

PRAXAIR INDIA LTD

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CORPORATE BROCHURE

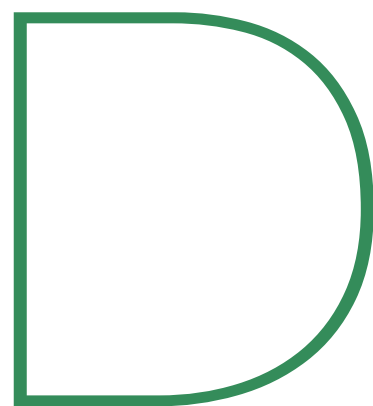
 **PRAXAIR**





Raw material from thin air

Praxair is the largest industrial gases company in North and South America and one of the largest worldwide, expecting global sales in 2011 to exceed \$11 billion. Praxair India is one of its strongest subsidiaries, bringing to Indian customers a high quality service culture unique to Praxair globally



Despite the global recessionary market environment, Praxair India continues to grow, because it deals in gases that entire industries rely on to keep functioning. India's economy is driven by domestic consumption from its massive infrastructure programmes and rapidly increasing consumer demand: far from contracting, the economy continues to grow at seven to nine per cent per annum.

Praxair's business falls into three main categories: large onsite plants that supply gases via pipeline to the customers; bulk liquid gases that are delivered by large transport tankers; and packaged gases that are supplied in cylinders to construction sites, engineering companies, hospitals, etc. The company began its Indian operations in 1996 and within seven years reached the number one position in its market.

Much of this growth can be attributed to the company's focus on innovation. Praxair pioneered the 'sale of gas' instead of the conventional 'sale of equipment' business model in India, thus enabling its customers to outsource their gas requirements and focus on their key competencies.





Consistent Quality, Persistent Innovation, Professional Excellence



Global cryoengineering solutions

From cryogenic propellant loading systems for satellite launch pads, to increasing the productivity of oil wells through oil & gas field pumping units, to LNG storage, distribution and re-gasification systems that can provide power to the remotest of locations. With INOXCVA the possibilities are endless.

Empowered by cutting-edge technical expertise, a collective experience of over 25 years, an expanded product portfolio, and an extended market reach to over 100 countries - INOXCVA is poised to deliver higher value to its customers across the cryogenic value chain.

Our standard products include:

- Storage tanks
- Transport tanks
- Vaporisers
- Cryoseal liquid nitrogen containers
- Micro bulk systems

We also offer engineered products, scientific projects and OEM.

INOXCVA

Experience x Expertise x Excellence

It also introduced newer avenues for the use of industrial gases through its application technologies, which serve customers in the waste water treatment, pharmaceutical, steel, metals, automotive, glass, refinery and healthcare arenas. Praxair's Indian research and development specialists have filed a number of patents on several of their innovations.

Praxair India is now seeking to widen its geographic presence and increase customer density in strategic market areas. Geographically, it has a strong presence in southern and eastern India and plans to consolidate its hold in these regions. To widen its pan-India footprint, Praxair is exploring business opportunities in other regions as well. At the moment, to serve the highly industrialised and fastest growing markets of Gujarat and Maharashtra, the company is setting up its own plant close to Mumbai, in an industrial estate near Kalyan.

Praxair Asia currently contributes to about 10 per cent of Praxair's global sales, and expects to substantially increase this within the next few years. Praxair India will be a major contributor to this growth, largely made possible through the company's current projects, which include a large hydrogen and nitrogen plant for Indian Oil Corporation Limited (IOCL), and large air separation plants for Steel Authority of India's Bhilai facility and JSW Steel. "In a country like India where growth is so high, our principal competitor is ourselves, and our own imagination is the limiting factor!" comments Praxair India's managing director Asit Gangopadhyay. "If we can continue to invest in creating more product, improve our ability to distribute more scientifically and create new applications that will help open doors to new customers, we can continue to grow."

The company has so far invested \$700 million to back these strategies. The investment in large projects is the most impressive, especially in India's expanding steel industry which has an insatiable



appetite for industrial gases.

Iron and steel directly or indirectly account for around 60 per cent of Praxair India's turnover. "Our steel customers are well placed strategically, and have ambitious growth plans and the financial strength to support these plans," says Gangopadhyay. "Take for example Tata Steel, the Steel Authority of India Ltd [SAIL] or the JSW Group: all these are growing fast and are financially very strong." A major project just completed is an air separation plant with \$90 million investment, yielding 1,800 tons a day of oxygen and a similar quantity of nitrogen plus argon to JSW Steel's expanded steel works at Vijaynagar in the Bellary district of South India. Commissioned in June 2011, the plant is now fully loaded and ready to supply JSW itself as well as other customers in this fast growing region from its large storage capacity for liquid oxygen, liquid nitrogen and liquid argon. Further investment is planned at Vijaynagar in the coming years. Another \$100 million air separation plant is under construction for SAIL at Bhilai.

Hydrogen production has become a priority in refinery operations, especially in the



production of low sulphur gasoline and diesel fuels. Until recently, refineries would revamp or build their own new plant; however, with tougher environmental regulations and pressure on margins, refineries are looking to reduce capital expenditure by purchasing hydrogen ‘over the fence’ from industrial gas companies—and Praxair is taking full advantage of this trend, investing \$180 million in a hydrogen/nitrogen facility in Orissa on India’s eastern coast.

The ‘over the fence’ hydrogen supply contract with IOCL is a first of its kind in India, and includes a world-class, 90 million standard cubic feet per day

their operational expertise.”

The contract uses the build-own-operate (BOO) model in which the gas company provides the capital and manages the design, engineering and installation of the plant at the customer’s premises. The plant is owned and operated by Praxair in return for the hydrogen supply contract. “I am strongly of the opinion that this contract opens the door to very sizeable investment in building a business supplying hydrogen to refiners,” says Gangopadhyay.



hydrogen plant and a 500 ton per day nitrogen plant to supply IOCL’s new 3,000 barrels per day Paradip refinery. According to IOCL’s refineries director, BN Bankapur: “This business agreement with Praxair is consistent with Indian Oil’s strategy to outsource non-core operations to experienced global partners who can bring value to our refinery projects through

Another fast-growing market for Praxair India is the medical and pharmaceuticals sector. Acknowledging the vast talent pool available in India, Praxair India has established an India-based R&D centre devising technology that best suits the Indian market and customised for Indian



customers; and some of this R&D activity will be focused on delivering the right products for pharmaceuticals manufacturers as well as the wider medical gases market. On average, around 10 per cent of industrial gases companies' global revenues are derived from sales to the medical sector. "That is growing faster than many other industry sectors and India is no exception," Gangopadhyay says. "There's more investment in private healthcare right now than in government facilities, and Praxair and all the industrial gases companies will continue to be very active in this sector in the future.

"As more molecules go off-patent," he continues, "it will create huge opportunities for Indian pharmaceutical companies and undoubtedly India will emerge as a hotspot for the production of generics: we are expecting a lot of investment in this sector."

To grow its packaged gases and bulk liquid gases business, Praxair India is investing in larger tankers, opening up new filling stations in key markets across the country and acquiring local distributors. It is also investing in telemetry, equipping its entire fleet with GPS systems and installing remote controlled sensors in its customers' storage

tanks so they can be monitored from the all-India logistics centre it has established in Bangalore.

"We are always improving technology to make distribution more efficient and more reliable for our customers," says Gangopadhyay. Technology flows freely and efficiently between the group companies through a Global Operations Excellence (GOE) team. "We have GOE members in every country who work continuously to improve our facilities," says Gangopadhyay. "Their remit covers things like safety practices in plant construction to make them safer. Another key area is to help us achieve our objectives in reducing energy consumption by one per cent every year, matched by a similar reduction in fuel consumption. It is an excellent way to cut our carbon footprint."

Praxair is also driven by a strong productivity culture. "Praxair is considered a bellwether for the industrial gases industry due to our strong track record of consistent growth and profitability well above the industry average," says Gangopadhyay. This is achieved through relentless focus on cost control and productivity: Praxair is able to reduce over five per cent of its cost stack every year, which is testimony to its strong productivity culture.

While all this activity feeds India's overall prosperity, Praxair India never loses sight of the underprivileged. In 2004 it set up an organisation called Samvedana

(meaning 'compassion') originally to help employees in need. However Samvedana quickly expanded its horizons to take in the larger communities close to the company's plants and depots. "We now have over 200 active participants from our 35 or so facilities. They focus on education, health, the environment and providing aid in the case of disaster."

Pondur is a village near the Praxair India plant in Chennai that was adopted by Samvedana and given a healthcare centre. It and other villages have been provided with safe drinking water while others affected by earthquakes or floods have been reconstructed under the programme. Samvedana is funded by Praxair India employees who each donate \$1 every month out of their salary: these funds are supplemented by the Praxair Foundation and Praxair USA to allow it to carry out larger projects, but the focus is always local and hands-on. Samvedana is a uniquely Indian

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type of initiative but environmental and social responsibility is built into Praxair's culture right across the 40-plus countries in which it operates. www.praxair.co.in ■



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