

→ BOC India Limited



**Chairman,
Sanjiv Lamba's
speech at the
76th Annual General Meeting
held on 17 May 2012**

For Private Circulation Only

Good Afternoon, ladies and gentlemen. I am pleased to welcome you all to this 76th Annual General Meeting of your Company. It is indeed a matter of great privilege for me to take on my new role as the chairman of your Company. This is particularly true, as I reflect back on my illustrious predecessors, who have led some of the most admired and successful companies over the last few decades. I am therefore, conscious of the responsibility, which has been bestowed upon me by the Board of your Company. I will look forward to the support of my colleagues on the Board and from you, our shareholders, as we steer the Company through these challenging times.

The Report & Accounts for the year ended 31 December 2011 and the Notice convening this meeting have been with you for quite some time but before proceeding with the Agenda as per the Notice, with your kind permission, I would like to say a few words.

The Year in Retrospect

The year 2011 has been a difficult one for the Indian economy, which witnessed rising inflation, high interest rates, depreciating rupee and high level of crude prices through the year. Globally, the Euro zone debt crisis and geo political developments in the Middle East have not been encouraging either. For most part of the year, the pipeline of new investments has been thin resulting in a general slow down across the industry. As per advance estimates of the Government, India's GDP growth is likely to fall to a three year low of 6.9% due to slowdown seen in manufacturing, agriculture and mining sectors in 2011-12.

In this backdrop, your Company managed to sustain the momentum

of growth achieved in 2010, which has been possible with the strong support it enjoys from its promoters, The Linde Group.

Gases Industry Scenario

Gases business is capital intensive and needs large investments in setting up of air separation and other plants as well as in the supply chain, comprising distribution assets, storage vessels and cylinders for servicing its customers. Typically the gases industry in India is characterized by presence of the global gas majors along with a large number of regional and local players. The evolving model for the gases industry at the larger end is seeing a shift from captive assets built by major end user industries. This reflects recognition of the value that the gas companies like yours are able to bring to their customers through an over the fence gas supply contract.

Steel industry, which accounts for approximately 50% of the industrial gases market in India, continues to remain the main driver of demand for the gases business of your Company, though other industries such as fabrication, oil and gas, petrochemicals, pharmaceuticals, glass and newer applications have also been providing growth opportunities. India's installed steel making capacity at present is around 70 MTPA with an approximate domestic consumption of 68 MTPA on the back of diverse end user industry segments such as automotive, construction & infrastructure, capital and consumer goods, etc. Ongoing capacity additions are expected to increase the installed capacity of steel to around 100 MTPA by 2013-14. Although, there is some degree of softening of steel demand in the short term, steel majors including Tata Steel, JSW Steel, Steel Authority of India, etc are in the process of implementing their expansion programs, which

augurs well for the long term growth of the gases industry in India.

There is also continued growth in the bulk and packaged segments of the market, where customers are increasingly looking for improved quality and related services in a very competitive market place. Your Company is therefore, well poised to become a preferred solutions provider to its customers leveraging on the strengths, innovation and technical know-how of the Linde Group.

Highlights of Performance

Your Company's performance during the year under review has been satisfactory in the backdrop of some slowing down of the economy in India. The Company achieved a turnover of Rs. 11,681.64 million for the year ended 31 December 2011 recording an increase of nearly 13% compared to the previous year.

The Company's gases business for the year under review grew by 18% and the growth was largely driven by the tonnage business with almost all tonnage plants of the Company operating at full capacity. During the year, your Company also commissioned two new onsite plants on the back of long term supply contracts with customers- one in Q1 of 2011 at Owens Corning's works in Talaja and the other in Q4 of 2011 at Jindal Stainless's works at Kalinganagar.

The Project Engineering Division registered a strong performance during 2011 and achieved its highest ever turnover from turnkey projects. The Division is in advanced stages of commissioning a 2550 tonnes per day Air Separation Unit at Jamshedpur, which will become the Country's largest Air Separation Unit and also the largest ASU of the Linde Group in South and East Asia. The

Division is also in advanced stages of commissioning a merchant ASU project at Taloja, which will generate about 450 tonnes per day of liquid products for the merchant market. The Company's prestigious supply scheme projects comprising 2 x 853 tonnes per day ASU at Steel Authority's Rourkela Steel Plant are also in advanced stages of commissioning, although the commissioning of the plants is likely to take some more time given the preparedness of the customer to take supply of gases by pipeline.

You would have also noted the financial results for the 1st quarter of 2012, which were recently approved by the Board. These results somewhat reflect the challenging and difficult global environment and a strong and fierce competition.

I am however happy to inform that with a view to achieve sustained profitable growth and also to diversify the Company's product portfolio, your Company has completed acquisition of a CO2 business and has also set up helium transfilling facility to make entry into the profitable helium business.

These growth opportunities and initiatives will, however require that we maintain an edge over our competitors while preserving our operating margins in the face of ever increasing operating, manpower and capital costs. This will be achieved through the high performance organisation model of The Linde Group pursued by your Company.

Dividend

Your Directors have recommended a dividend of 15% (Rs. 1.50 per equity share of Rs. 10 each) for the year 2011 after careful consideration of various factors, including the need to conserve resources for financing of significant capital expenditure program, which is on the anvil towards setting up of new plants and would

thank you for your understanding of the same.

Outlook

The global economies have been going through difficult times and Indian economy can not be insulated in this era of globalization. Amongst several pressures faced by the economy, the one relating to inflationary trends has finally shown some positive signals, which has encouraged Reserve Bank of India to cut CRR towards the last week of January 2012 followed by a cut of 50 basis point in the repo rate in mid April 2012 to revive the flagging economy and turn the liquidity tap. This is a step in the right direction and hopefully we will see lowering of the interest rates, which should spur investment and growth. However, the recently announced industrial production figures for March 2012 indicate a significant contraction in manufacturing and mining output. This has set off some alarm bells and the industry will look up to the Government for some immediate intervention to ensure that the economic growth gets back on track.

Despite the somewhat gloomy forecast for the short term, I am happy to confirm that your Company is on the verge of commissioning significant additional capacity in the gases business under long term gas supply contracts with customers as well as for the merchant markets. Besides, India's long term macro economic fundamentals continue to remain good and we expect that long term growth is likely to sustain. As a member of The Linde Group, your Company is poised to leverage the strengths of its parent, in both gases and engineering segments to achieve profitable growth in the years ahead. I therefore, look to the future with cautious optimism.

Corporate Governance

As a member of The Linde Group, your Company is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment, the Board of Directors supports high standards in corporate governance. Your Board and the executive management is always guided by a strong sense of responsibility and we will continue to follow developments in this area closely.

Board Changes

During the year under review, Mr Arun Balakrishnan was appointed as an additional non executive independent director of the Company. Subsequently, at the Board meeting held on 9 February 2012, Mr Aditya Narayan was appointed as an additional non executive independent director of the Company. Both Mr Balakrishnan and Mr Narayan hold office as Additional Directors till the ensuing Annual General Meeting and the proposals for these new appointments as well as the reappointment of the retiring director are already with you and I am sure they will receive your whole hearted support.

An important change in Board of your Company since the last AGM has been the stepping down of Mr S M Datta as a Director and Chairman of the Board of your Company with effect from 9 February 2012. Mr Datta joined the Board of your Company in the year 1996 and was appointed Chairman of the Board in the year 2007. During his long stint, the Board and all its committees were immensely enriched by the wise counsel and advice of Mr Datta. I therefore, on my personal behalf and on behalf of the Board members, would like to place on record my most sincere

appreciation for the significant contribution made by Mr Datta for steering the Board of your Company as well in upholding high standards of governance.

Conclusion

Before concluding, I would like to take this opportunity to express my sincere thanks to all my colleagues on the Board for their wise counsel and guidance. I am very thankful to the customers of BOC India for the trust and faith they repose in the products and services of your Company. I also convey my thanks to the management team and employees of BOC India at all levels for their conscientious and committed approach in improving the performance of your Company. Finally, I thank you all shareholders for your unflinching support and encouragement and look forward to your continued support in seeing our Company further thrive in the years ahead and become truly Leading.

Thank you ladies and gentlemen,

Kolkata
17 May 2012

Sanjiv Lamba

Note : This does not purport to be a record of the proceedings of the Annual General Meeting.