



Making our world more productive

# Oxygen is Life

Annual Report 2020.



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# Chairman's Message.



Dear Shareholders,

At the outset, I wish you and your families my personal best and do hope that you and your families are well, as we find ourselves in the midst of a global pandemic of unparalleled proportions. The year gone by has been quite a difficult and challenging one for the humanity across the globe, and at present, more so in India, where we are navigating through the disastrous 2nd wave of the Covid-19.

While the year 2020 has been overwhelmingly challenging, I am happy to note that Linde India rose to the occasion to deliver a satisfactory financial performance. Let me briefly present the highlights of the financial performance for 2020. Your Company achieved total revenues from operations of Rs. 14,711.24 million during FY 2020 as compared to Rs. 17,617.86 million achieved in the previous year. While the Gases revenues declined by 9%, the revenues of the Project Engineering Division were lower by about 38%. The decline in the Gases revenues is mainly due to divestment of the "South Region Divestment Business" of the Company during 2019. However, the underlying gases business recorded a marginal growth of about 3%, mainly due to one-off billings to an onsite customer and higher billings from the healthcare, helium and special gases business, an incredible performance considering the economic environment. The decline in the revenues of the Project Engineering business was largely due to the nationwide lockdown announced by the Government of India in March 2020 arising from the outbreak of Covid-19, which disrupted the project execution at almost all the sites resulting in deferment of revenues. Your Company achieved earnings before interest, depreciation and amortisation (EBITDA) of

Rs. 4,074.85 million for the year 2020 as compared to Rs. 4,356.54 million in the previous year. However, in view of steep reduction in interest cost from Rs. 862.50 million in FY 2019 to Rs. 62.43 million in FY 2020, the Company recorded a profit before tax (PBT) before exceptional item of Rs. 2,252.42 million, which compares very well with Rs. 1,721.50 million in the previous year. The Directors Report deals with the financial performance in more detail.

Besides the performance in financial terms, there have been several moments during these difficult times, especially the 2nd wave of Covid-19, when Linde and all its Covid heroes made each one of us proud, and forever reinforced the fact - Oxygen is Life.

The early days of the pandemic were marked by prolonged lockdowns in many parts of India in FY 2020, leading to extended periods of restrictions. As the number of Covid-19 cases started to increase, the demand for medical oxygen also increased by more than 3 times in comparison to the pre-pandemic period. During 2020, your Company relentlessly monitored the oxygen consumption pattern of each hospital and in many hospitals, proactively augmented the storage and vaporization capacity to maintain adequate stock of oxygen and to avoid risk of stock outs. Several remedial measures were adopted, which include conversion of other gas tankers to medical oxygen, addition of newer vehicles to the fleet, augmentation of tank capacity and tanker utilization to deliver more oxygen to help the country breathe.

In order to cope with the recent unprecedented surge in demand due to the 2nd wave of

Covid-19, your Company ramped up the liquid medical oxygen supply to a staggering quantity of 1700 tons per day. Linde India is thankful to the Government of India, Indian Railways, Indian Air Force and several industry partners; prominent among them are Tata Group, ITC and Adani Group, who made this possible. History was created when Linde tankers were onboard the 'Oxygen Express' run by Indian Railways to ferry medical oxygen from its oxygen producing locations to the severely affected cities and Indian Air Force airlifted its cryogenic road tankers from Hindon Air Force Station to Panagarh Air Force Station for filling liquid oxygen at the Durgapur plant, from where the tankers returned to Delhi by road. Besides, several 20-ton ISO cryogenic containers were imported from overseas with the support of the industry partners to overcome the challenges in distribution of liquid medical oxygen from Linde's plants to various destinations, where it was critically needed.

Fortunately, the number of new infections in India have started showing some decline and with vaccinations, I am hopeful that India will be able to overcome the situation sooner rather than later, which will help us focus our energies on the profitable growth.

I thank you all for your continued support and confidence in Linde India.

Warm regards,

**R J Hughes**  
Chairman

16 May 2021

# Oxygen is Life

## Oxygen - the vital resource that supports and nourishes earthly life

The Chemical Element with symbol O, which constitutes 21% percent of the Earth's atmosphere – "Oxygen" is vital to life processes. Almost all living organisms need Oxygen to survive.

The importance of Oxygen in supporting human and animal lives has been well established. However, the unprecedented global health crisis caused by the Covid-19 pandemic that disrupted human lives from early 2020, has led to a paradigm shift in the importance of oxygen in our lives, as never before. For those affected by Covid-19 and fighting for lives, Oxygen is absolutely priceless.

For Linde, Oxygen has been an important part of our offering – in both healthcare and the industrial product portfolio. Last year, as India climbed the tally to find a place among the top 5 most Covid affected nations of the world, Linde India put its best foot forward to rise to the occasion. From catering to the ever-increasing demand and managing delivery challenges to ensuring the safety of our workforce, we did everything that helped them to execute their tasks during trying times; Linde India was at the forefront in the fight against the pandemic.



The real heroes of Linde in the battle against Covid were our frontline workers

more than  
**1,000**  
frontline heroes

## Linde India's first ever installation at a hospital in Jammu to meet the challenges of Covid-19



Linde India's installation at Shri Mata Vaishno Devi Narayana Super-Speciality Hospital, Katra, Jammu.

more than **20**  
Operating Sites

Linde India manages and operates more than 20 production facilities and filling stations across the country - a view of 2550 tpd ASU at Jamshedpur.



India has, till recently vaccinated over 182\* million people, about 13.5% of its population including first and second doses of the currently-approved vaccines.

\*(Data as of 16 May 2021).



delivered more than  
**2,028,000**  
Medical O<sub>2</sub> Cylinders and  
157 Portable Cryogenic Containers

Oxygen, the most valuable resource of the day, packaged and delivered in various sized cylinders and portable cryogenic containers.



During 2020, Linde India has executed multiple installations in many partner hospitals, many of them in record time.

**27**  
VIE installations in 2020

### Rising to the Occasion: Saving Lives

The early days of the pandemic were marked by prolonged lockdowns in many parts of India, leading to extended periods of restrictions, followed by mass exodus of migrant labour across India. As the number of Covid-19 cases started to increase, the demand for medical oxygen also grew proportionately – increasing by more than 3 times in comparison to the pre-pandemic period.

Linde's business & engineering teams relentlessly monitored the oxygen consumption pattern of each hospital and in many hospitals, proactively augmented the storage and vaporization capacity to maintain adequate stock of oxygen. Additional stock was also provided to maintain the required oxygen flow for patients.

Despite the unprecedented rise in demand, there were no stock out situation for any of our partner hospitals. To add to the efforts, Linde executed several new LMO (Liquid Medical Oxygen) installations in 2020, which included Seven Hills hospital-Mumbai; VIMS, Bellary, Karnataka, ESIC Hospital- Faridabad and most of them in record time of just about a week.

In addition, the augmentation of our Medical Gas Pipeline System (MGPS) became very critical, as the oxygen outlets at hospital beds were not designed to support the enhanced consumption required for Covid-19 patients. A dedicated team in Linde managed the hospital supply & Medical Gas Pipeline System. We also worked closely with the Central & State Governments, Statutory Bodies and State Administrations to monitor and track the demand situation, provided solutions on different processes to supply oxygen as per requirement.

While Linde kept up with the production of medical oxygen, there were hurdles in delivery. Several remedial measures were adopted to tackle the challenges. Tankers from other gases were converted to carry medical oxygen, newer vehicles were added to the fleet, grounded vehicles were revamped, tank capacity was augmented and tanker utilization was improved to deliver more oxygen with the same number of vehicles. We also deployed advanced technology to schedule and manage logistics and optimize the network.

During the 1st wave of Covid-19 in FY 2020, the Company rose to the challenge and supplied around 300 tons of Liquid Oxygen per day across India. The cylinder business grew by 25% in volume & 32% in revenue by year end.

2020 also marked many firsts for the organization – with the first ever supply to Government hospitals in Orissa, LIV® & Entonox® were launched successfully in new markets across the country. New warehousing facility for Entonox storage was developed in the Southern region and supply through Minibulk was launched in newer territories like Baroda/Indore/Kochi.

In order to cope with the recent unprecedented surge in demand from the 2nd wave of Covid-19, liquid medical oxygen supply was recently ramped up to a staggering 1700 tons per day. Linde India would like to thank the Government of India, Indian Railways, Indian Air Force and several industry partners; prominent among them are Tata Group, ITC and Adani Group, who made this possible. History was created when Linde tankers were onboard the 'Oxygen Express' run by Indian Railways to ferry medical oxygen from its oxygen producing locations to the severely affected cities and Indian Air Force airlifted its cryogenic road tankers from Hindon Air Force Station to Panagarh Air Force Station for filling liquid oxygen at Linde's plant in Durgapur from where the tankers returned to Delhi by road. Besides, several 20-ton ISO cryogenic containers were imported from overseas with the support of the aforesaid industry partners to expedite the mobility of liquid oxygen from Linde's plants to various destinations, where it was critically needed.

The efforts of the organization were lauded by healthcare partners, which reflect in the long term contract extensions with major hospitals.

### Serving the Community through Covid-19 pandemic

During this unprecedented time, we have increased our outreach initiatives to help build community resilience, both through the Linde Global Giving Program as well as our own CSR initiatives in India. Among others, our CSR initiatives to address the distress caused by Covid-19 included contributions made to



In a first-ever initiative, Linde India partnered with Indian Railways to set up a high speed movement of oxygen tankers by Roll-On-Roll-Off (RO-RO) service.

about

# 1,700 tpd

Liquid Medical Oxygen supplied to combat the 2nd wave

the PM CARES Fund, partnering with Non-Government Organizations for relief work and supporting the poor and needy across some of the States in India.

### Linde Covid Warriors – our Real Heroes

Throughout 2020, our healthcare heroes - the plant operators, our drivers, delivery personnel, etc. formed the core of our frontline team, who braved the odds to ensure that we overcome the challenges of rising oxygen demand during these difficult times. Hence, for ensuring the safety and security of our heroes, we equipped them with necessary weapons - from providing safe shelter to our drivers during the lockdown, to ensuring that they have necessary food supply and shelter en-route delivery. They were also provided adequate PPE kits, health insurance cover, health check-up facilities, lodging and boarding facilities, state-of-the-art driver resting facilities equipped with air conditioners, beds, indoor games, etc., psychological counselling, where required – to boost morale, overcome fear and raise confidence.

It is said – **when the going gets tough, the tough get going.** In these testing times, Linde India has emerged a stronger organization after facing the challenges of 2020 and we continue to build on the valuable learnings and experiences. Above all, we are bolstered by the strong resolve of our Covid warriors, focused on serving the nation.



Linde India's cryogenic oxygen tanker airlifted by Indian Air Force from Hindon to Panagarh Air Force station for filling at Durgapur - another first in the history.



ISO Cryogenic containers airlifted from overseas, which can carry up to 20 tons of Liquid Oxygen over long distances.



In another first ever initiative, ISO Oxygen tankers being transported on railway rakes - "Oxygen Express".



ISO containers sourced from different international locations for bulk transportation of liquid medical oxygen from Linde facilities to various hospitals.



Addition of more tankers in oxygen service - by converting other gas tankers into oxygen.



Medical oxygen installation at various partner hospitals to ease the supply of oxygen. Among others, Linde recently installed a 20 KL tank at GMERS Medical College, Junagadh, Gujarat.

# CSR and sustainability.

At Linde, we are committed to behave responsibly towards people, society, and the environment for inclusive growth of the communities, where we operate, to conserve natural resources and to develop sustainable products.

Rs. **8.55**  
Million

amount contributed for CSR in FY 2020

supported about

**3,000**

families through various CSR initiatives

Linde India works towards building stronger and inclusive communities by going beyond its business initiatives to enable lives, living and livelihoods. We are helping to create change at the ground level supporting especially, the most vulnerable and marginalised communities. With the support of NGOs and volunteerism by its employees, we help underprivileged and differently-abled children develop skills for livelihood opportunities, improve access to quality healthcare, promote

and provide access to better education, commit to environmental protection and address many other pressing social needs.

During the year, we also endeavoured to support Covid-19 pandemic by combatting, containing and providing relief to many families. We thereby, strive to bridge the gaps between social classes and economic disparities.



Earth day celebration at the Linde plant in Dahej. At Linde, sustainability is part of our vision, values and policies and extends to all areas of our business.



Linde's support to children through Indian Institute of Cerebral Palsy, Kolkata.

## Education

Education has been one of the important thematic areas in our CSR policy. The Company has undertaken various initiatives to promote and provide access to basic education for underprivileged/ differently abled children. The Company's project/programmes during the financial year 2020 include expenditure for education of underprivileged children through NGOs such as AIM for Seva in Lucknow and

Unnao in U.P., Disha Foundation in Kolkata, Prem Jyoti Prangan in Jamshedpur, providing education & other support for blind children through Radhakrishna Drushtihina Vidyalaya in Rourkela and differently abled children through Indian Institute of Cerebral Palsy, Kolkata.

## Health

Health is another focus area for the Company. Linde has plans to invest in the FY 2021 in

initiatives to improve the quality of care giving and provide preventive health care services. A training program is planned to be set up for mid-wives for reduction of C-section deliveries in Bhiwandi district of Haryana. Other CSR projects pertaining to 'mother and child' are also in pipeline to combat health care issues.

## Environment

Linde India is also committed to environmental protection and supporting plantation of trees. We have planted 2,500 trees in Sundarbans, West Bengal through Pangea Econetassets Pvt. Ltd.

**2,500**

Trees planted

## Livelihood (Skill Development)

Linde is focused on employment and skilling by leveraging vocational training and promoting alternative livelihoods to the underprivileged sections of our society. One such initiative planned by our Company is the Driver Community Project in Delhi-NCR, we are planning to train drivers of heavy vehicles on "defensive driver training" to make our roads and highways safer. Moreover, it is also planned to provide various scholarships for their children.

Rs. **2.83**  
Million

amount spent for Education



Boys studying at Lucknow Chatralayam-AIM For Seva.



Celebration of National Holiday at Radhakrishna Drushtihina Vidyalaya, Rourkela.

## Other Areas

### Disaster relief

Linde India also joined forces to strengthen and fuel the nation's fight against Covid-19. Realising that during lockdown marginalised and under-resourced communities across the country would need support, the Company made contributions to PM CARES Fund, which was set up by the Government of India to combat the outbreak of pandemic. Linde also contributed to the NGO Goonj towards distribution of Family Kits for rehabilitation of victims of cyclone Amphan in Sundarbans in West Bengal and distributed Family Kits amongst poor and needy in Kolkata and its suburbs for fighting Covid-19.

spent on disaster relief

**Rs.5.50  
Million**

supported more than

**2,500**

families through disaster relief measures



Linde reached out to a total of 1,255 families affected by cyclone Amphan with these kits through Goonj.



Goonj team member involved in Family Kit making.



Linde reached out to a total of 1,255 families in and around Kolkata affected by Covid-19 with these Family Relief Kits through Goonj.

# Company information.\*

## Board of Directors

Robert J Hughes, *Chairman*  
Arun Balakrishnan, *Independent Director*  
Jyotin Mehta, *Independent Director*  
Shalini Sarin, *Independent Director*  
Cheryl Wei Ling Chan, *Non-Executive Director*  
Abhijit Banerjee, *Managing Director*

## Chief Financial Officer

Anupam Saraf

## Asst. Vice President and Company Secretary

Pawan Marda

## Auditors

### Statutory Auditors

Deloitte, Haskins & Sells LLP  
Firm Registration No. 117366W/W-100018

### Secretarial Auditors

P. Sarawagi & Associates  
Firm Registration No. S1998WB022800

### Cost Auditors

Mani & Co.  
Firm Registration No. 000004

## Registrar and Transfer Agents

Link Intime India Pvt. Ltd.  
kolkata@linkintime.co.in

## Bankers

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

\*As on 31 December 2020

## Audit Committee

Jyotin Mehta, *Chairman*  
Arun Balakrishnan  
Robert J Hughes  
Shalini Sarin

## Stakeholders Relationship Committee

Arun Balakrishnan, *Chairman*  
Jyotin Mehta  
Abhijit Banerjee

## Nomination and Remuneration Committee

Arun Balakrishnan, *Chairman*  
Robert J Hughes  
Jyotin Mehta

## Corporate Social Responsibility Committee

Shalini Sarin, *Chairperson*  
Arun Balakrishnan  
Abhijit Banerjee

## Risk Management Committee

Arun Balakrishnan, *Chairman*  
Jyotin Mehta  
Abhijit Banerjee

## Registered Office

Linde India Limited  
Oxygen House  
P-43 Taratala Road  
Kolkata 700 088  
India  
CIN: L40200WB1935PLC008184  
Phone: +91-33-6602 1600  
Fax: +91-33-2401 4206  
contact.lg.in@linde.com  
www.linde.in

# Profile of the board of directors.



**Jyotin Mehta** [DIN: 00033518]  
Born 1958

Non-Executive Independent Director

FCA, FCS and FICWA  
Bachelor of Commerce

Mr J Mehta retired as Vice President and Chief Internal Auditor of Voltas Ltd. Presently Mr Mehta serves on the Board of Suryoday Small Finance Bank Ltd., JSW Ispat Special Products Limited (erstwhile Monnet Ispat & Energy Ltd.), ICICI Prudential Trust Ltd., Ask Investment Managers Ltd., Mahindra Rural Housing Finance Ltd. and others.



**Robert J Hughes** [DIN: 08493540]  
Born 1962

Chairman

Bachelor of Science, Chemistry, from Bradford University, UK; Diploma in Management Studies from Hull University, UK

Mr Hughes has over 34 years of experience including 30 years of rich experience in senior management roles in BOC and Linde. Mr Hughes was the Head of Regional Business Unit, South and East Asia of The Linde Group from 2015 to 2018, when he successfully led both business growth and turnaround situations.



**Shalini Sarin** [DIN: 06604529]  
Born 1965

Non-Executive Independent Director

Master of Arts (Sociology & Human Resource Management), Doctorate in Organization Behaviour

Dr S Sarin is among others on the Board of Automotive Axles Ltd., Kirloskar Oil Engines Ltd. and Meritor HVS (India) Ltd. She also serves on few not for profit boards such as International Solar Alliance – global taskforce of foundations, Alliance for an Energy Efficient Economy and chairs Plaksha Center for clean energy. She is also a mentor and Board Member of BeyonDiversity Foundation.



**Cheryl Chan** [DIN: 08590180]  
Born 1976

Non-Executive Director

B.A. Sc. in Materials Engineering with Hons. Degree from Nanyang Technological University, Singapore  
MBA from Macquarie Graduate School of Management

Ms Chan is responsible for Clean Hydrogen for APAC in Linde. She currently leads the Clean Hydrogen market, focusing on strategic business development activities, partnerships, policy development and advocacy across Linde's markets in the APAC. Ms Chan has about 21 years of rich experience in the private sector across Kulicke & Soffa and the Linde Group, during which she has acquired expertise in diverse areas such as product marketing, process engineering, M&A, supply chain and corporate strategy.



**Arun Balakrishnan** [DIN: 00130241]  
Born 1950

Non-Executive Independent Director

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

Mr A Balakrishnan was the former Chairman and Managing Director of Hindustan Petroleum Corporation Ltd. from 1 April 2007 to 31 July 2010 and is presently on the Board of Pipeline Infrastructure Ltd., Haldia Petrochemicals Ltd. and other companies.



**Abhijit Banerjee** [DIN: 08456907]  
Born 1967

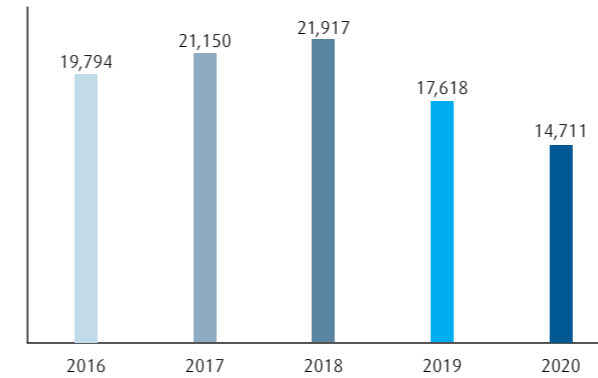
Managing Director

B.Tech. in Chemical Engineering from IIT, Kharagpur

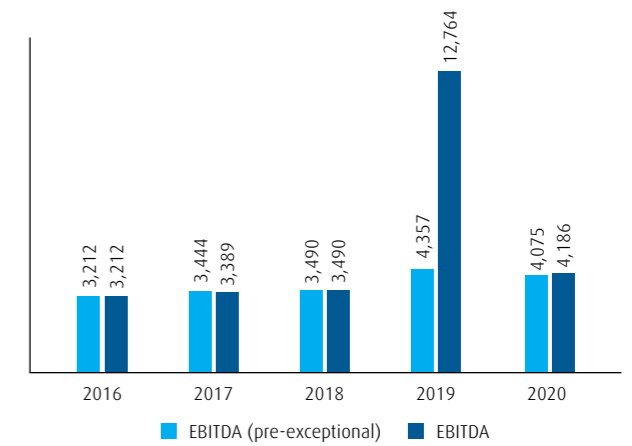
Mr Banerjee joined Linde India in the year 2009 and was appointed as Managing Director of the Company with effect from 7 June 2019. He has rich experience of about 33 years in manufacturing sector covering design engineering, marketing, project management, business development and strategic account management across reputed companies including deputation for 18 months at Thyssen at Bochum, Germany.

# Financial performance (Standalone).

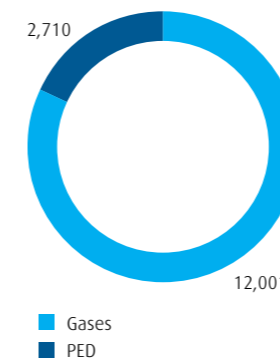
## Revenue from operations



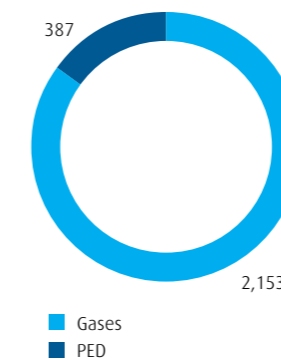
## EBITDA



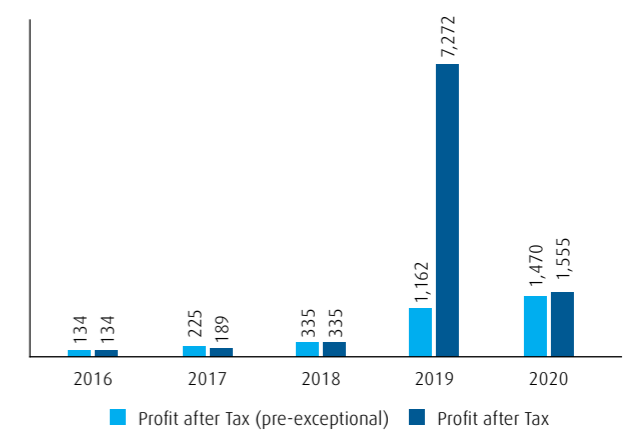
## Segment-wise sales 2020



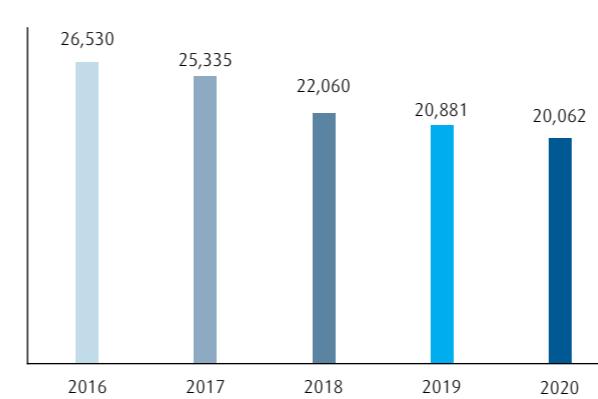
## Segment-wise results 2020



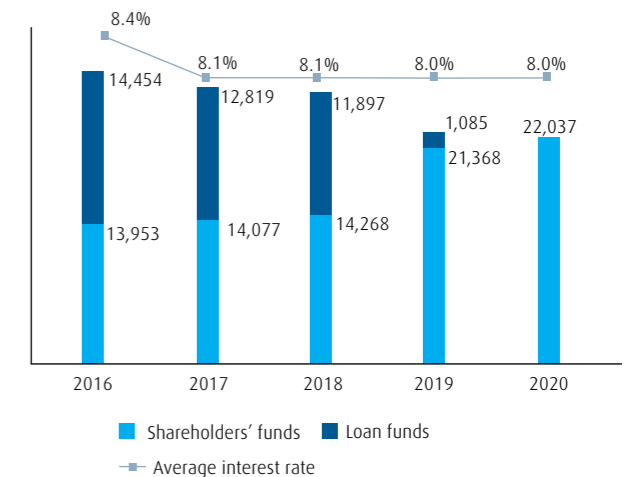
## Profit after tax



## Fixed assets (net block)



## Funds portfolio



\*All values in Rupees million unless otherwise stated.

# Directors' report and management discussion and analysis.

The Directors have pleasure in submitting their Report together with the Audited Financial Statements of your Company for the year ended 31 December 2020:

The Company's standalone financial performance for the year ended 31 December 2020 is summarized below:

In Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Revenue from operations	14,711.24	17,617.86
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)	4,074.85	4,356.54
Less: Depreciation and amortisation expense (including impairment)	1,760.00	1,772.54
Earnings before interest and tax (EBIT)	2,314.85	2,584.00
Less: Finance costs	62.43	862.50
Profit before tax (PBT) before exceptional item	2,252.42	1,721.50
Add: Exceptional items	111.48	8,407.55
Profit before tax (PBT) after exceptional item	2,363.90	10,129.05
Tax expenses	808.55	2,857.26
Net Profit for the year (after tax) (A)	1,555.35	7,271.79
Total Other Comprehensive Income for the year (B)	(16.95)	(17.23)
Total Comprehensive Income for the year (C)=(A) +(B)	1,538.40	7,254.56
<b>Movement in Equity</b>		
Retained earnings opening balance brought forward	12,547.17	5,445.90
Add: Net Profit for the year	1,555.35	7,271.79
Less: Other comprehensive income recognised in retained earnings (net of taxes)	(17.05)	(16.29)
Less: Ind AS 116	(16.71)	
Profit available for appropriation (D)	14,068.76	12,701.40
Appropriations:		
Dividend on Equity share including dividend distribution tax paid during the year* (E)	(852.88)	(154.23)
Retained earnings closing balance carried forward (F)=(D)-(E)	13,215.88	12,547.17

\*Pertains to dividend for the financial year 2019 @ 100% (Previous year @ 15% for the financial year 2018) on 85,284,223 equity shares of Rs.10 each

## Financial Performance 2020

Your Company clocked total revenues from operations of Rs. 14,711.24 million during the financial year 2020 as compared to Rs. 17,617.86 million achieved in the previous year, recording a decline of 16.5% as compared to 2019. While the Gases revenues declined by 9.2% from Rs.13,221.04 million to Rs.12,000.79 million, the revenues of the Project Engineering Division were lower by about 38%, which fell from Rs. 4,396.82 million to Rs. 2,710.45 million in the year 2020.

The decline in the Gases revenues is mainly due to loss of revenues arising from divestment of the "South Region Divestment Business" (SRDB) of the Company inter alia, comprising of the 1800 tonnes per day onsite Air Separation Unit at JSW Steel's steelworks at Bellary and the Company's packaged gases plants located at Hyderabad and Chennai, which was effective from 16 December 2019. This divestment was in line with the order dated 6 September 2018 issued by the Competition Commission of India in connection with the global merger of Linde AG and Praxair Inc., reported last year. Despite the decline in the total revenues during 2020 caused by the divestment of the SRDB, the underlying gases business recorded a marginal growth of about 3%, mainly due to one-off billings from Tata KPO in Q1 of 2020 and higher revenues earned from medical oxygen and helium.

On the other hand, the decline in the revenues of the Project Engineering business was largely due to the nationwide lockdown announced by the Government of India in March 2020 arising from the outbreak of Covid-19, which disrupted the project execution at almost all the sites resulting in deferment of revenues of the Project Engineering Division.

During the year under review, your Company achieved earnings before interest, depreciation and amortisation (EBITDA) of Rs. 4,074.85 million for the year 2020 as compared to Rs. 4,356.54 million in the previous year. This decrease in the operating profit vis a vis 2019 was mainly due to the divestment of the South Region Divestment Business as mentioned above, which was completed on 16 December 2019 in the previous year. Besides, the prolonged nationwide lock down imposed by the Government of India to prevent the spread of Covid-19 from mid-March 2020 till 1 June 2020 and the subsequent re-opening of the economy in a phased manner impacted the revenues in both the Gases and Project Engineering Divisions. The Gases and the Project Engineering businesses bore the brunt of the impact of the lockdown during the Q2 of 2020. During this quarter, the onsite revenues declined due to lower revenues from SAIL and Tata Steel. The bulk volumes were lower due to Covid-19 impact. The Packaged Gases business, especially argon volumes declined as the automobile industry was hit hard. The oxygen volumes in the healthcare segment were also low as the

demand went up only during June 2020. The phased unlocking of the economic activities from Q3 of 2020 revived the business sentiments in both the Gases and Project Engineering Division, which further improved significantly during the Q4 of the year under review.

During the year, there has also been a steep reduction in the interest cost from Rs.862.50 million during 2019 to Rs. 62.43 million during the year under review as a result of repayment of all the outstanding borrowings from the proceeds of divestment of South Region Divestment Business. The depreciation for the year 2020 stood at Rs. 1,760.00 million, which was marginally lower as compared to Rs. 1,772.54 million charged during the year 2019.

Profit before tax (PBT) before exceptional item amounted to Rs. 2,252.42 million, which compares very well with Rs.1,721.50 million in the previous year. Your Company's total Profit before tax for the year 2020 stood at Rs. 2,363.90 million and Profit after tax for the year under review amounted to Rs. 1,555.35 million, as compared to Rs. 7,271.79 million for the year 2019, which was after considering exceptional profit of Rs. 8,407.55 million from the sale of South Region Divestment Business.

## Dividend

Your Board has recommended a dividend of 30% (Rs. 3.00 per equity share) on 85,284,223 equity shares of Rs.10.00 each in the Company for the year 2020, as against a dividend of 100% (Rs.10 per equity share) for the previous year ended 31 December 2019, which comprised of a normal dividend of 25% (Rs.2.50 per equity share) and a special dividend of 75% (Rs. 7.50 per equity share) in view of the exceptional income earned by the Company from divestment of South Region Divestment business in the previous year.

The Board's recommendation for dividend has been made after considering the sustainability of the operating performance and cash flow position of the Company and is in line with its Dividend Distribution Policy. The dividend is subject to the approval of the shareholders at the ensuing 85th Annual General Meeting scheduled to be held on Thursday, 24 June 2021 and will be paid on or about 29 June 2021, to the Members whose names appear in the Register of Members, as on the Book Closure date, i.e., from Friday, 18 June 2021, to Thursday, 24 June 2021 (both days inclusive). This dividend will result in cash outgo of Rs.255.85 million as compared to Rs. 852.84 million in the previous year. The dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the Dividend after deduction of tax at source as per the provisions of the Income Tax Act, 1961.

The Board has not recommended any transfer to general reserves from the profits during the year under review.

The Dividend Distribution Policy is annexed to this report and is also available on the Company's website at [www.linde.in](http://www.linde.in). [Annexure 1]

## Update on Belloxy Divestment Business

As informed in the previous year, the Members are aware that in response to the application made to the Competition Commission of India (CCI) by Linde AG and Praxair, Inc. seeking approval for the business combination in India, CCI vide its Order dated 06 September 2018 (in Combination Registration No.C-2018/01/545), approved the aforesaid business combination subject to divestment of certain assets controlled by them in India. Accordingly, Linde India Ltd. was required to make divestiture of the Company's "South Region Divestment Business" and "Belloxy Divestment Business" as described in the CCI Order. During the year 2019, Linde India completed the divestment of its "South Region Divestment Business" as per the Business Transfer Agreement signed with Air Water India Private Ltd. The approval of the shareholders for divestment of the "Belloxy Divestment Business" to Inox Air Products Private Ltd. (Inox AP) was obtained on 20 February 2020. However, in view of Inox AP's inability to acquire the said business, the Company had informed the same to the Hon'ble Competition Commission of India, seeking extension of the "Hold Separate arrangement" for the balance tenure of the Gas Supply Agreement up to 14 November 2021. The CCI in its response directed the Company to update it on the divestment status, while accepting the Company's proposal for extension of Hold Separate Arrangement. The Company has subsequently accepted a binding offer from JSW Steel Ltd. for purchase of the 855 tpd plant, which is pending, as it is subject to the approval of Inox AP as per the Shareholder Agreement between Linde India Ltd. and Inox Air Products Private Ltd.

## Update on the shares acquired by The BOC Group Ltd. under Open Offer

The Members of the Company are aware that as informed in the earlier year, after the failure of the Voluntary Delisting Offer, The BOC Group Ltd. as the Acquirer along with Praxair, Inc. and Linde Holdings Netherlands B.V. as persons acting in concert (PAC) made an open offer during the year 2019 to acquire up to 21,321,056 fully paid up equity shares of Rs.10/- each representing 25% of the voting capital of Linde India Ltd. The BOC Group Ltd. acquired 25,276 equity shares tendered under the said Open Offer on 27 September 2019. The shareholding of The BOC Group Ltd. thus increased to 63,988,443 equity shares



representing 75.03% of the total voting share capital of Linde India Ltd. The Acquirer has subsequently on 27 April 2020, for the purpose of achieving the minimum public shareholding requirement in compliance with the provisions of Securities Contracts (Regulation) Rules, 1957 as amended, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with para 2(a) and para 3 of the SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/43/2018 dated 22 February 2018 sold the said 25,276 equity shares through the stock exchange mechanism. As a result of the same, the shareholding of the promoter group in the Company now stands at 75% of its total voting capital.

### Consolidated Financial Statements

Although the Company does not have any subsidiary, as per the requirement of Section 129(3) of the Companies Act, 2013 and the applicable Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, your Company has prepared consolidated financial statements for the year ended 31 December 2020 together with its joint venture companies, viz. Bellary Oxygen Company Private Ltd. and Linde South Asia Services Private Ltd. (earlier known as LSAS Services Private Ltd.) The said consolidated financial statements of the Company form part of the annual report. However, since the Company does not have a subsidiary, the compliance under Section 136 about separate financial statements do not apply to it.

### Details of Joint Venture Company

As on 31 December 2020, the Company had two joint ventures, whose details are provided below:

#### Bellary Oxygen Company Private Ltd.

At the beginning of the year 2020, the Company had one joint venture in the gases business viz. Bellary Oxygen Company Private Ltd., which operates an 855 tpd Air Separation Unit at Bellary, Karnataka for supply of gases under a long-term gas supply agreement to JSW Steel Ltd.'s works at Bellary.

Pursuant to the order dated 6 September 2018 passed by the Competition Commission of India (Combination Registration No. C-2018/01/545), the Members of the Company had on 20 February 2020 approved by way of a Special Resolution divestment of "Belloxy Divestment Business" of the Company. The Belloxy Divestment Business comprises of the business of distributing and selling liquid oxygen, liquid nitrogen & liquid argon purchased from Bellary Oxygen Company Private Ltd. and conducted from the Bellary Trading office along with Company's investment in 15,000,000 equity shares of Rs.10 each fully paid up, being 50% of the total issued and paid up share capital of Bellary Oxygen Company Private Ltd., owning an 855 tpd Air Separation Unit for supply of gases to JSW Steel Ltd. at Bellary. Your Company has earlier classified its investment in the Joint venture Company, Bellary Oxygen Company Private Ltd. together with the assets of Bellary Trading office as "asset held for sale".

#### Linde South Asia Services Private Ltd. (formerly known as LSAS Services Private Ltd.)

The Board of Directors of the Company at its meeting held on 24 March 2020, approved the execution of a Joint Venture and Shareholders Agreement ("JV&SHA") with Praxair India Private Ltd. and LSAS Services Private Ltd. Pursuant to execution of the JV&SHA, your Company holds 2,000,000 equity shares in LSAS Services Private Ltd. of Rs.10 each, being 50% of the total issued and paid up equity share capital of LSAS Services Private Ltd. with the remaining 50% being held by Praxair India Private Ltd. In view of this, LSAS Services Private Ltd. became a Joint Venture Company of your Company with effect from 24 March 2020. The Board of Directors of the Company had also approved of Linde India Ltd. entering into an O&M Services Agreement with Joint Venture Company, under which, the Joint Venture Company will render Operation and Management Services to both the joint venture partners for their respective functions including Procurement, SHEQ, Human Resources, Finance, IT, Legal, Administration, Business Development, Onsite account management, Sales & Marketing, Product Management, etc. on an arms' length basis. The name of the JV company, LSAS Services Private Ltd. was changed to Linde South Asia Services Private Ltd. w.e.f. 26 August 2020.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the joint venture companies in the prescribed Form AOC-1 is annexed to this report. [Annexure 2]

### 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 the Linde Plc Group. The details about these business segments together with the industry developments are given below:

#### Gases and Related Products

The Gases and Related Products segment comprises of pipeline gas supplies (Onsite) to very large industrial customers mainly the primary steel, glass and chemical industries, 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 Gas) for meeting smaller demand for gases mainly across fabrication, 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 also be produced in the gaseous state and supplied through pipeline to the Onsite 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 focus on building density and sustaining market leadership through application led gas sales and enhanced service levels. The Healthcare business, an important part of the Gases business provides high quality gases for pharmaceutical use such as medical

oxygen, synthetic air and nitrous oxide in addition to providing state of the art medical gas distribution systems to major hospitals.

#### Industry Update

The year 2020 will go down in history as the year of the Covid-19 pandemic. The impact of this pandemic on the global economy was highly disruptive. Most of the world came to a standstill for several months in uncertain anxiety. Indian economy saw a plunging 23.9% decline in the Q1 (2020-21) ending up as one of the worst affected amongst the major economies of the world. However, GDP contracted only 7.5% in Q2 (2020-21).

According to the Ministry of Statistics and Programme, the manufacturing industry grew by just 0.6% in Q2 2020, after crashing 39.3% in Q1. Similarly, there was recovery in the demand of electricity, gas, water supply and other utility services and this sector saw a growth of 4.4% after witnessing contraction of 7% in the Q1. Agriculture, forestry, and fishing industry grew at a constant pace of 3.4% in Q2, unchanged from the previous quarter. Hotels, transport, communication, and services relating to broadcasting suffered the most, contracting 47% in Q1 and 15.6% in Q2 respectively. The construction sector recovered from the steep decline of 50.3% in Q1 to a relatively low decline of 8.6% in Q2.

In the year 2019, India surpassed Japan to become the world's second largest steel producer with crude steel production of 111.2 million metric tons. However, the year 2020 turned out to be catastrophic for the steel industry. According to the World Steel Association (WSA), India produced 8.5 million metric tons of crude steel in September 2020 which was 2.9% less than the September 2019. Steel sector being the backbone of our economy, continues to play a crucial role in nation's journey towards becoming a USD 5 trillion economy by 2024. Even after the challenges posed to the steel industry by the pandemic, the Government's vision of ramping up the steelmaking capacity to 300 million metric tons by 2030 remains unaltered.

India's automotive sector has been confronting economic headwinds for the past couple of years. Even before the Covid-19 crisis in 2020, the automotive sector experienced a perceptible tension due to adoption of BS VI compliance mandate and economic slowdown. In Q2 and Q3, the automotive sector saw a V-shaped recovery on account of increase in demand. As the lockdown norms were relaxed, the consumers preferred self-owned vehicles to ensure social distancing. In November 2020, domestic passenger vehicle volumes grew 9% year on year and the SUV segment shined. The two-wheeler segment also saw a growth of 15% year on year. While the economy is getting back on track, the newly announced production-linked subsidy incentive (PLI) and scrappage scheme is further going to give pace in the growth of the automotive sector.

Standstill economies, due to the mandatory lockdowns and travel restrictions, resulted in the crude oil prices hitting a major slump. According to the World Economic Outlook, the oil prices fell 60% between February and April 2020. With storage facilities and oil tankers quickly filling up, fears grew over where to store excess oil, leading to benchmark prices seeing record negative prices for a couple of days in April 2020.

#### Gases performance

The onsite business dipped by about 10% in Q2 as most of the Company's large onsite customers throttled their production levels upon the onset of the pandemic. Some of the smaller onsite customers even stopped production for periods varying between 2 and 6 weeks. Taking advantage of the lower gas demand, the Company undertook the refurbishment of the 1290 tpd ASU at Jamshedpur in this period. However, the revenues started picking up from late Q2 onwards and the underlying business volumes in Q4 crossed the pre-pandemic levels.

The industrial bulk and packaged gas businesses were very strongly affected in Q2 of the year with revenues falling to near zero levels for some days. The overall volumes dipped to 50% in Q2. However, backed by a strong pickup in the economy coupled with pricing initiatives, the revenues in these businesses crossed pre-pandemic levels in the second half of the year and the Q4 volumes were almost 30% higher than those recorded in Q1.

The Healthcare segment dipped by 10% at the beginning of the pandemic as all non-critical procedures were deferred. The volumes started picking up from June 2020 and reached a peak of 200% of pre-pandemic levels in September and October 2020. The volumes then stabilised for the rest of the year but were still at about 70% higher than the levels of last year.

In the Special Products & Chemicals, barring a dip in April 2020 due to lockdown related restrictions, there has been a significant growth in revenue, achieved through efficient management of demand & product availability.

#### Key developments in Gases Business

##### Healthcare

Linde India is a committed and dedicated partner in India's fight against the Covid-19 pandemic and consequently, the Healthcare segment saw a phenomenal growth during the pandemic as the need for medical oxygen was paramount for Covid-19 treatment. The medical oxygen consumption increased 4 times from March 2020 to September 2020. During these challenging times, Linde India ensured uninterrupted supplies of medical oxygen to new institutional/dealers, whilst catering to surge in base customer requirement. This 24 x 7 uninterrupted availability of medical oxygen was made possible by our Covid Warriors from operations, distributions, and sales team – who even catered to emergency situations for non-partnering hospitals. Augmentation of vessels & equipment due to surge in demand in customers premises was executed at several hospitals. Linde India completed liquid medical oxygen tank installations at a number of different partner hospitals in Q2 and Q3 of 2020 in record time. Your Company took several measures for the safety of its frontline warriors, which included driver accommodation, conveyance, food, rest, local permits, provision of PPEs for all Covid warriors, etc. to ensure smooth operations. Besides, special arrangements/permits were obtained for movement during lockdown, sanitization and cleaning of vehicles, cylinders decontamination procedures were strictly followed.

The contributions of Linde India during the pandemic were recognized and appreciated by partner hospitals and Government authorities alike. There was very close coordination between the Company and the Central & State Government authorities which was of an immense help in ensuring that our capabilities were gainfully utilised for the cause of the nation.

On improvement initiatives, Linde India remained committed to digitalization projects for healthcare. As a part of its digitalization agenda, Linde India identified need for experiential marketing for its niche product LIV™ and thus created an Augmented Reality mobile application with an aim to transform traditional see-to-feel experience. The App demonstrates the ease of use & distinctive features of the product, which is difficult to share by videos, brochures, or other traditional marketing collaterals.

#### Application Technologies

In its continuing pursuit of introducing novel applications-based technologies to give itself a competitive edge, the Company has registered a lot of firsts in the year 2020. Some highlights of the work done in this area are first shrimp freezing application in Eastern India, introduction of oxygen injection in frit furnaces for the ceramic industry, expansion of nitrogen business for the tyre industry, replicating past success in spice grinding with several customers, etc.

#### Packaged Gases

Linde India is a 'supplier of choice' for the Laser segment in terms of supply of Laser gases as well as assist gases. There are multiple supply options based on customer consumption patterns. Laser cutting is preferred in industries working on sheet metal due to improved precision, productivity, and lesser material wastage leading to increased adoption of the technology especially in the automobile and ancillary industries. Linde India showcased its laser assist gas capabilities at IMTEX 2020, Bangalore. In the exhibition, Linde extended its technical support to strategic Laser Original Equipment Manufacturers (OEMs) like Trumpf and JFY by supplying high pressure 230 bar Nitrogen Manifolded Cylinder Pallets (MCP). This is a USP for Linde as it contains 50% more gas against similar competitor offerings.

#### Special Gases & Chemicals

Some of the pioneering growth projects carried out in 2020 in this business include MRI cooling with liquid helium, a first of its kind installation in India; upgrading of the helium transfill station at Taloja to 300 bar for cost optimisation and setting up the Company's second MAPAX manufacturing unit in India.

#### Customer Experience

Linde India Gases business tracks customer experience on a defined metric system with different customer satisfaction indices (CSI). The combined analysis of the various indices gives Linde India a score for the Customer Experience. Company's CX performance is measured on 3 Key Performance Indicators (KPI) for query/complaint resolution. In 2020, KPI 1 (acknowledgement) was 100%, KPI 2 (response) & KPI 3 (resolution) were 99%.

Linde India Gases business was audited for ISO 10002:2018 & ISO 10004:2018 compliance for its Customer Experience program in December 2020. The processes implemented during this certification will help Linde India identify the areas of perceived, expected & actual service levels through benchmarking against a global standard. The audit will be conducted annually.

Linde India has commenced multiple digitalization programs in 2020. These programs are designed to improve customer experience and ease of doing business, primarily through digitalizing different aspects of processes & platforms.

#### Distribution

The Distribution function, which takes care of the supply chain in the Gases business is key to its strategy. As mentioned in earlier years, the supply chain 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 the packaged gases business.

The year 2020 was an extremely challenging year as the Company was required to cater to sudden and sharp jump in medical oxygen supplies arising from Covid-19, which included managing 2-3 fills in some hospitals in a day. As part of the safety protocols, your Company was quick to ensure provision of proper PPE for the crew and diligently followed vehicle and cylinder sanitization protocol so as to protect the crew and Deliver team from the risk of any infection.

On the System Integration front, we implemented new Logistic Management System called LMS, a new network optimization tool to leverage best distribution efficiency and customer satisfaction. During the year, the Company continued its focus on improving efficiency of the distribution function by grounding low capacity old VITTs and reducing the fleet size. With several innovative efficiency programs, we could improve delivered quantity per trip by about 7%, reducing product loss in distribution by about 6% and reducing return of undelivered products by about 4%.

Transport Safety, however, remains a challenge area and the Company has given high priority to this with a view to overcome and mitigate the safety risks involved in distribution of products. Taking the safety journey forward, we have upgraded the Transport Operation Center to ensure any fatigue and distraction events are identified and immediate actions are triggered to stop the vehicle from any untoward incident. All our bulk vehicles and most of the PGP vehicles are equipped with 5 sets of camera, and the entire journey is now captured through Digital Video Recorder from all angles, which is being reviewed and used for driver training and route risk assessment. Entire driver risk profiling is now being managed digitally with minimum manual inputs and the same forms the basis for driver reward mechanism.

Your Company has also given a sharp focus on driver risk profiling and categorizing as High, Medium and Low, driver training need analysis, digital identity cards for drivers for monitoring of service hours, etc. with a view to overcome the various challenges in transportation, which has also resulted in reduced transport related incidents in the Company.

## Project Engineering

The Project Engineering Division (PED) comprises the business of design, engineering, supply, installation, testing and commissioning of Air Separation plants and related projects on turnkey basis. The Project Engineering Division is having a U stamp certified manufacturing works to fabricate core proprietary equipment such as distillation columns for air separation plants, cryogenic liquid storage tanks, Ambient and steam bath vaporizers, Process vessels, LINIT plants, small sized cold boxes, containerized micro plants for cylinder filling for in-house use as well as for sale to third party customers. During the year under review, PED received IMS certificates (ISO 9001, 14001, 18001) for their EPC business, which is achievement of a milestone.

The Division's order intake during the year 2020 stood at Rs. 6,640 million, which mainly consisted of a large value order from HPCL Rajasthan Refinery Ltd. for setting up a "Compressed air & N2 plant package" at their green field refinery site on turnkey basis at Barmer, Rajasthan. This has been the largest ever order won by the Division so far. Besides, the Division also received an order from Praxair India Private Ltd. for setting up a 630 tpd Air Separation Unit for IOCL Paradeep Refinery in Paradeep, Odisha. Apart from this, the Division also received an order for setting up a "Compressed air & Cryogenic N2 plant package" from IOCL Refinery Division for their Acrylics/Oxo-alcohol project at IOCL Dhumad complex near Gujarat Refinery.

During the year under review, the Division had to operate under challenging working conditions arising from prolonged countrywide lockdown due to Covid-19, which was followed by the phased unlocking of the economy. The Division successfully commissioned several projects, which include 2200 tpd ASU (Plant 2) for JSW at Dolvi, Maharashtra, 200 tpd Merchant ASU for INOX AP at Modinagar (U.P), 2 X 91 tpd VPSA O<sub>2</sub> plant for Bharat Oman Refinery Ltd. at Bina (M.P), N<sub>2</sub> plant for HPCL Mittal Energy Ltd. at their Bhatinda petrochemical complex and N<sub>2</sub> plant for Ramagundam Fertilizer & Chemical Ltd. at Ramagundam (Telangana). The Division is currently at various stages of execution of several projects for compressed air and nitrogen plants in certain large refineries across India.

As on 31 December 2020, the order book position of PED for third party projects stood more than Rs.11,000 million.

## Opportunities and Threats

At the macro-economic level, the recent trends of slowing of the Indian and major global economies has been one of the major threats to global prosperity. In recent times, India has seen contraction in several core sectors and in fact witnessed negative growth in IIP towards the end of 2019 and even the early signs of 2020 were no different. The ongoing downtrend in the automotive segment, which is one of the important end user industry segments has also been a cause of some concern. This obviously impacts the fortunes of the gases industry in India. Some of the risks covered under the Risk Management section in

this report may also be considered as threats in short to medium term. The geo-political tensions may also pose some challenges to the global growth in the near future. However, the outbreak of Covid-19 pandemic has emerged as one of the largest threats to human beings, ultimately having potential to cause disruption of economic activity and industries, trade and commerce. While the unlock after the prolonged lockdown earlier seen during the year 2020 and the early signs of improvements in the Covid-19 situations offers some hope, the potential danger of the second wave of Covid-19 cannot be ruled out. Therefore, the future impact of Covid-19 on the business operations is difficult to assess at present, as the situation is dynamic and is evolving.

As mentioned in the last year's annual report, the Government of India's stated aspiration of becoming a USD 5 trillion economy by 2025, the Make in India and the Atmanirbhar Bharat programs create optimism and can provide great opportunities for growth in the medium to long term. In view of the recent developments however, this goal of a USD 5 trillion economy as above looks highly aspirational. As part of the Atmanirbhar Bharat package, the Government had provided a boost to the manufacturing sector via Production-Linked Incentive (PLI) scheme and as much as Rs.1.97 lakh crore is expected to be spent between 2021-26 in sectors such as electronics, automobiles/auto components, pharma, telecom and textiles to enhance domestic manufacturing capacities. This presents diverse opportunities in various end use industry segments.

The Government of India's commitment to boost economic growth by investing in infrastructure development, as per the recent budget estimates is another major opportunity. The Government has unveiled multimillion-dollar National Infrastructure Pipeline (NIP), with projects spread across 18 States over the next five years up to 2025. The sectors such as energy (24%), roads (19%), urban development (16%) and railways (13%) will account for around 70% of the projected capex. It is estimated that to achieve a USD 5 trillion economy by fiscal year 2025, India needs to spend a whopping USD 1.4 trillion on infrastructure. Infrastructure accounts for 25-30% of steel consumption, and this growth is thus expected to boost domestic steel demand in the coming years. The manufacture of new vehicles meeting BS VI norms is likely to provide the required boost to the automotive sector. Directionally moving towards a scrappage policy on Passenger Vehicles older than 20 years and Commercial Vehicles over 15 years is also expected to boost replacement demand in the automobile sector. These developments in the automotive segment can benefit the gases industry.

Healthcare sector, which has been India's fastest growing businesses, and which offers high employment opportunities looks very promising and the ongoing Covid-19 pandemic is an important trigger for it to grow at a tremendous pace in the near future. The evolving situation may result in building of new hospitals and provision of additional beds for providing hospital care facility for the large population in the country. This is expected to give a fillip to the growth of the medical gases and pharma sector in the country, both of which augur well for the gases industry.

The Indian food and beverage market is projected to grow at a CAGR of 7.2% during 2019 – 2024. As a member of the Linde plc group, the suite of application technologies available to the Company especially in food freezing and food packaging industry in India such as shrimp freezing, fish glazing, etc. are likely to emerge as robust opportunities in the years ahead. The Company's dedicated food lab at Vijayawada is expected to act as a catalyst to capture this growth in the F&B sector.

Besides, the rationalisation of custom duties, import duties and anti-dumping duties on several equipment may result in opportunities in diverse industry segments, which may be beneficial to the gases industry in India. The expansion program of various refineries as well as the Steel sector is expected to create enormous opportunities for the Project Engineering Division.

## Risk Management

Your Company's business faces various risks - strategic as well as operational in both 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. Your Company has been holding risk workshops periodically to refresh its risks in line with the dynamic and ever-changing business environment and the last refresher risk workshop was conducted on 27 June 2019, which was attended by senior management team of the Company with a view to refresh the various risks facing the business of the Company. The risks being addressed by the Company during the year under review included risk relating to aggressive capacity addition by competitors, risk from new global gas players who may have access to lower capital cost or cheaper product offerings, risk of integrated Steel plants owning ASUs in future, risk arising from delay in setting up new organisation structure, and more importantly the risk from Covid-19, etc.

The most significant emerging risk is the ongoing outbreak of the novel coronavirus (Covid-19). This has presented the world with one of the most challenging times ever. The outbreak of Covid-19 and its rapid acceleration across the globe during 2020 was indeed concerning. Your Company had as a matter of strategy to mitigate this risk, ensured strict adherence to the guidelines issued by the Government of India and the various State Governments as well as the Linde group's internal protocols at all its operating sites and offices and in its business operations to overcome the crisis.

Your Board of Directors provides oversight of the risk management process in the Company and reviews the progress of the action plans for the identified key risks with a distinct focus on top 5 key risks on a quarterly basis.

The Company has a Risk Policy with a view to provide a more structured framework for proactive management of all risks related to the business of the Company and to make it more certain that the growth and earnings targets as well as strategic objectives are met.

## Finance

During the year 2020, your Company made full repayment of Rupee Term loan aggregating to Rs. 1,000 million in May 2020 to Citicorp Finance (India) Ltd. from the proceeds of the South Region Divestment Business and internal accruals. The aforesaid term loan was availed to fund ongoing small capital expenditure and working capital requirements. Because of the applicability of high pre-payment penalty, the rupee term loan was repaid only on its maturity in May 2020.

The Company had earlier entered into an MOU with Mindstone Mall Developers Private Ltd., a company having its registered office in Mumbai, Maharashtra for sale/disposal of land and buildings pertaining to its closed factory (Packaged Gases Plant) at 48/1, Diamond Harbour Road, Kolkata - 700 027 for an aggregate consideration of Rs. 3,000 million on "as is where is" basis. The operations of the aforesaid Packaged Gases Plant (factory) at Kolkata were earlier shifted to the existing packaged gases site at Uluberia, Howrah. As on 31 December 2020, the Company received an aggregate sum of Rs. 500 million from Mindstone Mall Developers Private Ltd. as advance payment towards the sale of the aforesaid factory land and buildings and the balance payment of Rs. 2,500 million has been received in FY 2021 on 9 February 2021 on the execution of the conveyance deed by the Company in favour of the purchaser.

As on 31 December 2020, your Company had 'zero' outstanding borrowings. As at 31 December 2020, the Company has parked the surplus funds aggregating to Rs. 3,119.55 million by way of term deposits with its banks.

There were no material changes and commitments affecting the financial position of the Company, which occurred between the end of the financial year to which these financial statements relate and the date of this report.

## Credit Rating

The Company's total bank facilities - both fund-based and non-fund based are rated by CRISIL, which has reaffirmed its long-term credit rating of CRISIL AA with Stable outlook for the aforesaid facilities. The rating denotes high degree of safety regarding timely servicing of financial obligations.

**Large Corporates Disclosure for Fund raising through Debt securities**  
During the year, your Company repaid in full the old Rupee Term loan aggregating to Rs. 1,000 million in May 2020. As a result of the same, your Company no longer meets the criteria specified by SEBI for large corporates for fund raising through debt securities.

## Deposits

During the year, the Company has not accepted any deposits from public under Chapter V of the Companies Act, 2013.

## Significant and Material Orders passed by the Regulators or Courts

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

## Particulars of loans, guarantees or investments

The particulars of loans, guarantees given and investments made during the year under Section 186 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this Report. [Annexure 3]

## Investor Education and Protection Fund

During the year under review, your Company transferred the 58th unpaid/ unclaimed dividend amount of Rs. 0.65 million for the financial year ended 31 December 2012 to the Investor Education and Protection Fund in compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013 within the meaning of relaxations granted by the Ministry of Corporate Affairs vide its General Circular no. 12/2020 dated 30 March 2021 and clarified by General Circular No. 16/2020 dated 13 April 2020. In compliance with these provisions read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company also transferred 21,833 shares held by 176 shareholders to the Demat Account of the IEPF Authority on 18 January 2021, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of 7 years. Pursuant to the aforesaid provisions, the transfer of these equity shares to the Demat Account of the IEPF Authority became due on 23 June 2020. However, the Company and its Registrars, Link Intime India Private Ltd. faced various difficulties and challenges in meeting the various procedural requirements including reconciliation and despatch of individual reminder letters to the concerned shareholders as per the IEPF Rules, 2016 in view of the nationwide lockdown mandated by the Government of India that started in March 2020 for preventing the spread of Covid-19 pandemic and the resulting work from home conditions. As a result, the 21,833 shares were transferred to the demat account of the IEPF Authority on 18 January 2021 after completing all applicable compliances in this regard.

## Safety, Health, Environment and Quality (SHEQ)

At Linde, our aim truly is to avoid causing any harm to people or the environment and as such Safety remains one of our topmost priority. Compliance with SHEQ rules, standards and procedures are pre-requisite for all employees & contractors and management is committed to ensuring that all personnel are trained and made competent before undertaking any safety critical job for the company.

Covid-19, government & company restrictions was one of the biggest challenges for us to continued supply in the hospitals and maintaining the safety of people at our operational sites & also for distribution partners. To strategically fight with this challenging situation, company came with Covid-19 Health principles which helped to keep our mindset on people's

health at workplace and accordingly various safety precautionary measures have been implemented across the sites with the help of administrative & engineering controls, like business continuity plan, crisis management team formation, return to normal guidelines, modification of SOP's, installation of thermal camera at sites, etc.

Global Safety Commitment Day 2020 was celebrated at all Linde operating units & project sites on 30 November 2020 with theme of Covid-19 health principles & Reconnect with Safety. The objective is to spend time with our colleagues to discuss and to commit to our Health Principles and refresh ourselves on the other key risks that we face, so that we can all navigate the challenging time safely and healthily.

Also, based on the incident analysis we found some critical areas and to focus those, we had conducted safety campaigns on the topic of Rollover, Non-commercial vehicle, Manual Handling & Slip, Trip & Fall.

To strengthen the SHEQ performance a comprehensive SHEQ Annual Operating plan (AOP) introduced with covering the area of improvements in Process safety, Distribution safety, Operational Safety, Behavioural & Personnel Safety, Quality & Environmental safety. Even in the difficult time of Covid-19 also all the functional teams worked hard to compliance the SHEQ AOP.

Due to restriction of travels, we introduced the virtual audit & assessment, communication session, training & campaigns to keep our regular focus on safety compliance.

In view of emergency response & preparation at site an offsite mock drill conducted by Uttarakhand State Government (District Emergency Department) under supervision of NDRF in one of the Onsite operation at Selaqui Dehradun with the scenario of "major earthquake in the area resulting catastrophic rupture of the liquid storage tank", Linde performance was well appreciated by the authorities.

## Human Resources

The year 2020 was a year of transition and one that enabled the HR team to make a paradigm shift in our approach to human resources. The outbreak of Covid19 and the consequent country wide lockdown imposed by the Government of India resulted in a challenging scenario for managing the human resources across all organisations and your Company was not an exception. Besides, dealing with and facilitating the remote working from home, the HR function also provided visible leadership in the integration of the legacy entities, which meant managing a transition of 348 people from Linde India Ltd. to the newly formed JV Company, Linde South Asia Services Private Ltd. (earlier known as LSAS Services Private Ltd.).

The HR team stood up to the challenge and by leveraging technology, was successful in transitioning employees from Linde India Ltd. on to Linde South Asia Services Private Ltd. While the transition was the final outcome, there were lot of activities being done in the background over a period of time, for a seamless integration like harmonization of grades

and salary structure, preparation of job descriptions, adopting best employee policies and connecting with employees individually to help them go through the change. For better alignment of HR with business and to increase the proximity of the HR team with the employees, the HR organization was restructured, and region wise HR Business partners have been assigned so that the overall employee experience is enhanced.

The pandemic and the subsequent remote working that emerged out of it only strengthened our focus on the employee engagement agenda as we transitioned the employee engagement landscape on to the digital platform. Virtual engagement initiatives like – Leadership connect, webinars on mental wellness, talent shows for employees and their families, quiz competition, etc. were organized month on month to ensure that people stay connected. In addition to this we also launched the Employee Assistance Programme (EAP) where employees could access services of external wellness experts and counsellors, through a help line, free of cost. In continuance with our employee engagement agenda, we initiated the HR connect sessions with employees in each location. The idea was to listen to the people’s voice – the issues and concerns which required redressal so that they could focus productively on their deliverables. We had a fruitful interaction on multiple issues like policies, rewards and recognition and learning and development.

In order to ensure that employees continued to learn new skills and upgrade themselves, we leveraged The Learning Platform – an in house digital platform with multiple learning resources like online courses, audio books, book summaries, etc. by launching the Knowledge Fest challenge. We also initiated the Sales Talent Advancement Road map (STAR) – a talent programme for our sales employees across the cluster. The program follows the 70 -20 - 10 principle of learning. It incorporates a blended learning approach to development through focus on building functional skills, developing behavioural and managerial competencies, application through live projects and inhouse mentoring by senior leaders.

Our agenda on diversity and inclusion continued through our employee resource group – SHEROES, a network for women employees to connect and bond with each other. Programmes on Unconscious bias were attended by the leadership team and diversity leads of the South Asia Cluster.

There has been a renewed focus on HR compliance across factories and offices. The scope of compliance has been revised to bring in more rigor in effectively monitoring compliance.

The Company had harmonious employee relations across all its plants and offices in India. As on 31 December 2020, the total manpower strength was 263.

#### Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company remains committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company’s Policy on Prevention of ‘Sexual

Harassment’ is in line with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. Internal Complaints Committee (ICC) has been set up to redress complaints, if any, received regarding sexual harassment. All employees whether permanent, contractual, temporary, etc. have been covered under this Policy. The Policy is gender neutral.

During the year 2020, no complaint alleging sexual harassment was received by the Company. As a preventive measure and to create awareness in this area, the Company has been conducting refresher programs for all permanent and contractual employees.

#### Prescribed Particulars of remuneration

The disclosures pertaining to ratio of remuneration of each Director to the median remuneration of all the employees of the Company, percentage increase in remuneration of each director and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are annexed to this Report. [Annexure 4]

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement containing the names and other prescribed particulars of top 10 employees in terms of remuneration drawn and that of every employee, who if employed throughout the year ended 31 December 2020 was in receipt of remuneration aggregating to not less than Rs. 10.20 million; and if employed for part of the said year, was in receipt of remuneration not less than Rs.0.85 million per month is annexed to and forms part of this Report. However, having regard to the provisions to the first proviso of Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to all the Members of the Company excluding this 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 and the same will be furnished on request and the said information is also available on the website of the Company. None of the employees is covered under Rule 5(3)(viii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended.

#### Corporate Social Responsibility (CSR)

As a member of The Linde plc Group, your Company has been a socially responsible corporate and our core values define the way we operate and create value within the larger society. Linde’s core principles and values form the basis of its CSR policy. Your Company is therefore, committed to behave responsibly towards people, society and the environment for inclusive growth of the society where we operate to conserve natural resources and to develop sustainable products. In line with its CSR Policy, Linde India’s CSR commitment centres around four thematic areas-

Education, Health, Environment and Livelihood (Skill Development) and other areas specified in Schedule VII to the Companies Act, 2013.

Some of the CSR projects/initiatives taken up/sustained during the year under review included expenditure for education of underprivileged children through NGOs such as AIM for Seva in Lucknow and Unnao in the U.P., Disha Foundation in Kolkata, Prem Jyoti Prangan School in Jamshedpur, providing education & other support for blind children through Radhakrishna Drushtihina Vidyalaya in Rourkela and providing special education to differently abled children through Indian Institute of Cerebral Palsy, Kolkata. Your Company also contributed for plantation of 2,500 trees in Sundarbans, West Bengal through Pangea Econetassets Private Ltd. fulfilling its commitment towards environment. Further, during the year, as a part of its endeavour to support disaster relief during the Covid-19 pandemic, the Company made a contribution of Rs. 25 lakhs to the PM CARES Fund, which was set up by the Government of India to combat, contain and provide relief from outbreak of the pandemic. Other such initiatives towards disaster relief included contribution to the NGO Goonj, towards distribution of Family kits for rehabilitation of victims of cyclone Amphan in Sundarbans in West Bengal and distribution of Family Kits amongst poor and needy in Kolkata and its suburbs for fighting Covid-19.

Your Company had spent a total amount of Rs.8.55 million during the year on its various CSR projects/activities as above, against the mandated CSR spend of Rs. 14.08 million as per the Companies Act, 2013. Your Directors wish to state that the CSR Committee and the Board of your Company had approved a total budget of Rs.14.11 million towards its various CSR projects vis-a- vis the statutory CSR spend of Rs. 14.08 million under the Companies Act, 2013. The budget included two main on-going CSR projects viz. the Driver Community project inter alia, covering defensive driver training to make our highways safer and Training of Mid Wives project for reduction of C Section deliveries in select identified parts of India. While the Company was able to implement several of its comparatively easier CSR initiatives, despite the challenges arising from the Covid-19 pandemic and the prolonged nationwide lockdown to prevent spread of the Covid-19, the aforesaid two main ongoing projects could not take off during the year. As such no spend against the budgeted amounts for these two projects could be made during the year. The Company has however, been able to identify the partner and sign the MOU with them for the projects to take them forward in the year 2021. The Board of Directors on the recommendation of the CSR Committee has agreed to carry forward the unspent amount of Rs.5.53 million to be additionally spend in the FY 2021 over and above the statutory CSR spend for the year 2021.

The details of the CSR projects/activities for the year 2020 are covered in the Annual Report on CSR activities, which is annexed to this Report. [Annexure 5]

Your Company encourages volunteering of services by its employees into its CSR initiatives, which are measured as employee days spent on CSR projects.

## Business Responsibility Report

The Linde plc Group published a detailed Sustainable Development Report 2019 during the year under review, which is prepared in accordance with GRI standards. Linde plc Group’s mission of “making our world more productive” reflects its strong belief that Linde is part of the solution to the climate change challenges faced by the world. As a member of the Linde plc Group, your Company has adopted the various policies of its parent, that relate to the 9 principles laid down by Securities and Exchange Board of India for business responsibility reporting by the top 500 listed entities in India based on market capitalisation. As stipulated in Regulation 34(2) of the SEBI Listing Regulations, 2015, your Company has included a Business Responsibility Report as an integral part of the Annual Report for the year 2020 briefly describing initiatives taken by it from an environment, social and governance perspective during the year under review.

## Corporate Governance

As a member of the Linde plc Group, your Company attaches great importance to sound responsible management and good corporate governance. Linde plc follows highest standards in corporate governance and has policies and international best practices to build a strong governance architecture. Your Company remains committed to business integrity, high ethical standards and professionalism in all its activities same as ever. As an essential part of this commitment, the Board of Directors of Linde India Ltd. 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 plc Group, corporate governance is seen as an on-going process. Your Company closely follows the developments in the governance norms and has taken lead in ensuring compliance with the same. A separate report on Corporate Governance along with the certificate of the Auditors, Deloitte Haskins & Sells, LLP, confirming compliance of the conditions of corporate governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this annual report.

#### Board Meetings

A calendar of Board and Committee meetings is agreed and circulated in advance to the Directors. The Board met five times during the year under review, details where of are given in the Corporate Governance Report, which forms part of this Report.

#### Board Membership Criteria

The Nomination and Remuneration Committee of the Company identifies and ascertains the integrity, qualification, expertise, positive attributes and experience of persons for appointment as Directors and thereafter recommends the candidature for election as a Director on the Board of the Company. The Committee follows defined criteria in the process of

obtaining optimal Board diversity which, inter alia, includes optimum combination of executive and non-executive directors, appointment based on specific needs and business of the Company, qualification, knowledge, experience and skill of the proposed appointee etc. The Policy on appointment and removal of Directors, Board Diversity Criterion and Remuneration to Directors/Key Managerial Personnel/Senior Management forms part of the Nomination and Remuneration Policy of the Company, which is available on the Company's website at [www.linde.in](http://www.linde.in).

#### Familiarisation Programme for Directors

In terms of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is required to conduct the Familiarisation Programme for Independent Directors (IDs) to familiarise them about their roles, rights, responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company, etc., through various initiatives. The details of training and familiarization programmes for Directors has been provided under the Corporate Governance Report. Apart from the initial familiarisation program as above, presentations are made to the Board Members at almost all board meetings to enable them to familiarise and update themselves with the changes in the applicable legal framework, competition, industry specific developments, etc. The details of the familiarisation programs held during and up to the year 2020 are available on the Company's website [www.linde.in](http://www.linde.in).

#### Performance Evaluation

During the year, pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee of the Board reviewed the process and criteria used in the previous year for evaluating the performance of the Board, its Committees, Chairman of the Board and the individual directors. Like the previous year, an online platform was provided to the Directors for participating in the performance evaluation process, which contained a structured questionnaire for seeking feedback from the directors on certain pre-defined attributes applicable to them, including some specific ones for the Independent Directors. More details about the performance evaluation process followed by the Board is provided in the Corporate Governance Report.

#### Declaration of Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Certificate for non-disqualification of Directors

On an annual basis, the Company obtains from each Director, details of their Board and Committee positions he/she occupies in other Companies and changes, if any regarding their Directorships. The Company has obtained a certificate dated

27 February 2021 from M/s. P Sarawagi & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such authority and the same forms part of this report.

#### 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.

Your Board has in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approved several policies on important matters such as related party transactions, risk management, nomination and remuneration of directors and senior managers, whistle blower mechanism, CSR, insider trading, practices and procedures for fair disclosure of unpublished price sensitive information, materiality of events/ information, preservation of documents, etc., which provide robust guidance to the management in dealing with such matters to support internal control. The Company reviews its policies, guidelines and procedures of internal control on an on-going basis in view of the ever-changing business environment.

During the year, MSKA & Associates, were engaged by the Company for reviewing the framework of its existing internal financial controls across the Company and testing of the operating effectiveness of various internal controls in the organisation. MSKA & Associates has submitted a report to the Audit Committee on their findings based on the testing of the key controls for the year 2020. The Statutory Auditors of the Company have also independently reviewed internal financial controls over financial reporting and MSKA & Associates as well as the Statutory Auditors have confirmed that these controls were operating effectively as at 31 December 2020. As stated in the Responsibility Statement, your Directors have confirmed that based on the reviews performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and the reviews undertaken by the management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls have been adequate and effective during the financial year 2020.

#### Directors

There has been no change in the Board of Directors of your Company since the last Annual General Meeting held on 18 September 2020.

Mr Robert John Hughes and Ms Cheryl Wei Ling Chan, who were earlier appointed as Additional Directors by the Board in the year 2019 were appointed as Directors of the Company at the 84th Annual General Meeting of the Company held on 18 September 2020.

Mr Robert John Hughes, a Non-Executive Director and Chairman of the Company retires by way of rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Necessary resolution for approval of re-appointment of Mr Hughes as a Director of the Company is included in the Notice of the ensuing Annual General Meeting. The Board recommends the aforesaid resolution for your approval.

#### Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the present Key Managerial Personnel of the Company are Mr Abhijit Banerjee, Managing Director, Mr Anupam Saraf, Chief Financial Officer (CFO) and Mr Pawan Marda, Asst. Vice President and Company Secretary. During the year under review, Mr Subhabrata Ghosh, the erstwhile Chief Financial Officer of the Company had resigned from the Company with effect from close of business hours on 16 October 2020. In view of Mr Ghosh's resignation, Mr Anupam Saraf had been appointed by the Board as the Chief Financial Officer of the Company with effect from 11 November 2020.

#### Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit and reviews performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and the reviews undertaken by the management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls have been adequate and effective during the financial year 2020.

As required by Sections 134(3)(c) and 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge and belief state and confirm:

- that in preparation of the annual financial statements for the year ended 31 December 2020, applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- that they had selected such accounting policies and applied them consistently and made 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 of the Company for that period;

- that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the aforesaid annual financial statements have been prepared on a going concern basis;
- that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder.

#### Secretarial Standards

The Company has proper systems in place to ensure compliance with the provisions of the applicable standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

#### Related Party Transactions

All related party transactions entered during the year were in ordinary course of business and on arm's length basis and the same have been disclosed under Note 45 of the Notes to the Standalone Financial Statements. No material related party transactions, that is, transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements were entered during the year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable. Considering the dynamic business environment and the need to pursue growth opportunities, your Company expects that its transactions with any one or more of its related parties viz. Linde plc, Linde GmbH, The BOC Group Ltd. and Praxair India Private Ltd. from 1 January 2021 may meet the criteria of materiality as per the SEBI Listing Regulations, 2015. Your approval for the proposed material related party transactions is sought by way of an ordinary resolution, which forms part of the agenda of the 85th Annual General Meeting. Your Directors recommend the said ordinary resolution for your approval.

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with Section 134(3)(m) read with Companies (Accounts) Rules, 2014 are annexed to this Report. [Annexure 6]

## Annual Return and Extract of Annual Return

An extract of Annual Return as on the financial year ended 31 December 2020 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended, is set out as an annexure to the Directors' Report and forms part of this Annual Report. [Annexure 7].

A copy of Annual Return of the Company for the financial year ended 31 December 2019 in Form MGT-7 has been placed on the website of the Company at [https://www.linde.in/en/images/Linde\\_Form\\_MGT-7\\_tcm523-635311.pdf](https://www.linde.in/en/images/Linde_Form_MGT-7_tcm523-635311.pdf).

## Outlook

The Indian economy which had been slowing during most part of 2019, was jolted by the outbreak of Covid-19 pandemic towards the later part of March 2020. As a result of this, with a view to prevent the spread of Covid-19, countrywide lockdown was imposed by the Government of India effective from 25 March 2020. Several countries across the globe had to resort to similar lockdowns for extended periods resulting in a grave disruption to humanity as well as economic activities across the globe. As the lockdown in India was extended for prolonged period till 1 June 2020, the economy had to face a very challenging times with uncertainties and complexities arising out of Covid-19.

The gradual unlocking of the economy however, resulted in a V shape recovery on the back of pent up demand, with several industry segments including steel, automotive, pharmaceutical, chemicals, cement, food and beverages, power, engineering, construction, etc. delivering strong performance. Indian economy, in particular domestic steel demand, which is a major catalyst to the gases business has shown sustainable and robust signs of improvement since then with accommodative policies, government spending and relaxation in mobility restrictions. This has been evidenced by various economic indicators and data such as GST collections, E-way bills, etc. The Government of India's stimulus measures and focus on the Atmanirbhar Bharat program is expected to result in sustainable revival in the economy.

The Covid-19 pandemic has also brought to the fore the urgency to ramp up the hospital infrastructure in the country as well as the supplies of medicines and oxygen, which augurs well for your Company. The revival of various other end user segments also shows signs of optimism for the fortunes of the gases industry in the medium to long term. The continued focus of the Company on its application technologies from the large suite of applications available within the Linde plc group, also augurs well for the company.

The Project Engineering Division enjoys comfortable order book, which stood at Rs. 11,000 million as at 31 December 2020. The growth and expansion programs in the various refineries as well as the Steel sector are expected to create enormous opportunities for the Project Engineering Division.

While, the Indian growth story leads to optimism, the Covid-19 pandemic remains as an ongoing risk and the Company continues to deal with the same in its business operations. Some concerns remain on the Covid front despite the vaccination drive initiated by the Government. However, your Board and management team is confident of the technological support and resilient business model of Linde plc group in driving the profitable growth agenda and continues to stay focused on the business and the future potential of the Company.

## Auditors

### Statutory Audit

Messrs Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm's Registration No. 117366W/W-100018) was appointed as the Statutory Auditors of the Company at its 81st Annual General Meeting from the conclusion of the said meeting and hold office until the conclusion of the 86th Annual General Meeting in the year 2022.

The reports of the Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants on the standalone and consolidated financial statements of the Company for the year 2020 form part of this Annual Report. The Statutory Auditors have submitted an unmodified opinion on the audit of financial statements for the year 2020 and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

### Secretarial Audit

The Board of Directors of the Company had appointed M/s. P Sarawagi & Associates, a firm of Company Secretaries pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for undertaking the secretarial audit of the Company for the year 2020. In terms of the provisions of Section 204(1) of the Companies Act, 2013, a Secretarial Audit Report dated 27 February 2021 in Form MR-3 given by the Secretarial Auditor is annexed with this Report. The observation made by the Secretarial Auditors in their Report about delay in transfer of 21,833 equity shares to the demat account of the IEPF Authority has been explained in the Investor Education and Protection Fund section of this report. The Report confirms that other than the above delay, the Company had complied with the statutory provisions listed under Form MR-3 and the Company also has proper board processes and compliance mechanism. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. [Annexure 8]

## Cost Audit

In terms of Section 148 of the Companies Act, 2013, the Company is required to have the audit of the cost accounting records conducted by a Cost Accountant. Messrs Bandyopadhyaya Bhaumik & Co., a firm of Cost Accountants conducted this audit for the Company's financial year ended 31 December 2019 and submitted their report to the Central Government in Form CRA 4 on 22 September 2020. The audit of the cost records for the year 2020 is being conducted by M/s. Mani & Co., the Cost Auditor appointed last year.

As already informed last year, with a view to get the benefits of rotation, the Board of Directors of the Company had on the recommendation of the Audit Committee appointed M/s. Mani & Co., Cost Accountants having registration no. 000004 as the Cost Auditor for the year ended 31 December 2020 to conduct cost audit under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time. In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company and appropriate resolution in this regard forms part of the Notice convening the AGM.

## Acknowledgements

Your Directors thank the bankers, customers, dealers, suppliers and all other business associates and the shareholders of the Company for their continued support during the year under review. Your Directors also place on record their appreciation of the contribution made by the employees of the Company at all levels, more particularly the Covid warriors and the frontline distribution team for their unwavering commitment in combating the challenges posed by Covid-19.

Your Directors are also pleased to note the valuable support and cooperation received from the various Government departments and agencies amidst the challenging times and look forward to their continued support in the future. The Board is very thankful to the Linde plc Group for their strategic inputs, guidance and support in various operational and functional areas. This has helped the Company to attain higher standards in every sphere of performance.

## 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

**R J Hughes**  
Chairman  
DIN: 08493540

**A Banerjee**  
Managing Director  
DIN: 08456907

Thailand  
1 March 2021

Kolkata  
1 March 2021

# Annexure to directors' report.

[Annexure - 1]

## Dividend Distribution Policy

### 1. Preamble:

This Dividend Distribution Policy has been made pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 2. Effective Date:

The Policy shall become effective from the date of its adoption by the Board, i.e., 11th February 2017.

### 3. Definitions:

- 'Act' means the Companies Act, 2013 including any amendments or modifications thereof.
- 'Board' means the Board of Directors of the Company.
- 'Company' means 'Linde India Limited'.
- 'Policy' means 'Dividend Distribution Policy'.
- 'Applicable law' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any other law or regulations as may be applicable to the Company from time to time.

### 4. Declaration:

The Company shall strive to declare a steady stream of dividends to the shareholders keeping their long term interest in mind. The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, as in force and as amended from time to time.

### 5. Circumstances under which the shareholders of the Company may or may not expect dividend:

The decision regarding dividend payout is a crucial decision as it determines the amount of profit to be distributed among

shareholders of the Company and the amount of profit to be retained in business. The Company follows policy of consistent dividend payment to its shareholders and reasonably expects to continue declaring dividend in future as well, unless restrained by loss/inadequacy of profits during any financial year or any unforeseen circumstances.

### 6. Factors to be considered for Dividend Payout:

The Board will consider various internal and external factors, including but not limited to the following before making any recommendation for dividend on equity shares:

- Stability of earnings.
- Cash flow position from operations.
- Future capital expenditure, inorganic growth plans, etc.
- Industry outlook and stage of business cycle for underlying businesses.
- Leverage profile and capital adequacy metrics.
- Overall economic / regulatory environment.
- Interim dividend paid, if any, based on the performance during the year.
- Past dividend trends.
- Such other factors as the Board considers appropriate.

### 7. Utilization of retained earnings:

The Company would utilize its retained earnings in a manner which is beneficial for the long term growth objectives of the business which will, inter-alia, include meeting the Company's growth plans, debt repayments, other contingencies, etc.

### 8. Disclosure:

This Policy will be available on the Company's website and in the Annual Report of the Company.

### 9. Authority to make alterations:

The Board of Directors of the Company may review and amend this policy from time to time.

On behalf of the Board

**R J Hughes**  
Chairman  
DIN: 08493540

**A Banerjee**  
Managing Director  
DIN: 08456907

Thailand  
1 March 2021

Kolkata  
1 March 2021

# Annexure to directors' report.

[Annexure - 2]

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures [FORM AOC-1]

Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

### Part "A": Subsidiaries: Not Applicable

### Part "B": Associates and Joint Ventures

Name of Joint Venture	Bellary Oxygen Company Pvt. Ltd.	Linde South Asia Services Pvt. Ltd.
1. Latest Audited Balance Sheet Date	31 March 2020	N.A.
2. Date on which the Joint Venture was acquired	22 March 2006	24 March 2020
3. Shares of Joint Venture held by the Company as on 31 December 2020		
No. of shares	15,000,000 Equity Shares of Rs. 10 each	2,000,000 Equity Shares of Rs. 10 each
Amount of investment in Joint Venture	Rs. 150,000,000	Rs. 20,000,000
Extent of Holding (in percentage)	50%	50%
4. Description of how there is significant influence	There is significant influence due to shareholding and joint control over the economic activities.	There is significant influence due to shareholding and joint control over the economic activities.
5. Reason why the Joint Venture is not consolidated	Not Applicable	Not Applicable
6. Net worth attributable to Shareholding as per latest Audited Balance Sheet	Rs. 406.33 million*	Rs. 36.59 million*
7. Profit/(Loss) for the year		
i. Considered in consolidation	Nil (Since classified as Asset Held for Sale)	Rs. 17.04 million
ii. Not considered in consolidation	Rs. 75.00 million	Rs. 17.04 million

\*50% share of the net worth as per the unaudited financials as on 31 December 2020.

On behalf of the Board

<b>Robert J Hughes</b> Chairman DIN: 08493540	<b>Abhijit Banerjee</b> Managing Director DIN: 08456907	<b>Jyotin Mehta</b> Director DIN: 00033518	<b>Anupam Saraf</b> Chief Financial Officer Membership No.: ACA060828	<b>Pawan Marda</b> Asst. Vice President & Company Secretary Membership No: ACS8625
Thailand 1 March 2021	Kolkata 1 March 2021	Mumbai 1 March 2021	Kolkata 1 March 2021	Kolkata 1 March 2021

# Annexure to directors' report.

[Annexure - 3]

## Particulars of Loans, Guarantees or Investments pursuant to Section 134 (3)(g) of the Companies Act, 2013

### A. Amount outstanding as on 31 December 2020:

Particulars	Amount (Rs. in million)	Purpose
Loans given	Nil	-
Guarantees given	Nil	-
Investments made:		
• Bellary Oxygen Co. Pvt. Ltd.	150.00*	Equity Investment
• Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Pvt. Ltd.)	20.00	Equity Investment

\*Investment classified as Asset Held for Sale.

### B. Loans, Guarantees and Investments made during the Financial Year 2020:

Name of the entity	Relation	Amount (Rs. in million)	Particulars of loans, guarantees given or investments made	Purpose for which the loans, guarantees and investments are proposed to be utilized
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Pvt. Ltd.)	Joint Venture Company	20.00	Subscription to 2,000,000 equity shares of Rs. 10/- each at par	Equity Investment

On behalf of the Board

**R J Hughes**  
Chairman  
DIN: 08493540

**A Banerjee**  
Managing Director  
DIN: 08456907

Thailand  
1 March 2021

Kolkata  
1 March 2021

# Annexure to directors' report.

[Annexure - 4]

## Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### 1) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company, percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2020:

Median remuneration of the employees of the Company for the financial year 2020	Rs. 1,011,933
The percentage increase in the median remuneration of employees in the financial year 2020	12.47*
The number of permanent employees on the rolls of the Company as on 31 December 2020	263

\*The % increase reflected above is due to higher median remuneration at the year end as a result of transition of 348 employees from Linde India to the JV company during FY 2020.

Name of Director/KMP	Remuneration (Rs. in million)	Ratio of remuneration of each Director to median remuneration of the employees of the Company	% increase in remuneration in the financial year 2020
<b>• Non-Executive Directors</b>			
Mr Robert John Hughes	Nil	N. A.	N. A.
Ms Cheryl Wei Ling Chan	Nil	N. A.	N. A.
<b>• Independent Directors*</b>			
Mr Arun Balakrishnan	2.25	2.22	-4.25%
Mr Jyotin Mehta	2.60	2.57	-2.80%
Dr Shalini Sarin	2.02	2.00	-3.57%
<b>• Executive Director</b>			
Mr Abhijit Banerjee, MD	15.21	15.03	Nil
<b>• Key Managerial Personnel (other than MD)</b>			
Mr Subhabrata Ghosh, CFO (01.01.2020 – 16.10.2020)	7.74	N. A.	Nil
Mr Anupam Saraf, CFO (11.11.2020 – 31.12.2020)	1.54	N. A.	N. A.®
Mr Pawan Marda, CS	7.95	N. A.	Nil

\*Independent Directors remuneration includes sitting fees and commission for the financial year 2020.

®Annual increase not applicable during the year.

### 2) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and exceptional circumstances for increase in the managerial remuneration, if any:

The average percentage increase made in the salaries of permanent employees other than the managerial personnel and the managerial remuneration was nil. During the year, with a view to reduce its fixed costs, the Company inter-alia effected salary cuts ranging from 5-25% of its permanent employees from May – September 2020 to mitigate the effect of Covid-19 pandemic.

### 3) It is hereby affirmed that the remuneration paid during the year is as per the remuneration policy of the Company.

On behalf of the Board

**R J Hughes**  
Chairman  
DIN: 08493540

**A Banerjee**  
Managing Director  
DIN: 08456907

Thailand  
1 March 2021

Kolkata  
1 March 2021



# Annexure to directors' report.

[Annexure - 5]

## Annual Report on Corporate Social Responsibility

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.	<p>Your Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society where we operate, to conserve natural resources and to develop sustainable products. The CSR Commitment of your Company is centred around four thematic areas, viz. Education, Health, Environment and Livelihood (Skill Development) and other areas or subjects specified in Schedule VII of the Companies Act, 2013.</p> <p>The CSR Policy of the Company is available on the Company's website at <a href="http://www.linde.in/en/corporate_responsibility/publications/index.html">http://www.linde.in/en/corporate_responsibility/publications/index.html</a>.</p> <p><b>Brief overview of CSR projects/programmes</b></p> <p>Some of the key CSR projects/programmes of Linde India during 2020 are as follows:</p> <p><b>Education:</b> The Company's CSR projects/programmes on Education are intended to support promoting and providing access to basic education for underprivileged/differently abled children. The Company's CSR projects/programmes during the financial year 2020 included expenditure for education of underprivileged children through NGOs such as AIM for Seva in Lucknow and Unnao in Uttar Pradesh, Disha Foundation in Kolkata, Prem Jyoti Prangan in Jamshedpur, providing education &amp; other support for blind children through Radhakrishna Drushtihina Vidyalaya in Rourkela and differently abled children through Indian Institute of Cerebral Palsy, Kolkata.</p> <p><b>Health:</b> The Company's CSR project/programmes on Health are intended to improve the quality of care giving, preventive health care, etc.</p> <p><b>Environment:</b> The Company's CSR project/programmes on Environment are intended towards its commitment to environmental protection and supporting plantation of trees, access to clean water, etc. which included plantation of 2,500 trees in Sundarbans, West Bengal through Pangea Econetassets Pvt. Ltd.</p> <p><b>Livelihood (Skill Development):</b> The Company's CSR projects/programmes on Livelihood are aimed at promoting alternate livelihood and supporting development of vocational skills amongst underprivileged people.</p> <p><b>Other Areas:</b> During the year, as a part of its endeavour to support disaster relief during the Covid-19 pandemic, the Company made contribution to the PM CARES Fund, which was set up by the Government of India to combat, contain and provide relief from outbreak of the pandemic. Other such initiatives included contribution to the NGO Goonj towards distribution of Family kits for rehabilitation of victims of cyclone Amphan in Sundarbans in West Bengal and distribution of Family Kits amongst poor and needy in Kolkata and its suburbs for fighting Covid-19.</p>
2.	The Composition of the CSR Committee	Please refer to the Corporate Governance Report for the composition of the CSR Committee.
		Rs. in million
3.	Average net profit of the Company for the last three financial years	704.15
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	14.08
5.	Details of CSR Spend during the financial year 2020	
	a) Total amount to be spent for the financial year	14.08
	b) Total amount spent during the year	8.55
	c) Amount unspent, if any	5.53

d) Manner in which the amount was spent during the financial year 2020 is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects/ Programmes coverage [State and District]	Amount outlay [budget] (Rs.)	Amount spent on the Project/Programs		Cumulative expenditure up to 31 Dec. 2020 (Rs.)	Amount spent Direct/through implementing agency
					Direct expenditure (Rs.)	Overheads (Rs.)		
1.	Maintaining student hostel for underprivileged students	Education	Uttar Pradesh, Lucknow & Unnao	500,000	768,000	-	768,000	Through AIM for Seva
2.	Adoption of Balwadi section for education of children in the age group of 2-5 years	Education	West Bengal, Kolkata	500,000	550,000	-	550,000	Through Disha Foundation
3.	Sponsoring one classroom of junior academics for needy children with varying disability	Education	West Bengal, Kolkata	500,000	513,018	-	513,018	Through Indian Institute of cerebral Palsy
4.	Repair and painting of school building and toilets for underprivileged children	Education	Jharkhand, Jamshedpur	500,000	500,000	-	500,000	Through Prem Jyoti Prangan
5.	Contribution for providing education & other support for blind children	Education	Odisha, Rourkela	500,000	502,000	-	502,000	Through Radhakrishna Drushtihina Vidyalaya
6.	Driver Community Project- Defensive driver training, scholarships, etc. for their children (ongoing CSR project)	Livelihood (Skill development) & Education	Delhi - NCR	2,500,000	-	-	-	Not Applicable as there was no spend on this CSR project during the year
7.	Training program for mid-wives for reduction of C-section deliveries (ongoing CSR project)	Health	Haryana, Bhiwadi	2,500,000	-	-	-	Not Applicable as there was no spend on this CSR project during the year
8.	Project Trees for Tigers - Plantation of 2,500 trees in Sundarbans	Environment	West Bengal, Sundarbans	212,500	212,500	-	212,500	Through Pangea Econetassets Private Limited
9.	Contribution towards disaster relief to families affected due to nationwide lockdown for containment of Covid-19	Others (Disaster Relief)	West Bengal, Kolkata & suburbs	1,500,000	1,500,000	-	1,500,000	Through Goonj

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects/ Programmes coverage [State and District]	Amount outlay [budget] (Rs.)	Amount spent on the Project/Programs		Cumulative expenditure up to 31 Dec. 2020 (Rs.)	Amount spent Direct/through implementing agency
					Direct expenditure (Rs.)	Overheads (Rs.)		
10.	Contribution towards disaster relief and rehabilitation of people affected by cyclone Amphan	Others (Disaster Relief)	West Bengal, Sundarbans 24 Parganas	1,500,000	1,500,000	-	1,500,000	Through Goonj
11.	PM CARES Fund for supporting disaster relief from Covid-19	Others (Disaster Relief)		2,500,000	2,500,000	-	2,500,000	Direct
12.	CSR Projects around 'mother and child'	Health		900,000	-	-	-	Through identified NGO
<b>Total</b>				<b>14,112,500</b>	<b>8,545,518</b>	<b>-</b>	<b>8,545,518</b>	
6.	<b>Reason for failure to spend two per cent of average net profits of the last three financial years or any part thereof</b>			The CSR Committee and the Board of Directors of the Company had approved a total budget of Rs.14.11 million towards its various CSR projects vis-a-vis the statutory CSR spend of Rs.14.08 million under the Companies Act, 2013. The budget included two main on-going CSR projects viz. the Driver Community project inter alia, covering defensive driver training to make our highways safer and Training of Mid Wives project for reduction of C-Section deliveries in select identified parts of India. While the Company was able to implement several of its comparatively easier CSR initiatives, despite the challenges arising from the Covid-19 pandemic and the prolonged nationwide lockdown to prevent spread of the Covid-19, the aforesaid two main ongoing projects did not take off during the year and as such no spend against the budgeted amounts for these two projects could be made during the year. The Company has however, been able to identify the partner and sign the MOU with them for the projects to take them forward in the year 2021. The Board of Directors on the recommendation of the CSR Committee has agreed to carry forward the unspent amount of Rs. 5.53 million to be additionally spend in the FY 2021 over and above the statutory CSR spend for the year 2021.				
7.	<b>CSR Committee Responsibility Statement</b>			The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.				

On behalf of the Board

**A Banerjee**  
Managing Director  
DIN: 08456907

**S Sarin**  
Chairperson, CSR Committee  
DIN: 06604529

Kolkata  
1 March 2021

New Delhi  
1 March 2021

## Annexure to directors' report.

[Annexure - 6]

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

#### A. Conservation of Energy

##### (i) Steps taken or impact on conservation of energy:

- The Company continued to optimize plant operations with a view to improve specific power in various plants on an ongoing basis. Following are some of the actions:-
  - Improvement in Oxygen recovery for large ASUs (Jamshedpur 2550 tpd/Rourkela 2X853 tpd /Jamshedpur 1290 tpd) – impact of approx. 400 kw
  - Modifying the compressor surge margin curves to operate efficiently in turndown modes - impact of approx. 200 kw
  - Operating the distillation column at an optimum pressure - savings of approx. 150 kw
  - Stopping of N<sub>2</sub> blower in 2550 tpd permanently and sending the Nitrogen directly to the compressor - impact approx. 180 kw
- Productivity initiatives were taken up at various sites to reduce energy consumption such as loss reduction in LOX/LIN during storage as well as decantation, running of all cooling tower fans at high speed throughout the year leading to lower cooling water supply temperature, removal of commissioning suction strainers from compressors, optimizing on regeneration of heat energy for adsorption units.
- The phasing out of old 3 and 5 KL VITTS by larger capacity VITTS in distribution of liquid products has resulted in reduction of product loss, thereby indirectly contributing to conservation of energy.
- As an ongoing process, all operating sites have been shifting to LED lighting as and when existing lightings need replacement.

##### (ii) Steps taken by the Company for utilizing alternate sources of energy:

The Company has initiated sourcing of renewable energy on short term basis at some of its plants for the operations of the facilities and improving the energy efficiency. The Company has plans to tie up renewable sources of energy on long term basis at its Dahej and Rourkela plant sites during 2021.

##### (iii) Capital investment on energy conservation equipment:

- Investment of approx. Rs. 10 million has been planned for replacement of cooler refurbishing of model predictive controls in one of the ASUs in 2021.

- Ongoing process of purchasing Renewable Energy Certificates to comply with renewable energy obligation.

#### B. Technology Absorption

##### (i) Efforts made towards technology absorption:

Nil

##### (ii) Benefits derived (like product improvement, cost reduction, product development or import substitution):

The plant operations have benefited by new predictive digital tools line such as online partial discharge monitoring for HT motors, equipment condition monitoring for predicting key compressor and motor health, which will also enhance reliability of plants.

##### (iii) Information regarding imported technology (last three years):

Not Applicable

##### (iv) Expenditure on Research and Development:

a) Capital	Nil
b) Recurring	Nil
Total	Nil

#### C. Foreign Exchange Earnings and Outgo

##### Total Foreign exchange used and earned:

Total Foreign exchange used during the year was Rs. 1,133.49 million and total foreign exchange earned during the year was Rs. 617.30 million.

On behalf of the Board

**R J Hughes**  
Chairman  
DIN: 08493540

**A Banerjee**  
Managing Director  
DIN: 08456907

Thailand  
1 March 2021

Kolkata  
1 March 2021

# Annexure to directors' report.

[Annexure - 7]

Form No. MGT 9

Extract of Annual Return

as on financial year ended on 31 December 2020

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014

## I. Registration and other details

i	CIN	L40200WB1935PLC008184
ii	Registration Date	24/01/1935
iii	Name of the Company	LINDE INDIA LIMITED
iv	Category/Sub-category of the Company	Public Listed Company having Share Capital
v	Address of the Registered office and Contact details	Oxygen House, P-43, Taratala Road, Kolkata - 700 088, West Bengal, India Phone No. +91-33-6602 1600, Fax No. +91-33-2401 4206 Website : <a href="http://www.linde.in">www.linde.in</a>
vi	Whether listed company - Yes/No	Yes
vii	Name, Address and contact details of the Registrar and Transfer Agent, if any	Link Intime India Private Limited Regd. Office: C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083, Maharashtra, India Kolkata Office: Room No. - 502 & 503, 6 Brabourne Road, Vaishno Chamber, 5th Floor, Kolkata-700 001 Phone +91-33-4004 9728; +91-33-4073 1698 Fax No. : +91-33-4073 1698

## II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are given below:-

Sl. No.	Name & Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Manufacture of liquefied or compressed inorganic industrial or medical gases	20111	81.57%
2	Construction of utility projects	42209	18.43%

## III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	The BOC Group Limited (a wholly owned subsidiary of Linde plc) The Priestley Centre, 10 Priestly Road, Surrey Research Park, Guildford, Surrey GU2 7XY, England	N.A.	Holding	75%	2(46)
2	Bellary Oxygen Company Private Limited 855 tpd Plant, JSW Steel Ltd. Premises, Torangallu, Bellary, Karnataka - 583 123, India	U40200KA2005P TC036482	Joint Venture	50%	2(6)
3	Linde South Asia Services Private Limited (Formerly known as LSAS Services Private Limited) No.102, Haudin House, No.5, Haudin Road,Bangalore, Karnataka - 560 042	U74999KA2020P TC133007	Joint Venture	50%	2(6)

## IV. Shareholding pattern (equity share capital breakup as percentage to total equity)

### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year on 1 January 2020				No. of Shares held at the end of the year on 31 December 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f) Any other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	6,39,88,443	-	6,39,88,443	75.0300	6,39,63,167	-	6,39,63,167	75.0000	-0.0300
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	6,39,88,443	-	6,39,88,443	75.0300	6,39,63,167	-	6,39,63,167	75.0000	-0.0300
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	6,39,88,443	-	6,39,88,443	75.0300	6,39,63,167	-	6,39,63,167	75.0000	-0.0300
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	91,70,869	0	91,70,869	10.7533	91,54,454	0	91,54,454	10.7341	-0.0192
(b) Alternate Investment Fund	6,51,231	0	6,51,231	0.7636	5,02,425	0	5,02,425	0.5891	-0.1745
(c) Banks/Financial Institutions	7,969	6,898	14,867	0.0174	7,969	6,898	14,867	0.0174	0.0000
(d) Central Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e) State Government(s)	0	29	29	0.0000	0	29	29	0.0000	0.0000
(f) Venture Capital Fund	-	-	-	-	-	-	-	-	-
(g) Insurance Companies	20,46,002	100	20,46,102	2.3992	4,74,003	100	4,74,103	0.5559	-1.8433
(h) Foreign Institutional Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(j) Any other (specify)									
(j - 1) Foreign Portfolio Investor	13,08,192	0	13,08,192	1.5339	17,51,736	0	17,51,736	2.0540	0.5201
<b>Sub-total (B)(1)</b>	1,31,84,263	7,027	1,31,91,290	15.4674	1,18,90,587	7,027	1,18,97,614	13.9505	-1.5169

Category of Shareholders	No. of Shares held at the beginning of the year on 1 January 2020				No. of Shares held at the end of the year on 31 December 2020				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non Institutions</b>									
(a) Bodies corporate									
(i) Indian	14,92,076	17,828	15,09,904	1.7704	8,18,919	17,814	8,36,733	0.9811	-0.7893
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	32,60,078	5,84,160	38,44,238	4.5076	32,16,323	5,74,272	37,90,595	4.4447	-0.0629
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	20,41,364	12,000	20,53,364	2.4077	39,05,553	12,000	39,17,553	4.5935	2.1858
(c) NBFCs registered with RBI	1,500	0	1,500	0.0018	2,525	0	2,525	0.0030	0.0012
(d) Employee Trusts	172	0	172	0.0002	1,236	0	1,236	0.0014	0.0012
(e) Any other (specify)									
(e - 1) Directors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e - 2) Clearing Member	26,137	0	26,137	0.0306	32,883	0	32,883	0.0386	0.0080
(e - 3) Trusts	1,610	0	1,610	0.0019	1,660	0	1,660	0.0019	0.0000
(e - 4) Foreign Nationals	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e - 5) Hindu Undivided Family	2,73,858	0	2,73,858	0.3211	3,93,384	0	3,93,384	0.4613	0.1402
(e - 6) Non Resident Indians (Repatriable)	43,265	4,931	48,196	0.0565	84,708	4,931	89,639	0.1051	0.0486
(e - 7) Non Resident Indians (Non Repatriable)	85,072	0	85,072	0.0998	97,789	200	97,989	0.1149	0.0151
(e - 8) Market Maker	1	0	1	0.0000	1	0	1	0.0000	0.0000
(e - 9) Investor Education and Protection Fund (IEPF) Authority, Ministry of Corporate Affairs	2,60,438	0	2,60,438	0.3054	2,59,244	0	2,59,244	0.3040	-0.0014
<b>Sub-total (B)(2)</b>	<b>74,85,571</b>	<b>6,18,919</b>	<b>81,04,490</b>	<b>9.5029</b>	<b>88,14,225</b>	<b>6,09,217</b>	<b>94,23,442</b>	<b>11.0495</b>	<b>1.5466</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2,06,69,834</b>	<b>6,25,946</b>	<b>2,12,95,780</b>	<b>24.9704</b>	<b>2,07,04,812</b>	<b>6,16,244</b>	<b>2,13,21,056</b>	<b>25.0000</b>	<b>0.0296</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>8,46,58,277</b>	<b>6,25,946</b>	<b>8,52,84,223</b>	<b>100.0000</b>	<b>8,46,67,979</b>	<b>6,16,244</b>	<b>8,52,84,223</b>	<b>100.0000</b>	<b>0.0000</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year on 1 January 2020			Shareholding at the end of the year on 31 December 2020			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	The BOC Group Ltd, U.K., a wholly owned subsidiary of Linde plc	6,39,88,443	75.0300	-	6,39,63,167	75.0000	-	-0.0300
<b>Total</b>		<b>6,39,88,443</b>	<b>75.0300</b>	<b>-</b>	<b>6,39,63,167</b>	<b>75.0000</b>	<b>-</b>	<b>-0.0300</b>

## (iii) Change in Promoters' Shareholding (Specify if there is no change)

Sl. No.	Name of the shareholder	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)	
		Date	No. of Shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	The BOC Group Ltd., U.K., a wholly owned subsidiary of Linde plc						
	At the beginning of the year		6,39,88,443	75.0300		6,39,88,443	75.0300
	Date wise increase/decrease in Promoters shareholding during the year alongwith reason for increase/decrease	27/04/2020	25,276	0.0300	Decrease/Transfer (Market Sale)	6,39,63,167	75.0000
	At the end of the year					6,39,63,167	75.0000

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs &amp; ADRs)

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)		
		Date	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	
1	Nippon Life India Trustee Ltd. A/c Nippon India Multi Cap Fund	At the beginning of the year	01/01/2020	54,23,127	6.3589		54,23,127	6.3589
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-	-
		At the end of the year	31/12/2020	54,23,127	6.3589			
2	Nippon Life India Trustee Ltd. A/c Nippon India Tax Saver (ELSS) Fund	At the beginning of the year	01/01/2020	29,96,500	3.5135		29,96,500	3.5135
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	22/05/2020	-13,251	-0.0155	Decrease/Transfer	29,83,249	3.4980
			29/05/2020	-3,212	-0.0038	Decrease/Transfer	29,80,037	3.4942
			05/06/2020	-88,942	-0.1043	Decrease/Transfer	28,91,095	3.3900
			12/06/2020	-14,738	-0.0173	Decrease/Transfer	28,76,357	3.3727
		At the end of the year	31/12/2020	28,76,357	3.3727			
3	Manish Jain	At the beginning of the year	01/01/2020	0	0.0000		0	0.0000
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	21/08/2020	10	0.0000	Increase/Transfer	10	0.0000
			28/08/2020	25,554	0.0300	Increase/Transfer	25,564	0.0300
			04/09/2020	69,855	0.0819	Increase/Transfer	95,419	0.1119
			11/09/2020	1,18,459	0.1389	Increase/Transfer	2,13,878	0.2508
			25/09/2020	935	0.0011	Increase/Transfer	2,14,813	0.2519
			30/09/2020	38,191	0.0448	Increase/Transfer	2,53,004	0.2967
			02/10/2020	22,361	0.0262	Increase/Transfer	2,75,365	0.3229
			16/10/2020	4,498	0.0053	Increase/Transfer	2,79,863	0.3282
			23/10/2020	1,21,743	0.1427	Increase/Transfer	4,01,606	0.4709
			30/10/2020	28,925	0.0339	Increase/Transfer	4,30,531	0.5048
			06/11/2020	73,481	0.0862	Increase/Transfer	5,04,012	0.5910
			20/11/2020	11,316	0.0133	Increase/Transfer	5,15,328	0.6042
			27/11/2020	29,594	0.0347	Increase/Transfer	5,44,922	0.6389
			04/12/2020	78,280	0.0918	Increase/Transfer	6,23,202	0.7307
			11/12/2020	31,268	0.0367	Increase/Transfer	6,54,470	0.7674
			18/12/2020	47,848	0.0561	Increase/Transfer	7,02,318	0.8235
			25/12/2020	66,494	0.0780	Increase/Transfer	7,68,812	0.9015
		At the end of the year	31/12/2020	44,432	0.0521	Increase/Transfer	8,13,244	0.9536
		4	Kotak Equity Opportunities Fund	At the beginning of the year	01/01/2020	5,25,000	0.6156	
Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	10/04/2020			17,228	0.0202	Increase/Transfer	5,42,228	0.6358
	22/05/2020			4,263	0.0050	Increase/Transfer	5,46,491	0.6408
	29/05/2020			3,509	0.0041	Increase/Transfer	5,50,000	0.6449
	10/07/2020			4,409	0.0052	Increase/Transfer	5,54,409	0.6501
	30/09/2020			5,591	0.0066	Increase/Transfer	5,60,000	0.6566
	02/10/2020			4,606	0.0054	Increase/Transfer	5,64,606	0.6620
	23/10/2020			5,394	0.0063	Increase/Transfer	5,70,000	0.6684
At the end of the year	31/12/2020			5,70,000	0.6684			

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)		
		Date	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company	
5	Kotak Tax Saver Scheme	At the beginning of the year	01/01/2020	2,25,000	0.2638		2,25,000	0.2638
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-	-
		At the end of the year	31/12/2020	2,25,000	0.2638			
6	Vanaja Sundar Iyer	At the beginning of the year	01/01/2020	2,36,623	0.2775		2,36,623	0.2775
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	03/04/2020	63,377	0.0743	Increase/Transfer	3,00,000	0.3518
			08/05/2020	27,000	0.0317	Increase/Transfer	3,27,000	0.3834
			12/06/2020	4,000	0.0047	Increase/Transfer	3,31,000	0.3881
			19/06/2020	69,000	0.0809	Increase/Transfer	4,00,000	0.4690
			03/07/2020	40,430	0.0474	Increase/Transfer	4,40,430	0.5164
			17/07/2020	21,210	0.0249	Increase/Transfer	4,61,640	0.5413
			24/07/2020	29,701	0.0348	Increase/Transfer	4,91,341	0.5761
			14/08/2020	10,000	0.0117	Increase/Transfer	5,01,341	0.5878
			21/08/2020	20,000	0.0235	Increase/Transfer	5,21,341	0.6113
			04/09/2020	-2,00,000	-0.2345	Decrease/Transfer	3,21,341	0.3768
			09/10/2020	1,50,000	0.1759	Increase/Transfer	4,71,341	0.5527
			27/11/2020	50,000	0.0586	Increase/Transfer	5,21,341	0.6113
		At the end of the year	31/12/2020	5,21,341	0.6113			
7	India Whizdom Fund	At the beginning of the year	01/01/2020	6,29,569	0.7382		6,29,569	0.7382
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	17/04/2020	-17,961	-0.0211	Decrease/Transfer	6,11,608	0.7171
			16/10/2020	-74,937	-0.0879	Decrease/Transfer	5,36,671	0.6293
			27/11/2020	-22,000	-0.0258	Decrease/Transfer	5,14,671	0.6035
			04/12/2020	-34,655	-0.0406	Decrease/Transfer	4,80,016	0.5628
			11/12/2020	-5,000	-0.0059	Decrease/Transfer	4,75,016	0.5570
		At the end of the year	31/12/2020	4,75,016	0.5570			
8	The New India Assurance Company Ltd.	At the beginning of the year	01/01/2020	4,71,615	0.5530		4,71,615	0.5530
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-	-
		At the end of the year	31/12/2020	4,71,615	0.5530			
9	Kuwait Investment Authority Fund F238	At the beginning of the year	01/01/2020	0	0.0000		0	0.0000
		Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	03/04/2020	5,00,400	0.5867	Increase/Transfer	5,00,400	0.5867
			10/07/2020	-50,400	-0.0591	Decrease/Transfer	4,50,000	0.5276
		At the end of the year	31/12/2020	4,50,000	0.5276			

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)	
		Date	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
10	<b>Lata Bhansali</b>						
	At the beginning of the year	01/01/2020	3,00,649	0.3525		3,00,649	0.3525
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-	-
	At the end of the year	31/12/2020	3,00,649	0.3525			
11	<b>Investor Education and Protection Fund Authority Ministry of Corporate Affairs</b>						
	At the beginning of the year	01/01/2020	2,60,438	0.3054		2,60,438	0.3054
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	24/01/2020	-250	-0.0003	Decrease/Transfer	2,60,188	0.3051
		07/02/2020	-345	-0.0004	Decrease/Transfer	2,59,843	0.3047
		01/05/2020	-300	-0.0004	Decrease/Transfer	2,59,543	0.3043
		21/08/2020	-299	-0.0004	Decrease/Transfer	2,59,244	0.3040
	At the end of the year	31/12/2020	2,59,244	0.3040			
12	<b>The Master Trust Bank of Japan Ltd. As Trustee of Nissay India Equity Selection Mother Fund*</b>						
	At the beginning of the year	01/01/2020	4,55,585	0.5342		4,55,585	0.5342
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	07/02/2020	-13,487	-0.0158	Decrease/Transfer	4,42,098	0.5184
		14/02/2020	-32,144	-0.0377	Decrease/Transfer	4,09,954	0.4807
		24/04/2020	-25,488	-0.0299	Decrease/Transfer	3,84,466	0.4508
		17/07/2020	-17,869	-0.0210	Decrease/Transfer	3,66,597	0.4299
		16/10/2020	-16,377	-0.0192	Decrease/Transfer	3,50,220	0.4107
		23/10/2020	-8,977	-0.0105	Decrease/Transfer	3,41,243	0.4001
		20/11/2020	-21,674	-0.0254	Decrease/Transfer	3,19,569	0.3747
		27/11/2020	-14,067	-0.0165	Decrease/Transfer	3,05,502	0.3582
		04/12/2020	-14,989	-0.0176	Decrease/Transfer	2,90,513	0.3406
		11/12/2020	-26,986	-0.0316	Decrease/Transfer	2,63,527	0.3090
		18/12/2020	-18,019	-0.0211	Decrease/Transfer	2,45,508	0.2879
	At the end of the year	31/12/2020	2,45,508	0.2879			
13	<b>K Mohan*</b>						
	At the beginning of the year	01/01/2020	3,50,000	0.4104		3,50,000	0.4104
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	27/03/2020	-50,000	-0.0586	Decrease/Transfer	3,00,000	0.3518
		18/12/2020	-75,000	-0.0879	Decrease/Transfer	2,25,000	0.2638
	At the end of the year	31/12/2020	2,25,000	0.2638			

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)	
		Date	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
14	<b>Life Insurance Corporation of India*</b>						
	At the beginning of the year	01/01/2020	14,39,387	1.6878		14,39,387	1.6878
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	10/01/2020	-34,519	-0.0405	Decrease/Transfer	14,04,868	1.6473
		17/01/2020	-2,10,862	-0.2472	Decrease/Transfer	11,94,006	1.4000
		24/01/2020	-1,99,971	-0.2345	Decrease/Transfer	9,94,035	1.1656
		31/01/2020	-1,23,900	-0.1453	Decrease/Transfer	8,70,135	1.0203
		07/02/2020	-72,614	-0.0851	Decrease/Transfer	7,97,521	0.9351
		14/02/2020	-38,474	-0.0451	Decrease/Transfer	7,59,047	0.8900
		21/02/2020	-30,358	-0.0356	Decrease/Transfer	7,28,689	0.8544
		28/02/2020	-19,061	-0.0223	Decrease/Transfer	7,09,628	0.8321
		06/03/2020	-16,042	-0.0188	Decrease/Transfer	6,93,586	0.8133
		17/07/2020	-10,901	-0.0128	Decrease/Transfer	6,82,685	0.8005
		24/07/2020	-52,755	-0.0619	Decrease/Transfer	6,29,930	0.7386
		31/07/2020	-17,348	-0.0203	Decrease/Transfer	6,12,582	0.7183
		07/08/2020	-32,336	-0.0379	Decrease/Transfer	5,80,246	0.6804
		14/08/2020	-26,683	-0.0313	Decrease/Transfer	5,53,563	0.6491
		21/08/2020	-1,01,108	-0.1186	Decrease/Transfer	4,52,455	0.5305
		28/08/2020	-1,15,000	-0.1348	Decrease/Transfer	3,37,455	0.3957
		04/09/2020	-1,23,884	-0.1453	Decrease/Transfer	2,13,571	0.2504
		11/09/2020	-30,349	-0.0356	Decrease/Transfer	1,83,222	0.2148
		18/09/2020	-76,879	-0.0901	Decrease/Transfer	1,06,343	0.1247
		25/09/2020	-40,790	-0.0478	Decrease/Transfer	65,553	0.0769
		02/10/2020	-65,553	-0.0769	Decrease/Transfer	0	0.0000
	At the end of the year	31/12/2020	0	0.0000			
15	<b>IIFL Wealth Management Ltd.-Client A/c*</b>						
	At the beginning of the year	01/01/2020	5,55,000	0.6508		5,55,000	0.6508
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	13/03/2020	-5,55,000	-0.6508	Decrease/Transfer	0	0.0000
		29/05/2020	2,70,888	0.3176	Increase/Transfer	2,70,888	0.3176
		05/06/2020	-24,698	-0.0290	Decrease/Transfer	2,46,190	0.2887
		04/09/2020	-2,46,190	-0.2887	Decrease/Transfer	0	0.0000
	At the end of the year	31/12/2020	0	0.0000			

**Note:**

The above information in point (iv) is based on the weekly beneficiary position received from Depositories.

\* Ceased to be in the list of Top 10 shareholders on 31/12/2020. The same is reflected above since the shareholder was one of the Top 10 shareholders on 01/01/2020.

## (v) Shareholding of Directors &amp; Key Managerial Personnel

Sl. No.	Name of the shareholder	Shareholding at the beginning (1 January 2020)/end (31 December 2020) of the year		Cumulative Shareholding during the year (1 January 2020 to 31 December 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Key Managerial Personnel</b>					
1	Mr Pawan Marda, Company Secretary				
	At the beginning of the year	250	0.0003	-	-
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-
	At the end of the year	250	0.0003	250	0.0003

## Notes:

1. Mr Robert John Hughes, Mr Abhijit Banerjee, Mr Jyotin Mehta, Mr Arun Balakrishnan, Dr Shalini Sarin and Ms Cheryl Wei Ling Chan, Directors did not hold any shares in the Company during the year 2020.
2. Mr Subhabrata Ghosh, Chief Financial Officer (till 16.10.2020) and Mr Anupam Saraf, Chief Financial Officer (w.e.f. 11.11.2020) did not hold any shares of the Company during their tenure in the year 2020.

## V. Indebtedness

## Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. in million	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (1 January 2020)</b>				
i) Principal Amount	-	1,084.72	-	1,084.72
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	7.40	-	7.40
<b>Total (i+ii+iii)</b>	-	<b>1,092.12</b>	-	<b>1,092.12</b>
<b>Change in Indebtedness during the financial year (1 January 2020 - 31 December 2020)</b>				
Additions	-	-	-	-
Reduction	-	-1,092.12	-	-1,092.12
Forex impact & CCS unwinding	-	-	-	-
<b>Net Change</b>	-	<b>-1,092.12</b>	-	<b>-1,092.12</b>
<b>Indebtedness at the end of the financial year (31 December 2020)</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. Remuneration of Directors and Key Managerial Personnel

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Rs. in million	
			Total Amount	
1	<b>Gross salary</b>	<b>Mr Abhijit Banerjee, MD</b>		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		13.24	13.24
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		1.06	1.06
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961		-	-
2	Stock Option		-	-
3	Sweat Equity		-	-
4	Commission - as % of profit		-	-
	others (specify)		-	-
5	Others (Contribution to Funds)		0.91	0.91
<b>Total (A)</b>			<b>15.21</b>	<b>15.21</b>
<b>Ceiling as per the Companies Act, 2013</b>				<b>NA<sup>#</sup></b>

## Note:

Pursuant to para B of Section II of Part II of Schedule V of the Companies Act, 2013, no ceiling limit is applicable to the Managing Director since he is functioning in a professional capacity.

## B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Commission	Sitting Fees	Rs. in million	
				Total Compensation	
<b>I Independent Directors</b>					
1	Mr Jyotin Mehta	2.02	0.58		2.60
2	Mr Arun Balakrishnan	1.60	0.65		2.25
3	Dr Shalini Sarin	1.45	0.57		2.02
<b>Total (I)</b>		<b>5.07</b>	<b>1.80</b>		<b>6.87</b>
<b>II Other Non Executive Directors<sup>#</sup></b>					
1	Mr Robert John Hughes	-	-		-
2	Ms Cheryl Chan	-	-		-
<b>Total (II)</b>		<b>-</b>	<b>-</b>		<b>-</b>
<b>Total (B)=(I) + (II)</b>		<b>5.07</b>	<b>1.80</b>		<b>6.87</b>
<b>Total Managerial Remuneration [(A)+(B)]</b>					<b>22.08</b>
<b>Overall Ceiling as per the Companies Act, 2013</b>					<b>249.99<sup>@</sup></b>

<sup>#</sup>Comprises of Directors representing the promoter group. They have not been paid any remuneration from the Company.

<sup>@</sup>The overall ceiling amount is 11% of the net profits of the Company computed as per Section 198 of the Companies Act, 2013.

## C. Remuneration to KMP other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Rs. in million			Total Amount
		Chief Financial Officer Mr Subhabrata Ghosh*	Chief Financial Officer Mr Anupam Saraf**	Company Secretary Mr Pawan Marda	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	6.81	1.48	6.87	15.16
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.41	0.00	0.53	0.94
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit others, specify	-	-	-	-
5	Others (Contribution to Funds)	0.52	0.05	0.55	1.12
	<b>Total</b>	<b>7.74</b>	<b>1.53</b>	<b>7.95</b>	<b>17.22</b>

\*Ceased to be the Chief Financial Officer with effect from 17 October 2020.

\*\*Appointed as the Chief Financial Officer with effect from 11 November 2020.

## VII. Penalties/Punishment/Compounding of Offences

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year 2020.

On behalf of the Board

**R J Hughes**

Chairman  
DIN: 08493540

**A Banerjee**

Managing Director  
DIN: 08456907

Thailand

1 March 2021

Kolkata

1 March 2021

## Annexure to directors' report.

[Annexure - 8]

## Form No. MR-3

## Secretarial Audit Report

for the financial year ended 31 December 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

Linde India Limited

CIN: L40200WB1935PLC008184

Oxygen House, P43, Taratala Road,  
Kolkata-700 088

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 referred to as 'the Company'). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 authorised representatives during the conduct of the Secretarial Audit and considering the various relaxations granted by the Securities and Exchange Board of India, the Ministry of Corporate Affairs and other government authorities due to COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on December 31, 2020, generally complied with the statutory provisions listed hereunder, as amended from time to time 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 financial year ended on December 31, 2020, according to the applicable provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- The Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECBs);
- The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992:
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws specifically applicable to the Company: The Management has identified and confirmed the following laws as being specifically applicable to the Company;

- The Explosive Act, 1884 and the following rules framed thereunder:
  - The Explosive Rules, 2008
  - The Gas Cylinder Rules, 2016
  - The Static & Mobile Pressure Vessels (Unfired) Rules, 2016
  - The Ammonium Nitrate Rules, 2012
- The Petroleum Act, 1934 and the Petroleum Rules, 2002
- The Drug and Cosmetic Act, 1940 and the Drug and Cosmetic Rules, 1945
- The Drug (Prices Control) Order, 2013 under the Essential Commodities Act, 1955
- The Environment (Protection) Act, 1986 and the Rules framed thereunder.

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

- Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India.



- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the year under review, the Company has generally complied with the applicable provisions of the acts, rules, regulations, standards, etc., mentioned above, *except delay in transfer of 21,833 equity shares to the Investor Education and Protection Fund Authority pursuant to Rule 6(3)(a) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.*

It is observed that the provisions of the FEMA and the rules and regulations made thereunder to the extent applicable for ODI and ECBs as mentioned in item no. (iv) of para 3; and the provisions of regulations mentioned in (c), (d), (e), (g) and (h) under item no. (v) of para 3 above, were not applicable to the Company during the year under review.

We further report that:

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes during the year under review in the composition of the Board of Directors of the Company.
- II. Adequate notices were given to all the 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 meetings and for meaningful participation at the meetings.
- III. During the year under review, all the decisions at the meetings of the Board and Committees thereof, were carried out unanimously as the Minutes of these Meetings did not reveal any dissenting member's view.

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, standards, etc.

We further report that the following specific events, may be considered to have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc. which have taken place during the year under review:

**1) Divestment of the "Belloxy Divestment Business":**

The Company had passed a Special Resolution, through Postal Ballot on February 20, 2020, pursuant to the provisions of Section 180(1) (a) of the Act, to sell, transfer and divest the Company's "Belloxy Divestment Business" (BDB) to Inox Air Products Pvt. Ltd. (Inox AP), for a sale consideration of Rs.549 million. The BDB comprised of the business of distributing and selling liquid oxygen, liquid nitrogen and liquid argon, purchased from Bellary Oxygen Company Private

Limited, the Company's Joint Venture Company, and conducted from the Bellary Trading Office along with 15,000,000 equity shares of Rs.10/- each, fully paid-up, being 50% of the total paid-up equity share capital of the JV Company, owning and operating an 855 tonnes per day Air Separation Unit for sale of gases to JSW Steel Ltd.'s steel works at Bellary in India under the Gas Supply Agreement entered into by it with JSW Steel Ltd. Thereafter, the Term Sheet and draft Business Transfer Agreement were approved by Competition Commission of India (CCI), which granted time till September 8, 2020 to complete the divestment. Subsequently, Inox AP, communicated its inability to acquire the BDB, which was then informed by the Company to the CCI, seeking extension of the "Hold Separate Arrangement" for the balance tenure of the Gas Supply Agreement dated November 22, 2004, i.e., up to November 2021. The CCI directed the Company to update the divestment status within one month while accepting the Company's proposal for extension of Hold Separate Arrangement in the interim. The Company has accepted a binding offer from JSW Steel Ltd. for purchase of the 855 tpd Air Separation Unit, which is pending as it is subject to the approval of Inox AP as per the Shareholder Agreement between the Company and Inox AP.

**2) Sale of shares by The BOC Group Ltd., U.K. for achieving minimum public shareholding requirement:**

During the year 2019, The BOC Group Ltd., U.K., the Company's holding company, as the Acquirer along with Praxair Inc. and Linde Holdings Netherlands B.V., as Persons Acting in Concert (PAC) had made an Open Offer to acquire up to 21,321,056 equity shares in the Company, held by the public shareholders and representing 25% of the voting capital of Company, under which The BOC Group Ltd., could acquire only 25,276 equity shares resulting in increase in its shareholding in the Company to 75.03%. The Acquirer had subsequently on April 27, 2020 sold the said 25,276 equity shares through the stock market mechanism for the purpose of achieving the minimum public shareholding requirement in compliance with the provisions of the Securities Contracts (Regulation) Rules, 1957 as amended and SEBI Listing Regulations, 2015 read with para 2(a) and para 3 of the SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018.

**For P. SARAWAGI & ASSOCIATES**

**Company Secretaries**

**P. K. Sarawagi**

**Proprietor**

Membership No. : FCS-3381

Certificate of Practice No. : 4882

ICSI UDIN : F003381B003634360

Place : Kolkata

Date : February 27, 2021

This Report is to be read with our letter of even date which is annexed to this Report as Annexure - A and forms integral part of this Report.

## Annexure to Secretarial Audit Report

### Annexure "A"

To,  
The Members,  
Linde India Limited  
CIN: L40200WB1935PLC008184  
Oxygen House, P43, Taratala Road,  
Kolkata - 700 088

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and the books of accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of laws, rules, regulations, standards, etc., and happening of events.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards, etc., is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For P. SARAWAGI & ASSOCIATES**

**Company Secretaries**

**P. K. Sarawagi**

**Proprietor**

Membership No. : FCS-3381

Certificate of Practice No. : 4882

ICSI UDIN : F003381B003634360

Place : Kolkata

Date : February 27, 2021



No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics and Transparency	Product Responsibility	Well-being of Employees	Responsiveness to Stakeholders	Human Rights	Environmental Responsibility	Public Policy Advocacy	CSR- Support Inclusive Growth	Engagement with Customers
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes. The Company's policy and procedures are supported by internal controls in our operating systems. These controls are also subject to internal and/or external audits.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 Months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

**Note 1:** As a standalone company, we comply with applicable standards laid down by Bureau of Indian Standards in Project Engineering Division, Indian Pharmacopoeia 2018 for medical oxygen, Legal Metrology (Packaged Commodities) Rules, 2011, the provisions of the Companies Act, 2013 on CSR, Indian Accounting Standards for accounting, other applicable laws/enactments in India, etc.

Linde plc Group's Code of Business Integrity, which applies to Linde India as well, includes commitments to adhere to high standards for diversity and inclusion; safety; health; care for the environment and quality; human rights; corporate citizenship and the prevention of bribery and corruption. Linde plc in its Sustainable Development Report 2019 confirms that it also has guidelines and policies governing its response to important broad public policy issues in the areas of corporate social responsibility and corporate citizenship.

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The BR performance of the Company is reviewed annually by the Board of Directors of the Company/the Managing Director. The CSR Committee reviews the implementation of the projects/initiatives/activities to be undertaken by the Company in the field of CSR. The Company Secretary co-ordinates with other supporting functions on periodic basis to assess the BR performance of the Company.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the information on BR under the Business Responsibility Report, which forms part of the Annual Report of the Company. The Annual Report is accessible at the Company's website on [http://www.linde.in/en/investor\\_relations/index/index.html](http://www.linde.in/en/investor_relations/index/index.html)

Linde plc, of which the Company is a part, has published in 2020 a Sustainable Development Report 2019 covering the ten principles of the United Nations Global Compact and their impact on issues such as human rights, climate change, etc. in the manner required for GRI reporting.

### Section E: Principle-wise Performance

#### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Linde India Limited has adopted the Linde plc Group's Code of Business Integrity, as its Code of Conduct, which inter alia, covers issues such as Ethics, Bribery, Corruption, which also extends to dealing with customers, suppliers, shareholders, employees, government, communities and public at large. The Company also has strict Business Partner Compliance Guide (BPCG) guidelines for those suppliers who represent Linde as business partner to third parties.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year, the Company received one complaint involving some employees, which comes within the purview of this principle. The complaint/issue was investigated during the year and has

been dealt with in accordance with the framework of the Code of Conduct of the Company, which involved necessary consequent management action, where applicable.

#### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Listed below are products whose manufacturing process incorporates environment and safety risks/ concerns:

- (a) Oxygen  
(b) Nitrogen  
(c) Argon

Besides, the Company manufactures Cold Boxes for small ASUs and Nitrogen Plants, Modular PPU skids for Nitrogen Plants and Water/ Steam Bath vaporizers at its Plant Manufacturing Works at Kolkata, where the mitigation of safety risk is better addressed as compared to construction sites.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product(optional):

Efficient use of resources enables us to reduce our environmental impact and cut costs. Air is the most important raw material we use in the production of oxygen, nitrogen and argon. LNG is also a feedstock in one of the Company's plant in Aurangabad in India. Our other principal input involved in the manufacturing process is energy. The main packaging material used is gas cylinders, which have a long lifespan and are filled several times in a year. The Project Engineering Division uses steel and aluminium for manufacture of components in construction of plants. Water is largely used for cooling in plants, which is mostly recycled in the system.

The manufacturing of cold boxes, modular PPU skids for Nitrogen Plants and vaporizers at the Plant Manufacturing Works has resulted in considerable saving in use of energy, water and manpower as compared to construction at the sites. The recently manufactured Water/Steam Bath vaporizers are compact, which deliver 5-6 times volumes of gas as compared to ambient vaporizers, which results in savings in raw materials and space required for installation at the site.

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

A substantial part of gases sold by the Company in 2020 was derived from the natural raw material – air, which does not lead to any scarcity of this resource. As an energy intensive company, we require a reliable and competitively priced energy supply and we constantly take necessary action to conserve and optimise the energy used in our manufacturing process.

During the year 2020, productivity initiatives were implemented at various air separation units for reducing energy consumption. Besides, optimization of plant operations at various sites has led to reduction of specific power. Improvement in oxygen recovery at large ASUs viz. 2550 tpd ASU and 1290 tpd ASU at Jamshedpur and 855 tpd ASUs at Rourkela and monitoring of start up time of the plants, focus on reliability are examples of such optimization of plant operations leading to savings in energy consumption. Major reduction in use of resources was achieved through sourcing of liquid products from product swap agreement within the group companies which has resulted in improved efficiency and reduced distribution cost. Besides, as part of distribution and delivery side initiatives, route optimization was undertaken to reduce round trip distance and overall kilometres run. Earlier initiatives such as shifting from diesel to electric forklifts at the PGP sites for cylinder handling and switching from CFL to LED lighting have led to some reduction in fuel consumption thereby contributing to clean environment. More details of these measures are covered in Annexure- 6 to the Directors' Report.

We use water as efficiently as possible and substantial part of our water consumption is used in cooling processes, which is mostly recycled into the water system. Water is also used for drinking purposes in our offices and plants and for gardening. As a part of our commitment to environment protection, initiatives like rain-water harvesting, recycling of waste water, etc. is done at most of the plants.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company's application based technologies across diverse industry segments viz., steel making, glass, ferrous metal processing, refinery, chemicals and energy, cement, etc. support customers to reduce fuel consumption and improve process efficiency, thereby help in reducing environmental impact of their own processes.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

When selecting suppliers, apart from commercial considerations such as quality, price and availability, we also consider aspects such as safety and the environment. Our global Code of Conduct for Suppliers sets out minimum requirements for safety, environmental protection, human rights and corporate integrity while selecting vendors.

The Company has initiatives to induct CNG vehicles in the PGP business to replace vehicles running on diesel, route optimization to reduce round trip distance and total kilometres run to reduce energy cost and its environmental impact.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

As an ongoing process, efforts are made by the Company to procure goods and services from MSME vendors. Efforts are also made to use the local service providers for availing certain services at our various plants and offices spread across the country, which has a positive impact on the local communities. Appropriate on the job training including on safety are imparted to people at the plants and offices to increase awareness and capability on these matters.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company has set up water recycling and rain-water harvesting facilities at a number of its operating plants. Similarly, gas cylinders of the Company are re-used for supply of gases over a life span of 20-30 years. Residual product returned by customers in cylinders at the time of refilling was earlier vented out. The Company has fitted residual pressure valves in cylinders to prevent contamination of residual product with a view to prevent venting and reduce avoidable loss of product.

The Company endeavours to keep consumption of resources as low as possible to minimise waste. Our common waste products are lube oil, transformer oil, water chemicals and other waste, which contains metal including condemned cylinders. Oil and water treatment chemicals waste, which cannot be recycled in environmentally sound manner is disposed of through the agencies approved by the Central/ State Pollution Control Board(s). We comply with local regulations for classifying and disposal of waste as hazardous and non-hazardous substances.

**Principle 3**

**1. Please indicate the Total number of employees.**

Linde India had 263 employees on its pay rolls as on 31 December 2020.

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

Linde India had 758 temporary/contractual employees as on 31 December 2020.

**3. Please indicate the number of permanent women employees.**

Linde India had 19 permanent women employees as on 31 December 2020.

**4. Please indicate the number of permanent employees with disabilities.**

Although Linde India follows policy of no discrimination in recruitment, as on 31 December 2020, there were no permanent employees with disabilities.

**5. Do you have an employee association that is recognized by management?**

Yes, Linde India has recognised workers' union. There are two such unions, one in West Bengal and one at Jamshedpur, Jharkhand.

**6. What percentage of your permanent employees is members of this recognized employee association?**

About 15.59%. Through continual dialogue with the employee associations, the Company strives to maintain cordial relationship with employees and works towards their welfare.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- (a) Permanent Employees  
(b) Permanent Women Employees  
(c) Casual/Temporary/Contractual Employees  
(d) Employees with Disabilities

No.	Category	Safety (% of employees covered during the year 2020)	Skills Development (% of employees covered during the year 2020)
1	Permanent employees*	74.14%	67.68%
2	Permanent women employees*	57.89%	84.21%

No.	Category	Safety (% of employees covered during the year 2020)	Skills Development (% of employees covered during the year 2020)
3	Casual/ Temporary/ Contractual Employees	5.01%	2.51%
4	Employees with Disabilities	NA	NA

\* The Company has a continuous process of covering all its employees in its training programmes relating to safety and skill development.

**Principle 4**

**1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Yes. Linde India is committed to improve the communities in which it operates through its CSR initiatives and employees' volunteerism. During the year, volunteering of services by employees was negligible due to challenges posed by outbreak of Covid-19 pandemic. Our Corporate Social Responsibility programme reaches out to different sections of the disadvantaged, vulnerable and marginalized members of the community to make positive impact on their lives in various ways. The details of the programmes/ projects undertaken by the Company during the year 2020 are provided in Annexure 5 to the Directors' Report for the year 2020.

**Principle 5**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

As a member of the Linde plc Group your company is committed to respect and support the protection of human rights set out in United Nation Universal Declaration of Human Rights, the ten principles of UN Global Compact, etc. The respect for people is enshrined in the Code of Integrity and the Linde values. The Company complies with applicable laws and regulations governing occupational health and safety, applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company also encourages its suppliers and

other business partners, etc. to share its commitment in this regard and the Company's Suppliers Code of Conduct sets the minimum requirements on human rights and labour standards to be complied by all suppliers/ contractors etc.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

NIL

**Principle 6**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

Linde plc, which is the ultimate holding company of Linde India Limited has a Health, Safety and Environment (HSE) Policy, which is committed to ensure that no harm comes from our actions to people, the environment or the communities in which we operate. The Policy extends to the Joint Ventures and business partners. The Company is committed to work with its business partners including suppliers, contractors, etc. to promote and enforce compliance with this policy.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Linde plc, of which the Company is a part, has strategy to address environmental issues such as global warming and carbon footprint. Linde India also addresses issues such as these at its various operating sites in India which are caused mainly by emission of Green House Gases from Air Separation Plants, other sources of Green House Gases (nitrous oxide) and from driving. The weblink of Linde AG's HSE Policy is given in section D of this report which is adopted by the Company for all the operating sites in India. In line with the strategy of Linde plc, the Company has taken initiatives to address the relevant environmental issues. The details of some of the initiatives taken during the year are included in Annexure 6 to the Director's Report.

During the year, the Company also continued its focus on improving efficiency of the distribution function, for improving delivered quantity per trip, reducing product loss in distribution and reducing return of undelivered products which also has a positive impact on environmental issues.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes. The potential environmental risks are being identified through ASPECT and IMPACT register from each of the 21 operating sites of the Company. Evaluation of environmental risk is being done by the ISO 14001 external auditors in their yearly audit.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company does not presently have any project related to Clean Development Mechanism (CDM). Although, CDM has shown its ability to incentivize investment in emission reduction and development projects, Linde India's application technology installations such as REBOX® which help reduce NOx and carbon footprint by oxyfuel combustion in steel processing industries and other installations have not yet been brought into the purview of CDM.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Company has initiated sourcing of renewable energy on short term basis at some of its plants for the operations of the facilities and improving the energy efficiency. The Company has plans to tie up renewable sources of energy on long term basis at its Dahej and Rourkela plant sites during 2021. The Company has been taking certain initiatives on an ongoing basis towards conservation of energy and improving energy efficiency at its various plants. The brief details of these initiatives are contained in Annexure-6 to the Directors' Report for the year 2020.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The emissions and waste generated by the Company are within the permissible limits as prescribed by Central and State Pollution Control Boards and yearly report is submitted to the respective authorities.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7**

**1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

Yes, the Company is a member of the following trade or chamber associations:

- Confederation of Indian Industries (CII)
- Indo-German Chamber of Commerce (IGCC)
- The Bengal Chamber of Commerce and Industry (BCCI)
- Gas Industries Association (GIA)
- All India Industrial Gases Manufacturers' Association (AIIGMA)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

The Company makes efforts to leverage its membership with Trade and Industry Association to further contribute on specific sustainable business issues, such as ethics, safety, governance, etc. The Company also conducts annual safety seminars through Gas Industries Association (GIA), which are aimed at creating awareness on safety for best practices for its customers, vendors and public at large.

**Principle 8**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Linde India Limited is committed to behave responsibly towards people, society and the environment for inclusive growth of the society where it operates and to conserve natural resources. The Company's Corporate Social Responsibility projects and initiatives reach out to different sections of the disadvantaged, underprivileged or differently abled members of the community to make positive impact on their lives in various ways. During the year 2020, these projects and initiatives were in thematic areas such as, Education, Environment, and Others (Disaster Relief). The details of the specific CSR projects/initiatives are given in Annual Report on Corporate Social Responsibility annexed to the Directors' Report by way of Annexure-5.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Linde India undertakes CSR projects both directly and through external implementing agencies, NGOs and/or Government bodies.

**3. Have you done any impact assessment of your initiative?**

Efforts are made to make a general assessment of impact of some of the initiatives. However, no structured impact assessment is put in place at present.

**4. What is your company's direct contribution to community development projects- amount in INR and the details of the projects undertaken?**

During the year, the Company spent Rs. 8.55 million towards various CSR initiatives and projects. The details of the same are given in

the Annual Report on CSR, which is annexed as Annexure- 5 to the Directors' Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR Policy framework and presented to the CSR Committee for its review, guidance and approval. The Company endeavours to support the CSR projects/initiatives over a period of time to make them sustainable. The Company works with the NGOs and implementing agencies of the projects to ensure proper and meaningful adoption of these initiatives among the target community. The Company also encourages volunteering of services by employees in the CSR initiatives/ projects taken up by the Company.

**Principle 9**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

The Company has a Customer Service Centre (CSC) in the Gases business which processes the customer indents, queries and complaints on a toll-free number and/or through email. During the year 2020, a total number of 675 customer complaints were logged by the CSC, out of which 671 complaint were closed within the year. A total number of 4 complaints which worked out to 0.59% of the total complaints were pending at the end of the financial year due to pending customer actions or limitations arising from Covid-19 and are being worked upon for resolution within the target resolution date.

During the year, the Plant Manufacturing Works of the Company received five customer complaints which related to materials and services. All the Customer Complaints were resolved as on 31 December 2020 and were audited by ISO 9001:2015 external auditors.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)**

Linde India manufactures and supplies various gases such as oxygen, nitrogen, argon and their mixtures categorised under the segments of Industrial Products, Special Products & Chemicals and Medical gases. The product labels comply with the statutory requisites contained in the Gas Cylinder Rules, 2016 and The Legal Metrology (Packaged Commodities) Rules, 2011. Additionally, the Company also complies with Indian Pharmacopoeia, 2018 for

medical gases. In addition to meeting the requirements of these statutory compliances, the Company also includes a brief pictorial representation of the Gas Cylinder Rules, 2016 along with a very crisp note on the safe handling of the cylinder valve for Industrial and medical gases.

During the year, the Company continued its focus on its LIV® and ENTONOX® product lines in medical gases. The instructions for safe handling of the LIVTM cylinder are displayed on the cylinder sleeve, which is laminated. For Special gases, given the vast range of gas mixtures handled based on specific customer requirements, the gas composition of these mixtures is stencilled on the body of the cylinder. Considering the varied nature and properties of these gas mixtures, a label containing extensive information on the safe handling of the cylinder and precautions for use is also pasted on the body of the cylinder.

The company also supplies oxygen, nitrogen, argon and medical oxygen to large sized customers in bulk. These liquid products are transported in cryogenic form in Vacuum Insulated Transport Tankers (VITTs) bearing the Linde logo. These tankers follow compliances including safety labelling under Static & Mobile Pressure Vessel (SMPV) Rules and are licensed to operate by the Department of Explosives (CCOE).

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No cases were filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti- competitive behaviour during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Linde India believes that understanding customer's perception is vital for any business entity at various touchpoints of a customer's journey. Linde India conducts monthly survey to take customer's feedback about its product & services on a scale of 1-5 and understand the reason behind the ratings. Metric of customer's perception differs as per business & industry requirement and thus Linde India measures this score as "Raveometer score". With a view to address concerns of dissatisfied customers, any low score (1 & 2) received in the survey is routed via customer complaint process. The overall satisfaction score of the annual customer satisfaction survey for 2020 was 4.3 on a scale of 5. This year due to prolonged nationwide lockdown as a result of Covid-19, the survey was executed intermittently.

# Report on corporate governance

In accordance with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'SEBI Listing Regulations'] read with the disclosure requirements relating to the Corporate Governance Report contained in Schedule V of the SEBI Listing Regulations, the details of compliance by the Company with the norms on Corporate Governance are as under:

## Company's philosophy on Code of 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 part of the Linde plc Group, the Company embraces its core values set out in the Linde Spirit and the Code of Business Integrity, both of which apply across the 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

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 2020, the Board of the Company comprised of six Directors, detail whereof is given below:

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

The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations.

## Confirmation and Certification

On an annual basis, the Company obtains from each Director, details of their Board and Committee positions he/she occupies in other Companies and changes, if any regarding their directorships. The Company has obtained a certificate dated 27/02/2021 from M/s. P Sarawagi & Associates, Practicing Company Secretaries,

confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such authority and the same forms part of this report.

## Board Independence

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations / disclosures received from the Directors as per the requirement of Regulation 25(8) of the SEBI Listing Regulations, the Board confirms, that the Independent Directors fulfil the conditions as specified under Schedule V of the SEBI Listing Regulations and are independent of the management.

## Board Meetings

A calendar of Board and Committee meetings is agreed and circulated in advance to the Directors. Additional meetings are held, as and when necessary. Video conferencing facilities are also used to facilitate Directors travelling/residing at other locations to participate in the meetings. During the year ended 31 December 2020, five Board meetings were held on 24 February 2020, 24 March 2020, 20 April 2020, 30 July 2020 and 11 November 2020. 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 agenda papers are circulated in advance before each meeting to all the Directors to enable them to take informed decisions. All Board members have access to accurate, relevant and timely information to fulfill their responsibilities. 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 Companies Act, 2013 and SEBI Listing Regulations have been placed before and reviewed by the Board from time to time. The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning the business and affairs of the Company.

**Attendance of Directors at the Board Meetings of the Company held during the year ended 31 December 2020 and the last Annual General Meeting (AGM), Number of other Directorship(s) and other Board Committee Membership(s) held as on 31 December 2020**

Name of the Director	Category of directorship	No. of Board meetings during FY 2020		Attendance at the last AGM held on 18 September 2020	No. of other directorship(s) <sup>(i)</sup>	Other Board Committee membership(s)/ chairmanship(s) <sup>(ii)</sup>	Directorship in other Listed entities
		Held	Attended				
Mr R J Hughes <sup>(iii)</sup> & <sup>(iv)</sup>	(Chairman) Non-Executive Director	5	5	Yes	-	-	-
Mr A Balakrishnan	Independent Director	5	5	Yes	3	2 [Including 1 as Chairman]	-
Mr J Mehta	Independent Director	5	5	Yes	7	7 [Including 3 as Chairman]	1. JSW Ispat Special Products Limited.
Dr S Sarin	Independent Director	5	5	Yes	3	1	1. Kirloskar Oil Engines Limited 2. Automotive Axles Limited
Ms C Chan <sup>(iii)</sup> & <sup>(v)</sup>	Non-Executive Director	5	5	Yes	-	-	-
Mr A Banerjee	(Managing Director) Executive Director	5	5	Yes	-	-	-

- Notes:**
- (i) Excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013. None of the Directors on the Board holds directorships in more than 10 public limited companies. None of the Independent Directors of the Company serves as an Independent Director on more than 7 listed entities.
- (ii) Represents memberships/chairmanships of Audit Committee and Stakeholders Relationship Committee in other Companies. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are directors.
- (iii) Director representing the Linde plc Group.
- (iv) Mr R J Hughes, an Additional Director (Non- Executive) with effect from 28 June 2019 was appointed as a Director at the 84th Annual General Meeting held on 18 September 2020.
- (v) Ms C Chan, an Additional Director (Non- Executive) with effect from 11 November 2019 was appointed as a Director at the 84th Annual General Meeting held on 18 September 2020.

There are no inter-se relationships between the Board Members of the Company.

### Board Membership Criteria

The Nomination and Remuneration Committee of the Company works with the Board to determine the integrity, qualifications, expertise, positive attributes and experience of persons for appointment as Directors with the objective of having a Board with diverse background and experience. The Policy on appointment and removal of Directors and Board Diversity forms part of the Nomination and Remuneration Policy, which is available on the Company's website at [www.linde.in](http://www.linde.in).

### List of core skills/expertise/competencies identified by the Board in the context of business

The Company has individuals from diverse fields as Directors on its Board, who bring in the required skills, competence and expertise that are required for making effective contribution in the business. As per the requirement of SEBI Listing Regulations, the Board of Directors in the context of the Company's business has identified and approved the below core skills/expertise/competencies for effective functioning along with the names of the Directors who possess such skills/expertise/competencies:

### Skills/expertise/competencies and its description

	Robert Hughes	Jyotin Mehta	Arun Balakrishnan	Shalini Sarin	Cheryl Chan	Abhijit Banerjee
<b>Leadership</b> Ability and experience in leading critical areas for large corporations and having in-depth knowledge of business environment, complex business processes, strategic planning, risk management, etc.	✓	✓	✓	✓	✓	✓
<b>Strategic Insights</b> Expertise and experience of evaluating business strategic opportunities to determine long term strategic fit with business, strong value creation potential and clear execution capabilities.	✓	✓	✓	✓	✓	✓
<b>Understanding of industry, safety and operations</b> Experience and knowledge of the functioning, operations, growth drivers, business environment and changing trends in the gases industry with reference to metals & mining, manufacturing and engineering industries as well as experience in overseeing large supply chain operations.	✓		✓		✓	✓
<b>Finance and Accounting</b> Experience in handling financial management of a large organization along with an understanding of accounting and financial statements.	✓	✓	✓			
<b>Governance and regulatory landscape</b> Experience of governance in senior management role and understanding of the legal ecosystem, regulations, which impact the Company on matters of regulatory compliance and governance.	✓	✓	✓	✓		
<b>Use of Information Technology across the value chain</b> Understanding the use of digital / Information Technology across the value chain, ability to anticipate changes driven by technology and appreciation of the need of cyber security and controls across the organization.	✓		✓			✓

### Independent Directors

As per the provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 and Rules made thereunder and the SEBI Listing Regulations, the Members had re-appointed Mr A Balakrishnan and Mr J Mehta as Independent Directors of the Company with effect from 1 October 2019 for a second term of five consecutive years and Dr. Shalini Sarin as Independent Director of the Company with effect from 10 July 2018 for a term of five consecutive years. Individual letters of appointment have been issued to the Independent Directors containing the terms and conditions of their appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The specimen letter of appointment issued to the Independent Directors has been posted on the website of the Company at [www.linde.in](http://www.linde.in).

### Separate Meeting of Independent Directors

During the year 2020, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI Listing Regulations, a separate meeting of Independent Directors was held on 22 December 2020 without the presence of the Non-Independent Directors and the members of the management. The meeting was conducted in an informal manner to enable the Independent Directors to discuss and review the performance of non-independent directors and the Board as a whole, performance of the Chairman of the Company and for assessing the

quality, quantity and timeliness of flow of information between the Company management and the Board. The Independent Directors also interact with the non-executive Chairman for providing their inputs in this regard.

### Familiarisation programmes for Independent Directors

As a member of The Linde plc Group, the Company believes that an appropriate induction programme for new Directors and ongoing training for existing Directors makes a significant contribution to the maintenance of high corporate governance standards. The Managing Director and the Company Secretary are jointly responsible for ensuring that such induction and training programmes are provided to Directors, who in consultation with the Chairman ensure that the programmes to familiarise the Non-Executive Directors especially the Independent Directors with the business is maintained over time and kept relevant to the needs of the individual directors and the Board as a whole. The familiarization programme is designed to build an understanding of Linde India, its business model, markets and regulatory environment, roles, rights and responsibilities of Independent Directors, etc. As a part of the familiarisation programme, presentations were given at the Board and Audit Committee Meetings on the business and performance update of the Company including global business environment, business strategy, risks involved, internal control over financial reporting, regulatory updates on matters relating to SEBI and Ministry of Corporate Affairs, etc. Site visits to plant locations are organized for the Independent Directors to enable them to understand the operations

of the Company. Pursuant to Regulation 46(2) of the SEBI Listing Regulations, the required details with regard to the familiarisation programme for Directors conducted by the Company during the year are available on the website of your Company at [http://www.linde.in/en/about\\_linde\\_india\\_limited/management/index.html](http://www.linde.in/en/about_linde_india_limited/management/index.html).

## Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Companies Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at [www.linde.in](http://www.linde.in) and references to these codes and policies have been given elsewhere in this report.

## Codes of Conduct

As a member of The Linde plc Group, the Company had adopted Linde plc's Code of Business Integrity applicable to all the employees of the Linde plc Group as the Code of Conduct for all its employees including its Whole time Directors. The Code of Business Integrity has been created by Linde plc to provide valuable information and insight to all its employees to enable them to appropriately deal with ethics and compliance culture within the organization with a view to keep our commitment to all the stakeholders. The Board has also adopted a brief Code of Conduct for the Non- Executive Directors, which is aligned to the Code of Business Integrity. The aforesaid Codes are available on the Company's website at [http://www.linde.in/en/investor\\_relations/codes\\_and\\_policies/index.html](http://www.linde.in/en/investor_relations/codes_and_policies/index.html). All Directors and senior management personnel of the Company as on 31 December 2020 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 Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013 and SEBI Listing Regulations and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

## Code of Conduct for Prohibition of Insider Trading

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a Code of Conduct to regulate, monitor and report Insider Trading by the Company's employees and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Codes have been amended from time to time to align with the subsequent amendments in SEBI (Prohibition of Insider Trading) Regulations. The Company has taken measures to create awareness about the Code among its employees and has implemented a system of reporting details of trading in the securities of the Company by the Designated Persons to the Audit Committee at periodic intervals.

With a view to ensure compliance with SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018 and SEBI (Prohibition of Insider Trading) Amendment Regulations, 2019, the Company has created a digital database of designated persons to put in place a system of internal controls in this regard.

## 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. Since then the Company has been holding risk workshops periodically to refresh its risks in line with the dynamic and ever-changing business environment and the last refresher risk workshop was conducted on 27 June 2019, which was attended by senior management team of the Company. The senior management team deliberated on the carried forward risks and the new risks identified at the 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 have been put in place in respect of them. The Company has also implemented a system for identification, assessment, mitigation and review of new risks on an ongoing basis. The Board provides an oversight of the risk management process followed by the Company and the Managing Director and the Company Secretary of the Company provide quarterly updates to the Board on the key risks at the meetings of the Board of Directors. The Board reviews the progress of the action plan for top 10 risks with special focus on the top 5 identified key risks.

In order to ensure compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, the Board of Directors of the Company had in the year 2019 constituted a Risk Management Committee of the Board comprising of two Independent Directors and the Managing Director and had also laid down its terms of reference. The details of the Committee are furnished in this report under the head- Committees of the Board. The Risk Management Committee provides a sharper focus to the risk management process and helps review of the risks in more detail.

## CEO/CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations read with Part B of Schedule II thereof, that all the requirements of the SEBI Listing Regulations, inter alia, dealing with the review of financial statements and cash flow statement for the year ended 31 December 2020, 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. A copy of the aforesaid certification is annexed to this Report.

## Committees of the Board

As on 31 December 2020, the Company had five committees of the Board of Directors – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management 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, Corporate Social Responsibility Committee and Risk Management Committee including the number of meetings held during the year ended 31 December 2020 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 are aligned as per the provisions of Section 177 of the Companies Act, 2013 and include the roles as laid out in the SEBI Listing Regulations.

### Terms of Reference

The brief description of the present terms of reference of the Audit Committee in line with the Companies Act, 2013 and the SEBI Listing Regulations 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 appointment, remuneration and terms of appointment of auditors of the company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Modified opinion(s) in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than

those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- g) Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- h) Reviewing 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;
- i) Discussion with internal auditors on any significant findings and follow up thereon;
- j) Reviewing the findings of any investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board;
- k) 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;
- l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- m) Reviewing the functioning of Whistle Blower mechanism;
- n) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- o) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- p) Scrutiny of inter-corporate loans and investments;
- q) Approval of related party transactions and any subsequent modification/ratification of transactions of the company with related parties;
- r) Valuation of undertakings or assets of the company, wherever it is necessary;
- s) Evaluation of internal financial controls and risk management systems;
- t) Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rs.100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances /investments existing as on 1 April 2019 (the date of coming into force of this provision);
- u) Generally, all items listed in Section 177 of the Companies Act, 2013 and Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- v) To carry out any other function as mandated by the Board from time to time and/or enforced by any statutory modification(s) and/ or re-enactment(s) of the applicable law for the time being in force;
- w) The Audit Committee shall also review the following information pursuant to Part C (Item B) of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - i. Management discussion and analysis of financial condition and results of operations;
  - ii. Statement of significant related party transactions (as defined by the audit committee) submitted by the management;



- iii. Management letters /letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses;
- v. Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- vi. Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32 (1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32 (7).

#### Composition

The composition of the Audit Committee has been in accordance with the requirement of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013. As on 31 December 2020, the Committee comprised of four Non-Executive Directors, three of whom, including the Chairman of the Committee were Independent Directors. Mr J Mehta, Independent Director (Chairman of the Committee), Mr R J Hughes, a Non-Executive Director representing The Linde plc Group, Mr A Balakrishnan, Independent Director and Dr S Sarin, Independent Director were the Members of the Committee. As per the requirement of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013, 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 Annual General Meeting of the Company held on 18 September 2020.

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, who also meet the Audit Committee without the presence of the management. The Cost Auditors are also invited to the meeting(s) for discussion on Cost Audit Report and for other related matters, if any. The Company Secretary acts as the Secretary to the Committee.

#### Meetings and Attendance during the year

Five meetings of the Audit Committee were held during the year ended 31 December 2020. The meetings were held on 24 February 2020, 20 April 2020, 30 July 2020, 11 November 2020 and 21 December 2020. The gap between any two consecutive meetings did not exceed one hundred and twenty days. 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	5	5
Mr A Balakrishnan	5	5
Mr R J Hughes	5	5
Dr S Sarin	5	5

### Nomination and Remuneration Committee (NRC)

#### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee are as follows:

- a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment/removal;
- b) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and to recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- c) Formulating the criteria for evaluation of performance of Independent Directors and the Board, its committees and individual directors and specifying the manner for effective evaluation of their performance to be carried out either by the Board or the Committee and reviewing its implementation;
- d) Devising a policy on Board diversity;
- e) Recommending/reviewing remuneration of the Managing Director and Wholtime Director(s) based on performance and defined assessment criteria;
- f) Recommending policy for selection and appointment of Directors, Key Managerial Personnel and other senior management positions;
- g) Carrying out succession planning for the Board level and key management positions;
- h) Recommending extension/continuance of the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- i) Recommending to the Board all remuneration payable to senior management; and
- j) To carry out any other function as mandated by the Board from time to time and/or enforced by any statutory modification(s) and/ or re-enactment(s) of the applicable law for the time being in force.

#### Composition

As on 31 December 2020, the Committee comprised of three Non-Executive Directors, two of whom including the Chairman of the Committee were Independent Directors. Mr A Balakrishnan, Independent Director (Chairman of the Committee), Mr J Mehta, Independent Director and Mr R J Hughes, a Non-Executive Director representing The Linde plc Group were the Members of the Committee as on 31 December 2020.

#### Meetings and Attendance during the year

During the year ended 31 December 2020, one meeting of the Committee was held on 11 November 2020. The attendance of the Members at the said meeting was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Mr A Balakrishnan	1	1
Mr R J Hughes	1	1
Mr J Mehta	1	1

### Board Performance Evaluation

During the year, the performance evaluation of the Board, its Committees and individual directors including the process and criteria thereof was done through a combination of the Nomination and Remuneration Committee (NRC), the Board and a separate meeting of Independent Directors.

During the year, the Nomination and Remuneration Committee of the Board reviewed and approved the process and various attributes considered in the previous year for evaluating the performance of the Board, its Committees and individual directors. As a result of the review, the performance evaluation form for the year 2020 was approved by the Nomination and Remuneration Committee of the Board. Like the previous year, the Company had provided an online platform to the Directors for participating in the aforesaid performance evaluation process, which contained a structured questionnaire for seeking feedback from the directors on certain pre-defined attributes applicable to them, including some specific ones for the Independent Directors and similar attributes for the Board as a whole and its Committees as approved by the NRC. In respect of Independent Directors, the criteria or the attributes included ensuring independence and avoiding conflict of interest, safeguarding the interest of minority shareholders, application of independent judgement while taking decisions at the Board Meeting and ensuring adequate deliberations while approving material decisions including Related Party Transactions. Subsequently, the Independent Directors at their separate meeting held on 22 December 2020, reviewed the performance of the Board, Chairman of the Board and the Non-Independent Directors and also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. The Chairman of the Board was thereafter briefed on the outcome of the review carried out by the Independent Directors.

The result of the performance evaluation continues to remain encouraging with the overall ratings of all the Board members for self & peer assessment, Board as a whole and its Committees being in the range of 'very good' to 'excellent' on the pre-defined criteria. The Chairman of the Board provided feedback to the Board Members about the results of the performance evaluation survey.

#### Details of Remuneration to Executive/Wholtime Director(s)

Details of remuneration to Executive/Wholtime Director during the year ended 31 December 2020 is given below:

Name of the Director	Salary and Allowances	Performance linked incentive/pay	Contribution to Provident and other Funds	Perquisites/ Other Benefits	in Rupees
					Total
Mr A Banerjee, Managing Director	10,452,894	2,786,671	914,174	1,057,300	15,211,039

### Nomination and Remuneration Policy

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company which, inter alia, covers policy on appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management, policy on succession planning and policy on Board diversity. This policy is available in the Investor Relations section of the Company's website at www.linde.in.

Payment of remuneration to the Executive/Whole time Directors of the Company 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. The remuneration structure comprises basic salary, perquisites and allowances, variable compensation pay under the Company's Short Term, Mid Term and Long Term Incentive Plan and contribution to provident, superannuation and gratuity funds.

Non-Executive/Independent Directors of the Company receive remuneration by way of fees for attending meetings of the Board or Committee thereof as approved by the Board from time to time within the prescribed limits under the Companies Act, 2013. Non-Executive Independent Directors may also be paid commission as approved by the shareholders subject to a limit of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 2013. The Commission payable to the Independent Directors is determined by the Board within the aforesaid limit of 1% of the net profits after taking into account their attendance and roles and responsibilities in various Committees of the Board and the overall contribution.

The Non-Executive Directors, other than the Directors representing The Linde plc Group, were paid a sum of Rs. 50,000/- as sitting fees for attending each meeting of the Board of Directors and Audit Committee and a sitting fee of Rs. 25,000/- for attending each meeting of the Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Board.

The Agreement entered into with Mr A Banerjee is for a period of 3 years from the date of his appointment i.e. 23 July 2019. The terms and conditions of the appointment including remuneration payable to Managing Director were set out in the Agreement dated 23 July 2019 entered into by him with the Company. The said appointment along with the terms and conditions was approved by way of a special resolution passed by the Members of the Company on 2 October 2019. The Agreement with the Managing Director 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 paid/payable to the Non-Executive Independent Directors during the year ended 31 December 2020 is given below:

Name of the Director	in Rupees	
	Sitting Fees Paid	Commission payable for the year 2020
Mr A Balakrishnan, Independent Director	6,50,000	16,00,000
Mr J Mehta, Independent Director	5,75,000	20,25,000
Dr S Sarin, Independent Director	5,75,000	14,50,000
<b>Total</b>	<b>18,00,000</b>	<b>50,75,000</b>

In accordance with the approval of the Shareholders in the Annual General Meeting held on 18 September 2020, the payment of commission to Non-Executive Independent Directors, other than the Directors representing the Linde plc Group has been determined by the Board, which is well within the ceiling of 1% of net profits of the Company for the year ended 31 December 2020 as computed under applicable provisions of the Companies Act, 2013. The allocation of the commission amongst the eligible Non- Executive Independent Directors has been decided by the Board on the basis of the Board/Committee Meetings attended and their role/responsibility as Chairman/ Member of the Committees of the Board with each interested director present not participating in the deliberations in respect of his own commission. The commission for the financial year 2020 would be paid to Independent Directors subject to deduction of tax after adoption of the financial statements by the Members at the ensuing Annual General Meeting.

In addition to the sitting fees and commission, the Company pays/ reimburses expenses incurred by the Non-Executive/Independent Directors for attending the Board and Committee meetings and general meetings of the Members of the Company.

Other than the above, the Non-Executive Directors do not have any pecuniary relationship or transactions with the Company.

None of the Directors held any shares in the Company as on 31 December 2020.

#### Stakeholders' Relationship Committee

##### Terms of Reference

The terms of reference of Stakeholders' Relationship Committee, inter alia, include the following:

- Monitoring/resolving grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.;
- Reviewing measures taken for effective exercise of voting rights by shareholders;
- Reviewing adherence to the service standards adopted by the Company in respect of various services being rendered by the Company's Registrar & Share Transfer Agent;
- Reviewing various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders;
- Recommending methods to upgrade the standard of services to investors, shareholders and other security holders;
- To carry out any other function as mandated by the Board from time to time and/or enforced by any statutory modification(s) and/ or re-enactment(s) of the applicable law for the time being in force.

##### Composition

As on 31 December 2020, the Stakeholders' Relationship Committee comprised of three Directors, two of whom including the Chairman of the Committee were Non-Executive Independent Directors. The names of the Members are Mr A Balakrishnan, Non-Executive Independent Director (Chairman of the Committee), Mr J Mehta, Non-Executive Independent Director and Mr A Banerjee, Managing Director of the Company.

The Company Secretary acts as the Secretary to the Committee.

##### Meetings and Attendance during the year:

During the year ended 31 December 2020, the Committee met once on 24 March 2020. 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 Balakrishnan	1	1
Mr J Mehta	1	1
Mr A Banerjee	1	1

The Board of Directors has delegated the power of approving the share transfers (as applicable), 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 regular intervals to dispose of all stipulated matters relating to share transfers, transmission, issue of duplicate share certificates, etc. with a view to meet the timeline for registering the transfer/transmission, etc. of equity shares. SEBI had vide its press release no. 12/2019 dated 27 March 2019 mandated that with effect from 1 April 2019, requests for effecting transfer of shares shall not be processed unless the securities are held in dematerialized form with a depository, except in case of transmission or transposition of securities.

##### 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 2020, the Company received 30 complaints from the shareholders/investors. As on 31 December 2020, one shareholder/investor complaint was pending, which was subsequently resolved on 14 January 2021. 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. During the year, the average time for responding to shareholders queries/ complaints was higher than earlier years in view of the challenging situation arising from most of the Company's employees working from home during the countrywide lockdown due to Covid-19 pandemic, when the Registrar also had to manage these activities remotely and/or with reduced manpower.

##### Pending Share Transfers & Dematerialisation Requests

The Company's shares are required to be compulsorily traded in electronic form. In line with the press release no.12/2019 dated 27 March 2019 issued by SEBI, with effect from 1 April 2019, the transfer of shares in physical form has been prohibited except in case of transmission or transposition. As such the Company sometimes receives request for transfer of shares in physical form, which comprise of relodged cases only. During the year ended 31 December 2020, the Company did not process any shares for transfer in physical form. As on 31 December 2020, no request for transfer and/or dematerialization of shares was pending.

##### Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board on 7 February 2014 in compliance with the provisions of Section 135 of the Companies Act, 2013.

##### Terms of Reference

The brief terms of reference of CSR Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility 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 2020, the CSR Committee comprised of three Directors- two Non-Executive Independent Directors, viz. Dr. S Sarin (Chairperson of the Committee) and Mr A Balakrishnan and Mr A Banerjee, Managing Director of the Company.

##### Meetings and Attendance during the year:

During the year ended 31 December 2020, three meetings of the Committee were held on 24 February 2020, 30 July 2020 and 11 November 2020. The attendance of the Members at the meetings was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Dr S Sarin	3	3
Mr A Balakrishnan	3	3
Mr A Banerjee	3	3

##### Risk Management Committee

The Risk Management Committee of the Board of Directors of the Company was constituted by the Board at its meeting held on 22 March 2019 in compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

##### Terms of Reference

The terms of reference of the Risk Management Committee are as follows:

- Identifying and assessing various internal and external risks across the Company and to suggest measures to minimize and/ or mitigate the significant risks;
- Reviewing the Risk Policy of the Company and ensuring implementation of the same;
- Obtaining on a regular basis reasonable assurance that-
  - the Company's risk management policies for significant risks are being adhered to;
  - all the known and emerging risks have been identified and being mitigated or managed;

- d) Evaluating on a regular basis, the effectiveness and prudence of senior management in managing the risks to which the Company is exposed to;
- e) Monitoring adoption of new technology and reviewing the adequacy of cyber security functions and recommending measures to mitigate risks;
- f) Determining the risk appetite of the Company particularly and to make recommendations on the same to the Board of Directors;
- g) Dealing with such matters as may be delegated / referred to by the Board of Directors and to carry out any other function as mandated by the Board from time to time and/or enforced by any statutory modification(s) and/ or re-enactment(s) of the applicable law for the time being in force.

Director (Chairman of the Committee), Mr J Mehta Independent Director, and Mr A Banerjee, Managing Director of the Company.

#### Meetings and Attendance during the year:

During the year ended 31 December 2020, one meeting of the Committee was held on 11 November 2020. 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 Balakrishnan	1	1
Mr J Mehta	1	1
Mr A Banerjee	1	1

#### Composition

As on 31 December 2020, the Committee comprised of three Directors- two Independent Directors viz., Mr A Balakrishnan, Independent

#### 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	No. of Special Resolution(s) passed
Year ended 31 December 2019	18 September 2020	AGM by way of Video Conference (VC)/ Other Audio Visual Means (OAVM)	10.00 a.m.	None
Year ended 31 December 2018	16 May 2019	Kala Mandir, Kolkata	3.00 p.m.	None
Year ended 31 December 2017	16 April 2018	Kala Mandir, Kolkata	10.00 a.m.	None

##### B) Postal Ballot:

During the year ended 31 December 2020, one special resolution as detailed below was passed through Postal Ballot. Mr. S M Gupta, Partner of Messrs S M Gupta & Co., Company Secretaries was appointed as the Scrutinizer for conducting the voting process of the Postal Ballot in a fair and transparent manner in compliance with the applicable laws and

provisions. A total of 115 Postal Ballots and 106 e-Voting confirmations (as per NSDL Report) were received from the Members of the Company in respect of the Special Resolution, of which 10 Postal Ballots were rejected and considered invalid. The details of the voting result of the said Postal Ballot including the voting pattern are as follows:

Sl. No.	Brief Particulars of Special Resolution	No. of shares and % of valid votes cast by Postal Ballot and electronic means in FAVOUR of the Special Resolution	No. of shares and % of valid votes cast by Postal Ballot and electronic means AGAINST the Special Resolution	Result
1.	Divestment of the Belloxy Divestment Business of the Company as per the CCI Order dated 6 September 2018.	65,808,118 (87.9622%)	9,005,985 (12.0378%)	Passed as a Special Resolution by requisite majority.

#### Appointment/Re-appointment of Directors:

Information about Directors proposed to be appointed/re-appointed as required under Regulation 36(3) of SEBI Listing Regulations is furnished under Note 34 of the Notice of the ensuing Annual General Meeting.

#### Means of Communication

- The unaudited quarterly standalone financial results in respect of the first three quarters of the financial year 2020 were approved, taken on record and submitted to the Stock Exchanges as per the SEBI Listing Regulations along with "limited review report" within forty five days of the close of the relevant quarter. Audited standalone and consolidated financial results in respect of the last quarter and year ended 31 December 2020 were submitted to the Stock Exchanges as per the SEBI Listing Regulations with a note stating that the figures for the three months ended 31 December were published as balancing figures between audited figures in respect of the full financial year and the year to date figures up to nine months ended 30 September of the respective financial year. Also, figures for the three months ended 31 December 2020 were reviewed and not subjected to audit.
- The extracts of the consolidated unaudited quarterly financial results and the extracts of the audited consolidated financial results for the year ended 31 December have been published during the year in prominent financial newspapers, viz. Business Standard, Kolkata edition (in English), and Aaj Kaal, Kolkata edition (in vernacular language - Bengali).
- The Company has its own functional website [www.linde.in](http://www.linde.in) as required by the SEBI Listing Regulations, where information about the Company, quarterly and annual audited financial results, annual reports, distribution of shareholding at the end of each quarter, official press releases, information required to be disclosed under Regulation 30(8) and 46 of the SEBI Listing Regulations, etc. are regularly updated.
- Management Discussion and Analysis is a part of the Directors' Report.
- All material events/information relating to the Company that could influence the market price of its securities or investment decisions are timely disclosed to the Stock Exchanges as per the Company's Policy on determination of materiality of events framed under the SEBI Listing Regulations. All disclosures under this policy are also displayed on the Company's website and hosted for a minimum period of five years and thereafter as per the Archival Policy of the Company. The Policy on determination of materiality of events and Archival Policy of the Company is available on the Company's website at [www.linde.in](http://www.linde.in).
- During the year under review, the Company did not make any presentation(s) to investors/analysts other than the presentation made at the 84th Annual General Meeting of the Company held on 18 September 2020. The earlier presentation(s) are posted on the Company's website at [www.linde.in](http://www.linde.in).

- 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, IEPF, etc. These information, procedures, formats, etc. are available on the aforesaid website in downloadable formats as a measure of added convenience to the investors.

#### Other 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 interests 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 the transactions with them given under Note 45 of Notes to the Standalone Financial Statements for the year ended 31 December 2020 may be referred. All related party transactions are in the ordinary course of business and are at arm's length.

Pursuant to the provisions of Section 188 of the Companies Act, 2013 and Clause 49 of the erstwhile Listing Agreement (now Regulation 23(4) of the SEBI Listing Regulations), all contracts/ agreements/ arrangements whether existing or to be entered into by the Company with Linde AG, Germany (intermediary holding company) for purchase/ sale of plant, equipment, critical spares, gases in bulk or in cylinders, etc. and for rendering or availing of services, borrowings and interest thereon and/or other related transactions on an ongoing basis in every financial year subject to an aggregate limit of Rs.10,000 million for the total value of all such transactions in each financial year of the Company were approved by the shareholders of the Company through Postal Ballot on 9 September 2014.

- Policy on dealing with Related Party Transactions:** The Policy on dealing with Related Party Transactions is available on the Company's website at [http://www.linde.in/en/investor\\_relations/codes\\_and\\_policies/index.html](http://www.linde.in/en/investor_relations/codes_and_policies/index.html).
- Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:** The Company remains committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company's Policy on Prevention of 'Sexual Harassment' is in line with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. Internal Complaints Committee (ICC) has been set up to redress complaints, if any, received regarding sexual harassment. All employees whether permanent, contractual, temporary, etc. have been covered under this Policy. The Policy is gender neutral.

During the year 2020, no complaint alleging sexual harassment was received by the Company.

- **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange(s) 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 Stock Exchange(s), SEBI or any statutory authority on any matter related to capital markets during the last three years.

- **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Linde plc Group 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 Resources, Internal Audit and Legal Services Department for resolving their concerns. No employee has been denied access to the Audit Committee.

As per the requirement of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has framed its Whistle Blower Policy to enable all employees and the directors to report in good faith any violation of its Code of Business Integrity as enumerated in the Policy. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

- **Web link where policy on determining 'material' subsidiaries is disclosed:**

The Company does not have any subsidiary.

- **Details of Compliance with mandatory requirements:**

The Company has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations.

- **Details of compliance with non-mandatory (discretionary) requirements:**

The Company complies with the following non-mandatory (discretionary) requirements as specified in Part E of Schedule II of the SEBI Listing Regulations:

#### The Board

The Chairman of the Company is a Non-Executive Director representing the Linde plc Group. However, the Company is not maintaining an exclusive Chairman's office at its expense.

#### 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, whenever issued, are also posted on the website in the News and Media section.

In view of the prevailing situation owing to difficulties involved in despatching of the physical copies of the financial statements and reports, the Company had sent Annual Reports for the year 2019 together with Notice of the Annual General Meeting in electronic mode to those shareholders whose e-mail addresses were registered with the Company's RTA or the Depositories for this purpose in compliance with the MCA's General Circular No. 17/2020 dated 13 April 2020 and General Circular No.20/2020 dated 5 May 2020.

#### Modified opinion(s) in audit report

The Auditors of the Company have issued an unmodified opinion in their report to the Members of the Company on the financial statements for the year ended 31 December 2020.

#### Separate posts of Chairperson and Chief Executive Officer (Managing Director)

The Company has appointed separate persons to the post of Chairman and Managing Director.

#### Reporting of Internal Auditor

The Internal Auditor of the Company directly submits its reports to the Audit Committee of the Board. The Internal Auditor is a permanent invitee at the Audit Committee Meetings and regularly attends these Meetings, inter alia, in connection with Audit Plan and Internal Audit Reports.

#### Fees paid to the Statutory Auditors

During the financial year 2020, the total fees paid by your Company and its subsidiaries (joint venture company) to Deloitte Haskins & Sells, LLP, Chartered Accountants, Statutory Auditors and all the entities in the network firm/network entity of which the Statutory Auditors is a part was Rs. 9.40 million as per details given below:

Particulars	Rupees in million	
		Amount
Services as Statutory Auditors (including quarterly limited reviews)		4.00
Tax Audit		1.00
Taxation related services		2.74
Other services		1.25
Out-of-pocket expenses		0.41
<b>Total</b>		<b>9.40</b>

#### General Shareholder Information

<b>Date, time and venue of the Annual General Meeting</b>	24 June 2021 at 10.00 a.m. Since the Company's AGM will be conducted through VC/OAVM pursuant to the circulars issued by MCA and SEBI in this regard, as such there is no requirement to have a venue for the AGM	
<b>Financial Calendar 2021 (tentative and subject to change)</b>	i. Financial Year	January 2021 to December 2021
	ii. First Quarter Results	11 May 2021
	iii. Second Quarter and Half Yearly Results	10 August 2021
	iv. Third Quarter Results	12 November 2021
	v. Audited Annual Results	February 2022
<b>Book Closure Period</b>	18 June 2021 to 24 June 2021 (both days inclusive)	
<b>Dividend Payment Date</b>	On or about 29 June 2021 (if approved by the Members at the AGM)	
<b>Listing on Stock Exchanges</b>	a) BSE Ltd., P. J. Towers, Dalal Street, Mumbai 400 001 b) National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	
<b>Annual Listing Fees have been paid to all these stock exchanges for the year 2020-21.</b>		
<b>Stock Code</b>	a) BSE Ltd., Physical: 23457; Demat: 523457 b) National Stock Exchange of India Ltd., Symbol: LINDEINDIA	

#### Transfer of Unclaimed Dividend and Shares to Investor Education and Protection Fund

During the year, pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the 58th unpaid/unclaimed dividend amount of Rs. 653,330/- for the financial year 2012 was transferred to the Investor Education and Protection Fund (IEPF). The details of the said transfer can be viewed at [http://www.linde.in/en/investor\\_relations/dividends/index.html](http://www.linde.in/en/investor_relations/dividends/index.html).

Pursuant to the aforesaid provisions, the transfer of equity shares to the Demat Account of the IEPF Authority in respect of which dividend had remained unpaid/unclaimed for a consecutive period of seven years had also become due in June 2020. However, due to various difficulties faced by the Company and its Registrars in complying with the procedural requirements in view of challenges posed by Covid-19, the Company transferred 21,833 equity shares held by 176 shareholders to the demat account of IEPF Authority on 18 January 2021. Details of the same are provided in Note no. 29 of the Notice of the 85th Annual General Meeting. The details of unpaid/unclaimed dividends in respect

of the last seven financial years commencing from the financial year 2013 and ending with financial year 2019 and their respective due dates for transferring the same to the IEPF are furnished in Note 27 of the Notice of the 85th Annual General Meeting. The Company has sent individual notices to the concerned shareholders whose 59th Dividend for the year 2013 have remained unpaid/unclaimed for seven years and would become due for transfer on 29 June 2021. The Company will be taking necessary steps for transferring the next batch of underlying shares to the demat account of IEPF Authority, which would become due on 29 June 2021.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at [http://www.linde.in/en/investor\\_relations/dividends/iepf-nodalofficer/index.html](http://www.linde.in/en/investor_relations/dividends/iepf-nodalofficer/index.html).

The process for claiming refund of the unpaid/unclaimed dividend and/or the shares transferred by the Company to the IEPF as aforesaid is provided in Note 30 of the Notice of the 85th Annual General Meeting and is also available on [http://www.linde.in/en/investor\\_relations/dividends/process-iepf-rules/index.html](http://www.linde.in/en/investor_relations/dividends/process-iepf-rules/index.html).

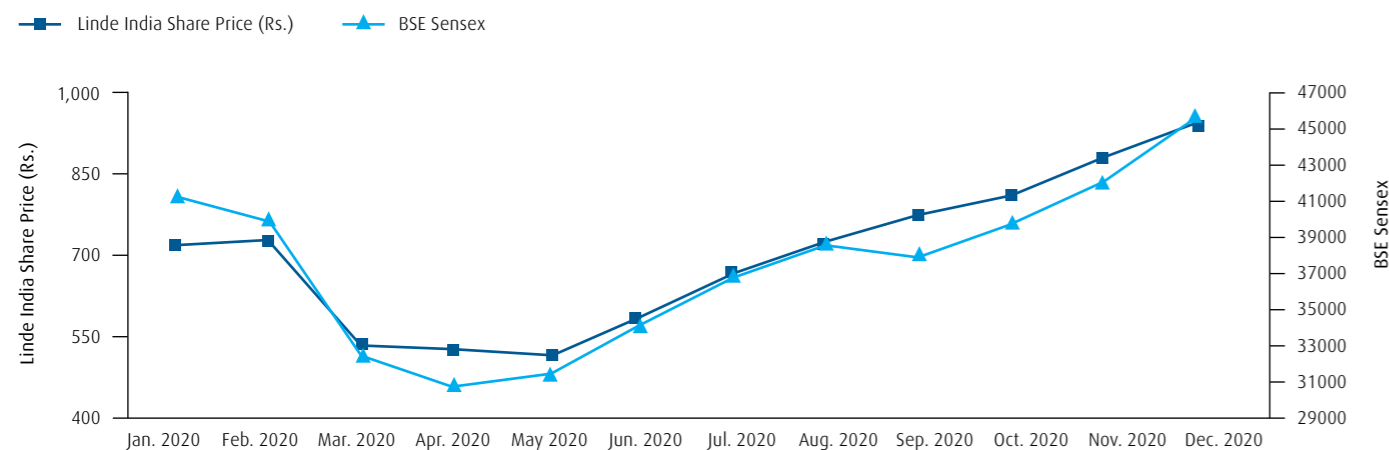
### Stock Market Price Data

Monthly high and low quotations and volume of shares traded on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the year ended 31 December 2020:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
January 2020	791.30	634.00	4,24,021	792.00	631.10	22,09,959
February 2020	801.00	645.00	82,472	801.00	645.00	11,72,480
March 2020	677.00	378.00	4,15,777	679.00	401.00	8,75,801
April 2020	590.00	449.50	1,94,489	588.00	447.20	10,29,624
May 2020	532.70	485.70	97,132	535.00	485.10	3,10,281
June 2020	645.00	507.25	2,22,593	644.00	505.35	25,33,500
July 2020	717.00	604.35	1,93,305	719.00	604.15	26,16,437
August 2020	801.00	627.35	1,75,570	800.00	626.00	24,21,910
September 2020	859.90	678.40	3,14,606	860.00	677.90	38,09,023
October 2020	848.50	752.80	1,23,195	848.00	753.00	16,56,768
November 2020	942.00	816.95	2,15,879	942.00	810.15	23,77,445
December 2020	1,004.35	880.35	1,48,219	1,004.90	879.90	16,87,710

### Performance of the Company's shares in comparison 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.  
 Room No- 502 & 503, 5th Floor, Vaishno Chamber  
 6 Brabourne Road, Kolkata-700001  
 Contact person: Mr Amit Banerjee, Assoc. V.P. & Head- Kolkata Operations  
 Phone: +91-33-4004 9728; +91-33-4073 1698  
 Telefax: +91-33-4073 1698  
 Email: 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., Registrar and Transfer Agents of the Company. In compliance with the requirement of Regulation 40 of SEBI Listing Regulations, 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 regular intervals to dispose of all matters relating to transfer, 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

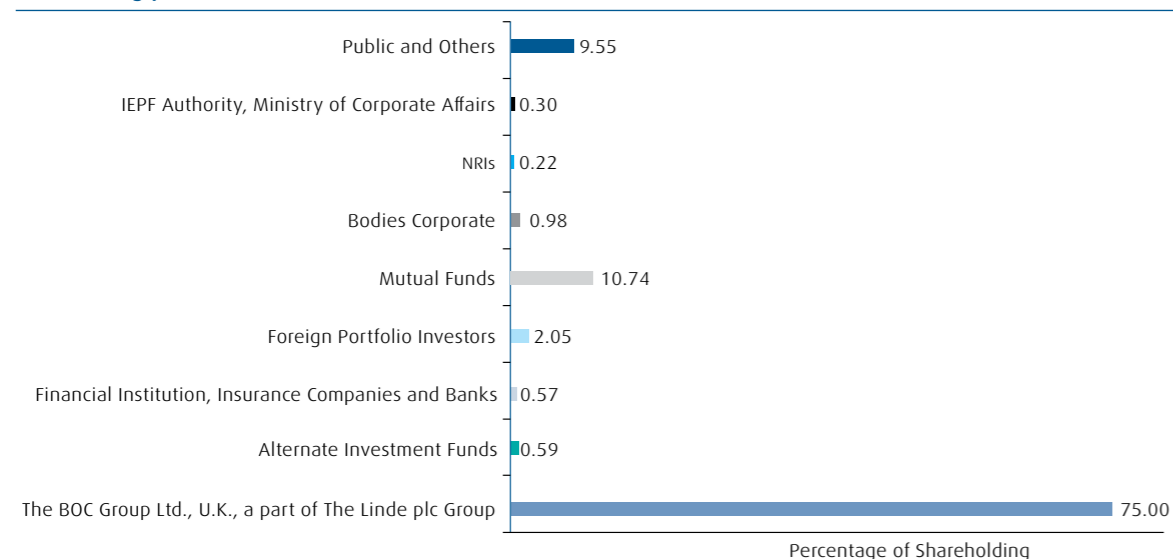
The Company's shares are compulsorily required to be traded in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL is INE473A01011. As on 31 December 2020, a total of 84,667,979/- equity shares of the Company constituting 99.28% of the total Subscribed and Paid up Share Capital stands dematerialized.

### Distribution of shareholding as on 31 December 2020

Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	12,221	53.90	208,225	0.24
51-100	3,374	14.88	297,564	0.35
101-250	3,128	13.80	553,201	0.65
251-500	1,949	8.60	733,919	0.86
501-1000	1,105	4.87	827,954	0.97
1001-5000	723	3.19	1,516,631	1.78
5001-10000	75	0.33	536,715	0.63
10001-100000	73	0.32	2,044,074	2.40
Above 100000	25	0.11	78,565,940	92.12
<b>Total</b>	<b>22,673</b>	<b>100.00</b>	<b>85,284,223</b>	<b>100.00</b>

**Shareholding pattern as on 31 December 2020**

Category	Number of Shares held	% of Issued and Paid up Share Capital
<b>(A) Foreign Promoters</b>		
The BOC Group Ltd, U.K., a part of the Linde plc Group	63,963,167	75.00
<b>(B) Public Shareholding</b>		
<b>(I) Institutional Shareholding</b>		
Financial Institutions, Insurance Companies & Banks	488,970	0.57
Foreign Portfolio Investors	1,751,736	2.05
Mutual Funds	9,154,454	10.74
Alternate Investment Funds	502,425	0.59
<b>Sub-Total (I)</b>	<b>11,897,585</b>	<b>13.95</b>
<b>(II) Non-Institutional Shareholding</b>		
Bodies Corporate	836,733	0.98
NRIs	187,628	0.22
IEPF Authority, Ministry of Corporate Affairs	259,244	0.30
Public and Others	8,139,866	9.55
<b>Sub-Total (II)</b>	<b>9,423,471</b>	<b>11.05</b>
<b>Total</b>	<b>85,284,223</b>	<b>100.00</b>

**Shareholding pattern as on 31 December 2020****Credit Rating**

The Company's total bank facilities- both fund-based and non-fund based are rated by CRISIL, which has reaffirmed its long-term credit rating of CRISIL AA with Stable outlook on its bank facilities. The rating denotes high degree of safety regarding timely servicing of financial obligations.

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

Not Applicable

**Commodity price risk or foreign exchange risk and hedging activities:**

The Company's Policy is to take forward cover in respect of its major foreign exchange exposures such as for imports, repayment of borrowings & interest thereon denominated in foreign currency and export receivables. The details of foreign exchange exposures are disclosed in Note 43 of Notes to the Standalone Financial Statements for the year ended 31 December 2020.

**Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:**

Not Applicable as the Company did not have any unclaimed shares in physical form pursuant to a public or any other issue.

**Plant Locations:****Bangalore**

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

**Bhadrachalam**

107 tpd ASU  
C/o. ITC Ltd. Paper Division,  
Sarapaka Village,  
Bhadradi Kothagudem,  
Bhadrachalam, Telangana 507 128

**Bhiwadi**

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

**Dahej**

110 tpd ASU  
Packaged Gases and Products Plant,  
Plot No. D2/19,  
Dahej Industrial Estate,  
Taluka- Vagra,  
Dist. Bharuch,  
Gujarat 392 130

**Faridabad**

Plot No.41, Sector-6,  
Faridabad, Haryana 121 006

**Jajpur**

421 tpd ASU  
Jindal Stainless Ltd.,  
Kalinganagar Industrial Complex,  
Duburi, Dist. Jajpur 755 026

**Kalinganagar**

2X1000 tpd ASU  
C/o. Tata Steel Ltd.,  
Kalinganagar Industrial Complex,  
Duburi 755 026,  
Dist. Jajpur, Odisha

**Jamshedpur**

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

225 tpd ASU

Near "L" Town Gate,  
Opposite Bari Maidan,  
Sakchi, Jamshedpur 831 001

**Kolkata**

Plant Manufacturing Works,  
P-41 Taratala Road,  
Kolkata 700 088

**Pune**

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

**Rourkela**

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

**Selaqui**

221 tpd ASU  
Khasara No. 122,  
MI Central Hope Town,  
Twin Industrial Estate, Phase-II,  
Selaqui, Dehradun 248 197

**Taloja**

450 tpd ASU  
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 711 316

**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  
E mail: [investor.relations.in@linde.com](mailto:investor.relations.in@linde.com)

### Declaration by the Managing Director (CEO) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of  
Linde India Limited

I, Abhijit Banerjee, Managing Director of Linde 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 2020.

**Abhijit Banerjee**  
Managing Director  
DIN: 08456907

Kolkata  
1 March 2021

1 March 2021

To  
**The Board of Directors**  
Linde India Limited  
Oxygen House  
P-43, Taratala Road  
Kolkata – 700 088

Dear Sirs,

#### CEO/CFO Certification in terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31 December 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to such financial reporting and have found no deficiencies in the design or operation of internal controls.
- d. We have indicated to the Auditors and the Audit Committee:
  - i. that there were no significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. that there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Mr Anupam Saraf**  
Chief Financial Officer  
Membership No.: ACA060828

**Abhijit Banerjee**  
Managing Director  
DIN: 08456907

### Certificate confirming non-disqualification of Directors

[Pursuant to Regulation 34(3) and Clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
**The Members**  
Linde India Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Linde India Limited (CIN: L40200WB1935PLC008184) having its Registered Office at Oxygen House, P43 Taratala Road, Kolkata – 700 088 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Clause 10(i) of Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to our verifications including Directors' Identification Number (DIN) status at the portal of the Ministry of Corporate Affairs, as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, have been debarred or disqualified during the financial year ended 31 December 2020 from being appointed or continuing as director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority:

Sr. No.	Name of Director	DIN	Designation	Date of appointment
1.	Mr. Robert John Hughes	08493540	Non-Executive Chairman & Director	28/06/2019
2.	Mr. Arun Balakrishnan	00130241	Independent Director	18/10/2011
3.	Mr. Jyotin Kantilal Mehta	00033518	Independent Director	19/11/2001
4.	Dr. Shalini Sarin	06604529	Independent Director	10/07/2018
5.	Ms. Cheryl Wei Ling Chan	08590180	Non-Executive Director	11/11/2019
6.	Mr. Abhijit Banerjee	08456907	Managing Director	07/06/2019

Ensuring the eligibility of every Director for the appointment/continuity on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Kolkata  
Date: February 27, 2021

For P. SARAWAGI & ASSOCIATES  
Company Secretaries  
(P. K. Sarawagi)  
Proprietor  
Membership No. : FCS-3381  
C. P. No. : 4882  
ICSI UDIN : F003381B003633150

## Independent Auditor's Certificate on Corporate Governance

**UDIN: 21054785AAAABP4859**

Ref : AB/65

### To The Members of Linde India Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated July 17, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Linde India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2020.
9. We 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 Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)  
**Abhijit Bandyopadhyay**  
Partner  
(Membership No. 054785)

Kolkata, 01 March, 2021

# Standalone Financial Statements



# Balance sheet.

as at 31 December 2020

in Rupees million	Note	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	19,684.77	20,348.04
Right-of-Use Assets	5A	203.80	-
Capital work-in-progress	5	170.58	529.39
Intangible assets	6	3.33	3.35
<b>Financial assets</b>			
Investments in joint ventures	7	20.00	-
Investments in others	7	0.39	0.29
Other financial assets	8	33.43	41.06
Non current tax assets (Net)	9	96.79	144.01
Other non current assets	10	1,794.95	1,866.91
<b>Total non-current assets (A)</b>		<b>22,008.04</b>	<b>22,933.05</b>
<b>Current assets</b>			
Inventories	11	685.91	654.05
<b>Financial assets</b>			
Trade receivables	12	4,072.12	3,828.08
Cash and cash equivalents	13	3,241.44	2,400.41
Other balances with bank	13A	17.14	8.15
Other financial assets	8	477.18	481.31
Other current assets	10	1,751.85	1,651.07
<b>Total current assets (B)</b>		<b>10,245.64</b>	<b>9,023.07</b>
Assets classified as held for sale (C)	14	196.29	192.03
<b>TOTAL ASSETS (A+B+C)</b>		<b>32,449.97</b>	<b>32,148.15</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	852.84	852.84
Other equity	16	21,184.36	20,515.55
<b>Total equity (D)</b>		<b>22,037.20</b>	<b>21,368.39</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities		58.95	-
Provisions	19	620.08	662.68
Deferred tax liabilities (Net)	20	2,354.13	1,961.37
Other non-current liabilities	22	415.72	311.04
<b>Total non-current liabilities</b>		<b>3,448.88</b>	<b>2,935.09</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	-	84.72
Lease liabilities		10.08	-
Trade payables		-	-
(A) total outstanding dues of micro and small enterprises	23	3.33	1.29
(B) total outstanding dues of creditors other than micro and small enterprises	23	4,512.42	3,743.48
Other financial liabilities	18	609.82	1,706.30
Provisions	19	388.56	460.68
Current Tax Liabilities (Net)	21	-	305.27
Other current liabilities	22	1,439.68	1,542.93
<b>Total current liabilities</b>		<b>6,963.89</b>	<b>7,844.67</b>
<b>Total liabilities (E)</b>		<b>10,412.77</b>	<b>10,779.76</b>
<b>TOTAL EQUITY AND LIABILITIES (D+E)</b>		<b>32,449.97</b>	<b>32,148.15</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
**Linde India Limited**  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN: 08493540  
J MEHTA, Director DIN: 00033518  
A BANERJEE, Managing Director DIN: 08456907

A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Statement of profit and loss.

for the year ended 31 December 2020

in Rupees million	Note	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>INCOME</b>			
Revenue from operations	24	14,711.24	17,617.86
Other income	25	326.39	188.16
<b>TOTAL INCOME ( A )</b>		<b>15,037.63</b>	<b>17,806.02</b>
<b>EXPENSES</b>			
Power and fuel		3,470.15	3,486.70
Cost of materials consumed	26	1,712.64	3,071.86
Purchase of stock-in-trade	27	1,785.99	1,078.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(39.98)	32.61
Employee benefits expenses	29	687.83	1,135.91
Finance costs	30	62.43	862.50
Depreciation and amortisation expense	31	1,760.00	1,772.54
Other expenses	32	3,346.15	4,643.63
<b>TOTAL EXPENSE (B)</b>		<b>12,785.21</b>	<b>16,084.52</b>
<b>Profit before exceptional items and tax C = (A-B)</b>		<b>2,252.42</b>	<b>1,721.50</b>
Exceptional Items (D)	35	111.48	8,407.55
<b>Profit before tax E = (C+D)</b>		<b>2,363.90</b>	<b>10,129.05</b>
<b>Tax Expense</b>			
Current tax	20	397.71	1,744.87
Deferred tax	20	410.84	1,112.39
<b>TOTAL TAX EXPENSE (F)</b>		<b>808.55</b>	<b>2,857.26</b>
<b>PROFIT FOR THE YEAR (G)= (E-F)</b>		<b>1,555.35</b>	<b>7,271.79</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement losses on defined benefit plans		(26.06)	(47.75)
Fair value changes of investments in equity shares		0.10	(0.02)
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		<b>9.11</b>	<b>31.44</b>
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes due to cash flow hedges		-	(1.42)
<b>Income tax relating to items that will be reclassified to profit or loss</b>		<b>-</b>	<b>0.50</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H)</b>		<b>(16.95)</b>	<b>(17.23)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ( I ) = (G+H)</b>		<b>1,538.40</b>	<b>7,254.56</b>
Earnings per equity share :	36		
<b>Basic and Diluted (Rs.)</b>		<b>18.24</b>	<b>85.27</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
**Linde India Limited**  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN: 08493540  
J MEHTA, Director DIN: 00033518  
A BANERJEE, Managing Director DIN: 08456907

A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Statement of changes in equity.

for the year ended 31 December 2020

## A. Equity share capital

in Rupees million	Equity share capital
Balance as at 1 January 2019	852.84
Changes in equity share capital during the year	-
<b>Balance at 31 December 2019</b>	<b>852.84</b>
Changes in equity share capital during the year	-
<b>Balance at 31 December 2020</b>	<b>852.84</b>

## B. Other equity

in Rupees million	Reserve and Surplus			Equity instrument through other comprehensive Income	Effective Portion of Cash Flow Hedges	Total
	Securities Premium Reserve	General Reserves	Retained Earnings			
Balance as at 1 January 2019	6,972.52	995.67	5,445.90	0.21	0.92	13,415.22
Profit for the year	-	-	7,271.79	-	-	7,271.79
Payment of Dividends	-	-	(127.93)	-	-	(127.93)
Tax on Dividend	-	-	(26.30)	-	-	(26.30)
Other Comprehensive Income (net of taxes)	-	-	(16.29)	(0.02)	(0.92)	(17.23)
<b>Balance as at 31 December 2019</b>	<b>6,972.52</b>	<b>995.67</b>	<b>12,547.17</b>	<b>0.19</b>	<b>-</b>	<b>20,515.55</b>
Profit for the year	-	-	1,555.35	-	-	1,555.35
Movement in reserve	-	-	(16.71)	-	-	(16.71)
Payment of Dividends	-	-	(852.88)	-	-	(852.88)
Tax on Dividend	-	-	-	-	-	-
Other Comprehensive Income (net of taxes)	-	-	(17.05)	0.10	-	(16.96)
<b>Balance as at 31 December 2020</b>	<b>6,972.52</b>	<b>995.67</b>	<b>13,215.88</b>	<b>0.29</b>	<b>-</b>	<b>21,184.35</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
**Linde India Limited**  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN : 08493540  
J MEHTA, Director DIN : 00033518  
A BANERJEE, Managing Director DIN : 08456907

A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Cash flow statement.

for the year ended 31 December 2020

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019	in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit before tax for the year	2,363.90	10,129.05	Purchase for property, plant and equipment, Intangibles	(704.53)	(833.20)
<b>Adjustments for:</b>			Proceeds from disposal of property, plant and equipment	23.67	80.12
Depreciation and amortisation expense	1,760.00	1,772.54	Advance received for Sale of Asset	250.00	250.00
Loss/(Gain) on sale of non-current assets	0.09	(21.15)	Proceeds from disposal of Asset Held for Sale	66.52	13,800.00
Finance costs recognised in profit or loss	62.43	862.50	Payment of consent fees for assignment of contract	-	(2,500.00)
Interest income on unwinding of security deposits	(0.23)	(1.16)	Income tax paid on profit from disposal of Assets Held for Sale	(367.24)	(1,101.73)
Interest Income on deposits	(68.42)	(16.04)	Investment in Joint Venture	(20.00)	-
Dividends on non-current investments	(145.50)	(97.50)	Dividends received	145.50	97.50
Interest income on finance lease arrangement	(5.26)	(4.80)	Interest received	73.71	20.10
Provision for doubtful receivables	90.35	54.03	Bank deposits (having original maturity of more than 3 months)	(8.99)	0.12
Exceptional items	(111.48)	(8,407.55)	<b>Net cash generated from/ (used in) investing activities</b>	<b>(541.36)</b>	<b>9,812.91</b>
<b>Operating cash flow before working capital changes</b>	<b>3,945.88</b>	<b>4,269.92</b>	<b>Cash flows from financing activities</b>		
<b>Movements in working capital:</b>			Proceeds from borrowings	-	6,863.29
Increase in trade receivables	(334.40)	(545.09)	Repayment of borrowings	(1,084.72)	(17,652.99)
Decrease in financial assets	11.74	119.22	Repayment of Lease Liability	(21.17)	-
Increase in other current and non-current assets	(259.05)	(640.53)	Finance cost paid	(41.97)	(981.82)
Increase in inventories	(31.87)	(31.12)	Finance cost on Lease payment	(6.46)	-
Increase in liabilities and provisions	345.81	228.06	Dividends paid to owners of the Company	(852.88)	(127.93)
<b>Cash generated from operations</b>	<b>3,678.11</b>	<b>3,400.46</b>	Tax paid on dividend	-	(26.30)
Income taxes paid (net)	(288.52)	(132.97)	<b>Net cash used in financing activities</b>	<b>(2,007.20)</b>	<b>(11,925.75)</b>
<b>Net cash generated from operating activities</b>	<b>3,389.59</b>	<b>3,267.49</b>	<b>Net increase in cash and cash equivalents</b>	<b>841.03</b>	<b>1,154.65</b>
			Cash and cash equivalents at the beginning of the year	2,400.41	1,245.76
			<b>Cash and cash equivalents at the end of the year</b>	<b>3,241.44</b>	<b>2,400.41</b>

Note: The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
**Linde India Limited**  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN : 08493540  
J MEHTA, Director DIN : 00033518  
A BANERJEE, Managing Director DIN : 08456907

A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Notes to standalone financial statements.

for the year ended 31 December 2020

## 1. Company Overview

Linde India Limited is a public company having Corporate Identity Number L40200WB1935PLC008184. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company is primarily engaged in manufacture of industrial and medical gases and construction of cryogenic and non-cryogenic air separation plants.

The functional and presentation currency of the Company is Indian Rupee ("Rs.").

As on 31 December 2020, The BOC Group United Kingdom owns 75.00% of the ordinary shares of the company and has the ability to control the company's operations.

The financial statement for the year ended 31 December 2020 were approved by the Board of directors and authorized for issue on 01 March 2021.

## 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

### a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

### b) Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### c) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets, provision for employee benefits and other claims, provision and contingent liabilities, recoverability of deferred tax assets.

### d) Current – Non-current classification

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

#### 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 Schedule III to the Companies Act, 2013.

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.

### e) Revenue recognition

#### A. Sale of Products

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Statement of Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

#### B. Revenue from Construction

Revenue from construction/project related activity is recognised as follows:

**Fixed price contracts:** Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognized in profit or loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

In addition, the Company recognises impairment loss (termed as provision for expected credit loss on contract assets in the financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

### C. Interest & Dividend Income

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.

### D. Other Income

Other Incomes are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

### f) Property, Plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation or accumulated impairment loss, if any. Cost of item of property, plant and equipment 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. Expenses capitalised include applicable borrowing costs for qualifying assets, if any.

This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment

is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The residual values, useful lives and method of depreciation of Property, Plant & Equipment is reviewed at each financial year and adjusted prospectively, if any.

Spares that can be used only with particular items of plant and machinery and such usage is expected to be for more than once accounting period are capitalized.

Property, Plant and Equipment under construction are recognized as capital work in progress.

#### g) Provision for Decommissioning, Restoration and Similar Liabilities

The Company has liabilities related to dismantling (restoration of soil) and other related works, which are due upon the closure of certain of its production sites. Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a discount rate where the effect of time value of money is material.

Future dismantling costs discounted to net present value, are capitalised and the corresponding dismantling liability is raised as soon as the obligation to incur such costs arises. Future dismantling costs are capitalised in property, plant and equipment as appropriate and are depreciated over the life of the related asset. The effect of the time value of money on the restoration and environmental costs liability is recognised in the statement of profit and loss.

#### h) Intangible assets

Software and Non- compete fees costs are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. They are measured initially at purchase cost and then amortised on a straight line basis over their estimated useful lives. All other costs on software and non-compete fees are expensed in the statement of profit and loss as and when incurred.

Goodwill arising on acquisition of business is measured at cost less any accumulated impairment loss. Goodwill is assessed at every balance sheet date for any impairment.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses.

#### i) Depreciation of Property, Plant and Equipment

Depreciation computed as per the straight line method based on the management's estimate of useful life of a property, plant and equipment which is in accordance with the useful lives of property, plant and equipment indicated in Schedule II of the Act. These charges are commenced from the dates the assets are available

for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised.

For certain assets categorized under "Plant and equipment", based on internal assessment, the management believes that these assets have useful lives of 10 years, 15 years and 18 years, which is different from the useful lives as prescribed under Part C of Schedule II of the Act.

The following useful lives apply to the different types of tangible assets:

Buildings	10 – 40 years
Plant and Equipment	10 – 18 years
Furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years
Office Equipment	3 – 10 years

Freehold land is not depreciated.

Assets individually costing Rs. 10,000 or less are fully depreciated in the year of acquisition.

Spares capitalized are being depreciated over the useful life / remaining useful life of the plant and machinery with which such spares can be used.

The useful lives are reviewed atleast at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

#### j) Amortisation of Intangible assets

Intangible assets except Goodwill 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.

The estimated useful lives of Intangible Assets are as follows:

Software	5 Years
Non-compete fee	5 Years

The useful lives are reviewed atleast at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

#### k) Impairment

The carrying amounts of property, plant & equipment, capital work in progress and intangible assets are reviewed at each Balance Sheet date, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects the current market assessments of the time value of money. 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.

#### l) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are considered as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed beyond reasonable time due to other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

#### m) 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.

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.

#### n) Leases

Effective January 01, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has

taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparative information is not restated and is presented, as previously reported, under Ind AS 17.

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 01 January 2020 as short-term leases
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made when applying Ind AS 17.

The adoption of Ind AS 116 did not have any material impact on Statement of profit and loss and earnings per share.

Company as a lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term. When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### Company as lessor

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

#### The Company has the following policy applicable till 31st December 2019 Ind As -17 "Leases".

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease. Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Company as lessee

- (i) Operating lease – Rentals payable under operating leases are charged to the statement of profit and loss as per the terms of the relevant lease contract unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
- (ii) Finance lease – Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss over the period of the lease.

#### The Company as lessor

- (i) Operating lease – Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the lease term.
- (ii) Finance lease – When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

#### o) Employee benefits

The Company's obligation towards various employee benefits have been recognized 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 exgratia. 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.

##### Post-employment Benefits

###### Defined contribution plans

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 exgratia. 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.

###### Defined benefit plans

###### Recognition and measurement of defined benefit plans

For defined benefit retirement schemes i.e. gratuity, superannuation and post-retirement medical benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognized immediately in other comprehensive income. Such re-measurements are not re-classified to the Statement of Profit & Loss in the subsequent period. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value of plan assets.

Provident fund administered through Company's trust for certain employees (in accordance with the Provident Fund Regulation) are defined benefit obligations with respect to the yearly interest guarantee. Annual charge is recognized based on actuarial valuation of the Company's related obligation on the reporting date. Actuarial gain or losses for the year are recognized in the Statement of other Comprehensive Income.

#### Other long term employee benefits

##### 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 period-end are recognized when the employees render the services that increases their entitlement to future compensated absences. Such costs are recognized in the Statement of Profit & Loss on actuarial valuation of related obligation on the reporting date.

##### Termination Benefits

Termination Benefits, in the nature of voluntary retirement benefits or Termination Benefits arising from restructuring, are recognized in the Statement of Profit & Loss. The Company recognizes Termination Benefits at the earlier of the following dates:

- (a) when the Company can no longer withdraw the offer of these benefits, or
- (b) when the Company recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

#### p) Foreign exchange transactions

##### Measurement of Foreign Currency items at reporting dates

Foreign exchange transactions are recorded at the exchange rate prevailing on the date of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates. Non- Monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

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

#### q) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation (legal or constructive) 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. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Constructive obligation is an obligation that derives from an entity's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and;
- (b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 generally not recognized but are disclosed when inflow of economic benefit is probable. \

Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

#### r) Income taxes

Tax expense for the year comprises current tax and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction and there is an intention to settle the asset & liability on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

#### s) 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.

#### t) Financial Instruments

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at Transaction price.

##### (a) Financial assets

###### i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose

objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

###### ii. Financial assets measured at fair value

###### Fair Value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

###### Fair value through the statement of profit and loss (FVTPL)

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss. Fair value changes are recognized in the Statement of Profit & Loss at each reporting period.

###### iii. Cash and bank balances

Cash and bank balances consist of:

- (i) Cash and cash equivalents - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than one year from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.
- (ii) Other bank balances - which includes balances and deposits with banks that are restricted for withdrawal and usage.

###### Impairment of financial assets:

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income. The Company recognises life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss

allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The Impairment losses and reversals are recognized in the Statement of Profit & Loss.

###### De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralised borrowing for the proceeds received. On de-recognition of a Financial Asset (except for Financial Assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit & Loss.

#### (b) Financial liabilities and equity instruments

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

##### De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit & Loss.

##### Derivative financial instruments and hedge accounting

The Company enters into forward contracts and principal and interest swap contracts to hedge its risks associated

with foreign currency and variable interest rate fluctuations related to existing financial assets and liabilities, certain firm commitments and forecasted transactions. These derivative contracts are being considered as cash flow hedge.

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.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward and interest rate contracts wherever possible. At the inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss. The effective portion is recognized in Other Comprehensive Income.

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives
- for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in equity and the ineffective portion is taken to the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

#### u) Investment in Joint Ventures

A joint venture is a joint arrangement whereby the parties have the joint control of the arrangement and have rights to the net assets to joint arrangement. Joint control is contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activity require unanimous consent of the parties sharing control.

Investment in joint ventures are carried at cost less accumulated impairment, if any.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

#### v) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

#### w) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are not depreciated or amortized.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation.

The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

### 3. New and amended standards adopted by the Company

Amendment to Ind AS 12 'Income Taxes'- The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes' with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effect from April 1, 2020, this amendment will have no impact on the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments- The Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 2, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 01 January 2020 for the company. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

Amendment to Ind AS 19 'Employee Benefits'- The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 01 January 2020 for the company. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### i) Useful life of Property, Plant and Equipment and Intangible assets

The Company has made in the process of applying its accounting policies that have a significant effect on the amounts recognised in these financial statements pertain to useful life of Property, Plant and Equipment and Intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Currently, the Intangible assets have been determined to have a finite useful life and are amortised over this useful life.

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the depreciation rates and depreciation method which is reviewed at each year end.

#### ii) Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### iii) Claims, Provisions and Contingent Liabilities

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-

occurrence of one or more future uncertain events not wholly within the control of the Company. Or

Contingent liabilities where there is a present obligations but it is not probable that economic benefits would be required to settle the obligations are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

#### iv) Impairment of Property, Plant and Equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### v) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

#### vi) Revenue Recognition

(i) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

(ii) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

### 5. Property, plant and equipment and Capital work- in- progress

in Rupees million	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total Tangible Assets	Capital work in progress	Total tangible assets including capital work in progress
I. Cost/Deemed cost as at 1 January 2020	212.27	930.29	25,864.27	47.36	20.00	182.88	27,257.07	529.39	27,786.46
Additions	-	39.23	1,011.26	0.19	29.91	19.15	1,099.74	661.88	1,761.62
Disposals	-	(1.19)	(108.11)	(1.72)	(0.97)	(35.27)	(147.26)	-	(147.26)
Assets capitalised during the year	-	-	-	-	-	-	-	(1,020.69)	(1,020.69)
Cost /Deemed cost as at 31 December 2020	212.27	968.33	26,767.42	45.83	48.94	166.76	28,209.55	170.58	28,380.13
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2020	-	226.94	6,497.30	25.40	13.11	146.28	6,909.03	-	6,909.03
Depreciation expense for the year	-	44.58	1,657.30	5.25	10.04	22.07	1,739.24	-	1,739.24
Disposals	-	(1.18)	(87.30)	(1.72)	(0.95)	(32.34)	(123.49)	-	(123.49)
Balances as at 31 December 2020	-	270.34	8,067.30	28.93	22.20	136.01	8,524.78	-	8,524.78
Net carrying value as at 31 December 2020	212.27	697.99	18,700.12	16.90	26.74	30.75	19,684.77	170.58	19,855.35
Net carrying value as at 1 January 2020	212.27	703.35	19,366.97	21.96	6.89	36.60	20,348.04	529.39	20,877.43

### 5. Property, plant and equipment and Capital work-in-progress (contd)

in Rupees million	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total Tangible Assets	Capital work in progress	Total tangible assets including capital work in progress
I. Cost/Deemed cost as at 1 January 2019	215.58	929.04	25,481.90	45.96	12.05	186.50	26,871.03	444.57	27,315.60
Additions	-	31.90	588.74	2.11	8.96	19.41	651.12	731.99	1,383.11
Disposals	-	(5.06)	(51.01)	(0.59)	(1.01)	(18.05)	(75.72)	-	(75.72)
Assets capitalised during the year	-	-	-	-	-	-	-	(647.17)	(647.17)
Classified as Assets held for sale (refer note 14)	(3.31)	(25.59)	(155.36)	(0.12)	-	(4.98)	(189.36)	-	(189.36)
Cost /Deemed cost as at 31 December 2019	212.27	930.29	25,864.27	47.36	20.00	182.88	27,257.07	529.39	27,786.46
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2019	-	192.11	4,910.67	20.11	5.88	134.09	5,262.86	-	5,262.86
Depreciation expense for the year	-	42.89	1,676.78	5.96	8.24	33.54	1,767.41	-	1,767.41
Disposals	-	(3.62)	(41.78)	(0.59)	(1.01)	(17.15)	(64.15)	-	(64.15)
Classified as Assets held for sale (refer note 14)	-	(4.44)	(48.37)	(0.08)	-	(4.20)	(57.09)	-	(57.09)
Balances as at 31 December 2019	-	226.94	6,497.30	25.40	13.11	146.28	6,909.03	-	6,909.03
Net carrying value as at 31 December 2019	212.27	703.35	19,366.97	21.96	6.89	36.60	20,348.04	529.39	20,877.43
Net carrying value as at 1 January 2019	215.58	736.93	20,571.23	25.85	6.17	52.41	21,608.17	444.57	22,052.74

The above includes following assets given on operating lease:

in Rupees million	Buildings	Plant and Equipment	Total Tangible Assets
Cost/Deemed cost as at 1 January 2020	421.57	19,355.70	19,777.27
Accumulated Depreciation	157.55	5,702.65	5,860.20
Net carrying value as at 31 December 2020	264.02	13,653.05	13,917.07
Depreciation expense for the year	19.82	1,071.33	1,091.15
Cost/Deemed cost as at 1 January 2019	421.14	18,754.70	19,175.84
Accumulated Depreciation	137.73	4,631.32	4,769.05
Net carrying value as at 31 December 2019	283.41	14,123.38	14,406.79
Depreciation expense for the year	18.68	1,121.18	1,139.86



**5A. Right-of-Use Asset**

in Rupees million	Land	Buildings	Plant and Equipment	Total
<b>I. As on transition to IND AS 116 1 January 2020</b>	168.32	74.69	6.35	249.36
Additions	3.00	-	-	3.00
Disposals	-	31.40	-	31.40
<b>Cost/Deemed cost as at 31 December 2020</b>	171.32	43.29	6.35	220.96
<b>II. Accumulated amortisation and impairment</b>				
<b>As on transition to IND AS 116 1 January 2020</b>				
Amortisation expense for the period	4.96	11.14	1.06	17.16
Disposals	-	-	-	-
<b>Balances as at 31 December 2020</b>	4.96	11.14	1.06	17.16
<b>Net carrying value as at 31 December 2020</b>	166.36	32.15	5.29	203.80

**6. Intangible assets**

in Rupees million	Software	Non-Compete Fees	Total Intangible assets
<b>I. Cost/Deemed cost as at 1 January 2020</b>	22.30	7.51	29.81
Additions	3.58	-	3.58
Disposals	-	-	-
<b>Cost/Deemed cost as at 31 December 2020</b>	25.88	7.51	33.39
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2020</b>	18.95	7.51	26.46
Amortisation expense for the year	3.60	-	3.60
Disposals	-	-	-
<b>Balances as at 31 December 2020</b>	22.55	7.51	30.06
<b>Net carrying value as at 31 December 2020</b>	3.33	-	3.33
<b>Net carrying value as at 1 January 2020</b>	3.35	-	3.35

in Rupees million	Software	Non-Compete Fees	Total intangible assets
<b>I. Cost/Deemed cost as at 1 January 2019</b>	21.18	7.51	28.69
Additions	1.12	-	1.12
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	-	-	-
<b>Cost/Deemed cost as at 31 December 2019</b>	22.30	7.51	29.81
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2019</b>	13.82	7.51	21.33
Amortisation expense for the year	5.13	-	5.13
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	-	-	-
<b>Balances as at 31 December 2019</b>	18.95	7.51	26.46
<b>Net carrying value as at 31 December 2019</b>	3.35	-	3.35
<b>Net carrying value as at 1 January 2019</b>	7.36	-	7.36

**7. Investments**

in Rupees million	As at 31 Dec 2020		As at 31 Dec. 2019	
	Quoted	Unquoted	Quoted	Unquoted
<b>Non-Current</b>				
<b>Investments in equity instruments</b>				
<b>Joint venture (classified at cost)</b>				
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited) 2,000,000 equity shares of Rs. 10 each (31 December 2019: Nil)	-	20.00	-	-
<b>Others (classified at fair value through OCI)</b>				
Woodlands Multispeciality Hospital Limited* 2,980 equity shares of Rs. 10 each (31 Dec 2019: 2,980 equity shares of Rs. 10 each)	-	0.00	-	0.00
JSW Steel Limited 1,000 shares of Re. 1 each (31 Dec 2019: 1,000 of Re. 1 each)	0.39	-	0.29	-
	0.39	20.00	0.29	0.00

**Additional Information**

Aggregate amount of quoted investments and market value thereof	0.39	-	0.29	0.00
Aggregate amount of unquoted investments	-	20.00	-	0.00
Aggregate amount of impairment in value of investments*	-	0.00	-	0.00

\* Investment written down to nominal value of Re. 1.00 in the year ending 31 March 2004.

**8. Other financial assets**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
Loans to employees	-	0.91	-	0.73
Receivables from related parties for recovery of expenses	-	132.85	-	138.10
Security deposits	18.13	8.21	22.28	14.29
Finance lease receivable	15.30	3.49	18.78	2.74
Claims including escalation	-	195.86	-	196.26
Interest accrued on deposit	-	1.65	-	1.68
Others	-	134.21	-	127.51
	33.43	477.18	41.06	481.31

**9. Non Current tax assets (Net)**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Advance tax ( net of provisions)	96.79	144.01
	96.79	144.01

**10. Other assets**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
<b>To related parties</b>				
Capital advances	-	-	0.84	-
Advances for supplies/ services	-	34.31	-	32.43
<b>To parties other than related parties</b>				
Capital advances	59.81	-	129.64	-
Advances for supplies/ services	-	310.57	-	259.76
<b>Advance with public bodies and tax authorities</b>				
Customs, excise, sales tax, etc.	363.10	-	308.67	-
GST receivable	-	300.89	-	593.63
Unbilled revenue	1,271.45	1,073.63	1,176.68	665.27
Security deposits	93.13	-	86.13	-
Prepaid lease payments	-	-	150.50	1.91
Prepaid expenses	7.46	29.45	14.45	95.32
Advance to employees	-	3.00	-	2.75
	1,794.95	1,751.85	1,866.91	1,651.07

**11. Inventories**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Raw materials	7.98	13.25
Work in progress	18.64	14.27
Finished goods	283.94	248.33
Stores and spares	375.35	378.20
	685.91	654.05

i) Finished goods Includes Good in Transit of Rs. 24.76 million (31 Dec 2019: Rs.18.09 million)

ii) The value of stores and spares above is after providing for slow moving and obsolete spares of Rs.169.43 million (31 Dec 2019: Rs. 163.75 million)

iii) Cost of inventory recognised as expense during the year amount to Rs.11,032.18 million (31 Dec 2019: Rs. 14,113.85 million)

**12. Trade receivables**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Trade receivables</b>		
Unsecured, considered good	4,072.12	3,828.08
Credit Impaired	58.84	46.32
Unsecured, considered doubtful	273.52	222.20
Less: Allowance for credit losses	332.36	268.52
	4,072.12	3,828.08

In determining the allowances for credit losses of trade receivables, the company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. In addition to this Company provides for credit loss based on increase in credit risk on case to case basis.

i) Movements in allowance for expected credit losses of receivables is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Balance at the beginning of the year	268.52	276.30
Allowances made during the year	144.18	100.90
Release to statement of profit and loss	(53.83)	(46.87)
Bad debt written off	(26.51)	(61.81)
Balance at the end of the year	332.36	268.52

**Trade Receivables**

Out of the Trade receivables Rs.1,315.91 million (31 Dec 2019: Rs. 1,028.54 million) is due from the Company's major customers i.e. having more than 5% of total outstanding trade receivables.

ii) There is no outstanding debts due from directors or other officers of the Company.

iii) Ageing of trade receivables and credit risk arising there from as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Amounts not yet due	2,731.36	2,602.10
Three months overdue	941.09	801.43
Between three to twelve months overdue	308.68	327.35
Greater than twelve months overdue	423.35	365.72
	4,404.48	4,096.60

**13. Cash and cash equivalents**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Cash in hand *	0.01	0.02
Balances with banks		
In Current account	121.88	203.01
In Deposit account - Original maturity of 3 months or less	3,119.55	2,197.38
	3,241.44	2,400.41

\* Cash in hand represents prepaid cards issued by designated banks to the employees on behalf of the company for business purpose.

**13A. Other balances with bank**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
In Other deposit accounts		
Original maturity more than 3 months#	11.59	4.41
Earmarked balances with banks		
Unclaimed dividend accounts	5.55	3.74
	17.14	8.15

# these deposit has been lien marked against earnest money deposits

#### 14. Assets classified as held for sale

The Company for the Belloxy Divestment Business ("BDB") has sought for an extension of the Hold Separate arrangement for the balance tenure of the Gas Supply Agreement dated 22nd November, 2004, i.e., upto November 2021. The Hon'ble Competition Commission of India has approved Linde's Hold separate proposal and sought Linde to complete the divestment at the earliest. The Company has accepted the draft binding offer dated 8th October, 2020 issued by JSW Steel Limited on 8th Jan, 2021 and has also asked Inox Air Product Private Limited to likewise, accept the offer for the sale of the Belloxy 855 TPD Plant to JSW upon expiry of the GSA in November, 2021. Further, the Company has also clearly intimated to JSW that it will not extend the GSA beyond its original term, which is expiring in November, 2021.

The major classes of assets held for sale is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Assets classified as held for sale:</b>		
Property, plant and equipment	40.13	40.13
Capital work-in-progress	6.16	1.90
Investments in joint venture	150.00	150.00
	<b>196.29</b>	<b>192.03</b>

#### 15. Equity Share Capital

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Authorised:</b>		
86,000,000 Equity Shares of Rs. 10 each (31 Dec 2019: 86,000,000 Equity Shares of Rs. 10 each)	860.00	860.00
	<b>860.00</b>	<b>860.00</b>
<b>Issued:</b>		
85,286,209 Equity Shares of Rs. 10 each (31 Dec 2019: 85,286,209 Equity Shares of Rs. 10 each)	852.86	852.86
<b>Subscribed and paid up :</b>		
85,284,223 Equity Shares of Rs. 10 each (31 Dec 2019: 85,284,223 Equity Shares of Rs. 10 each)	852.84	852.84
	<b>852.84</b>	<b>852.84</b>

i) The movement in subscribed and paid up share capital is as below:

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Share capital		Share capital	
	No of Shares	Amount	No of Shares	Amount
Balance at the beginning of the year	85,284,223	852.84	85,284,223	852.84
Shares issued during the year	-	-	-	-
Balance at the end of the year	85,284,223	852.84	85,284,223	852.84

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

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	No of Shares	Amount	No of Shares	Amount
The BOC Group Ltd,U.K., holding company	63,963,167	639.63	63,988,443	639.88

iii) Particulars of shareholders holding more than 5% shares in the company is as below

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	No of Shares	% of total shares in class	No of Shares	% of total shares in class
The BOC Group Ltd,U.K., holding company	63,963,167	75.00%	63,988,443	75.03%
Reliance Capital Trustee Co. Ltd	8,302,068	9.73%	8,419,627	9.87%

iv) 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 dividend and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholders 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.

**16. Other equity**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Securities Premium	6,972.52	6,972.52
General Reserve	995.67	995.67
Retained Earnings	13,215.88	12,547.17
Equity instruments through other comprehensive income	0.29	0.19
	<b>21,184.36</b>	<b>20,515.55</b>

**16 A. Movement in other equity**

in Rupees million	Reserve and Surplus			Equity instruments through other comprehensive Income	Effective Portion of Cash Flow Hedges	Total
	Securities Premium Reserve	General Reserve	Retained Earnings			
Balance as at 1 January 2019	6,972.52	995.67	5,445.90	0.21	0.92	13,415.22
Profit for the year	-	-	7,271.79	-	-	7,271.79
Payment of Dividends*	-	-	(127.93)	-	-	(127.93)
Tax on Dividend	-	-	(26.30)	-	-	(26.30)
Other Comprehensive Income (net of taxes)	-	-	(16.29)	(0.02)	(0.92)	(17.23)
<b>Balance as at 31 December 2019</b>	<b>6,972.52</b>	<b>995.67</b>	<b>12,547.17</b>	<b>0.19</b>	<b>-</b>	<b>20,515.55</b>
Profit for the year	-	-	1,555.35	-	-	1,555.35
Movement in reserve for Ind AS 116	-	-	(16.71)	-	-	(16.71)
Payment of Dividends**	-	-	(852.88)	-	-	(852.88)
Other Comprehensive Income (net of taxes)	-	-	(17.05)	0.10	-	(16.95)
<b>Balance as at 31 December 2020</b>	<b>6,972.52</b>	<b>995.67</b>	<b>13,215.88</b>	<b>0.29</b>	<b>-</b>	<b>21,184.36</b>

\* Dividend of Re.1.50 per share

\*\* Dividend of Re.10.00 per share

**16 B. Nature and purpose of reserves****(a) Securities Premium**

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

**(b) General Reserve**

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

**(c) Retained Earnings**

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

**(d) Equity instruments through other comprehensive Income**

This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.

**(e) Effective portion of Cash Flow Hedges**

This Reserve represents the cumulative effective portion of changes in fair value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the financial asset in accordance with the company's accounting policy.

**17. Borrowings**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current portion of long term borrowings*	Non current	Current portion of long term borrowings*
Long term borrowings				
Unsecured borrowings				
Term Loans				
From banks	-	-	-	1,000.00
	-	-	-	1,000.00

\* Current maturities of long-term borrowings is reported as a part of other financial liabilities under note 18.

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Short term borrowings		
Unsecured borrowings		
Loans from Banks		
Bills Discounting	-	84.72
	-	84.72

**i) Borrowing details :**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019	Repayment schedule
(a) Rupee term loan from bank	-	1,000.00	May 2020
(b) Bill Discounting from Banks	-	84.72	Repayable on demand
	-	1,084.72	

**17. Borrowing (contd)**

ii) The maturity profile of company's borrowing is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Not Later than one year	-	1,084.72
Later than one year but not two years	-	-
Later than two year but not three years	-	-
	-	1,084.72

**18. Other financial liabilities**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
Current maturities of long-term borrowings (refer note 17)	-	-	-	1,000.00
Interest accrued but not due on borrowings	-	-	-	7.40
Unclaimed dividends	-	5.55	-	3.74
Creditors for capital supplies and services	-	486.57	-	557.73
Security deposits from customers	-	106.91	-	104.55
Other employee liabilities	-	10.79	-	32.88
	-	609.82	-	1,706.30

**19. Provisions**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Provision for employee benefits</b>				
Retirement benefits obligations (refer note 39)				
Gratuity	48.01	-	119.91	0.04
Pension	75.76	-	67.43	-
Post retirement medical benefit	150.41	14.43	138.00	14.12
Other long-term employee benefits				
Compensated absences	10.04	1.86	39.20	4.23
<b>Other provisions</b>				
Asset restoration obligations [refer note (a)]	335.86	-	298.14	-
Provision for warranties [refer note (b)]	-	175.21	-	130.68
Provision for liquidated damages [refer note (c)]	-	-	-	23.66
Provision for contingencies [refer note (d)]	-	197.06	-	287.95
	620.08	388.56	662.68	460.68

**19.1 Movement in other provisions**

in Rupees million	Asset restoration obligations	Provision for warranties	Provision for liquidated damages	Provision for contingencies
Balance as at 1 January 2020	298.14	130.68	23.66	287.95
Add: Provision during the year*	37.72	86.07	-	2.41
Less: Utilised during the year	-	41.54	-	66.33
Less: Reversed during the year	-	-	23.66	26.97
Balance as at 31 December 2020	335.86	175.21	-	197.06
Balance as at 1 January 2019	256.29	136.39	23.66	432.90
Add: Provision during the year*	41.85	63.09	-	29.37
Less: Utilised during the year	-	68.80	-	49.47
Less: Reversed during the year	-	-	-	124.85
Balance as at 31 December 2019	298.14	130.68	23.66	287.95

\* Includes Rs 21.40 millions (31 Dec 2019: Rs 20.28 millions) on account of unwinding of interest for asset restoration obligation.

**(a) Provision for asset restoration obligation**

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.

**(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 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).

**(d) 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.

**20. Deferred tax liabilities (Net)****a) Movement of deferred tax**

in Rupees million	As at 1 Jan. 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 Dec. 2020
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	3,531.37	26.81	-	3,558.18
Finance income from finance lease arrangement	7.39	(0.84)	-	6.55
	<b>3,538.76</b>	<b>25.97</b>	<b>-</b>	<b>3,564.73</b>
<b>Deferred tax assets</b>				
Employee benefits	111.87	(2.48)	9.11	118.50
Provisions for doubtful receivables, contingencies, warranties	316.20	(6.29)	-	309.91
Interest on Dismantling	7.09	7.48	-	14.57
Lease Ind AS 116	-	2.26	8.97	11.23
Others	2.04	-	-	2.04
	<b>437.20</b>	<b>0.97</b>	<b>18.08</b>	<b>456.25</b>
Minimum Alternate Tax Credit Entitlement	1,140.19	(385.84)	-	754.35
	<b>1,961.37</b>	<b>410.84</b>	<b>(18.08)</b>	<b>2,354.13</b>

in Rupees million	As at 1 Jan. 2019	Recognised in statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 Dec. 2019
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	4,027.43	(496.06)	-	3,531.37
Finance income from finance lease arrangement	8.40	(1.01)	-	7.39
	<b>4,035.83</b>	<b>(497.07)</b>	<b>-</b>	<b>3,538.76</b>
<b>Deferred tax assets</b>				
Employee benefits	84.42	(3.99)	31.44	111.87
Provisions for doubtful receivables, contingencies, warranties	378.34	(62.14)	-	316.20
Interest on Dismantling	-	7.09	-	7.09
Unabsorbed depreciation	2,015.65	(2,015.65)	-	-
Mark to Market on derivative contracts	(0.44)	(0.06)	0.50	-
Others	2.00	0.04	-	2.04
	<b>2,479.97</b>	<b>(2,074.71)</b>	<b>31.94</b>	<b>437.20</b>
Minimum Alternate Tax Credit Entitlement	674.94	465.25	-	1,140.19
	<b>880.92</b>	<b>1,112.39</b>	<b>(31.94)</b>	<b>1,961.37</b>

**b) Income tax expense**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Current Tax</b>		
Current income tax charge	397.71	1,744.87
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	410.84	1,112.39
	<b>808.55</b>	<b>2,857.26</b>

**c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Profit Before tax	2,363.90	10,129.05
Statutory Income Tax Rate	34.944%	34.944%
Income Tax using the Company's domestic Tax rate	826.04	3,539.50
<b>Tax Effect of:</b>		
- Income Exempt from Tax/Items not deductible	(21.19)	(34.07)
- Tax Incentives and concessions	3.88	(5.93)
- Income from House Property	(2.03)	(1.99)
- Effect of Tax Rate on Long term Capital Gain vs Business Income	1.85	(640.25)
	<b>808.55</b>	<b>2,857.26</b>

**21. Current tax liabilities (Net)**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Provision for Taxes (Net of Advance tax)	-	305.27
	<b>-</b>	<b>305.27</b>

**22. Other liabilities**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current*	Current	Non current*	Current
Advances received from customers	415.72	865.21	311.04	938.81
Advances received for Sale of Assets	-	553.00	-	303.00
Statutory dues	-	-	-	-
Tax deducted and collected at source	-	16.82	-	278.74
Others	-	4.65	-	22.38
	<b>415.72</b>	<b>1,439.68</b>	<b>311.04</b>	<b>1,542.93</b>

\* This includes advance received from customer for an indirect tax case, mobilisation advance from customers which are adjustable over a period, etc.

**23. Trade payables**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Creditors for supplies and services		
Dues to micro and small enterprises	3.33	1.29
Others	4,335.78	3,548.54
Creditors for accrued wages and salaries	176.64	194.94
	<b>4,515.75</b>	<b>3,744.77</b>

**23. Trade payables (contd)**

The amount due to Micro and Small Enterprises as defined in "The Micro, Small and Medium Enterprise Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to Micro and Small Enterprises are as follows :

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
(i) The principal amount remaining unpaid to supplier as at the end of the year	3.33	1.29
(ii) The interest due thereon remaining unpaid to supplier as at the end of the year	0.01	-
(iii) 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 this act	0.61	0.07
(iv) The amount of interest accrued during the year and remaining unpaid at the end of the year	0.61	0.84

**24. Revenue from operations**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Sale of products (gases)</b>	<b>11,949.83</b>	<b>13,052.89</b>
Air separation unit gases	11,332.43	11,789.49
Other cylinder gases	534.36	552.60
Others	83.04	710.80
<b>Revenue from construction contracts</b>	<b>2,756.15</b>	<b>4,560.17</b>
Vessels, plant and other project engineering contracts	2,756.15	4,560.17
<b>Other operating income</b>	<b>5.26</b>	<b>4.80</b>
Interest income on finance lease arrangement	5.26	4.80
	<b>14,711.24</b>	<b>17,617.86</b>

**25. Other Income**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Rent	19.40	18.96
Dividend income from joint venture	145.50	97.50
Miscellaneous income	92.84	54.50
Interest income on unwinding of security deposits	0.23	1.16
Interest income on deposits	68.42	16.04
	<b>326.39</b>	<b>188.16</b>

**26. Cost of materials consumed**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Inventory of materials at the beginning of the year	13.25	10.56
Purchases	1,707.37	3,074.55
Less : Inventory of materials at the end of the year	7.98	13.25
	<b>1,712.64</b>	<b>3,071.86</b>

**27. Purchase of stock in trade**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Air separation unit gases	1,219.07	802.09
Other cylinder gases	545.11	276.64
Others	21.81	0.04
	<b>1,785.99</b>	<b>1,078.77</b>

**28. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Inventories at the beginning of the year</b>		
Finished goods	248.33	288.80
Work-in-progress	14.27	6.41
	<b>262.60</b>	<b>295.21</b>
<b>Less: Inventories at the closing of the year</b>		
Finished goods	283.94	248.33
Work-in-progress	18.64	14.27
	<b>302.58</b>	<b>262.60</b>
	<b>(39.98)</b>	<b>32.61</b>

**29. Employee benefits expenses**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Salaries and wages, including bonus	623.54	991.79
Contribution to provident and other funds	43.50	94.75
Workmen and staff welfare expenses	20.79	49.37
	<b>687.83</b>	<b>1,135.91</b>

During the year, the Company recognised an amount of **Rs. 32.44 million** ( 31 Dec 2019: Rs. 44.79 million) as remuneration to Key Managerial Personnel. The details of such remuneration is as below:

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Short term employee benefits	31.22	42.62
Post employment benefits	1.22	2.17
	<b>32.44</b>	<b>44.79</b>

**30. Finance costs**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Interest expense	34.57	842.22
On long and short term borrowings from banks	34.57	282.74
On external commercial borrowings and others*	-	559.48
Interest expense on unwinding	21.40	20.28
Of dismantling cost	21.40	20.28
Interest expense on Lease Liability	6.46	-
	62.43	862.50

\* Others include interest on Income tax NIL (31 Dec 2019: Rs. 4.85 Million)

**31. Depreciation and amortisation**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Depreciation on tangible assets	1,756.40	1,767.41
Amortisation of intangible assets	3.60	5.13
	1,760.00	1,772.54

**32. Other Expenses**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Consumption of stores and spares	74.19	147.20
Repairs to buildings	1.74	6.41
Repairs to plant and machinery	177.68	388.46
Repairs to others	43.51	39.62
Freight and handling charges	1,106.03	1,809.59
Rent	13.14	54.82
Loss on foreign exchange (Net)	54.60	42.04
Rates and taxes	2.56	5.16
Insurance charges	96.41	62.64
Allowances for doubtful debts	90.35	54.03
Contract job expenses	505.98	773.15
Profit on disposal of property, plant and equipment (Net)	(0.09)	(21.15)
Provision for warranties (Net)	51.92	(5.71)
Technical support fees	251.71	192.51
Travelling expenses	39.22	139.02
Telephone and communication expenses	18.81	21.91
Support Services cost	512.15	286.31
Corporate social responsibility expenditure (refer note 33)	8.55	2.46
Miscellaneous expenses (refer note 34)	297.69	645.16
	3,346.15	4,643.63

**33. Corporate Social Responsibility**

As per Section 135 of the Companies Act, 2013 a CSR committee has been formed by the Company. The funds were utilised throughout the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct contribution towards aforesaid activities.

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
(a) Gross amount required to be spent by the Company during the year	14.08	2.53
(b) The areas of CSR activities and contributions made thereto in cash are as follows:		
Amount spent during the year on:		
1) Construction / Acquisition of any assets		
2) For purpose other than (1) above:		
Promoting and preventive healthcare	-	1.80
Promoting education including special education and employment enhancing vocational fees	2.83	0.34
Environment	0.21	-
Livelihood (skill development)	-	-
Others	5.51	0.32
	8.55	2.46

**34. Miscellaneous expenses under note 32 include auditors' remuneration**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Miscellaneous expenses under Note 32 includes auditors' remuneration		
Auditor's remuneration and out-of-pocket expenses		
Audit fee	2.20	2.20
Limited reviews	1.80	1.80
Tax audit fee	1.00	1.00
Other Services	1.25	0.91
Reimbursement of expenses	0.39	0.40
	6.64	6.31

**35. Exceptional Items**

Exceptional items represents profit from divestment of South Region Divestment Business. The profit of Rs 8,407.55 million was recognised in last year 2019. In current year 2020, a profit of Rs 111.48 million has been recognised due to additional consideration received for movement of working capital and reversal of provisions for expenses taken in last year which is no longer required.

**36. Earnings per share**

The following table reflects profit and shares data used in the computation of basic and diluted earnings per share.

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
a) Profit after tax	1,555.35	7,271.79
Profit attributable to ordinary shareholders - for basic and diluted EPS	1,555.35	7,271.79
	Nos	Nos
b) Weighted average number of Ordinary Shares for basic and diluted EPS	85,284,223	85,284,223
Nominal value of ordinary shares ( Rs.)	10.00	10.00
Basic and diluted earnings per ordinary share ( Rs.)	18.24	85.27



### 37. Contingent liabilities

#### Contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable.

#### Litigations

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature other than those described below.

#### a) Excise Duty and Service Tax

As at 31 December 2020, there were pending litigations for various matters relating to excise duty and service taxes involving demands of **Rs. 304.62 million** (31 Dec 2019: Rs. 304.62 million).

#### b) Sales Tax/VAT

The total sales tax demands that are being contested by the Company amounted to **Rs. 654.46 million** (31 Dec 2019: Rs. 616.16 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2020 Sales tax Authority have raised demand of **Rs. 492.07 million** for the period 2008-09 to 2016-17 (31 Dec 2019: Rs. 453.35 million) on account of non levy of sales tax for facility charges recovered from a customer for providing pipeline infrastructure at their premises. Company has contested the demand and currently the matter is at appellate stage. It is reimbursable by the customer as per agreement.

#### c) Other claims

Other amounts for which the Company may contingently be liable aggregate to **Rs. 6.60 million** (31 Dec 2019: Rs. 6.60 million).

It is not practicable for the company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

### 38. Commitments

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Estimated capital commitments (net of advance) remaining to be executed and not provided for	162.89	280.68

### 39. Employee Benefits

#### i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Super Annuation Fund and Pension Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The only amounts included in the balance sheet are those relating to the prior months contribution that are not due to be paid until the end of reporting period. The amount recognised as an expense towards contribution to Provident Fund, Super Annuation Fund and Pension Fund for the year aggregated to **Rs. 21.06 million** (31 Dec 2019: Rs. 57.72 million) in note 29.

#### ii) Defined Benefit Plan

##### Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Pension and Post retirement medical benefits.

##### Gratuity & Pension

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Gratuity is funded through direct investment under Indian Oxygen Limited Executive and Graded-Staff Gratuity Funds. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Investments of Pension for some employees are managed through Company managed trust.

##### Post retirement medical

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. The Company accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

##### Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

##### Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk.

##### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

##### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return.

##### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### Inflation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long term returns in order to limit the cost to the Company of the benefits provided.

**39. Employee Benefits (contd)****Pension and Gratuity****A. Balance Sheet**

The assets, liabilities and surplus/(deficit) position of the defined benefit plans (funded) at the Balance Sheet date were:

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
Present value of obligation	97.00	87.36	95.16	163.38
Fair value of plan assets	(21.24)	(19.93)	(47.15)	(43.43)
(Asset)/Liability recognised in the Balance Sheet (Refer note 19)	75.76	67.43	48.01	119.95

**B. Movements in Present Value of Obligation and Fair Value of Plan Assets**

in Rupees million	Pension			Gratuity		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 1 January, 2019	19.57	84.16	64.59	40.67	157.77	117.10
Current service cost	-	3.01	3.01	-	13.43	13.43
Past service cost	-	-	-	-	-	-
Interest cost	-	5.52	5.52	-	10.57	10.57
Interest income	1.31	-	(1.31)	2.77	-	(2.77)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(0.02)	2.01	1.99	0.44	4.26	4.71
Actuarial (gain)/loss arising from experience adjustments	-	8.65	8.65	-	1.22	1.22
Employer contributions	10.32	-	(10.32)	14.90	-	(14.90)
Employee contributions	-	-	-	-	-	-
Assets acquired/ (settled)	-	-	-	-	-	-
Benefit payments	(11.29)	(15.99)	(4.70)	(14.47)	(23.88)	(9.41)
As at 31st December, 2019	19.93	87.36	67.43	43.43	163.38	119.95
As at 1 January, 2020	19.93	87.36	67.42	43.43	163.38	119.95
Current service cost	-	3.55	3.55	-	12.46	12.46
Past service cost	-	(7.01)	(7.01)	-	(8.59)	(8.59)
Interest cost	-	5.90	5.90	-	10.53	10.53
Interest income	1.38	-	(1.38)	3.00	-	(3.00)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(1.55)	(1.55)	-	(0.36)	(0.36)
Actuarial (gain)/loss arising from changes in financial assumptions	0.29	8.32	8.61	(0.01)	7.32	7.31
Actuarial (gain)/loss arising from experience adjustments	-	9.52	9.52	-	(11.13)	(11.13)
Employer contributions	9.31	-	(9.31)	79.16	-	(79.16)
Employee contributions	-	-	-	-	-	-
Assets acquired/ (settled)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
Benefit payments	(9.09)	(9.09)	-	(78.45)	(78.45)	-
As at 31st December, 2020	21.24	97.00	75.76	47.15	95.16	48.01

**39. Employee Benefits (contd)****C. Statement of Profit and Loss**

The charge to the Statement of Profit and Loss comprises:

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Employee Benefit Expenses :</b>				
Current service cost	3.55	3.01	12.46	13.43
Past service cost	(7.01)	-	(8.59)	-
<b>Finance costs :</b>				
Interest cost	5.90	5.52	10.53	10.57
Interest income	(1.38)	(1.31)	(3.00)	(2.77)
<b>Net impact on profit (before tax)</b>	<b>1.06</b>	<b>7.23</b>	<b>11.40</b>	<b>21.23</b>
<b>Remeasurement of the net defined benefit plans:</b>				
Actuarial (gain)/loss arising from changes in demographic assumptions	(1.55)	-	(0.36)	-
Actuarial (gain)/loss arising from changes in financial assumptions	8.61	2.00	7.31	4.71
Actuarial (gain)/loss arising from experience adjustments	9.52	8.65	(11.13)	1.22
<b>Net impact on other comprehensive income (before tax)</b>	<b>16.58</b>	<b>10.65</b>	<b>(4.18)</b>	<b>5.93</b>

The pension expense and gratuity expense have been recognised in Contribution to Provident and Other Funds in Note no 29.

**D. Assets**

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Quoted</b>				
Government debt instruments	-	-	-	-
Other debt instruments	-	-	-	-
<b>Total (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unquoted</b>				
Cash including special deposits	-	-	-	-
Others (Including assets under Scheme of Insurance)	21.24	19.93	47.15	43.43
<b>Total (B)</b>	<b>21.24</b>	<b>19.93</b>	<b>47.15</b>	<b>43.43</b>
<b>Total (A+B)</b>	<b>21.24</b>	<b>19.93</b>	<b>47.15</b>	<b>43.43</b>

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

**E. Assumptions**

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Financial Assumptions</b>				
Discount rate (per annum)	5.50%	6.90%	5.50%	6.90%
Salary escalation rate (per annum)	8.00%	8.00%	8.00%	8.00%

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

**39. Employee Benefits (contd)****Demographic Assumptions**

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

**F. Sensitivity Analysis**

The sensitivity of the overall plan obligations to changes in the key assumptions are:

in Rupees million	Pension		Gratuity	
	Change in assumption (%)	Change in Plan Obligation (%)	Change in assumption (%)	Change in Plan Obligation (%)
<b>Discount rate (per annum)</b>				
Increase	0.5	(2.27)	0.5	(2.75)
Decrease	0.5	2.37	0.5	2.92
<b>Salary escalation rate (per annum)</b>				
Increase	0.5	2.31	0.5	2.40
Decrease	0.5	(2.23)	0.5	(2.33)

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**G. Weighted average duration and expected employers contribution for each of the defined benefit plan**

in Rupees million	Weighted average duration (yrs.)		Expected employers contribution for the next year
	2020	2019	
Gratuity	5-7	7-11	10.68
Pension	5	7	7.01

**H. Expected Benefit Payments**

in Rupees million	Pension	Gratuity
31 December 2021	7.01	10.68
31 December 2022	18.01	13.01
31 December 2023	15.43	12.64
31 December 2024	12.39	10.15
31 December 2025	12.11	11.48
31 December 2026 to 31 December 2030	53.22	61.99

**39. Employee Benefits (contd)****Post Retirement Medical Benefits**

The following table sets out the amounts recognised in the financial statements in respect of post retirement medical benefits and other defined benefit plans.

**A. Balance Sheet**

The assets, liabilities and surplus/(deficit) position of the defined benefit plans (unfunded) at the Balance Sheet date were:

in Rupees million	2020	2019
Present value of obligation	164.84	152.11
<b>Liability recognised in the Balance Sheet (Refer note 19)</b>		
Retirement benefits obligations		
Current	14.43	14.12
Non Current	150.41	138.00

**B. Movements in Present Value of Obligation and Fair Value of Plan Assets**

in Rupees million	2020	2019
<b>Change in defined benefit obligation:</b>		
Obligation at the beginning of the year	152.11	124.45
Current service cost	-	-
Past Service cost	-	-
Interest cost	9.99	8.59
Remeasurement (gain)/loss	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	18.31	4.24
Actuarial (gain)/loss arising from experience adjustments	(4.55)	26.88
Benefits paid	(11.03)	(12.05)
<b>Obligation at the end of the year</b>	<b>164.84</b>	<b>152.11</b>

**C. Statement of Profit and Loss**

The charge to the Statement of Profit and Loss comprises:

in Rupees million	2020	2019
<b>Employee Benefit Expenses:</b>		
Current service cost	-	-
Past service cost	-	-
<b>Finance costs :</b>		
Interest cost	9.99	8.59
<b>Net impact on profit (before tax)</b>	<b>9.99</b>	<b>8.59</b>
<b>Remeasurement of the net defined benefit plans:</b>		
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	18.31	4.24
Actuarial (gain)/loss arising from experience adjustments	(4.55)	26.88
<b>Net impact on other comprehensive income (before tax)</b>	<b>13.76</b>	<b>31.12</b>

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expenses in Note 29.

**39. Employee Benefits (contd)****D. Assumptions**

With the objective of presenting the plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

in Rupees million	2020	2019
<b>Financial Assumptions</b>		
Discount rate (per annum)	5.50%	6.90%
Medical Inflation rate (per annum)	8.00%	8.00%

**Demographic Assumptions**

Mortality in Service: LIC Annuitants (1996-98) Ultimate

**E. Sensitivity Analysis**

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

in Rupees million	Change in assumption (%)	Change in Plan Obligation (%)
<b>Discount rate (per annum)</b>		
Increase	0.5%	(7.00)
Decrease	0.5%	7.60
<b>Medical Inflation rate (per annum)</b>		
Increase	0.5%	-
Decrease	0.5%	-

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**F. Weighted average duration and expected employers contribution**

in Rupees million	Weighted average duration (yrs.)		Expected Employers Contribution for the next year
	2020	2019	
Post retirement medical benefit	9	9	NA

**G. Expected Benefit Payments**

in Rupees million	
31 December 2021	14.43
31 December 2022	14.19
31 December 2023	13.92
31 December 2024	13.62
31 December 2025	13.31
31 December 2026 to 31 December 2030	61.39

**40. Information in accordance with the requirements of the Ind AS 115 on Revenue from Contract with Customers****(i) Movement in Contract balances**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Gross amount due from customers for contracts in progress	2,345.08	1,841.96
Gross amount due to customers for contracts in progress	1,085.25	1,249.85
Net Contract Balance	1,259.83	592.11

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to Rs 527.30 million (31 Dec 2019: Rs 639.11 million).

(iii) Revenue recognised during the year from the performance obligation satisfied in previous year (arising out of contract modifications) amounts to Rs 109.92 million (31 Dec 2019: Rs 76.54 million).

**(iv) Reconciliation of contracted price with revenue during the year**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Opening contracted price of orders as at 1 January	6,497.14	6,237.09
Increase due to additional consideration recognised as per contractual terms	126.10	109.42
Fresh orders/change orders received (net)	6,680.29	4,710.80
Total Revenue recognised during the year	2,756.15	4,560.17
Closing contracted price of orders as at 31 December	10,547.38	6,497.14

**41. Capital management**

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Debt</b>	-	1,084.72
Short-term borrowings	-	84.72
Current maturity of long-term debts	-	1,000.00
Cash and cash equivalents	3,241.44	2,400.41
Net debt (a)	(3,241.44)	(1,315.69)
Total equity (b)	22,037.20	21,368.39
Equity share capital	852.84	852.84
Other equity	21,184.36	20,515.55
Net debt to equity ratio (a) / (b)	(0.15)	(0.06)

## 42. Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (t).

### a) Category-wise classification of Financial instruments

The carrying value and fair values of financial instruments by class are as follows:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at fair value through other comprehensive income</b>		
Investments in equity instruments	20.39	0.29
<b>Financial assets measured at amortised cost</b>		
Cash and bank balances	3,258.58	2,408.56
Trade receivables	4,072.12	3,828.08
Other financial assets	510.61	522.37
	<b>7,861.70</b>	<b>6,759.30</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Borrowings	-	1,084.72
Trade payables	4,515.75	3,744.77
Other financial liabilities	609.82	706.30
	<b>5,125.57</b>	<b>5,535.79</b>

### b) Fair value measurements

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

#### a) Level 1: Quoted prices for identical instruments in an active market

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

#### b) Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs

This level of hierarchy includes financial assets and liabilities, measured using inputs other than the quoted prices included within level 1 that are observables for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's derivative contracts.

#### c) Level 3: Inputs which are not based on observable market data

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor they are based on available market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

### As at 31 December 2020

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	20.39	-	-	20.39

### As at 31 December 2019

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial liabilities at fair value</b>				
Investment in equity shares	0.29	-	-	0.29

i) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

ii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

iii) The Company assessed that cash and bank balances, trade receivables, trade payables, short term borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

iv) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as level 1. Fair value of borrowings which do not have an active market or are unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.

v) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

vi) There have been no transfers between Level 1, level 2 and Level 3 for the years ended 31 December 2020 and 31 December 2019.

### c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts and currency swaps. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" to the extent possible. The Company does not hold or issue derivative financial instruments for trading purpose. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The fair value of derivatives held by the Company as at the end of each reporting period is NIL.

### 43. Financial Risk Management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

#### (i) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### a) Market risk - Foreign currency exchange rate risk:

The Company enter into sale and purchase transactions and borrowings denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Company manages the risk from currency exposures for all major items through hedging mechanism primarily by use of forward exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
US Dollar in India	76.56	35.68	158.18	172.87
Euro in India	26.47	29.18	364.24	355.44
GBP in India	-	-	23.83	17.72
AUD in India	-	-	1.15	0.00
SGD in India	-	-	26.20	16.11
JPY in India	-	-	3.18	16.97
BDT in India	-	-	0.18	0.12
MYR in India	-	-	-	-
THB in India	-	-	0.00	0.57

Of the above foreign currency exposures, the following exposure are not hedged

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
US Dollar in India	76.56	35.68	158.18	172.87
Euro in India	26.47	29.18	364.24	355.44
GBP in India	-	-	23.83	17.72
AUD in India	-	-	1.15	0.00
SGD in India	-	-	26.20	16.11
JPY in India	-	-	3.18	16.97
BDT in India	-	-	0.18	0.12
MYR in India	-	-	-	-
THB in India	-	-	0.00	0.57

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an decrease/increase in the Company's net profit before tax by approximately Rs.47.39 million for the year ended 31 December 2020 (31 Dec 2019 : Rs.49.12 million).

#### b) Market risk - Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Interest rate risk for the company is primarily mitigated by hedging through interest rate swaps which ensures fixed interest rate for the borrowed amount.

#### Interest rate sensitivity analysis

The company manages its interest rate risk by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of its borrowings for all its foreign currency long term loans. As at 31 December 2020, no foreign currency loans was outstanding during the year whereas as at 31 December 2019, all foreign currency loans has been repaid during the year.

The sensitivity analysis given below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Profit for the year ended 31 December 2020 would increase/decrease by Nil (31 Dec 2019 Rs. Nil).

#### Interest rate SWAP contracts

The company enters interest rate swaps to hedge interest rate risks. Under the interest rate swap contracts, the company exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of changing interest rates on the fair value of fixed rate debt.

There were no open interest rate swap contracts at the end of the reporting periods.

**ii) Counter-party credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. Company regularly reviews the credit limits of the customers and takes action to reduce the risk. Further diverse and large customer bases also reduces the risk. All trade receivables are reviewed and assessed for default on quarterly basis.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

**iii) Liquidity risk:**

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The Company follows a prudent and conservative policy for safeguarding liquidity. It regularly monitors the rolling cash flow forecasts to ensure its cash flows are arranged on an on-going basis to meet operational requirement. In line with this the Company has established adequate credit facilities with banks to cater to manage the liquidity requirement. Short-term and medium term liquidity are supported through the bank and inter-company borrowing at a competitive rates.

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

in Rupees million	Carrying amount	Undiscounted amount payable			Total
		within 1 year	Between 1 to 5 years	More than 5 years	
<b>As at 31st December 2020</b>					
<b>Non-derivative liabilities</b>					
Trade payables	4,515.75	4,515.75	-	-	4,515.75
Security deposits	106.91	106.91	-	-	106.91
Unpaid dividend	5.55	5.55	-	-	5.55
Other Payables	497.36	497.36	-	-	497.36
<b>As at 31st December 2019</b>					
<b>Non-derivative liabilities</b>					
Borrowings	1,084.72	1,084.72	-	-	1,084.72
Trade payables	3,744.77	3,744.77	-	-	3,744.77
Security deposits	104.55	104.55	-	-	104.55
Unpaid dividend	3.74	3.74	-	-	3.74
Other Payables	598.01	598.01	-	-	598.01

**44. Segment information****a) Products and services from which reportable segments derive their revenues:**

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on product and services. Accordingly, management of the company has chosen to organise the segment based on its products and services as follows:

- Gases and Related Products
- Project Engineering

The company's chief operating decision maker is the Managing Director.

Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.

The company's financing and income taxes are managed on a company level and are not allocated to operating segments.

Inter-segment revenue has been recognised at cost.

**b) Information about business segment**

in Rupees million	31 December 2020			31 December 2019		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
<b>1 Segment revenue</b>						
External revenue	11,995.53	2,710.45	14,705.98	13,216.24	4,396.82	17,613.06
- India	11,895.55	2,312.41		13,127.68	4,019.45	
- Outside India	99.98	398.04		88.56	377.37	
Interest income	5.26	-	5.26	4.80	-	4.80
Total external revenue (A)	12,000.79	2,710.45	14,711.24	13,221.04	4,396.82	17,617.86
Inter segment revenue (B)	-	144.50	144.50	-	76.41	76.41
<b>Total segment revenue (A) + (B)</b>	<b>12,000.79</b>	<b>2,854.95</b>	<b>14,855.74</b>	<b>13,221.04</b>	<b>4,473.23</b>	<b>17,694.27</b>
Less: Inter segment elimination			(144.50)			(76.41)
<b>Total revenue</b>			<b>14,711.24</b>			<b>17,617.86</b>
<b>2 Segment results</b>	2,152.91	387.31	2,540.22	2,499.12	564.29	3,063.41
Finance cost - unallocable			(62.43)			(862.50)
Other unallocable expenses			(225.37)			(479.41)
Profit before tax and exceptional item			2,252.42			1,721.50
Exceptional item			111.48			8,407.55
<b>Profit before tax</b>			<b>2,363.90</b>			<b>10,129.05</b>
Less: Tax expense			808.55			2,857.26
<b>Profit after tax</b>			<b>1,555.35</b>			<b>7,271.79</b>
<b>3 Segment assets</b>	25,328.31	2,716.94	28,045.25	25,279.10	3,100.66	28,379.76
Unallocated assets			4,404.72			3,768.39
<b>Total assets</b>			<b>32,449.97</b>			<b>32,148.15</b>
<b>4 Segment liabilities</b>	5,528.55	1,691.66	7,220.21	4,654.38	1,976.76	6,631.14
Unallocable liabilities			3,192.56			4,148.62
<b>Total liabilities</b>			<b>10,412.77</b>			<b>10,779.76</b>

## c) Other segment information

in Rupees million	31 December 2020			31 December 2019		
	Gases and Related Products	Project Engineering	Unallocable	Gases and Related Products	Project Engineering	Unallocable
Depreciation and amortisation	1,713.89	6.49	39.62	1,729.16	5.88	37.50
Addition to fixed assets (net of disposal)	1,026.91	5.34	18.91	545.31	9.92	21.31

## d) Revenue from major products

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>(i) Gases and Related Products</b>		
Air separation unit gases	11,332.43	11,789.49
Other cylinder gases	534.36	552.60
Others	128.74	874.15
<b>(ii) Project Engineering</b>		
Construction contracts	2,710.45	4,396.82
	<b>14,705.98</b>	<b>17,613.06</b>

The Company operates predominantly within the geographical limits of India. In the company's operations within India, there is no significant difference in the economic condition prevailing in the various states of India. Revenue from sales to customers outside India is less than 10% in the current and previous year. Hence, disclosures on geographical segments are not applicable.

## e) Information about major customers

Included in the revenue arising from direct sales of products and services of Rs. 14,705.98 million (31 Dec 2019: Rs. 17,613.06 million) are revenues of approximately Rs. 3,450.97 million (31 Dec 2019: Rs. 2,478.44 million) which arose from the sale to company's top two customers. No other single customer contributed 10% or more of the company's revenue for both 2020 and 2019.

## Notes:

- Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before other income and finance cost and tax expenses. Segment results reviewed by CODM also excludes income or expenses which are non recurring in nature or classified as exceptional.
- The accounting policies of the reportable segments are same as of the companies accounting policies (Refer Note 2)

## 45. Information on Related Party Disclosure

## A) List of Related Parties

- Ultimate Holding Company**  
Linde Public Limited Company, Ireland (From 01 November 2018)
- Intermediate Holding Company**  
Linde GmbH (Formerly Linde AG, Germany)
- Holding Company (entity having control over the Company)**  
The BOC Group Limited, United Kingdom (Wholly owned Subsidiary of Linde GmbH)
- Fellow Subsidiaries and Joint Venture with whom transactions have taken place during the year**

## a) Located outside India

Fellow Subsidiary	Country
Linde Bangladesh Limited	Bangladesh
Linde Kryotechnik AG	Switzerland
Cryostar SAS	France
Linde Gáz Magyarországn Zrt.	Hungary
PT. Linde Indonesia	Indonesia
Praxair Korea Company Limited	Korea
Linde Malaysia Sdn. Bhd.	Malaysia
Linde ROC SDN. BHD.	Malaysia
Linde Gas Asia Pte Ltd Philippines - ROHQ	Philippines
Linde Business Solution Center	Philippines
Linde Philippines Inc	Philippines
Boc Limited (Australia)	Australia
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
Ceylon Oxygen Limited	Srilanka
BOC Limited - ENG (Gases)	United Kingdom
Linde Cryoplants Limited	United Kingdom
Linde (Thailand) Public Company Limited	Thiland
GIST Ltd	United Kingdom
Linde Gas North America LLC	United States of America
Linde HKO Limited	Hongkong
Linde Arabian Contracting Co. Ltd	Saudi Arabia
Praxair, Inc (formerly Linde Global Helium)	United States of America
Linde EOX SDN. BHD.	Malaysia

## b) Located in India

Fellow Subsidiary	
Linde Global Support Services Private Limited	
Linde Engineering India Private Limited	
Praxair India Private Limited	
<b>Joint Venture</b>	
Bellary Oxygen Company Private Limited	
Linde South Asia Services Private Limited (Formerly LSAS Services Private Limited)	

## v) Employee Funds

BOC India Limited Executive Staff Pension Fund
Indian Oxygen Limited Executive Staff Gratuity Fund
Indian Oxygen Limited Graded Staff Pension Fund
Indian Oxygen Limited Non Executive Staff Gratuity Fund



## vi) Key Management Personnel of the Company

Mr. A Banerjee, Managing Director
Mr. S Ghosh, Chief Financial Officer (till 16.10.2020)
Mr. A Saraf, Chief Financial Officer (w.e.f. 11.11.2020)
Mr. P Marda, Asst Vice President & Company Secretary

## B) Transactions with Related Parties during the year

Nature of Transaction (in Rupees million)	Ultimate Holding Company	Intermediate Holding Company	Holding Company	Fellow Subsidiaries	Joint Venture	Employee Funds	Key Management Personnel
Purchase of Goods - Gases, Equipment/Spares	-	15.53 (36.74)	-	1,133.71 (607.50)	76.79 (100.53)	-	-
Purchase of Fixed Assets / Capital Spares	-	13.95 (2.38)	-	9.13 (37.70)	-	-	-
Support Services - Engineering Assistance, IS Charges, Business Support & Technical Assistance	-	163.94 (190.61)	251.71 (192.51)	80.10 (176.15)	352.71	-	-
Service Charges Received	-	-	-	8.31	-	-	-
-Facility Fees Income	-	-	-	(7.55)	-	-	-
Sale of Goods/Spares/Fixed Assets/Services &, Revenue from Construction Contract	-	4.55 (10.47)	-	1,190.80 (346.83)	19.49 (17.16)	-	-
Recovery of Personnel Cost	5.64	-	-	39.70	8.18	-	-
Reimbursement of Expenses	-	(9.98) (1.54)	(3.19)	(61.11)	(10.54)	-	-
Rental Income	-	-	-	18.96 (18.96)	-	-	-
Managerial Remuneration	-	-	-	-	-	-	32.44 (44.79)
Purchase of Shares	-	-	-	-	20.00	-	-
Dividend Paid	-	-	639.63 (95.94)	-	-	-	-
Dividend Received	-	-	-	-	145.50 (97.50)	-	-
Borrowings during the year	-	-	-	(1,000.00)	-	-	-
Repayment of Borrowings	-	(6,277.77)	-	(3,400.00)	-	-	-
Contribution to Funds	-	-	-	-	-	86.34 (86.79)	-
Interest on Borrowings	-	-	-	-	-	-	-
Outstanding balances:							
- Receivables	5.64	4.80 (35.69)	20.78 (14.78)	521.72 (192.71)	15.74 (17.69)	-	-
- Payables	-	261.22 (321.67)	205.34 (244.79)	668.54 (293.70)	114.39 (50.97)	-	-
- Advance to Vendors & KMP/ Capital Advances/ Investments	-	3.03 (22.10)	10.86	20.42 (25.98)	20.00	-	0.18
- Advance from Customer	-	-	-	(0.68)	-	-	-

## 46. Leases

## I. As a Lessor (IND AS 116)

The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

## A. Operating leases as a lessor:

Significant leasing arrangements include lease of plant and machinery dedicated for use under long term arrangements for periods ranging between 12 to 20 years with renewal option. Receivable under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets on contractual terms and conditions. Any change in the allocation assumptions may have an impact on the lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Future minimum lease payments		
not later than one year	881.87	882.87
later than one year and not later than five years	3,475.98	3,501.98
later than five years	6,942.63	7,798.50
	11,300.48	12,183.35

## B. Finance leases as a lessor:

Certain plant and machinery has been made available by the Company to the customers under a finance lease arrangement. The arrangements covers a substantial part of the economic life of the underlying asset and contain a renewal option on expiry. Receivables under long term arrangements involving use of dedicated assets are based on the underlying contractual terms and conditions. Any change in the assumptions may have an impact on lease assessment and/or lease classification. Such assets given under the 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. The income arising on account of finance lease arrangement is Rs 4.94 million.

The minimum lease receivable and the present value of minimum lease receivables in respect of arrangements classified as finance leases are as below:

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments
Not later than one year	7.68	1.50	7.68	1.91
Later than one year and not later than five years	21.12	2.67	28.80	4.18
Later than five years	-	-	-	-
Total future minimum lease commitments	28.80	4.17	36.48	6.09
Less: Unearned finance income	10.01	-	14.96	-
Present value of minimum lease payments receivable	18.79	-	21.52	-
Disclosed as:				
Other financial asset - finance lease receivable ( refer note 8 )				
Non-Current	15.30	-	18.78	-
Current	3.49	-	2.74	-
	18.79	-	21.52	-

**46. Leases (contd)****II.a As a Lessee (IND AS 116)****1 Changes in the carrying value of right of use assets**

in Rupees million	Category Wise Right-of-Use Asset			Total
	Land	Buildings	Plant and Equipment	
Future minimum lease payments	168.32	74.69	6.35	249.36
later than one year and not later than five years	3.00	-	-	3.00
later than five years	-	31.40	-	31.40
	4.96	11.14	1.06	17.16
<b>Balance as at 31-12-2020</b>	<b>166.36</b>	<b>32.15</b>	<b>5.29</b>	<b>203.80</b>

**2 The following is the break-up of current and non-current lease liabilities**

in Rupees million	As at 31 Dec. 2020
Current Lease Liability	10.08
Non Current Lease Liability	58.95
<b>Total Lease Liability</b>	<b>69.03</b>

**3 The following is the movement in lease liabilities**

in Rupees million	As at 31 Dec. 2020
Balance as at transition on 01-01-2020	115.46
Additions during the year	-
Finance cost during the period	6.46
Deletions	31.72
Payment of lease liabilities	21.17
<b>Balance as at 31-12-2020</b>	<b>69.03</b>

**4 Expense pertaining to leases which has been identified as Short Term & Low Value is Rs 4.80 million****5 Contractual maturities of lease liabilities on an undiscounted basis:**

in Rupees million	As at 31 Dec. 2020
Less than one year	16.52
One to five years	62.34
More than five years	9.58

**6 Nature of lessee's leasing activities**

Right-of-Use assets majorly comprises Land, Buildings and Plant and Equipment.

**7 There are no such identified probable future cash outflows to which the entity is exposed that are not reflected in the measurement of lease liabilities.****II.b As a Lessee (IND AS 17) for the year ended 31 Dec 2019**

Minimum lease payment recognised in the statement of Profit & Loss for the year end 31 Dec 2019 aggregated to Rs 54.82 million

**47. Interest in Joint Venture**

a) Details of the Company's material joint venture at the end of the reporting period are as follows:

Name of the Joint Venture	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group		Quoted (Y/N)
			As at 31 Dec. 2020	As at 31 Dec. 2019	
Bellary Oxygen Company Private Limited (Belloxy)	Production and sale of air gases	Karnataka, Bellary	50%	50%	N
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited)	Management services	Karnataka, Banagalore	50%	-	N

**b) Summary of financial information**

in Rupees million	Belloxy Oxygen India Private Limited		Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited)	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
Current Assets	355.67	299.12	8.12	-
Non Current Assets	704.74	1,067.40	10.91	-
Current Liabilities	128.68	53.79	44.57	-
Non Current Liabilities	119.08	244.97	-	-
Equity	812.66	1,067.75	33.18	-
Revenue	501.17	502.71	683.49	-
Expenses	399.28	224.66	637.93	-
Profit before tax for the year	101.89	278.05	45.56	-
Tax Expense	26.89	37.51	12.96	-
Profit after tax for the year	75.00	240.54	32.60	-
Profit attributable to the owners of the Company	37.50	120.27	16.30	-
Profit attributable to the non controlling interest	37.50	120.27	16.30	-
Profit for the year	75.00	240.54	32.60	-
Other Comprehensive Income attributable to the owners of the Company	-	-	(0.91)	-
Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest	-	-	-	-
Other Comprehensive Income	-	-	(0.91)	-
Total Other Comprehensive Income attributable to the owners of the Company	-	-	(0.45)	-
Total Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest	-	-	(0.45)	-
Total Other Comprehensive Income	75.00	240.54	31.69	-
Dividends paid to non controlling interest	-	-	-	-
Net Cash Flow from operating activities	271.61	289.32	(37.76)	-
Net Cash Flow from investing activities	11.30	4.75	-	-
Net Cash Flow from financing activities	(335.92)	(235.62)	40.00	-
Net Cash inflow/(outflow)	(53.01)	58.45	2.24	-

c) Company's transaction with Bellary Oxygen Company Private Limited and Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited), being a related party during the year ended 31 December 2020 are disclosed under note 45

d) The above investment in Bellary Oxygen Company Private Limited is part of assets classified as held for sale in 2018. Refer Note 14

#### 48. Dividends

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. On 01 March 2021, the Board of Directors of the Company have proposed a dividend of Rs. 3 per share in respect of the year ended 31 December 2020, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs.255.85 million.

49. The financial statements were approved for issue by the Board of Directors on 01 March 2021.

For and on behalf of Board of Directors of

Linde India Limited  
CIN: L40200WB1935PLC008184

R HUGHES, Chairman DIN : 08493540

J MEHTA, Director DIN : 00033518

A BANERJEE, Managing Director DIN : 08456907

A SARAF, Chief Financial Officer ACA060828

P MARDA, Asst. Vice President & Company Secretary ACS8625

Kolkata, 01 March 2021

# Independent auditor's report.

## To the Members of Linde India Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Linde India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition - Appropriateness of estimation of contract cost &amp; revenue recognition in PED Business</b></p> <p>Revenue from the contracts entered by the Project Engineering Division (PED) is recognized over a period of time in accordance with the requirements of Ind AS 115- Revenue from Contracts with Customers.</p> <p>Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined based on proportion of contract costs incurred to date compared to estimated total contract costs, which involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price.</p> <p>Accuracy of revenues and profit/loss may deviate significantly on account of change in judgements and estimates. For this reason, we have identified estimates involved in the revenue recognition and budgeted costs for Project Engineering Division as Key Audit Matter</p>	<p><b>Principal audit procedures:</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the management's evaluation process to recognize revenue over a period of time, the status of completion for projects and total cost estimates;</li> <li>Identified and tested the controls related to revenue recognition, focusing on the determination of percentage of completion, recording of costs incurred and estimation of costs to complete the remaining contract obligations through inspection of evidence of performance of these controls;</li> <li>Tested selected contracts on sample basis for appropriateness of revenue recognition including budgeted cost as well as the percentage of completion for construction works as it requires management's estimates on the basis of progress of the projects;</li> <li>Evaluated management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders and correspondence between the Company and the customers;</li> <li>Tested on sample basis the actual costs incurred on construction works during the reporting period;</li> <li>Recomputed the percentage of completion based on the latest budgeted final costs and the total actual costs incurred and the revenue recognised based on the percentage of completion;</li> <li>Evaluated the adequacy of the related disclosures in the standalone Ind AS financial statements as required by the relevant accounting standard.</li> </ul>

Refer to the Accounting Policy para 2(e), Notes 24 and 40 to the Standalone Financial Statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the

standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
  - On the basis of the written representations received from the directors as on 31 December, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      - The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
      - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
      - The Company has been generally regular in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

# Annexure A to the independent auditor's report.

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Linde India Limited ("the Company") as of 31 December 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

# Annexure B to the independent auditor's report.

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Asset.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of
- grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and had no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 December, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 December, 2020 on account of disputes are given below.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period for which the Amount Relates	Amount Net of Payment (Rs. in million)	Amount Paid under protest (Rs. in million)
Central State Sales Tax Act and VAT Acts	Sales tax / VAT	Adjudicating Authority	2000-2016	20.02	5.00
		First Appellate Authority	1989-2018	431.12	180.38
		Tribunal	1995-2017	117.73	80.36
		Revisonal Board	1998-2012	30.98	5.73
		DC Appeal	2015-2018	9.42	1.40
		High Court	2005-2006	55.06	25.64

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period for which the Amount Relates	Amount Net of Payment (Rs. in million)	Amount Paid under protest (Rs. in million)
Central Excise Act, 1944	Excise Duty	Adjudicating Authority	1996-2017	59.50	1.29
		First Appellate Authority	2012-2017	3.07	-
		Tribunal	1991-2017	328.74	18.87
		High Court	1998-2009	4.96	2.50
		Supreme Court	1999-2009	20.88	-
Finance Act, 1944	Service Tax	Adjudicating Authority	2004-2017	5.16	0.22
		First Appellate Authority	2005-2010	0.13	-
		Tribunal	2007-2015	828.71	19.13

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, or directors of its holding, joint venture company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

## Consolidated Financial Statements

# Consolidated balance sheet.

as at 31 December 2020

in Rupees million	Note	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	19,684.77	20,348.04
Right-of-Use Assets	5A	203.80	-
Capital work-in-progress	5	170.58	529.39
Intangible assets	6	3.33	3.35
<b>Financial assets</b>			
Investments in joint ventures	7	36.35	-
Investments in others	7	0.39	0.29
Other financial assets	8	33.43	41.06
Non current tax assets (Net)	9	96.79	144.01
Other non current assets	10	1,794.95	1,866.91
<b>Total non-current assets (A)</b>		<b>22,024.39</b>	<b>22,933.05</b>
<b>Current assets</b>			
Inventories	11	685.91	654.05
<b>Financial assets</b>			
Trade receivables	12	4,072.12	3,828.08
Cash and cash equivalents	13	3,241.44	2,400.41
Other balances with bank	13A	17.14	8.15
Other financial assets	8	477.18	481.31
Other current assets	10	1,751.85	1,651.07
<b>Total current assets (B)</b>		<b>10,245.64</b>	<b>9,023.07</b>
Assets classified as held for sale (C)	14	452.61	542.73
<b>TOTAL ASSETS (A+B+C)</b>		<b>32,722.64</b>	<b>32,498.85</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	852.84	852.84
Other equity	16	21,490.25	20,866.25
<b>Total equity (D)</b>		<b>22,343.09</b>	<b>21,719.09</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Lease liabilities		58.95	-
Provisions	19	620.08	662.68
Deferred tax liabilities (Net)	20	2,320.91	1,961.37
Other non-current liabilities	22	415.72	311.04
<b>Total non-current liabilities</b>		<b>3,415.66</b>	<b>2,935.09</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	-	84.72
Lease liabilities		10.08	-
Trade payables			
(A) total outstanding dues of micro and small enterprises	23	3.33	1.29
(B) total outstanding dues of creditors other than micro and small enterprises	23	4,512.42	3,743.48
Other financial liabilities	18	609.82	1,706.30
Provisions	19	388.56	460.68
Current Tax Liabilities (Net)	21	-	305.27
Other current liabilities	22	1,439.68	1,542.93
<b>Total current liabilities</b>		<b>6,963.89</b>	<b>7,844.67</b>
<b>Total liabilities (E)</b>		<b>10,379.55</b>	<b>10,779.76</b>
<b>TOTAL EQUITY AND LIABILITIES (D+E)</b>		<b>32,722.64</b>	<b>32,498.85</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
Linde India Limited  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN: 08493540  
A BANERJEE, Managing Director DIN: 08456907  
J MEHTA, Director DIN: 00033518  
A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Consolidated statement of profit and loss.

for the year ended 31 December 2020

in Rupees million	Note	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Revenue from operations	24	14,711.24	17,617.86
Other income	25	326.39	188.16
<b>TOTAL INCOME ( A )</b>		<b>15,037.63</b>	<b>17,806.02</b>
<b>EXPENSES</b>			
Power and fuel		3,470.15	3,486.70
Cost of materials consumed	26	1,712.64	3,071.86
Purchase of stock-in-trade	27	1,785.99	1,078.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(39.98)	32.61
Employee benefits expenses	29	687.83	1,135.91
Finance costs	30	62.43	862.50
Depreciation and amortisation expense	31	1,760.00	1,772.54
Other expenses	32	3,346.15	4,643.63
<b>TOTAL EXPENSE (B)</b>		<b>12,785.21</b>	<b>16,084.52</b>
Share of profit from Joint venture		17.04	-
<b>Profit before exceptional items and tax C = (A-B)</b>		<b>2,269.46</b>	<b>1,721.50</b>
Exceptional Items (D)	14 & 34	17.11	8,407.55
<b>Profit before tax E = (C+D)</b>		<b>2,286.57</b>	<b>10,129.05</b>
<b>Tax Expense</b>			
Current tax	20	397.71	1,744.87
Deferred tax	20	377.87	1,112.39
<b>TOTAL TAX EXPENSE (F)</b>		<b>775.58</b>	<b>2,857.26</b>
<b>PROFIT FOR THE YEAR (G)= (E-F)</b>		<b>1,510.99</b>	<b>7,271.79</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement losses on defined benefit plans		(26.06)	(47.75)
Fair value changes of investments in equity shares		0.10	(0.02)
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		<b>9.11</b>	<b>31.44</b>
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes due to cash flow hedges		-	(1.42)
<b>Income tax relating to items that will be reclassified to profit or loss</b>		<b>-</b>	<b>0.50</b>
Share of Other comprehensive income of Joint Venture		(0.70)	-
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		<b>0.24</b>	<b>-</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H)</b>		<b>(17.41)</b>	<b>(17.23)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ( I ) = (G+H)</b>		<b>1,493.58</b>	<b>7,254.56</b>
Earnings per equity share :	35		
<b>Basic and Diluted (Rs.)</b>		<b>17.72</b>	<b>85.27</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
Linde India Limited  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No.: 054785  
Kolkata, 01 March 2021

R HUGHES, Chairman DIN: 08493540  
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A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625

# Consolidated statement of changes in equity.

for the year ended 31 December 2020

## A. Equity share capital

in Rupees million	Equity share capital
Balance as at 1 January 2019	852.84
Changes in equity share capital during the year	-
<b>Balance at 31 December 2019</b>	<b>852.84</b>
Changes in equity share capital during the year	-
<b>Balance at 31 December 2020</b>	<b>852.84</b>

## B. Other equity

in Rupees million	Reserve and Surplus			Equity instrument through other comprehensive Income	Effective Portion of Cash Flow Hedges	Total
	Securities Premium Reserve	General Reserves	Retained Earnings			
Balance as at 1 January 2019	6,972.52	995.67	5,796.60	0.21	0.92	13,765.92
Profit for the year	-	-	7,271.79	-	-	7,271.79
Payment of Dividends	-	-	(127.93)	-	-	(127.93)
Tax on Dividend	-	-	(26.30)	-	-	(26.30)
Other Comprehensive Income (net of taxes)	-	-	(16.29)	(0.02)	(0.92)	(17.23)
<b>Balance as at 31 December 2019</b>	<b>6,972.52</b>	<b>995.67</b>	<b>12,897.87</b>	<b>0.19</b>	<b>-</b>	<b>20,866.25</b>
Profit for the year	-	-	1,510.99	-	-	1,510.99
Movement in reserve	-	-	(16.70)	-	-	(16.70)
Payment of Dividends	-	-	(852.88)	-	-	(852.88)
Tax on Dividend	-	-	-	-	-	-
Other Comprehensive Income (net of taxes)	-	-	(17.51)	0.10	-	(17.41)
<b>Balance as at 31 December 2020</b>	<b>6,972.52</b>	<b>995.67</b>	<b>13,521.77</b>	<b>0.29</b>	<b>-</b>	<b>21,490.25</b>

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
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# Consolidated cash flow statement.

for the year ended 31 December 2020

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019	in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit before tax for the year	2,286.57	10,129.05	Purchase for property, plant and equipment, Intangibles	(704.53)	(833.20)
Adjustments for:			Proceeds from disposal of property, plant and equipment	23.67	80.12
Depreciation and amortisation expense	1,760.00	1,772.54	Advance received for Sale of Asset	250.00	250.00
Loss/(Gain) on sale of non-current assets	0.09	(21.15)	Proceeds from disposal of Asset Held for Sale	66.52	13,800.00
Finance costs recognised in profit or loss	62.43	862.50	Payment of consent fees for assignment of contract	-	(2,500.00)
Interest income on unwinding of security deposits	(0.23)	(1.16)	Income tax paid on profit from disposal of Assets Held for Sale	(367.24)	(1,101.73)
Interest Income on deposits	(68.42)	(16.04)	Investment in Joint Venture	(20.00)	-
Dividends on non-current investments	(145.50)	(97.50)	Dividends received	145.50	97.50
Share of profit from Joint Venture	(17.04)	-	Interest received	73.71	20.10
Interest income on finance lease arrangement	(5.26)	(4.80)	Bank deposits (having original maturity of more than 3 months)	(8.99)	0.12
Provision for doubtful receivables	90.35	54.03	<b>Net cash generated from/(used in) investing activities</b>	<b>(541.36)</b>	<b>9,812.91</b>
Exceptional items	(17.11)	(8,407.55)	<b>Cash flows from financing activities</b>		
<b>Operating cash flow before working capital changes</b>	<b>3,945.88</b>	<b>4,269.92</b>	Proceeds from borrowings	-	6,863.29
Movements in working capital:			Repayment of borrowings	(1,084.72)	(17,652.99)
Increase in trade receivables	(334.40)	(545.09)	Repayment of Lease Liability	(21.17)	-
Decrease in financial assets	11.74	119.22	Finance cost paid	(41.97)	(981.82)
Increase in other current and non-current assets	(259.05)	(640.53)	Finance cost on Lease payment	(6.46)	-
Increase in inventories	(31.87)	(31.12)	Dividends paid to owners of the Company	(852.88)	(127.93)
Increase in liabilities and provisions	345.81	228.06	Tax paid on dividend	-	(26.30)
<b>Cash generated from operations</b>	<b>3,678.11</b>	<b>3,400.46</b>	<b>Net cash used in financing activities</b>	<b>(2,007.20)</b>	<b>(11,925.75)</b>
Income taxes paid (net)	(288.52)	(132.97)	<b>Net increase in cash and cash equivalents</b>	<b>841.03</b>	<b>1,154.65</b>
<b>Net cash generated from operating activities</b>	<b>3,389.59</b>	<b>3,267.49</b>	Cash and cash equivalents at the beginning of the year	2,400.41	1,245.76
			<b>Cash and cash equivalents at the end of the year</b>	<b>3,241.44</b>	<b>2,400.41</b>

Note: The above Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows

The accompanying notes 1 to 49 are an integral part of the financial statements.

In terms of our report attached  
for Deloitte Haskins and Sells LLP  
Chartered Accountants, (FRN: 117366W/W-100018)

For and on behalf of Board of Directors of  
**Linde India Limited**  
CIN: L40200WB1935PLC008184

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 01 March 2021

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J MEHTA, Director DIN : 00033518  
A SARAF, Chief Financial Officer ACA060828  
P MARDA, Asst. Vice President & Company Secretary ACS8625



# Notes to consolidated financial statements.

for the year ended 31 December 2020

## 1. Company Overview

Linde India Limited is a public company having Corporate Identity Number L40200WB1935PLC008184. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Company is primarily engaged in manufacture of industrial and medical gases and construction of cryogenic and non-cryogenic air separation plants.

The functional and presentation currency of the Company is Indian Rupee ("Rs.").

As on 31 December 2020, The BOC Group United Kingdom owns 75.00% of the ordinary shares of the company and has the ability to control the company's operations.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Board of directors and authorized for issue on 01 March 2021.

## 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements, unless otherwise indicated.

### a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time.

### b) Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared and presented under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### c) Basis of consolidation

The consolidated financial statements of the company and its joint ventures have been prepared through incorporating the results and assets and liabilities of joint ventures in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture.

Distributions received from a joint venture have been reduced from the carrying amount of the investment.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale.

Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Company reduces its ownership interest in a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with a joint venture of the Company, profits and losses resulting from the transactions with the joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Company.

### d) Use of estimates and critical accounting judgements

In preparation of the consolidated financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets, provision for employee benefits and other claims, provision and contingent liabilities, recoverability of deferred tax assets.

### e) Current – Non-current classification

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

#### 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 Schedule III to the Companies Act, 2013.

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.

### f) Revenue recognition

#### A. Sale of Products

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in consolidated Statement of Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

#### B. Revenue from Construction

Revenue from construction/project related activity is recognised as follows:

Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the

percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognized in profit or loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

In addition, the Company recognises impairment loss (termed as provision for expected credit loss on contract assets in the financial statements) on account of credit risk in respect of a contract asset using expected credit loss model on similar basis as applicable to trade receivables.

Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.

#### C. Interest & Dividend Income

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.

#### D. Other Income

Other Incomes are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### g) Property, Plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation or accumulated impairment loss, if any. Cost of item of property, plant and equipment 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. Expenses capitalised include applicable borrowing costs for qualifying assets, if any.

This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

The residual values, useful lives and method of depreciation of Property, Plant & Equipment is reviewed at each financial year and adjusted prospectively, if any.

Spares that can be used only with particular items of plant and machinery and such usage is expected to be for more than once accounting period are capitalized.

Property, Plant and Equipment under construction are recognized as capital work in progress.

#### h) Provision for Decommissioning, Restoration and Similar Liabilities

The Company has liabilities related to dismantling (restoration of soil) and other related works, which are due upon the closure of certain of its production sites. Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a discount rate where the effect of time value of money is material.

Future dismantling costs discounted to net present value, are capitalised and the corresponding dismantling liability is raised as soon as the obligation to incur such costs arises. Future dismantling costs are capitalised in property, plant and equipment as appropriate and are depreciated over the life of the related asset. The effect of the time value of money on the restoration and environmental costs liability is recognised in the statement of profit and loss.

#### i) Intangible assets

Software and Non- compete fees costs are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. They are measured initially at purchase cost and then amortized on a straight line basis over their estimated useful lives. All other costs on software and non-compete fees are expensed in the statement of profit and loss as and when incurred.

Goodwill arising on acquisition of business is measured at cost less any accumulated impairment loss. Goodwill is assessed at every balance sheet date for any impairment.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortization and accumulated impairment losses.

#### j) Depreciation of Property, Plant and Equipment

Depreciation computed as per the straight line method based on the management's estimate of useful life of a property, plant and equipment which is in accordance with the useful lives of property, plant and equipment indicated in Schedule II of the Act. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised.

For certain assets categorized under "Plant and equipment", based on internal assessment, the management believes that these assets have useful lives of 10 years, 15 years and 18 years, which is different from the useful lives as prescribed under Part C of Schedule II of the Act.

The following useful lives apply to the different types of tangible assets:

Buildings	10 – 40 years
Plant and Equipment	10 – 18 years
Furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years
Office Equipments	3 – 10 years

Freehold land is not depreciated.

Assets individually costing Rs. 10,000 or less are fully depreciated in the year of acquisition.

Spares capitalized are being depreciated over the useful life / remaining useful life of the plant and machinery with which such spares can be used.

The useful lives are reviewed atleast at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

#### k) Amortisation of Intangible assets

Intangible assets except Goodwill 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.

The estimated useful lives of Intangible Assets are as follows:

Software	5 years
Non-compete fee	5 years

The useful lives are reviewed atleast at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

#### l) Impairment

The carrying amounts of property, plant & equipment, capital work in progress and intangible assets are reviewed at each Balance Sheet date, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects the current market assessments of the time value of money. 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.

#### m) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are considered as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed beyond reasonable time due to other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

#### n) 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.

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.

#### o) Leases

Effective January 01, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparative information is not restated and is presented, as previously reported, under Ind AS 17.

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 01 January 2020 as short-term leases
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made when applying Ind AS 17.

The adoption of Ind AS 116 did not have any material impact on Statement of profit and loss and earnings per share.

#### Company as a lessee

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-

line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term. When the lease liability is remeasured due to change in contract terms, a corresponding change is made to the carrying amount of right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset is reduced to zero.

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### Company as lessor

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. There is no change in accounting as a lessor due to adoption of Ind AS 116 Leases.

#### The Company has the following policy applicable till 31st December 2019 Ind As -17 "Leases".

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease. Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Company as lessee

- Operating lease – Rentals payable under operating leases are charged to the statement of profit and loss as per the terms of the relevant lease contract unless another systematic basis

is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

- Finance lease – Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss over the period of the lease.

#### The Company as lessor

- Operating lease – Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.
- Finance lease – When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

#### p) Employee benefits

The Company's obligation towards various employee benefits have been recognized 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 exgratia. 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.

#### Post-employment Benefits

#### Defined contribution plans

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 exgratia. 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.

#### Defined benefit plans

#### Recognition and measurement of defined benefit plans:

For defined benefit retirement schemes i.e. gratuity, superannuation and post-retirement medical benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognized immediately in other comprehensive income. Such re-measurements are not re-classified to the Statement of Profit & Loss in the subsequent period. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value of plan assets.

Provident fund administered through Company's trust for certain employees (in accordance with the Provident Fund Regulation) are defined benefit obligations with respect to the yearly interest guarantee. Annual charge is recognized based on actuarial valuation of the Company's related obligation on the reporting date. Actuarial gain or losses for the year are recognized in the Statement of other Comprehensive Income.

#### Other long term employee benefits

#### 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 period-end are recognized when the employees render the services that increases their entitlement to future compensated absences. Such costs are recognized in the Statement of Profit & Loss on actuarial valuation of related obligation on the reporting date.

#### Termination Benefits

Termination Benefits, in the nature of voluntary retirement benefits or Termination Benefits arising from restructuring, are recognized in the Statement of Profit & Loss. The Company recognizes Termination Benefits at the earlier of the following dates:

- when the Company can no longer withdraw the offer of these benefits, or
- when the Company recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

#### q) Foreign exchange transactions

Measurement of Foreign Currency items at reporting dates:

Foreign exchange transactions are recorded at the exchange rate prevailing on the date of the transactions. Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates. Non-Monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

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

**r) Provisions, contingent liabilities and contingent assets**

A provision is created when there is a present obligation (legal or constructive) 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. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Constructive obligation is an obligation that derives from an entity's actions where:

- (a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and;
- (b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 generally not recognized but are disclosed when inflow of economic benefit is probable.

Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

**s) Income taxes**

Tax expense for the year comprises current tax and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction and there is an intention to settle the asset & liability on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case tax is also recognized in other comprehensive income or directly in equity.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**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.

**u) Financial Instruments**

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial

assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at Transaction price.

**(a) Financial assets**

**i. Financial assets at amortized cost:**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

**ii. Financial assets measured at fair value**

**Fair Value through other comprehensive income (FVTOCI)**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in joint venture) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

**Fair value through the statement of profit and loss (FVTPL)**

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss. Fair value changes are recognized in the Statement of Profit & Loss at each reporting period.

**iii. Cash and bank balances**

Cash and bank balances consist of:

- (i) Cash and cash equivalents - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts

of cash, are subject to an insignificant risk of change in value and have maturities of less than one year from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

- (ii) Other bank balances - which includes balances and deposits with banks that are restricted for withdrawal and usage.

**Impairment of financial assets:**

Loss allowance for expected credit losses is recognised for financial assets measured at amortized cost and fair value through other comprehensive income. The Company recognizes life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The Impairment losses and reversals are recognized in the Statement of Profit & Loss.

**De-recognition of financial assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a Financial Asset (except for Financial Assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit & Loss.

**(b) Financial liabilities and equity instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair

value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

#### De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit & Loss.

#### Derivative financial instruments and hedge accounting

The Company enters into forward contracts and principal and interest swap contracts to hedge its risks associated with foreign currency and variable interest rate fluctuations related to existing financial assets and liabilities, certain firm commitments and forecasted transactions. These derivative contracts are being considered as cash flow hedge.

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.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward and interest rate contracts wherever possible. At the inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss. The effective portion is recognized in Other Comprehensive Income.

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities

attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives

- for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in equity and the ineffective portion is taken to the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

#### v) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

#### w) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be

expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are not depreciated or amortized.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

#### 3. New and amended standards adopted by the Company

Amendment to Ind AS 12 'Income Taxes'- The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes' with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments- The Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 2, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 01 January 2020 for the company. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

Amendment to Ind AS 19 'Employee Benefits'- The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 01 January 2020 for the company. The Company has evaluated the effect of this amendment on

the financial statements and concluded that this amendment is currently not applicable.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### Critical judgments in applying accounting policies:

The following are the critical judgments, apart from those involving estimations [see point below], that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

##### i) Joint Control

The group holds 50% of the equity share capital of Bellary Oxygen Company Private Limited (Belloxy), a company involved in operation of manufacturing of industrial gases. The group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

##### Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

##### i) Useful life of Property, Plant and Equipment and Intangible assets

The Company has made in the process of applying its accounting policies that have a significant effect on the amounts recognised in these consolidated financial statements pertain to useful life of Property, Plant and Equipment and Intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Currently, the Intangible assets have been determined to have a finite useful life and are amortized over this useful life.

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the depreciation rates and depreciation method which is reviewed at each year end.

**ii) Deferred tax assets**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**iii) Claims, Provisions and Contingent Liabilities**

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company or contingent liabilities where there is a present obligations but it is not probable that economic benefits would be required to settle the obligations are disclosed in the consolidated financial statements unless the possibility of any outflow in settlement is remote.

Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the consolidated financial statements.

**iv) Impairment of Property, Plant and Equipment**

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**v) Actuarial Valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

**vi) Revenue Recognition**

- (i) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
- (ii) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

**5. Property, plant and equipment and Capital work-in-progress**

in Rupees million	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total Tangible Assets	Capital work in progress	Total tangible assets including capital work in progress
<b>I. Cost/Deemed cost as at 1 January 2020</b>	212.27	930.29	25,864.27	47.36	20.00	182.88	27,257.07	529.39	27,786.46
Additions	-	39.23	1,011.26	0.19	29.91	19.15	1,099.74	661.88	1,761.62
Disposals	-	(1.19)	(108.11)	(1.72)	(0.97)	(35.27)	(147.26)	-	(147.26)
Assets capitalised during the year	-	-	-	-	-	-	-	(1,020.69)	(1,020.69)
<b>Cost /Deemed cost as at 31 December 2020</b>	212.27	968.33	26,767.42	45.83	48.94	166.76	28,209.55	170.58	28,380.13
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2020	-	226.94	6,497.30	25.40	13.11	146.28	6,909.03	-	6,909.03
Depreciation expense for the year	-	44.58	1,657.30	5.25	10.04	22.07	1,739.24	-	1,739.24
Disposals	-	(1.18)	(87.30)	(1.72)	(0.95)	(32.34)	(123.49)	-	(123.49)
<b>Balances as at 31 December 2020</b>	-	270.34	8,067.30	28.93	22.20	136.01	8,524.78	-	8,524.78
<b>Net carrying value as at 31 December 2020</b>	212.27	697.99	18,700.12	16.90	26.74	30.75	19,684.77	170.58	19,855.35
Net carrying value as at 1 January 2020	212.27	703.35	19,366.97	21.96	6.89	36.60	20,348.04	529.39	20,877.43

**5. Property, plant and equipment and Capital work-in-progress (Contd)**

in Rupees million	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total Tangible Assets	Capital work in progress	Total tangible assets including capital work in progress
I. Cost/Deemed cost as at 1 January 2019	215.58	929.04	25,481.90	45.96	12.05	186.50	26,871.03	444.57	27,315.60
Additions	-	31.90	588.74	2.11	8.96	19.41	651.12	731.99	1,383.11
Disposals	-	(5.06)	(51.01)	(0.59)	(1.01)	(18.05)	(75.72)	-	(75.72)
Assets capitalised during the year	-	-	-	-	-	-	-	(647.17)	(647.17)
Classified as Assets held for sale (refer note 14)	(3.31)	(25.59)	(155.36)	(0.12)	-	(4.98)	(189.36)	-	(189.36)
Cost /Deemed cost as at 31 December 2019	212.27	930.29	25,864.27	47.36	20.00	182.88	27,257.07	529.39	27,786.46
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2019	-	192.11	4,910.67	20.11	5.88	134.09	5,262.86	-	5,262.86
Depreciation expense for the year	-	42.89	1,676.78	5.96	8.24	33.54	1,767.41	-	1,767.41
Disposals	-	(3.62)	(41.78)	(0.59)	(1.01)	(17.15)	(64.15)	-	(64.15)
Classified as Assets held for sale (refer note 14)	-	(4.44)	(48.37)	(0.08)	-	(4.20)	(57.09)	-	(57.09)
Balances as at 31 December 2019	-	226.94	6,497.30	25.40	13.11	146.28	6,909.03	-	6,909.03
Net carrying value as at 31 December 2019	212.27	703.35	19,366.97	21.96	6.89	36.60	20,348.04	529.39	20,877.43
Net carrying value as at 1 January 2019	215.58	736.93	20,571.23	25.85	6.17	52.41	21,608.17	444.57	22,052.74

The above includes following assets given on operating lease:

in Rupees million	Buildings	Plant and Equipment	Total Tangible Assets
Cost/Deemed cost as at 1 January 2020	421.57	19,355.70	19,777.27
Accumulated Depreciation	157.55	5,702.65	5,860.20
Net carrying value as at 31 December 2020	264.02	13,653.05	13,917.07
Depreciation expense for the year	19.82	1,071.33	1,091.15
Cost/Deemed cost as at 1 January 2019	421.14	18,754.70	19,175.84
Accumulated Depreciation	137.73	4,631.32	4,769.05
Net carrying value as at 31 December 2019	283.41	14,123.38	14,406.79
Depreciation expense for the year	18.68	1,121.18	1,139.86

**5A. Right-of-Use Asset**

in Rupees million	Land	Buildings	Plant and Equipment	Total Tangible Assets
I. As on transition to IND AS 116 1 January 2020	168.32	74.69	6.35	249.36
Additions	3.00	-	-	3.00
Disposals	-	31.40	-	31.40
Cost/Deemed cost as at 31 December 2020	171.32	43.29	6.35	220.96
<b>II. Accumulated amortisation and impairment</b>				
As on transition to IND AS 116 1 January 2020	-	-	-	-
Amortisation expense for the period	4.96	11.14	1.06	17.16
Disposals	-	-	-	-
Balances as at 31 December 2020	4.96	11.14	1.06	17.16
Net carrying value as at 31 December 2020	166.36	32.15	5.29	203.80

**6. Intangible assets**

in Rupees million	Software	Non-Compete Fees	Total intangible assets
I. Cost/Deemed cost as at 1 January 2020	22.30	7.51	29.81
Additions	3.58	-	3.58
Disposals	-	-	-
Cost/Deemed cost as at 31 December 2020	25.88	7.51	33.39
<b>II. Accumulated amortisation and impairment</b>			
Balances as at 1 January 2020	18.95	7.51	26.46
Amortisation expense for the year	3.60	-	3.60
Disposals	-	-	-
Balances as at 31 December 2020	22.55	7.51	30.06
Net carrying value as at 31 December 2020	3.33	-	3.33
Net carrying value as at 1 January 2020	3.35	-	3.35

in Rupees million	Software	Non-Compete Fees	Total intangible assets
I. Cost/Deemed cost as at 1 January 2019	21.18	7.51	28.69
Additions	1.12	-	1.12
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	-	-	-
Cost/Deemed cost as at 31 December 2019	22.30	7.51	29.81
<b>II. Accumulated amortisation and impairment</b>			
Balances as at 1 January 2019	13.82	7.51	21.33
Amortisation expense for the year	5.13	-	5.13
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	-	-	-
Balances as at 31 December 2019	18.95	7.51	26.46
Net carrying value as at 31 December 2019	3.35	-	3.35
Net carrying value as at 1 January 2019	7.36	-	7.36

## 7. Investments

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Quoted	Unquoted	Quoted	Unquoted
<b>Non-Current</b>				
<b>Investments in equity instruments</b>				
<b>Joint venture (classified at cost)</b>				
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited) 2,000,000 equity shares of Rs. 10 each (31 December 2019: Nil)	-	36.35	-	-
<b>Others (classified at fair value through OCI)</b>				
Woodlands Multispeciality Hospital Limited* 2,980 equity shares of Rs. 10 each (31 Dec 2019: 2,980 equity shares of Rs. 10 each)	-	0.00	-	0.00
JSW Steel Limited 1,000 shares of Re. 1 each (31 Dec 2019: 1,000 of Re. 1 each)	0.39	-	0.29	-
	0.39	36.35	0.29	0.00
<b>Additional Information</b>				
Aggregate amount of quoted investments and market value thereof	0.39	-	0.29	0.00
Aggregate amount of unquoted investments	-	36.35	-	0.00
Aggregate amount of impairment in value of investments*	-	0.00	-	0.00

\* Investment written down to nominal value of Re. 1.00 in the year ending 31 March 2004.

## 8. Other financial assets

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
Loans to employees	-	0.91	-	0.73
Receivables from related parties for recovery of expenses	-	132.85	-	138.10
Security deposits	18.13	8.21	22.28	14.29
Finance lease receivable	15.30	3.49	18.78	2.74
Claims including escalation	-	195.86	-	196.26
Interest accrued on deposit	-	1.65	-	1.68
Others	-	134.21	-	127.51
	33.43	477.18	41.06	481.31

## 9. Non Current tax assets (net)

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Advance tax ( net of provisions)	96.79	144.01
	96.79	144.01

## 10. Other assets

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
<b>To related parties</b>				
Capital advances	-	-	0.84	-
Advances for supplies/ services	-	34.31	-	32.43
<b>To parties other than related parties</b>				
Capital advances	59.81	-	129.64	-
Advances for supplies/ services	-	310.57	-	259.76
<b>Advance with public bodies and tax authorities</b>				
Customs, excise, sales tax, etc.	363.10	-	308.67	-
GST receivable	-	300.89	-	593.63
Unbilled revenue	1,271.45	1,073.63	1,176.68	665.27
Security deposits	93.13	-	86.13	-
Prepaid lease payments	-	-	150.50	1.91
Prepaid expenses	7.46	29.45	14.45	95.32
Advance to employees	-	3.00	-	2.75
	1,794.95	1,751.85	1,866.91	1,651.07

## 11. Inventories

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Raw materials	7.98	13.25
Work in progress	18.64	14.27
Finished goods	283.94	248.33
Stores and spares	375.35	378.20
	685.91	654.05

i) Finished goods Includes Good in Transit of Rs. 24.76 million (31 Dec 2019: Rs.18.09 million)

ii) The value of stores and spares above is after providing for slow moving and obsolete spares of Rs.169.43 million (31 Dec 2019: Rs. 163.75 million)

iii) Cost of inventory recognised as expense during the year amount to Rs.11,032.18 million (31 Dec 2019: Rs. 14,113.85 million)

## 12. Trade receivables

	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Trade receivables</b>		
Unsecured, considered good	4,072.12	3,828.08
Credit Impaired	58.84	46.32
Unsecured, considered doubtful	273.52	222.20
Less: Allowance for credit losses	332.36	268.52
	4,072.12	3,828.08



In determining the allowances for credit losses of trade receivables, the company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. In addition to this Company provides for credit loss based on increase in credit risk on case to case basis.

i) Movements in allowance for expected credit losses of receivables is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Balance at the beginning of the year	268.52	276.30
Allowances made during the year	144.18	100.90
Release to statement of profit and loss	(53.83)	(46.87)
Bad debt written off	(26.51)	(61.81)
Balance at the end of the year	332.36	268.52

Trade Receivables

Out of the Trade receivables Rs.1,315.91 million (31 Dec 2019: Rs. 1,028.54 million) is due from the Company's major customers i.e. having more than 5% of total outstanding trade receivables.

ii) There is no outstanding debts due from directors or other officers of the Company.

iii) Ageing of trade receivables and credit risk arising there from as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Amounts not yet due	2,731.36	2,602.10
Three months overdue	941.09	801.43
Between three to twelve months overdue	308.68	327.35
Greater than twelve months overdue	423.35	365.72
	4,404.48	4,096.60

13. Cash and cash equivalents

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Cash in hand *	0.01	0.02
Balances with banks		
In Current account	121.88	203.01
In Deposit account - Original maturity of 3 months or less	3,119.55	2,197.38
	3,241.44	2,400.41

\* Cash in hand represents prepaid cards issued by designated banks to the employees on behalf of the company for business purpose.

13A. Other balances with bank

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
In Other deposit accounts		
Original maturity more than 3 months#	11.59	4.41
Earmarked balances with banks		
Unclaimed dividend accounts	5.55	3.74
	17.14	8.15

# these deposit has been lien marked against earnest money deposits.

14. Assets classified as held for sale

The Company for the Belloxy Divestment Business ("BDB") has sought for an extension of the Hold Separate arrangement for the balance tenure of the Gas Supply Agreement dated 22nd November, 2004, i.e., upto November 2021. The Hon'ble Competition Commission of India has approved Linde's Hold separate proposal and sought Linde to complete the divestment at the earliest. The Company has accepted the draft binding offer dated 8th October, 2020 issued by JSW Steel Limited on 8th Jan, 2021 and has also asked Inox Air Product Private Limited to likewise, accept the offer for the sale of the Belloxy 855 TPD Plant to JSW upon expiry of the GSA in November, 2021. Further, the Company has also clearly intimated to JSW that it will not extend the GSA beyond its original term, which is expiring in November, 2021. As the BDB has been classified as Asset held for sale, accordingly the management has impaired the AHS by Rs. 94.37 million to the extent carrying amount is higher than the fair value of AHS in the Consolidated financial results and shown it as an exceptional item.

The major classes of assets held for sale is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Assets classified as held for sale:		
Property, plant and equipment	40.13	40.13
Capital work-in-progress	6.16	1.90
Investments in joint venture	406.32	500.70
	452.61	542.73

15. Equity Share Capital

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Authorised:		
86,000,000 Equity Shares of Rs. 10 each (31 Dec 2019: 86,000,000 Equity Shares of Rs. 10 each)	860.00	860.00
	860.00	860.00
Issued:		
85,286,209 Equity Shares of Rs. 10 each (31 Dec 2019: 85,286,209 Equity Shares of Rs. 10 each)	852.86	852.86
Subscribed and paid up:		
85,284,223 Equity Shares of Rs. 10 each (31 Dec 2019: 85,284,223 Equity Shares of Rs. 10 each)	852.84	852.84
	852.84	852.84

## i) The movement in subscribed and paid up share capital is as below:

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Share capital		Share capital	
	No of Shares	Amount	No of Shares	Amount
Balance at the beginning of the year	85,284,223	852.84	85,284,223	852.84
Shares issued during the year	-	-	-	-
Balance at the end of the year	85,284,223	852.84	85,284,223	852.84

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

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	No of Shares	Amount	No of Shares	Amount
	The BOC Group Ltd,U.K., holding company	63,963,167	639.63	63,988,443

## iii) Particulars of shareholders holding more than 5% shares in the company is as below

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	No of Shares	% of total shares in class	No of Shares	% of total shares in class
	The BOC Group Ltd,U.K., holding company	63,963,167	75.00%	63,988,443
Reliance Capital Trustee Co. Ltd	8,302,068	9.73%	8,419,627	9.87%

## iv) 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 dividend and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholders 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.

## 16. Other equity

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Securities Premium	6,972.52	6,972.52
General Reserve	995.67	995.67
Retained Earnings	13,521.77	12,897.87
Equity instruments through other comprehensive income	0.29	0.19
	21,490.25	20,866.25

## 16 A. Movement in other equity

in Rupees million	Reserve and Surplus			Equity instruments through comprehensive Income	Effective Portion of Cash Flow Hedges	Total
	Securities Premium Reserve	General Reserves	Retained Earnings			
Balance as at 1 January 2019	6,972.52	995.67	5,796.60	0.21	0.92	13,765.92
Profit for the year	-	-	7,271.79	-	-	7,271.79
Payment of Dividends*	-	-	(127.93)	-	-	(127.93)
Tax on Dividend	-	-	(26.30)	-	-	(26.30)
Other Comprehensive Income (net of taxes)	-	-	(16.29)	(0.02)	(0.92)	(17.23)
Balance as at 31 December 2019	6,972.52	995.67	12,897.87	0.19	-	20,866.25
Profit for the year	-	-	1,510.99	-	-	1,510.99
Movement in reserve for Ind AS 116	-	-	(16.70)	-	-	(16.70)
Payment of Dividends**	-	-	(852.88)	-	-	(852.88)
Other Comprehensive Income (net of taxes)	-	-	(17.51)	0.10	-	(17.41)
Balance as at 31 December 2020	6,972.52	995.67	13,521.77	0.29	-	21,490.25

\* Dividend of Re. 1.50 per share

\*\* Dividend of Re. 10.00 per share

## 16 B. Nature and purpose of reserves

## (a) Securities Premium

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

## (b) General Reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

## (c) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

## (d) Equity instruments through other comprehensive Income

This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, If any, to Retained Earnings when those instruments are disposed off.

## (e) Effective portion of Cash Flow Hedges

This Reserve represents the cumulative effective portion of changes in fair value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the financial asset in accordance with the company's accounting policy.

**17. Borrowings**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current portion of long term borrowings*	Non current	Current portion of long term borrowings*
<b>Long term borrowings</b>				
<b>Unsecured borrowings</b>				
<b>Term Loans</b>				
From banks	-	-	-	1,000.00
	-	-	-	1,000.00

\* Current maturities of long-term borrowings is reported as a part of other financial liabilities under note 18.

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Short term borrowings</b>				
<b>Unsecured borrowings</b>				
<b>Loans from Banks</b>				
Bills Discounting	-	-	-	84.72
	-	-	-	84.72

**i) Borrowing details :**

in Rupees million	As at		Repayment schedule
	31 Dec. 2020	31 Dec. 2019	
(a) Rupee term loan from bank	-	1,000.00	May 2020
(b) Bill Discounting from Banks	-	84.72	Repayable on demand
	-	1,084.72	

**17. Borrowing (contd)**

ii) The maturity profile of company's borrowing is as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Not Later than one year	-	1,084.72
Later than one year but not two years	-	-
Later than two year but not three years	-	-
	-	1,084.72

**18. Other financial liabilities**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
Current maturities of long-term borrowings (refer note 17)	-	-	-	1,000.00
Interest accrued but not due on borrowings	-	-	-	7.40
Unclaimed dividends	-	5.55	-	3.74
Creditors for capital supplies and services	-	486.57	-	557.73
Security deposits from customers	-	106.91	-	104.55
Other employee liabilities	-	10.79	-	32.88
	-	609.82	-	1,706.30

**19. Provisions**

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current	Current	Non current	Current
<b>Provision for employee benefits</b>				
Retirement benefits obligations (refer note 38)				
Gratuity	48.01	-	119.91	0.04
Pension	75.76	-	67.43	-
Post retirement medical benefit	150.41	14.43	138.00	14.12
Other long-term employee benefits				
Compensated absences	10.04	1.86	39.20	4.23
<b>Other provisions</b>				
Asset restoration obligations [refer note (a)]	335.86	-	298.14	-
Provision for warranties [refer note (b)]	-	175.21	-	130.68
Provision for liquidated damages [refer note (c)]	-	-	-	23.66
Provision for contingencies [refer note (d)]	-	197.06	-	287.95
	620.08	388.56	662.68	460.68

**19.1 Movement in other provisions**

in Rupees million	Asset restoration obligations	Provision for warranties	Provision for liquidated damages	Provision for contingencies
Balance as at 1 January 2020	298.14	130.68	23.66	287.95
Add: Provision during the year*	37.72	86.07	-	2.41
Less: Utilised during the year	-	41.54	-	66.33
Less: Reversed during the year	-	-	23.66	26.97
Balance as at 31 December 2020	335.86	175.21	-	197.06
Balance as at 1 January 2019	256.29	136.39	23.66	432.90
Add: Provision during the year*	41.85	63.09	-	29.37
Less: Utilised during the year	-	68.80	-	49.47
Less: Reversed during the year	-	-	-	124.85
Balance as at 31 December 2019	298.14	130.68	23.66	287.95

\* Includes Rs 21.40 millions (31 Dec 2019: Rs 20.28 millions) on account of unwinding of interest for asset restoration obligation.

**(a) Provision for asset restoration obligation**

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.

**(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 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).

**(d) 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.

**20. Deferred tax liabilities (Net)****a) Movement of deferred tax**

in Rupees million	As at 1 Jan. 2020	Recognised in statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 Dec. 2020
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	3,531.37	26.81	-	3,558.18
Finance income from finance lease arrangement	7.39	(0.84)	-	6.55
	3,538.76	25.97	-	3,564.73
<b>Deferred tax assets</b>				
Employee benefits	111.87	(2.48)	9.35	118.74
Provisions for doubtful receivables, contingencies, warranties	316.20	(6.29)	-	309.91
Interest on Dismantling	7.09	7.48	-	14.57
Lease Ind AS 116	-	2.26	8.97	11.23
Others	2.04	32.98	-	35.02
	437.20	33.95	18.32	489.47
Minimum Alternate Tax Credit Entitlement	1,140.19	(385.84)	-	754.35
	1,961.37	377.86	(18.32)	2,320.91

in Rupees million	As at 1 Jan. 2019	Recognised in statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 Dec. 2019
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	4,027.43	(496.06)	-	3,531.37
Finance income from finance lease arrangement	8.40	(1.01)	-	7.39
	4,035.83	(497.07)	-	3,538.76
<b>Deferred tax assets</b>				
Employee benefits	84.42	(3.99)	31.44	111.87
Provisions for doubtful receivables, contingencies, warranties	378.34	(62.14)	-	316.20
Interest on Dismantling	-	7.09	-	7.09
Unabsorbed depreciation	2,015.65	(2,015.65)	-	-
Mark to Market on derivative contracts	(0.44)	(0.06)	0.50	-
Others	2.00	0.04	-	2.04
	2,479.97	(2,074.71)	31.94	437.20
Minimum Alternate Tax Credit Entitlement	674.94	465.25	-	1,140.19
	880.92	1,112.39	(31.94)	1,961.37

**b) Income tax expense**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Current Tax</b>		
Current income tax charge	397.71	1,744.87
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	377.87	1,112.39
	775.58	2,857.26

## c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Profit Before tax	2,286.57	10,129.05
Statutory Income Tax Rate	34.944%	34.944%
Income Tax using the Company's domestic Tax rate	799.02	3,539.50
<b>Tax Effect of :</b>		
- Income Exempt from Tax/Items not deductible	(27.14)	(34.07)
- Tax Incentives and concessions	3.88	(5.93)
- Income from House Property	(2.03)	(1.99)
- Effect of Tax Rate on Long term Capital Gain vs Business Income	1.85	(640.25)
	775.58	2,857.26

## 21. Current tax liabilities (Net)

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Provision for Taxes (Net of Advance tax)	-	305.27
	-	305.27

## 22. Other liabilities

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Non current*	Current	Non current*	Current
Advances received from customers	415.72	865.21	311.04	938.81
Advances received for Sale of Assets	-	553.00	-	303.00
Statutory dues	-	-	-	-
Tax deducted and collected at source	-	16.82	-	278.74
Others	-	4.65	-	22.38
	415.72	1,439.68	311.04	1,542.93

\* This includes advance received from customer for an indirect tax case, mobilisation advance from customers which are adjustable over a period, etc.

## 23. Trade payables

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Creditors for supplies and services		
Dues to micro and small enterprises	3.33	1.29
Others	4,335.78	3,548.54
Creditors for accrued wages and salaries	176.64	194.94
	4,515.75	3,744.77

## 23. Trade payables (contd)

The amount due to Micro and Small Enterprises as defined in "The Micro, Small and Medium Enterprise Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to Micro and Small Enterprises are as follows :

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
(i) The principal amount remaining unpaid to supplier as at the end of the year	3.33	1.29
(ii) The interest due thereon remaining unpaid to supplier as at the end of the year	0.01	-
(iii) 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 this act	0.61	0.07
(iv) The amount of interest accrued during the year and remaining unpaid at the end of the year	0.61	0.84

## 24. Revenue from operations

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>Sale of products (gases)</b>	11,949.83	13,052.89
Air separation unit gases	11,332.43	11,789.49
Other cylinder gases	534.36	552.60
Others	83.04	710.80
<b>Revenue from construction contracts</b>	2,756.15	4,560.17
	2,756.15	4,560.17
<b>Other operating income</b>	5.26	4.80
Interest income on finance lease arrangement	5.26	4.80
	14,711.24	17,617.86

## 25. Other Income

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Rent	19.40	18.96
Dividend income from joint venture	145.50	97.50
Miscellaneous income	92.84	54.50
Interest income on unwinding of security deposits	0.23	1.16
Interest income on deposits	68.42	16.04
	326.39	188.16

**26. Cost of materials consumed**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Inventory of materials at the beginning of the year	13.25	10.56
Purchases	1,707.37	3,074.55
Less: Inventory of materials at the end of the year	7.98	13.25
	<b>1,712.64</b>	<b>3,071.86</b>

**27. Purchase of stock in trade**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Air separation unit gases	1,219.07	802.09
Other cylinder gases	545.11	276.64
Others	21.81	0.04
	<b>1,785.99</b>	<b>1,078.77</b>

**28. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Inventories at the beginning of the year		
Finished goods	248.33	288.80
Work-in-progress	14.27	6.41
	<b>262.60</b>	<b>295.21</b>
Less: Inventories at the closing of the year		
Finished goods	283.94	248.33
Work-in-progress	18.64	14.27
	<b>302.58</b>	<b>262.60</b>
	<b>(39.98)</b>	<b>32.61</b>

**29. Employee benefits expenses**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Salaries and wages, including bonus	623.54	991.79
Contribution to provident and other funds	43.50	94.75
Workmen and staff welfare expenses	20.79	49.37
	<b>687.83</b>	<b>1,135.91</b>

During the year, the Company recognised an amount of Rs. 32.44 million ( 31 Dec 2019: Rs. 44.79 million) as remuneration to Key Managerial Personnel. The details of such remuneration is as below:

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Short term employee benefits	31.22	42.62
Post employment benefits	1.22	2.17
	<b>32.44</b>	<b>44.79</b>

**30. Finance costs**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Interest expense	34.57	842.22
On long and short term borrowings from banks	34.57	282.74
On external commercial borrowings and others*	-	559.48
Interest expense on unwinding	21.40	20.28
Of dismantling cost	21.40	20.28
Interest expense on Lease Liability	6.46	-
	<b>62.43</b>	<b>862.50</b>

\* Others include interest on Income tax NIL (31 Dec 2019: Rs. 4.85 Million)

**31. Depreciation and amortisation**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Depreciation on tangible assets	1,756.40	1,767.41
Amortisation of intangible assets	3.60	5.13
	<b>1,760.00</b>	<b>1,772.54</b>

**32. Other Expenses**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Consumption of stores and spares	74.19	147.20
Repairs to buildings	1.74	6.41
Repairs to plant and machinery	177.68	388.46
Repairs to others	43.51	39.62
Freight and handling charges	1,106.03	1,809.59
Rent	13.14	54.82
Loss on foreign exchange (Net)	54.60	42.04
Rates and taxes	2.56	5.16
Insurance charges	96.41	62.64
Allowances for doubtful debts	90.35	54.03
Contract job expenses	505.98	773.15
Profit on disposal of property, plant and equipment (Net)	(0.09)	(21.15)
Provision for warranties (Net)	51.92	(5.71)
Technical support fees	251.71	192.51
Travelling expenses	39.22	139.02
Telephone and communication expenses	18.81	21.91
Support Services cost	512.15	286.31
Corporate social responsibility expenditure	8.55	2.46
Miscellaneous expenses (refer note 33)	297.69	645.16
	<b>3,346.15</b>	<b>4,643.63</b>

**33. Miscellaneous expenses under note 32 include auditors' remuneration**

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
Miscellaneous expenses under Note 32 includes auditors' remuneration		
Auditor's remuneration and out-of-pocket expenses		
Audit fee	2.20	2.20
Limited reviews	1.80	1.80
Tax audit fee	1.00	1.00
Other Services	1.25	0.91
Reimbursement of expenses	0.39	0.40
	<b>6.64</b>	<b>6.31</b>

**34. Exceptional Items**

Exceptional items represents profit from divestment of South Region Divestment Business. The profit of Rs 8,407.55 million was recognised in last year 2019. In current year 2020, a profit of Rs 17.11 million has been recognised due to additional consideration received for movement of working capital and reversal of provisions for expenses taken in last year which is no longer required.

**35. Earnings per share**

The following table reflects profit and shares data used in the computation of basic and diluted earnings per share.

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
a) Profit after tax	1,510.99	7,271.79
Profit attributable to ordinary shareholders - for basic and diluted EPS	1,510.99	7,271.79
	Nos	Nos
b) Weighted average number of Ordinary Shares for basic and diluted EPS	85,284,223	85,284,223
Nominal value of ordinary shares ( Rs.)	10.00	10.00
Basic and diluted earnings per ordinary share ( Rs.)	17.72	85.27

**36. Contingent liabilities****Contingencies**

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable.

**Litigations**

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature other than those described below.

**a) Excise Duty and Service Tax**

As at 31 December 2020, there were pending litigations for various matters relating to excise duty and service taxes involving demands of **Rs. 304.62 million** (31 Dec 2019 : Rs. 304.62 million).

**b) Sales Tax/VAT**

The total sales tax demands that are being contested by the Company amounted to **Rs. 654.46 million** (31 Dec 2019: Rs. 616.16 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2020 Sales tax Authority have raised demand of **Rs. 492.07 million** for the period 2008-09 to 2016-17 (31 Dec 2019: Rs. 453.35 million) on account of non levy of sales tax for facility charges recovered from a customer for providing pipeline infrastructure at their premises. Company has contested the demand and currently the matter is at appellate stage. It is reimbursable by the customer as per agreement.

**c) Other claims**

Other amounts for which the Company may contingently be liable aggregate to **Rs. 6.60 million** (31 Dec 2019: Rs. 6.60 million).

It is not practicable for the company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

**37. Commitments**

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Estimated capital commitments (net of advance) remaining to be executed and not provided for	162.89	280.68

### 38. Employee Benefits

#### i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Super Annuation Fund and Pension Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The only amounts included in the balance sheet are those relating to the prior months contribution that are not due to be paid until the end of reporting period. The amount recognised as an expense towards contribution to Provident Fund, Super Annuation Fund and Pension Fund for the year aggregated to Rs. 21.06 million (31 Dec 2019: Rs. 57.72 million) in note 29.

#### ii) Defined Benefit Plan

##### Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Pension and Post retirement medical benefits.

##### Gratuity & Pension

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Gratuity is funded through direct investment under Indian Oxygen Limited Executive and Graded-Staff Gratuity Funds. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Investments of Pension for some employees are managed through Company managed trust.

##### Post retirement medical benefits

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. The Company accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

##### Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

##### Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk.

##### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

##### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return.

##### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### Inflation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long term returns in order to limit the cost to the Company of the benefits provided.

### 38. Employee Benefits (contd)

#### Pension and Gratuity

##### A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans (funded) at the Balance Sheet date were:

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
Present value of obligation	97.00	87.36	95.16	163.38
Fair value of plan assets	(21.24)	(19.93)	(47.15)	(43.43)
(Asset)/Liability recognised in the Balance Sheet (Refer note 19)	75.76	67.43	48.01	119.95

##### B. Movements in Present Value of Obligation and Fair Value of Plan Assets

in Rupees million	Pension			Gratuity		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 1 January, 2019	19.57	84.16	64.59	40.67	157.77	117.10
Current service cost	-	3.01	3.01	-	13.43	13.43
Past service cost	-	-	-	-	-	-
Interest cost	-	5.52	5.52	-	10.57	10.57
Interest income	1.31	-	(1.31)	2.77	-	(2.77)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(0.02)	2.01	1.99	0.44	4.26	4.71
Actuarial (gain)/loss arising from experience adjustments	-	8.65	8.65	-	1.22	1.22
Employer contributions	10.32	-	(10.32)	14.90	-	(14.90)
Employee contributions	-	-	-	-	-	-
Assets acquired/ (settled)	-	-	-	-	-	-
Benefit payments	(11.29)	(15.99)	(4.70)	(14.47)	(23.88)	(9.41)
As at 31st December, 2019	19.93	87.36	67.43	43.43	163.38	119.95
As at 1 January, 2020	19.93	87.36	67.42	43.43	163.38	119.95
Current service cost	-	3.55	3.55	-	12.46	12.46
Past service cost	-	(7.01)	(7.01)	-	(8.59)	(8.59)
Interest cost	-	5.90	5.90	-	10.53	10.53
Interest income	1.38	-	(1.38)	3.00	-	(3.00)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(1.55)	(1.55)	-	(0.36)	(0.36)
Actuarial (gain)/loss arising from changes in financial assumptions	0.29	8.32	8.61	(0.01)	7.32	7.31
Actuarial (gain)/loss arising from experience adjustments	-	9.52	9.52	-	(11.13)	(11.13)
Employer contributions	9.31	-	(9.31)	79.16	-	(79.16)
Employee contributions	-	-	-	-	-	-
Assets acquired/ (settled)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
Benefit payments	(9.09)	(9.09)	-	(78.45)	(78.45)	-
As at 31st December, 2020	21.24	97.00	75.76	47.15	95.16	48.01



**38. Employee Benefits (contd)****C. Statement of Profit and Loss**

The charge to the Statement of Profit and Loss comprises:

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Employee Benefit Expenses :</b>				
Current service cost	3.55	3.01	12.46	13.43
Past service cost	(7.01)	-	(8.59)	-
<b>Finance costs :</b>				
Interest cost	5.90	5.52	10.53	10.57
Interest income	(1.38)	(1.31)	(3.00)	(2.77)
<b>Net impact on profit (before tax)</b>	<b>1.06</b>	<b>7.23</b>	<b>11.40</b>	<b>21.23</b>
<b>Remeasurement of the net defined benefit plans:</b>				
Actuarial (gain)/loss arising from changes in demographic assumptions	(1.55)	-	(0.36)	-
Actuarial (gain)/loss arising from changes in financial assumptions	8.61	2.00	7.31	4.71
Actuarial (gain)/loss arising from experience adjustments	9.52	8.65	(11.13)	1.22
<b>Net impact on other comprehensive income (before tax)</b>	<b>16.58</b>	<b>10.65</b>	<b>(4.18)</b>	<b>5.93</b>

The pension expense and gratuity expense have been recognised in Contribution to Provident and Other Funds in Note no 29.

**D. Assets**

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Quoted</b>				
Government debt instruments	-	-	-	-
Other debt instruments	-	-	-	-
<b>Total (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unquoted</b>				
Cash including special deposits	-	-	-	-
Others (Including assets under Scheme of Insurance)	21.24	19.93	47.15	43.43
<b>Total (B)</b>	<b>21.24</b>	<b>19.93</b>	<b>47.15</b>	<b>43.43</b>
<b>Total (A+B)</b>	<b>21.24</b>	<b>19.93</b>	<b>47.15</b>	<b>43.43</b>

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

**E. Assumptions**

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

in Rupees million	Pension		Gratuity	
	2020	2019	2020	2019
<b>Financial Assumptions</b>				
Discount rate (per annum)	5.50%	6.90%	5.50%	6.90%
Salary escalation rate (per annum)	8.00%	8.00%	8.00%	8.00%

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

**38. Employee Benefits (contd)****Demographic Assumptions**

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

**F. Sensitivity Analysis**

The sensitivity of the overall plan obligations to changes in the key assumptions are:

in Rupees million	Pension		Gratuity	
	Change in assumption (%)	Change in Plan Obligation (%)	Change in assumption (%)	Change in Plan Obligation (%)
<b>Discount rate (per annum)</b>				
Increase	0.5	(2.27)	0.5	(2.75)
Decrease	0.5	2.37	0.5	2.92
<b>Salary escalation rate (per annum)</b>				
Increase	0.5	2.31	0.5	2.40
Decrease	0.5	(2.23)	0.5	(2.33)

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**G. Weighted average duration and expected employers contribution for each of the defined benefit plan**

in Rupees million	Weighted average duration (yrs.)		Expected employers contribution for the next year
	2020	2019	
Gratuity	5-7	7-11	10.68
Pension	5	7	7.01

**H. Expected Benefit Payments**

in Rupees million	Pension	Gratuity
31 December 2021	7.01	10.68
31 December 2022	18.01	13.01
31 December 2023	15.43	12.64
31 December 2024	12.39	10.15
31 December 2025	12.11	11.48
31 December 2026 to 31 December 2030	53.22	61.99

**38. Employee Benefits (contd)****Post Retirement Medical Benefits**

The following table sets out the amounts recognised in the financial statements in respect of post retirement medical benefits and other defined benefit plans.

**A. Balance Sheet**

The assets, liabilities and surplus/(deficit) position of the defined benefit plans (unfunded) at the Balance Sheet date were:

in Rupees million	2020	2019
Present value of obligation	164.84	152.11
<b>Liability recognised in the Balance Sheet (Refer note 19)</b>		
Retirement benefits obligations		
Current	14.43	14.12
Non Current	150.41	138.00

**B. Movements in Present Value of Obligation and Fair Value of Plan Assets**

in Rupees million	2020	2019
<b>Change in defined benefit obligation:</b>		
Obligation at the beginning of the year	152.11	124.45
Current service cost	-	-
Past Service cost	-	-
Interest cost	9.99	8.59
Remeasurement (gain)/loss	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	18.31	4.24
Actuarial (gain)/loss arising from experience adjustments	(4.55)	26.88
Benefits paid	(11.03)	(12.05)
<b>Obligation at the end of the year</b>	<b>164.84</b>	<b>152.11</b>

**C. Statement of Profit and Loss**

The charge to the Statement of Profit and Loss comprises:

in Rupees million	2020	2019
<b>Employee Benefit Expenses:</b>		
Current service cost	-	-
Past service cost	-	-
<b>Finance costs :</b>		
Interest cost	9.99	8.59
<b>Net impact on profit (before tax)</b>	<b>9.99</b>	<b>8.59</b>
<b>Remeasurement of the net defined benefit plans:</b>		
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	18.31	4.24
Actuarial (gain)/loss arising from experience adjustments	(4.55)	26.88
<b>Net impact on other comprehensive income (before tax)</b>	<b>13.76</b>	<b>31.12</b>

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expenses in Note 29.

**38. Employee Benefits (contd)****D. Assumptions**

With the objective of presenting the plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

in Rupees million	2020	2019
<b>Financial Assumptions</b>		
Discount rate (per annum)	5.50%	6.90%
Medical Inflation rate (per annum)	8.00%	8.00%

**Demographic Assumptions**

Mortality in Service: LIC Annuitants (1996-98) Ultimate

**E. Sensitivity Analysis**

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

in Rupees million	Change in assumption (%)	Change in Plan Obligation (%)
<b>Discount rate (per annum)</b>		
Increase	0.5%	(7.00)
Decrease	0.5%	7.60
<b>Medical Inflation rate (per annum)</b>		
Increase	0.5%	-
Decrease	0.5%	-

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**F. Weighted average duration and expected employers contribution**

in Rupees million	Weighted average duration (yrs.)		Expected Employers Contribution for the next year
	2020	2019	
Post retirement medical benefit	9	9	NA

**G. Expected Benefit Payments**

in Rupees million	
31 December 2021	14.43
31 December 2022	14.19
31 December 2023	13.92
31 December 2024	13.62
31 December 2025	13.31
31 December 2026 to 31 December 2030	61.39

### 39. Information in accordance with the requirements of the Ind AS 115 on Revenue from Contract with Customers

#### (i) Movement in Contract balances

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Gross amount due from customers for contracts in progress	2,345.08	1,841.96
Gross amount due to customers for contracts in progress	1,085.25	1,249.85
Net Contract Balance	1,259.83	592.11

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to Rs 527.30 million (31 Dec 2019: Rs 639.11 million).

(iii) Revenue recognised during the year from the performance obligation satisfied in previous year (arising out of contract modifications) amounts to Rs 109.92 million (31 Dec 2019: Rs 76.54 million).

#### (iv) Reconciliation of contracted price with revenue during the year

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
Opening contracted price of orders as at 1 January	6,497.14	6,237.09
Increase due to additional consideration recognised as per contractual terms	126.10	109.42
Fresh orders/change orders received (net)	6,680.29	4,710.80
Total Revenue recognised during the year	2,756.15	4,560.17
Closing contracted price of orders as at 31 December	10,547.38	6,497.14

### 40. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Debt</b>	-	1,084.72
Short-term borrowings	-	84.72
Current maturity of long-term debts	-	1,000.00
<b>Cash and cash equivalents</b>	3,241.44	2,400.41
<b>Net debt ( a )</b>	(3,241.44)	(1,315.69)
<b>Total equity ( b )</b>	22,343.09	21,719.09
Equity share capital	852.84	852.84
Other equity	21,490.25	20,866.25
<b>Net debt to equity ratio ( a ) / ( b )</b>	(0.15)	(0.06)

### 41. Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (t).

#### a) Category-wise classification of Financial instruments

The carrying value and fair values of financial instruments by class are as follows:

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at fair value through other comprehensive income</b>		
Investments in equity instruments	36.73	0.29
<b>Financial assets measured at amortised cost</b>		
Cash and bank balances	3,258.58	2,408.56
Trade receivables	4,072.12	3,828.08
Other financial assets	510.61	522.37
	7,878.04	6,759.30
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Borrowings	-	1,084.72
Trade payables	4,515.75	3,744.77
Other financial liabilities	609.82	706.30
	5,125.57	5,535.79

#### b) Fair value measurements

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

##### a) Level 1: Quoted prices for identical instruments in an active market -

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

##### b) Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs -

This level of hierarchy includes financial assets and liabilities, measured using inputs other than the quoted prices included within level 1 that are observables for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's derivative contracts.

##### c) Level 3: Inputs which are not based on observable market data -

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor they are based on available market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

#### As at 31 December 2020

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	36.73	-	-	36.73

#### As at 31 December 2019

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial liabilities at fair value</b>				
Investment in equity shares	0.29	-	-	0.29

i) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

ii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

iii) The Company assessed that cash and bank balances, trade receivables, trade payables, short term borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

iv) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as level 1. Fair value of borrowings which do not have an active market or are unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.

v) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

vi) There have been no transfers between Level 1, level 2 and Level 3 for the years ended 31 December 2020 and 31 December 2019.

#### c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts and currency swaps. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" to the extent possible. The Company does not hold or issue derivative financial instruments for trading purpose. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The fair value of derivatives held by the Company as at the end of each reporting period is NIL.

#### 42. Financial Risk Management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

##### (i) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

##### a) Market risk - Foreign currency exchange rate risk

The Company enter into sale and purchase transactions and borrowings denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Company manages the risk from currency exposures for all major items through hedging mechanism primarily by use of forward exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
US Dollar in India	76.56	35.68	158.18	172.87
Euro in India	26.47	29.18	364.24	355.44
GBP in India	-	-	23.83	17.72
AUD in India	-	-	1.15	0.00
SGD in India	-	-	26.20	16.11
JPY in India	-	-	3.18	16.97
BDT in India	-	-	0.18	0.12
MYR in India	-	-	-	-
THB in India	-	-	0.00	0.57

Of the above foreign currency exposures, the following exposure are not hedged

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
US Dollar in India	76.56	35.68	158.18	172.87
Euro in India	26.47	29.18	364.24	355.44
GBP in India	-	-	23.83	17.72
AUD in India	-	-	1.15	0.00
SGD in India	-	-	26.20	16.11
JPY in India	-	-	3.18	16.97
BDT in India	-	-	0.18	0.12
MYR in India	-	-	-	-
THB in India	-	-	0.00	0.57

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an decrease/increase in the Company's net profit before tax by approximately Rs.47.39 million for the year ended 31 December 2020 (31 Dec 2019 : Rs.49.12 million).

#### b) Market risk - Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The interest rate risk for the company is primarily mitigated by hedging through interest rate swaps which ensures fixed interest rate for the borrowed amount.

#### Interest rate sensitivity analysis

The company manages its interest rate risk by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of its borrowings for all its foreign currency long term loans. As at 31 December 2020, no foreign currency loans was outstanding during the year whereas as at 31 December 2019, all foreign currency loans has been repaid during the year.

The sensitivity analysis given below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Profit for the year ended 31 December 2020 would increase/decrease by Nil (31 Dec 2019 Rs. Nil).

#### Interest rate SWAP contracts

The company enters interest rate swaps to hedge interest rate risks. Under the interest rate swap contracts, the company exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of changing interest rates on the fair value of fixed rate debt.

There were no open interest rate swap contracts at the end of the reporting periods.

#### ii) Counter-party credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. Company regularly reviews the credit limits of the customers and takes action to reduce the risk. Further diverse and large customer bases also reduces the risk. All trade receivables are reviewed and assessed for default on quarterly basis.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

#### iii) Liquidity risk:

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The Company follows a prudent and conservative policy for safeguarding liquidity. It regularly monitors the rolling cash flow forecasts to ensure its cash flows are arranged on an on-going basis to meet operational requirement. In line with this the Company has established adequate credit facilities with banks to cater to manage the liquidity requirement. Short-term and medium term liquidity are supported through the bank and inter-company borrowing at a competitive rates.

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

in Rupees million	Carrying amount	Undiscounted amount payable			Total
		within 1 year	Between 1 to 5 years	More than 5 years	
<b>As at 31st December 2020</b>					
<b>Non-derivative liabilities</b>					
Trade payables	4,515.75	4,515.75	-	-	4,515.75
Security deposits	106.91	106.91	-	-	106.91
Unpaid dividend	5.55	5.55	-	-	5.55
Other Payables	497.36	497.36	-	-	497.36
<b>As at 31st December 2019</b>					
<b>Non-derivative liabilities</b>					
Borrowings	1,084.72	1,084.72	-	-	1,084.72
Trade payables	3,744.77	3,744.77	-	-	3,744.77
Security deposits	104.55	104.55	-	-	104.55
Unpaid dividend	3.74	3.74	-	-	3.74
Other Payables	598.01	598.01	-	-	598.01

#### 43. Segment information

##### a) Products and services from which reportable segments derive their revenues:

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on product and services. Accordingly, management of the company has chosen to organise the segment based on its products and services as follows:

- Gases and Related Products
- Project Engineering

The company's chief operating decision maker is the Managing Director.

Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.

The company's financing and income taxes are managed on a company level and are not allocated to operating segments.

Inter-segment revenue has been recognised at cost.

##### b) Information about business segment

in Rupees million	31 December 2020			31 December 2019		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
<b>1 Segment revenue</b>						
External revenue	11,995.53	2,710.45	14,705.98	13,216.24	4,396.82	17,613.06
- India	11,895.55	2,312.41		13,127.68	4,019.45	
- Outside India	99.98	398.04		88.56	377.37	
Interest income	5.26	-	5.26	4.80	-	4.80
Total external revenue (A)	12,000.79	2,710.45	14,711.24	13,221.04	4,396.82	17,617.86
Inter segment revenue (B)	-	144.50	144.50	-	76.41	76.41
<b>Total segment revenue (A) + (B)</b>	<b>12,000.79</b>	<b>2,854.95</b>	<b>14,855.74</b>	<b>13,221.04</b>	<b>4,473.23</b>	<b>17,694.27</b>
Less: Inter segment elimination			(144.50)			(76.41)
<b>Total revenue</b>			<b>14,711.24</b>			<b>17,617.86</b>
<b>2 Segment results</b>						
Finance cost - unallocable	2,152.91	387.31	2,540.22	2,499.12	564.29	3,063.41
Other unallocable expenses			(62.43)			(862.50)
Share of profit from Joint venture			(225.37)			(479.41)
Profit before tax and exceptional item			17.04			-
Exceptional item			2,269.46			1,721.50
Profit before tax			17.11			8,407.55
Less: Tax expense			2,286.57			10,129.05
<b>Profit after tax</b>			<b>1,510.99</b>			<b>7,271.79</b>
<b>3 Segment assets</b>						
Unallocated assets	25,328.31	2,716.94	28,045.25	25,629.80	3,100.66	28,730.46
<b>Total assets</b>			<b>4,677.39</b>			<b>3,768.39</b>
			<b>32,722.64</b>			<b>32,498.85</b>
<b>4 Segment liabilities</b>						
Unallocable liabilities	5,528.55	1,691.66	7,220.21	4,654.38	1,976.76	6,631.14
<b>Total liabilities</b>			<b>3,159.34</b>			<b>4,148.62</b>
			<b>10,379.55</b>			<b>10,779.76</b>

##### c) Other segment information

in Rupees million	31 December 2020			31 December 2019		
	Gases and Related Products	Project Engineering	Unallocable	Gases and Related Products	Project Engineering	Unallocable
Depreciation and amortisation	1,713.89	6.49	39.62	1,729.16	5.88	37.50
Addition to fixed assets (net of disposal)	1,026.91	5.34	18.91	545.31	9.92	21.31

##### d) Revenue from major products

in Rupees million	Year ended 31 Dec. 2020	Year ended 31 Dec. 2019
<b>(i) Gases and Related Products</b>		
Air separation unit gases	11,332.43	11,789.49
Other cylinder gases	534.36	552.60
Others	128.74	874.15
<b>(ii) Project Engineering</b>		
Construction contracts	2,710.45	4,396.82
	<b>14,705.98</b>	<b>17,613.06</b>

The Company operates predominantly within the geographical limits of India. In the company's operations within India, there is no significant difference in the economic condition prevailing in the various states of India. Revenue from sales to customers outside India is less than 10% in the current and previous year. Hence, disclosures on geographical segments are not applicable.

##### e) Information about major customers

Included in the revenue arising from direct sales of products and services of Rs. 14,705.98 million (31 Dec 2019: Rs. 17,613.06 million) are revenues of approximately Rs. 3,450.97 million (31 Dec 2019: Rs. 2,478.44 million) which arose from the sale to company's top two customers. No other single customer contributed 10% or more of the company's revenue for both 2020 and 2019.

##### Notes:

- i) Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before other income and finance cost and tax expenses. Segment results reviewed by CODM also excludes income or expenses which are non recurring in nature or classified as exceptional.
- ii) The accounting policies of the reportable segments are same as of the companies accounting policies (Refer Note 2)

**44. Information on Related Party Disclosure****A) List of Related Parties****i) Ultimate Holding Company**

Linde Public Limited Company, Ireland (From 01 November 2018)

**ii) Intermediate Holding Company**

Linde GmbH (Formerly Linde AG, Germany)

**iii) Holding Company (entity having control over the Company)**

The BOC Group Limited, United Kingdom (Wholly owned Subsidiary of Linde GmbH)

**iv) Fellow Subsidiaries and Joint Venture with whom transactions have taken place during the year****a) Located outside India**

Fellow Subsidiary	Country
Linde Bangladesh Limited	Bangladesh
Linde Kryotechnik AG	Switzerland
Cryostar SAS	France
Linde Gáz Magyarország Zrt.	Hungary
PT. Linde Indonesia	Indonesia
Praxair Korea Company Limited	Korea
Linde Malaysia Sdn. Bhd.	Malaysia
Linde ROC SDN. BHD.	Malaysia
Linde Gas Asia Pte Ltd Philippines - ROHQ	Philippines
Linde Business Solution Center	Philippines
Linde Philippines Inc	Philippines
Boc Limited (Australia)	Australia
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
Ceylon Oxygen Limited	Srilanka
BOC Limited - ENG (Gases)	United Kingdom
Linde Cryoplants Limited	United Kingdom
Linde (Thailand) Public Company Limited	Thiland
GIST Ltd	United Kingdom
Linde Gas North America LLC	United States of America
Linde HKO Limited	Hongkong
Linde Arabian Contracting Co. Ltd	Saudi Arabia
Praxair, Inc (formerly Linde Global Helium)	United States of America
Linde EOX SDN. BHD.	Malaysia

**b) Located in India**

Fellow Subsidiary	
Linde Global Support Services Private Limited	
Linde Engineering India Private Limited	
Praxair India Private Limited	
<b>Joint Venture</b>	
Bellary Oxygen Company Private Limited	
Linde South Asia Services Private Limited (Formerly LSAS Services Private Limited)	

**v) Employee Funds**

BOC India Limited Executive Staff Pension Fund
Indian Oxygen Limited Executive Staff Gratuity Fund
Indian Oxygen Limited Graded Staff Pension Fund
Indian Oxygen Limited Non Executive Staff Gratuity Fund

**vi) Key Management Personnel of the Company**

Mr. A Banerjee, Managing Director
Mr. S Ghosh, Chief Financial Officer (till 16.10.2020)
Mr. A Saraf, Chief Financial Officer (w.e.f. 11.11.2020)
Mr. P Marda, Asst Vice President & Company Secretary

**B) Transactions with Related Parties during the year**

Nature of Transaction (in Rupees million)	Ultimate Holding Company	Intermediate Holding Company	Holding Company	Fellow Subsidiaries	Joint Venture	Employee Funds	Key Management Personnel
Purchase of Goods - Gases, Equipment/ Spares	-	15.53 (36.74)	-	1,133.71 (607.50)	76.79 (100.53)	-	-
Purchase of Fixed Assets / Capital Spares	-	13.95 (2.38)	-	9.13 (37.70)	-	-	-
Support Services - Engineering Assistance, IS Charges, Business Support & Technical Assistance	-	163.94 (190.61)	251.71 (192.51)	80.10 (176.15)	352.71	-	-
Service Charges Received -Facility Fees Income	-	-	-	8.31 (7.55)	-	-	-
Sale of Goods/Spares/Fixed Assets/Services & , Revenue from Construction Contract	-	4.55 (10.47)	-	1,190.80 (346.83)	19.49 (17.16)	-	-
Recovery of Personnel Cost	5.64	-	-	39.70	8.18	-	-
Reimbursement of Expenses	-	(9.98)	(3.19)	(61.11)	(10.54)	-	-
Rental Income	-	(1.54)	-	-	-	-	-
Managerial Remuneration	-	-	-	18.96 (18.96)	-	-	32.44 (44.79)
Purchase of Shares	-	-	-	-	20.00	-	-
Dividend Paid	-	-	639.63 (95.94)	-	-	-	-
Dividend Received	-	-	-	-	145.50 (97.50)	-	-
Borrowings during the year	-	-	-	(1,000.00)	-	-	-
Repayment of Borrowings	-	(6,277.77)	-	(3,400.00)	-	-	-
Contribution to Funds	-	-	-	-	-	86.34 (86.79)	-
Interest on Borrowings	-	-	-	-	-	-	-
Outstanding balances:							
- Receivables	5.64	4.80 (35.69)	20.78 (14.78)	521.72 (192.71)	15.74 (17.69)	-	-
- Payables	-	261.22 (321.67)	205.34 (244.79)	668.54 (293.70)	114.39 (50.97)	-	-
- Advance to Vendors & KMP/ Capital Advances/ Investments	-	3.03 (22.10)	10.86	20.42 (25.98)	20.00	-	0.18
- Advance from Customer	-	-	-	-	-	-	-
	-	-	-	(0.68)	-	-	-

#### 45. Leases

##### I. As a Lessor (IND AS 116)

The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

##### A. Operating leases as a lessor:

Significant leasing arrangements include lease of plant and machinery dedicated for use under long term arrangements for periods ranging between 12 to 20 years with renewal option. Receivable under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets on contractual terms and conditions. Any change in the allocation assumptions may have an impact on the lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

in Rupees million	As at 31 Dec. 2020	As at 31 Dec. 2019
<b>Future minimum lease payments</b>		
not later than one year	881.87	882.87
later than one year and not later than five years	3,475.98	3,501.98
later than five years	6,942.63	7,798.50
	<b>11,300.48</b>	<b>12,183.35</b>

##### B. Finance leases as a lessor:

Certain plant and machinery has been made available by the Company to the customers under a finance lease arrangement. The arrangements covers a substantial part of the economic life of the underlying asset and contain a renewal option on expiry. Receivables under long term arrangements involving use of dedicated assets are based on the underlying contractual terms and conditions. Any change in the assumptions may have an impact on lease assessment and/or lease classification. Such assets given under the 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. The income arising on account of finance lease arrangement is Rs 4.94 million.

The minimum lease receivable and the present value of minimum lease receivables in respect of arrangements classified as finance leases are as below:

in Rupees million	As at 31 Dec. 2020		As at 31 Dec. 2019	
	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments
Not later than one year	7.68	1.50	7.68	1.91
Later than one year and not later than five years	21.12	2.67	28.80	4.18
Later than five years	-	-	-	-
<b>Total future minimum lease commitments</b>	<b>28.80</b>	<b>4.17</b>	<b>36.48</b>	<b>6.09</b>
Less: Unearned finance income	10.02		14.96	
<b>Present value of minimum lease payments receivable</b>	<b>18.78</b>		<b>21.52</b>	
<b>Disclosed as:</b>				
Other financial asset - finance lease receivable ( refer note 8 )				
Non-Current	15.30		18.78	
Current	3.49		2.74	
	<b>18.79</b>		<b>21.52</b>	

#### 45. Leases (contd)

##### II.a As a Lessee (IND AS 116)

##### 1 Changes in the carrying value of right of use assets

in Rupees million	Category Wise Right-of-Use Asset			Total
	Land	Buildings	Plant and Equipment	
<b>Future minimum lease payments</b>	168.32	74.69	6.35	249.36
later than one year and not later than five years	3.00	-	-	3.00
later than five years	-	31.40	-	31.40
	4.96	11.14	1.06	17.16
<b>Balance as at 31-12-2020</b>	<b>166.36</b>	<b>32.15</b>	<b>5.29</b>	<b>203.80</b>

##### 2 The following is the break-up of current and non-current lease liabilities

in Rupees million	As at 31 Dec. 2020
Current Lease Liability	10.08
Non Current Lease Liability	58.95
<b>Total Lease Liability</b>	<b>69.03</b>

##### 3 The following is the movement in lease liabilities

in Rupees million	As at 31 Dec. 2020
Balance as at transition on 01-01-2020	115.46
Additions during the year	-
Finance cost during the period	6.46
Deletions	31.72
Payment of lease liabilities	21.17
<b>Balance as at 31-12-2020</b>	<b>69.03</b>

##### 4 Expense pertaining to leases which has been identified as Short Term & Low Value is Rs 4.80 million

##### 5 Contractual maturities of lease liabilities on an undiscounted basis:

in Rupees million	As at 31 Dec. 2020
Less than one year	16.52
One to five years	62.34
More than five years	9.58

##### 6 Nature of lessee's leasing activities

Right-of-Use assets majorly comprises Land, Buildings and Plant and Equipment.

##### 7 There are no such identified probable future cash outflows to which the entity is exposed that are not reflected in the measurement of lease liabilities.

##### II.b As a Lessee (IND AS 17) for the year ended 31 Dec 2019

Minimum lease payment recognised in the statement of Profit & Loss for the year end 31 Dec 2019 aggregated to Rs 54.82 million



**46. Interest in Joint Venture**

a) Details of the Company's material joint venture at the end of the reporting period are as follows:

Name of the Joint Venture in Rupees million	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group		Quoted (Y/N)
			As at 31 Dec. 2020	As at 31 Dec. 2019	
Bellary Oxygen Company Private Limited (Belloxy)	Production and sale of air gases	Karnataka, Bellary	50%	50%	N
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited)	Management services	Karnataka, Banagalore	50%	-	N

**b) Summary of financial information**

in Rupees million	Belloxy Oxygen India Private Limited		Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited)	
	As at 31 Dec. 2020	As at 31 Dec. 2019	As at 31 Dec. 2020	As at 31 Dec. 2019
Current Assets	355.67	299.12	171.06	-
Non Current Assets	704.74	1,067.40	12.88	-
Current Liabilities	128.68	53.79	104.53	-
Non Current Liabilities	119.08	244.97	6.23	-
Equity	812.66	1,067.75	73.18	-
Revenue	501.17	502.71	683.49	-
Expenses	399.28	224.66	637.93	-
Profit before tax for the year	101.89	278.05	45.56	-
Tax Expense	26.89	37.51	11.48	-
Profit after tax for the year	75.00	240.54	34.08	-
Profit attributable to the owners of the Company	37.50	120.27	17.04	-
Profit attributable to the non controlling interest	37.50	120.27	17.04	-
Profit for the year	75.00	240.54	34.08	-
Other Comprehensive Income attributable to the owners of the Company	-	-	(0.92)	-
Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest	-	-	-	-
Other Comprehensive Income	-	-	(0.92)	-
Total Other Comprehensive Income attributable to the owners of the Company	-	-	(0.46)	-
Total Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest	-	-	(0.46)	-
Total Other Comprehensive Income	75.00	240.54	33.16	-
Dividends paid to non controlling interest	-	-	-	-
Net Cash Flow from operating activities	271.61	289.32	(37.76)	-
Net Cash Flow from investing activities	11.30	4.75	-	-
Net Cash Flow from financing activities	(335.92)	(235.62)	40.00	-
Net Cash inflow/(outflow)	(53.01)	58.45	2.24	-

**46. Interest in Joint Venture (Contd..)**

c) Company's transaction with Bellary Oxygen Company Private Limited and Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited), being a related party during the year ended 31 December 2020 are disclosed under note 44

d) The above investment in Bellary Oxygen Company Private Limited is part of assets classified as held for sale in 2018. Refer Note 14

**47. Details of net asset and share of profit of individual entity in the consolidated net assets and consolidated share of profit****As at 31 Dec 2020**

Name of the entity	Net assets		Share of profit	
	As % of consolidated net assets	Amount	As % of consolidated net profit	Amount
<b>A. Parent</b>				
Linde India Limited	99%	22,037.20	99%	1,493.95
<b>B. Jointly controlled entity</b>				
Bellary Oxygen Company Private Limited	2%	406.33	0%	-
Linde South Asia Services Pvt. Ltd. (formerly known as LSAS Services Private Limited)	0%	36.59	1%	17.04
Adjustment due to consolidation*	-1%	(137.03)	0%	-
Consolidated Net Assets/ Profit after tax	100%	22,343.09	100%	1,510.99

**As at 31 Dec 2019**

Name of the entity	Net assets		Share of profit	
	As % of consolidated net assets	Amount	As % of consolidated net profit	Amount
<b>A. Parent</b>				
Linde India Limited	98%	21,368.39	100%	7,271.79
<b>B. Jointly controlled entity</b>				
Bellary Oxygen Company Private Limited	2%	533.88	3%	200.46
Adjustment due to consolidation*	-1%	(183.18)	-3%	(200.46)
Consolidated Net Assets/ Profit after tax	100%	21,719.09	100%	7,271.79

\*Refers share of profit after the date, Investment in Bellary Oxygen Company Private Limited has been classified as assets held for sale. (Refer Note 14)

**48. Dividends**

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. On 01 March 2021, the Board of Directors of the Company have proposed a dividend of Rs. 3 per share in respect of the year ended 31 December 2020, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs.255.85 million.

49. The financial statements were approved for issue by the Board of Directors on 01 March 2021.

For and on behalf of Board of Directors of

Linde India Limited  
CIN: L40200WB1935PLC008184

R HUGHES, Chairman DIN : 08493540

A BANERJEE, Managing Director DIN : 08456907

J MEHTA, Director DIN : 00033518

A SARAF, Chief Financial Officer ACA060828

P MARDA, Asst. Vice President & Company Secretary ACS8625

Kolkata, 01 March 2021

# Independent auditor's report.

## To the Members of Linde India Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Linde India Limited ("the Parent") which includes the Parent's share of profit in its joint ventures, which comprise the Consolidated Balance Sheet as at 31 December 2020, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Parent as at 31 December 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Parent and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition - Appropriateness of estimation of contract cost &amp; revenue recognition in PED Business of the Parent company</b></p> <p>Revenue from the contracts entered by the Project Engineering Division (PED) of the parent company is recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers.</p> <p>Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined based on proportion of contract costs incurred to date compared to estimated total contract costs, which involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price.</p> <p>Accuracy of revenues and profit/loss may deviate significantly on account of change in judgements and estimates. For this reason, we have identified estimates involved in the revenue recognition and budgeted costs for Project Engineering Division as Key Audit Matter</p>	<p><b>Principal audit procedures:</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the management's evaluation process to recognize revenue over a period of time, the status of completion for projects and total cost estimates;</li> <li>Identified and tested the controls related to revenue recognition, focusing on the determination of percentage of completion, recording of costs incurred and estimation of costs to complete the remaining contract obligations through inspection of evidence of performance of these controls;</li> <li>Tested selected contracts on sample basis for appropriateness of revenue recognition including budgeted cost as well as the percentage of completion for construction works as it requires management's estimates on the basis of progress of the projects;</li> <li>Evaluated management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders and correspondence between the Company and the customers;</li> <li>Tested on sample basis the actual costs incurred on construction works during the reporting period;</li> <li>Recomputed the percentage of completion based on the latest budgeted final costs and the total actual costs incurred and the revenue recognised based on the percentage of completion;</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	Refer to the Accounting Policy para 2(f), Notes 24 and 39 to the Consolidated Financial Statements.	<ul style="list-style-type: none"> <li>Evaluated the adequacy of the related disclosures in the standalone Ind AS financial statements as required by the relevant accounting standard.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, Management Discussion and Analysis Report and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In preparing the consolidated financial statements, the respective Board of Directors of the Parent and its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Parent and its joint ventures are also responsible for overseeing the financial reporting process of the Parent and of its joint ventures.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

#### Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Parent including its joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Parent and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Parent and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Parent and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Parent and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

The consolidated financial statements also include the Parent's share of net profit of Rs. 17.04 Million for the year ended 31 December 2020, as considered in the consolidated financial statements, in respect of two joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint ventures, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Parent. Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent Company as on 31 December 2020 taken on record by the Board of Directors of the Company, none of the directors of the Parent company is disqualified as on 31 December, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of

our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Parent and its joint ventures;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. The Parent has been generally regular in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

# Annexure A to the independent auditor's report.

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2020, we have audited the internal financial controls over financial reporting of Linde India Limited (hereinafter referred to as "Parent") and its joint ventures, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control

based on the assessed risk. 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.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2020, based on the criteria for internal financial control over financial reporting established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

# Ten-year financial data.

## Ten-Year Financial Data

in Rupees million	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sales										
Home	11,577.1	12,577.2	14,260.9	15,700.5	16,747.4	19,285.6	20,336.2	21,375.9	17,147.1	14,208.0
Export	104.5	1,425.8	771.1	242.1	150.7	490.4	802.5	533.3	465.9	498.0
Profit before Tax and Exceptional Item	1,748.5	536.4	663.4	35.8	100.6	102.1	216.6	471.7	1,721.5	2,252.4
Tax	531.9	164.6	317.3	-18.2	-196.1	-32.0	-8.8	136.8	559.2	782.6
Profit after Tax, before Exceptional Item	1,216.6	371.8	346.1	54.0	296.7	134.1	225.3	334.9	1,162.3	1,469.9
Exceptional Item, (net of Tax)	-	523.0	427.2	-	-62.1	-	-36.0	-	6,109.5	85.5
Profit after Tax	1,216.6	894.8	773.3	54.0	234.6	134.1	189.4	334.9	7,271.8	1,555.3
Share Capital	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8
Reserves and Surplus	11,767.0	12,486.3	13,420.4	13,039.4	13,073.0	13,100.6	13,224.3	13,415.2	20,515.5	21,184.4
Shareholders' Funds	12,619.8	13,339.1	14,273.3	13,892.2	13,925.8	13,953.4	14,077.2	14,268.1	21,368.4	22,037.2
Loan Funds	8,380.3	10,989.6	15,278.1	15,644.3	13,882.6	14,453.5	12,818.6	11,896.9	1,084.7	-
Total Capital Employed	21,000.1	24,328.7	29,551.4	29,536.5	27,808.4	28,407.0	26,895.8	26,165.0	22,453.1	22,037.2
Debt - Equity (%)	66.4	82.4	107.0	112.6	99.9	103.5	91.1	83.4	5.1	-
Gross Block (includes capital Work-in-progress)	19,801.6	28,549.8	31,013.8	34,254.9	37,428.4	28,421.5	29,270.5	27,393.5	27,816.3	28,634.5
Depreciation (includes Impairment)	4,883.3	5,946.9	6,927.8	8,686.2	10,087.0	1,891.2	3,935.8	5,333.4	6,935.5	8,572.0
Net Block (includes Capital Work in Progress)	14,918.3	22,602.9	24,086.0	25,568.7	27,341.5	26,530.3	25,334.7	22,060.1	20,880.8	20,062.5
Investments	150.0	150.0	150.1	150.1	150.1	150.2	150.3	0.3	0.3	20.4
Net Current Assets <sup>1</sup>	66.1	1,023.8	2,129.0	1,869.1	1,478.8	2,116.6	1,607.8	1,743.0	2,263.1	3,281.7
Operating Margin	15.0%	6.7%	9.4%	6.7%	5.9%	6.4%	6.5%	6.8%	14.7%	15.7%
Return on Capital Employed	8.4%	3.9%	4.8%	3.6%	3.6%	4.4%	5.1%	5.7%	11.5%	10.5%
Asset Turnover Ratio	0.75	0.75	0.64	0.64	0.64	0.73	0.82	0.92	0.82	0.72
Dividend 2										
(Incl. Tax thereon)	148.7	148.7	149.7	153.5	77.0	77.0	102.8	154.2	1,028.1	308.4
Rate of Dividend 2	15%	15%	15%	15%	7.5%	7.5%	10.0%	15.0%	100.0%	30.0%
No. of Issued Shares	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223	8,52,84,223
Earnings per Share (Rs.)	14.26	10.49	9.07	0.63	3.48	1.57	2.22	3.93	85.27	18.24
No of Shareholders	20,364	20,883	20,590	19,183	19,132	19,537	21,586	18,323	18,469	22,673
No of Employees	797	797	839	832	737	754	726	740	654	263

### Notes:

1. Net Current assets excludes short term borrowings and current maturities of long term borrowings
2. Dividend for 2020 is proposed and not provided in accounts for the year ended 31.12.2020.
3. The figures till year 2015 is based on iGAAP and from 2016 onwards figures are based on IndAS





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