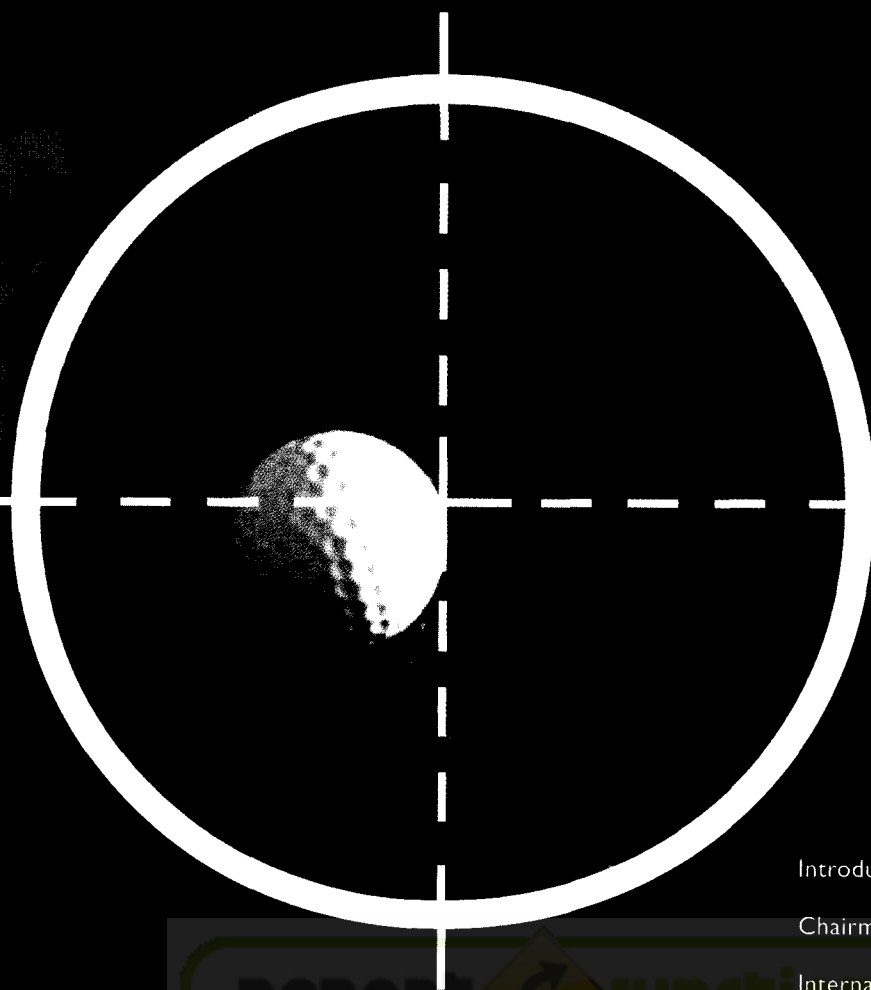


## Annual Report 2002-2003





Introduction	1
Chairman's Statement	3
International Focus on India	7
Focus on Talent	9
Focus on Strategy	11
Focus on Safety	13
Focus on the Future	15
Board of Directors	16
Directors' Report & Management Discussion and Analysis	18
Report on Corporate Governance	26
Balance Sheet	34
Profit and Loss Account	35
Cash Flow Statement	36
Schedules	38
Auditors' Report	52
Ten Year Financial Data	54



## BOC India Limited

### Notice

Notice is hereby given that the Sixty Seventh Annual General Meeting of the members of BOC India Limited will be held at the Science City Main Auditorium, JBS Haldane Avenue, Kolkata 700 046 on Monday, 14 July 2003 at 11.30 a.m. to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31 March 2003, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr Jamshed Jiji Irani, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr Michael Stewart Huggon, who retires by rotation and is eligible 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, the following resolution which will be proposed as a Special Resolution :

"RESOLVED that Messrs Price Waterhouse, Chartered Accountants, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this 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 resolutions :

5. As an Ordinary Resolution  
"RESOLVED that in place of Mr Michael Sylvester Mathews, who retires by rotation under Article 102 of the Company's Articles of Association and who does not seek re-appointment, Mr Colin Gordon Isaac, in respect of whom due notice in writing under Section 257 of the Companies Act, 1956 has been received from a member be and is hereby appointed a Director of the Company."
6. As a Special Resolution  
"RESOLVED that pursuant to the provisions of Section 163 of the Companies Act, 1956, approval of the Company is hereby accorded to keep the Register of Members, Index of Members, copies of all annual returns and certificates and documents required to be annexed thereto, in the office of the Company's Registrar and Transfer Agents, Messrs Intime Spectrum Registry Ltd., 1/17 Prince Gulam Mohammad Road, Kolkata 700 026 instead of being kept at the Registered Office of the Company."

By Order of the Board

PAWAN MARD  
Company Secretary

### Registered Office

Oxygen House  
P 43 Taratala Road  
Kolkata 700 088  
15 May 2003

**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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business at item nos. 5 and 6 of the Notice is annexed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 04 July 2003 to Monday, 14 July 2003 ( both days inclusive).
4. In terms of the amendment to Section 205A and introduction of Section 205C by the Companies Amendment Act, 1999, 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. Accordingly, the unpaid or unclaimed 45th dividend (final) for the year ended 30 September 1995 has been transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrants for the 46th dividend (Interim) for the year ended 30 September 1996 and thereafter, wherever applicable, are requested to immediately contact the Company or its Registrar and Transfer Agents for the same.
5. Members holding shares in physical form are requested to notify immediately any change in their address including Pin code, Bank Mandate and Income Tax Permanent Account Number details to the Company's Registrar and Transfer Agents, Messrs Intime Spectrum Registry Ltd., 1/17, Prince Gulam Mohammad Road, Kolkata 700 026. 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 also requested to consolidate their shareholdings into one folio.
7. Members holding shares in the physical form and desirous of making a 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 and Transfer Agents, Messrs Intime Spectrum Registry Ltd.
8. **Members are requested to contact Messrs Intime Spectrum Registry Limited, 1/17, Prince Gulam Mohammad Road, Kolkata 700 026 for matters relating to share transfers, demat etc. Members may also contact the Company Secretary at the Registered Office of the Company (Phone Nos: 2401 4708; 2401 5172; Fax : 91-33-2401 4974; 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 :**

Dr Jamshed Jiji Irani and Mr Michael Stewart Huggon, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr Michael Sylvester Mathews, a Director also retires by rotation but does not seek re-appointment at the Annual General Meeting. It is proposed to appoint Mr Colin Gordon Isaac as a Director of the Company at the Annual General Meeting in the vacancy arising out of retirement of Mr Mathews, who is not being re-appointed.

**Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, following information is furnished about the Directors proposed to be appointed/ re-appointed :**

**Dr Jamshed Jiji Irani**, 66 years old, is a BSc. with a Gold Medal in Geology and MSc. (Geology) from the Nagpur University, M. Met. and Ph.D. from the University of Sheffield, U.K. with a Gold Medal for the Ph.D. Thesis. The Government of India and other professional Institutes, both in India and abroad, have conferred on Dr Irani several prestigious awards. Dr Irani is a Fellow of the Institute of Metals, Institution of Engineers, All India Management Association, Institute of Standards Engineers and the Indian Academy of Sciences. He is the past President of the Indian Institute of Metals, All India Management Association and Confederation of Indian Industry.

Dr Irani is also a Director of Tata Sons Ltd., The Tata Iron and Steel Co. Ltd., Tata Industries Ltd., Tata Engineering and Locomotive Co. Ltd., Tata Refractories Ltd., Tata International Ltd., Tata Inc., New York, TRF Ltd., Tata Ryerson Ltd., Motor Industries Co. Ltd., Tata Teleservices Ltd., Industrial Development Bank of India Ltd., Goodlass Nerolac Paints Ltd., Tata Teleservices (Maharashtra) Ltd. and Asset Reconstruction Co. (India) Ltd.

**Mr Michael Stewart Huggon**, 47 years old, representing The BOC Group plc, has a BSc.(Hons) degree in Chemical Engineering from Brunel University, Uxbridge and has several post graduate diplomas in Marketing, Road Haulage Operations, Employment Law and Advanced Management Programme. He is at present the Managing Director, South Asia of The BOC Group plc and is currently also on the Board of BOC Bangladesh Ltd. and BOC Pakistan Ltd.

**Mr Colin Gordon Isaac**, 43 years old, representing The BOC Group plc, has a B.Sc. Engineering degree from Natal University, Durban and is a MBA from Witwatersrand University, Johannesburg. He is at present an Alternate Director to Mr Michael Sylvester Mathews, a Director of the Company, who retires by rotation at the ensuing Annual General Meeting and does not seek re-appointment. He is also a Director of Electronic Gases (Thailand) Ltd., Map Ta Phut Industrial Gases Co. Ltd., P.T. BOC Gases Indonesia, P.T. Gresik Gases Indonesia, P.T. Gresik Power Indonesia, Thai Industrial Gases Public Co. Ltd., TIG Air Chemicals Ltd., TIG HyCO Ltd., and Malayasia Oxygen Berhad.

### **Annexure to the Notice convening the 67th Annual General Meeting to be held on Monday, 14 July 2003**

As the business specified in Item Nos. 5 and 6 of the Notice of even date, to which this statement is annexed, are items of special business, to be transacted at the 67th 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**

Mr Michael Sylvester Mathews, a Director of the Company retires by rotation and does not seek re-appointment at the ensuing Annual General Meeting. The Board of Directors of the Company have regretfully acceded to his request. It is proposed to appoint Mr Colin Gordon Isaac, representing The BOC Group plc as a Director in the vacancy caused by the retirement of Mr Mathews.

The Board commends the resolution for your approval.

Mr Colin Gordon Isaac may be deemed to be concerned or interested in the resolution as it relates to his own appointment. No other Director of the Company is concerned or interested in the resolution.

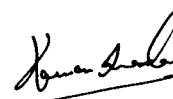
#### **Item No. 6**

Pursuant to Section 163 (1) of the Companies Act, 1956 ( the Act), the Company is required to keep its Register of Members, Index of Members and copies of all annual returns and certificates and documents required to be annexed thereto etc. at its Registered Office. However, the Act provides that a company can by passing a special resolution keep these registers, returns, documents etc. at any other place within the city, town or village where the registered office of the company is situated. This resolution is being passed to take the approval of the members to keep these records at the office of the Company's Registrar and Transfer Agents, Messrs Intime Spectrum Registry Ltd. at Kolkata. An advance copy of this resolution will be forwarded to the Registrar of Companies, West Bengal for their information.

The Board commends the resolution for your approval.

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

By Order of the Board



PAWAN MARDAR  
Company Secretary

#### **Registered Office**

Oxygen House  
P 43 Taratala Road  
Kolkata 700 088  
15 May 2003

**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, P 43 Taratala Road, Kolkata 700 088 wish to make a nomination and do hereby nominate  
 the following person(s) 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(s) and Address(es) of Nominee(s)**

Name : .....

Address : .....

Date of Birth\* : ..... (\* to be furnished in case the nominee is a minor)

\*\* The Nominee is a minor whose guardian is .....

(Name &amp; Address) .....

.....

(\*\* 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 :**

- 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.
- 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.
- 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.
- Nomination stands rescinded upon transfer of share/debenture or repayment/renewal of deposits made.
- 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.
- 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 .....

# The simple process of focusing on things that are normally taken for granted is a powerful source of creativity.

- Edward de Bono

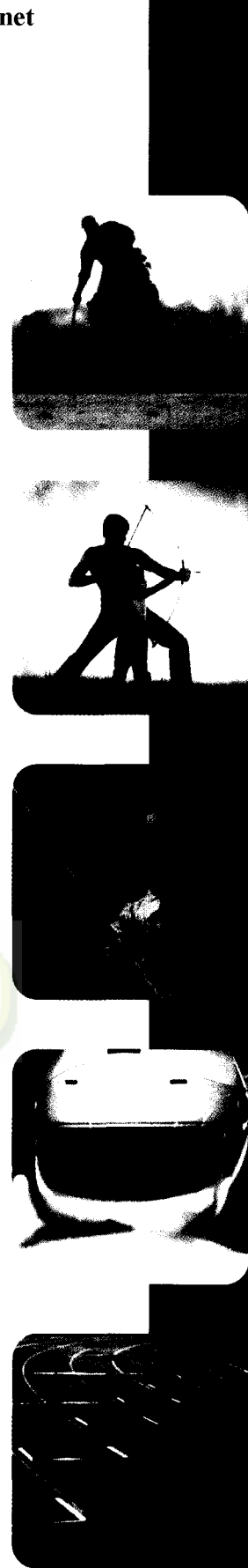
**A**n ability to focus correctly is what enables the sense of sight. Light from the object enters the eyeball and forms an image on the retina. Thus allowing us to see. However, if the image is formed in front of, or behind, the retinal wall, the image becomes distorted. The former case is what we call Myopia or shortsightedness; the latter is referred to as Hypermetropia or farsightedness.

And it is the same with companies.

The ability to focus is what differentiates successful companies. To safeguard ourselves from shortsightedness or farsightedness, we have re-engineered our business processes - striking the perfect balance between building for the future and our present objectives.

Two years ago, we invested time and resources in realigning our focus to suit the changing marketplace. The last year was spent in devoting all our energies towards implementing various initiatives on the ground. These had to do with five strategic areas - an international focus on India, a renewed focus on our people, a redefined focus on business strategy, a strong focus on world-class safety standards and a focused strategy for the future. The pages that follow illustrate the benefits that have accrued as a result of our staying focused. If there is one thing we have learnt in the process, it is this.

Performance needs focus.





# statement



Report  junction.com



It gives me great pleasure to be communicating with you once again, more so, as the year 2002-03 in retrospect has seen significant all-round improvement in your Company's performance.

At the outset, I would like to briefly deal with the external environment both within the country and globally. The financial year 2002-03 witnessed a GDP growth of about 4.5% as against 5.5% achieved in the previous year. This decline was predominantly a result of drought like conditions and failing monsoons in many parts of the country, weakening the market. However, after a sluggish start, more and more sectors of the Indian economy have shown recovery and growth. What is heartening is that after being displaced by a focus on services, the manufacturing sector has staged a revival. Fortunately, the crisis and uncertainty in Iraq is now well behind us and the development has presented the Indian industry with an opportunity of participating in the rebuilding of Iraq.

The year 2002-03 also saw a new high in terms of the country's foreign exchange reserves and appreciation of the Indian rupee against the US dollars. However, the second generation reforms and PSU disinvestment progressed at snail's pace and important legislations such as Value Added Tax (VAT) could not be implemented pending various clarifications and impediments from several quarters and state governments.

Against this backdrop, I am glad that your Company has registered a growth of 6% in sales over the previous year despite competitive pressure. The underlying sales growth adjusted for revenue de-escalation on account of reduction in power tariff, works out to about 10% over the previous year on a like for like basis. This growth was mainly driven by a strong performance by the Company's project engineering business coupled with volume growth in the gases business.



*Shareholders at the AGM*

The Project Engineering Division won several prestigious orders during the year. The division successfully commissioned a 240 tpd ASU plant for a prestigious customer in Gujarat and is in the process of executing other projects for Gujarat Refinery of Indian Oil Corporation, ONGC, etc.

The Company's profits before tax at Rs.200 million registered a steep increase from Rs.11 million in the previous year. This includes a net extraordinary income of Rs.85 million arising from the sale of property at Delhi, net of settlement compensation in respect of two closed units. Profits from business, i.e. profits before extraordinary items and tax also soared to Rs.115 million, up from Rs.35 million last year. Net profits registered a fivefold increase, up from Rs.26 million in the previous year to Rs.163 million, thereby fully wiping out accumulated losses. Nevertheless, it has not been possible for the Directors to recommend any dividend for this year.

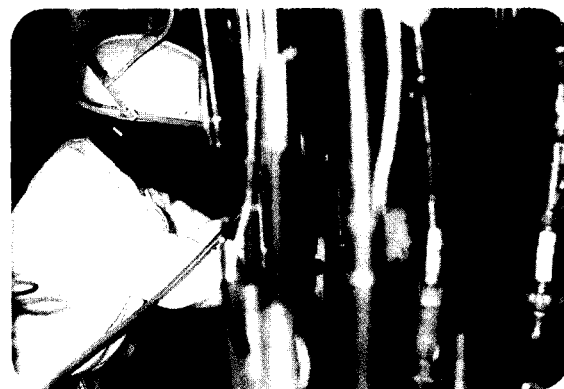


*Cryogenic tanker for bulk liquid distribution*

Although these financial results for the current fiscal do not fully reflect the true potential of your Company, the performance as the highlights show has been truly encouraging. The substantial increase in profits is mainly a result of various growth initiatives, strict cost control regime, focus on cash generation and ongoing restructuring of business on the Lines of Business organisation.

I would like to compliment the management team on some of the important initiatives and achievements during this period. These achievements include settlement with the workmen of the closed plants at Ghatkopar and Asansol, modernising the Asansol plant for new operations, concluding sale of idle property at Delhi, further restructuring of high cost borrowings, successful commissioning of the Company's idle 100 tpd plant at Dolvi which was relocated from Jamshedpur and most importantly, the targeted completion and commissioning of a new 225 tpd plant for Tata Steel at Jamshedpur, by July 2003, pursuant to a long-term contract signed during the year.

The gases industry in India has been traditionally dependant upon the metal sector, in particular, the steel industry. The government's thrust on improving the country's infrastructure and rapid growth in the automobile industry has fuelled the domestic demand for steel. With the global upturn in the steel industry, the industry is comfortably placed with increased demand and higher realisations both from domestic and international markets.



*Cylinder filling in progress*

The buoyancy in the steel industry is expected to sustain over the course of the next year and is likely to drive the demand for oxygen. Your Company also has customers in copper, zinc and aluminium industries and is exploring avenues for growth from areas like Controlled Atmosphere Technology. Besides, by winning accounts in industries such as Glass, Food, Fibre Optics, Petrochemicals, Refining, Animal Husbandry, Chemicals and Pharmaceuticals, your Company has acquired a diversified business portfolio.

Your Company's medical gases and homecare products business progressed well. Entonox™, a new analgesic inhalant for pain relief was launched during the year. The 24 hour 'OxyLine' service for delivery of precious medical gases and equipment at customers' doorsteps in emergencies, launched in Mumbai last year, was also extended to Kolkata. The implementation of the Lines of Business organisation has given a sharp focus to the compressed gases business.

The shielding gases segment continued its impressive growth since last year. Besides, the Special Gases range of products, though a small business at present, has been growing consistently. In short, the Company is now poised to further strengthen its presence in the gases market and take advantage of the strong fundamentals of the Indian economy.



*Liquid oxygen installation*