must take personal responsibility for SHEQ. As a result of our relentless focus on safety and extensive investment in programmes to improve safety in our operations, BOC India has achieved a significant improvement in various focus areas of safety performance against the earlier years.

Safety pledge by the employees at the Hyderabad plant

One of the biggest challenges we face is transport safety as our business requires a large fleet of tankers for moving liquid products across long distances from its plants to where our customers are located. The Company therefore continues to invest heavily in driver training and other programmes to promote transport safety. Installation of a Fleet Control Room, which monitors the driving pattern and behaviour of drivers of the large fleet of Tankers on real time basis has enabled the Company to keep a close watch on driving parameters such as speed, driving hours, and driver rest breaks on 24x7 basis, with the excellent result of significantly fewer transport related incidents.

The Company has also 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, the Company monitors waste generation, consumption of Green House Gases, discharge of effluents, and the air quality at the plant sites.

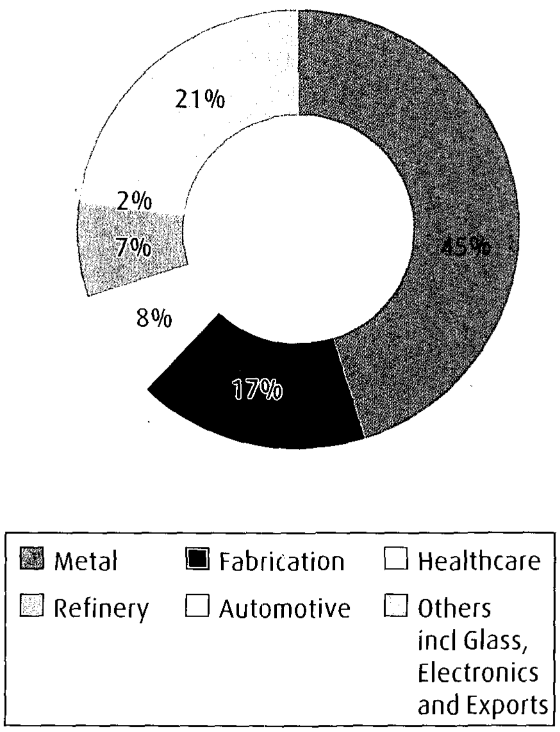
S K Menon, MD addressing the tanker drivers at Jamshedpur

Fire safety drill at Jamshedpur site

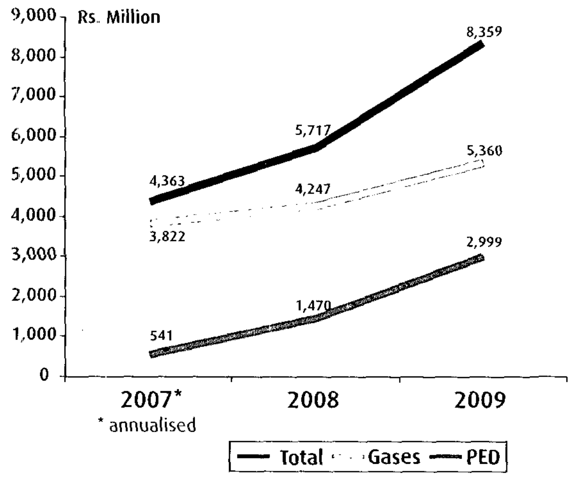
BOC India Team at the Management Conference 2010 – delivering growth

Growth Unlimited

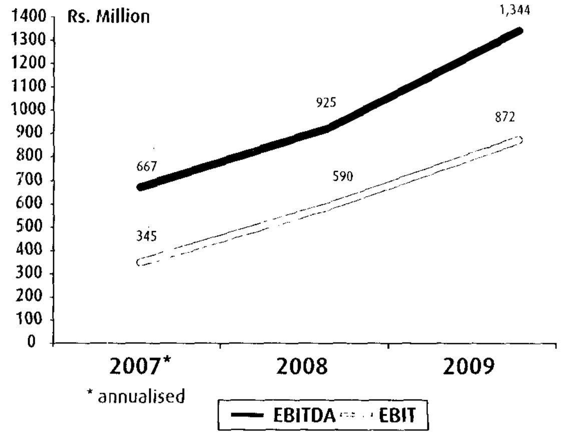
Industry Sectors served



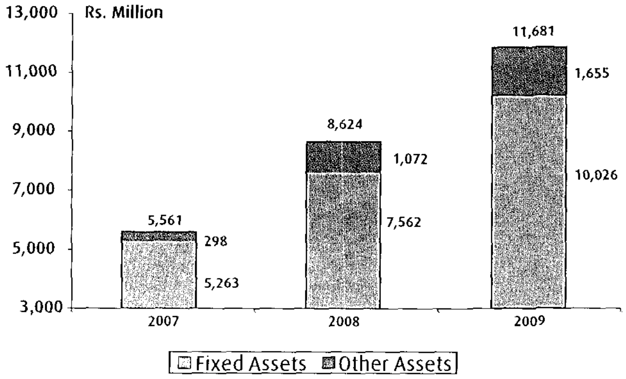
Gross Sales



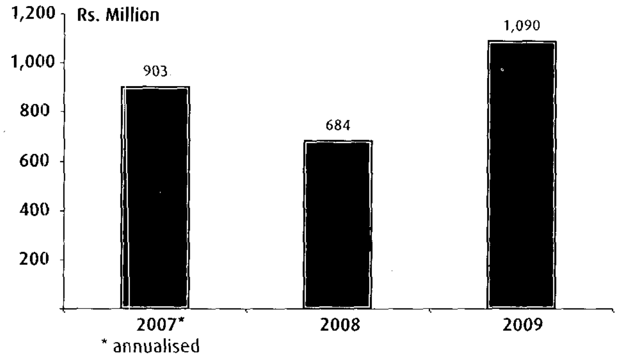
EBITDA & EBIT



Average Capital Employed



Cash Generated from Operations



Board of Directors*

S M Datta
Chairman

JJ Irani

S Lamba

S Menon
Managing Director

J Mehta

K Roy
Finance Director

*As on 22 February 2010

BOC

A Member of The Linde Group

BOC India Limited

BOARD OF DIRECTORS*

Susim Mukul Datta, Chairman
Srikumar Menon, Managing Director
Jamshed Jiji Irani
Sanjiv Lamba
Jyotin Mehta
Kashyap Roy, Finance Director

ASST. VICE PRESIDENT & COMPANY SECRETARY
Pawan Marda

AUDITORS
B S R & Company

SOLICITORS
Crawford Bayley & Co.
Khaitan & Co.

*as on 22 February 2010

BOARD COMMITTEES*

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

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

REGISTERED OFFICE
Oxygen House
P43 Taratala Road
Kolkata 700 088
India
Tel : 91-33-2401 4708/4710-16
Fax : 91-33-2401 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 2009:

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

	Year ended 31 Dec 2009 Rs. in million	Year ended 31 Dec 2008 Rs. in million
Gross Sales	**8359.18**	5716.60
Operating Profit after depreciation, impairment and interest, but before exceptional items	**920.00**	832.33
Exceptional items (Net)	**(17.42)**	245.68
Profit before tax	**902.58**	1078.01
Provision for current, deferred & fringe benefits tax	**(370.16)**	(277.61)
Profit after tax	**532.42**	800.40
Profit and Loss Brought Forward	**1759.88**	1149.17
Profit available for appropriation	**2292.30**	1949.57
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	**21.74**	21.74
Transfer to General Reserve	**26.62**	40.02
Balance carried forward	**2116.01**	1759.88

Financial Performance

The performance of the Company during the year was very satisfactory. The signs of slow down, following the global economic downturn that started in late 2008 impacting economies of the world to varying degrees, were less pronounced in India and both the Gases and Project Engineering businesses of the Company showed robust growth. Turnover for the year ended 31 December 2009 at Rs. 8,359.18 million recorded an increase of 46% compared to Rs. 5716.60 million for the previous year. The turnover from the gases business grew by 25%, driven mainly by the commissioning of a new 1800 tpd Air Separation Unit (ASU) at Bellary for supply of gases to JSW Steel. Other drivers of growth for the gases business were the higher volumes achieved by the healthcare business and packaged gases, mainly the specialty gases. Electronic gases, where the Company had first mover advantage in the industry also contributed satisfactorily to the overall revenues. Turnover of the Project Engineering business doubled, recording a growth of over 100% on the back of large orders executed mainly in the steel and refinery sectors in the PSU space.

The Company recorded Profit before interest and exceptional items of Rs. 871.77 million for the year ended 31 December 2009, reflecting a healthy growth of 48% 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 2009 amounted to Rs.532.42 million against the previous year's net profit of Rs. 800.40 million, which however included interest income of Rs. 242.69 million and exceptional income of Rs. 245.68 million mainly comprising sale of property and gains arising from a finance lease arrangement. Excluding these one off incomes in the previous year, the net profit for the year grew by 60% on an underlying basis.

Dividend

Your directors are pleased to recommend a dividend of 15% (Rs. 1.50 per equity share of Rs. 10 each) for the year 2009. The Board has recommended this dividend after careful consideration of the need to conserve resources for financing of some large supply scheme and merchant Air Separation Units, which are under execution, besides those that are in various stages of bidding and negotiation. The dividend together with dividend tax will result in a cash outlay of Rs.149.67 million. The Board has also recommended a transfer to General Reserve of Rs. 26.62 million (previous year Rs. 40.02 million) in compliance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

Industry Developments

The gases business is capital intensive and requires large investments in air separation units, distribution assets and storage networks to service bulk volumes at competitive prices. 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 areas like food freezing, refrigeration, fire suppression, solar photovoltaic, etc continue to provide growth opportunities. This growth has been 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 gases specialists.

The gases industry typically follows its end user segments, most of which are on growth mode. India began the year 2009 on a somewhat subdued note as a result of slow down following the global economic downturn in late 2008. With impact of the downturn less pronounced in India and the recovery in the economy being faster than expected, steel majors and the public sector refineries in the country have been implementing their expansion plans, resulting in increase in demand for gases. All global gas majors have been competing for their respective share of the incremental gases demand in line with their financial strengths and investment plans for the emerging markets. The solar photovoltaic industry in India is also expected to create additional demand for special and electronic gases.

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, packaged gases and related products. Gases in bulk consist of liquid oxygen, nitrogen and argon and the packaged gases consist of compressed industrial, medical, electronic and special gases packaged in cylinders. This segment therefore, covers customers in Tonnage, Bulk, Packaged Gases and Healthcare businesses.

The turnover of your Company's Gases business for the year under review grew by 25% compared to the previous year. This growth was mainly driven by additional revenue generated from the Company's new 1800 tonnes per day Air Separation Unit (ASU) at Bellary, which was commissioned in March 2009. This is presently the largest operating ASU of your Company supplying oxygen, nitrogen and argon through pipeline to JSW Steel works under a long term agreement with the said customer. The ASU also produces additional liquid products for the merchant market. The revenue for the healthcare business registered a healthy growth of 16% over last year on the back of new orders for both gas supplies as well as medical engineering services. The revenues from both liquid and compressed medical oxygen recorded a growth of 15% over last year. The medical engineering services witnessed a significant growth arising from new orders for pipelines at large private and public hospitals. Special and electronic gases also recorded good growth in revenues in view of higher demand from new and existing customers in Solar Photovoltaic space. Welding and safety products also maintained the momentum of growth witnessed in the earlier years.

As a part of the strategy for argon business, in view of lower domestic demand due to slow down in steel, automobile, etc., your Company aggressively entered the export markets in the Middle-East, which helped protect argon volumes albeit at lower prices. As the domestic demand has started to pick up on the back of revival in steel, automobiles, metal fabrication, etc., the Company plans to carefully review its exports in the short to medium term in view of the prevailing economic conditions in these markets.

During the year, your Company signed long term gas supply contracts with Steel Authority of India Ltd., Jindal Stainless Ltd. and Tata Steel Ltd. for supply of oxygen, nitrogen and argon to them from onsite plants. The construction of these plants is progressing well, which includes setting up of a 2550 tonnes per day ASU for Tata Steel at Jamshedpur. Once commissioned, this would be the largest ASU in the steel sector in South and East Asia. As a part of the long term contract with Tata Steel, your Company has recently taken over the three existing ASUs of the Industrial Gas Division of Tata Steel and is operating them in the interim period. During this year, your Company has also reviewed its strategy for the fast growing West India market and has decided to replace the existing ageing ASU at its Taloja site by setting up a new ASU with a larger capacity at the same site for catering to the growing demand in this market. Your Company has also signed a long-term supply contract with Owens Corning and will set up an oxygen generator at Taloja for meeting their oxygen demand.

Your Company continued its focus on operational excellence and safety during the year under review. In order to improve operational safety, your Company has installed a new state of the art liquid nitrous oxide plant at Hyderabad for meeting the total demand for the product in domestic market and plans to close down its ageing nitrous oxide plants at Ahmedabad and Kolkata after commissioning of the debulking facilities at these locations.

In order to improve the logistics planning of liquid products, the Company launched the Group's Global Optimised Liquid Distribution scheduling package called GOLD. The system became operational in July 2009 with the setting up of a National Scheduling Centre at Kolkata. The scheduling of distribution of liquid products in the Company is now managed through the new system. This system is expected to reduce the number of trips made by the tankers as well as kilometers run, thereby reducing cost of distribution and improving distribution efficiency. The Fleet Control Room set up in Kolkata for monitoring the movement of the Company's fleet of tankers has shown encouraging results by improving driver behaviour, driving pattern of the tankers, besides providing real time information about the status of each tanker on the road as well as the customers' sites.

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 PSA plants and gas distribution systems. The Project Engineering Division (PED) also manufactures cryogenic and non-cryogenic vessels for in-house use and sale to third party customers.

The Project Engineering Division achieved yet another outstanding performance during the year under review, recording its highest ever third party turnover of Rs.3007.58 million. The Division achieved a growth of more than 105% in the turnover, which acquires more significance as it came despite its commitment to several in-house projects. This robust performance of the PED was driven by billings towards several Air Separation Units, nitrogen plants and hydrogen PSA plants across refineries and steel companies primarily in the public sector. Margins however, continued to be under pressure owing to the highly competitive market environment.

During the year, the Division successfully commissioned the Company's most prestigious project of an 1800 tonnes per day Air Separation Unit at JSW Steel works at Bellary pursuant to a long term gas supply contract with the customer. In addition, the Division commissioned several nitrogen plants including those at Indian Oil, Hindustan Petroleum, etc. The Division has also installed nitrogen plants at Bongaigaon Refinery and Bina Refinery, which are ready for commissioning. The Division also commissioned Hydrogen PSA plants for Hindustan Petroleum and Bongaigaon Refinery. The Division has thus maintained its leadership in cryogenic nitrogen generators and has acquired leadership in the Hydrogen PSA plants as well.

The Division is currently engaged in the execution of a record number of projects including several in-house projects for the gases division, all of which are progressing satisfactorily. The ASU projects for Steel Authority of India Ltd.'s Rourkela Steel Plant and IISCO, Burnpur, merchant ASU in North India as well as Large Compressed Air Station for Bhilai Steel Plant are in advanced stages of completion and these projects are slated to be commissioned during the year 2010. Besides these, several nitrogen plant projects are at different stages of execution including those at Kochi Refinery, Barauni Refinery, Mangalore Refinery and GNFC Ltd. The Division has started construction of the 2,550 tonnes per day Air Separation Unit at Jamshedpur works of Tata Steel Ltd. pursuant to a long term gas supply contract signed with the said customer. When commissioned, this plant will be the largest ASU in India and the largest ASU of The Linde Group in Asia. The Division has also started construction of the merchant ASU at Taloja and a VPSA plant pursuant to a gas supply scheme for Owens Corning at Taloja.

The Division's effective collaboration with Linde Engineering as their technology partner continues, which has helped them in successfully bidding and winning several prestigious projects. The Division expects further enhancement in these consortium activities.

The Division has maintained a healthy order book as on 31 December 2009 at Rs. 10271.00 million, which includes orders aggregating to Rs. 4912.00 million in respect of in-house projects from the gases business.

Finance

Cash generation from operations showed a remarkable improvement and was to the tune of Rs.1,090.90 million as compared to Rs.684.11 million in the preceding year on the back of robust collections and efficient management of working capital. During the year, the Company finalised funding arrangement of Euro 58 million i.e. approximately Rs. 3857.60 million by way of an inter company loan through its parent company, Linde AG for financing of the Rourkela Steel Plant project of Steel Authority of India Ltd. Out of this, an aggregate sum of Rs. 1,177.55 million was drawn down till 31 December 2009 and a significant part thereof has been utilised towards this project. As on 31st December 2009, the Company had temporary surplus cash balance of Rs. 545.40 million, which had been parked in various fixed deposits with Banks.

Capital expenditure of Rs. 2,717.88 million during the year was mainly towards the setting up of ASU for Rourkela Steel Plant, merchant ASU in North India, Nitrous Oxide plant at Hyderabad and towards procurement of distribution resources.

Prescribed Particulars

The prescribed particulars required under Section 217(1)(e) 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.

There were 48 employees who were employed throughout the year and were in receipt of remuneration aggregating Rs. 24 lakhs or more or were employed for part of the year and were in receipt of remuneration aggregating Rs. 2 lakhs per month or more during the year ended 31 December 2009. 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 the aforesaid employees are set out in the statement forming part of 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. The aforesaid statement is available for inspection by shareholders at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM. 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

As a member of The Linde Group, your Company's human resource function is aligned to the global HR strategy of the Group. It derives robust support and policy guidelines from the Group's Global and Regional Business Unit's Human Resource Department in areas of recruitment, training, appraisal, compensation, managing and rewarding performance, talent retention, etc.

Your Company believes that employees are the key to its success. Only highly motivated employees can enable the Company to meet and exceed the expectations of various stakeholders including customers and investors. The Company's corporate culture is based on the Group's mission statement and is geared towards high performance. A high-performance culture is one in which the employees measure themselves against the best of the best, accept personal responsibility and strive to excel. BOC India endeavours to create a working environment, in which every employee knows exactly what is expected of him or her. The Company has a system of regular feedback so that people can develop their potential to the fullest. Based on a clear evaluation of individual performance and results, specific career development plans are put in place for every employee. The Company provides growth opportunities to employees within the organization as well as by way of deputation in other countries of Regional Business Unit - South and East Asia of The Linde Group. Employees have been sponsored for various external as well as internal training programmes keeping in mind the need of the business and the Individual development plan of every employee. Amongst some of the initiatives taken for development of the Company's human resource, the Second In Line Managers Programme (SIL) of the Group was piloted in India. This is a program to prepare our managers for the challenges of today and tomorrow.

During early 2009, amongst one of the measures to minimize the impact of the slow down on the Company's business, your Company had to initiate a freeze on recruitment and also launched a voluntary separation scheme, which was accepted by 58 employees. In view of the economic revival in the country, the Company has since recruited fresh graduate engineers from leading engineering colleges from across the country to increase the bench strength and manage the ongoing growth in the business.

BOC India strives towards becoming the employer of choice and various initiatives have been and are underway to curtail the attrition rate. Creation of state of the art offices and work stations, fun at work, annual cultural programme, supporting activities of the Indoxco club, etc are some examples of these initiatives.

Your Company had manpower strength of 666 employees as on 31 December 2009 and continues to enjoy harmonious industrial relations at all its plants and offices spread across the country.

Safety, Health, Environment and Quality (SHEQ)

The SHEQ policy of The Linde Group is the guiding principle for the executive management as also all employees to consistently improve safety, health, environmental protection and quality of our products.

Your Company continues to make good progress with its SHEQ agenda. The Company's safety performance in 2009 has seen a significant improvement from the previous years. The Safety agenda covering transport safety, process safety and plant safety have contributed to considerable reduction in our incident numbers. The incident and near miss reporting has been integrated with the Group's reporting system "Synergi". All incidents reported are being investigated, corrective actions identified and actioned to close out the same. The "Lessons from Incidents" (LFIs) of all major Incidents are circulated to prevent repeat of similar incidents. During the year, your Company successfully implemented New Product Introduction (NPI) procedures of The Linde Group for handling and transportation of hazardous electronic and specialty gases such as silane. These NPIs set out the steps which must be taken when a new product is launched into the markets.

The Company continued with its extensive driver training program initiated in earlier years. Installation of Fleet Control Room, which observes and monitors the driving pattern and behaviour of drivers of large fleet of Vacuum Insulated Transport Tankers (VITTs) on real time basis, has started paying dividends. Driving parameters viz. speed, driving hours, driver rests, etc are being monitored round the clock. This has significantly contributed to safer driving and lesser transport related incidents.

Security arrangements at the plant sites and offices have been reviewed to make them more effective and alert against all possible threats with a view to make our plants and work places safer.

Your Company's Taloja tonnage site was recently audited by KPMG as a part of The Linde Group's "Corporate Responsibility" audit and has received a favourable report 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, consumption of green house gases, effluents, quality of air, etc at the plant sites.

To take the Safety agenda forward, the senior management team of the Company has set a plausible example by providing strong visible leadership in all focus areas of safety.

Outlook

The slow down in several sectors of the Indian economy that started in fiscal year 2008-09 following the global economic downturn resulted in decline in the GDP growth rate of the country to 6.7% from near

9% in the earlier years. Though the impacts of the downturn were less pronounced in India, some of the new investments were deferred and the output fell. The good news however, has been the speed of economic revival in India, which was faster than most people expected. The government's actions including fiscal stimulus last year helped the economy to gain momentum. As per the current estimates, the economy is set to record a GDP growth rate of 7.2% in the fiscal year 2009-10.

With the revival of the economy, the government's focus has now shifted to the high fiscal deficit. On the other hand, in view of the risk of rising food inflation shifting to other sectors, the Reserve Bank of India (RBI) has already exercised its fiscal prudence on the supply side by announcing increase in cash reserve ratio. The government has in its budget 2010-11 also taken steps to very partially roll back the fiscal stimulus. The government and the RBI are still faced with the task of raising interest rates in the near future. The complete exit of the stimulus and the increase in interest rates in the near future may adversely impact the revival of the industrial sector as these measures may cause decline in domestic demand as well as industrial production.

The India's macro-economic fundamentals together with its domestic demand led model of economic growth looks promising. As a result of this, the GDP growth rates for the next couple of years are being estimated at 8 and 9%. The steel industry in India is in growth mode and the steel majors are in the process of implementing their expansion plans. This augurs well for the gases industry and will continue to drive demand for oxygen, nitrogen and argon at high levels in the years ahead in a fiercely competitive environment, where all the global gas majors are present. In this backdrop, your Company is poised to grow its gases and engineering businesses with robust and visible support of The Linde Group despite the challenges of today and tomorrow. Your Board therefore, looks at the year ahead with cautious optimism.

Internal Control Systems and their adequacy

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

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

Your Company, as a member of The Linde Group meets high standards of corporate governance. The corporate goals of responsible management have traditionally been seen as important in Linde AG, the promoter Group of your Company. It has therefore been the endeavour of the Board of your Company and its executive management to demonstrate and practice business integrity, high ethical values and professionalism in all its activities. The Linde Group sees corporate governance as an ongoing process and your Company's Board will therefore continue to follow future developments in these norms closely. A separate report on Corporate Governance along with the certificate of the Auditors, B S R & Company, confirming compliance of the conditions of corporate governance, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed.

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 2009, applicable accounting standards had been followed along with proper explanations relating to material departures, if any.

That they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the aforesaid 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

Mr Kashyap Roy, an Additional Director of the Company with effect from 23 February 2009, was appointed as a Director and Finance Director of the Company at the Annual General Meeting held on 28 May 2009.

Mr M S Huggon, a Director representing The Linde Group resigned from the Board with effect from 23 December 2009 in view of his increasing commitments in the Group's Regional Business Unit of U.K. and Ireland. The Board of Directors places on record its sincere appreciation of the significant contribution made by Mr Huggon to the deliberations of the Board as well to the growth agenda of the Company during his tenure on the Board since 2001.

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 2008. The Company has received the approval of the Central Government for appointment of M/s. S. Gupta & Co. for audit of cost records for the financial year 2009, which would commence soon.

Auditors

Messrs B S R & Company, Chartered Accountants, the Auditors of the Company will hold office till the conclusion of the ensuing Annual General Meeting. The retiring auditors have not offered themselves for reappointment in view of the peer review certificate requirement for statutory auditors as per a recent amendment in Clause 41 of the Listing Agreement with the Stock Exchanges. It is proposed to appoint Messrs B S R & Co., Chartered Accountants, as Auditors of the Company in place of the retiring auditors as they are in compliance with the revised Clause 41 of the Listing Agreement. The Company has obtained a written consent from Messrs B S R & Co. to the effect that their 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

S Menon
Managing Director

S M Datta
Chairman

Kolkata, 20 April 2010

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 2009.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

(i) Revamp of 1290 tpd plant's cooling tower resulting in lower power consumption in compression process.

(ii) Installation of LT Capacitor bank in the 65 tpd plant at Hyderabad to improve power factor. This has also reduced recorded Maximum Demand.

(iii) On-going energy conservation measures such as maintaining high load factor/power factor, demand management, best operating practices, use of energy efficient equipment were undertaken in 1800 tpd plant at Bellary.

(iv) Optimization of contract demand in PGP sites of Kolkata and Bangalore has resulted in savings in energy cost.

(b) Additional Investments and Proposals :

(i) Investment planned for implementation of maintenance package MAXIMO and online vibration monitoring system (TUI) at 1800 tpd Plant at Bellary.

(ii) Investment planned for Air rumbling arrangement in 225 tpd plant's coolers at Jamshedpur for improving cooler efficiency and reduction of compression power.

(iii) Investment planned for modifications in piping of Refrigeration unit and Booster compressor water line to reduce power consumption at 1290 tpd Plant at Jamshedpur.

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

The above measures will have a direct 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 :	2 Benefits :
(i) On-going development of shielding gases for quality welding in auto and fabrication industry has been continued. A new product for quality welding-Corgon has been launched in this segment.	(i) Improved quality.
(ii) Supply of customer specific composition of Deuterium - Nitrogen mixture for high quality fibre optics.	(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. 1.529 million
(c) Total	Rs. 1.529 million
(d) Total R&D expenditure as a percentage of total turnover	0.02%

II Technology Absorption, Adaptation and Innovation

1 Efforts made :

1. On site filling and dispensing facilities for electronic gases at Greater Noida SEZ plant.
2. Supply of high purity high volume hydrogen to a customer through 'quartz' for improvement of final product quality.
3. Continue with upgradation of PGP sites to fill cylinders at 230 bar pressure.
4. Import of silane gas in large ISO containers for use in Thin Film Solar Cell against earlier import in small containers.

2 Benefits derived :

1. Partnering the growth of solar photovoltaic industry and participating in the growth, development and usage of unconventional energy.
2. Establishing the Company as a supplier of choice.
3. Improve distribution efficiency and product branding for packaged 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 1.36% of our revenues was derived from exports. The exports included argon, speciality gases and plant spares. Argon exports were increased during the year to markets in Middle East in view of lower domestic demand due to slow down in steel, automobile, etc. As the domestic demand has since revived, the Company plans to carefully review its exports 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.1518.03 million and total foreign exchange earned during the year was Rs.142.87 million, which included Rs.113.64 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 2009:

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 2009, the Board of BOC India comprised of 6 Directors, detail whereof is given below:

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

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

Board Meetings

During the year ended 31 December 2009, five Board meetings were held on 23 February 2009, 28 April 2009, 21 July 2009, 27 October 2009 and 23 December 2009. 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 2009 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and Other Board Committee Membership(s) held as on 31 December 2009

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 M Datta	(Chairman) Non-Executive Independent Director	5	Yes	14	5 (including 1 as Chairman)
Mr M S Huggon(3)&(5)	Non-Executive Director	—	No	—	—

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)
Dr J J Irani	Non-Executive Independent Director	5	No	10	1
Mr S Lamba(3)	Non-Executive Director	4	Yes	—	—
Mr J Mehta	Non-Executive Independent Director	5	Yes	—	—
Mr S Menon	(Managing Director) Executive Director	5	Yes	—	—
Mr Kashyap Roy(4)	(Finance Director) Executive Director	5	Yes	—	—

(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 K Roy, an Additional Director w.e.f. 23 February 2009, was appointed as a Director and Finance Director of the Company at the last AGM held on 28 May 2009.

(5) Mr M S Huggon ceased to be a Director of the Company w.e.f. 23 December 2009.

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 2009 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 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. 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 Director (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 2009, 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 2009 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 2009, 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 2009. 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 28 May 2009.

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

Meetings and Attendance during the year

Five meetings of the Audit Committee were held during the year ended 31 December 2009. The meetings were held on 23 February 2009, 28 April 2009, 30 June 2009, 21 July 2009 and 27 October 2009. 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	5	5
Dr J J Irani	5	5
Mr S Lamba	5	3
Mr J Mehta	5	5

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 2009, 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 2009. Mr M S Huggon, a non executive director was a member of the Remuneration Committee up to 23 December 2009.

Attendance

During the year ended 31 December 2009, two meetings of the Committee were held on 23 February 2009 and 23 December 2009. The attendance of the members at the meetings was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Dr J J Irani	2	2
Mr S M Datta	2	2
Mr M S Huggon	2	—
Mr S Lamba	2	2

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.

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

Details of remuneration to Executive/Wholetime Directors

Details of remuneration to Executive / Wholetime Directors during the year ended 31 December 2009 [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	5,640,097	3,415,769	1,163,868	1,798,555	12,018,289
Mr K Roy, Finance Director (From 23 February 2009)	3,403,647	940,348	441,344	149,962	4,935,301

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

Details of remuneration to Non-Executive Directors

Details of remuneration to the Non-Executive Directors during the year ended 31 December 2009 are given below:

Name of the Director	Sitting Fees Rs.	Commission* Rs.
Mr S M Datta	1,12,000	15,00,000
Dr J J Irani	96,000	5,00,000
Mr J Mehta	96,000#	5,00,000#

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

#Paid/ payable 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 2009 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 2009 are as follows:

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

Shareholders'/Investors' Grievance Committee

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

Composition

As on 31 December 2009, 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 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 2009, the Committee met twice during the year on 28 April 2009 and 27 October 2009. 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*	2	2
Mr J Mehta	2	2
Mr S Menon	2	2

*Elected to chair the meetings.

The Board of Directors has delegated the power of approving the share transfers, transmissions, 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, transmissions, 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 2009, the Company received 18 complaints from the shareholders/ investors. As on 31 December 2009, 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 2009, the Company processed 16,075 equity shares for transfer. As on 31 December 2009, 708 shares received towards end of December 2009 were pending for transfer, which have been transferred on 12 January 2010. A total of 10 dematerialisation requests covering 1,273 equity shares received in the second half of December 2009 were pending as on 31 December 2009, which have been processed/confirmed on 6 January 2010.

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 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
Year ended 31 March 2007	31 July 2007	Science City, Kolkata	3.00 p.m.	None

B. No special resolution was passed last year through Postal Ballot. Similarly, no special resolution is being proposed to be conducted through a Postal Ballot for the ensuing Annual General Meeting. The Company will seek shareholders' approval through postal ballot in respect of resolutions relating to such businesses as are prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as and when the occasion arises.

C. Information about Directors proposed to be appointed / re-appointed as required under Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges is furnished under Note 10 of the Notice of the ensuing Annual General Meeting.

Disclosures

➢ 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 2009 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 2009, 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 2009.

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 one month of the close of the relevant quarter and the audited financial results for the year ended 31 December 2009 were approved and taken on record within two months of the close of the financial year. Such results were thereafter sent to the Stock Exchanges in the proforma prescribed under the Listing Agreement and also published in prominent business dailies in English and a regional newspaper published in Bengali.
- As the Company publishes the audited financial results for the last quarter of the financial year within the stipulated period of three months from the close of the financial year as per the Listing Agreement with the Stock Exchanges, the unaudited financial results for the last quarter of the financial year 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 Company also electronically files unaudited quarterly and audited annual Financial Results, Segment Results, Shareholding Pattern etc. on the EDIFAR website "www.sebiedifar.nic.in" as required by SEBI/ the Listing Agreement with the Stock Exchanges.
- Management Discussion and Analysis is a part of the Directors' Report.
- The Company has not made any presentation to institutional investors/analysts during the year.
- The Company has an exclusive section on "Investor Relations" in its website "www.boc-india.com" for the purpose of giving necessary information to the shareholders on various matters such as transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, nomination facility, use

of electronic clearing service for payment of dividend, etc. These information, procedures, formats, etc. are available on the aforesaid website in downloadable formats as a measures of added convenience to the investors.

General Shareholder Information

Date, time and venue of the Annual General Meeting	:	24 May 2010 at 3.00 p.m. at Kala Mandir Auditorium 48, Shakespeare Sarani, Kolkata 700 017
Financial Calendar 2010 (tentative and subject to change)	:	i. Financial Year : January 2010 to December 2010 ii. First Quarter Results : 20 April 2010 iii. Second Quarter and Half Yearly Results : 27 July 2010 iv. Third Quarter Results : 28 October 2010 v. Audited Annual Results : February 2011
Book Closure Period	:	18 May 2010 to 24 May 2010 (both days inclusive)
Dividend Payment Date	:	On or after 28 May 2010
Listing on Stock Exchanges	:	a) The Calcutta Stock Exchange Association Ltd. 7 Lyons Range, Kolkata 700 001 b) Bombay Stock Exchange Ltd. P. J. Towers, Dalal Street, Mumbai 400 001 c) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Bandra Kurla Complex, Bandra (East) Mumbai 400 051

Annual Listing Fees have been paid to all these stock exchanges for the year 2009-10.

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

Stock Market Price Data :

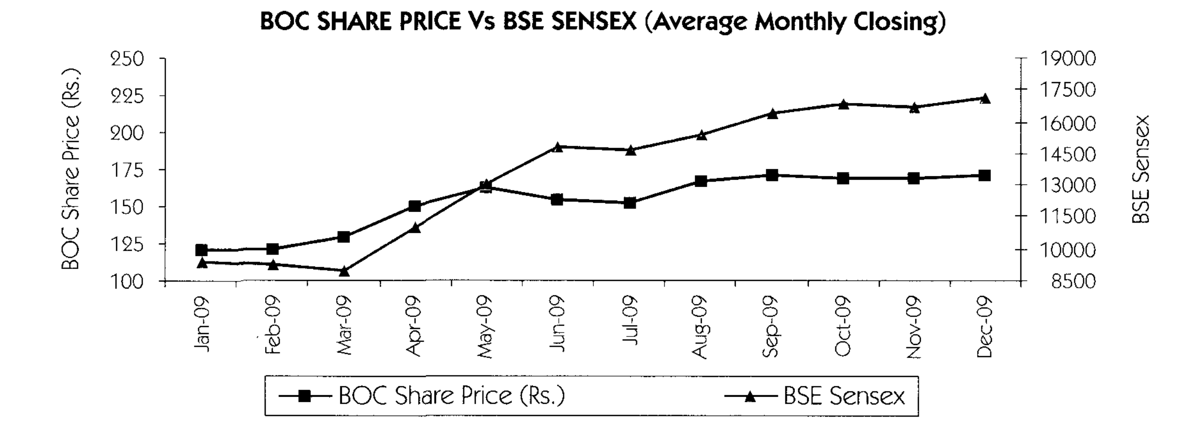
Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the year ended 31 December 2009

Month		BSE			NSE	
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
January 2009	134.00	112.50	52,649	133.80	111.00	72,661
February 2009	127.90	105.10	49,013	128.75	112.30	44,863
March 2009	153.40	113.95	167,965	154.00	110.20	213,906
April 2009	172.80	140.15	150,634	172.00	140.65	158,177
May 2009	190.00	141.00	465,095	191.00	138.20	680,192
June 2009	173.90	142.00	200,141	175.00	141.00	301,820
July 2009	172.00	140.05	198,577	172.45	139.00	287,317

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
August 2009	177.00	157.00	234,360	178.70	160.50	364,622
September 2009	180.00	166.00	178,986	180.00	156.40	246,033
October 2009	181.85	163.00	242,947	181.00	163.00	314,299
November 2009	183.00	160.05	423,614	183.00	161.00	711,511
December 2009	184.00	163.00	174,238	183.50	167.00	260,154

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, transmissions, 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 2009, a total of 83,648,178 equity shares of the Company constituting 98.08 % of the total Subscribed and Paid up Share Capital stand dematerialised.

Distribution of shareholding as on 31 December 2009

Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	9,054	33.83	226,593	0.27
51-100	5,865	21.92	539,910	0.63
101-250	5,280	19.73	956,779	1.12
251-500	3,647	13.63	1,386,240	1.63
501-1000	1,796	6.71	1,360,640	1.60
1001-5000	997	3.73	2,015,357	2.36
5001-10000	63	0.24	446,976	0.52
10001-100000	53	0.20	932,061	1.09
Above 100000	4	0.01	77,419,667	90.78
Total :	**26,759**	**100.00**	**85,284,223**	**100.00**

Shareholding pattern as on 31 December 2009

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)	206,807	0.24
FIs, Insurance Companies & Banks	797,538	0.94
Other Corporate Bodies	811,807	0.95
Mutual Funds	193,726	0.23
Individuals & Others	6,966,052	8.16
Total :	**85,284,223**	**100.00**

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

BOC
A Member of The Linde Group

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 711 323

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

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

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

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

BOC
A Member of The Linde Group

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 2009.

Kolkata
22 February 2010

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 31 December 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with the 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 & Company**
Chartered Accountants

Vikram Aggarwal
Partner
Membership No. 089826

Gurgaon
Date : 22 February 2010

BOC
A Member of The Linde Group

Balance Sheet as at 31 December 2009

(Amounts in Rupees Thousand)

	Schedule	As at 31 Dec 2009	As at 31 Dec 2008
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	852,842	852,842
Reserves and Surplus	2	9,728,376	9,509,701
		10,581,218	10,362,543
LOAN FUNDS	3		
Unsecured Loans		1,176,076	—
DEFERRED TAX LIABILITY (NET)	4	747,155	495,323
		12,504,449	10,857,866
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		10,658,141	6,849,800
Less : Depreciation and Impairment		3,757,578	3,328,435
		6,900,563	3,521,365
Capital Work-in-Progress		4,265,259	5,363,774
		11,165,822	8,885,139
INVESTMENTS	6	150,000	150,000
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	675,651	479,978
Trade Debtors	8	1,203,184	854,699
Cash and Bank Balances	9	722,223	1,386,516
Other Current Assets	10	1,049,259	503,492
Loans and Advances	11	1,106,768	850,568
		4,757,085	4,075,253
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	3,241,450	1,911,288
Provisions	13	327,008	341,238
		3,568,458	2,252,526
NET CURRENT ASSETS		1,188,627	1,822,727
		12,504,449	10,857,866
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 & COMPANY
Chartered Accountants

VIKRAM AGGARWAL
Partner
Membership No. : 089826

Gurgaon
22 February, 2010

On Behalf of the Board

Chairman S M DATTA
Managing Director S MENON
Finance Director K ROY
Company Secretary P MARDA

Kolkata
22 February, 2010

Profit and Loss Account for the year ended 31 December 2009

(Amounts in Rupees Thousand)

	Schedule	Year ended 31 Dec 2009	Year ended 31 Dec 2008
INCOME			
Gross Sales		**8,359,179**	5,716,597
Less: Excise Duty		**318,619**	382,723
Net Sales		**8,040,560**	5,333,874
Other Income	**14**	**99,632**	229,354
		8,140,192	5,563,228
EXPENDITURE			
Materials Consumed and Change in Stock	**15**	**2,518,152**	954,784
Expenses	**16**	**4,278,441**	3,683,801
Depreciation and Impairment	**5**	**471,832**	334,998
		7,268,425	4,973,583
PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEM		**871,767**	589,645
Interest Income (Net)	**17**	**48,232**	242,686
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		**919,999**	832,331
Exceptional items (Charge)/Credit (Net) [Refer Note (v) on Schedule 18]		**(17,422)**	245,676
PROFIT BEFORE TAX		**902,577**	1,078,007
Provision for -			
Current Tax		**(31,335)**	(256,484)
Fringe Benefits Tax		**(2,500)**	(9,220)
Deferred Tax Charge		**(336,321)**	(11,902)
PROFIT AFTER TAX		**532,421**	800,401
Profit and Loss Account Brought Forward		**1,759,884**	1,149,170
		2,292,305	1,949,571
APPROPRIATIONS			
Proposed Dividend		**127,926**	127,926
Dividend Tax		**21,741**	21,741
Transfer to General Reserve		**26,621**	40,020
Profit and Loss Account Carried Forward		**2,116,017**	1,759,884
		2,292,305	1,949,571
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.)		**6.38**	7.42
on Profit after tax			
Basic and diluted (Rs.)		**6.24**	9.59
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 & COMPANY
Chartered Accountants

VIKRAM AGGARWAL
Partner
Membership No. : 089826

Gurgaon
22 February, 2010

On Behalf of the Board

Chairman S M DATTA
Managing Director S MENON
Finance Director K ROY
Company Secretary P MARDA

Kolkata
22 February, 2010

Cash Flow Statement for the year ended 31 December 2009

(Amounts in Rupees Thousand)

		Year ended 31 Dec 2009	Year ended 31 Dec 2008
A	**Cash Flow from Operating Activities :**		
	Net Profit before Tax and Exceptional items	**919,999**	832,331
	Adjustments for :		
	Depreciation and Impairment	**471,832**	334,998
	Provision for Doubtful Debts	**56,008**	31,700
	Provision for contigencies	**(4,131)**	8,000
	Unrealised Foreign Exchange (Gain) / Loss	**98,780**	(75,445)
	Dividend on Trade Investment	**(15,000)**	(15,000)
	Profit on Sale of Fixed Assets (Net)	**(26,263)**	(2,699)
	Interest Income (Net)	**(24,035)**	(233,151)
	Operating Profit before working capital changes	**1,477,190**	880,734
	Adjustments for :		
	Trade Receivables	**(404,493)**	(314,940)
	Other Receivables	**(834,016)**	(450,167)
	Inventories	**(195,673)**	(85,324)
	Trade Payables	**1,047,889**	653,810
	Cash generated from operations	**1,090,897**	684,113
	Direct Taxes paid	**(187,448)**	(387,819)
	Direct Taxes refunds received	**42,296**	—
	Cash Flow before Exceptional Items	**945,745**	296,294
	Exceptional Items:		
	Separation Payments made to employees	**(52,919)**	—
	Gain on Finance Lease Arrangement	**35,497**	88,051
	Net Cash from Operating Activities	**928,323**	384,345
B	**Cash flow from Investing Activities :**		
	Purchase of Fixed Assets	**(2,717,881)**	(3,014,181)
	Proceeds from Sale of Fixed Assets	**34,184**	35,547
	Dividend received	**15,000**	15,000
	Interest received	**76,599**	184,312
	Cash Flow before Exceptional Items	**(2,592,098)**	(2,779,322)
	Exceptional Items :		
	Proceeds from Sale of Fixed Assets (Property)	—	157,647
	Direct Taxes on Exceptional Items	—	(35,318)
	Net Cash used in Investing Activities	**(2,592,098)**	(2,656,993)
C	**Cash Flow from Financing Activities :**		
	Proceeds from preferential issue of shares	—	5,973,000
	Proceeds from Long Term Borrowings	**1,176,076**	—
	Decrease in Short Term Borrowings	—	(2,190,000)
	Capital Incentive received	—	2,000
	Interest paid	**(27,446)**	(10,750)
	Dividend paid	**(127,407)**	(169,719)
	Dividend Tax paid	**(21,741)**	(28,988)
	Net cash from Financing Activities	**999,482**	3,575,543

Cash Flow Statement for the year ended 31 December 2009 (Contd.)

(Amounts in Rupees Thousand)

	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(664,293)**	1,302,895
Opening Cash and Cash Equivalents	**1,386,516**	83,621
Closing Cash and Cash Equivalents	**722,223**	1,386,516

Notes :

(i) Cash and Cash Equivalents comprises of (Refer Schedule 9) :

Cash in Hand	**3,063**	3,018
With Scheduled Banks		
– Unclaimed Dividend Accounts	**4,595**	4,076
– Current Accounts	**169,165**	153,399
– Fixed Deposit	**545,400**	1,220,901
– Margin Money Deposits	—	5,122
	722,223	1,386,516

(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.

(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 & COMPANY
Chartered Accountants

VIKRAM AGGARWAL
Partner
Membership No. : 089826

Gurgaon
22 February, 2010

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
Finance Director K ROY
Company Secretary P MARDA

Kolkata
22 February, 2010

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

			As at 31 Dec 2009	As at 31 Dec 2008
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			
	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 * Includes 76,308,293 (Previous Year 76,308,293) Equity shares held by The BOC Group Ltd., U.K., the holding company. The ultimate holding company is Linde AG.		**852,842**	852,842
2	**RESERVES AND SURPLUS**			
	Revaluation Reserve [Refer Note (i)(e) on Schedule 18]			
	As per last Accounts	**16,839**		17,054
	Less: Transfer to General Reserve	—		215
			16,839	16,839
	Capital Incentive			
	As per last Accounts	**2,000**		—
	Add: Additions during the year	—		2,000
			2,000	2,000
	Securities Premium			
	As per last Accounts	**6,972,522**		1,361,522
	Add: Premium on equity shares issued during the year	—		5,611,000
			6,972,522	6,972,522
	General Reserve			
	As per last Accounts	**758,456**		718,221
	Add: Transfer from Revaluation Reserve	—		215
	Add: Transfer from Profit and Loss Account	**26,621**		40,020
			785,077	758,456
	Translation & Hedging Reserve			
	As per last Accounts	—		—
	Add: Movement during the year net of deferred tax Rs. 84,489 (Previous Year Rs. Nil) [Refer Note (xxii) of Schedule 18]	**(164,079)**		—
			(164,079)	—
	Profit and Loss Account		**2,116,017**	1,759,884
			9,728,376	9,509,701

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

	As at 31 Dec 2009	As at 31 Dec 2008
3 LOAN FUNDS		
Unsecured Loans		
Long term foreign currency loan from ultimate holding company	**1,176,076**	—
	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 with Linde AG, ultimate holding company. The Loan will be repaid in full by May 2016. As at 31 December 09 the Company has availed Euro 17,700 thousands. [Also refer note (xxii) of Schedule 18]

		As at 31 Dec 2009	As at 31 Dec 2008
4 DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
Difference between net book value of depreciable assets as per books and written down value as per Income Tax		**814,657**	557,029
Future Income from Finance Lease Arrangement		**114,769**	26,984
Others		**314**	—
	(A)	**929,740**	584,013
Deferred Tax Asset			
Mark To Market valuation of hedging instruments [Refer Note (xxii) of Schedule 18]		**84,489**	—
Provision for doubtful debts, advances, other current assets, contingencies and leave encashment		**77,789**	82,046
Voluntary separation payments		**20,088**	5,481
Settlement compensation for closed units		**219**	1,163
	(B)	**182,585**	88,690
	(A) - (B)	**747,155**	495,323

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

5 FIXED ASSETS

	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION / AMORTISATION				IMPAIRMENT	NET BOOK VALUE	
	As at 1 Jan 2009 (a)	Additions during the Year	Deductions during the Year	As at 31 Dec 2009	As at 1 Jan 2009	Depreciation/ Amortisation for the Year	Deductions during the Year	As at 31 Dec 2009	As at 31 Dec 2009(d)	As at 31 Dec 2009	As at 31 Dec 2008
	(A)	(B)	(C)	(D=A+B–C)	(E)	(F)	(G)	(H=E+F-G)	(I)	(J=D-H-I)	(K)
Land - Freehold	108,888	84,000	5	192,883	—	—	—	—	—	192,883	108,888
- Leasehold	59,301	22,010	—	81,311	8,024	800	—	8,824	—	72,487	51,277
Buildings	480,788	127,380	59	608,109	116,682	16,896	56	133,522	1,980	472,607	362,126
Plant and Machinery	5,906,437	3,610,569	46,487	9,470,519	2,989,927	438,852	39,425	3,389,354	15,486	6,065,679	2,900,658
Motor Vehicles	47,436	1,311	2,790	45,957	18,338	3,606	2,394	19,550	—	26,407	29,098
Furniture and Fittings	35,724	8,626	611	43,739	19,342	2,774	204	21,912	88	21,739	16,294
Office Equipments	211,226	5,055	658	215,623	158,202	8,904	244	166,862	—	48,761	53,024
	6,849,800	3,858,951	50,610	10,658,141	3,310,515	471,832	42,323	3,740,024	17,554	6,900,563	3,521,365
Capital Work-in-Progress				4,299,903(b)					34,644	4,265,259(b)	
				14,958,044					52,198	11,165,822	
Previous Year	6,533,284	538,561	222,045	12,248,218	3,160,110	334,998	184,593	3,310,515	52,564	8,885,139(c)	

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

(b) Includes Unsecured Capital Advances aggregating Rs. 2,880,878 (Previous Year Rs. 1,350,170) that are considered good and borrowing costs aggregating Rs. 42,555 (Previous year Rs. 23,752).

(c) Includes Capital Work-in-Progress Rs. 5,363,774 (net of impairment Rs. 34,644).

(d) Movement in Impairment.

	As at 1 Jan 2009	Provision during the year	Released on sale / adjustment during the year	As at 31 Dec 2009
	(A)	(B)	(C)	(D=A+B–C)
Buildings	1,980	—	—	1,980
Plant and Machinery	15,852	—	366	15,486
Furniture and Fittings	88	—	—	88
	17,920	—	366	17,554
Capital Work-in-Progress	34,644	—	—	34,644
	52,564	—	366	52,198
Previous Year	57,146	—	4,582	52,564

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

		As at 31 Dec 2009	As at 31 Dec 2008
6	**INVESTMENTS (Fully paid up)**		
	Trade Investments		
	Long Term - at cost or under		
	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

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

			As at 31 Dec 2009		As at 31 Dec 2008
7	**INVENTORIES**				
	(Valued at lower of cost and net realisable value)				
		Stores and Spare Parts [including in transit Rs. Nil (Previous Year Rs. 339)]	**202,290**		165,909
		Raw Materials and Components [including in transit Rs. 164,327 (Previous Year Rs. Nil)]	**171,372**		12,497
		Finished Goods [including in transit Rs. 2,024 (Previous Year Rs. 14,015)]	**175,524**		185,537
		Construction Work-in-Progress	**126,465**		116,035
			675,651		479,978
8	**TRADE DEBTORS**				
		Unsecured			
		Debts outstanding for a period exceeding six months			
		(a) Considered good*	**37,202**		112,104
		(b) Considered doubtful	**118,906**		131,215
		Other debts:			
		(a) Considered good**	**1,165,982**		742,595
		(b) Considered doubtful	**9,354**		—
			1,331,444		985,914
		Less: Provision for Doubtful Debts	**128,260**		131,215
			1,203,184	***	854,699
*	Including Rs. 5,370 (Previous Year Rs. 51,183) due from a Joint Venture Company				
**	Including Rs. 2,467 (Previous Year Rs. 11,455) 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**		2,906
	Linde Engineering Private Limited		**46**		—
	BOC Kenya Limited		—		279
9	**CASH AND BANK BALANCES**				
		Cash in Hand	**3,063**		3,018
		With Scheduled Banks			
		– Unclaimed Dividend Accounts	**4,595**		4,076
		– Current Accounts	**169,165**		153,399
		– Fixed Deposits	**545,400**		1,220,901
		– Margin Money Deposits	—		5,122
			722,223		1,386,516

Schedules to the Balance Sheet as at 31 December 2009

(Amounts in Rupees thousand)

		As at 31 Dec 2009		As at 31 Dec 2008
10	**OTHER CURRENT ASSETS**			
	Unsecured and considered good :			
	Claims including Escalation (Net)	**16,928**		14,694
	Prepaid Expenses [Refer Note (xiii) on Schedule 18]	**19,300**		21,735
	Balances with Customs, Port Trust, Central Excise, etc.	**495,495**		58,401
	Other Deposits	**165,748**		151,850
	Receivables from Finance Lease Arrangement [Refer Note (xiv) on Schedule 18]	**337,656**		203,921
	Others	**14,132**		52,891
		1,049,259		503,492
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]	**898,288**	*	753,405
	(b) Considered doubtful	**2,605**		2,605
		900,893		756,010
	Less: Provision for doubtful advances	**2,605**		2,605
		898,288		753,405
	Tax (Including Fringe Benefit Tax) net of provision for tax Rs. 1,386,849 (Previous Year Rs. 1,274,751)	**208,480**		97,163
		1,106,768		850,568
	* Includes Loans and Advances outstanding from companies under the same management as defined u/s 370(IB) of Companies Act, 1956:			
	Cryostar Sas	**30,727**		335
	Linde Electronics Limited	**2,270**		—
	Chemogas N.V.	**562**		682
	Linde Gas Singapore Pte. Limited	**64**		79
	Spectra Gases, Inc.	—		5,663
	Thai Industrial Gases Public Co Limited	—		56
12	**LIABILITIES**			
	Sundry Creditors			
	– Total outstanding dues of micro and small enterprises*	**642**		29
	– Total outstanding dues of creditors other than micro and small enterprises	**2,608,865**		1,613,299
	Advances from Customers	**356,995**		287,958
	Interest Accrued but not Due on Loans	**21,785**		—
	Temporary Book Overdraft	—		5,926
	Mark to Market (MTM) - Forward Contract & Firm Commitment [Refer Note (xxii) of Schedule 18]	**248,568**		—
	Investor Education and Protection Fund shall be credited by Unpaid Dividends (not yet due to be credited)	**4,595**		4,076
		3,241,450		1,911,288
	* Refer Note (vi) of Schedule 18			
13	**PROVISIONS**			
	Provision for Contingencies [Refer Note (xvii) on Schedule 18]	**64,162**		68,293
	Provision for Leave Encashment and Other Employee Benefits	**113,179**		123,278
	Provision for Proposed Dividend (including tax thereon)	**149,667**		149,667
		327,008		341,238

Schedules to the Profit and Loss Account for the year ended 31 December 2009

(Amounts in Rupees thousand)

	Year ended 31 Dec 2009	Year ended 31 Dec 2008
14 OTHER INCOME		
Rent	**9,701**	9,913
Dividends on Trade Investments	**15,000**	15,000
Profit on Disposal of Fixed Assets (Net)	**26,263**	2,699
Liabilities no longer required written back	**31,694**	—
Insurance Claims including Loss of Profits	**4,108**	59,558
Gain on Foreign Exchange (Net)	—	101,611
Miscellaneous	**12,866**	40,573
	99,632	229,354
15 MATERIALS CONSUMED AND CHANGE IN STOCK		
Opening Stock		
Raw Materials and Components	**12,497**	48,943
Finished Goods	**185,537**	114,900
Construction Work-in-Progress	**116,035**	121,395
	314,069	285,238
Purchases during the year (including finished goods purchased)	**2,677,444**	983,615
	2,991,513	1,268,853
Less : **Closing Stock**		
Raw Materials and Components	**171,372**	12,497
Finished Goods	**175,524**	185,537
Construction Work-in-Progress	**126,465**	116,035
	2,518,152	954,784
16 EXPENSES		
Stores and Spare Parts Consumed	**170,220**	154,193
Salaries, Wages and Bonus	**350,682**	388,337
Provident Fund and Employee Benefit Expenses	**37,815**	40,756
Workmen and Staff Welfare Expenses	**62,498**	59,207
Travelling Expenses	**86,363**	91,055
Power and Fuel	**1,729,177**	1,246,437
Repairs to		
– Plant and Machinery	**80,217**	68,085
– Buildings	**14,149**	11,360
– Others	**26,658**	29,970
Insurance	**29,679**	31,388
Freight and Transport	**509,544**	480,025
Rent	**19,204**	11,705
Rates and Taxes	**3,413**	6,504
Communication Expenses	**22,487**	23,539
Separation Payments to Employees	**2,747**	8,280
Loss on Foreign Exchange (Net)	**22,668**	—
Contract Job Expenses	**764,555**	719,082
Bad Debts Written off [net off provision adjusted Rs. 55,963 (Previous Year Rs. 73,557)]	—	—
Provision for Doubtful Debts	**56,008**	31,700
Technical Support Fees	**95,500**	104,426
Miscellaneous	**194,857**	177,752
	4,278,441	3,683,801
17 INTEREST INCOME (NET)		
Income		
– on deposits and others [tax deducted at source Rs. 2,649 (Previous Year Rs. 23,029)]	**26,494**	237,227
– on finance lease arrangement [Refer Note (xiv) on Schedule 18]	**24,197**	9,535
Expenses		
– on fixed loans	—	2,103
– on bank and others	**2,459**	1,973
	48,232	242,686

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

18. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(i) Significant Accounting Policies

(a) Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India (GAAP) and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. Pursuant to Institute of Chartered Accountants of India (ICAI) announcement, "Accounting for Derivatives", on early adoption of Accounting Standard 30, "Financial Instruments: Recognition and Measurement", the Company has early adopted the standard during the year, to the extent the adoption does not conflict with existing mandatory Accounting Standards and other authoritative pronouncements, company law and other regulatory requirements.

(b) Use of Estimates

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

(c) Revenue Recognition

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

Schedules to the accounts for the year ended 31 December 2009

(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, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Investments

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

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

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

Schedules to the accounts for the year ended 31 December 2009

(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 2009

(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, other than those covered by forward exchange contracts, are translated at the year-end foreign exchange rates.

Exchange differences arising on settlements/ translations are recognised in the Profit and Loss Account. In case of forward exchange contracts 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

During the year, 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.

Hitherto, gain/loss arising from year end translation of liabilities in foreign currency and loss arising from mark to market valuation of derivative contracts were recognized in the Profit and Loss Account in accordance with Accounting Standard 11 – "The Effects of Changes in Foreign Exchange Rates" prescribed by the Companies (Accounting Standard) Rules, 2006 and notification issued by the Institute of Chartered Accountants of India on 29 March 2008 respectively.

The impact of adoption of AS 30 has been described in Note (xxii) below.

Schedules to the accounts for the year ended 31 December 2009

(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.

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. Accordingly the Company is not required under Accounting Standard 27 – "Financial Reporting of Interest in Joint Ventures" as prescribed by the Companies (Accounting Standards) Rules, 2006 to consolidate its share of assets, liabilities, income and expenses in Joint Venture Company. Such interest has been accounted for as a long term investment in these financial statements. The details regarding the assets, liabilities, income and expenses of the joint venture company is being provided below as additional information to the users of the financial statements.

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

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 2009**	Percentage of ownership interest as at 31 Dec 2008
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 2009 are as follows:

Particulars	**As at 31 Dec 2009 (Unaudited)**	As at 31 Dec 2008 (Unaudited)
ASSETS		
Fixed Assets	**823,660**	873,661
Capital Work - in - Progress	**2,068**	1,307
Investments	**55,175**	55,175
Current Assets, Loans and Advances:		
(a) Inventories	**27,133**	33,821
(b) Trade Debtors	**135,641**	127,910
(c) Cash and Bank Balances	**12,403**	10,456
(d) Loans and Advances and Other Current Assets	**26,722**	17,963
LIABILITIES		
Secured Loans	**497,612**	548,806
Current Liabilities and Provisions:		
(a) Liabilities	**302,572**	338,701
(b) Provisions	**—**	—
Deferred Tax Liability (Net)	**37,238**	14,768

Particulars	**Year ended 31 Dec 2009 (Unaudited)**	Year ended 31 Dec 2008 (Unaudited)
INCOME		
Sales (Net)	**394,177**	295,876
Other Income	**244**	3,821
EXPENSES		
Manufacturing and other expenses	**228,660**	168,684
Depreciation	**53,685**	40,119
Interest	**44,432**	37,072
Provision for Taxation	**7,500**	(205)

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

c) Company's transactions with Belloxy, being a related party, during the year ended 31 December 2009 are disclosed in Note (xxiv) below.

(iii) Estimated Capital commitments (net of advance) not provided for **Rs. 939,240** (Previous year - Rs. 2,588,786).

(iv) Contingent Liabilities :

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

		Year ended 31 Dec 2009	Year ended 31 Dec 2008
a)	Excise Duty matters *	**41,339**	65,860
b)	Other Excise matters***	—	—
c)	Sales Tax matters *	**54,862**	46,432
d)	Guarantees given by the Company	**594,669**	11,400
e)	Other guarantees	—	5,122
f)	Sales Tax Liability transferred to a beneficiary **	**27,600**	27,600
g)	Bills Discounted	**3,834**	14,030
h)	Other claims	**25,875**	11,476

*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 CESTAT has set aside the matter in the current year and has remanded the cases for fresh decision on the question of valuation as per CAS-4 to original authority. 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 2009	Year ended 31 Dec 2008
Profit on sale of Company's right in joint development of property at Hyderabad	—	153,203
Gains on arrangement in the nature of finance lease (Refer note xiv below)	**35,497**	88,051
Profit on acquisition of land by Municipal Corporation, Ahmedabad	—	4,422
Separation payment made to employees (Voluntary Retirement Scheme during the year)	**(52,919)**	—
Total	**(17,422)**	245,676

(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, 2009. 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.

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

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

(a) **Rs. 1,045** (Previous Year Rs. 1,077) being interest free loans (car loan, furniture loan and education loan) to various employees which are being recovered from their remuneration in accordance with repayment schedule contained in the relevant schemes/specific approvals.

(b) The above includes **Rs Nil** (Previous Year Rs. 23) due from an Officer of the Company; [Maximum amount due during the year Rs 23 (Previous Year Rs.63)].

(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 and provident fund which are an unfunded defined benefit plan are as under:

			Pension	Gratuity	Leave Encashment	Provident Fund
I	**Components of Employer Expense**		**Funded**		**Unfunded**	
	a)	Current Service Cost	852 [743] {522}	3,369 [2,469] {1,869}	2,360 [1,902] {1,279}	1,536 [—] {—}
	b)	Interest Cost	1,447 [1,678] {5,031}	2,586 [2,981] {2,506}	1,023 [796] {755}	584 [—] {—}
	c)	Expected Return of Plan Assets	(1,430) [(1,724)] {(5,091)}	(2,934) [(3,435)] {(2,700)}	— [—] {—}	— [—] {—}
	d)	Actuarial Losses / (Gains)	(310) [6,776] {3,318}	2,575 [7,653] {(2,106)}	1,359 [8,557] {1,757}	358 [—] {—}
	e)	Total Expenses recognised in the Statement of Profit & Loss Account	559 [7,473] {3,780}	5,596 [9,668] {(431)}	4,742 [11,255] {3,791}	2,478 [—] {—}

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

			Pension	Gratuity	Leave Encashment	Provident Fund
II	**Actual Returns for the Year ended 31 December 2009**		1,816 [(462)] {3,709}	104 [1,275] {4,465}	— [—] {—}	— [—] {—}
III	**Net Asset / (Liability) recognised in Balance Sheet as at 31 December 2009**					
	a)	Present Value of Defined Benefit Obligation	(18,592) [25,139] {83,882}	(35,077) [44,521] {40,042}	(16,326) [17,632] {13,260}	8,613 [—] {—}

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Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

			Pension	Gratuity	Leave Encashment	Provident Fund
	b)	Fair Value of Plan Assets	18,033 [19,535] {83,965}	31,549 [41,905] {45,254}	— [—] {—}	— [—] {—}
	c)	Status [Surplus / (Deficit)]	(559) [(5,604)] {83}	(3,528) [(2,616)] {5,212}	(16,326) [(17,632)] {(13,260)}	(8,613) [—] {—}
	d)	Net Asset / (Liability) recognised in Balance Sheet	(559) [(5,604)] {83}	(3,528) [(2,616)] {5,212}	(16,326) [(17,632)] {(13,260)}	(8,613) [—] {—}
			Pension	**Gratuity**	**Leave Encashment**	**Provident Fund**
IV	**Change in Defined Benefit Obligation (DBO) during the year ended 31 December 2009**					
	a)	Present Value of DBO at the beginning of year	25,139 [23,302] {85,580}	44,521 [40,042] {44,425}	17,632 [13,260] {14,594}	7,080 [—] {—}
	b)	Current Service Cost	852 [743] {522}	3,369 [2,469] {1,869}	2,360 [1,902] {1,279}	1,536 [—] {—}
	c)	Interest Cost	1,447 [1,678] {5,031}	2,586 [2,981] {2,506}	1,023 [796] {755}	584 [—] {—}
	d)	Actuarial (Gains) / Losses	76 [4,590] {1,936}	(255) [5,493] {(341)}	1,359 [8,557] {1,757}	358 [—] {—}
	e)	Benefits Paid	(8,922) [(5,174)] {(9,187)}	(15,144) [(6,464)] {(8,417)}	(6,048) [(6,883)] {(5,125)}	(945) [—] {—}
	f)	Present Value of DBO at the end of year	18,592 [25,139] {83,882}	35,077 [44,521] {40,042}	16,326 [17,632] {13,260}	8,613 [—] {—}
			Pension	**Gratuity**	**Leave Encashment**	**Provident Fund**
V	**Change in Fair Value of Plan Assets during the year ended 31 December 2009**					
	a)	Fair value of Plan Assets at the beginning of year	19,535 [23,104] {89,443}	41,905 [45,254] {49,206}	— [—] {—}	— [—] {—}
	b)	Expected Return on Plan Assets	1,430 [1,724] {5,091}	2,934 [3,435] {2,700}	— [—] {—}	— [—] {—}
	c)	Actuarial Gains /(Losses)	386 [(2,186)] {(1,382)}	(2,830) [(2,160)] {1,765}	— [—] {—}	— [—] {—}

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

			Pension	Gratuity	Leave Encashment	Provident Fund
	d)	Actual Company Contribution	5,604 [2,067] { — }	4,684 [1,840] { — }	6,048 [6,883] {5,125}	— [—] { — }
	e)	Benefits Paid	(8,922) [(5,174)] {(9,187)}	(15,144) [(6,464)] {(8,417)}	(6,048) [(6,883)] {(5,125)}	— [—] { — }
	f)	Fair value of Plan Assets at the end of the year	18,033 [19,535] {83,965}	31,549 [41,905] {45,254}	— [—] { — }	— [—] { — }
VI	**Actuarial Assumptions**					
	a)	Discount Rate (%)	8.20 [6.50] {8.10}	8.20 [6.50] {8.10}	8.20 [6.50] {8.10}	8.20 [6.50] {8.10}
	b)	Expected Return on Plan Assets (%)	8.00 [8.00] {8.00}	8.00 [8.00] {8.00}	— [—] { — }	— [—] { — }

The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

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	Leave Encashment	Provident Fund
VIII	**Major category of planned asset**					
	a)	Government of India Securities (Central & State)	29.59%	26.25%	—	—
	b)	Cash (including Special Deposits)	39.83%	69.44%	—	—
	c)	High quality corporate bonds (including Public sector bonds)	—	4.31%	—	—
	d)	Insurance manage fund	30.58%	—	—	—

Previous years' figures are in brackets.

		Year ended 31 Dec 2009	Year ended 31 Dec 2008
	Miscellaneous Expenses includes:		
(ix)	Auditors' Remuneration :		
	As Auditors		
	Audit Fee	**1,350**	1,200
	Limited Reviews	**550**	480
	Group Reporting Package Review	**500**	470
	Miscellaneous certificates, etc.	**60**	848
	Reimbursement of expenses (including Service tax)	**484**	371
		2,944	3,369

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

			Year ended 31 Dec 2009	Year ended 31 Dec 2008
(x)	Expenditure on Research and Development :			
		Revenue Expenditure	**1,529**	3,214
(xi)	Remuneration to Directors :			
	(a)	Salaries	**9,044**	7,029
	(b)	Variable Compensation Pay	**4,356**	2,345
	(c)	Provident Fund and Employee Benefit Expenses	**1,605**	1,115
	(d)	Other Benefits	**1,949**	920
	(e)	Commission to Directors other than whole time director (Note xii below)	**2,500**	1,900
	(f)	Sitting Fees	**304**	320
			***19,758**	13,629

* Appointment of the Finance Director with effect from 23 February 2009.

(xii) Computation of Directors' Commission for the year ended 31 December 2009 in accordance with Section 349 of the Companies Act, 1956.

		Year ended 31 Dec 2009	Year ended 31 Dec 2008
Profit Before Taxation		**902,577**	1,078,007
Add :	Depreciation charge to accounts	**471,832**	334,998
	Directors' Remuneration	**19,758**	13,629
	Separation payments made to employees	**55,666**	8,280
	Capital incentive received from Government of Jharkhand	—	2,000
	Wealth tax	**1,000**	1,000
		1,450,833	1,437,914
Less:	Capital Profit		
	– On disposal of fixed assets.	**18,919**	159,547
	Depreciation under Section 350 of the Companies Act,1956	**471,832**	334,998
Profit for the purpose of Directors' Commission		**960,082**	943,369
Directors' Commission thereon - 1% of profit, restricted to		**2,500**	1,900

(xiii) Prepaid expenses in Schedule 10 include: **Rs. 11,880** (Previous Year Rs. 13,320) towards rent adjustable over a period of 20 years from April 1998.

(xiv) a) During the year, certain plant and machinery have been made available by the Company to a customer 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. Gain of **Rs. 35,497** being the excess of net investment in the lease over the aggregate of written down value of leased assets **Rs. 112,242**, has been recognised as an exceptional item in these financial statements. 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. The lease arrangement is for a period of 15 years which may be extended for such further period and on such terms and conditions as the parties may mutually agree.

Schedules to the accounts for the year ended 31 December 2009

(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.

	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Total gross investment in the lease	**630,600**	343,800
Less : Present value of minimum lease payments	**289,003**	176,526
Less : Present Value of unguaranteed residual value	**21,194**	19,277
Unearned finance income	**320,403**	147,997
Gross investment in the lease for the period :		
Not later than one year [Present value of minimum lease payments receivable Rs. 44,596 as on 31.12.2009]	**52,200**	31,200
Later than one year but not later than five years [Present value of minimum lease payments Rs. 139,305 as on 31.12.2009]	**208,800**	124,800
Later than five years [Present value of minimum lease payments Rs. 105,102 as on 31.12.2009]	**369,600**	187,800
Contingent rent recognised in the Profit and Loss account	**2,969**	1,772

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 does not contain stipulation for increase in lease rentals. Minimum lease payment charged during the year to the profit and loss account aggregated to **Rs. 21,088** (Previous Year Rs. 24,432).

(xvi) In calculating Basic and Diluted Earnings per Share

	Year ended 31 Dec 2009	Year ended 31 Dec 2008
a) Numerator used:		
Profit before tax and exceptional item	**919,999**	832,331
Less: Taxes thereon	**376,078**	212,360
Profit after tax and before exceptional item	**543,921**	619,971
Add: Exceptional item	**(17,422)**	245,676
Less: Taxes thereon	**(5,922)**	65,246
Profit after Tax	**532,421**	800,401
b) Denominator used:		
Weighted average number of Equity Shares of Rs. 10 each outstanding during the year	**85,286,209**	83,503,895
c) Basic and diluted earnings per Equity Share of Rs. 10 each		
– on Profit after tax and before exceptional items	**6.38**	7.42
– on Profit after tax	**6.24**	9.59

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

(xvii) Provision for Contingencies

	Excise and Sales Tax cases (a)	Others (b)	Total
Balance as at 1 January 2009	**58,293**	**10,000**	**68,293**
	(50,293)	(10,000)	(60,293)
Add: Provision during the year	**7,500**	—	**7,500**
	(8,000)	(—)	(8,000)
Less: Utilised during the year	**11,631**	—	**11,631**
	—	(—)	(—)
Balance as at 31 December 2009	**54,162**	**10,000**	**64,162**
	(58,293)	(10,000)	(68,293)

Previous year's figures are in brackets.

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

(b) Other provisions are towards various legal cases pending against the Company and contractual obligation in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

(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.

		Year ended 31 Dec 2009	Year ended 31 Dec 2008
a)	Contract revenue recognised	**3,072,090**	1,504,271
b)	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress	**4,759,737**	2,197,789
c)	Amount of customer advances outstanding for contracts in progress	**467,902**	181,244
d)	Amount of retention due from customers for contracts in progress	**509,523**	192,407
e)	Gross amount due from customers for contracts in progress	**129,465**	116,435

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

(xix) Details of unhedged foreign currency exposures that are outstanding as at 31 December 2009 are as follows:

		31 Dec 2009 In '000		31 Dec 2008 In '000
Creditors	**GBP**	**1,469**	GBP	226
	EUR	**2,611**	EUR	977
	USD	**2,585**	USD	2,556
	AUD	**7**	AUD	3
	SGD	**114**	SGD	104
	DKK	**395**	DKK	1,020
	MYR	**2**	MYR	2
	JPY	**204**	JPY	39
	HKD	**24**	HKD	24
	THB	**83**	THB	—
Other Recoverable	**GBP**	**10**	GBP	31
	EUR	**—**	EUR	30
	USD	**440**	USD	7

(xx) Provision for tax has been recognised with reference to the taxable profit for the year ended 31 December 2009 in accordance with the provision of the Income tax Act, 1961. The ultimate tax liability for the assessment year 2010-2011 will be determined on the basis of taxable income for the year ending on 31 March 2010.

(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 58 million (equivalent to Rs. 3,857,607) available to the Company at variable interest rates based on LIBOR.

Rs. 1,476 being the translation gain on foreign currency borrowings drawn down till the year-end and Rs. 54,094 (net of deferred tax Rs. 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. 111,461 (net of deferred tax Rs. 57,394) for the year ended 31 December 2009 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.

Had the Company continued to recognize loss arising from changes in fair values of the aforesaid swap/forward contracts and loss arising from year-end translation of foreign currency borrowings drawn down in accordance with Accounting Standard 11 – "The effects of Changes in Foreign Exchange Rates" prescribed by the Companies (Accounting Standard) Rules 2006 and notification issued by the Institute of Chartered Accountants of India on 29 March 2008 respectively, loss on foreign exchange fluctuations during the year would have been higher by Rs. 248,568 and profit after tax would have been lower by Rs. 164,079.

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

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

a) Determination of segment information is based on the organisational and management structure of the Company and its internal financial reporting system. The Company business segments namely 'Gases and Related Products' and 'Project Engineering' have been considered as primary segments for reporting format. Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.

b) 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 31 Dec 2009	Year ended 31 Dec 2008
REVENUE EXTERNAL (Net of Excise Duty)		
Gases and Related Products (including net gain of Rs 35,497 on finance lease arrangement (Previous year Rs88,051)]	**5,158,534**	4,140,358
Project Engineering	**3,007,588**	1,461,695
Total (A)	**8,166,122**	5,602,053
Unallocable revenue (B) [including profits on exceptional items of Rs Nil (Previous Year Rs.157,625)]	**60,258**	453,613
Total (A) + (B)	**8,226,380**	6,055,666
INTER SEGMENT REVENUE		
Gases and Related Products	—	—
Project Engineering	**857,314**	1,720,233
Others	—	—
Total (C)	**857,314**	1,720,233
Segment Revenue (A) + (C)	**9,023,436**	7,322,286
DEPRECIATION / AMORTISATION AND IMPAIRMENT		
Gases and Related Products	**457,699**	323,260
Project Engineering	**1,474**	1,197
Others	**12,659**	10,541
Total	**471,832**	334,998
IMPAIRMENT RELEASED (On disposal of fixed assets)		
Gases and Related Products	**(366)**	(4,582)
Total	**(366)**	(4,582)
NON CASH EXPENSES OTHER THAN DEPRECIATION / AMORTISATION AND IMPAIRMENT		
Gases and Related Products	**59,317**	80,119
Project Engineering	**4,190**	33,137
Others	—	11,409
Total	**63,507**	124,665

	Year ended 31 Dec 2009	Year ended 31 Dec 2008
PROFIT BEFORE TAX		
Gases and Related Products [including net gain of Rs 35,497 on finance lease arrangement (Previous year Rs88,051)]	**953,882**	633,077
Project Engineering	**257,323**	181,576
Other unallocable expenses (net of unallocable income)	**(255,709)**	105,729
Total	**955,496**	920,382
Exeptional Item	**(52,919)**	157,625
Provision for Tax	**(370,156)**	(277,606)
Profit after Tax	**532,421**	800,401
SEGMENT ASSETS		
Gases and Related Products	**13,470,159**	10,473,226
Project Engineering	**1,401,784**	1,057,974
Others	**1,050,964**	1,429,192
Total	**15,922,907**	12,960,392
Investments	**150,000**	150,000
Total Assets	**16,072,907**	13,110,392
SEGMENT CURRENT LIABILITIES AND PROVISIONS		
Gases and Related Products	**1,264,909**	972,683
Project Engineering	**1,607,135**	849,634
Others	**696,414**	430,209
Total	**3,568,458**	2,252,526
Loan Funds	**1,176,076**	—
Deferred Tax Liability (Net)	**747,155**	495,323
Total Liabilities	**5,491,689**	2,747,849
CAPITAL EXPENDITURE		
Gases and Related Products	**2,747,467**	2,982,199
Project Engineering	**4,531**	5,906
Others	**8,438**	26,076
Total	**2,760,436**	3,014,181

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

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

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 Australia Pty Limited	Australia
BOC Bangladesh Limited	Bangladesh
Chemogas N.V.	Belgium
Linde Electronics & Speciality Gases (Suzhou) Company Limited	China
Linde Gas (Ningbo) Ltd.	China
BOC China Holdings Company Limited	China
Cryostar Sas	France
MAPAG Valves GmbH	Germany
Hong Kong Oxygen & Acetylene Co Limited	Hong Kong
Linde Gas Hungary Co. Limited	Hungary
Linde Electronics Gases Japan Limited	Japan
BOC Kenya Limited	Kenya
Mox Gases Sdn Berhad	Malaysia
Consolidated Industrial Gases Inc	Philippines
Linde Gas Asia Pte Limited	Singapore
Linde Gas Singapore Pte. Limited	Singapore
Afrox	South Africa
Linde Electronics South Africa (Pty) Limited	South Africa
Aga-Cryo Ab	Sweden
Thai Industrial Gases Public Co Limited	Thailand
BOC Limited	United Kingdom
Linde Cryoplants	United Kingdom
BOC Process System	United Kingdom
BOC Gases, US	United States of America
BOC Inc.	United States of America
Spectra Gases, Inc.	United States of America
Linde BOC Process Plants Llc	United States of America
Linde Electronics Limited	United States of America

(b) Located in India

Fellow Subsidiary

Linde Global Support Services Private Limited
Linde Process Technology India Private Limited
Linde Engineering Private Limited

Joint Venture

Bellary Oxygen Company Private Limited

iv) Key Management Personnel of the Company

S Menon, Managing Director (with effect from 23 October 2008)
K Roy, Finance Director (with effect from 23 February 2009)
E R Raj Narayanan, Managing Director (till 30 April 2008)

Schedules to the accounts for the year ended 31 December 2009

(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	**223** (26,227)	— (—)	**101,113** (53,100)	**169,742** (115,687)	— (—)
Purchase of Fixed Assets	**134,897** (896,310)	— (—)	**291,293** (120,135)	— (—)	— (—)
Services received	**16,599** (—)	**95,500** (104,426)	**4,427** (5,699)	— (—)	— (—)
Facility fees received	— (—)	— (—)	**4,250** (3,173)	— (—)	— (—)
Sale of Goods	— (—)	— (—)	**20,041** (2,530)	**9,942** (35,569)	— (—)
Recovery of Expenses	**1,066** (11,937)	— (—)	**30,594** (41,629)	**10,361** (14,838)	— (—)
Reimbursement of Expenses	— (—)	— (—)	**15,015** —	— (—)	— (—)
Rent Received	— (—)	— (—)	**8,384** (8,249)	— (—)	— (—)
Managerial remuneration	— (—)	— (—)	— (—)	— (—)	**16,953** (11,409)
Equity Shares Issued (Preferential allotment)	— (—)	— (5,973,000)	— (—)	— (—)	— (—)
Dividend paid	— (—)	**114,462** (126,198)	— (—)	— (—)	— (—)
Dividend Received	— (—)	— (—)	— (—)	**15,000** (15,000)	— (—)
Interest Paid	**18,183** (—)	— (—)	— (—)	— (—)	— (—)
Borrowings	**1,176,076** (—)	— (—)	— (—)	— (—)	— (—)
Outstanding balances:					
– Receivables/Debtors	**1,113** (987)	**800** (153)	**16,259** (14,486)	**11,521** (102,882)	— (—)
– Payables/ Creditors	**1,212,349** (33,674)	**59,542** (19,342)	**176,824** (17,384)	**113,738** (99,476)	**4,356** (1,419)
– Advance to Vendors/Capital Advances	**2,811,243** (1,307,024)	— (—)	**38,525** (44,173)	**250,000** (250,000)	— (—)

Previous year's figures are in brackets.

Schedules to the accounts for the year ended 31 December 2009

(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 2009**	Year ended 31 Dec 2008
1. Purchase of goods	Cryostar Sas	**47,907**	23,314
	Linde Electronics limited	**21,295**	6,345
	BOC Limited	**704**	6,699
	Spectra Gases Inc	—	7,028
2. Purchase of fixed assets	Linde Gas (Ningbo) Limited	**130,429**	—
	Hong Kong Oxygen & Acetylene Company Limited	**38,896**	—
	Linde Gas Hungary Company Limited	**113,031**	—
	Cryostar Sas	**8,937**	53,112
	BOC Limited	—	88
	MAPAG Valves Gmbh	—	12,841
	MOX Gases Sdn Berhad	—	44,170
3. Services Received	BOC Limited	**1,046**	4,438
	Cryostar Sas	**1,633**	1,056
	Linde BOC Process Plants LLC	**945**	—
	Consolidated Industrial Gases, Inc.	**457**	—
4. Sale of goods	BOC Bangladesh Limted	**11,276**	2,530
	Linde Electronics & Speciality Gases (Suzhou) Co Ltd.	**7,891**	—
5. Recovery of expenses	Linde Gas Asia Pte Limited	**21,733**	18,532
	BOC Limited	**6,291**	18,857
	Linde Global Support Services Private Limited	**2,426**	4,178
6. Rent Received	Linde Global Support Services Private Limited	**8,384**	8,249
7. Reimbursement of Expenses	BOC China Holdings Company Limited	**10,790**	—
	Linde Gas Asia Pte Limited	**4,004**	—
8. Facility fees received	Linde Global Support Services Private Limited	**4,250**	3,173
9. Outstanding balance:			
– Receivables / Debtors	Linde Global Support Services Private Limited	**3,049**	4,582
	Linde Gas Singapore Pte Limited	**2,626**	1,247
	Linde Electronics & Speciality Gases (Suzhou) Company Limted	**7,891**	—
	BOC Bangladesh Limited	**229**	2,906
	BOC Limited	**1,418**	5,128
– Payables / Creditors	BOC Process System	**83,842**	—
	Crostar Sas	**36,207**	2,849
	Spectra Gases Inc.	—	4,969
	BOC Limited	**7,408**	6,469
– Advance to Vendors/ Capital Advances	Cryostar Sas	**35,629**	335
	Linde Gas Hungary Co. Ltd.	—	37,357
	Spectra Gases Inc.	—	5,663
	Chemogas N.V.	**562**	682

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	Party	**Year ended 31 Dec 2009**	Year ended 31 Dec 2008
Managerial Remuneration	S Menon	**12,018**	7,160
	K Roy	**4,935**	—
	E R Raj Narayanan	—	4,249
Payables	S Menon	**3,416**	1,419
	K Roy	**940**	—

Schedules to the accounts for the year ended 31 December 2009

(Amounts in Rupees thousand)

(xxv) Gross Sales

		Year ended 31 Dec 2009		Year ended 31 Dec 2008	
Class of Goods	Units	Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	**1,114,720**	**4,397,293**	615,757	3,341,821
Other Cylinder Gases	1000 cum	**1,903**	**331,196**	2,351	297,328
Vessels, plants and related accessories		***	**2,998,623**	***	1,469,960
Others		***	**632,067**	***	607,488
			8,359,179		5,716,597

(xxvi) Raw Materials and Components consumed

		Year ended 31 Dec 2009		Year ended 31 Dec 2008	
Class of Goods	Units	Quantity	Amount	Quantity	Amount
Ferrous, Non-ferrous Metals & Components		***	**1,897,426**	***	404,685
Chemicals	tonnes	**1,943**	**66,032**	2,326	74,110
			1,963,458		478,795

(xxvii) Licensed Capacity, Installed Capacity and Production

		Year ended 31 Dec 2009			Year ended 31 Dec 2008		
Class of Goods	Units	Licensed Capacity*	Installed Capacity**	Production	Licensed Capacity*	Installed Capacity**	Production
Air Separation Unit Gases	1000 cum	**N.A.**	**1,468,410**	**1,076,927**	N.A.	903,403	593,639
Other Cylinder Gases	1000 cum	**N.A.**	**10,176**	**980**	N.A.	10,426	1,745
Air Separation & Gas Plants, Associated and Cryogenic Equipment	Nos/ Sets	**N.A.**	**38**	**2**	N.A.	38	35

* 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

		As at 31 Dec 2009		As as 31 Dec 2008		As as 31 Dec 2007	
Class of Goods	Units	Quantity	Amount	Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	**13,182**	**57,258**	9,645	52,064	7,363	42,368
Other Cylinder Gases	1000 cum	**94**	**41,931**	116	25,319	127	30,001
Others		***	**76,335**	***	108,154	***	42,531
			175,524		185,537		114,900

(xxix) Finished Goods Purchased

		Year ended 31 Dec 2009		Year ended 31 Dec 2008	
Class of Goods	Units	Quantity	Amount	Quantity	Amount
Air Separation Unit Gases	1000 cum	**41,330**	**285,980**	24,399	255,678
Other Cylinder Gases	1000 cum	**901**	**121,163**	595	58,651
Others		***	**147,968**	***	118,196
			555,111		432,525

*** 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 2009

(Amounts in Rupees thousand)

(xxx) Value of Imports on CIF basis

	Year ended 31 Dec 2009 Amount	Year ended 31 Dec 2008 Amount
Raw Materials	—	—
Components and Spare Parts	**668,938**	270,677
Capital Goods	**584,493**	1,411,468
	1,253,431	1,682,145

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

	Year ended 31 Dec 2009		Year ended 31 Year 2008	
	Amount	**% of total Consumption**	Amount	% of total Consumption
Raw Material				
Indigenous	**66,032**	**100**	74,110	100
	66,032	**100**	74,110	100
Components and Stores & Spare Parts				
Imported	**647,285**	**31**	243,382	44
Indigenous	**1,420,361**	**69**	315,496	56
	2,067,646	**100**	558,878	100

(xxxii) Expenditure in Foreign Currency

	Year ended 31 Dec 2009 Amount	Year ended 31 Dec 2008 Amount
Travelling expenses	**414**	3,131
Technical support fees	**95,500**	104,426
Services received	**21,026**	21,769
Interest paid	**18,183**	—
Reimbursement of expenses	**15,015**	—
	150,138	129,326

(xxxiii) Earnings in Foreign Exchange

	Year ended 31 Dec 2009 Amount	Year ended 31 Dec 2008 Amount
Export (F. O. B. basis)	113,635	19,302
Recovery of expenses	29,235	42,435
	142,870	61,737

(xxxiv) Remittance in Foreign Currency on account of Dividend

Dividend for the period ended	**Year ended 31 Dec 2009**			Year ended 31 Dec 2008		
	Number of Non Resident Shareholders	**Number of Shares held**	**Net Dividend Remitted Amount**	Number of Non Resident Shareholders	Number of Shares held	Net Dividend Remitted Amount
31 Dec 2008 Final Dividend	**1**	**76,308,293**	**114,462**	1	63,098,891	126,198

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. 164,470 (Previous Year Rs. 129,030)

(xxxvi) Previous year's figures have been rearranged/ regrouped where considered necessary to conform to current year's presentation.

Signatures to Schedule '1' to '18'
On behalf of the Board
Chairman S M DATTA
Managing Director S MENON
Finance Director K ROY
Company Secretary P MARDA

Kolkata
22 February, 2010

BOC
A Member of The Linde Group

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 2009		

(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	12,504,449	Total Assets	12,504,449
Sources of Funds :		Application of Funds :	
Paid up Capital	852,842	Net Fixed Assets	11,165,822
Reserves and Surplus	9,728,376	Investments	150,000
Secured Loans	—	Net Current Assets	1,188,627
Unsecured Loans	1,176,076		
Deferred Tax Liability (Net)	747,155		

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

*Turnover**	*8,226,380*
(*Representing Total Income including Other Income)	
Total Expenditure	7,323,803
Profit/(Loss) Before Tax	902,577
Profit/(Loss) After Tax	532,421
Earning per share (Rs.)	6.38
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
Finance Director	K ROY
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 2009, 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 the books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from directors as on 31 December 2009, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31 December 2009 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 2009;

      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 & Company**
Chartered Accountants

Vikram Aggarwal
Partner
Membership No: 089826

Place: Gurgaon
Date: 22 February, 2010

Annexure to the Auditors' report

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventory, except goods-in-transit 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 2009, 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 Income-tax, 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 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
Central Sales Tax Act and various State Sales Tax Acts	Sales Tax	4,935	1982-1992	High Court
		147,082	1981-1987 1994-1996 1997-2000 2001-2005	Revisional Board

Name of the Statute	Nature of Dues	Amount (Rs. '000)	Period to which amount relates	Forum where the dispute is pending
		9,012	1990-1991 1995-1997 1999-2004	Tribunal
		35,567	1992-1993 2005-2006	Senior Joint Commissioner (Appeals) of Commercial Taxes
		11,658	1999-2000 2001-2008	Joint Commissioner (Appeals) of Commercial Taxes
		67,893	1996-1997 2000-2001 2004-2006	Additional Commissioner of Commercial Taxes
		5,289	1992-2004	Deputy Commissioner (Appeals) of Commercial Taxes
		38,810	1992-2007	Assistant Commissioner of Commercial Taxes
Central Excise Act	Excise Duty	28,976	2007-2009	Supreme Court
		447	1990-2009	High Court
		22,161	1991-2009	Customs, Excise and Service Tax Appellate Tribunal
		6,110	1991-2009	Commissioner (Appeals)
		63,815	1991-2009	Commissioner of Central Excise
		15,744	1991-2009	Additional Commissioner
		99,022	1991-2009	Assistant Commissioner
Service Tax	Service Tax	54,470	2005-2009	Customs, Excise and Service Tax Appellate Tribunal
		333	2003-2009	Commissioner (Appeals)
		81,409	2008-2009	Commissioner of Central Excise (Stay Order obtained by the Company Rs. 29,236 thousand)
		1,822	2003-2009	Additional Commissioner
		28,063	2004-2009	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) 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) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the 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 & Company
Chartered Accountants

Vikram Aggarwal
Partner
Membership No: 089826

Place: Gurgaon
Date: 22 February, 2010

BOC
A Member of The Linde Group

Ten-Year Financial Data

(Rs million)

	2001	2002	2003	2004	2005	2006	2007	31 Dec 2007 (9 Months)	31 Dec 2008 (12 Months)	2009
Sales : Home	2,978.5	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**
Export	35.2	6.6	16.1	1.9	0.1	2.2	11.1	12.1	19.3	**113.6**
Profit before Tax and Extraordinary Item	18.1	35.5	114.6	201.4	455.9	809.1	437.7	240.2	832.3	**920.0**
Tax	—	(15.0) ***	36.5	76.6	189.6	326.0	183.3	96.0	212.3	**376.1**
Profit after Tax, before Extraordinary Item	18.1	50.5	78.1	124.8	266.3	483.2	254.4	144.2	620.0	**543.9**
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	18.1	25.8	163.3	292.9	279.7	786.3	446.0	616.6	800.4	**532.4**
Share Capital	490.8	490.8	490.8	490.8	490.8	490.8	490.8	490.8	852.8	**852.8**
Reserves and Surplus	1,564.6	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**
Shareholders' Funds	1,851.0	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**
Loan Funds	1,562.5	1,408.9	1,142.9	848.4	768.6	1,087.3	917.3	2,190.0	—	**1,176.1**
Gross Block *	4,833.3	4,911.5	5,041.9	5,219.8	5,836.3	5,862.4	7,298.4	9,456.1	12,248.2	**14,923.4**
Depreciation **	1,803.5	2,009.5	2,227.9	2,384.1	2,674.2	2,752.7	3,012.8	3,217.3	3,363.1	**3,757.6**
Net Block *	3,029.8	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**
Investments	0.7	0.7	0.6	121.7	650.0	290.1	150.0	150.0	150.0	**150.0**
Net Current Assets	355.0	338.9	327.0	233.6	(396.4)	1,187.9	275.7	21.4	1,822.7	**1,188.6**
Total Capital Employed	3,385.5	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**
Dividend (Incl. Tax thereon)	—	—	—	55.4	84.1	167.9	143.6	199.6	149.7	**149.7**
Rate of Dividend	—	—	—	10%	15%	30%	25%	20%	15%	**15%**
No of Shareholders	25,860	26,196	27,034	27,993	28,675	32,061	31,772	31,663	29,178	**26,759**
No of Employees	636	613	633	591	588	633	643	657	722	**666**

* Includes Capital Work-in-Progress

** Includes Impairment

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

Notes

Hydrogen - clean fuel for future

BOC India Limited
A Member of The Linde Group

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