

Safety.

Annual Report 2014.



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Safety.

Safety is one of The Linde Group's foundational principles and our topmost priority.

As a member of The Linde Group, your Company aims to improve the quality of the products and services constantly, while at the same time maintaining the highest standards of safety, health and environmental protection.

Safety is one of the foundational principle on which our organisation is built and as such continues to be the top most priority for your Company. This assumes greater importance when your Company is aspiring to become a High Performance Organisation (HPO), where the Health, Safety and Environment (HSE) rules and procedures are clearly defined, understood, respected and complied with by employees, contractors, supervisors and managers alike.

The Linde Group will avoid harm to people, society and the environment. The HSE strategy will help us to achieve this vision. It requires every single person to focus on the HSE aspects of their decisions, actions and behaviours in their daily working lives.

Ensuring safe and secure, healthy and environmentally efficient operations takes concerted effort from all. It is about having the right visible leadership, training, systems, processes and tools in place. It is also about maintaining the right attitude and embedding an HSE culture in which every one of us behaves safely and correctly – automatically and instinctively.



The Linde Group has adopted 'Golden Rules of Safety' which apply across our company and to our contractors. The aim of these rules is to prevent severe injuries and fatalities, and to support the journey towards a Leading HSE performance and culture.

The Golden Rules are based on incidents and experiences in our company and also reflect legal and regulatory requirements that apply in many of the countries in which Linde operates.

The Golden Rules of Safety. Preventing fatalities & major incidents.



1. Personal ownership for safety // We will consistently demonstrate personal ownership and accountability for safety through our actions and behaviours.



2. Driving and vehicles // We will operate our vehicles safely and responsibly at all times and use the safety equipment provided.



3. Permit to work // We will use the permit to work system where necessary to ensure hazards and risks are understood and controlled.



4. Working at height // We will only work at height when the required safety measures to prevent falls are in place.



5. Lifting operations // We will ensure lifting operations utilising cranes or other lifting devices are carried out safely.



6. Contractor management // We will select and manage our contractors so that they meet The Linde Group's safety requirements.



7. Engineering management of change // We will only proceed with technical changes to process plants and process equipment when an engineering management of change process addressing the safety risks has been completed.



8. Incident reporting // We will report and investigate incidents so that the causes can be identified and corrected, and learning shared.

Commitment to safety.

Safety is one of the foundational principles upon which the Linde Spirit is built and as such continues to be your Company's top most priority.



CEO on Safety : Our goal is zero incidents

"Safety is close to my heart and it's an obligation. We have an obligation that all employees come to work safely in the morning and go home safely in the evening. I expect every employee to make safety your own cause by taking personal responsibility by pointing out an unsafe situation or behaviour. Zero incidents is not just a philosophy, it's achievable."

Dr Wolfgang Buechele

Safety in numbers

Achieved in 2014

365

MIR (major incident report) free days for the combined Gases and Engineering division

In 2014, our fleet covered

26

million km

delivering our products to our wide customer base

Our dedicated fleet of

460

trucks carry our products safely across the country

More than

75%

of tonnage sites have established water recycling and rain harvesting facilities to protect the environment

Improved transport safety by achieving

100%

installation of in-cab camera in our bulk transport tankers and cylinder trucks

Received CAT 1 and CAT 2 Major Hazard Review Programme certificates for over

90%

of our major sites adequately mitigating all high risks and hazards involved in our operations

Over

90%

new joiners in 2014 attended mandatory HSE induction training and competency assessments during the year

Over

90%

of all our operating units are certified with international Quality Management Systems certificate and standards

Chairman's message.



Dear stakeholders,

'Safety' is a small word with a wide-ranging connotation that encompasses all aspects of our business and defines the manner in which we engage with all stakeholders. Our business strategies and initiatives are geared towards ensuring safety for all. Safety also entails trust, that of our colleagues, customers, business partners and communities in which we do business. Linde India is committed to ensuring safety of all stakeholders, which is critical for long-term business sustainability. Engineers, contractors and staff dealing with hazardous processes and substances have the right to work in a safe and healthy environment. Moreover, they must have access to information, training and protection from risks and hazards. At Linde India, continual audits and safety risk assessments are imperatives to ascertain what needs to be controlled so that appropriate measures are implemented, evaluated and monitored.

In 2014, Linde India pursued growth aspirations in terms of new customers, opportunities and sites, amid a challenging external environment. Against this backdrop, we had zero LTI (Lost Time Injury) to our employees and only one contractor LTI case. This demonstrates our commitment towards becoming an organisation that does not hurt anyone. Your Company continues to make sustained efforts to progress towards an aspirational goal of ZERO incidents. Your Company's HSE (Health, Safety and Environment) Policy ensures clear

communication of the principles, vision and commitment to HSE, and compliances to this Policy are an imperative across all decisions, actions and behaviours.

'Golden Rules of Safety' underpins critical safety rules and regulations, compliance to which help to prevent incidents and therefore serious injury or fatality. Each and every employee, contractor and driver working with Linde India must abide by these Golden Rules which are enforced as a condition of work at Linde. Visible Leadership is also a critical component of the HSE Strategy and Senior Management team, Plant Managers, Engineers – everyone support the HSE agenda through active engagement, interventions, positive reinforcements etc, crucial for building an interdependent safety culture.

Linde India HSE rules and regulations reflect current global practices and are constantly updated to meet global standards. A Safety Roadmap Assessment led by the Linde Group HSE team was held in September 2014, at key operating sites and it is reassuring that the Global expert team found your Company on the right track in its safety journey. I am also pleased that Linde India has continued to progress well with the Major Hazards Review Programme. Under this programme all major high risk sites have received certification which gives assurance that all high risks and hazards have been assessed and mitigation measures implemented. As another leading initiative,

your Company has installed 'In-Cab cameras', during 2014, in all bulk transport tankers and cylinder trucks for effective monitoring of drivers' driving behaviours, which is critical for sustaining transport safety improvements.

I am also delighted to inform you that for the first time Linde India completed its 365 Major Incident free days on 26 October 2014 for the combined Gases and Engineering Divisions. This is a key milestone, in the backdrop of the scale and dimension of the operations in India with around 26 million kilometers of driving and 10 million hours of working during the period. Given the challenging external environment – difficult road conditions encountered during delivery of our products – this performance stands out.

I am proud to be associated with a team that is committed to providing goods and services that not only meets the needs and quality standards of its customers but also remains steadfastly committed not to harm people, society and the environment.

Warm Regards

Sanjiv Lamba
Chairman

Our global operations.



The Linde Group

With more than 130 years of existence, today it holds the number one position in the world's five growth regions. Having a global presence in over 100 countries, The Linde Group is geared towards long-term profitable growth. Today, Linde focuses on the expansion of its international business with innovative and customised solutions and products for its customers to meet tomorrow's challenges.

100+

countries where we operate across the globe

Linde India

Linde India is a member of The Linde Group, a EUR 17.047 billion conglomerate, with more than 65,500 employees. Leveraging The Linde Group's advanced technology, today Linde India provides customised products and solutions to help its customers increase their business operations. Over the years, we have partnered in the country's economic growth, backed by our efficient operations that help reduce energy costs, safeguard the people and protect the environment.

20,000+

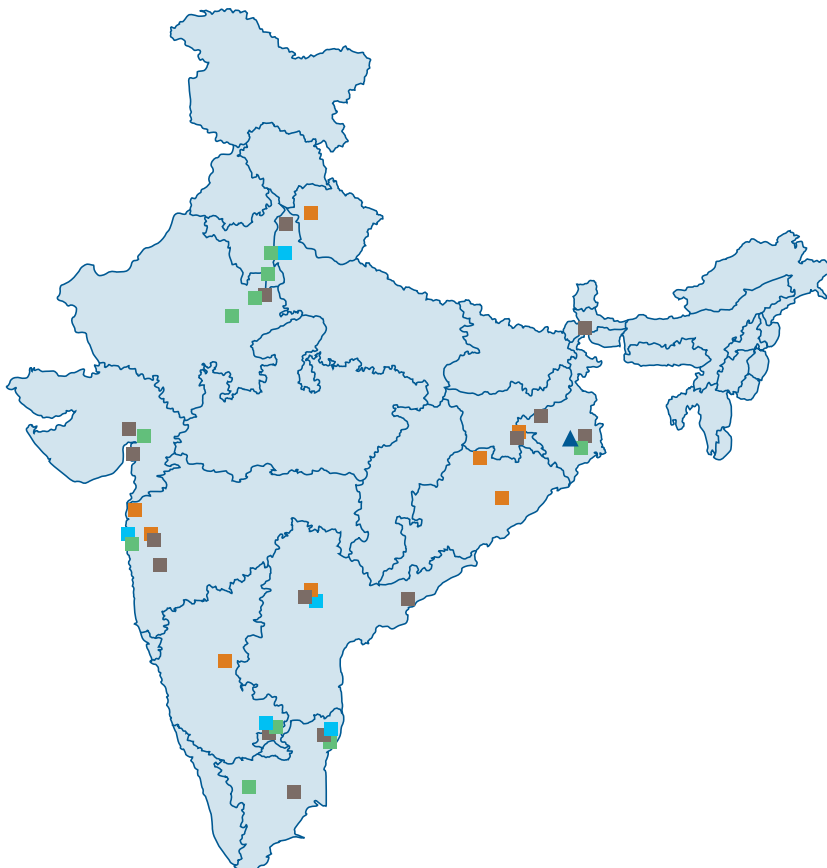
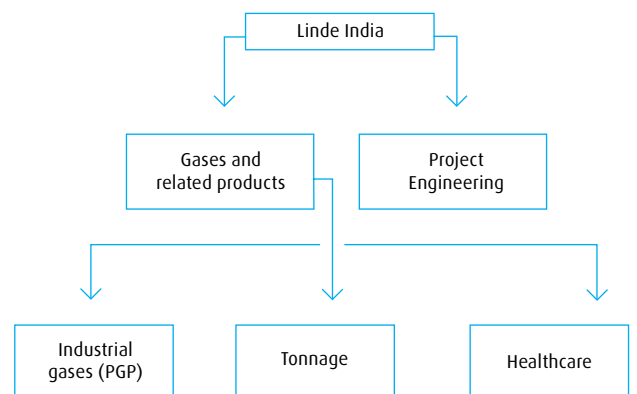
different types of gases and mixtures that we offer

Today, Linde India possesses a diverse product base with integrated production facilities and offices across the country. In addition, we are equipped to provide a wide range of services including construction, installation of plants, equipment, pipelines and associated engineering services.

Linde India – an overview.

Linde India has been in operation for over seven decades and is today a leading gases and engineering company in South Asia, delivering innovative, cost effective qualitative solutions and services to its customers.

At Linde India, we continue to invest in our people, helping them build and improve their capabilities. In addition, we have also invested in our capacities and operations, helping us deliver products and services more efficiently and effectively to our customers.



Our 20 production facilities, backed by our large sales and distribution team and supported by our country-wide network of warehouses, dealers and depot enable us to reach out to our customers across India efficiently.

ASU sites

Jamshedpur, Bellary, Jajpur, Taloja, Selaqui, Hyderabad, Rourkela

PGP sites

Kolkata, Asansol, Jamshedpur, Vizag, Uluberia, Hyderabad, Chennai, Trichy, Bangalore, Pune, Taloja, Bhiwadi, Faridabad, Siliguri and Dahej (Gujarat)

Sales offices

Hyderabad, Chennai, Mumbai, Delhi, Bangalore, Bhubaneswar

Warehouses

Kolkata, Chennai, Coimbatore, Bangalore, Bhiwadi, Goregaon, Baroda, Jaipur, Faridabad

Head office

Kolkata



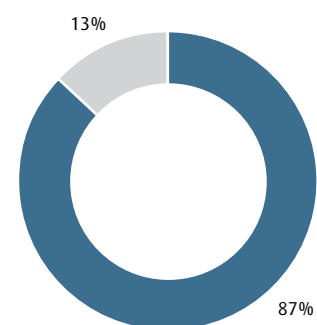
Gases and related products

At Linde India, we own and operate India's largest air separation unit and offer a diverse range of industrial gases, application solutions, hardware and services. Our offering address the needs of various sectors like infrastructure, healthcare, electronics, food and beverage, leisure and hospitality, metals and logistics. The tonnage customers are supplied gaseous oxygen, nitrogen and argon by pipelines

directly from the tonnage plants. Gases in bulk consists of liquid oxygen, nitrogen and argon, and packaged gases consists of compressed industrial, electronic and special gases. The strategy of the tonnage and bulk business continues to be building and sustaining market leadership through application-led gas sales and enhanced service levels.

Segment revenue (2014)

■ 1. Gases ■ 2. Project Engineering Division (PED)





Bulk and Packaged Gas Products

With the increasing use of technology across different sectors, we have expanded our portfolio of products to include hydrogen, helium, carbon monoxide, hydrogen chloride and carbon dioxide, among others. To better serve our customers over the years, we have developed excellence in distribution processes and systems for gas handling and applications for our clients.

In 2014, the global economy continued to face headwinds, with falling crude oil prices, rising power cost and increased volatility on industrial production. With more air separation plants going on-stream in the past few years, there has been significant improvement in product availability in the merchant market causing price erosion.

The year also witnessed major players investing in growth regions and acquiring regional domestic players further increase market penetration.

The Packaged Gases business (Industrial) grew by about 5% in an intensely competitive market dominated by small retailers and refillers. By creating the right value proposition, we have been successful in stepping up shielding gas volumes by more than 40% in 2014.

The PGP (Specialty Gases and Chemicals) business grew significantly by almost 15% on the strength of helium supplies to optic fibre, space research and medical diagnostic equipment manufacturers. We also gained share in XL grade gases, calibration and process gas mixtures from the lighting business customers as well as automotive industry.

Tonnage

The gas division remains one of the major contributors to Linde India's growth, adding to the synergy between the Engineering and Gas divisions. For on-site gas supply, the division gives several solutions of choice.

This segment gave a powerful performance this year, despite the difficult business environment as Linde made sustained efforts to reduce power costs, reduce losses and optimise use of plant capacity. In 2014, the Tonnage segment grew 29% over last year, recording an annual pretax sales of Rs. 783 crores. The year also saw two new air separation units of capacity 855 tes/day each being commissioned in SAIL Rourkela. Besides these, hydrogen and nitrogen supplies to China Steel Corporation's Dahej unit began in August 2014.



Healthcare (medical gases)

At Linde India, we are dedicated to provide medical gas products and services, strengthening the country's healthcare infrastructure. In order to enhance patient care, we are committed to partner with healthcare professionals domestically and globally to develop optimal and effective care.

The successful model adopted by the healthcare business is the Total Gas Management proposition, where Linde India becomes an integrated part of the hospital by managing gas supply to patients by its own highly skilled and committed team working at the hospital premises.

Since inception, we have been working closely with customers for more than seven decades, addressing the evolving challenges of healthcare.

Moreover, we started our first dedicated healthcare cylinder filling site at Siliguri, West Bengal. With this initiative, we seek long-term profitable growth as we enter the promising healthcare industry in Tier 2 cities of India.

In a challenging healthcare environment, we offer:

- Medical gases (oxygen, nitrous oxide, air, nitrous oxide/oxygen mixtures, medical helium/oxygen mixtures, medical pulmonary testing gases)
- QI medical gas services

We offer solutions and services like:

Design, Supply, Installation and Commissioning of centralized medical gas pipeline system. In addition, we also undertake operation and maintenance of medical projects.

Project engineering

We focus on Design and Engineering, Manufacture and Supply and installation of process plants for some of the world's largest industrial companies. We leverage our technology in association with Linde Engineering to provide complex and cost effective solutions in the field of Industrial Gases. The division has managed to retain and improve on the overall profit margin through cost effective designs, effective procurements and innovative construction solutions through an efficient project management process in the field of EPC Contracting on LSTK Basis.

With a team of over 400 people and a broad technology portfolio through our access to the process engineering patents and know-how of The Linde Group, we can deliver superior process technologies and modern EPC facilities to our customers in India and South Asia.

We execute projects in various sectors involving Steel, Refineries and Petrochemicals, Chemical, Fertilizer and Medical, Research Sectors and Special projects.

Linde plant portfolio comprises:

Large Air Separation plants

- Scale plants
- Custom-built air separation units (ASUs)

Packaged plants (ECOVAR)

- Packaged ASUs
- Nitrogen generators
- Custom-built ASUs

Adsorption plants

- VPSA (Vacuum Pressure Swing Adsorption) oxygen plants
- VSA (Vacuum Swing Adsorption) plants
- PSA (Pressure Swing Adsorption nitrogen plants)
- PSA hydrogen plants
- Others

Cryogenic equipment

- Flat bottom tanks
- Vacuum insulated tanks
- Ambient vaporisers
- Steam bath vaporisers

Special projects

- Compressed dry air systems
- Cryogenic storage and distribution systems
- Pressure regulating stations
- Gas storage and distribution systems
- Revamp and upgrade of existing ASUs

We care.



At Linde India, we are committed to behave responsibly towards our society and the environment. We make efforts to conserve natural resources and develop sustainable solutions.

Values

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.

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

Our foundational principles

Safety

Linde India will avoid harming people and society

Integrity

Our actions are honest, fair and ethical

Sustainability

We are focused on today's success, but accept our responsibility for future generations

Respect

Every human being deserves to be treated with respect



Education

We have committed Rs. 2.46 million to create avenues for literacy and development for the underprivileged. These initiatives were in the form of classroom training for the differently abled, visually impaired and slum children. Kolkata, Jamshedpur, Rourkela, Bengaluru and NCR are the cities where we contributed.

Health

In the year under review, we organised health camps and provided free health check-up for the underprivileged. For those impacted by J&K flood we contributed to PMNRF.

Environment

We undertook several activities with the objective of building a healthy and sustainable environment for future generations. We sponsored for the conservation of bio-diversity in Sikkim through the Khangchendzonga Conservation Committee.

Skill development

As part of sustainable development, we contributed around Rs. 1.87 million in skill development. The objective was to help the underprivileged with income generation. We also sponsored the vocational training of tribal girls in the area of emergency medical care.

Employee engagement

Children's day celebration

This year Linde celebrated Children's Day at the Indian Institute of Cerebral Palsy (IICP). The children at IICP celebrated the event with the spirit of joy and enthusiasm. This is part of our community outreach programme aimed at giving our employees the opportunity to widen their social footprint.

Sankalp

Sankalp – an initiative undertaken by the Information Services department to provide Enterprise Resource Planning (ERP) training to qualified students. This initiative helped the partially disabled and Below Poverty

Line category students to earn a living for themselves and their families. On completion of the training, the students were given on-job training in our organisation.

Reaching hand

Linde India took the initiative to work with Reaching Hand – a Bangalore based home for the destitute children. Linde undertook sharing the cost of providing education for the full year. The children who stay full time within home and were brought up to lead an independent life with dignity. Our employees engaged with them on various occasions.

Board of directors.*



Sanjiv Lamba

Born 1964

Chairman

Chartered Accountant
Bachelor of Commerce

Presently, a Member of the Executive Board of Linde AG and responsible for the Asia/Pacific segment as well as for the Global Governance Centres Merchant and Packaged Gases and Electronics.



Jyotin Mehta

Born 1960

Non Executive Independent Director

FCA, FCS and FICWA
Bachelor of Commerce

Presently, the Vice President and Chief Internal Auditor of Voltas Ltd. and also an independent director of Speciality Restaurants Ltd.



Binod Patwari

Born 1971

Non Executive Director

CFA, MBA (Finance) and CS
Bachelor of Commerce

Rich experience in all areas of finance. Worked in various roles in finance in India, UK, South Pacific and South-East Asia. Currently the Head of Finance, Asia Pacific, at The Linde Group.



Moloy Banerjee

Born 1966

Managing Director

B. Tech in Mech. Engg. From IIT, Kanpur

Has 28 years of rich experience in various roles in Project Engineering and the Gases business of the Company, including two years in Asia Pacific region of The Linde Group.



Arun Balakrishnan

Born 1950

Non Executive Independent Director

B.E. (Chemical) from College of Engineering, Trichur, Kerala
Post Graduate Diploma in Management from IIM, Bangalore

Former Chairman and Managing Director of Hindustan Petroleum Corporation Ltd. from 1 April 2007 to 31 July 2010 and presently on the Board of HPCL-Mittal Energy Ltd. and other companies.



Aditya Narayan

Born 1952

Non Executive Independent Director

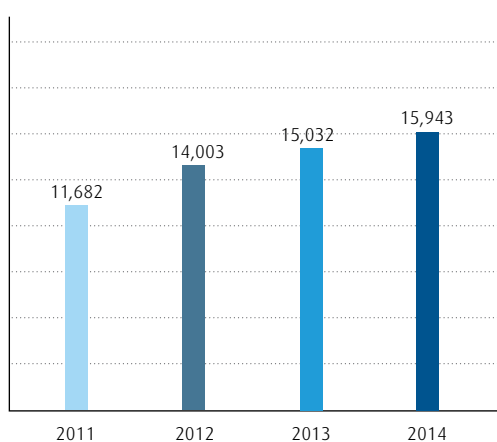
B.Tech from IIT Kanpur
LLB from Kanpur University
Masters in Sciences from the University of Rochester, USA

Former Managing Director of ICI India Ltd. now Akzo Nobel India Ltd. during 1996-2003 and then its Non Executive Chairman during 2003-2010. Presently an independent director on the Board of Hindustan Unilever Ltd.

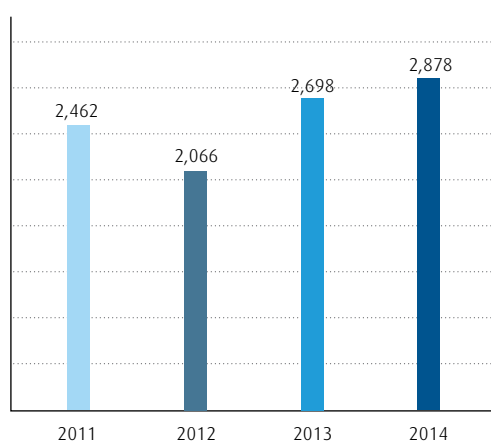
*(As on 31 December 2014)

Financial performance.

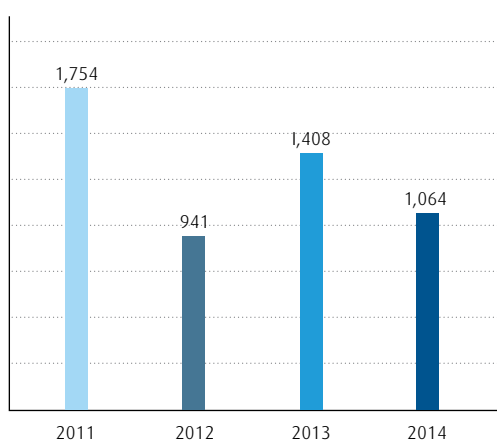
Gross turnover (in Rupees million)



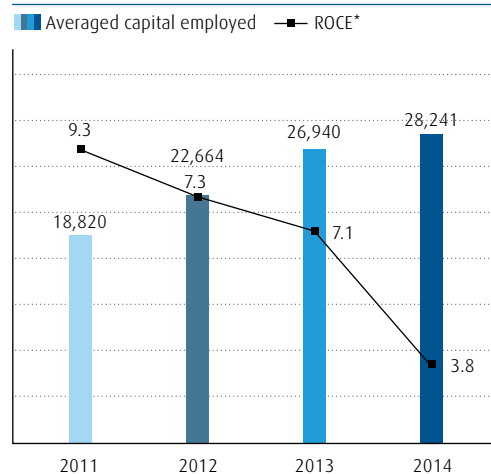
EBITDA before exceptional items (in Rupees million)



EBIT before exceptional items (in Rupees million)



Averaged capital employed vs ROCE (in Rupees million & %)



*Profit for ROCE is post exceptional

Company information.*

Board of Directors

Sanjiv Lamba, Chairman
Arun Balakrishnan
Jyotin Mehta
Aditya Narayan
Binod Patwari
Moloy Banerjee, Managing Director

Chief Financial Officer

Milan Sadhukhan

Asst. Vice President and Company Secretary

Pawan Marda

Auditors

B S R & Co. LLP

Solicitors

Khaitan & Co. LLP

Bankers

Citibank N.A.
HSBC Bank
ICICI Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of India
United Bank of India

Audit Committee

Jyotin Mehta, Chairman
Arun Balakrishnan
Sanjiv Lamba
Aditya Narayan

Stakeholders Relationship Committee

Aditya Narayan, Chairman
Jyotin Mehta
Moloy Banerjee

Nomination and Remuneration Committee

Arun Balakrishnan, Chairman
Sanjiv Lamba
Jyotin Mehta

Corporate Social Responsibility Committee

Arun Balakrishnan, Chairman
Binod Patwari
Moloy Banerjee

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*(As on 31 December 2014)

Directors' report and management discussion and analysis.

Directors' report and 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 2014:

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

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Revenue from operations	16,148.67	15,294.96
Operating profit before depreciation and amortisation	2,877.90	2,698.31
Profit after depreciation, impairment and interest, but before exceptional items	35.78	663.38
Exceptional items	-	502.70
Profit before tax	35.78	1,166.08
Provision for current and deferred tax release/(charge)	18.22	(392.80)
Profit after tax	54.00	773.28
Profit brought forward	5,149.73	4,564.78
Profit available for appropriation	5,203.73	5,338.06
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	25.58	21.74
Transfer to general reserve	2.70	38.66
Balance carried forward	5,047.52	5,149.73

Financial performance

Your Company recorded a subdued performance during the year under review, amidst weak economic conditions and contraction of demand in most of the end user industry segments. While inflation showed some signs of abatement during the year, the slowdown in manufacturing and industrial activity across the country and deferment of new capital

expenditure in most segments made market conditions very challenging. Besides, higher depreciation related to recently commissioned plants and higher finance cost on borrowings severely impacted the financial performance for the year under review.

The sluggish demand faced by most of the end user industry segments and many of our customers through the year and over supply position in the markets resulted in significant under utilisation of installed capacities, further impacting the financial performance. Revenue from operations during the year stood at Rs.16,148.67 million reflecting a growth of 6% compared to last year. This growth was primarily achieved by revenues realized from the newly commissioned plants, while the base gases and engineering business remained subdued.

Gases business grew by 22% during the year mainly driven by commissioning of 2X 853 tonnes per day (tpd) - air separation units (ASU) at Steel Authority of India Ltd's works at Rourkela. The incremental revenues from ramping up of the newly commissioned plants in the previous year, viz. 2,550 tpd ASU at Tata Steel in Jamshedpur and 330 tpd merchant ASU at Talaja also contributed to higher revenues in the Gases business. The Project Engineering Division (PED) achieved a turnover of Rs. 2,001.58 million during the year compared to Rs. 3,676.66 million last year due to significantly lower number of new projects. The PED's business is primarily driven by capacity expansion in steel and refinery segments. These sectors witnessed restrained capex spend by major customers due to adverse market conditions, high interest rates and policy bottlenecks in mining and other core sectors. However, the Division managed to improve overall profit margin through cost savings and efficient project management in ongoing projects.

The operating profit for the year amounted to Rs. 2,877.90 million, which grew by around 7% as compared to Rs. 2,698.31 million in the previous year. This includes a profit of Rs. 66.40 million shown as other income arising from disposal of right to use an apartment at Kolkata. This growth in operating profit has been achieved through focus on application development and promoting value added products like shielding gases and helium. Your Company also initiated cost control measures on various administrative fronts and focused on delivering operational efficiency including by using Six Sigma.

The Profit before exceptional items and taxes for the year under review amounted to Rs. 35.78 million as against Rs. 663.38 million in previous year. The decrease is on account of significantly higher depreciation charge of Rs. 1,813.46 million as compared to Rs. 1,290.43 million in the previous year mainly due to capitalization of new ASUs at SAIL, Rourkela and impairment in value of certain assets under capital work in progress. The steep increase in finance cost from Rs. 744.50 million to Rs. 1,028.66 million further impacted the profits for the year. The significant increase in the finance cost during the year under review is mainly on account of interest on ECB availed for SAIL Rourkela ASUs, which has been fully charged to revenue during the year under review following the capitalisation of the ASUs.

Net profit for the year stood at Rs. 54.00 million as against Rs. 773.28 million in the previous year, which included exceptional income of Rs. 502.70 million from sale of land at Ahmedabad.

Dividend

After a careful review of the Company's performance, your Board has decided to recommend a dividend of 15% (Rs. 1.50 per equity share of Rs. 10 each) for the year 2014 in respect of 85,284,223 equity shares of Rs. 10 each in the Company, which will be paid out of the undistributed profits of previous financial years pursuant to the provisions of Section 205(1) of the Companies Act, 1956 and the relevant corresponding provisions of the Companies Act, 2013. The dividend together with dividend tax will result in a cash outlay of Rs. 153.51 million. The Board has also recommended a transfer to general reserve of Rs. 2.70 million (Previous Year Rs. 38.66 million) in compliance with the Companies (Transfer of Profits to Reserves) Rules, 1975.

Industry developments

The gases business is capital intensive by nature as it requires large investments in setting up of air separation units as well new packaged gases sites. The supply chain in the gases business also requires significant investments in the form of distribution assets and storage networks to service bulk volumes as well as in the form of cylinders

to service relatively smaller volumes in packaged gases business. The industry comprises of major users in steel, chemicals 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 continue to provide growth opportunities. This growth is also supported by the increasing outsourcing of gases requirement under a "Build Own Operate" (BOO) type of supply scheme opportunities mainly in steel and refinery sectors.

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 pipeline gas supplies (On-site) to very large industrial customers – mainly primary steel production and refining industry, supply of liquefied gases through cryogenic tankers (Bulk) to cater to mid-size demands across a wide range of industrial sectors and compressed gas supply in cylinders (Packaged Gases) for meeting smaller demand for gases mainly across fabrication and manufacturing and construction industry. The primary production of gases (oxygen, nitrogen and argon) is mostly achieved through cryogenic distillation of air in Air Separation Units (ASU). Oxygen, Nitrogen and Argon may be produced in the gaseous state and supplied through pipeline to the on-site customers, or produced in liquid form and stored in insulated cryogenic tanks for supply to bulk customers or further processed in the Packaged Gas plants to bottle compressed gas in cylinders. The strategy of the bulk and packaged gas business continues to be building and sustaining market leadership through application led gas sales and enhanced service levels.

The Healthcare business provides high quality gases for pharmaceutical use such as medical oxygen, synthetic air, nitrous oxide in addition to providing state of the art medical gas distribution systems to major hospitals. Your Company also provides total gas management solutions

to private hospital chains and has ambitious plans to expand beyond its current footprint in metro cities. The strategy of the healthcare business is to sustain its leadership position in the large hospitals in metro cities and increase penetration in tier 2 cities with particular focus on supporting private hospital chains in providing total gas management solutions.

The turnover of your Company's gases business for the year 2014 recorded a growth of about 22% over 2013 despite general slowdown in industrial activities in several sectors. As explained earlier, this growth was primarily achieved by revenues realized from the newly commissioned plants, while the base gases remained subdued. The delay in commissioning of some of the projects impacted the gases business. Merchant and packaged gases business however benefited from cyclical upturn in the automobile industry, which helped your Company in achieving highest ever argon volumes even in these difficult conditions. During the year, your Company was successful in converting a number of its gases application leads into business with customers including wins in new sectors like cement and aluminium. This further reinforces the strength of Linde's technology solutions that is helping your Company to differentiate itself in the markets. As a result, your Company managed to secure higher oxygen volumes during the year. Higher sale of helium was achieved due to demand from customers in fibre optic cable segment and Government agencies in defence and space research.

Operations played a critical role in a difficult year with focus in the areas of power cost reduction, loss reduction, reliability improvement and plant mode optimization with the help of the Remote Operating Centre (ROC). During the year, the Company commissioned its 2X853 tpd ASUs at SAIL Rourkela works. The Hyderabad 65 tpd ASU was not operational following an optimisation programme with product being outsourced from other plants.

Your Company continues its development towards positioning itself as a solutions provider on the back of gases applications, technologies and services. During 2014, despite a challenging business climate, a large number of business wins were achieved on the back of this strategy. Linde's REBOX® technology for steel reheating has been installed at a number of steel mills in India. The first contract in India for Linde's world-leading technology for aluminium melting was also signed. Activities in the cement, heat treatment, foundry, chemistry, and pharma industries are developing at a high pace with successful installations of Linde's technical solutions. Opportunities are also being pursued in the food industry, particularly relating to freezing. Your Company has a strong focus on the automotive industry and its ancillaries. A technology centre with focus on welding technologies and the automotive industry has

been established in Pune. Besides, a number of opportunities are being pursued in the water treatment and clean energy sectors, including involvement in an algae-to-oil project.

The Packaged Gases Business (industrial) grew by about 6% in an intensely competitive market dominated by smaller retailers and refillers. The packaged gases consist of compressed industrial oxygen, argon, nitrogen, electronic and special gases. During the year, your Company created differentiation in its product and service offerings by launch of 230 bar oxygen and argon cylinders in key market zones such as Bangalore, Pune and Dahej. By leveraging its technical know-how and creating the right value proposition, your Company has been successful in stepping up the shielding gases volumes by more than 13% in 2014.

The Special Products and Chemicals (SP&C) business grew significantly by almost 58% on the strength of helium supplies for manufacture of optic fibre as well as in areas of space research and technologically advanced fields of medicine. Since commissioning of Helium transfilling operation at Taloja in 2012, the Company has penetrated successfully into the packaged helium as well as Dewar business. Business in XL grade gases, calibration and process gas mixtures also witnessed good growth – mainly from the Lighting and Automotive Industry. The chemicals and electronics gases business remained subdued due to weak demand from the industry.

The Healthcare segment continues to provide another growth lever for your Company. However, the business is challenged by intense competition and lack of adequate standards that creates an uneven playing field, where the Company has to compete against a lower standard of compliance by local players. This has an impact on the profitability of the Healthcare segment. In this back drop, your Company is focusing on reducing cost, getting out of low margin accounts, and creating differentiated Product and Service Offers (PSOs) including Total Gas Management, where Linde India becomes an integrated part of the Hospital by managing the Gas Supply to patients. Another initiative being pursued in Healthcare business is the introduction of best in class lightweight cylinders with Linde Integrated Valve (LIV), which sets a new benchmark in medical oxygen packaging for use within the hospital wards.

During the year, the National Pharmaceutical Pricing Authority (NPPA) under Ministry of Chemicals, Government of India, fixed a ceiling price for medical oxygen and nitrous oxide by classifying them as emergency drugs. This has created a new challenge for these products in the Healthcare markets and your Company has taken adequate steps to address the same. Your Company has also made necessary representation to the Government Authorities in this regard.

Your Company also continues to work on developing the gases pipeline network at Dahej in Gujarat by adding new customers that can be served from the ASU under construction. The Company is also focusing to develop a pipeline scheme in the Kalinganagar industrial area in Odisha with a long term strategy to grow the gases business in this prominent steel industry cluster.

Your Company sees several opportunities in the Gases business in the medium to long term, which include projected increase in India's steel making capacity to 200 million metric tonnes by 2020, decaptivation and outsourcing of gases demand by refineries and the Government's ambitious "Make in India" campaign, with an aim to turn the country into a global manufacturing hub. On the other hand, rising power costs in West and unreliable power supply faced at some of the tonnage plants such as Hyderabad and Selaqui, over capacity in the markets resulting in pricing pressure in merchant business are considered as some of the threats.

Project engineering

The Project Engineering Division engages in the business of engineering, procurement, supply, construction and commissioning of Air Separation Units (ASU), nitrogen generators, hydrogen Pressure Swing Adsorption (PSA) plants, compressed air systems and gas distribution and storage systems. The Project Engineering Division (PED) is engaged for in-house Gases Division projects, as well as for sale of plants to third party customers.

The market condition remained extremely challenging for PED in 2014 as well, when the Division order intake reduced significantly, which is also reflected in the decrease in its revenues. PED achieved revenue of Rs. 2,001.58 million as compared to Rs. 3,676.66 million recorded in 2013. During the year, PED executed projects involving air separation plants, nitrogen plants, compressor air stations in steel industry both in public and private sectors. The Division has expanded its global reach during the year with a number of export orders under execution including nitrogen generator revamp for PT. Indo Rama Ventures (Indonesia), liquid nitrogen plant sale (LINIT 50) to Medipharm East Africa Ltd. (Nairobi). In a difficult year, the Division also managed to recover fixed costs by providing engineering supervision and commissioning services to Linde Engineering Taiwan.

Major projects executed during the year include Cryogenic N₂ Generator for GAIL (India) Ltd, Pata, Inert Gas and Air Compressor system for ONGC Petro Additions Ltd. Other than these projects, the Division has also completed execution of Cryogenic Nitrogen Generator at OMPL, Mangalore and MRPL Phase III, Mangalore. The Division has thus,

maintained its leadership in Cryogenic Nitrogen Plant market. Besides, the Division is also constructing 2X1,250 tpd ASU for NMDC, 1,000 tpd ASU for Bhushan Steel at Meramandali in Odisha utilising technology from Linde Engineering. The execution activities for new compressed air station for RINL's Visakhapatnam Steel Plant and Nitrogen generation package for GSPC LNG Ltd. at Mundra, Gujarat is at its initial stages. The execution of these and several other projects is progressing well.

As a part of the ongoing support to the growth of Gases Business, PED completed commissioning of 2x853 TPD ASUs at SAIL, Rourkela. PED is currently also executing another large in house project for the Gases Division for the commissioning of 2x1,000 scale Oxygen plants at Tata Steel's 3 MTPA steelworks at Kalinganagar in Odisha, which is expected to be completed in 2015. PED is also engaged in dismantling and relocating the 110 tpd ASU from Taloja and its commissioning at a new site at Dahej. The project is in advanced stage of completion and is expected to be on line by H1 2015.

While PED is responsible for execution of in-house ASU projects for the Gases Division, it also continues to remain focused to strengthen its product offerings leveraging on the technological support from Linde Engineering. The Division continues to endeavour to improve its competitiveness through several initiatives by increasing the indigenous component in its plants. The Division's total third party orders in hand stood at Rs. 2,420 million as on 31 December 2014.

Risks and concerns

Your Company's business faces various risks such as strategic as well as operational risks in both of its segments viz. Gases and Project Engineering, which arise from both internal and external sources. As explained in the report on Corporate Governance, the Company has an adequate risk management system which takes care of identification, assessment and review of risks as well as their mitigation plans put in place by the respective risk owners. The risks which were being addressed by the Company during the year under review included risk relating to execution model of the Company for tonnage projects, over dependence of business on steel sector, continuing increase in inflation, increase in power costs, delay in customer projects, competitive risks, etc. Some of the above risks have reached closure as mitigating actions for them have been fully implemented. Since the Project Engineering Division of your Company is engaged in execution of various in house and third party projects, it has an inherent risk of time and cost overruns due to various reasons. Your Board of Directors provides oversight of the risk management process in the Company and reviews the progress of the action plans for each of the identified key risk on a quarterly basis.

Finance

As on 31 December 2014, your Company had three loan facilities by way of External Commercial Borrowing (ECB) aggregating EUR 199.6 million from Linde AG. The facilities were executed for funding of large air separation units (ASU) at Tata Steel Jamshedpur (2,550 tpd ASU), SAIL Rourkela (2X853 tpd ASU), Tata Steel Kalinganagar (2X1,000 scale Plants) and Hydrogen SMR unit at Asian Peroxide. Out of the three facilities, two EUR facilities aggregating EUR 122 million are fully drawn down. The third facility is a fixed rate INR facility equivalent to EUR 77.6 million and is partly drawn. During the course of the year, INR equivalent of EUR 29.4 million was drawn down and EUR 21.2 million was repaid leaving a net outstanding position of EUR 155.4 million as at the end of the year. The ECBs are fully hedged both with regard to the principal and interest payments.

During the year, the Company has also negotiated and fully drawn down three-year floating rate, two term loan facilities aggregating to USD 24.90 million equivalent of Rs. 1,500 million from Citibank. The term loan facility was executed to fund ongoing small capital expenditure requirement. This facility is in addition to the two-year USD 16.8 million equivalent of Rs. 1,000 million term loan executed in the previous year. All the three facilities are fully hedged with regard to the principal and interest payments.

The overall Working Capital Demand Loan (WC DL) as on 31 December 2014 was Rs. 1,500 million.

During the year, the Company transferred a sum of Rs. 0.81 million of unpaid/unclaimed dividend for the year ended 31 March 2007 to the Investor Education and Protection Fund.

Prescribed particulars

The prescribed particulars required under Section 217(1)(e) and 217(2A) of the Companies Act, 1956, read with the Rules made there under as amended up to date are given by way of Annexure to this Report.

There were 12 employees who were employed throughout the year and were in receipt of remuneration aggregating to Rs. 6 million or more or were employed for part of the year and were in receipt of remuneration aggregating to Rs. 0.5 million per month or more during the year ended 31 December 2014. In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed there under as amended, the names and other particulars of employees are

set out in the annexure to the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the said information. 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 Annual General Meeting. 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 its global HR strategy, with intent to support its business strategy. It therefore derives robust support from the Group in areas of recruitment, training, appraisal, compensation, managing and rewarding performance, etc. Human Resources function ensures that all employees are aligned to the organisation's shared values, management principles and a high performance culture. Your Company strives to embrace best HR practices to become an "Employer of Choice". Your Company aims to maintain its competitive edge by ensuring the right talent for the right job. This is ensured by using multi-pronged selection tools like assessment centres, personality tests and one-on-one interviews. Our recruitment strategy centres on infusing quality talent aligned to the values of Linde with potential to take the organisation to a higher level of performance. Social networking sites are actively used – both as a source of candidate database and also as a platform to create strong employer brand.

At Linde India, learning and development is a way of life. The Linde University e-campus provides on-time and need-based learning opportunities for employees. Online trainings focused on developing leadership competencies among the managers were introduced in 2014. In certain cases, a blend of local site level training, or national level and even international level training programmes leveraging upon the knowledge base and training programmes of the Linde Group are used for development of the employees. All new employees undergo a structured induction program branded as "SAMPARK" and also a detailed Safety Induction program to inculcate the Company's safety culture among all new joiners.

Your Company continues to actively participate in the Young Talent Development programme which was launched in 2012 along with other Linde group companies in South Asia, as an initiative to nurture and groom talent through a common talent development programme.

This is a unique one-year development programme for graduates, which received special recognition for People Excellence in the 2014 Linde Global HR Awards.

Your Company continued to maintain harmonious industrial relations environment across all its manufacturing locations in the country. Long term settlements for wage revision of unionized staff were concluded at West Bengal, Ahmedabad and Jamshedpur and subsequently implemented across the country. The recently concluded Linde Global Employee Survey saw 96% participation from employees in India, which validates the relationship of mutual trust that the management enjoys with the employees. Your Company had manpower strength of 832 as on 31 December 2014.

Corporate Social Responsibility (CSR)

As informed last year, the Board of Directors of your Company had set up a CSR Committee in February 2014. A CSR Steering Team comprising of cross functional managers was also set up by the Company to recommend CSR initiatives to the Committee and implement the decisions of the CSR Committee and the Board. The CSR Policy of the Company was approved by the Board in May 2014 and it focuses on four thematic areas of Education, Health, Environment and Skill Development. Particular focus is given to engaging employees into the CSR initiatives of the Company. This being the first year of a structured CSR initiative, a part of the year was available for implementation of CSR projects and a number of initiatives are still in the concept stage while your Company is continuing to fine-tune the execution process. Some of the CSR projects/initiatives that were taken up during the year include providing special education to physically handicapped children at Indian Institute of Cerebral Palsy (IICP), donation to Jamshedpur colony school, adoption of one classroom at IICP, working with Disha (NGO) on school for underprivileged children, sponsoring literacy of 300 women through TARA (NGO), health check-up in Rapcha village in Jamshedpur, contribution to Prime Ministers' National Relief Fund towards relief of flood victims in the state of Jammu and Kashmir, etc. Your Company hopes to increase its CSR activities in the coming years towards meeting its obligations on CSR spend under the Companies Act, 2013, thereby making a positive impact on the community.

Safety, Health, Environment and Quality (HSE)

As a member of The Linde Group, your Company aims to improve the quality of the products and services constantly, while at the same time

maintaining highest standards of safety, health and environmental protection.

Safety is one of the foundation principles upon which the Linde Spirit is built and as such continues to be the top most priority for your Company.

In order to reinforce on the HSE agenda, your Company continues to focus on ensuring compliance to the Golden Rules of Safety (set of 8 mandatory rules framed to manage, mitigate and control high risk jobs) at all times. With this objective, your Company regularly conducts Stand Downs to reinforce the Golden Rules of Safety. Stand Downs were conducted to reinforce Golden Rules around Driving and Vehicles, Contractor Management and Lifting Operations during the course of 2014. This follows the stand downs related to Permit-to-Work and Working-at-Height, which were held in 2013.

You will be happy to note that the Gases Division completed the year without any MIRs, while the combined Gases and Engineering divisions completed the "first ever" 365 MIR free days on 26 October 2014 – a significant milestone given the scale and complexity of the operations in India. This safety performance stands out given the particularly difficult road conditions encountered during delivery of our products, and challenges faced by our project teams at construction sites.

Your Company lays great stress on Behavioural Safety which continues to be the key differentiator to help create the right safety culture in the organization to sustain and further improve safety performance. "Site Safe" programme for operating sites and "Act Safe" programme for Drivers were conducted at different locations during the year. Besides this, "Site Safe" sustainability reviews were also carried for a number of operating sites that have been certified previously.

Your Company ended the year without any LTI (Lost Time Injury) of its employees, while only one contractor LTI case was reported in the year. This is indeed a good achievement. However, your Company is working steadfastly to further improve the safety performance with the objective of becoming an "injury free organisation".

Your Company continues to mandate and practice complete transparency in reporting of all accidents and incidents, even the minor ones are reported. Thereafter, depending on the incident, the same is duly investigated and corrective actions are identified and implemented. The "Lessons from Incidents" of all major Incidents are circulated to prevent repeat of similar incidents.

Your Company has also pushed ahead with the Major Hazards Review Programme (MHRP) and we are pleased to report that all major high risk sites have been certified with relevant MHRP CAT 1 and CAT 2 certificates. Your Company uses this programme to measure risks and hazards on a uniform basis for all locations and to establish control measures to minimize these risks as much as possible. In 2014, your Company also focused on MHRP audits of locations where hazardous materials are used or stored.

Your Company also aims to establish a minimum standard for health management and to promote various measures to improve the health management of our employees and contractors. On the Health and Occupational Hygiene (HOH) front, various training and awareness initiatives have been taken up covering manual handling, asbestos and noise management.

Your Company has set up water recycling and rain harvesting facilities at many of its tonnage plant sites. As an integral part of its initiatives to protect the environment, your Company monitors waste generation, emission of greenhouse gases, effluents, quality of air, etc. at the plant sites.

Outlook

India's economy grew by about 6.2% through 2014. For 2015, the projections show optimism, which is largely due to expectation of policy reforms by the new Government at the Centre, recovery in the global economy, easing liquidity, speed on policy reforms and normal monsoons. The economy is projected to achieve a GDP growth of about 8% during 2015-16 driven by service sector and industrial growth on the back of policy reforms and lower interest rates.

Steel Production capacity in the country is set to increase to 200 million MT in 2020 as compared to a production capacity of 102 million MT in 2013. Majority of the expansion in steel making capacity is driven by country's major steel players like Tata Steel, SAIL, Jindal Steel, etc. This increase in capacity will make India the second largest steel producing nation. The Steel industry is set to grow at a CAGR of 8-9% over the next five years.

The industrial gases business is expected to have a strong double digit growth in the medium to long term with demand coming in from Steel, Chemicals, Energy, Automobile, etc. Increase in steel production capacity in the country is likely to lead to more on-site gas plants. Besides, the "Make in India" campaign of the Government is expected to attract major investments in capital goods, infrastructure and pharma sector,

which augurs well for the growth of Gases industry. Your Company is also focusing on increasing its footprint in food and beverage and the oil and gas markets.

The presence of a large domestic population, along with the increase in its per capita income is expected to provide enough of a demand stimulus to ensure continued economic growth for India. All macroeconomic fundamentals will have positive impact on industrial gases and engineering business.

Your Company has been able to develop itself by leveraging the strengths of its parent- both in the gases and engineering segment and putting best commercial practices in place to win large tonnage gas supply contracts and grow the merchant and packaged gases business. Your Company is thus poised to become the leading industrial gases company in the country.

Internal control systems and their adequacy

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

The internal control system is supplemented by documented policies, guidelines and procedures. The Company's Internal Audit Department continuously monitors the effectiveness of the internal controls with a view to provide to the Audit Committee and the Board of Directors an independent, objective and reasonable assurance of the adequacy of the organization's internal controls and risk management procedures. The Internal Audit function submits detailed reports periodically to the management and the Audit Committee. The Audit Committee reviews these reports with the executive management with a view to provide oversight of the internal control systems. The Company reviews its policies, guidelines and procedures of internal control on an on-going 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.

Secretarial audit

The Ministry of Corporate Affairs vide its Circular No. 08/2014 dated 4 April 2014 had clarified that the financial statements and the

documents required to be attached thereto, the Auditor's Report and the Board's Report in respect of financial years that commenced earlier than 1 April 2014 shall be governed by the relevant provisions/schedules/rules framed under the Companies Act, 1956. Therefore, although it was not mandatory for the Company to enclose a Secretarial Audit Report along with its Directors' Report for the year 2014, your Company has with a view to bring more transparency in compliance with various statutory requirements and as a matter of good corporate governance, complied with the provisions of the Secretarial Audit and a Secretarial Audit Report in Form MR-3 given by Messrs Vinod Kothari & Co., a firm of Practising Company Secretaries is annexed with this Report. The Report confirms that during the period covered by the Audit, the Company has complied with the statutory provisions listed under Form MR-3 and the Company has proper board processes and compliance mechanism in place.

Corporate governance

As a member of The Linde Group, your Company attaches great importance to sound responsible management and good corporate governance. Your Company subscribes to the Linde Spirit and the Code of Ethics of The Linde Group. The Linde Spirit describes the corporate culture manifested in the Linde vision and the values that underpin day to day activities and the Linde's Code of Ethics sets out the commitment of all employees to comply with legal regulations and uphold the ethical and moral values of the Group. Your Company is therefore, committed to business integrity, high ethical standards and professionalism in all its activities. As an essential part of this commitment, the Board of Directors supports high standards in corporate governance. It is the endeavour of the Board and the executive management of your Company to ensure that their actions are always based on principles of responsible corporate management. In The Linde Group, corporate governance is seen as an on-going process. Your Company's Board therefore closely follows future developments in the governance norms and will take lead in ensuring compliance with the same. A separate report on Corporate Governance along with the certificate of the Auditors, B S R & Co. LLP, 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 2014, applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the aforesaid financial year and of the profit or loss of the Company for that period.

That they have 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 have prepared the aforesaid annual accounts on a going concern basis.

Directors

During the year under review, there has not been any change in the Board of your Company.

At a meeting of the Board of Directors of the Company held on 17 February 2015, on the recommendation of the Nomination & Remuneration Committee, Ms. Desiree Co Bacher, Head of Finance and Control of RSE Regional Office in The Linde Group was appointed as an Additional Director (Non-Executive Director) of the Company with effect from that date. Apart from bringing gender diversity on the Board, Ms. Bacher also brings with her experience of over 20 years covering finance and controlling, project management and driving and managing process improvements in finance. The constitution of your Company's Board is now fully compliant with the provisions of Section 149 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. Ms. Bacher vacates office as per Article 92 of the Articles of Association of the Company at the ensuing Annual General Meeting. Necessary resolution for appointment of Ms. Bacher as Director of the Company is included in the Notice calling the Annual General Meeting.

Mr. Sanjiv Lamba retires by way of rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Necessary resolution for re-appointment of Mr. Lamba as a Director of the Company is included in the Notice of the ensuing Annual General Meeting.

The Board recommends the aforesaid resolutions for your approval.

At the Board Meeting held on 17 February 2015, Mr. Binod Patwari stepped down as a Director of the Company. Mr. Patwari joined the Board as a Director of your Company on 15 June 2010 and was later inducted in the CSR Committee of the Board set up last year. During his aforesaid tenure, your Board has from time to time benefited from the wise counsel and experience of Mr. Patwari. Your Directors therefore, place on record their sincere appreciation of the valuable contribution made by Mr. Patwari to the Company during his tenure on the Board.

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 Ramani Sarkar & Co., a firm of Cost Accountants in Kolkata conducted this audit for the Company's financial year ended 31 December 2013 and submitted their report to the Central Government on 27 June 2014. The Company had appointed Messrs Bandyopadhyaya Bhaumik & Co., a firm of Cost Accountants as the Cost Auditor for the year ending 31 December 2014 and necessary application for their appointment was filed by the Company with the Ministry of Corporate Affairs within the due date. The said auditors would be conducting the audit of cost records for the year 2014 and submit their report in due course.

Auditors

Messrs B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company retire, and being eligible, offer them for re-appointment. The Company has obtained a written consent from Messrs B S R & Co. LLP to the effect that their re-appointment if made, will be within the limits specified under the Companies Act, 2013. In compliance with the provisions of the Companies Act, 2013, it is proposed to reappoint them as statutory auditors of the Company at the ensuing 79th Annual General Meeting to be held on 15 May 2015.

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 Lamba
Chairman



M Banerjee
Managing Director

Jaipur
17 February 2015

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 2014.

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken:
- i) Commissioning of Additional HT Capacitor bank in Selaqui ASU resulting in improvement of Power Factor and reduction in power cost.
 - ii) Commissioning of 3 Phase UPS system for Jamshedpur 2550 MAC Motor Excitation System for reduction of plant downtime due to voltage dips resulting in improved plant reliability and reduction in power cost.
 - iii) Corro-coating of internal parts of cooling water pump and Installation of FRP fan blades on Cooling Tower fans in Jamshepdur ASUs, resulting in reduced power consumption.
 - iv) Reduction in contract demand of Taloja ASU followed by optimum plant loading resulting in significant savings in power cost.
- b) Additional Investments and Proposals:
- i) Major investment planned for Vibration Monitoring System to reduce plant outages at upcoming ASU at Kalinganagar, Odisha.
 - ii) Major investment planned for installing Variable Speed Drives in critical Cryogenic Pumps in Tonnage Operations.
 - iii) Proposal for investment for auto start implementation in Selaqui ASU to improve operational efficiency.
- c) Impact of above measures on energy consumption and cost of production:
The above measures will result in savings in consumption of power, improvement in plant reliability and 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 and Development (R&D)
 1. Areas in which R&D carried out:
 - i) Widening application of shielding gases for fusion welding and allied processes specific to customer requirement was continued during the year.
 - ii) Testing and analyzing of shielding gases complying to global standards ISO 14175:2008.
 2. Benefits:
 - i) Improved quality and production of high quality shielding gases.
 - ii) Meeting customer specific requirement.
 3. Future plan of action:
 - i) Continue to explore new applications of shielding gases to meet specific need of the market and roll out similar facilities across multiple packaged gases sites.
 - ii) As a member of The Linde Group, the Company has access to various Research and 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. 0.87 million
c) Total	Rs. 0.87 million
d) Total R&D expenditure as a percentage of total turnover	0.01%

II. Technology Absorption, Adaptation and Innovation

1. Efforts made:

1. Commissioning of 230 bar oxygen filling facility at Bangalore, Pune and Kalinganagar packaged gases plants completed during the year.
2. Ongoing implementation of Individual bar coding and cylinder tracking solution at all Packaged Gas Sites.

2. Benefits derived:

1. Improved productivity and safety in compressed gases business.
2. Improving safety standards in operations.

3. Technology Imported:

Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company's export activities during the year were mainly on account of revenues from export orders executed by the Project Engineering Division. The export revenues are largely towards sale of oxygen plants by the Project Engineering Division to Indonesia and Sri Lanka. Besides, Gases Division also exported liquid oxygen, argon, nitrogen and nitrous oxide to Bangladesh. The Company will continue to explore new business opportunities in the Project Engineering business in the South Asia cluster. In the Gases Division, efforts are on for export of ASU gases and nitrous oxide to neighboring countries, especially Bangladesh in short to medium term.

g) Total Foreign exchange used and earned:

Total Foreign exchange used during the year was Rs. 2,112.30 million and total foreign exchange earned during the year was Rs. 439.40 million, which included Rs. 242.16 million from exports.

Secretarial audit report.

[Form No. MR-3]

FOR THE PERIOD FROM APRIL 1, 2014 TO DECEMBER 31, 2014
[Pursuant to section 204(1) of the Companies Act, 2013 and
rule no. 9 of the Companies (Appointment and Remuneration of
Managerial Personnel) Rules, 2014]

To,
The Members of
Linde India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Linde India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from 1 April 2014 to 31 December 2014 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
6. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
 - a. Explosives Act, 1884 and Explosives Rules, 2008
 - b. Gas Cylinder Rules, 2004
 - c. Static & Mobile Pressure Vessels (Unfired) Rules, 1981
 - d. Petroleum Act, 1934 and Petroleum Rules, 2002
 - e. Drugs & Cosmetics Act, 1940 and Rules thereunder
 - f. Ammonium Nitrate Rules, 2012
 - g. Environment (Protection) Act, 1986 and Rules
 - h. Drug (Prices Control) Order, 2013.

We have also examined compliance with the applicable clauses of the following:

- a. The Listing Agreements entered into by the Company with the stock exchanges.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations:

1. We understand that the Company is in the process of finalizing and adopting whistle blower policy, remuneration policy and policy on related party transactions.
2. The remuneration paid to the Managing Director for financial year ended 31 December 2014 was in excess of limits, as prescribed under Schedule XIII of Companies Act, 1956 and Schedule V of the Companies Act, 2013, respectively for the periods covered by the aforesaid laws. We have been intimated that the Company is seeking the shareholders' approval by way of a special resolution, for waiver of such excess.
3. The Company is required to appoint at least one woman director on its Board on or before 1 April 2015 to ensure compliance with the provisions of Section 149 (1) of Act, 2013 read with Clause 49 (II)(A) (1) of Listing Agreement.

4. The Company is required to file a return with respect to change of 2% in the number of shares held by promoters and top ten shareholders in e-form MGT 10 pursuant to Section 93 of the Act, 2013.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions have been approved by majority while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has not incurred any specific event/action listed below that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

- i) Special resolution, in terms of section 180 (1) (c) was passed dated 9 September 2014 to affirm the borrowing powers of the Company to the extent of Rs. 25,000 million, as per details provided in the aforesaid resolution;
- ii) Special resolution in terms of section 180 (1) (a) was passed dated 9 September 2014 to enable the Company to create mortgage/charge/hypothecation etc; to the extent of Rs. 15,000 million on any movable/immovable property of the Company, as per details as provided in the aforesaid resolution.

Vinod Kothari & Company
Company Secretaries in Practice
ACS 4718
C P No. 1319

Place: Kolkata
Date: 14 February 2015

Corporate governance.

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

Linde 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 2014

Linde 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 judgment in its deliberations and decisions. As on 31 December 2014, the Board of the Company comprised of six Directors, detail whereof is given below:

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

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

Board meetings

During the year ended 31 December 2014, four Board meetings were held on 7 February 2014, 2 May 2014, 21 July 2014 and 27 October 2014. The gap between any two consecutive meetings did not exceed one hundred and twenty days.

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 2014 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and other Board Committee Membership(s) held as on 31 December 2014

Name of the Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship(s) (*)	Other Board Committee membership(s)/ chairmanship(s) (**)
Mr. S Lamba (***)	(Chairman) Non-Executive Director	4	Yes	-	-
Mr. A Balakrishnan	Non-Executive Independent Director	4	Yes	7	5 [including 3 as Chairman]
Mr. J Mehta	Non-Executive Independent Director	4	Yes	1	1
Mr. A Narayan	Non-Executive Independent Director	4	Yes	1	1 [as Chairman]
Mr. B Patwari (***)	Non-Executive Director	3	Yes	-	-
Mr. M Banerjee	(Managing Director) Executive Director	4	Yes	-	-

(*) Excludes directorships in Indian private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

(**) Represents memberships of Audit Committee and Stakeholders Relationship Committee.

(***) Director representing The Linde Group.

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 Wholtime Directors. Linde's Code of Ethics anchors ethical and legal behaviour within the organisation. A brief Code of Conduct was also adopted by the Board of Directors earlier as the Code applicable to the Non-Executive Directors of the Company. During the year 2014, the Board amended the Code of Conduct applicable to the Non-Executive Directors to incorporate the duties of Independent Directors as laid down in Schedule IV of the Companies Act, 2013. The aforesaid Codes are available on the Company's website. All Directors and senior management personnel of the Company as on 31 December 2014 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 for identification and prioritization of various risks based on pre defined criteria. The senior management team of the Company has been reviewing its risks periodically and the last risk workshop was held on 23 July 2012. The management team deliberated on all identified fresh risks at the said workshop and prioritized them on the basis of their EBIT impact and probability scores. These risks were thereafter assigned to various risk owners within the Company and appropriate mitigation plans were put in place in respect of them. The Company's executive management has since implemented a system for identification, assessment, mitigation and review of new risks on an ongoing basis. 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 quarterly basis.

CEO/CFO certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board that all the requirements of Clause 49(IX) of the Listing Agreement, inter alia, dealing with the review of financial statements and cash flow statement for the year ended 31 December 2014, 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

During the year, the Board of Directors of the Company had at its meeting held on 7 February 2014, constituted its Corporate Social Responsibility Committee as per the requirement of the Companies Act, 2013. As on 31 December 2014, the Company had four committees of the Board of Directors – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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, composition and terms of reference of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee including the number of meetings held during the year ended 31 December 2014 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(III)(C) and role as stipulated in Clause 49(III)(D) of the Listing Agreement with the Stock Exchanges. The Audit Committee also reviews information as per the requirement of Clause 49(III)(E) of the Listing Agreement. The terms of the Committee are also aligned as per the provisions of Section 177 of the Companies Act, 2013.

The Audit Committee also complies with the relevant provisions of the Companies Act, 2013.

Terms of reference

During the year, the terms of reference of Audit Committee were revised by the Board of Directors of the Company with a view to align them with the terms laid down in the Companies Act, 2013 and Clause 49 of the Listing Agreement. The brief description of the revised terms of reference of the Audit Committee is as follows:

- 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 and all related matters as stated in the Listing Agreement before submission to the Board.
- d. Review with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc).
- e. Review with the management, performance of statutory and internal auditors.
- f. 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.
- g. Discussion with internal auditors on any significant findings and follow up thereon including reviewing the findings of internal investigations, if any.
- h. 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.
- i. Review of the functioning of Whistle Blower mechanism.
- j. Approval of appointment of Chief Financial Officer.
- k. Review and monitor the auditor's independence and effectiveness of audit process.
- l. Scrutiny of inter-corporate loans and investments.
- m. Approval of related party transactions and any subsequent modification/ratification of transactions with related parties.
- n. And, generally all items listed in Clause 49(III)(D) of the Listing Agreement.

As stipulated in Clause 49(III)(E) of the Listing Agreement, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Chief Internal Auditor.

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(III)(A) of the Listing Agreement and Section 177 of the Companies Act, 2013. As on 31 December 2014, the Committee comprised of four Non-Executive Directors, three of whom, including the Chairman of the Committee were Independent Directors. Mr. J Mehta (Chairman of the Committee), Mr. S Lamba, Mr. A Balakrishnan and Mr. A Narayan were the Members of the Committee as on 31 December 2014. 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 23 May 2014.

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

Meetings and attendance during the year

Four meetings of the Audit Committee were held during the year ended 31 December 2014. The meetings were held on 7 February 2014, 2 May 2014, 21 July 2014 and 27 October 2014. 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. J Mehta	4	4
Mr. A Balakrishnan	4	4
Mr. S Lamba	4	4
Mr. A Narayan	4	4

Nomination and remuneration committee (NRC)

During the year, at a meeting of the Board of Directors of the Company held on 21 July 2014 in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board has renamed its "Remuneration Committee" as the "Nomination and Remuneration Committee" and also revised its terms of reference. The brief terms of reference of the Nomination and Remuneration Committee, inter alia, include the following:

- Identifying and selection of persons for appointment as directors and senior management in accordance with the criteria laid down and to recommend to the Board their appointment.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Recommend/review remuneration of the Managing Director and Wholetime Director(s) based on performance and defined assessment criteria.
- Recommend to the Board a policy for selection and appointment of Directors, Key Managerial Personnel and other senior management positions.
- Formulate and review criteria for evaluation of performance of the Board of Directors.

- Devise a policy on Board diversity.
- Succession planning for the Board level and key management positions.
- Carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification/amendment.

Composition

As on 31 December 2014, the Committee comprised of three Non-Executive Directors, two of whom including the Chairman of the Committee were Independent Directors. Mr. A Balakrishnan, a Non-Executive Independent Director (Chairman of the Committee), Mr. J Mehta, a Non-Executive Independent Director and Mr. S Lamba, a Non-Executive Director representing The Linde Group were the Members of the Committee as on 31 December 2014.

Attendance

During the year ended 31 December 2014, two meetings of the Committee were held on 2 May 2014 and 27 October 2014. 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. A Balakrishnan	2	2
Mr. S Lamba	2	2
Mr. J Mehta	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 Nomination and 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 under The Linde Group's Short Term, Mid Term and Long Term Incentive Plan and contribution to provident, superannuation and gratuity funds.

The Nomination and Remuneration Committee has framed a Nomination and Remuneration Policy of the Company, which is available on the Company's website at www.linde.in.

The Non-Executive Directors, other than the Directors representing The Linde Group are paid a sum of Rs. 15,000 as sitting fees for attending each meeting of the Board and Audit Committee and a sum of Rs. 8,000 as sitting fees for attending other Committee meetings of the Board. Remuneration of Non-Executive Directors, other than the Directors representing The Linde Group, by way of commission is determined by the Board in terms of approval accorded by the Shareholders.

Details of remuneration to executive/wholetime directors

Details of remuneration to Executive/Wholetime Directors during the year ended 31 December 2014 are given below:

in Rupees

Name of the Director	Salary and Allowances	Variable Compensation Pay	Contribution to Provident and other Funds	Perquisites/Other Benefits	Total
Mr. M Banerjee, Managing Director	9,359,784	2,175,126	1,565,209	3,613,825	16,713,944*

*Subject to approval of shareholders by way of special resolution

The Agreement entered into with Mr. Moloy Banerjee is for a period of 3 years from the date of his appointment i.e. 30 July 2013 and can be terminated by either party by giving not less than six months notice in writing. The Agreement does not provide for payment of any severance fees. 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 2014 are given below:

in Rupees

Name of the Director	Sitting Fees*
Mr. A Balakrishnan, Non-Executive Independent Director	160,000
Mr. J Mehta, Non-Executive Independent Director	144,000
Mr. A Narayan, Non-Executive Independent Director	128,000
Total	432,000

*Exclusive of Service Tax.

As the Company did not have any net profit for the financial year ended 31 December 2014 as per the computation laid down in Section 349 of the Companies Act, 1956/the relevant corresponding provisions of the Companies Act, 2013, commission to the Non-Executive Independent Directors for the year 2014 could not be considered by the Board in accordance with the approval of the shareholders in the Annual General Meeting held on 17 May 2012.

Other than the 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 Executive and Non-Executive Directors of the Company as on 31 December 2014 are as follows:

Name of the Director	Number of Equity Shares	No. of Convertible Instruments
Mr. S Lamba	400	N. A.
Mr. M Banerjee	200	N.A.

Stakeholders relationship committee (SRC)

During the year, at a meeting of the Board of Directors held on 21 July 2014, in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board has renamed its existing "Shareholders'/Investors' Grievance Committee" as the "Stakeholders Relationship Committee" and also revised its terms of reference. The brief terms of reference of Stakeholders Relationship Committee, inter alia, include the following:

- Overseeing and review of all matters connected with transfer, transmission, subdivision, consolidation, etc of the Company's securities;
- Approval for issue of the Company's duplicate share/debenture certificates;
- Monitoring redressal of grievances of investors/shareholders and other security holders;
- Recommending methods to upgrade the standard of services to investors, shareholders and other security holders;
- Carrying out any other function as referred by the Board from time to time or enforced by any statutory notification/amendment.

Composition

As on 31 December 2014, the Stakeholders Relationship Committee comprised of three Directors. The Committee included two Non-Executive Independent Directors, viz. Mr. A Narayan (Chairman of the Committee) and Mr. J Mehta and Mr. M Banerjee, Managing Director of the Company.

The Company Secretary acts as the Secretary to the Committee.

During the year ended 31 December 2014, the Committee met once on 21 July 2014. 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. A Narayan	1	1
Mr. J Mehta	1	1
Mr. M Banerjee	1	1

The Board of Directors has delegated the power of approving the share transfers, transmission etc. to the Managing Director and Company Secretary of the Company for expediting these processes. During the year, the Committee of Delegates met at an interval of about 10 days to dispose of all matters relating to share transfers, transmission, issue of duplicate share certificates, etc with a view to meet the time line for registering the transfer/transmission etc of equity shares within 15 days as stipulated in the Listing Agreement.

Compliance officer

The Board of Directors has designated Mr. Pawan Marda, Asst. Vice President and Company Secretary of the Company as the Compliance Officer.

Shareholders' complaints

During the year ended 31 December 2014, the Company received 26 complaints from the shareholders/investors. As on 31 December 2014, no shareholder/investor complaint was pending. It is the endeavour of the Company to attend to all such 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 2014, the Company processed 2,196 shares for transfer. As on 31 December 2014, no request for transfer or dematerialization of shares was pending.

Corporate social responsibility (CSR) committee

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board at its meeting held on 7 February 2014 in compliance with the provisions of the Companies Act, 2013 read with Rules made thereunder. The brief terms of reference of CSR Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the CSR activities to be undertaken by the Company as specified in the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on CSR activities; and
- Monitor the CSR Policy of the Company from time to time.

Composition

As on 31 December 2014, the CSR Committee comprised of three Directors, two of whom including the Chairman of the Committee were Non-Executive Directors. Mr. A Balakrishnan, a Non-Executive Independent Director (Chairman of the Committee), Mr. B Patwari, a Non-Executive Director representing The Linde Group and Mr. M Banerjee, Managing Director of the Company were the Members of the Committee as on 31 December 2014.

Attendance

During the year ended 31 December 2014, three meetings of the Committee were held on 2 May 2014, 21 July 2014 and 27 October 2014. 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
Mr. A Balakrishnan	3	3
Mr. B Patwari	3	2
Mr. M Banerjee	3	3

General body meetings

A) Location and time for last three Annual General Meetings (AGM) and details of special resolutions passed:

Financial Year	Date of AGM	Venue	Time	Special Resolution(s) passed
Year ended 31 December 2013	23 May 2014	Kala Mandir, Kolkata	3.00 p.m.	None
Year ended 31 December 2012	17 May 2013	Kala Mandir, Kolkata	3.00 p.m.	None
Year ended 31 December 2011	17 May 2012	Kala Mandir, Kolkata	3.00 p.m.	Payment of Commission to Directors, other than Wholetime Directors, Directors not resident in India and Alternate Directors.

B) Postal Ballot:

During the year 2014, four special resolutions and three ordinary resolutions were passed through postal ballot. Mr. Vinod Kothari, proprietor of M/s. Vinod Kothari & Company, a firm of Practicing Company Secretaries was appointed as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner in compliance with applicable laws and regulations. A total of 153 postal ballots and 61 e-voting confirmations (as per NSDL report) were received from the Members of the Company, of which 4 postal ballots were rejected and considered invalid. The details of the result of the said Postal Ballot including the voting pattern were as follows:

Resol. Sl. No.	Brief Particulars of Resolution	No. of shares & % of valid votes cast by postal ballot & electronic means in FAVOUR of the Resolution	No. of shares & % of valid votes cast by postal ballot & electronic means AGAINST the Resolution	Result
1.	Special Resolution: Borrowing Powers of the Board of Directors under Section 180(1)(c) of the Companies Act, 2013.	74,888,074 99.99%	1,241 0.01%	Passed as a Special Resolution by requisite majority
2.	Special Resolution: Creation of charges, mortgages and hypothecations on the movable and immovable properties of the Company comprising the whole or substantially the whole of any of its undertaking(s), both present and future, under Section 180(1)(a) of the Companies Act, 2013.	74,887,412 99.99%	2,122 0.01%	Passed as a Special Resolution by requisite majority
3.	Special Resolution: Approval of existing/proposed material contracts with Linde AG, Germany under Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.	8,478,054 77.61%	2,448,233 22.41%	Passed as a Special Resolution by requisite majority
4.	Special Resolution: Alteration of Articles of Association: Art. 127 "The Seal".	74,888,213 99.99%	831 0.001%	Passed as a Special Resolution by requisite majority
5.	Ordinary Resolution: Appointment of Mr. Aditya Narayan as a Non-Executive Independent Director for a term of 5 consecutive years, not liable to retire by rotation.	74,887,113 99.99%	1,680 0.01%	Passed as an Ordinary Resolution by requisite majority
6.	Ordinary Resolution: Appointment of Mr. Jyotin Mehta as a Non-Executive Independent Director for a term of 5 consecutive years, not liable to retire by rotation.	74,886,758 99.99%	1,675 0.01%	Passed as an Ordinary Resolution by requisite majority
7.	Ordinary Resolution: Appointment of Mr. Arun Balakrishnan as a Non-Executive Independent Director for a term of 5 consecutive years, not liable to retire by rotation.	74,881,365 99.99%	1,498 0.002%	Passed as an Ordinary Resolution by requisite majority

C) Appointment/Re-appointment of Directors:

Information about Directors proposed to be appointed/re-appointed as required under Clause 49(VIII)(E) of the Listing Agreement with the Stock Exchanges is furnished under Note 16 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 disclosures about list of related parties and transactions given under Note 45 of Notes to financial statements for the year ended 31 December 2014 may be referred. All related party transactions are in the ordinary course of business and are at arm's length. The policy on dealing with Related Party Transactions is available on the website of the Company at www.linde.in.
- **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.
- **Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee:**
The Linde Group's Code of Ethics encourages all employees who have concerns about their work or the business of the Company, to discuss these issues with their line managers. The employees also have free access to Human Resource, Internal Audit and Legal Service Department for resolving their concerns.

As per the requirement of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has framed its Whistle Blower policy to enable all employees and the directors to report in good faith any violation of the Code of Ethics as enumerated in the policy. The policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

Non mandatory requirements

The Company complies with the following non-mandatory requirements:

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 in the News and Media section.

The Company had sent Annual Reports for 2013 and other documents such as notices/other communications in electronic mode to those shareholders who had given their consent in this regard and registered their email addresses with the Company's RTA or the Depositories for this purpose. The complete Annual Report for 2013 in physical form was however, sent to all the shareholders of the Company.

Audit Qualifications

There are no qualifications in the Auditor's Report to the Members on the financial statements for the year ended 31 December 2014.

Training of Board Members

Presentations are made by the management team giving an overview of Company's operations to familiarize 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 from time to time as well as important changes in applicable legislation, enactment, guidelines, accounting standards, etc. to enable them to take informed decisions.

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 in respect of the first three quarters of the financial year were approved, taken on record and submitted to the Stock Exchanges along with "review report" within forty five days of the close of the relevant quarter. Audited financial results in respect of the last quarter were submitted to the Stock Exchanges along with the results of the entire financial year with a note stating that the figures for the quarter ended 31 December were published as balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial year. Also the figures up to the end of the third quarter were only reviewed and not subjected to audit. Such results were thereafter sent to the Stock Exchanges in the proforma prescribed under the Listing Agreement.
- Financial results have been published during the year initially in The Economic Times (English) and later in The Financial Express (English) and Ei Samay (in vernacular language – Bengali).
- The Company also issues official press releases to the print media. The News and Media section in the Company's website includes all major press releases made by the Company.
- Consequent upon the change of name of the Company to Linde India Limited, the website address of the Company had been changed from www.boc-india.com to www.linde.in. The new website displays information about the Company, extracts of the audited

- financial statements, quarterly and annual audited financial results, distribution of shareholding at the end of the each quarter, official press releases, etc which are regularly updated.
- Management Discussion and Analysis is a part of the Directors' Report.
 - All price sensitive information and matters which are material and relevant to shareholders are intimated to all the Stock Exchanges where the securities of the Company are listed.
 - The Company has made presentation to investors/analysts during the year and the said presentation is posted on the Company's website.
 - The Company has an exclusive section on "Investor Relations" in its website "www.linde.in" 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, green initiative, etc. These information, procedures, formats, etc. are available on the aforesaid website in downloadable formats as a measure of added convenience to the investors.

General shareholder information

Date, time and venue of the Annual General Meeting	15 May 2015 at 10.00 a.m. at Kala Mandir Auditorium 48, Shakespeare Sarani, Kolkata-700 017	
	i. Financial Year	January 2015 to December 2015
	ii. First Quarter Results	23 April 2015
	iii. Second Quarter and Half Yearly Results	7 August 2015
	iv. Third Quarter Results	19 October 2015
Financial Calendar 2015 (tentative and subject to change)	v. Audited Annual Results	February 2016
Book Closure Period	6 May 2015 to 15 May 2015 (both days inclusive).	
Dividend Payment Date	On or before 20 May 2015	
Listing on Stock Exchanges	a) The Calcutta Stock Exchange Ltd., 7 Lyons Range, Kolkata 700 001 b) Bombay Stock Exchange Ltd., P. J. Towers, Dalal Street, Mumbai 400 001 c) National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	
Annual Listing Fees have been paid to all these stock exchanges for the year 2014-15.		
Stock Code	a) The Calcutta Stock Exchange Ltd., Physical: 16; Demat: 10000016 b) Bombay Stock Exchange Ltd., Physical: 23457; Demat: 523457 c) National Stock Exchange of India Ltd., Symbol: LINDEINDIA	

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Shareholders are requested to refer to the notice of the Annual General Meeting for the due dates for transfer of unclaimed dividends to Investor Education and Protection Fund. This information is also posted in the Investor Relation section of the Company's website. Shareholders are requested to immediately contact the Company or its Registrar & Transfer Agents, Messrs Link Intime India Pvt. Ltd., 59 C, Chowringhee Road, 3rd Floor, Kolkata 700 020 for claiming their unpaid/unclaimed dividends, if any.

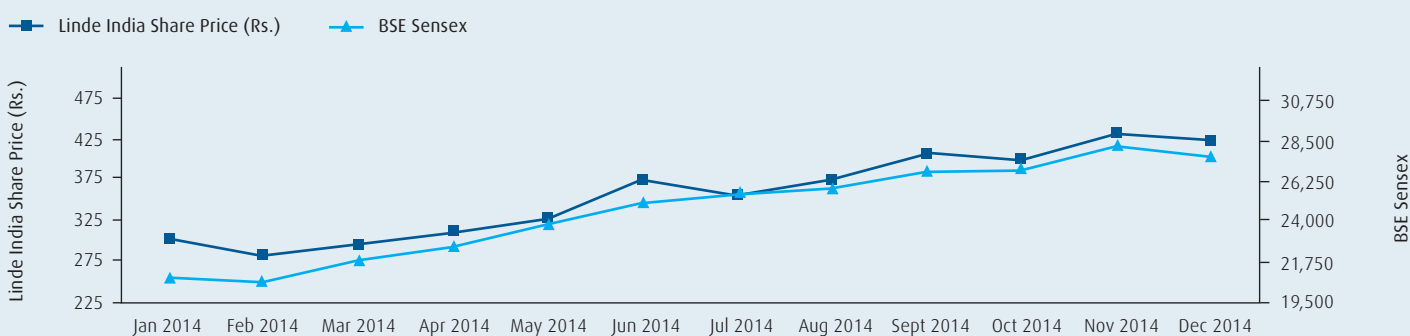
Stock market price data

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 2014.

Month in Rupees	BSE			NSE		
	High	Low	Volume of shares traded	High	Low	Volume of shares traded
January 2014	333.00	275.00	106,045	331.00	279.05	341,034
February 2014	298.00	264.00	54,367	297.70	264.50	847,755
March 2014	314.50	278.00	173,578	315.00	275.00	341,379
April 2014	337.45	285.00	206,572	336.60	295.00	271,503
May 2014	372.00	284.00	142,269	378.00	281.00	449,503
June 2014	400.00	349.00	111,587	402.00	348.90	564,214
July 2014	386.90	333.00	71,914	384.90	325.50	280,791
August 2014	399.50	348.50	84,162	399.00	348.15	243,195
September 2014	439.90	376.55	223,230	438.95	376.00	808,004
October 2014	425.00	377.55	60,313	424.00	375.10	267,641
November 2014	464.00	406.05	73,091	463.90	402.00	440,135
December 2014	451.00	400.00	101,485	455.00	397.10	333,703

During the year, there were no 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 Linde India Share Price vs. BSE Sensex (Average Monthly Closing)



Registrar and Transfer Agents	Link Intime India Pvt. Ltd. 59C, Chowringhee Road, 3rd Floor, Kolkata 700 020 Phone +91-33-2289 0540; Telefax +91-33-2289 0539 kolkata@linkintime.co.in
Share Transfer System	The work relating to Share Registry both in physical and electronic form is handled by Link Intime India Pvt. Ltd., Registrars and Transfer Agents of the Company. In compliance with the requirement of Clause 3(C) of the Listing Agreement, all transfers, sub division, consolidation, renewal, exchange, etc of shares in the Company are processed after they 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 has now been meeting at an interval of about 10 days to dispose of all matters relating to transfers, transmission, etc. Dematerialisation of shares is processed normally within a period of 10 days from the date of receipt of the Demat Request Form.
Dematerialisation of shares and Liquidity	The Company's shares are compulsorily required to be traded in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE 473A01011. As on 31 December 2014, a total of 84,171,587 equity shares of the Company constituting 98.70% of the total Subscribed and Paid up Share Capital stand dematerialized.

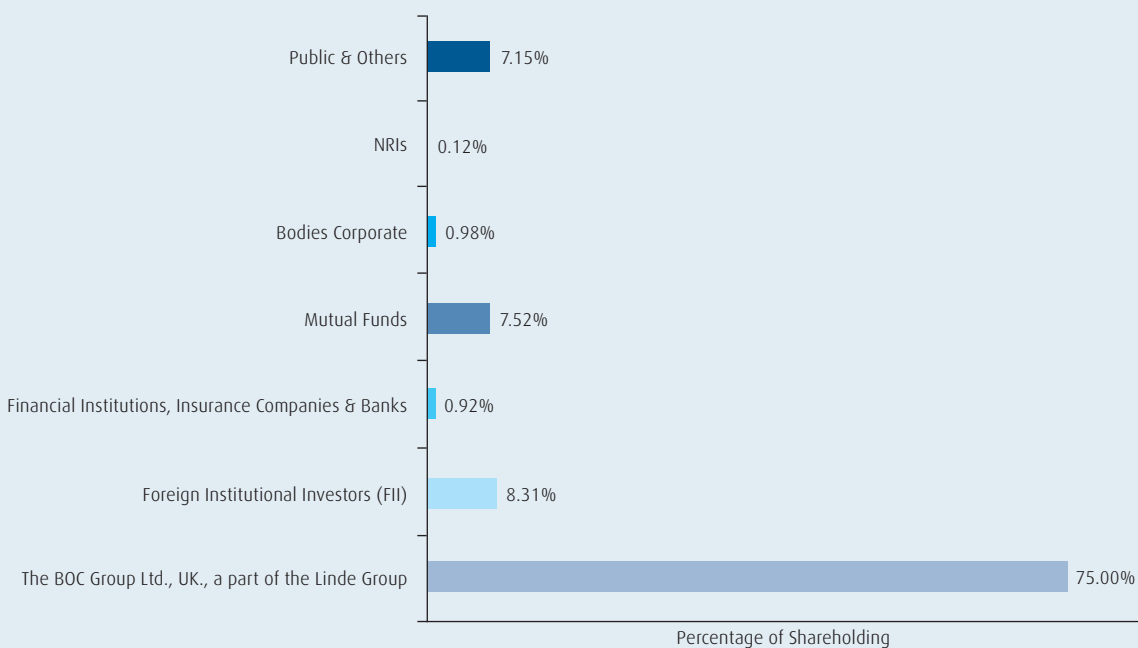
Distribution of shareholding as on 31 December 2014

Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	7,575	39.49	153,920	0.18
51-100	3,543	18.47	315,526	0.37
101-250	3,559	18.55	628,833	0.74
251-500	2,396	12.49	895,378	1.05
501-1000	1,234	6.43	916,686	1.07
1001-5000	746	3.89	1,533,785	1.80
5001-10000	57	0.30	414,032	0.49
10001-100000	50	0.26	1,339,615	1.57
Above 100000	23	0.12	79,086,448	92.73
Total	19,183	100.00	85,284,223	100.00

Shareholding pattern as on 31 December 2014

Category	Number of Shares held	% of Issued & Paid up Share Capital
(A) Foreign Promoters		
The BOC Group Ltd, U.K., a part of The Linde Group	63,963,167	75.00
(B) Public Shareholding		
I) Institutional Shareholding		
Foreign Institutional Investors	7,084,329	8.31
Financial Institutions, Insurance Companies & Banks	780,663	0.92
Mutual Funds	6,412,017	7.52
Sub-Total (I)	14,277,009	16.75
(II) Non-Institutional Shareholding		
Bodies Corporate	834,105	0.98
NRIs	105,607	0.12
Public and Others	6,104,335	7.15
Sub-Total (II)	7,044,047	8.25
Total	85,284,223	100.00

Shareholding pattern as on 31 December 2014



Outstanding GDRs/ADRs, Warrants or any convertible instruments, conversion date and likely impact on equity

Not Applicable

Plant locations:**Bangalore**

Plot No. 1& 2 (Part),
Survey No. 59/1 & 60,
Sompura Industrial Area,
Dobaspet, 1st Stage,
Bangalore – 562 111

Bellary

Tonnage Plant (1800 tpd)
JSW Steel premises, Toarangallu,
Dist. Bellary, Karnataka – 583 123

Bhiwadi

Plot No. B-821, RIICO Industrial
Area, Phase II,
Bhiwadi – 301 019, Dist. Alwar
(Rajasthan)

Chennai

Plot No. G-21, SIPCOT Industrial
Park,
Irungattukottai, Sriperumbudur,
Dist. Kancheepuram – 602 105

Faridabad

Plot-41, Sector-6,
Faridabad, Haryana – 121 006

Hyderabad

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

Jajpur

Tonnage Plant (418 tpd)
Jindal Stainless Ltd.,
Kalinganagar Industrial Complex,
Duburi,
Dist. Jajpur – 755 026

Kalinganagar Industrial Complex
(PGP),

Duburi, Village – Khurunti,
Danagadi Tahasil,
PO – Gobarghati, Jajpur – 755 026

Jamshedpur

Tonnage Plant (2550 tpd)
Tonnage Plant (1290 tpd)
Industrial Gases Plants
(500 tpd, 275 tpd x 2)
Long Tom Area, (Behind NML)
Burma Mines,
Jamshedpur – 831 007

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

Pune

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

Rourkela

Tonnage Plant (2x853 tpd)
Near Rourkela Steel Plant Fertilizer
Gate,
Rourkela Town Unit No. 46,
P.O. Tangrapalli, Dist. Sundargarh,
Rourkela,
Odisha – 769 007

Selaqui

Tonnage Plant (221 tpd)
Khasara No. 122, MI
Behind Pharma City
Selaqui, Dehradun – 248 197

Taloja

Tonnage Plant (330 tpd)
T-8, MIDC Industrial Area,
Taloja, Dist. Raigad,
Navi Mumbai – 410 208

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

Trichy

Plot No. 30, 31 & 32,
Sidco Industrial Estate, Mathur,
Dist. Pudukkottai – 622 515

Uluberia

P.O. Birshibpur, Uluberia,
Dist. Howrah

Visakhapatnam

Plot No. 62, J N Pharma City,
Thanam Village, Parwada Mandal,
Visakhapatnam – 531 021

Address for correspondence

Asst. Vice President and Company
Secretary

Linde India Limited

Oxygen House
P 43 Taratala Road
Kolkata – 700 088, India
Phone +91 33 6602 1600
Fax +91 33 2401 4206
pawan.marda@linde.com

Declaration by the Managing Director (CEO) under Clause 49 of the Listing Agreement

To,
The Members of
Linde India Limited

I, Moloy Banerjee, Managing Director of Linde India Limited (formerly known as 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 2014.

Moloy Banerjee
Managing Director

Jaipur
17 February 2015

Auditor's Certificate on compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

To,
The Members of
Linde India Limited
(Formerly known as BOC India Limited)

We have examined the compliance of conditions of Corporate Governance by Linde India Limited (formerly known as BOC India Limited) ('the Company') for the year ended on 31 December 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022
Jayanta Mukhopadhyay
Partner
Membership No: 055757

Place: Jaipur
Date: 17 February 2015

Financial statements.

Balance Sheet.

in Rupees million	Note	As at 31 Dec. 2014	As at 31 Dec. 2013
Equity and liabilities			
Shareholders' funds			
Share capital	2	852.84	852.84
Reserves and surplus	3	13,039.38	13,420.43
		13,892.22	14,273.27
Non-current liabilities			
Long-term borrowings	4	11,024.00	11,156.87
Deferred tax liabilities (net)	5	1,828.86	1,992.05
Other long-term liabilities	6	272.77	253.49
Long-term provisions	7	2,813.24	2,657.78
		15,938.87	16,060.19
Current liabilities			
Short-term borrowings	8	1,500.00	1,320.00
Trade payables	9	2,508.36	3,104.84
Other current liabilities	10	4,249.48	4,178.72
Short-term provisions	7	706.22	722.91
		8,964.06	9,326.47
Total		38,795.15	39,659.93
Assets			
Non-current assets			
Fixed assets			
Tangible fixed assets	11	21,879.22	16,492.46
Intangible fixed assets	12	128.55	156.21
Capital work-in-progress	11	3,560.92	7,437.32
Non-current investments	13	150.07	150.07
Long-term loans and advances	14	5,424.65	5,159.78
Other non-current assets	15	1,438.93	2,929.89
		32,582.34	32,325.73
Current assets			
Inventories	16	708.63	762.89
Trade receivables	17	3,073.85	2,908.34
Cash and bank balances	18	571.70	583.43
Short-term loans and advances	19	1,231.58	1,532.29
Other current assets	20	627.05	1,547.25
		6,212.81	7,334.20
Total		38,795.15	39,659.93
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022
Jayanta Mukhopadhyay, Partner
Membership No. : 055757

M Sadhukhan, Chief Financial Officer

For and on behalf of the Board of Directors of
Linde India Limited
S Lamba, Chairman
J Mehta, Director
M Banerjee, Managing Director
P Marda, Asst. Vice President
& Company Secretary

Jaipur
17 February 2015

Statement of Profit and Loss.

in Rupees million	Note	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Income			
Revenue from operations (gross)	21	16,148.67	15,294.96
Less: Excise duty		1,235.21	1,010.36
Revenue from operations (net)		14,913.46	14,284.60
Other income	22	108.14	83.35
Total income		15,021.60	14,367.95
Expenses			
Cost of materials consumed	23	931.60	2,310.97
Purchase of stock-in-trade	24	752.53	394.53
Changes in inventories of finished goods, contract work-in-progress and stock in trade	25	7.74	(33.73)
Employee benefits	26	909.14	815.19
Finance costs	27	1,028.66	744.50
Depreciation and amortisation (including impairment)	28	1,813.46	1,290.43
Other expenses	29	9,542.69	8,182.68
Total expenses		14,985.82	13,704.57
Profit before exceptional items and tax		35.78	663.38
Exceptional item	43	-	502.70
Profit before tax		35.78	1,166.08
Income tax expense			
Current tax		(8.14)	(247.02)
MAT credit entitlement		8.14	247.02
Deferred tax release/(charge)		18.22	(392.80)
Profit for the year		54.00	773.28
Earnings per equity share [nominal value of share Rs. 10 (previous year Rs. 10)]	38		
On profit before exceptional items			
Basic		0.63	4.06
Diluted		0.63	4.06
On profit after taxation			
Basic		0.63	9.07
Diluted		0.63	9.07
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022
Jayanta Mukhopadhyay, Partner
Membership No. : 055757

M Sadhukhan, Chief Financial Officer

For and on behalf of the Board of Directors of
Linde India Limited
S Lamba, Chairman
J Mehta, Director
M Banerjee, Managing Director
P Marda, Asst. Vice President
& Company Secretary

Jaipur
17 February 2015

Cash Flow Statement.

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013	in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
A. Cash flow from operating activities:			Proceeds from sale of fixed assets	373.24	404.28
Profit before tax	35.78	1,166.08	Dividend received	15.00	15.00
Adjustments for:			Interest received	9.73	0.78
Depreciation and amortisation including impairment	1,813.46	1,290.43	Net cash used in investing activities	(2,642.58)	(3,851.83)
Provision for doubtful debts	24.51	42.53	C. Cash flow from financing activities:		
Provision for warranties	83.56	2.79	Proceeds from borrowings	3,789.31	4,132.12
Unrealised foreign exchange gain	(8.35)	(10.94)	Repayment of borrowings	(2,364.13)	(1,060.85)
Dividends on non-current investments – trade	(15.00)	(15.00)	Finance cost paid	(1,358.46)	(1,236.99)
Profit on disposal of fixed assets (net)	(68.78)	(556.32)	Dividend paid	(128.49)	(128.42)
Provision for liquidated damages written back	(5.02)	(20.98)	Tax paid on dividend	(21.74)	(20.75)
Provision for warranties written back	-	(99.14)	Net cash generated from financing activities	(83.51)	1,685.11
Provisions/liabilities no longer required written back	(52.29)	(66.04)	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(11.73)	120.48
Finance cost (net)	1,022.87	743.74	Cash and cash equivalents at the beginning of the period	583.43	462.95
Operating cash flow before working capital changes	2,830.74	2,477.15	Cash and cash equivalents at the end of the period	571.70	583.43
Adjustments for:			Notes to cash flow statement		
Trade receivables	(179.17)	145.63	Cash and cash equivalents comprises of (refer Note 18):		
Loans and advances	440.64	734.10	Cash on hand	4.86	4.79
Other assets	624.02	(810.24)	With scheduled banks:		
Inventories	54.26	(47.99)	- on current accounts	227.35	307.97
Liabilities and provisions	(840.48)	(75.12)	- on deposit account (with original maturity of 3 months or less)	334.78	265.40
Cash generated from operations	2,930.01	2,423.53	- on unclaimed dividend accounts *	4.71	5.27
Income taxes paid (net of refund)	(215.65)	(136.33)		571.70	583.43
Net cash generated from operating activities	2,714.36	2,287.20			
B. Cash flow from investing activities:					
Purchase or construction of fixed assets (including intangible assets, capital advances and capital work in progress)	(3,040.55)	(4,271.89)			

* accounts are not available for use by the Company

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached for B S R & Co. LLP
Chartered Accountants
Firm Registration No. 101248W/W-100022
Jayanta Mukhopadhyay, Partner
Membership No. : 055757

M Sadhukhan, Chief Financial Officer

For and on behalf of the Board of Directors of
Linde India Limited
S Lamba, Chairman
J Mehta, Director
M Banerjee, Managing Director
P Marda, Asst. Vice President
& Company Secretary

Jaipur
17 February 2015

Notes to financial statements.

Company overview

Linde India Limited is a public company. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange Limited (CSE). The Company is primarily engaged in manufacture of industrial and medical gases and construction of cryogenic and non cryogenic air separation plants.

1. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956/Companies Act, 2013 (as applicable) and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest million.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Current – non current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of manufacturing activity and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current – non current classification of assets and liabilities:

- as 12 months for the gases and related products of the Company
- as 24 months for the Project Engineering Division of the Company which are engaged in the manufacture and construction of cryogenic and non-cryogenic air separation plants.

d) Revenue recognition

Revenue from sale of gas and related products in the course of ordinary activities is recognised when property in the goods and related products or all significant risk and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of gas and its related products and regarding its collection. Facility charge is recognised on accrual basis as per the terms of the contract with the customers. The amount recognized as revenue is exclusive of sales tax and value added tax.

Contract revenue and contract costs associated with the long term construction contracts are recognised as revenue and expenses respectively by reference to the stage of completion of the project at the Balance Sheet date. The stage of completion of project is determined by the proportion that contract costs incurred for work performed upto the balance sheet date bear to the estimated total contract costs. If total cost is estimated to exceed total contract revenue, the Company provides for foreseeable loss.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Income from dividend is recognised when right to receive payment is established.

e) Tangible fixed Assets

Tangible fixed assets are stated at cost of acquisition or construction or revalued amounts less accumulated depreciation or accumulated impairment loss, if any. Cost of item of tangible fixed asset includes purchase price, taxes, non refundable duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use.

Spares that can be used only with particular items of plant and machinery and such usage is expected to be irregular are capitalised.

Fixed assets under construction are disclosed as capital work in progress.

f) Intangible fixed Assets

Goodwill arising on acquisition of a business is measured at cost less any accumulated impairment loss.

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

g) Depreciation

Tangible fixed assets

- Depreciation is provided on the straight line method. The rates of depreciation prescribed in Schedule XIV of the Companies Act, 1956, are considered as minimum rates. If the management's estimate of useful life of a fixed asset at the time of acquisition of the asset or the remaining useful life on a subsequent review is shorter than the useful life derived from the rate of depreciation prescribed in Schedule XIV, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, certain components of plant and machinery are being depreciated at the rate of 10% and 6.91% that are higher than the corresponding rates prescribed in the aforesaid Schedule XIV.
- 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 Statement of Profit and Loss. 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 Statement of Profit and Loss 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. 5,000 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.
- Assets retired from active use and held for disposal are stated at lower of their net book value and net realizable value and shown under "Other current assets".

h) Amortisation

Intangible fixed assets are amortised in Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis. In accordance with the applicable Accounting Standard, the Company follows a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. However, if there is persuasive evidence that the useful life of an intangible asset is longer than ten years, it is amortised over the best estimate of its useful life. Such intangible assets and intangible assets that are not yet available for use are tested annually for impairment.

The amortisation rates are as follows:

Goodwill	20%
Software	20%
Non compete fee	20%
Leasehold rights	33.33%
Customer Lists	20%

i) Impairment

The carrying amounts of fixed assets and capital work in progress are reviewed at each Balance Sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets' prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended), to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. 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. Impairment loss recognized for goodwill is not reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have

occurred that reverse the effect of that event. Goodwill, intangible assets which are amortised over a period exceeding ten years and intangible assets which are not yet available for use are tested for impairment annually.

j) Borrowing costs

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. Other borrowing costs are recognised as an expense in the period in which they are incurred.

k) Investments

Non-current investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments, wherever applicable. Current investments are stated at lower of cost and fair value.

l) Inventories

Inventories which comprise raw materials, components, stores and spare parts are valued at lower of cost and net realisable value. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Company from taxing authorities), freight inward and other expenditure in bringing inventories to present locations and conditions. In determining the cost, weighted average cost method is used. The carrying costs of raw materials, components and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

Finished goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost comprises of direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of the production facilities.

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

Costs incurred on long term construction contracts representing general purpose item of inventories are disclosed as contract work in progress net of provision for loss.

m) 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

Operating leases

Lease payments under operating leases are recognised as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

n) 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.

o) Employee benefits

The Company's obligations towards various employee benefits have been recognised as follows:

Short term benefits

Employee benefits payable wholly within twelve months of receiving employees services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

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.

Post employment benefits

- i) Monthly contributions to Provident Funds which are in the nature of defined contribution schemes are charged to Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss and deposited with LICI on a monthly basis.

Compensated absences

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 Statement of Profit and Loss 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.

p) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rate prevailing on the dates of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates.

Exchange differences arising on settlements/translations are recognised in the Statement of Profit and Loss. 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 Statement of Profit and Loss.

q) Derivative instruments and hedge accounting

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

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

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

r) Provisions and contingent liabilities

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

s) Tax

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal

in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

t) 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.

2. Share capital

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Authorised		
86,000,000 (Previous Year 86,000,000) Equity Shares of Rs. 10 each	860.00	860.00
Issued		
85,286,209 (Previous Year 85,286,209) Equity Shares of Rs. 10 each	852.86	852.86
Subscribed & paid up		
85,284,223 (Previous Year 85,284,223) Equity Shares of Rs. 10 each fully paid up	852.84	852.84

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 Dec. 2014		As at 31 Dec. 2013	
	Number	Amount	Number	Amount
Equity shares				
At the commencement and at the end of the period	85,286,209	852.86	85,286,209	852.86

Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	As at 31 Dec. 2014		As at 31 Dec. 2013	
	Number	Amount	Number	Amount
Equity shares of Rs. 10 each fully paid up held by:				
The BOC Group Ltd, U.K., holding company	63,963,167	639.63	63,963,167	639.63

Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 Dec. 2014		As at 31 Dec. 2013	
	Number	% of total shares in class	Number	% of total shares in class
Equity shares of Rs. 10 each fully paid-up held by:				
The BOC Group Ltd, U.K., holding company*	63,963,167	75.00	63,963,167	75.00

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

*Consequent upon the offer for sale through the stock exchange mechanism on 17 May 2013 made by The BOC Group Limited, a member of The Linde Group, the promoter shareholding in the Company was reduced from 89.48% to 75% in compliance with minimum public shareholding requirement under the Listing Agreement.

3. Reserve and surplus

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Securities premium account		
At the commencement and at the end of the year	6,972.52	6,972.52
Revaluation reserve		
At the commencement of the year	14.08	16.34
Less: Amount transferred to the general reserve	2.74	2.26
	11.34	14.08
Capital incentive		
At the commencement and at the end of the year	2.00	2.00
General reserve		
At the commencement of the year	978.89	937.97
Add : Transfer from revaluation reserve	2.74	2.26
Add : Transfer from surplus	2.70	38.66
	984.33	978.89
Translation and hedging reserve (Refer Note 42)		
At the commencement of the year	303.21	(7.33)
Add: Movement during the year	(281.54)	310.54
	21.67	303.21
Surplus (profit and loss balance)		
At the commencement of the year	5,149.73	4,564.78
Profit for the year	54.00	773.28
Appropriations		
Proposed equity dividend [amount Rs. 1.5 per share (previous year: Rs. 1.5 per share)]	127.93	127.93
Tax on proposed equity dividend	25.58	21.74
Transfer to general reserve	2.70	38.66
	5,047.52	5,149.73
Total reserves and surplus	13,039.38	13,420.43

4. Long-term borrowings (unsecured)

in Rupees million	Non-current portion		Current portion*	
	As at 31 Dec. 2014	As at 31 Dec. 2013	As at 31 Dec. 2014	As at 31 Dec. 2013
Foreign currency loan from Linde AG, ultimate holding company	4,209.71	6,984.04	2,059.10	1,801.24
Rupee loan from Linde AG, ultimate holding company	5,241.57	3,132.26	-	-
Foreign currency term loan from bank	1,572.72	1,040.57	1,061.20	-
Term loan from bank	-	-	-	1,000.00
	11,024.00	11,156.87	3,120.30	2,801.24

* Amount disclosed under "other current liabilities" under note 10

in Rupees million	Loan outstanding		Repayment schedule	Interest rate	Interest rate as per interest rate swap
	As at 31 Dec. 2014	As at 31 Dec. 2013			
Borrowings					
a) External commercial borrowings of EURO 40.60 million * (previous year EURO 52.20 million)	3,096.27	4,435.12	Half yearly installments commencing from February 2013 to May 2016	3months EURIBOR + 3.5%	11.24%
b) External commercial borrowings of EURO 41.60 million * (previous year EURO 51.20 million)	3,172.54	4,350.16	Yearly installments commencing from August 2012 to September 2017	4.585%	9.45%
c) External commercial borrowings of Rs. 5,241.57 (previous year Rs. 3,132.26)	5,241.57	3,132.26	Yearly installments commencing from January 2017 to January 2020	7.76%	NA
d) Term loan from bank **	-	1,000.00	August 2014	MIBOR+285 basis points	11%
e) Foreign Currency term loan from bank of USD 16.84 million# (previous year USD 16.84 million)	1,061.20	1,040.57	June 2015	USD-LIBOR- BBA+265 basis points	9.4%
f) Foreign Currency term loan from bank of USD 4.95 million# (previous year USD Nil)	312.02	-	July 2017	USD-LIBOR- BBA+158 basis points	9.5%
g) Foreign Currency term loan from bank of USD 20.00 million# (previous year USD Nil)	1,260.70	-	July 2017	USD-LIBOR- BBA+105 basis points	9.5%
	14,144.30	13,958.11			

* Against the above loan the Company has designated principal and interest swap contracts with a bank as hedges of foreign currency borrowing facilities aggregating Euro 82.20 million (previous year Euro 103.40 million) equivalent to Rs. 5,268.39 (previous year Rs. 6,632.83). Also refer note 42

** Against the above loan the Company has designated interest rate swap contract with banks as hedges of floating interest rate facilities. Also refer note 42

Against the above loan the Company has designated principal and interest swap contracts with a bank as hedges of foreign currency borrowing facilities aggregating USD 41.79 million (previous year USD 16.84 million) equivalent to Rs. 2,499.99 (previous year Rs. 1,000). Also refer note 42

5. Deferred tax liabilities (net)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Deferred tax liabilities		
Difference between net book value of depreciable assets as per books and written down value as per Income Tax Act 1961	2,654.43	2,087.54
Mark to market on derivative contracts	11.16	156.21
Future Income from finance lease arrangement	126.62	124.31
(A)	2,792.21	2,368.06
Deferred tax asset		
Provision for doubtful receivables, contingencies and employee benefits	89.71	116.79
Separation payment to employees	9.24	11.19
Unabsorbed depreciation	862.85	246.40
Others	1.55	1.63
(B)	963.35	376.01
Deferred tax liabilities (net) (A) - (B)	1,828.86	1,992.05

6. Other long-term liabilities

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Sundry deposits	200.96	201.81
Creditors for capital goods	21.37	-
Other liabilities	50.44	51.68
	272.77	253.49

7. Provisions

in Rupees million	Long term		Short term	
	As at 31 Dec. 2014	As at 31 Dec. 2013	As at 31 Dec. 2014	As at 31 Dec. 2013
Provision for employee benefits				
Gratuity*	41.33	26.61	-	-
Pension*	19.16	12.25	-	-
Compensated absences	20.83	14.66	1.73	0.66
Other employee benefits*	22.57	18.05	146.77	147.20
	103.89	71.57	148.50	147.86
Other provisions				
Provision for warranties	-	-	242.09	235.94
Provision for liquidated damages	-	-	118.46	136.48
Provision for contingencies	-	-	43.66	52.96
Provision for dismantling cost	532.00	417.00	-	-
Provision for proposed equity dividend	-	-	127.93	127.93
Tax on proposed equity dividend	-	-	25.58	21.74
Provision for tax (Including fringe benefit Tax) [Refer note-14(a)]	2,177.35	2,169.21	-	-
	2,709.35	2,586.21	557.72	575.05
Total provisions	2,813.24	2,657.78	706.22	722.91

*Refer note 34

Movement of provisions

in Rupees million	Liquidated damages	Warranties	Contingencies	Dismantling Costs
Balance as at 1 January 2014	136.48	235.94	52.96	417.00
	(157.46)	(478.76)	(69.10)	(417.00)
Add: Provision during the year	-	100.43	-	115.00
	(-)	(2.79)	(-)	(-)
Less: Utilised during the year	13.00	77.41	5.46	-
	(-)	(146.47)	(16.14)	(-)
Less: Reversed during the year	5.02	16.87	3.84	-
	(20.98)	(99.14)	(-)	(-)
Balance as at 31 December 2014	118.46	242.09	43.66	532.00
	(136.48)	(235.94)	(52.96)	(417.00)

(previous year figures are in bracket)

a) Provision for liquidated damages

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

b) Provision for warranties

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

c) Provision for contingencies

Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

d) Provision for dismantling costs

Provision is towards estimated cost to be incurred on dismantling of plants at the customers' site upon expiry of the tenure of the contractual agreement with the customer. Such cost has been capitalised under plant and machinery.

8. Short-term borrowings

in Rupees million

	As at 31 Dec. 2014	As at 31 Dec. 2013
Short term loan from bank (unsecured)	1,500.00	1,320.00

The above loan is repayable on demand and it carries an interest rate in the range of 9.70% to 10.20% per annum payable monthly.

9. Trade payables

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Trade payables	2,508.36	3,104.84
Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006 (MSMED):		
Particulars		
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer as per the MSMED	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	3.96
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED	-	0.01
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED	0.45	0.45

10. Other current liabilities

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Current maturities of long-term borrowings (refer note 4)	3,120.30	2,801.24
Advance from customers	159.39	194.10
Billing in excess over cost and profit	445.47	637.88
Interest accrued but not due on borrowings	224.20	226.00
Mark to Market on derivative contracts	3.15	-
Unpaid dividend	4.71	5.27
Creditors for capital goods	274.36	298.49
Employee liabilities	5.07	5.18
TDS payable	12.47	9.89
Work contract tax payable	0.36	0.67
	4,249.48	4,178.72

11. Tangible fixed assets

in Rupees million	Freehold Land	Leasehold Land	Buildings*	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Gross Block								
Balance as at 1 January 2013	221.07	144.92	911.97	21,024.78	68.96	59.63	243.97	22,675.30
Additions#	-	-	76.35	939.20	36.28	7.36	10.06	1,069.25
Disposals/adjustments	(0.06)	-	(25.76)	(356.70)	-	(4.67)	(1.16)	(388.35)
Reclassification to assets held for sale	-	(28.02)	-	-	-	-	-	(28.02)
Other adjustments##	-	-	0.00	-	-	-	-	0.00
Balance as at 31 December 2013	221.01	116.90	962.56	21,607.28	105.24	62.32	252.87	23,328.18
Balance as at 1 January 2014	221.01	116.90	962.56	21,607.28	105.24	62.32	252.87	23,328.18
Additions	41.27	-	121.43	5,364.70	4.66	1.43	42.09	5,575.58
Disposals/adjustments	-	-	(7.85)	(37.44)	(3.50)	(18.13)	(6.27)	(73.19)
Reclassification to assets held for sale	-	(1.12)	-	-	-	-	-	(1.12)
Other Adjustments								
Borrowing Costs	-	-	-	1,477.99	-	-	-	1,477.99
Balance as at 31 December 2014	262.28	115.78	1,076.14	28,412.53	106.40	45.62	288.69	30,307.44
Depreciation and Impairment Losses								
Balance as at 1 January 2013	-	13.76	195.01	5,457.05	30.90	27.90	167.97	5,892.59
Depreciation for the Year	-	1.94	30.07	1,197.46	5.46	6.10	11.58	1,252.61
Impairment released during the year	-	-	(0.01)	(6.13)	-	-	-	(6.14)
Accumulated depreciation on Disposals	-	-	(5.30)	(289.88)	-	(2.17)	(1.12)	(298.47)
Reclassification to assets held for sale	-	(4.87)	-	-	-	-	-	(4.87)
Balance as at 31 December 2013	-	10.83	219.77	6,358.50	36.36	31.83	178.43	6,835.72
Balance as at 1 January 2014	-	10.83	219.77	6,358.50	36.36	31.83	178.43	6,835.72
Depreciation for the Year	-	1.94	32.98	1,585.92	8.75	5.75	12.22	1,647.56
Impairment released during the year			(0.38)	(0.02)				(0.40)
Accumulated depreciation on Disposals			(4.74)	(27.31)	(3.34)	(13.49)	(5.48)	(54.36)
Reclassification to assets held for sale	-	(0.30)						(0.30)
Balance as at 31 December 2014	-	12.47	247.63	7,917.09	41.77	24.09	185.17	8,428.22

11. Tangible fixed assets

in Rupees million	Freehold Land	Leasehold Land	Buildings*	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Net block								
As at 31 December 2013	221.01	106.07	742.79	15,248.78	68.88	30.49	74.44	16,492.46
As at 31 December 2014	262.28	103.31	828.51	20,495.44	64.63	21.53	103.52	21,879.22
Capital work-in-progress**								
Balance as at 1 January 2013								5,761.75
Additions								2,663.00
Asset capitalised/adjusted during the year								(987.43)
Balance as at 31 December 2013								7,437.32
Balance as at 1 January 2014								7,437.32
Additions								3,200.41
Asset capitalised/adjusted/ impaired during the year***								(7,076.81)
Balance as at 31 December 2014								3,560.92

* Includes revaluation on building Rs. 11.46 (previous year Rs. 14.08) done by an external valuer on 30 September 1966 and 1 October 1980

** Includes borrowing costs aggregating Rs. 497.92 (previous year Rs. 1,656.49) net of interest income on surplus funds which was not immediately utilised and invested in fixed deposit Rs. Nil (previous year Rs. 39.75)

Capital work in progress Includes impairment balance of Rs. 151.96 (previous year Rs. 30.10)

*** The impairment loss in the current year represents the writedown in value of certain assets to the extent of Rs. 121.85 million

The Company had acquired business of manufacture and distribution of medical and industrial gases both in liquid and compressed form during the previous year. The assets acquired under such arrangement includes plant and machinery and vehicles aggregating to Rs. 85.90 and Rs. 2.46

1, 1/2% debentures of Rs. 220,930 and 16,996 ordinary shares of Rs. 10 each represents right to use flat as at the year end. Investments in such securities had been reclassified during the previous year from non current investment under note 13

12. Intangible fixed assets

in Rupees million	Goodwill	Software	Non compete fees	Leasehold rights	Total
Gross block					
Balance as at 1 January 2013	25.39	57.23	-	-	82.62
Additions*	98.77	6.54	17.00	13.30	135.61
Balance as at 31 December 2013	124.16	63.77	17.00	13.30	218.23
Balance as at 1 January 2014	124.16	63.77	17.00	13.30	218.23
Additions	-	16.39	-	-	16.39
Balance as at 31 December 2014	124.16	80.16	17.00	13.30	234.62
Amortisation					
Balance as at 1 January 2013	6.88	17.32	-	-	24.20
Amortisation for the Year	20.80	12.22	2.69	2.11	37.82
Balance as at 31 December 2013	27.68	29.54	2.69	2.11	62.02
Balance as at 1 January 2014	27.68	29.54	2.69	2.11	62.02
Amortisation for the Year	24.83	11.39	3.40	4.43	44.05
Balance as at 31 December 2014	52.51	40.93	6.09	6.54	106.07
Net block					
As at 31 December 2013	96.48	34.23	14.31	11.19	156.21
As at 31 December 2014	71.65	39.23	10.91	6.76	128.55

* The Company had acquired running business of manufacture and distribution of medical and industrial gases both in liquid and compressed form during the previous year.

The Company had acquired intangible assets in the form of goodwill, non compete fee and leasehold rights during the previous year as per the valuation performed by valuer.

13. Non current investments (valued at cost unless stated otherwise)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Trade investments		
Unquoted		
I. Investment in joint venture		
Bellary Oxygen Company Private Limited 15,000,000 (Previous year 15,000,000) equity shares of Rs. 10 each	150.00	150.00
II. At Nominal value of Re 1 each		
Woodlands Multispeciality Hospital Limited 2,980 (Previous Year 2,980) Equity shares of Rs. 10 each	0.00	0.00
Quoted		
III. Investment in equity shares		
JSW Steel Limited 100 (Previous Year 100) equity shares of Rs. 10 each	0.07	0.07
	150.07	150.07

The aggregate book value and market value of quoted non current investments and book value of unquoted non current investments are as follows

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Quoted non-current investment		
Aggregate book value	0.07	0.07
Aggregate market value	0.10	0.10
Aggregate book value of un-quoted non-current investment	150.00	150.00

14. Long term loans and advances

in Rupees million	Non-current Portion		Current Portion*	
	As at 31 Dec. 2014	As at 31 Dec. 2013	As at 31 Dec. 2014	As at 31 Dec. 2013
To parties other than related parties (Unsecured and considered good)				
Capital advances	52.59	186.19	-	-
Security deposits	202.40	221.03	62.45	62.04
Other loans and advances				
Prepaid expenses	4.10	5.86	21.77	24.83
Balance with custom, excise etc.	16.32	153.12	720.39	875.05
Advance tax recoverable [Refer note (a) below] [includes MAT credit entitlement Rs. 467.04 (previous year Rs. 458.90)]	2,818.28	2,594.49	-	-
	3,093.69	3,160.69	804.61	961.92
To related parties (Unsecured and considered good)				
Capital advances	2,265.96	1,951.36	-	-
Other advances	65.00	47.73	135.00	135.00
	2,330.96	1,999.09	135.00	135.00
	5,424.65	5,159.78	939.61	1,096.92

* Amount disclosed under "short term loans and advances" under note 19
(a) Advance tax (net of provision) aggregates to Rs. 640.93 (previous year Rs. 425.28).

15. Other non current asset (Unsecured and considered good)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Receivable from finance lease arrangement	334.67	340.65
Receivable from mark to market on derivative contracts	1,104.26	2,589.24
	1,438.93	2,929.89

16. Inventories (Valued at lower of cost and net realisable value)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Stores and spare parts [including in goods in transit Rs. Nil (previous year Rs. 0.91)]	368.76	414.13
Raw materials and components [including in goods in transit Rs. 3.86 (previous year Rs. Nil)]	14.23	15.38
Finished goods [including goods in transit Rs. 1.09 (previous year Rs. 11.19)]	267.14	314.59
Contract work-in-progress	58.50	18.79
	708.63	762.89
Closing stock of finished goods		
Class of goods		
Air separation unit gases	169.25	158.51
Other cylinder gases	54.92	109.89
Others	42.97	46.19
	267.14	314.59

17. Trade receivables

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Receivables outstanding for a period exceeding six months from the date they became due for payment		
a) Unsecured, considered good	1,764.99	1,657.40
b) Doubtful	121.66	226.02
Other receivables		
a) Unsecured, considered good	1,308.86	1,250.94
b) Doubtful	15.56	10.43
	3,211.07	3,144.79
Less: Provision for doubtful receivables	137.22	236.45
	3,073.85	2,908.34

18. Cash and bank balances

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Cash and cash equivalents		
Cash on hand	4.86	4.79
Balances with banks		
on current accounts	227.35	307.97
on deposit account (with original maturity of 3 months or less)	334.78	265.40
on unclaimed dividend accounts *	4.71	5.27
	571.70	583.43

* accounts are not available for use by the Company

19. Short term loans and advances (Unsecured and considered good)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Current portion of long term loans and advances (refer note 14)		
To parties other than related parties	804.61	961.92
To related parties	135.00	135.00
Other short-term loans and advances		
To parties other than related parties		
Advances for supply of goods and services	270.19	390.30
Advances to employees	2.14	2.83
To related parties		
Advances for supply of goods and services	19.64	42.24
	1,231.58	1,532.29

20. Other current assets (Unsecured and considered good)

in Rupees million	As at 31 Dec. 2014	As at 31 Dec. 2013
Claims including escalation	119.29	77.20
Receivables from finance lease arrangement	37.86	25.09
Receivable from mark to market on derivative contracts	66.06	79.07
Unbilled revenue	140.10	900.24
Fixed assets reclassified as held for sale	23.98	73.41
Interest receivable	-	3.94
Receivable from related parties - for recovery of expenses	166.48	127.55
Receivable from sale of land and buildings	-	235.78
Other receivable	73.28	24.97
	627.05	1,547.25

21. Revenue from operations

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Sale of products (gross)	13,919.85	11,307.50
Revenue from construction contracts (Refer note 39)	2,022.70	3,724.53
Other operating revenues (refer note 21a)	206.12	262.93
	16,148.67	15,294.96
Less: Excise duty	1,235.21	1,010.36
Revenue from operations (net)	14,913.46	14,284.60
21a Other operating revenues		
Interest income on finance lease arrangement	45.16	43.49
Provisions/liabilities no longer required written back	52.29	66.04
Provision for liquidated damages written back	5.02	20.98
Provision for warranty written back	-	99.14
Gain on Foreign Exchange (Net)	41.54	-
Miscellaneous	62.11	33.28
	206.12	262.93
Breakup of revenue		
Air separation unit gases	12,927.93	10,714.57
Other cylinder gases	189.24	172.59
Vessels, plants and other engineering project goods	2,022.70	3,724.53
Others	802.68	420.34
	15,942.55	15,032.03

22. Other income

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Rent	18.57	13.97
Dividends on long term investments - trade	15.00	15.00
Profit on disposal of fixed assets (net)	68.78	53.62
Interest income		
on deposits and others [tax deducted at source Rs. 0.58 (previous Year Rs. 0.07)]	5.79	0.76
	108.14	83.35

23. Cost of materials consumed

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Inventory of materials at the beginning of the year	15.38	26.44
Purchases	930.45	2,299.91
Less: Inventory of materials at the end of the year	14.23	15.38
	931.60	2,310.97
Breakup of cost of material consumed		
Ferrous, non-ferrous metals and components	871.02	2,230.41
Chemicals	60.58	80.56
	931.60	2,310.97
Breakup of inventory – materials		
Ferrous, non-ferrous metals and components	11.81	12.93
Chemicals	2.42	2.45
	14.23	15.38

24. Breakup of purchase of stock in trade

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Air separation unit gases	334.23	113.92
Other cylinder gases	92.67	101.48
Others	325.63	179.13
	752.53	394.53

25. Changes in inventories of finished goods, contract work in progress and stock in trade

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Opening inventory		
Finished goods	314.59	268.99
Contract work-in-progress	18.79	30.66
	333.38	299.65
Less: Closing inventory		
Finished goods	267.14	314.59
Contract work-in-progress	58.50	18.79
	7.74	(33.73)

26. Employee benefits

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Salaries, wages and bonus	731.99	699.97
Contribution to provident and other funds	100.15	60.69
Workmen and staff welfare expenses	65.26	51.11
Separation payments to employees	11.74	3.42
	909.14	815.19

27. Finance costs

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
- on long and short term borrowings from banks	396.64	358.94
- on external commercial borrowings (net of capitalisation) and others	632.02	385.56
	1,028.66	744.50

28. Depreciation and amortisation (including impairment)

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Depreciation of tangible fixed assets	1,647.56	1,252.61
Impairment losses	121.85	-
Amortisation of intangible fixed assets	44.05	37.82
	1,813.46	1,290.43

29. Other expenses

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Consumption of stores and spare parts	308.35	293.07
Travelling expenses	160.95	165.34
Power and fuel	6,153.93	4,827.54
Repairs		
- Plant and machinery	198.20	157.74
- Buildings	21.71	29.38
- Others	42.00	19.89
Insurance	61.37	58.14
Freight and transport	1,304.26	1,145.71
Rent (refer note 37)	71.39	70.44
Rates and taxes	10.79	7.61
Communication costs	45.92	40.66
Loss on foreign exchange (Net)[includes mark to market loss Rs. Nil (previous year Rs. 49.05) (Refer note 42 (ii))]	-	54.87
Contract Job expenses	306.08	513.74
Provision for warranties	83.56	2.79
Bad debts written off [Net of provision adjusted Rs. 123.74 (Previous year Rs. Nil)]	-	-
Provision for doubtful receivables	24.51	42.53
Technical support fees	3.69	130.71
Miscellaneous expenses (Also Refer note 33)	745.98	622.52
	9,542.69	8,182.68

30. Interest in joint venture

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

Name of the Joint Venture	Country of Incorporation	Percentage of ownership interest as at 31 December 2014	Percentage of ownership interest as at 31 December 2013
Bellary Oxygen Company Private Limited (Belloxy)	India	50	50

The Company’s share in the aggregate amount of assets, liabilities, income and expenses of the above jointly controlled entity (as per the respective unaudited financial statement available with the Company) is as under:

in Rupees million	As at/for year ended 31 Dec. 2014 (Unaudited)	As at/for year ended 31 Dec. 2013 (Unaudited)
Non-current assets	708.88	772.85
Current assets	208.95	192.46
Non-current liabilities	299.32	427.45
Current liabilities	137.23	128.85
Revenue	480.05	450.44
Expenses(including income tax expense)	383.96	374.43
Contingent liabilities	2.92	Nil
Capital commitments	1.51	1.31
Other Commitments	Nil	Nil

- c) Company’s transactions with Belloxy, being a related party, during the year ended 31 December 2014 are disclosed under note 45.

31. Commitments

Estimated Capital commitments (net of advance) not provided for Rs. 903.69 (Previous Year Rs. 2,692.71)

32. Contingent liabilities not provided for

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
a) Excise duty and service tax matters *	38.03	38.03
b) Other excise matters **	-	-
c) Sales tax matters *	111.34	107.41
d) Guarantee given by the Company	-	64.60
e) Sales tax liability transferred to a beneficiary ***	27.60	27.60
f) Bills discounted	59.05	34.20
g) Other claims	16.66	15.39

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

** Cryogenic vessels for gases were cleared from one factory for captive installation to the other factory of the Company. The Company is contesting the Department's allegation that the assessable value of such inter unit transfer was not calculated as per the principles of Cost Accounting Standards-4 (CAS-4). As per the view of the management based on the facts of the case and document available, the liability would not devolve on the Company.

*** Pursuant to an approved scheme of Government of Maharashtra, certain Sales Tax Liabilities of the Company had 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.

33. Miscellaneous expenses under note 29 includes Auditors' remuneration

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
As Auditors		
Audit fee	1.64	1.50
Limited reviews	0.60	0.63
Group reporting package review	0.80	0.59
Tax audit fee	0.77	0.67
Other certificates etc.	0.26	0.06
Reimbursement of expenses	0.47	0.72
	4.54	4.17

34. The details of employee benefits for the year ended 31 December 2014 on account of gratuity and pension which are funded defined employee benefit plans and provident fund which is an unfunded benefit plan are as under:

in Rupees million	Pension		Gratuity		Provident Fund	
	2014	2013	2014	2013	2014	2013
i) Components of Employer Expense						
a) Current service cost	0.83	0.80	5.28	5.52	2.70	3.73
b) Interest cost	2.51	2.20	5.02	5.17	1.54	1.36
c) Expected return of plan assets	(1.40)	(1.52)	(2.55)	(2.81)	-	-
d) Actuarial losses/(gains)	16.17	4.16	16.27	(4.30)	1.64	(0.04)
e) Total expenses recognised in Statement of Profit and Loss	18.11	5.64	24.02	3.58	5.88	5.05
ii) Actual returns for the year ended						
	1.75	1.35	3.96	2.11	-	-
iii) Net liability recognised in Balance Sheet as at the year end						
a) Present value of defined benefit obligation	36.71	29.92	77.34	59.73	24.88	19.41
b) Fair value of plan assets	17.55	17.67	36.01	33.12	-	-
c) Deficit	19.16	12.25	41.33	26.61	24.88	19.41
d) Net liability recognised in Balance Sheet	19.16	12.25	41.33	26.61	24.88	19.41
iv) Change in Defined Benefit Obligation (DBO) during the year						
a) Present value of DBO at the beginning of Year	29.92	27.79	59.73	63.86	19.41	17.51
b) Current service cost	0.83	0.80	5.28	5.52	2.70	3.73
c) Interest cost	2.51	2.20	5.02	5.17	1.54	1.36
d) Actuarial (gains)/losses	16.52	3.99	17.68	(5.00)	1.64	(0.04)
e) Benefits paid	(13.07)	(4.86)	(10.37)	(9.82)	(0.41)	(3.15)
f) Present value of DBO	36.71	29.92	77.34	59.73	24.88	19.41
v) Change in Fair Value of Plan Assets during the year ended						
a) Fair value of plan assets at the beginning of year	17.67	18.18	33.12	33.63	-	-
b) Expected return on plan assets	1.40	1.52	2.55	2.81	-	-
c) Actuarial gains/(losses)	0.35	(0.17)	1.41	(0.70)	-	-
d) Actual company contribution	12.70	3.00	7.80	7.20	0.41	3.15
e) Benefits paid	(13.07)	(4.86)	(10.37)	(9.82)	(0.41)	(3.15)
f) Acquisition adjustment	(1.50)	-	1.50	-	-	-
g) Fair value of plan assets at the end of the year	17.55	17.67	36.01	33.12	-	-
vi) Actuarial assumptions						
a) Discount rate (%)	8.10	9.20	8.10	9.20	9.20	8.00
b) Expected return on plan assets (%)	8.00	8.00	8.00	8.00	-	-
c) Salary escalation rate (%)	5.00	5.00	5.00	5.00	-	-
vii) Major category of planned assets						
Insurance managed funds (%)	100.00	100.00	100.00	100.00		

viii) Net Assets/(Liability) recognised in Balance Sheet (including experience adjustment impact)

in Rupees million	2014	2013	2012	2011	2010
Pension					
a) Present value of defined benefit obligation	36.71	29.92	27.79	30.98	24.54
b) Fair value of plan assets	17.55	17.67	18.18	18.93	19.94
c) Deficit	19.16	12.25	9.61	12.05	4.60
d) Experience adjustment of plan assets [(gain)/loss]	(0.35)	0.17	(0.23)	0.38	(0.04)
e) Experience adjustment of obligation [(gain)/loss]	14.11	5.02	2.50	6.65	5.17
f) Actuarial (gain)/loss due to change on assumptions	2.41	(1.03)	0.13	(0.73)	0.24

in Rupees million	2014	2013	2012	2011	2010
Gratuity					
a) Present Value of defined benefit obligation	77.34	59.73	63.86	56.64	54.29
b) Fair value of plan assets	36.01	33.12	33.63	40.40	44.38
c) Deficit	41.33	26.61	30.23	16.24	9.91
d) Experience adjustment of plan assets [(gain)/loss]	(1.41)	0.70	0.58	0.47	(2.29)
e) Experience adjustment of obligation [(gain)/loss]	9.82	(0.05)	7.53	2.97	4.59
f) Actuarial (gain)/loss due to change on assumptions	7.86	(4.95)	0.57	(2.53)	0.90

in Rupees million	2014	2013	2012	2011	2010
Provident Fund					
a) Present Value of defined benefit obligation	24.88	19.41	17.51	10.91	9.34
b) Fair value of plan assets	-	-	-	-	-
c) Deficit	24.88	19.41	17.51	10.91	9.34
d) Experience adjustment of plan assets [(gain)/loss]	-	-	-	-	-
e) Experience adjustment of obligation [(gain)/loss]	4.03	(2.13)	2.17	(0.83)	(0.30)
f) Actuarial (gain)/loss due to change on assumptions	(2.39)	2.09	1.50	(0.11)	0.17

ix) Notes:

- 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.
- The pension expenses and gratuity expenses have been recognised in 'contribution to Provident and other funds' under Note 26.
- 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.

35. Expenditure on Research and Development

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Revenue expenditure	0.87	1.46

36.

- a) Certain plant and machineries have been made available by the Company to the customers under a finance lease arrangement. Such assets given under a finance lease arrangement have been recognised, at the inception of the lease, as a receivable at an amount equal to the net investment in the lease. The finance income arising from the lease is being allocated based on a pattern reflecting constant periodic return on the net investment in the lease.
- b) Details with respect to the above leased asset under finance lease arrangements in accordance with Accounting Standard 19 –‘Leases’ as prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended).

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Total gross investment in the lease	656.09	673.80
Less : Present value of minimum lease payments	206.55	219.06
Less : Present value of unguaranteed residual value	21.93	21.19
Unearned finance income	427.61	433.55
Gross investment in the lease		
i) Not later than one year [Present value of minimum lease payments receivable Rs. 46.81 (Previous year Rs. 36.39)]	81.96	64.20
ii) Later than one year but not later than five years [Present value of minimum lease payments Rs. 126.40 (Previous year Rs. 137.62)]	298.13	262.60
iii) Later than five years [Present value of minimum lease payments Rs. 55.27 (Previous year Rs. 66.24)]	276.00	347.00
iv) Contingent rent recognised in the Statement of Profit and Loss	13.80	12.50
v) Uncollectable minimum lease payments receivable at the Balance Sheet date	-	-

37.

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, cancellable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rentals. Minimum lease payment charged during the year to the statement of profit and loss aggregated to Rs. 71.39 (Previous year Rs. 70.44).

38. Earnings per share

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Numerator used:		
Profit before tax and exceptional item	35.78	663.38
Less: Taxes thereon	18.22	(317.33)
Profit after tax and before exceptional item	54.00	346.05
Add: Exceptional item	-	502.70
Less: Taxes thereon	-	(75.47)
Profit after tax	54.00	773.28
Denominator used:		
Number of equity shares of Rs. 10 each used during the year	85,286,209	85,286,209
Earning per share – on profit after tax and before exceptional item (basic and diluted earnings per equity share of Rs. 10 each)	0.63	4.06
Earning per share – on profit after tax (basic and diluted earnings per equity share of Rs. 10 each)	0.63	9.07

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

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Contract revenue recognised	2,022.70	3,724.53
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress	19,417.53	17,887.31
Amount of customer advances outstanding for contracts in progress	33.76	147.11
Amount of retention due from customers for contracts in progress	1,464.66	1,499.66
Gross amount due from customers for contracts in progress	198.59	919.03
Gross amount due to customers for contracts in progress	445.47	637.88

40. Details of foreign currency exposures on account of receivables/payables not hedged by a derivative instrument are as follows:

in million		Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Trade payables	GBP	0.17	0.01
	EUR	3.58	1.78
	USD	3.31	1.97
	AUD	0.00	0.01
	SGD	0.21	0.03
	DKK	-	0.13
	JPY	4.51	4.67
	HKD	-	0.02
	IDR	0.03	-
Trade receivable/other receivable	GBP	-	0.01
	EUR	0.14	0.67
	USD	1.14	0.29

41.

- i) Provision for taxation has been recognised with reference to the taxable profit for the year ended 31 December 2014 in accordance with the provision of the Income tax Act, 1961. The ultimate tax liability for the assessment year 2015–2016 will be determined on the basis of total income for the year ending on 31 March 2015.
- ii) The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of the domestic and international transactions entered into with the associated enterprises during the assessment year and expects such records to be in existence latest by due date as required under law. The management is of the opinion that its domestic and international transaction 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.
- iii) During the year the Company has recognised Rs. 8.14 (previous year 247.02) as MAT credit entitlement and the same has been carried forward having regard to the trend of profitability and future projections. Management is of the opinion that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

42.

As explained in note 1(q) above, the Company has designated the following derivative contracts with banks:

- i)
- a) Principal and interest swap as hedges of foreign currency borrowing facilities aggregating **Euro 82.20 million** (previous year Euro 103.40 million) and **USD 41.79 million** (previous year USD 16.84 million) equivalent to **Rs. 7,768.38** (previous year Rs. 7,632.83) available to the Company at variable interest rates based on LIBOR. The principal and interest rate swap pertaining to borrowings aggregating to **Rs. 3,096.27** (previous year Rs. 4,435.12), **Rs. 4,745.26** (previous year Rs. 4,350.16) and **Rs. 1,061.20** (previous year Rs. 1,040.57) will mature in the year 2016, 2017 and 2015 respectively, based on the remaining period as of the balance sheet date.
- b) Interest swaps as hedge of floating interest rate to fixed interest on a term loan of **Rs. Nil** (previous year Rs. 1,000.00). The interest swap has matured in the year 2014.
- c) Further the Company has entered into certain firm commitments for purchase of **Euro 0.90 million** (previous year Euro 8.40 million) and sale of **USD Nil** (previous year USD 4.56 million).

The foreign exchange forward contracts mature between 1 – 24 months. The following table analysis of the derivative financial instruments into relevant maturity groupings based on the remaining period of the Balance Sheet date:

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Not later than one month	-	364.02
Later than one month not later than three months	-	282.02
Later than three months and not later than one year	75.07	285.85

Rs. 748.78 (net of deferred tax Rs. 385.57) [Previous year Rs. 1,447.61 (net of deferred tax Rs. 745.41)] being the translation loss on foreign currency borrowings drawn down till the year-end and Rs. 772.53 (net of deferred tax Rs. 397.79) [Previous year Rs. 1,709.76 (net of deferred tax Rs. 880.39)] being the portion of gain arising from changes in fair values of the swap contracts referred to in point (a) above 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.

Rs. Nil (net of deferred tax Rs. Nil) [previous year Rs. 0.60 (net of deferred tax Rs. 0.30)] being the portion of gain arising from changes in fair values of the swap contracts referred in point (b) above that are determined to be effective hedge of the aforesaid floating interest rate facilities and the related hedged transaction expected to occur in future have been recognized in translation and hedging reserve in shareholders' funds.

Further, the translation loss on the forward covers for firm commitments which are determined to be effective hedge of foreign currency payables and receivables referred in point (c) above aggregating to Rs. 2.08 (net of deferred tax Rs. 1.07) [Previous year gain of Rs. 40.46 (net of deferred tax Rs. 20.93)] has been recognised in translation & hedging reserve in shareholders' funds.

(ii) Hedged transaction aggregating to Rs. Nil [previous year Rs. 342.34 (equivalent to USD 6.29 million)] which was no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds had been transferred to the Statement of Profit and Loss for the year aggregating to Rs. Nil (previous year Rs. 49.05).

(iii) Pursuant to the ICAI's announcement in March 2008, the Company had opted for early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" issued by the ICAI in the

year ended 31 December 2009. Accordingly, the Company during the year 1 January 2014 to 31 December 2014 has recognised net loss of Rs. 426.51 under 'Translation and hedging reserves', representing net exchange gain on borrowings aggregating to Rs. 1,058.69 and mark to market loss of Rs. 1,485.20 arising from changes in fair value of principal and interest rate swaps, forward contracts against firm commitments, which qualify for hedge accounting being effective hedges.

43.

In the previous year, the Company has sold factory land and structures situated at Ahmedabad and a profit of Rs. 502.70 arising from sale of such land has been shown as exceptional item.

44.

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

- a) Determination of segment information is based on the organisational and management structure of the Company and its internal financial reporting system. The Company business segments namely 'Gases and Related Products' and 'Project Engineering' have been considered as primary segments for reporting format. Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable 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 segment

in Rupees million	As at 31 Dec. 2014			As at 31 Dec. 2013		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
1. Segment revenue						
External revenue (net of excise duty) (A)	12,864.62	2,001.58	14,866.20	10,564.93	3,676.66	14,241.59
Interest income (B)	45.16	-	45.16	43.49	-	43.49
Interest income - unallocable			5.79			0.76
Other income - unallocable			104.45			82.11
Total external revenue			15,021.60			14,367.95
Inter segment revenue (C)	-	1,420.00	1,420.00	-	845.04	845.04
Total segment revenue (A) + (B) + (C)	12,909.78	3,421.58	16,331.36	10,608.42	4,521.70	15,130.12
2. Segment results	733.27	641.88	1,375.15	1,079.37	705.49	1,784.86
Interest income	45.16	-	45.16	43.49	-	43.49
Total segment result	778.43	641.88	1,420.31	1,122.86	705.49	1,828.35
Interest expense (net) - unallocable			(1,022.87)			(743.74)
Other unallocable expenses (net of unallocable income)			(361.66)			(421.23)
Profit before tax and exceptional item			35.78			663.38
Exceptional item			-	502.70		502.70
Profit before tax			35.78			1,166.08
Less: Tax expense			(18.22)			392.80
Profit after tax			54.00			773.28
3. Segment assets	31,378.40	2,228.06	33,606.46	30,179.88	3,190.77	33,370.65
Unallocated assets			5,038.62			6,139.21
Unallocated investments			150.07			150.07
Total assets			38,795.15			39,659.93
4. Segment liabilities						
Liabilities and provisions	2,640.31	1,923.07	4,563.38	2,355.46	2,998.30	5,353.76
Unallocable liabilities and provisions			2,866.39			2,762.74
Borrowings			15,644.30			15,278.11
Deferred tax liability (net)			1,828.86			1,992.05
Total liabilities			24,902.93			25,386.66
5. Cost incurred to acquire fixed assets	3,129.55	3.07	3,132.62	2,802.24	30.46	2,832.70
Unallocable			60.95			47.72
			3,193.57			2,880.42
6. Depreciation/amortisation	1,668.66	3.23	1,671.89	1,268.08	1.82	1,269.90
Impairment loss	121.86	-	121.86	-	-	-
Unallocated depreciation/amortisation			19.71			20.53
			1,813.46			1,290.43
7. Impairment released	0.39	-	0.39	6.14	-	6.14
On disposal of fixed assets						
8. Significant non cash expenses other than depreciation/amortisation	24.51	83.56	108.07	42.53	-	42.53

45.

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

A) List of Related Parties

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

Linde AG, Germany

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

The BOC Group Limited, United Kingdom

(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 Limited (Australia)	Australia
Linde Bangladesh Limited	Bangladesh
Chemogas N.V.	Belgium
BOC (China) Holdings Company Limited.	China
Linde Electronics & Speciality Gases (Suzhou) Company Limited.	China
Linde Engineering (Dalian) Co. Ltd.	China
Cryostar SAS	France
Linde HKO Limited	Hong Kong
Linde Gáz Magyarország Zrt.	Hungary
PT. Linde Indonesia	Indonesia
Linde Japan Limited	Japan
Linde Malaysia Holdings Berhad	Malaysia
Linde Malaysia Sdn. Bhd.	Malaysia
Linde ROC Sdn. Bhd.	Malaysia
Linde Philippines Inc	Philippines
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
Ceylon Oxygen Limited	Srilanka
Cryo Aktiebolag	Sweden
AGA Aktiebolag	Sweden
BOC Lienhwa Industrial Gases Company Limited	Taiwan
Linde (Thailand) Public Company Limited	Thailand
Linde CryoPlants Limited	United Kingdom
BOC Limited	United Kingdom
Linde North America, Inc.	United States of America
Linde Gas North America LLC	United States of America
Linde Process Plants, Inc.	United States of America
Linde Engineering North America Inc.	United States of America
Linde Gas Vietnam Limited	Vietnam

b) Located in India**Fellow Subsidiary**

Linde Global Support Services Private Limited

Linde Engineering India Private Limited

Joint Venture

Bellary Oxygen Company Private Limited

iv) Key Management Personnel of the Company

Mr. M Banerjee, Managing Director

B) Transactions with related parties during the year

in Rupees million	Ultimate Holding Company	Holding Company	Fellow Subsidiaries (Refer 'C' below)	Joint Venture	Key Management Personnel
Purchase of goods	4.72 (18.74)	- (-)	406.41 (248.80)	82.00 (92.74)	- (-)
Purchase of fixed assets	291.48 (66.42)	- (0.73)	136.01 (170.85)	- (-)	- (-)
Services received	129.28 (121.45)	3.69 (130.71)	210.57 (126.38)	- (-)	- (-)
Facility fees income	- (-)	- (-)	4.50 (3.60)	- (-)	- (-)
Sale of goods/fixed assets/ spares/services	99.86 (-)	- (-)	242.16 (673.57)	13.84 (13.03)	- (-)
Recovery of expenses	21.89 (26.51)	- (-)	80.17 (71.72)	11.44 (11.42)	- (-)
Reimbursement of expenses	16.09 (8.24)	- (-)	1.14 (7.29)	5.15 (-)	- (-)
Rent received	- (-)	- (-)	18.21 (13.51)	- (-)	- (-)
Managerial remuneration	- (-)	- (-)	- (-)	- (-)	*16.71 (28.73)
Dividend paid/payable	- (-)	95.94 (114.46)	- (-)	- (-)	- (-)
Dividend received	- (-)	- (-)	- (-)	15.00 (15.00)	- (-)
Borrowings during the year	2,109.31 (3,132.26)	- (-)	- (-)	- (-)	- (-)
Borrowings repaid during the year	1,364.13 (780.85)	- (-)	- (-)	- (-)	- (-)
Finance cost	666.32 (538.76)	- (-)	- (-)	- (-)	- (-)
Outstanding balances:					
Receivables	130.85 (50.29)	0.80 (0.80)	60.29 (66.63)	5.13 (38.94)	- (-)
Payables	256.26 (220.31)	85.63 (187.32)	437.16 (283.80)	80.92 (-)	2.18 (1.10)
Payables for borrowings	11,510.38 (11,917.54)	- (-)	- (-)	- (-)	- (-)
Interest accrued but not due	135.72 (153.83)	- (-)	- (-)	- (-)	- (-)
Advance to vendors/Capital advances	2,263.05 (1,855.51)	- (-)	22.55 (138.09)	200.00 (182.73)	- (-)
Guarantee given by the Company	- (-)	- (-)	- (-)	- (61.60)	- (-)

* this is subject to the approval of shareholders.

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 similar nature

Nature of Transaction	Name of fellow subsidiaries	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
1. Purchase of goods	Cryostar SAS	32.41	61.00
	Linde North America, Inc.	308.64	166.29
2. Purchase of fixed assets	Cryostar SAS	24.40	54.22
	Linde Engineering North America Inc.	110.60	4.38
	Linde Engineering India Private Limited	-	112.25
3. Services received	Linde Gas Asia Pte. Ltd.	56.64	29.70
	Linde North America, Inc.	64.44	51.99
	Linde Gas Singapore Pte. Limited	10.76	42.26
	AGA Aktiebolag	21.99	-
	Linde ROC SDN. BHD.	46.59	-
4. Facility fees received	Linde Global Support Services Private Limited	4.50	3.60
5. Sale of goods/services	PT. Linde Indonesia	126.90	570.82
	Linde Bangladesh Limited	101.20	56.53
6. Recovery of expenses	Linde Gas Asia Pte Limited	71.26	57.91
7. Reimbursement of expenses	Linde Engineering India Private Limited	-	7.20
	Linde Gas Asia Pte. Ltd.	1.15	-
8. Rent received	Linde Global Support Services Private Limited	18.21	13.51
9. Outstanding balance:			
- Receivables	Linde Bangladesh Limited	18.72	12.64
	Linde Gas Asia Pte Limited	28.83	35.54
- Payables	Linde Gas Singapore Pte. Ltd	20.16	66.82
	Linde North America Inc.	141.53	71.49
	AGA Aktiebolag	86.78	30.06
	Linde ROC SDN My	47.76	-
- Advance to Vendors/Capital	Linde Engineering North America Inc.	-	110.60
Advances	Linde North America, Inc.	17.03	16.26
	Linde Engineering India Private Limited	4.85	-

46. Value of imports on CIF basis

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Components and spare parts	234.25	410.40
Capital goods	750.08	247.12
	984.33	657.52

47. Consumption of raw materials, components and stores and spare parts

in Rupees million	Year ended 31 Dec. 2014		Year ended 31 Dec. 2013	
	Amount	% of total Consumption	Amount	% of total Consumption
Raw material				
Imported	-	-	-	-
Indigenous	60.58	100.00	80.56	100.00
	60.58	100.00	80.56	100.00
Components and Stores and Spare parts				
Imported	249.41	21.15	446.04	17.68
Indigenous	929.96	78.85	2,077.44	82.32
	1,179.37	100.00	2,523.48	100.00

48. Expenditure in foreign currency

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Travelling expenses	0.52	0.66
Technical support fees	3.69	130.71
Services received	344.27	258.29
Interest expense	666.32	538.76
Reimbursement of expenses	17.23	15.53
	1,032.03	943.95

49. Earnings in foreign exchange

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Export (F.O.B. basis)	242.16	771.14
Sale of Fixed Assets	99.86	-
Recovery of expenses	97.38	93.21
	439.40	864.35

50. Remittance in foreign currency on account of dividend

in Rupees million	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Number of Non-Resident Shareholders	One	One
Dividend for the year	2013	2012
Number of Shares held	63,963,167	76,308,293
Amount Remitted	95.94	114.46

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

51. Expenses are net of reimbursement received for salary, travel and other expenses aggregating Rs. 113.50 (previous year Rs. 109.65).

Independent auditor's report.

To the Members of Linde India Limited (formerly known as BOC India Limited)

Report on the financial statements

We have audited the accompanying financial statements of Linde India Limited (formerly known as BOC India Limited) ['the Company'], which comprise the Balance Sheet as at 31 December 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956/section 133 of the Companies Act 2013 (as applicable). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 42 (iii) which explains the impact of early adoption of Accounting Standard 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. As a result of such adoption, the Company during the year ended 31 December 2014 has recognised a net loss of Rs. 426.51 million under 'Translation and hedging reserves', representing net exchange gain on borrowings aggregating to Rs. 1,058.69 million and mark to market loss of Rs. 1,485.20 million arising from changes in fair value of principal and interest rate swaps, forward contracts against firm commitments, which qualify for hedge accounting being effective hedges.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956/Section 143(3) of Companies Act, 2013 (as applicable), 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956/section 133 of the Companies Act, 2013 (as applicable); and
 - e) on the basis of written representations received from the directors as on 31 December 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956/Section 164(2) of Companies Act, 2013 (as applicable).

Annexure to the auditor's report.

(Referred to in our report of even date)

- i)
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii)
- a) The inventory, except goods-in-transit has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
 - b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii)
- a) The Company has not given any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956/Section 189 of Companies Act, 2013 (as applicable). Accordingly, paragraphs 4(iii)(a) to 4(iii)(d) of the Order is not applicable.
 - b) The Company has taken loans from one party covered in the register maintained under section 189 of the Companies Act, 2013. The maximum amount outstanding during the year was Euro 103.40 million (equivalent to Rs. 8,785.28 million) and Rs. 5,241.57 million and the year-end balance of such loans were Euro 82.20 million (equivalent to Rs. 6,268.81 million) and Rs. 5,241.57 million.
 - c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from party listed in the register maintained under Section 189 of the Companies Act, 2013 are not, prima-facie, prejudicial to the interest of the Company.
 - d) In the case of loans taken from the above party listed in the register maintained under Section 189 of the Companies Act, 2013, the Company has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- iv)
- In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, 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. We have not observed any major weakness in the internal control system during the course of the audit.
- v)
- In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956/Section 189 of Companies Act, 2013 (as applicable).
- 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/Section 128 of Companies Act, 2013 (as applicable) 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.
- 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 2014 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Customs duty and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute are no dues of Customs duty and Wealth tax 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 by the Company on account of any dispute are listed below:

Name of the Statute	Nature of Dues	Amount in (Rs. million) #	Period to which amount relates	Forum where the dispute is pending		
Central State Sales Tax Act and VAT Acts	Sales Tax/VAT	57.08*	1982-1992 2005-2006	High Court		
		149.74	1981-1982 1986-1988 1992-2009	Revisional Board		
		74.83*	1995-1999 2004-2010 2008-2013	Tribunal		
		12.22	2010-11 2012-13	Joint Commissioner (Appeals) of Commercial taxes		
		64.79	2004-2005 2009-2011	Deputy Commissioner (Appeals) of Commercial Taxes		
		35.70	2006-2007 2007-2008	Joint Commissioner of Commercial taxes		
		221.89	2009-2010 2010-2011	Additional Commissioner of Commercial taxes		
		0.36	2002-2003	Commissioner of Commercial taxes		
		Central Excise Act, 1944	Excise Duty	21.72	1999-2009	Supreme Court
				10.49	1998-2001 2008-2009	High Court
116.04**	1991-2011			Customs, Excise and Service Tax Appellate Tribunal		
7.89	1991-2010			Commissioner (Appeals)		
56.65	2007-2010 2012-2014			Commissioner of Central Excise		
15.24	1996-2000 2007-2012			Additional Commissioner		
2.89	2006-2010			Deputy Commissioner		
5.07	2005-2012			Assistant Commissioner		
Finance Act, 1994	Service tax	32.40	2005-2008 2008-2014	Customs, Excise and Service Tax Appellate Tribunal		
		5.94	2005-2010	Commissioner (Appeals)		
		225.84	2004-2010	Commissioner of Service tax		
		4.35	2004-2007 2009-2010	Additional Commissioner		
		0.13	2009-2011	Deputy Commissioner		
		6.49	2007-2011	Assistant Commissioner		

* Including amounts aggregating to Rs. 80.69 million in respect of sales tax cases, which have been stayed by respective authorities

** Including amounts aggregating to Rs. 81.76 million in respect of Excise cases, which have been stayed by respective authorities

Excluding the demands the proceedings of which have been set aside or remanded for reassessment by the appropriate authorities

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. 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi)

In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

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 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/Section 189 of Companies Act, 2013 (as applicable).

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 year.

Ten-year financial data.

Ten-year financial data

in Rupees million	2006	2007	31Dec. 2007 (9 months)	31Dec. 2008 (12 months)	2009	2010	2011	2012	2013	2014
Sales										
Home	5,607.1	4,954.7	3,259.8	5,697.3	8,245.6	10,214.8	11,577.1	12,577.2	14,260.9	15,700.5
Export	2.2	11.1	12.1	19.3	113.6	146.3	104.5	1,425.8	771.1	242.1
Profit/(Loss) before Tax and Exceptional Item	809.1	437.7	240.2	832.3	920.0	1,295.7	1,748.5	536.4	663.4	35.8
Tax	326.0	183.3	96.0	212.3	376.1	359.4	531.9	164.6	317.3	(18.2)
Profit/(Loss) after Tax, before Exceptional Item	483.2	254.4	144.2	620.0	543.9	936.3	1,216.6	371.8	346.1	54.0
Exceptional Item, (net of Tax)	303.1	191.6	472.4	180.4	(11.5)	-	-	523.04	427.23	-
Profit after Tax	786.3	446.0	616.6	800.4	532.4	936.3	1,216.6	894.8	773.3	54.0
Share Capital	490.8	490.8	490.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8
Reserves and Surplus	2,517.2	2,819.7	3,246.0	9,509.7	9,728.4	10,297.8	11,767.0	12,486.3	13,420.4	13,039.4
Shareholders' Funds	3,008.1	3,310.5	3,736.8	10,362.5	10,581.2	11,150.6	12,619.8	13,339.1	14,273.3	13,892.2
Loan Funds	1,087.3	917.3	2,190.0	-	1,176.1	4,691.6	8,380.3	10,989.6	15,278.1	15,644.3
Debt - Equity (%)	36.1	27.7	58.6	-	11.1	42.1	66.4	82.4	107.0	112.6
Gross Block (includes Capital work-in-progress)	5,862.4	7,298.4	9,456.1	12,248.2	14,958.0	20,624.2	19,801.6	28,549.8	31,013.8	34,254.9
Depreciation (includes Impairment)	2,752.7	3,012.8	3,217.3	3,363.1	3,792.2	4,326.2	4,883.3	5,946.9	6,927.8	8,686.2
Net Block (includes Capital work-in-progress)	3,109.7	4,285.6	6,238.8	8,885.1	11,165.8	16,298.0	14,918.3	22,602.9	24,086.0	25,568.7
Investments	290.1	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.1	150.1
Net Current Assets	1,187.9	275.7	21.4	1,822.7	1,188.6	192.0	(373.5)	(1,461.6)	(1,992.3)	(2,751.3)
Total Capital Employed	4,587.7	4,711.3	6,410.2	10,857.8	12,504.4	16,640.0	21,000.1	24,328.7	29,551.4	29,536.5
Dividend										
(Incl. Tax thereon)	167.9	143.6	199.6	149.7	149.7	149.1	148.7	148.7	149.7	153.5
Rate of Dividend	30%	25%	20%	15%	15%	15%	15%	15%	15%	15%
No. of Issued Shares	49,084,223	49,084,223	49,084,223	85,284,223	85,284,223	85,284,223	85,284,223	85,284,223	85,284,223	85,284,223
Earnings per Share (Rs.)	16.02	9.09	12.56	9.59	6.24	10.98	14.26	10.49	9.07	0.63
No of Shareholders	32,061	31,772	31,663	29,178	26,759	21,824	20,364	20,883	20,590	19,183
No of Employees	633	643	657	722	666	726	797	797	839	832

Note: Year 2011 figures are updated as per revised schedule VI requirement where ever necessary

Linde India Limited

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