



Making our world more productive

# Resilience

## Annual Report 2019.



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# Chairman's Message.



Dear Shareholders,

It is indeed my honour to communicate with you for the first time as the Chairman of your Company. As some of you may be aware, while I have over 30 years of experience in the gases industry, in my role as the Regional Business Unit Head – South and East Asia of the Linde plc Group spanning over 5 years till early 2019, my responsibility included guiding the Group's gases and engineering business in Linde India.

I am happy to observe that the year 2019 has been an exceptional year for Linde India. Despite several challenges during 2019, that included tariff war between US and China, slowing economies across the globe, weak financial markets, and the signs of slowdown in the Indian economy, your Company put up a resilient performance in both the gases and engineering businesses. This resilience was seen across several important functions and areas such as people, safety, strategy, plant operations, pricing actions and operating profits, etc., results of which are reflected in the overall financial performance for the year 2019. While People remain the core of your Company's success, Safety always comes first. Your Company's commitment to high standards of safety has won accolades from large onsite customers in the gases business and at some of the major project sites in the project engineering business.

It gives me pleasure to state that your Company has delivered a record-breaking performance by clocking its highest ever earnings before interest, depreciation and amortisation (EBITDA) of Rs.4,356.54 million during the year 2019. This has become

possible on the back of resilience shown by the Company in both the gases and project engineering businesses. Besides, the successful divestment of the "South Region Divestment Business" as per the Order of the Competition Commission of India as a condition for approving the global merger of Linde AG and Praxair, Inc. has resulted in an exceptional profit of Rs. 8,407.55 million. The net profit after tax stood at Rs. 7,271.79 million. The Directors' report deals with this in more detail and I am indeed thankful to all the shareholders for their support on this agenda. While some of the potential synergies arising from the global merger were already embedded in existing businesses, I am happy to state that your Company's Board of Directors has in March 2020 approved a joint venture between Linde India and Praxair India after detailed evaluation of appropriate integration plans for realizing the remaining synergies between the competing/synergistic businesses of both the companies in India. The joint venture company is now functional, and I am sure this will deliver the desired synergies to further improve the operating performance of Linde India in the years to come. Your Company is also focused on digitalization and several initiatives have been implemented to enhance the business model and the distribution efficiency of your Company.

Let me now also share my thoughts on Covid-19, the most disruptive event in the modern human history. At the time of writing this message, most of the World including India is being significantly impacted by this pandemic. During these difficult times, it is indeed satisfying that the Linde India

management team has worked tirelessly to implement mitigation plans to ensure the well being of all our stakeholders, that is, customers, employees, suppliers, etc. as well as the financial health of the Company. We realise the current situation is very dynamic and is evolving. I am confident in our preparation and contingency planning to overcome this crisis together. Linde India is built on a strong foundation backed by the financial and technological strength of its promoter, diverse customer base and a focused management team, these are fundamental in successfully navigating through this pandemic.

There is no doubt today that the Covid-19 has made our world more challenging than ever before. This has severely impacted revenues and profits of most companies in India and elsewhere in the world. The markets worldwide have therefore already factored huge impact on earnings in the current financial year, though there is some buoyancy with unlock phase 1 in India and hope of a vaccine being available sooner rather than later. In view of this, though the short-term outlook may appear somewhat grim, I am cautiously optimistic about the medium to long term future as your Company remains resilient to overcome the diverse challenges.

Warm regards,

R J Hughes  
Chairman

30 July 2020



# Resilience – a deep-rooted quality

- empowering one to overcome obstacles and find ways to deliver results against all odds.

It is an attitude that drives excellence, upholds analytical prowess and bolsters productivity, speaking volumes about one's strength of character.

At Linde, the power of resilience motivates us to relentlessly pursue opportunities with the underlying goal of delivering growth to our shareholders. Driven by technological expertise, Linde India has embraced challenging times with the spirit of resilience to deliver solutions to our diverse customers, from industrial to healthcare. We are steadfast in our commitment to change course, whenever and wherever required and aspire for higher goals.

The Linde legacy is one of remarkable resilience. Our determination to consistently sustain efficiency is reflected in our strong resolve. From instilling an innovative approach to coping with the demands of a changing business environment, we have delved deeper to improve our prospects further.

And we have done it all – resiliently.



Cylinder delivery from Hyderabad site



Sanitization of VITT at the ASU site at Selaqui



Delivery of medical oxygen at a hospital



Decantation of LMO (oxygen) at SGPI Hospital, Lucknow

## Corporate Resilience

At Linde, resilience and strength come from having talented people determined to respond as we always do, with disciplined, well thought-out and decisive actions. This has translated into strong financial results for the company, even in challenging times. In the midst of global upheavals, Linde remains geared towards sustainable, earnings-based growth, which is built on an integrated business model, that has a strong portfolio in the gases business and is ably supported by leadership in cryogenic project engineering in India. This resilience is built upon world-class innovation of the Linde plc worldwide. The resilience of our business, supported by diverse end markets and a geographic footprint spread across the length and breadth of India, have a proven track record and will continue to offer opportunities for growth, even while facing strong macro-economic headwinds and the challenges of the Covid-19 pandemic.

## Community Resilience

During this difficult time, we have increased our outreach initiatives to help build community resilience both through the Linde Global Giving Program as well our own CSR initiatives in India. We continue to work very closely with healthcare providers to anticipate demand for medical gases and adjust deliveries as required. Stories of our employees going beyond the call of duty abound – from responding to urgent requests for delivery of essential medical gases, to setting up critical medical gas facilities in record time are examples of resilience and resourcefulness in action.

## Heritage

Our resilience is written in the 140-year heritage of our parent company, Linde plc. Technology, innovation and an inventive spirit have characterized Linde from the very beginning and are timeless factors for our success.

Closer to home, even as the company faced some very challenging times and economic headwinds throughout 2019, and more recently through the ongoing outbreak of the Covid-19 pandemic, “RESILIENCE” was one word that stood out across the Company – showcased in our sustained operations on our key sites, the uninterrupted supply to customers, and our healthcare heroes, who braved the pandemic to ensure the supplies of life-saving gases at hospitals.

We take pride in being a member company of Linde plc. Our employees continue to focus on staying safe and supporting our customers and our communities during this pandemic. Our resilience in overcoming these challenges will ensure that we come through this period as an even stronger organization, well-positioned for future growth and success.



Cylinder delivery team at Hyderabad site



Appreciation to drivers at Selaqui site



Vehicle sanitization at Uluberia PGP site



Drivers' rest room sanitization

# 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

Subhabrata Ghosh

## Asst. Vice President and Company Secretary

Pawan Marda

## Auditors

### Statutory Auditors

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

### Secretarial Auditors

S.M. Gupta & Co.  
 Firm Registration No. P1993WB046600

### Cost Auditors

Bandyopadhyaya Bhaumik & Co.  
 Firm Registration No. 000041

## Registrar and Transfer Agents

Link Intime India Pvt. Ltd.

## Bankers

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

## Audit Committee

Jyotin Mehta, *Chairman*  
 Arun Balakrishnan  
 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.



↳ Left to right: Mr J Mehta, Mr R J Hughes, Dr S Sarin, Ms C Chan, Mr A Balakrishnan and Mr A Banerjee.

**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., Monnet Ispat & Energy Ltd., ICICI Prudential Trust Ltd. and others.

**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 C Chan is presently the Head of Project & Integration Management Office with Linde Gas Asia Pte Ltd. at Singapore. Ms Chan has about 20 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.

**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 R J Hughes has over 33 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.

**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 HPCL-Mittal Energy Ltd., HPCL Mittal Pipelines Ltd. and other companies.

**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 on the Board of Meritor HVS (India) Ltd., Automotive Axles Ltd, Kirloskar Oil Engines Ltd. and others. 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.

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

Managing Director

B.Tech. in Chemical Engineering from IIT, Kharagpur

Mr A 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 32 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.



# Catering to better lives and livelihoods.

The desire to initiate change and impact lives remains deeply embedded in our organizational fabric. We are cognizant about our duties as a responsible corporate entity and strive to make meaningful contributions to people around us. From developing means to serve our communities with quality education and healthcare facilities to empowering people with livelihood opportunities, we aim to nurture inclusive growth – to bridge the gap between social classes and economic disparities.

### Areas of focus during 2019



Education



Livelihood

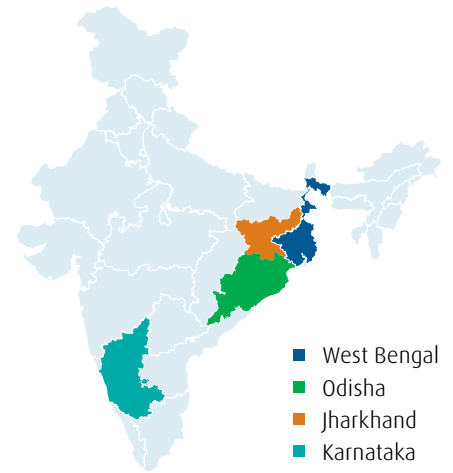


Health



Others:  
Disaster Management

### States covered



Amount contributed for CSR in 2019

**Rs. 2.46 million**



Linde India participants in Tata Steel 25K Kolkata 2019 event



Inauguration of Blood Donation Camp at Oxygen House, Kolkata



Cognitive development therapy at a NGO's centre in Sankrail, Howrah

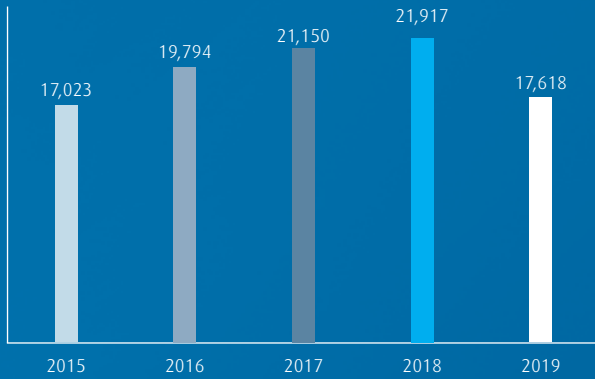


Employee donors at the Blood Donation Camp

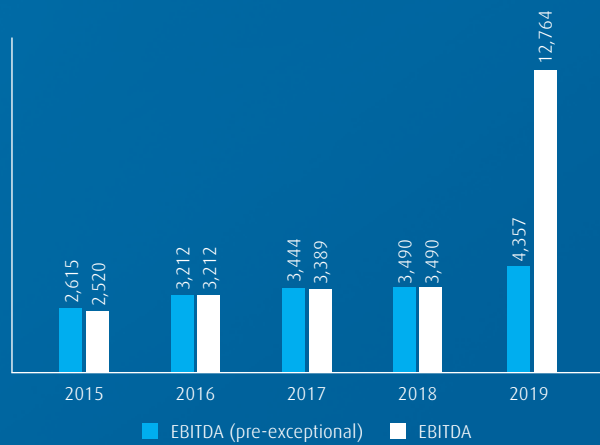


# Financial performance (Standalone).

## Revenue from operations



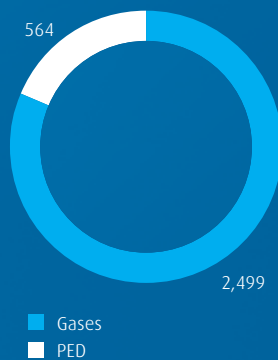
## EBITDA



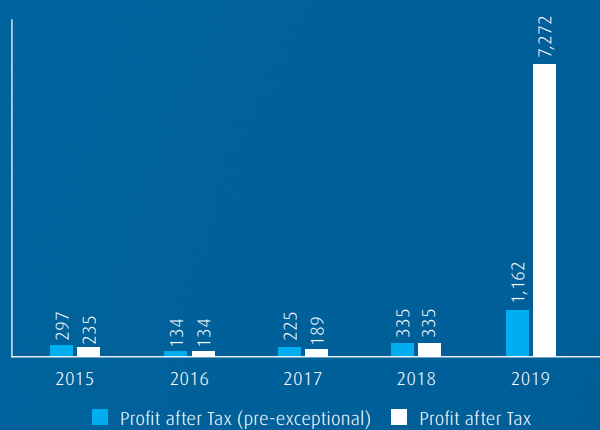
## Segment-wise revenue 2019



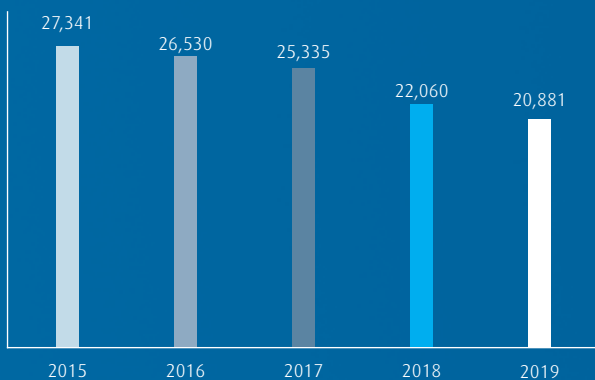
## Segment-wise results 2019



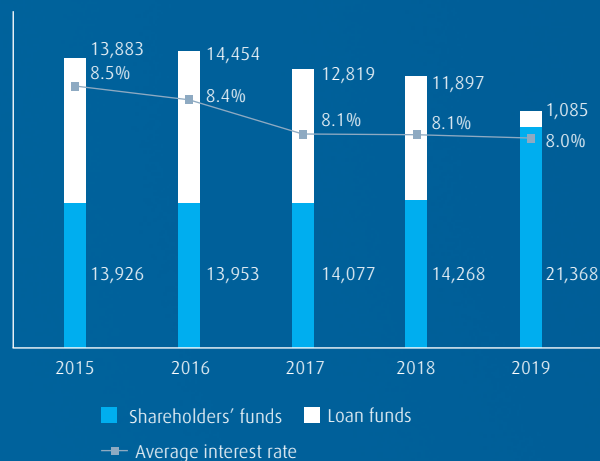
## Profit after tax



## 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 2019:

The Company's standalone financial performance for the year ended 31 December 2019 is summarized below:

In Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Revenue from operations	17,617.86	21,916.54
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)	4,356.54	3,490.09
Less: Depreciation and amortisation expense (including impairment)	1,772.54	1,991.38
Earnings before interest and tax (EBIT)	2,584.00	1,498.71
Less: Finance costs	862.50	1,027.01
Profit before tax (PBT) before exceptional item	1,721.50	471.70
Add: Exceptional items	8,407.55	-
Profit before tax (PBT) after exceptional item	10,129.05	471.70
Tax expenses	2,857.26	136.84
Net Profit for the year (after tax) (A)	7,271.79	334.86
Total Other Comprehensive Income for the year (B)	(17.23)	(41.16)
Total Comprehensive Income for the year (C)=(A)+(B)	7,254.56	293.70
<b>Movement in Equity</b>		
Retained earnings opening balance brought forward	5,445.90	5,271.99
Add: Net Profit for the year	7,271.79	334.86
Less: Other comprehensive income recognised in retained earnings (net of taxes)	(16.29)	(58.14)
Profit available for appropriation (D)	12,701.40	5,548.71
Appropriations:		
Dividend on Equity share including dividend distribution tax paid during the year* (E)	(154.23)	(102.81)
Retained earnings closing balance carried forward (F)= (D)-(E)	12,547.17	5,445.90

\*Pertains to dividend for the financial year 2018 @ 15% (Previous year @ 10% for the financial year 2017) on 85,284,223 equity shares of Rs.10 each.

## Financial Performance 2019

Your Company delivered total revenues from operations of Rs. 17,617.86 million during the financial year 2019 as compared to Rs. 21,916.54 million achieved in the previous year. This decline of about 19.6 % in the total revenue from operations is mainly on account of adoption of Ind AS 115 on "Revenue from Contracts with Customers" during the year under review. The first time application of new accounting standard Ind AS 115 on Revenue from Contracts with Customers had a negative impact on revenue as your Company used "Modified Retrospective Approach" for transition to Ind AS 115. Accordingly, power and fuel cost in respect of onsite plants, which in the previous year was disclosed gross has now been shown net of sales related costs reimbursed by the customer. This has resulted in reduction in revenue and a reduction of an equal amount in power and fuel cost to the tune of Rs.4,976.61 million for the year ended 31 December 2019. The underlying gases revenue for the year 2019 without the adjustment as per Ind AS 115, however, recorded a growth of about 3.1%.

Besides, the divestment of the "South Region Divestment Business" 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 with effect from 16 December 2019 in compliance with the order issued by the Competition Commission of India also contributed to some decline in the revenues of the Gases business.

At the segment level, the revenue from operations in the Gases business segment at Rs. 13,221.04 million recorded a decline of 26.6% as compared to Rs. 18,020.78 million in the previous year on account of adjustment for Ind AS 115 as mentioned above. The underlying growth in the gases business was achieved on the back of higher revenues in onsite and healthcare business together with pricing actions in onsite, merchant and packaged gases. Similarly, the Project Engineering business segment (PED) revenues stood at Rs.4,396.82 million as compared to Rs. 3,895.76 million during the previous year, recording an increase of 12.9% year on year. The PED revenues grew primarily on the back of orders from steel and refinery sectors, besides supplies for projects overseas.

During the year under review, your Company achieved higher earnings before interest, depreciation and amortisation (EBITDA) of Rs.4,356.55 million for the year 2019 as compared to Rs. 3,490.09 million in the previous year. This increase in the operating profit over 2018 was driven by growth in merchant business, pricing actions across onsite, bulk and merchant gases business and higher provisions made during 2018 in respect of indirect taxes, post medical retirement benefits, gratuity, etc. The Company also benefited from a lower depreciation of Rs. 1,772.54 million during the year 2019 as compared to Rs. 1,991.38 million in the

previous year due to nil depreciation charged during the year on certain 'assets held for sale' as per the order of the Competition Commission of India for divestiture of certain assets as a condition for approving the global merger of Linde AG and Praxair, Inc. During the year, there has also been a reduction in the interest cost of Rs.164.51 million arising mainly as a result of repayment of the ECB borrowings. Profit before tax (PBT) before exceptional item improved to Rs. 1,721.50 million as compared to Rs. 471.70 million in the previous year.

The "South Region Divestment Business" was divested during the year on a "slump-sale" and "as is where is basis". This has resulted in an exceptional profit of Rs. 8,407.55 million after adjusting for carrying value of the business of Rs. 2,739.23 million, consent fees for assignment of contract of Rs. 2,500 million and other related expenditure for sale of the business of Rs. 153.22 million.

Your Company's Profit before tax for the year 2019 stood at Rs.10,129.05 million. Profit after tax of Rs. 7,271.79 million for the year 2019 compares favourably as against Rs. 334.86 million achieved in the previous year.

## Dividend

In recognition of the improved financial performance during the year 2019 and the exceptional profits earned from the divestment of South Region Divestment Business of the Company in compliance with the order of the CCI, the Board of Directors of your Company is pleased to recommend a dividend of 100% (Rs. 10/- per equity share) on 85,284,223 equity shares of Rs.10 each in the Company for the year 2019. This dividend includes 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.

The Board's recommendation for dividend has been made after due consideration of 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 84th Annual General Meeting scheduled to be held on Friday, 18 September 2020 and will be paid on or about 23 September 2020, to the Members whose names appear in the Register of Members, as per the Book Closure date, i.e. from Saturday, 12 September 2020 to Friday, 18 September 2020 (both days inclusive). This dividend will result in cash outgo of Rs. 852.84 million as compared to Rs. 154.23 million in the previous year, which was inclusive of dividend tax. In view of the changes made under the Income tax Act, 1961, by the Finance Act, 2020, 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.

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 Global Merger, Voluntary delisting & Open Offer

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 has completed the divestment of its "South Region Divestment Business" as per the Business Transfer Agreement signed with Air Water India Pvt. Ltd. The "South Region Divestment Business" was divested during the year on a "slump-sale" and "as is where is basis" for an aggregate sale consideration of Rs.13,800 million. This has resulted in an exceptional profit of Rs. 8,407.55 million after adjusting carrying value of business of Rs. 2,739.23 million, consent fees for assignment of contract of Rs. 2,500 million and other related expenditure for sale of the business of Rs. 153.22 million. The approval of the shareholders for divestment of the "Belloxy Divestment Business" was obtained on 20 February 2020 and the same is presently in process.

## Outcome of voluntary delisting of equity shares & subsequent Open Offer by The BOC Group Ltd.

The Members of the Company are aware that as informed earlier in the report of the Board of Directors for the year 2018, the offer price discovered in terms of the SEBI Delisting Regulations was Rs.2,025/-, which was rejected by The BOC Group Ltd. and the person acting in concert on 24 January 2019. Following the same, The BOC Group Ltd. published necessary Post Offer Public Announcement for failure of the Delisting Offer in newspapers. In view of the failure of the Voluntary Delisting Offer, The BOC Group Limited 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 2,13,21,056 fully paid up equity shares of Rs.10/- each representing 25% of the voting capital of Linde India Limited, which closed on 17 September 2019. The BOC Group Ltd. acquired 25,276 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 Limited. 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 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 2019 together with its joint venture company, viz. Bellary Oxygen Company Private Limited. 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

### Bellary Oxygen Company Private Ltd.

As on 31 December 2019, the Company had one joint venture in the gases business viz. Bellary Oxygen Company Pvt. 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 Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the joint venture company in the prescribed Form AOC-1 is annexed to this report. [Annexure 2]

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 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 limited 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. As informed earlier, your Company had earlier classified its investment in their Joint venture Company, Bellary Oxygen Company Private Ltd. together with the asset of Bellary Trading office as "asset held for sale".

### 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 20,00,000 equity shares in LSAS Services Private Ltd. at Rs.10 each share, being 50% of the total issued and paid up equity share capital of LSAS Services Private Limited with the remaining 50% being held by Praxair India Private Ltd. LSAS Services Private Ltd. has thus become 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 Limited 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 on an arms' length basis.

## 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 business is capital intensive by nature as it requires large investments in setting up of air separation units as well as new packaged gases sites. The supply chain in the gases business also requires significant investments in the form of distribution assets and storage networks to service bulk volumes as well as in the form of cylinders to service relatively smaller volumes in packaged gases business. The industry comprises major users in steel, chemicals and refinery sectors and a large number of merchant liquid customers primarily in metal, glass, automobile, petrochemicals and pharmaceutical sectors, besides customers for medical gases. New applications continue to provide growth opportunities. This growth also gets supported by the outsourcing of gases requirement under a 'Build Own Operate' (BOO) type of supply scheme opportunities mainly in steel and refinery sectors.

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.

As informed last year, the 1290 tonnes per day air separation plant at Jamshedpur has been operating on a Lease and O&M model with effect from 1 July 2018. As such there is no invoicing for the variable gas cost to the customer and accordingly the power cost in respect of such gases consumed by the customer is not an element of cost.

Another important highlight in the accounting of the gases revenues during the year has been adoption of Ind AS 115 on "Revenue from Contracts with Customers". The first-time application of new accounting standard Ind AS 115 on Revenue from Contracts with Customers has resulted in a negative impact on revenue as your Company used "Modified Retrospective Approach" for transition to Ind AS 115. The Company had therefore appropriately evaluated its revenue recognition policy in the gases business with effect from 1 January 2019.

Accordingly, power and fuel cost in respect of onsite plants, which in the previous year was disclosed gross has now been shown net of sales related costs reimbursed by the customer. This has resulted in reduction in revenue of the gases business during the year and a reduction of an equal amount in power and fuel cost to the tune of Rs.4,976.61 million for the year ended 31 December 2019. This however, had a positive impact on the operating margin, though operating profit from the gases business remained unaffected.

The growth of the Gases business is largely driven by overall growth of the economy, more particularly, the rise in index of industrial production. During the fiscal year 2019-20, the growth in India's GDP moderated from 6.1% to about 4.2% in the previous year. This was mainly due to weak domestic consumption and contraction of demand leading to sluggish growth in manufacturing and subdued investments. This has contributed to overall weakening of revenues in the Gases business during the year under review. Besides, more specifically for your Company, the divestment of its "South Region Divestment Business" 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 with effect from 16 December 2019 in compliance with the order issued by the Competition Commission of India also contributed to some decline in the revenues of the Gases business for the year 2019.

The total revenue from operations in the Gases business at Rs. 13,221.04 million recorded a decline of 26.6% as compared to Rs. 18,020.78 million in the previous year on account of adjustment for Ind AS 115 as mentioned above. However, the underlying growth in the gases business was achieved on the back of higher revenues in onsite and healthcare business together with pricing actions in onsite, merchant and packaged gases.

As per the report of World Steel Association, the total steel production in India recorded a lower growth of 1.8% during the year 2019 as compared to 2018. India however, maintained its position of the second largest producer of crude steel in the year 2019 at 111.2 million tonnes.

While the marginally higher domestic demand during the year 2019 was backed by Government's thrust on infrastructure development, it was largely offset by continued weakness in the automotive, real estate and construction sector.

In view of the above, the revenues in the underlying gases business during the year 2019 witnessed higher oxygen demand from the steel sector. Besides, opportunity business in steel sector and pricing actions in the bulk and packaged gases business contributed to higher revenues. However, in view of a decline in the overall manufacturing sector, the demand for liquid nitrogen recorded a degrowth. The demand for liquid argon also decreased due to ongoing slowdown in automobile sector. The automotive sector has been facing severe contraction of demand due to combined effect of introduction of BS VI norms in India, new truck axle norms and increase in third party motor insurance cost and the liquidity problems in financing of new vehicles, which impacted the demand in passenger and commercial vehicles as well as two wheelers.

The bulk business which is a major part of the merchant and packaged gases business grew nearly 3% as compared to the previous year mainly on the back of pricing actions. The growth in the Bulk business was supported by sales to refineries and steel mills, as well as sales through distributors. The Industrial Packaged Gas Business registered volume degrowth mainly due to sustained downturn in the automobile industry. There has however been remarkable growth in revenues of Special Products & Chemicals portfolio. Helium prices continued to remain very remunerative though the supplies were under pressure.

Linde India is consistent in its pursuit of introducing new products and applications into the market with a view to enhance gas sales with improved margins. During the year under review, your Company was able to secure a number of orders by leveraging Linde applications technology, some of which are highlighted below.

Your Company achieved LIN dosing conversion on existing water lines in association with Varun Beverages (PepsiCo). As informed in last year, your Company had secured its first Instant Quick freezer for shrimp freezing and in line with the same, had conducted extensive trials at its Food Lab and Technology Centre and at the customer end to achieve 1 Shrimp freezing customer (IQF line) and 1 Cake customer (cryogenic batch freezer). Besides, we have also started implementation of locally made cryo-cooling screw to convert conventional grinding into cryogenic grinding line. The success of cryogenic grinding would open-up untapped conventional grinding market. The packaged ready to eat/ready to cook product market is growing fast in metro cities with growing middle class. With increasing volumes for processors, right packaging solution is a must. Your Company has been strengthening Linde's collaboration with Sealed Air for packaging material & OEMs and has also added 2 more supply sites for large production of *parathas* with Linde's pre-mix gas.

Global crude prices hit an average price of \$64 a barrel, during 2019, a fall of 8% than average price of 2018. While our transportation cost didn't change much in 2019 as compared to 2018, our application oriented businesses didn't see much of growth in the Metals segment

as the refined products basket of Propane, Naphtha and Furnace Oil didn't see the appreciation that would trigger our application solutions to brace with the cost benefit offerings. The cost economic dynamics for steel sector continued to be in favor of furnace operations on Air Fuel technology vis a vis our REBOX Oxy-fuel technology - the former being a more viable option under the low fuel prices and demand.

Your Company's application technology sales force has been making efforts to enter some of the newer industry segments namely automotive industries, railways, power transmission, tyres, heavy engineering, chemical, etc. leveraging Linde's suite of applications. We have been continuing to use applications technology such as CIRRUS, CUMULUS, N2 Lock, etc. in the pharmaceutical industry.

The Healthcare business continues to remain a focus area for growth of the gases business and your Company's brand remains a leader in the healthcare gases market. The Company has maintained its focus on both the LIV® cylinders for medical oxygen as well as ENTONOX®, an anaesthetic gas used for natural childbirth as well as for short term pain relief in a variety of medical procedures. Your Company organized several training programs for pain management in labour during 2019, which helped in making inroads in many new hospitals and also increased revenues from Entonox as compared to the previous year. Similarly, awareness for the use of lightweight LIV medical cylinders to increase patient safety in emergencies and ease of transport also helped gain new business in LIV. The revenues from medical gases grew on the back of liquid medical oxygen demand from new customers as well as incremental demand from the existing ones, such as PGI Chandigarh, Motilal Nehru Hospital, Prayagraj, Ganesh Shankar Vidyarthi Memorial Hospital, Kanpur and others.

#### **Innovative Marketing Strategy:**

In its focus on digitisation in marketing strategy, your Company has been a pioneer in adoption of best Industry practices and launched e-sale, a first of its kind e-commerce portal for sale of cryogenic products. This provides your Company with a first of its kind strategy in gases business in India, where cryogenic products are being sold through an e-commerce portal. The e-sale facilitates a quick turnaround by selling to our channel partners in an efficient, smooth and faster way as compared to the traditional manual process. This initiative will help avoid potential high stock situations thereby improving plant efficiency by ensuring uninterrupted operations.

As a part of its digitalization agenda, Linde India identified a need for experimental marketing for its niche product LIV™. Your Company, therefore, created an Augmented Reality mobile application with an aim to transform traditional see-to-feel experience. The App demonstrates the ease of use and distinctive features of the product, which is difficult to share by videos, brochures or other traditional marketing collaterals.

Another unique feature of your Company's gases business is tracking customer experience on a defined metric system with different customer satisfaction indices (CSI). The combined analysis of the various indices gives a score for the Customer Experience. Your Company's

CX performance is measured on 3 Key Performance Indicators (KPI) for query/complaint resolution. During the year 2019, KPI 1 (acknowledgement) was 100%, KPI 2 (response) & KPI 3 (resolution) scores were at 98%. The Customer Experience program was audited for ISO 10002:2018 & ISO 10004:2018 in December 2019. The certification will help Linde India in identifying the opportunity areas of perceived, expected and actual service levels through benchmarking against a global standard which would be audited every year henceforth.

Linde India also measured Customer Experience with 3 different metrics in 2019 by conducting a Customer Experience Survey. The Customer Satisfaction Score was 4.0, Customer Effort Score was 3.9 & Net Promoter Score was 39% from a sample size of 436 respondents.

The Distribution function which takes care of the supply chain in the Gases business is key to its strategy. As mentioned earlier, 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. During the year, the Company continued its focus on improving efficiency of the distribution function by phasing out of old 3 and 5 KL VITTs and reduction of fleet size, flow meter based supply to healthcare customers, improving delivered quantity per trip by about 9%, reducing product loss in distribution by 10% and reducing return of undelivered products by about 4%. The function has also made use of digitation such as SMS for delivery information to bulk customers, digitized pre & post departure check on vehicles & drivers, driver engagement/briefing & debriefing processes, centralized invoicing with digitized signature, all aimed at reducing distribution related timelines and enhancing the quality of the distribution processes.

Transport safety across India remains challenging and the Company has given high priority to this area with a view to overcome and mitigate the safety risks involved in distribution of products. Your Company has installed equipment to monitor Fatigue and Distraction of the driver on road on 100% of its vehicles. Your Company's Transport Operation Center now covers 100% of its fleet for both bulk and packaged gases businesses. 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 business, therefore, reflects the appetite for new projects in diverse core sectors of the economy.

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.

The order intake of the Division during the year 2019 was to the tune of more than Rs 4,500 million, which mainly consisted of a large value order for setting up Air Separation Units at a customer's steel works on turnkey basis at Bellary in the state of Karnataka and another order for supply of a Cryogenic N2 plant for a customer in refinery sector. Apart from this, the Division also received orders aggregating Rs.439 million for supplying small capacity Cryogenic N2 plants from customer in public sector for their fertilizer plants.

The Division has delivered a strong performance in the year 2019 by achieving its highest ever revenue of Rs. 4,396.82 million as compared to Rs. 3,895.76 million recorded in 2018.

During the year, the Division successfully completed supply and erection of a 200 tonnes per day IMPACT 4 Air Separation Unit at Semij in Gujarat for INOX Air Products Private Ltd. The Division is engaged in the supply and erection of five cryogenic N2 plants for its customers, which would be completed during the year 2020. Besides, two more IMPACT 4 Air Separation Units, each of 200 tonnes per day capacity are also expected to be completed during the year 2020 for INOX Air Products Pvt. Ltd. The Division is also engaged in turnkey contract for supply and erection of the 2nd Air Separation Unit at JSW's Dolvi steel works with a capacity of 2200 tonnes per day, which would be completed in the year 2020.

During the year 2019, the Division has earned a turnkey contract from within the Linde Group for supply and erection of a 629 tonnes per day Air Separation Unit at Paradip Refinery of Indian Oil Corporation.

PED is working to receive IMS Certificate (ISO 9001, 14001,18001) for their EPC business, which will enhance its ability to get more international business. This certification is expected to be received during the year 2020.

As on 31 December 2019, the Project Engineering Division's third-party order book stood at over Rs.6,300 million.

## Opportunities and Threats

The Government of India has an aspirational goal to become a USD 5 trillion economy by the year 2025. Although this seems a challenging task, however, the resolve of the Government to focus on make in India and the new focus on Self Reliant India presents an excellent opportunity to participate in the growth of the manufacturing industry in the years ahead. Besides, imposition of anti-dumping duties on Chinese steel products to boost domestic steel production, national infrastructure pipeline with projects spread across many states over the next five years, production of new vehicles meeting BS VI norms, significant expansion of infrastructure and railways are expected to augment demand for gases in the future. The recent geopolitical developments may result in several global manufacturers in pharma, chemicals and other industries shifting their operations from China to India.

Demand from the steel sector remains the main driver for the growth of the gases business in India and the expansion as well as consolidation in primary steel sector and refineries is expected to create opportunities for the Project Engineering business. The focus on application technology-based selling of gases in manufacturing, food and beverage, cement, paper, oil and gas, etc. is likely to create more demand for the gases business.

Healthcare has become one of India's largest sectors both in terms of revenue & employment. The industry is growing at a tremendous pace owing to increasing expenditure by public as well private players. The healthcare market is expected to grow at a CAGR of 16-17 percent in the coming years. The spread of Covid-19 in India has presented a great opportunity in the healthcare sector with need for addition of 3 million beds for India to achieve the target of 3 beds per 1,000 people. This Industry offers a tremendous scope of infrastructure growth across the country especially in tier 2 & tier 3 cities. Besides, your Company also sees opportunity in the fast growing food and beverages market.

The present economic conditions in India and globally and the slowing economies across the globe is one of the major threats to global prosperity and economic growth, which obviously impacts all sectors including the gases industry in India. India has seen contraction in almost all the core sectors with negative growth in IIP during the last few quarters. The significant downturn in automotive sector, which is one of the important user of industrial gases poses some challenges.

Aggressive addition of new merchant capacities by competitors in an already competitive marketplace and some of the steel majors implementing plans to set up Air Separation Units may have adverse impact on the fortunes of the gases industry and price in certain geographies. A more detailed information on risk is covered in this report under the risk management section.

Last but not the least, the outbreak of Covid-19 pandemic in India and indeed across the globe since early 2020 has had an unprecedented impact on the country, its people and the world economy as a whole. As a preventive measure, the Government of India like some of the other countries announced a nationwide lockdown from 25 March 2020 to contain the spread of Covid-19. While the future impact on the business operations as a result of Covid 19 is difficult to assess at this point, as the situation is unravelling at a fast pace. The concerns on macro impact of mini lockdowns across certain states and containment zones remain as we continue to make progress on Unlock phase 1. Your Company is however fully committed to working with the Government and all its partners to ensure that we overcome this crisis together. Our portfolio of Gases, customer contracts and Project Engineering capabilities, our financial strength and Linde's brand and strength of the management team give us a competitive advantage to deal with the crisis and the new normal.

## 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 held a refresher risk workshop on 27 June 2019, which was attended by the senior management team with a view to refresh the various risks facing 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 owing ASUs in future, risk arising from delay in setting up new organisation structure, etc.

The most significant emerging risk is the ongoing outbreak of the novel coronavirus (Covid-19). This has presented the world with one of most challenging times ever. The outbreak of Covid-19 and its rapid acceleration across the globe are indeed concerning and your Company's strategy is to overcome the crisis partnering with the Government and all its stakeholders.

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

Towards the end of the year 2019, your Company received a sum of Rs.13,800 million from the divestment of South Region Divestment Business, which was done in compliance with the order of the Competition Commission of India. The receipt of this amount significantly changed the cash flow position of the Company prompting it to repay its high cost borrowings from banks as well as the ECB from the promoter group.

During the year 2019, your Company made full repayment of loan facilities by way of external commercial borrowings (ECB) aggregating to Rs. 6,277.76 million from Linde AG through its divestment proceeds and internal accruals. The facilities were executed mainly for funding of large air separation units (ASU) at Tata Steel Jamshedpur (2,550 tpd ASU), SAIL Rourkela (2X853 tpd ASU) and Tata Steel Kalinganagar (2X1200 tpd scale plants).

Your Company also repaid two USD denominated term loan facility availed from Citibank aggregating to USD 23.28 million (fully hedged at Rs. 1,500 million) and Rupee term loan of Rs. 600 million out of divestment proceeds from the South Region Divestment Business. Your

Company also had a Rupee term loan of Rs. 1,000 million which was repaid in May 2020. The term loan facilities were executed to fund ongoing small capital expenditure and working capital requirements.

The Company had earlier negotiated at arm's length an inter corporate loan of Rs. 1,000 million from Linde Engineering India Pvt. Ltd. The facility was executed as an alternative financing mode for short-term funds. This facility was in addition to the existing inter corporate loan of Rs. 2,400 million from the same party. During the year, the Company fully repaid intercorporate borrowings of Rs. 3,400 million out of its divestment proceeds.

Your Company also availed short term working capital demand loans from its banks for meeting cash flow mismatches, which were fully repaid during 2019.

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. As on 31 December 2019, the Company had a total outstanding borrowing of Rs 1,084.72 million, with maturity of less than six months from the year end.

### 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.

### Large Corporates Disclosure for Fund raising through Debt securities

Your Company met the criteria specified by SEBI for large corporate for fund raising through debt securities. Accordingly, necessary disclosure has been submitted to both BSE Ltd. and National Stock Exchange of India Ltd., where the shares of the Company are listed.

### 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 57th unpaid/ unclaimed dividend amount of Rs.0.62 million for the financial

year ended 31 December 2011 to the Investor Education and Protection Fund in compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013. 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 27,743 shares to the Demat Account of the IEPF Authority, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of 7 years. Further information in this regard is provided in the Corporate Governance Report.

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

Your Company continues to remain fully committed to Safety, which is one of the foundation principles upon which Linde spirit has evolved and as such Safety remains one of our topmost priority. Compliance with SHEQ rules, standards, procedures are pre-requisite for all employees & contractors and the management is committed to ensuring that all personnel are trained and made competent before undertaking any safety critical job for the Company.

Global Safety Commitment Day 2019 was celebrated at all Linde Operating units and project sites on 19 June 2019 with a sharp focus on our Safety Principles. The event has given an opportunity to collectively reinforce our goal of "Zero" injuries and incidents and think about our behaviours and how we can contribute to improving our safety culture and performance. Also, as an Asia Pacific initiative, a week of safety commitment was celebrated starting from 12 June 2019 at all our sites/offices to engage our teams with various SHEQ activities, focusing on topics like office safety, home safety, transport safety, life-saving rules etc.

As a part of the Supply & SHEQ Improvement plan, key programs were rolled out to bring more focus on risk identification & control measures, reinforcing training & competencies for all high-risk jobs, etc. Statutory compliance management system was introduced to develop suitable tool for tracking the compliance of applicable statutory permits, returns and licenses for each of the Linde sites, with necessary escalation matrix. Validation of Electrical Single Line Diagram & P&IDs for PGP plants helped consolidation of up-to-date Electrical Single Line Diagram & P&ID in the standard format, which are stored in our global database. Contractor Management program for Distribution and Operations were reinforced by regularly monitoring their SHEQ performance, identifying gaps, training needs and ensuring compliance to Contractor Management standards.

Moreover, in order to strengthen the SHEQ performance, an Integrated Safety Plan has been introduced covering areas of improvement in Process Safety, Distribution Safety, Operational Safety, Behavioral & Personnel Safety, Quality & Environmental Safety and to also reinforce the SHEQ Policy & Rules.

With the increased use of Electronic & Speciality Gases, the Safety in electronics gases at Mundra Solar was reviewed by Linde Asia Pacific team. The first Audit, within one year of set-up and stability with minimum findings is testament to our management commitment and our teams knowledge and skillsets.

Transport Safety remains the biggest challenge and focus area for continuous improvement for our organization. According to the statistical analysis from the past couple of years, transport related incidents are mainly due to driver fatigue & distraction. To monitor the fatigue & distraction, we have installed F&D (Fatigue and Distraction) devices in 100% vehicles (Bulk & PGP). In our continuous endeavor to improve Transport Safety, a Transport Operation Centre (TOC) has been established at the Head Office in Kolkata. The Transport Operating Centre uses the most up to date technologies such as Artificial Intelligence (AI), Machine learning etc. and digitalized driver risk profiling covering inputs from various technologies installed in our vehicles. It also identifies positive driving behavior of the drivers using live monitoring, data and video analytic skills and periodic trend analysis.

Further, in continuation to our transport safety initiative, we have introduced monitoring of driver duty & driving hours through digitized mode. In our effort towards improving the quality of the drivers, we have taken them through various behavioral safety programs such as Act Safe, which was reviewed by the Global BSHEQ Champion and well appreciated for compliance. A special campaign on Overtaking & Fatigue Management was organized, which covered 100% drivers & transport contractors to focus on the area of improvements identified in investigation of Major Transport Events.

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

With the help of the Major Hazards Review Programme (MHRP) all major sites have been certified with relevant MHRP CAT1, CAT2 and CAT3 certificates. This MHRP program helps the organization to assess the offsite risk due to our operations; thereby based on risk categorization, risk control measures are established to reduce the offsite risk.

Your Company has successfully completed annual environmental data reporting using Credit360 for 21 sites in India including ASUs and the Cylinder filling sites. This data collection is reflected in both the Linde Non-Financial Report and Sustainable Development Report. The Environmental data collection program helps to meet our goals for environmental reporting by identifying environmental improvement opportunities, prioritising environmental actions and measures in order to achieve continuous performance improvement and monitoring environmental targets to ensure progression towards long term goals of no harm to people and the environment.

As a part of our commitment to environment protection, initiatives like rainwater harvesting, water recycling, recycling of waste generated, continue to be reinforced. All ASU sites are certified and sustained with ISO14001 certification. The actions for certification to the latest ISO 9001:2015 & ISO 14001:2015 standards have also been initiated.



Security vulnerability risk assessments are carried out at high risk sites and effective CCTV monitoring arrangements have been made at some of the high-risk locations.

## Human Resources

Employee engagement and talent retention were the focus areas of Human Resources function in 2019. We digitalized our employee engagement process by introducing a unique Artificial Intelligence (AI) based tool called Amber. The tool, which is in the form of a chatbot, reaches out to employees periodically to gauge their engagement levels. Employees are encouraged to share their views openly on any aspect of their work life. Areas of concern highlighted by employees were addressed through face to face meetings with the employee and functional heads. So far, this initiative has been extended to about 400 employees and we intend to extend it to a larger group in the year 2020. The openness with which employees have been sharing their experiences is commendable.

Our continuous efforts to build a talent pipeline for succession planning continued in 2019 through our Young Talent Development programme. The young talent who were onboarded in the previous year and put through year-long orientation and induction, were confirmed on the rolls of the Company after an objective performance assessment. Retention of critical and key talents had been on focus throughout the year.

The Human Resources team also contributed to the productivity initiative of the organization by introducing certain policy changes. We are committed towards creating a work environment which is safe and free of harassment for all our employees and associates. Our commitment to safety continued through imparting regular training programmes on SHEQ for newly onboarded and existing employees and associates.

During the year, the Human Resource function also supported the divestment of the South Region Divestment Business of the Company, which was divested along with employees in compliance with the order of the Competition Commission of India. HR was instrumental in ensuring the smooth transition of both the direct and indirect manpower of South Region Divestment Business to the buyer's organization. In the area of industrial relations, your Company was able to arrive at an amicable settlement with workmen union on matters that have been under protracted litigation at various courts for more than 20 years.

The Company continued to have harmonious employee relations across all its plants and offices in India. As on 31 December 2019, the Company had a manpower strength of 654 on its payroll.

### 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 2019, 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 2019 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 include providing special education to differently abled children at Indian Institute of Cerebral Palsy (IICP), supporting homes of underprivileged children and schools run by NGOs at Kolkata and Chennai and contribution to Odisha Chief Minister's Relief Fund towards relief for victims of cyclone Fani, organising blood donation camp in Kolkata, etc. Your Company spent an amount of Rs.2.46 million during the year on various CSR projects/activities as above, against the mandated CSR spend of Rs.2.53 million as per the Companies Act, 2013. Your Directors wish to state that the CSR Committee and the Board of your Company had amongst others approved a CSR budget for Rs.10 lakhs during the year 2019 to support Gases Industry Drivers Community Project – involving defensive driver training for the drivers in the Gases industry for making the highways and the roads safer and scholarship program for their children. However, the modalities of the project could not be finalised during the year 2019, as a result of which, no spend against the budgeted amount could be made during the year. This has resulted in a negligible unspent amount of Rs.0.07 million, which is proposed to be spent in the year 2020.

The details of the CSR projects/ activities for the year 2019 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 supports the United Nations Global Compact and every year publishes a detailed Corporate Responsibility Report incorporating the Global Compact's ten principles and their impact into our business activities in the manner required for GRI reporting. 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 2019 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. Arising from the completion of the global merger between Linde AG and Praxair, Inc., Linde plc, a company incorporated in Ireland has become the new holding company of both Linde AG and Praxair, Inc. Linde plc now has redefined its vision, mission and strategic direction and has replaced some of its legacy codes and policies to align with the new Linde values. Your Company, however, 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 Limited 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 has already complied with some of the new recommendations of the Kotak Committee on Corporate Governance, which were implemented in May 2018 last year and is continuing to comply with all new requirements on an ongoing basis. 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 eight 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 2019 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. Arising from the review, minor improvements were made in the performance evaluation form for the year 2019. 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 28 February 2020 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.

### Fraud in Project Engineering Division

Despite all the endeavours and focus on internal controls, during the year under review, the management detected a fraud involving misappropriation of the Company's funds in the Project Engineering Division (PED) of the Company, which was committed by an employee in connivance with two contractual employees and certain vendors of the Division. The misappropriation of funds was carried out by making payments to the vendor through false and unauthorized invoices and fraudulent accounting entries passed by the employee. The amount involved in the fraud over last four years commencing from 2016 amounted to about Rs. 36 million, which has already been charged to revenue in the accounts in respective years. This was immediately informed to the Audit Committee, the Board of Directors, Statutory Auditors and Internal Auditors of the Company. The Internal Audit department has carried out a thorough investigation of these transactions and provided their recommendation to the Board. The management had, in discussion with the Audit Committee and the Board, appointed an independent firm for forensic investigation of the misappropriation, who have also submitted their findings and recommendation to the Board.

The Management has since taken consequent management actions against the persons involved in the misappropriation of funds, suspended transactions with the reported vendors and blacklisted them, revised IT policy, and reviewed all relevant internal controls, both automated and manual and implemented adequate changes in the control environment and the organization structure to mitigate the risk.

During the year, Ernst & Young LLP, were engaged by the Company for reviewing and strengthening the framework of its existing internal financial controls across the Company and testing of the operating effectiveness of various internal controls in the organisation. Ernst & Young has submitted a report to the Audit Committee and the Board on their findings based on the testing of the key controls for the year 2019. The Statutory Auditors of the Company have also independently reviewed internal financial controls over financial reporting and Ernst & Young as well the Statutory Auditors have confirmed that these controls were operating effectively as at 31 December 2019. 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 2019.

## Directors

During the year under review, there has been several changes in the Board of Directors of the Company. Mr Sanjiv Lamba, Chairman of the Board retired by rotation as a director on the Board, as he did not seek re-election at the last Annual General Meeting of the Company held on 16 May 2019. Mr Moloy Banerjee also stepped down from the office of Managing Director with effect from close of business hours on 6 June 2019 in view of organizational changes within the Group resulting in broadening of his role and responsibilities. Ms Des Bacher resigned from the Board with effect from 11 November 2019 in view of changes in her role within the Group.

During the year, at the Board meeting held on 6 June 2019, Mr Abhijit Banerjee was appointed as an additional director and Managing Director of the Company for a term of three years, subject to the approval of the Members of the Company with effect from 7 June 2019. Mr Robert John Hughes was appointed by the Board as an additional director (Non-Executive) of the Company with effect from 28 June 2019 as a nominee of the promoter group. Subsequently, the Board had unanimously elected Mr Hughes as the Non-Executive Chairman of the Board with effect from 23 July 2019. Lastly, Ms Cheryl Chan representing the promoter group was appointed as an additional director (Non-Executive) of the Company with effect from 11 November 2019. The appointment of Mr Abhijit Banerjee as a Director and Managing Director of the Company for a term of three years with effect from 7 June 2019 was approved by the Members of the Company by way of postal ballot on 2 October 2019. The Members of the Company had in the same postal ballot also approved re-appointment of Mr J Mehta and Mr A Balakrishnan as Independent Directors of the Company for a second term of 5 years with effect from 1 October 2019 to 30 September 2024.

Notice under Section 160 of the Companies Act, 2013 has been received from a Member proposing the candidatures of the additional directors for the office of Director of the Company.

Your Directors record their appreciation of the valuable contribution made by the abovementioned outgoing directors to the functioning of the Company and the Board during their respective tenures. The Board of your Company has benefited immensely from their wise counsel.

Mr Abhijit Banerjee, retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 and Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

Necessary resolutions for approval of appointment of Mr Robert Hughes and Ms Cheryl Chan as Directors and for re-appointment of Mr Abhijit Banerjee on retirement by rotation as Director of the Company are included in the Notice of the ensuing Annual General Meeting. The Board recommends the aforesaid resolutions 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 Subhabrata Ghosh, Chief Financial Officer (CFO) and Mr Pawan Marda, Asst. Vice President and Company Secretary. During the year, there has been changes in the Key Managerial Personnel, viz. Managing Director and the Chief Financial Officer of the Company, with the earlier executives moving to new roles within the Linde plc Group.

## 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 2019.

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:

- a. that in preparation of the annual financial statements for the year ended 31 December 2019, applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b. 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;
- c. 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;
- d. that the aforesaid annual financial statements have been prepared on a going concern basis;
- e. 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
- f. 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.

## 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]

## Extract of Annual Return

An extract of Annual Return as on the financial year ended on 31 December 2019 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]

## Outlook

The year 2019 has been somewhat difficult for the global economy, with ongoing tariff war between the US and China. The global economic scenario further deteriorated with the Chinese economy facing a severe slowdown. The slowdown in China and the other geo-political developments has impacted most of the developed and emerging economies across the globe. In these times, while the Indian economy also faced signs of slowdown in most industry segments, it continued to remain the fastest growing economy in the world. However, during

large part of the year, some of your Company's end user segments such as automobiles, construction, etc. have been facing severe slowdown for several reasons. Added to this was the significant slide in the crude oil prices, which also did not augur well for the growth of the global economy as well as India, even though, India remains a large importer of crude.

The Government of India's aspiration to attain a USD 5 trillion economy in the next five years has led to some hope, which however, may appear a difficult proposition at present despite the focus to grow the rural economy in the budget proposals for the year 2020-21.

Of late, the world has been witnessing the impact of Covid-19, which originally had its epicentre in Wuhan in China. The Covid-19 has been declared as a pandemic by the WHO as it has already impacted nations and continents across the globe. This has already caused a grave disruption to the world economy and humanity with large number of loss of lives reported across the globe. The Government of India along with the State Governments had to impose a countrywide lockdown since 25 March 2020, which was extended from time to time with varying intensity till 30 June 2020 as a strong measure to prevent the spread of Covid-19. Several other countries across the globe had to resort to similar lockdown for extended periods. This has caused a severe blow to the Indian economy as also the global economies, which were already facing challenges due to contraction of demand. The World Steel Association expects Indian steel demand to contract by about 18% during 2020 on the back of Covid-19 induced abrupt halt of economic activities. The demand however, is expected to sharply recover during 2021 led by the Government's thrust on infrastructure and construction projects with improving consumer sentiment in other sectors.

The country is fighting the Covid-19 with all its might and your Company is doing what it can to overcome the severe challenge presented by this. While the long term macro-economic fundamental of the Indian economy is still in place, there is great deal of uncertainty about the short to medium term future outlook of diverse sectors across the globe and India is not an exception to the same. Your Directors and the management team however, have immense confidence in the future of your 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.

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 2019 form part of this Annual Report. The Statutory Auditors have submitted an unmodified opinion on the audit of financial statements for the year 2019 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. S M Gupta & Co., 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 2019. In terms of the provisions of Section 204(1) of the Companies Act, 2013, a Secretarial Audit Report dated 21 February 2020 in Form MR-3 given by the Secretarial Auditor is annexed with this Report. The observations made by the Secretarial Auditors in their Report are self-explanatory. The Report confirms that 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 2018 and submitted their report to the Central Government in Form CRA 4 on 13 May 2019. The audit of the cost records for the year 2019 has been conducted by the cost auditors.

The existing Cost Auditors have been office for about five years and with a view to get the benefits of rotation, the Board of Directors of the Company have 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 ending on 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 place on record their deep appreciation of the cooperation received from the bankers, customers, dealers, suppliers and all other business associates and the shareholders of the Company 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 and thank them for their dedication and commitment.

Your Directors also acknowledge the support and cooperation received from the various Government departments and agencies and look forward to their continued support in the future. The Board also takes this opportunity to thank the Linde plc Group for their strategic inputs, guidance and support in various operational and functional areas, which has enabled the Company to make continuous improvement in its 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  
30 July 2020

Kolkata  
30 July 2020

# 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., 11<sup>th</sup> February 2017.

### 3. Definitions:

- a. 'Act' means the Companies Act, 2013 including any amendments or modifications thereof.
- b. 'Board' means the Board of Directors of the Company.
- c. 'Company' means 'Linde India Limited'.
- d. 'Policy' means 'Dividend Distribution Policy'.
- e. '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:

- a. Stability of earnings.
- b. Cash flow position from operations.
- c. Future capital expenditure, inorganic growth plans, etc.
- d. Industry outlook and stage of business cycle for underlying businesses.
- e. Leverage profile and capital adequacy metrics.
- f. Overall economic / regulatory environment.
- g. Interim dividend paid, if any, based on the performance during the year.
- h. Past dividend trends.
- i. 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  
30 July 2020

Kolkata  
30 July 2020

# 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.
1.	Latest Audited Balance Sheet Date	31 December 2019
2.	Date on which the Joint Venture was acquired	22 March 2006
3.	Shares of Joint Venture held by the Company as on 31 December 2019	
	No. of shares	15,000,000 Equity Shares of Rs. 10 each
	Amount of investment in Joint Venture	Rs. 150,000,000
	Extent of Holding (in percentage)	50%
4.	Description of how there is significant influence	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
6.	Net worth attributable to Shareholding as per latest Audited Balance Sheet	Rs. 533,877,104
7.	Profit/Loss for the year	
	i. Considered in consolidation	NIL
	ii. Not considered in consolidation	Rs. 100,228,568

On behalf of the Board

Robert J Hughes  
Chairman  
DIN: 08493540

Abhijit Banerjee  
Managing Director  
DIN: 08456907

Jyotin Mehta  
Director  
DIN: 00033518

Subhabrata Ghosh  
Chief Financial Officer  
Membership No: FCA063318

Pawan Marda  
Asst. V. P. & Company Secretary  
Membership No: ACS8625

Kolkata  
24 February 2020



# 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 2019:

Particulars	Amount (Rs. in million)	Purpose
Loans given	Nil	-
Guarantees given	Nil	-
Investments made:		
Bellary Oxygen Co. Pvt. Ltd.	150.00	Equity Investment

### B. Loans, Guarantees and Investments made during the Financial Year 2019:

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
-	-	-	-	-

On behalf of the Board

R J Hughes  
Chairman  
DIN: 08493540

A Banerjee  
Managing Director  
DIN: 08456907

Thailand  
30 July 2020

Kolkata  
30 July 2020

# 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 2019:

Median remuneration of the employees of the Company for the financial year 2019	Rs. 899,730
The percentage increase in the median remuneration of employees in the financial year 2019	4.11
The number of permanent employees on the rolls of the Company as on 31 December 2019	654

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 2019
<b>• Non-Executive Directors</b>			
Mr Sanjiv Lamba <sup>#</sup>	Nil	N. A.	N. A.
Ms Desiree Co Bacher <sup>#</sup>	Nil	N. A.	N. A.
Mr Robert John Hughes <sup>#</sup>	Nil	N. A.	N. A.
Ms Cheryl Chan <sup>#</sup>	Nil	N. A.	N. A.
<b>• Independent Directors*</b>			
Mr Arun Balakrishnan	2.35	2.61	38.24%
Mr Jyotin Mehta	2.67	2.97	44.59%
Dr Shalini Sarin	2.10	2.33	140%
<b>• Executive Director</b>			
Mr Moloy Banerjee, MD <sup>#</sup>	17.46	45.11 <sup>§</sup>	Nil
Mr Abhijit Banerjee, MD <sup>#</sup>	7.48	14.58 <sup>§</sup>	N. A. <sup>®</sup>
<b>• Key Managerial Personnel (other than MD)</b>			
Mr Indranil Bagchi, CFO (1.1.2019 - 6.6.2019)	8.51	N. A.	4%
Mr Subhabrata Ghosh, CFO (7.6.2019 - 31.12.2019)	4.49	N. A.	N. A. <sup>®</sup>
Mr Pawan Marda, CS	6.83	N. A.	4%

\*Independent Directors remuneration includes sitting fees and commission for the financial year 2019.

<sup>#</sup>Director for part of the year.

<sup>§</sup>Ratio of remuneration computed on annualised basis.

<sup>®</sup>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 during the year 2019 was 8.07%, whereas the increase in the managerial remuneration was nil. The average increase every year is an outcome of the Company's market competitiveness, salary benchmarking survey, inflation and talent retention.

- 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  
30 July 2020

Kolkata  
30 July 2020

# Annexure to directors' report.

[Annexure - 5]

## Annual Report on Corporate Social Responsibility

[Pursuant to the 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 2019 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 included expenditure for education of underprivileged children through NGOs such as AIM for Seva in Chennai, Disha Foundation in Kolkata, Prem Jyoti Prangan in Jamshedpur, etc. and differently abled children through Indian Institute of Cerebral Palsy.</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. which included supporting participation of employees in Tata Steel 25K Kolkata 2019 marathon event and organizing a blood donation camp partnering with Lions Blood Bank, Kolkata.</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.</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, the Company has made contribution to the Odisha Chief Minister's Relief Fund towards for providing relief to the victims of the cyclone Fani in Odisha.</p>
2. The Composition of the CSR Committee	Please refer to the Corporate Governance Report for the composition of the CSR Committee.
3. Average net profit of the Company for the last three financial years	Rs. in million 126.27
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	2.53
5. Details of CSR Spend during the financial year 2019	
a) Total amount to be spent for the financial year	2.53
b) Total amount spent during the year	2.46
c) Amount unspent, if any	0.07

d) Manner in which the amount was spent during the financial year 2019 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 upto 31 Dec. 2019 (Rs.)	Amount spent Direct/through implementing agency
					Direct expenditure (Rs.)	Overheads (Rs.)		
1.	Maintaining student hostel for 26 underprivileged students	Education	Odisha, Keonjhar	500,000	500,000	-	5,00,000	Through AIM for Seva
2.	Adoption of Balwadi section for education of average 90 children in the age group of 2-5 years	Education	West Bengal, Kolkata	500,000	500,000	-	5,00,000	Through Disha Foundation
3.	Sponsoring one classroom of junior academics for needy children with varying disability	Education	West Bengal, Kolkata	500,000	500,000	-	500,000	Through Indian Institute of cerebral Palsy
4.	Towards textbooks, copies and stationery for school students for the new session	Education	Jharkhand, Jamshedpur	300,000	300,000	-	300,000	Through Prem Jyoti Prangan
5.	Gases Industry Drivers Community Project- Defensive Driver Training, Scholarships, etc. for the drivers/ their children	Livelihood (Skill Development) & Education	-	1,000,000	-	-	-	Not Applicable as there was no spend on this CSR project during the year
6.	Contribution to Tata Steel Philanthropy partner for participation of Linde employees in Tata Steel 25K Marathon event	Health	Karnataka, Bengaluru	25,000	25,000	-	25,000	Through India Cares Foundation



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 upto 31 Dec. 2019 (Rs.)	Amount spent Direct/through implementing agency
					Direct expenditure (Rs.)	Overheads (Rs.)		
7.	Towards participation of employees in Tata Steel 25K Kolkata marathon in support of NGO working with children/people with disabilities in Sankrail in Howrah.	Health	West Bengal, Kolkata	2,25,000	2,25,000	-	2,25,000	Through Concern India Foundation
8.	Organising a Blood Donation Camp partnering Lions Blood Bank, Kolkata	Health	West Bengal, Kolkata	100,000	86,455	-	86,455	Through Lions Blood Bank
9.	Contribution to Odisha Chief Minister's Relief Fund (towards Cyclone Fani)	Relief for Cyclone victims	Odisha	3,22,726	3,22,726	-	3,22,726	Direct
<b>Total</b>				<b>3,459,181</b>	<b>2,459,181</b>	<b>-</b>	<b>2,459,181</b>	
6.	Reason for failure to spend two per cent of average net profits of the last three financial years or any part thereof	The CSR Committee and the Board had approved CSR budget for Rs.10 lakhs towards a project involving the Driver Community in the Gases Industry which includes defensive driver training for enhancing the driving skills, thereby contributing to safer highways, scholarship program for drivers' children on merit, enhancing their social respect & earning potential, providing rest rooms, etc. The modalities of the above project remained work in progress during the year 2019, as a result of which no spend against the budgeted amount could be made during the financial year 2019. This has resulted in a negligible unspent amount of Rs.0.07 million, which is proposed to be spent in the year 2020.						
7.	CSR Committee Responsibility Statement	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  
30 July 2020

New Delhi  
30 July 2020

# 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:

- a) The Company is in process of optimizing plant operations with a view to improve specific power in various plants on an ongoing basis.
- b) Productivity initiatives started at various sites to reduce energy consumption. Benefits are yet to be ascertained.
- c) Investment of approx. Rs. 70 million has been planned for refurbishing of Main Air Compressors for Tata KPO Air Separation Unit in the year 2020 to reduce their power consumption and conserve energy.
- d) 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.
- e) As an ongoing process, all operation 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:

Bhiwadi PGP site is being explored for a roof top solar plant. The Company is working on a long-term strategy to gradually increase green power in line with global guidelines.

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

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):  
Not Applicable

- (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. 1,789.62 million and total foreign exchange earned during the year was Rs. 332.75 million.

On behalf of the Board

R J Hughes  
Chairman  
DIN: 08493540

A Banerjee  
Managing Director  
DIN: 08456907

Thailand  
30 July 2020

Kolkata  
30 July 2020

# Annexure to directors' report.

[Annexure - 7]

Form No. MGT 9

Extract of Annual Return

as on financial year ended on 31 December 2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & 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, P43, 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-700001 Phone No. +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	75.04%
2	Construction of utility projects	42209	24.96%

## 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	75.03%	2(6)
2	Bellary Oxygen Company Private Limited 855 tpd Plant, JSW Steel Ltd. Premises, Torangallu, Bellary, Karnataka - 583 123, India	U40200KA2005 PTC036482	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 2019				No. of Shares held at the end of the year on 31 December 2019				% 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	6,39,63,167	-	6,39,63,167	75.0000	6,39,88,443	-	6,39,88,443	75.0300	0.0300
(d) Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e) Any other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	6,39,63,167	-	6,39,63,167	75.0000	6,39,88,443	-	6,39,88,443	75.0300	0.0300
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	6,39,63,167	-	6,39,63,167	75.0000	6,39,88,443	-	6,39,88,443	75.0300	0.0300
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
(a) Mutual Funds	89,99,640	0	89,99,640	10.5525	91,70,869	0	91,70,869	10.7533	0.2008
(b) Alternate Investment Fund	7,79,813	0	7,79,813	0.9144	6,51,231	0	6,51,231	0.7636	-0.1508
(c) Banks/Financial Institutions	74,836	6,898	81,734	0.0958	7,969	6,898	14,867	0.0174	-0.0784
(d) Central Government	376	0	376	0.0004	0	0	0	0.0000	-0.0004
(e) State Government(s)	0	29	29	0.0000	0	29	29	0.0000	0.0000
(f) Venture Capital Fund	-	-	-	-	-	-	-	-	-
(g) Insurance Companies	19,11,002	100	19,11,102	2.2409	20,46,002	100	20,46,102	2.3992	0.1583
(h) Foreign Institutional Investors	0	133	133	0.0002	0	0	0	0.0000	-0.0002
(i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(j) Any other (specify)	-	-	-	-	-	-	-	-	-
(j - 1) Foreign Portfolio Investor	16,93,512	0	16,93,512	1.9857	13,08,192	0	13,08,192	1.5339	-0.4518
<b>Sub-total (B)(1)</b>	1,34,59,179	7,160	1,34,66,339	15.7900	1,31,84,263	7,027	1,31,91,290	15.4674	-0.3226



Category of Shareholders	No. of Shares held at the beginning of the year on 1 January 2019				No. of Shares held at the end of the year on 31 December 2019				% 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	13,03,916	18,477	13,22,393	1.5506	14,92,076	17,828	15,09,904	1.7704	0.2198
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	32,90,815	6,76,083	39,66,898	4.6514	32,60,078	5,84,160	38,44,238	4.5076	-0.1438
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	18,25,906	12,000	18,37,906	2.1550	20,41,364	12,000	20,53,364	2.4077	0.2527
(c) NBFCs registered with RBI	6,900	0	6,900	0.0081	1,500	0	1,500	0.0018	-0.0063
(d) Employee Trusts	0	0	0	0.0000	172	0	172	0.0002	0.0002
(e) Any other (specify)									
(e - 1) Directors	400	200	600	0.0007	0	0	0	0.0000	-0.0007
(e - 2) Clearing Member	1,06,784	0	1,06,784	0.1252	26,137	0	26,137	0.0306	-0.0946
(e - 3) Trust	4,110	0	4,110	0.0048	1,610	0	1,610	0.0019	-0.0029
(e - 4) Foreign Nationals	286	0	286	0.0003	0	0	0	0.0000	-0.0003
(e - 5) Hindu Undivided Family	2,29,292	0	2,29,292	0.2689	2,73,858	0	2,73,858	0.3211	0.0522
(e - 6) Non Resident Indians (Repatriable)	46,123	5,093	51,216	0.0601	43,265	4,931	48,196	0.0565	-0.0036
(e - 7) Non Resident Indians (Non Repatriable)	82,554	0	82,554	0.0968	85,072	0	85,072	0.0998	0.0030
(e - 8) Market Maker	12,759	0	12,759	0.0150	1	0	1	0.0000	-0.0150
(e - 9) Investor Education and Protection Fund (IEPF) Authority, Ministry of Corporate Affairs	2,33,019	0	2,33,019	0.2732	2,60,438	0	2,60,438	0.3054	0.0322
<b>Sub-total (B)(2)</b>	<b>71,42,864</b>	<b>7,11,853</b>	<b>78,54,717</b>	<b>9.2100</b>	<b>74,85,571</b>	<b>6,18,919</b>	<b>81,04,490</b>	<b>9.5029</b>	<b>0.2929</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2,06,02,043</b>	<b>7,19,013</b>	<b>2,13,21,056</b>	<b>25.0000</b>	<b>2,06,69,834</b>	<b>6,25,946</b>	<b>2,12,95,780</b>	<b>24.9704</b>	<b>-0.0296</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>8,45,65,210</b>	<b>7,19,013</b>	<b>8,52,84,223</b>	<b>100.0000</b>	<b>8,46,58,277</b>	<b>6,25,946</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 2019			Shareholding at the end of the year on 31 December 2019			% 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	6,39,63,167	75.0000	-	6,39,88,443	75.0300	-	0.0300
<b>Total</b>		<b>6,39,63,167</b>	<b>75.0000</b>	<b>-</b>	<b>6,39,88,443</b>	<b>75.0300</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 2019)/end (31 December 2019) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2019 to 31 December 2019)	
		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		6,39,63,167	75.0000		6,39,63,167	75.0000
	Date wise increase/decrease in Promoters shareholding during the year alongwith reason for increase/decrease	27/09/2019	25,276	0.0300	Increase/Transfer (Open Offer)	6,39,88,443	75.0300
	At the end of the year					6,39,88,443	75.0300

## (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 2019)/end (31 December 2019) of the year		Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2019 to 31 December 2019)	
		Date	No. of shares		% of total shares of the Company	No. of shares
1	<b>Reliance Capital Trustee Company Ltd. A/c Nippon India Multi Cap Fund</b>					
	At the beginning of the year	01/01/2019	5403127	6.3354		5403127 6.3354
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	23/08/2019 30/08/2019	10000 10000	0.0118 0.0117	Increase/Transfer Increase/Transfer	5413127 5423127 6.3472 6.3589
	At the end of the year	31/12/2019	5423127	6.3589		
2	<b>Reliance Capital Trustee Company Ltd. A/c Nippon India Tax Saver (ELSS) Fund</b>					
	At the beginning of the year	01/01/2019	2996500	3.5135		2996500 3.5135
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-
	At the end of the year	31/12/2019	2996500	3.5135		
3	<b>Life Insurance Corporation of India</b>					
	At the beginning of the year	01/01/2019	1439387	1.6878		1439387 1.6878
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-	-
	At the end of the year	31/12/2019	1439387	1.6878		
4	<b>Kotak Equity Opportunities Fund</b>					
	At the beginning of the year	01/01/2019	435000	0.5101		435000 0.5101
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	08/03/2019 15/03/2019 29/03/2019	25000 40000 25000	0.0293 0.0469 0.0293	Increase/Transfer Increase/Transfer Increase/Transfer	460000 500000 525000 0.5394 0.5863 0.6156
	At the end of the year	31/12/2019	525000	0.6156		
5	<b>Kotak Tax Saver Scheme</b>					
	At the beginning of the year	01/01/2019	150000	0.1759		150000 0.1759
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	08/03/2019 15/03/2019 29/03/2019 05/04/2019 12/04/2019	25000 25000 5000 9120 10880	0.0293 0.0293 0.0059 0.0107 0.0128	Increase/Transfer Increase/Transfer Increase/Transfer Increase/Transfer Increase/Transfer	175000 200000 205000 214120 225000 0.2052 0.2345 0.2404 0.2511 0.2638
	At the end of the year	31/12/2019	225000	0.2638		
6	<b>India Whizdom Fund</b>					
	At the beginning of the year	01/01/2019	647299	0.7590		647299 0.7590
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	18/10/2019	-17730	-0.0208	Decrease/Transfer	629569 0.7382
	At the end of the year	31/12/2019	629569	0.7382		
7	<b>IIFL Wealth Management Ltd.-Client A/c</b>					
	At the beginning of the year	01/01/2019	0	0.0000		0 0.0000
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	17/05/2019 29/06/2019 15/11/2019 31/12/2019	1500 -1243 -207 554950	0.0018 -0.0015 -0.0002 0.6507	Increase/Transfer Decrease/Transfer Decrease/Transfer Increase/Transfer	1500 257 50 555000 0.0018 0.0003 0.0001 0.6508
	At the end of the year	31/12/2019	555000	0.6508		

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2019)/end (31 December 2019) of the year			Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2019 to 31 December 2019)	
		Date	No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
8	<b>The New India Assurance Company Ltd.</b>						
	At the beginning of the year	01/01/2019	471615	0.5530		471615	0.5530
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-		-	-
	At the end of the year	31/12/2019	471615	0.5530			
9	<b>The Master Trust Bank of Japan Ltd. As Trustee of Nissay India Equity Selection Mother Fund</b>						
	At the beginning of the year	01/01/2019	760333	0.8915		760333	0.8915
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	29/03/2019	5984	0.0070	Increase/Transfer	766317	0.8985
		21/06/2019	5030	0.0059	Increase/Transfer	771347	0.9044
		05/07/2019	1479	0.0017	Increase/Transfer	772826	0.9062
		19/07/2019	4949	0.0058	Increase/Transfer	777775	0.9120
		15/11/2019	-5499	-0.0064	Decrease/Transfer	772276	0.9055
		22/11/2019	-190691	-0.2236	Decrease/Transfer	581585	0.6819
		29/11/2019	-60000	-0.0704	Decrease/Transfer	521585	0.6116
		20/12/2019	-30000	-0.0352	Decrease/Transfer	491585	0.5764
		27/12/2019	-36000	-0.0422	Decrease/Transfer	455585	0.5342
	At the end of the year	31/12/2019	455585	0.5342			
10	<b>K Mohan</b>						
	At the beginning of the year	01/01/2019	328500	0.3852		328500	0.3852
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	10/11/2019	15500	0.0182	Increase/Transfer	344000	0.4034
		18/10/2019	6000	0.0070	Increase/Transfer	350000	0.4104
	At the end of the year	31/12/2019	350000	0.4104			
11	<b>Lata Bhansali</b>						
	At the beginning of the year	01/01/2019	325649	0.3818		325649	0.3818
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	01/02/2019	-25000	-0.0293	Decrease/Transfer	300649	0.3525
	At the end of the year	31/12/2019	300649	0.3525			
12	<b>Investor Education and Protection Fund Authority Ministry of Corporate Affairs</b>						
	At the beginning of the year	01/01/2019	233019	0.2732		233019	0.2732
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	02/08/2019	27523	0.0323	Increase/Transfer	260542	0.3055
		09/08/2019	220	0.0003	Increase/Transfer	260762	0.3058
		29/11/2019	-319	-0.0004	Decrease/Transfer	260443	0.3054
		13/12/2019	-5	0.0000	Decrease/Transfer	260438	0.3054
	At the end of the year	31/12/2019	260438	0.3054			
13	<b>Rams Equities Portfolio Fund - India Equities Portfolio Fund</b>						
	At the beginning of the year	01/01/2019	210791	0.2472		210791	0.2472
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-		-	-
	At the end of the year	31/12/2019	210791	0.2472			

Sl. No.	Name of shareholders	Shareholding at the beginning (1 January 2019)/end (31 December 2019) of the year		Reason for Increase/Decrease	Cumulative Shareholding during the year (1 January 2019 to 31 December 2019)	
		Date	No. of shares		% of total shares of the Company	No. of shares
14	<b>First State Indian Subcontinent Fund*</b>					
	At the beginning of the year	01/01/2019	140696	0.1650		140696 0.1650
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	04/01/2019	-111122	-0.1303	Decrease/Transfer	29574 0.0347
		11/01/2019	-29574	-0.0347	Decrease/Transfer	0 0.0000
	At the end of the year	31/12/2019	0	0.0000		
15	<b>The Scottish Oriental Smaller Companies Trust PLC*</b>					
	At the beginning of the year	01/01/2019	116600	0.1367		116600 0.1367
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	04/01/2019	-92091	-0.1080	Decrease/Transfer	24509 0.0287
		11/01/2019	-24509	-0.0287	Decrease/Transfer	0 0.0000
	At the end of the year	31/12/2019	0	0.0000		
16	<b>Caisse De Depot Et Placement Du Quebec First State Investments International Limited*</b>					
	At the beginning of the year	01/01/2019	63386	0.0743		63386 0.0743
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	04/01/2019	-50063	-0.0587	Decrease/Transfer	13323 0.0156
		11/01/2019	-13323	-0.0156	Decrease/Transfer	0 0.0000
	At the end of the year	31/12/2019	0	0.0000		
17	<b>IIFL Securities Ltd.**</b>					
	At the beginning of the year	01/01/2019	0	0.0000		0 0.0000
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	11/01/2019	320	0.0004	Increase/Transfer	320 0.0004
		29/03/2019	513960	0.6026	Increase/Transfer	514280 0.6030
		30/03/2019	106779	0.1252	Increase/Transfer	621059 0.7282
		05/04/2019	-128806	-0.1510	Decrease/Transfer	492253 0.5772
		10/05/2019	-1205	-0.0014	Decrease/Transfer	491048 0.5758
		17/05/2019	-5000	-0.0059	Decrease/Transfer	486048 0.5699
		07/06/2019	6245	0.0073	Increase/Transfer	492293 0.5772
		14/06/2019	-492293	-0.5772	Decrease/Transfer	0 0.0000
		02/08/2019	24150	0.0283	Increase/Transfer	24150 0.0283
		09/08/2019	-24150	-0.0283	Decrease/Transfer	0 0.0000
	At the end of the year	31/12/2019	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 31/12/2019. The same is reflected above since the shareholder was one of the Top 10 shareholders on 01/01/2019.

\*\* Not in the list of Top 10 shareholders either on 01/01/2019 or 31/12/2019. However, the same is reflected above since the shareholder was one of the Top 10 shareholders during the financial year 2019.



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

Sl. No.	Name of the shareholder	Shareholding at the beginning (1 January 2019)/end (31 December 2019) of the year		Cumulative Shareholding during the year (1 January 2019 to 31 December 2019)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>Directors<sup>1</sup></b>				
1	Mr Sanjiv Lamba*				
	At the beginning of the year	400	0.0005	-	-
	Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease	-	-	-	-
	At the end of the year	400	0.0005	400	0.0005
2	Mr Moloy Banerjee*				
	At the beginning of the year	200	0.0002	-	-
	Date wise increase/decrease in shareholding during the year along with reason for increase/decrease	-	-	-	-
	At the end of the year	200	0.0002	200	0.0002
	<b>Key Managerial Personnel<sup>2</sup></b>				
3	Mr Pawan Marda, Company Secretary				
	At the beginning of the year	250	0.0003	-	-
	Date wise increase/decrease in shareholding during the year along with reason for increase/decrease	-	-	-	-
	At the end of the year	250	0.0003	250	0.0003

## Note:

<sup>1</sup> Mr Robert John Hughes, Mr Abhijit Banerjee, Mr Jyotin Mehta, Mr Arun Balakrishnan, Dr Shalini Sarin and Ms Cheryl Wei Ling Chan did not hold any shares in the Company during the year 2019.

<sup>2</sup> Subhabrata Ghosh, Chief Financial Officer did not hold any shares of the Company during the year 2019.

\* Mr Sanjiv Lamba ceased to be a Director (Chairman) with effect from 17 May 2019 and Mr Moloy Banerjee ceased to be the Managing Director with effect from 7 June 2019.

<sup>†</sup> Ms Desiree Co. Bacher ceased to be a Director with effect from 11 Nov. 2019 and did not hold any shares in the Company during her tenure.

## 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 2019)</b>				
i) Principal Amount	-	11,993.57	-	11,993.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	147.00	-	147.00
<b>Total (i+ii+iii)</b>	-	<b>12,140.57</b>	-	<b>12,140.57</b>
<b>Change in Indebtedness during the financial year (1 January 2019 - 31 December 2019)</b>				
Additions	-	6,863.29	-	6,863.29
Reduction	-	-17,792.59	-	-17,792.59
Forex impact and CCS unwinding	-	-119.15	-	-119.15
<b>Net Change</b>	-	<b>-11,048.45</b>	-	<b>-11,048.45</b>
<b>Indebtedness at the end of the financial year (31 December 2019)</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>

## 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	Name of the MD/WTD/Manager	Rs. in million
				Total Amount
1	<b>Gross salary</b>	<b>Mr Moloy Banerjee, MD*</b>	<b>Mr Abhijit Banerjee, MD**</b>	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15.21	6.28	21.49
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.35	0.61	1.96
	(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)	0.90	0.59	1.49
<b>Total (A)</b>		<b>17.46</b>	<b>7.48</b>	<b>24.94</b>
<b>Ceiling as per the Companies Act, 2013</b>				<b>NA<sup>#</sup></b>

**Note:**

<sup>#</sup>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.

\* Mr Moloy Banerjee ceased to be the Managing Director with effect from 7 June 2019.

\*\*Mr Abhijit Banerjee was appointed as the Managing Director with effect from 7 June 2019.

### 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	1.90	0.77	2.67
2	Mr Arun Balakrishnan	1.50	0.85	2.35
3	Dr Shalini Sarin	1.40	0.70	2.10
<b>Total (I)</b>		<b>4.80</b>	<b>2.32</b>	<b>7.12</b>
<b>(II) Other Non Executive Directors<sup>#</sup></b>				
1	Mr Robert John Hughes	-	-	-
2	Ms Cheryl Chan	-	-	-
3	Mr Sanjiv Lamba*	-	-	-
4	Ms Desiree Co Bacher*	-	-	-
<b>Total (II)</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B)=(I) + (II)</b>		<b>4.80</b>	<b>2.32</b>	<b>7.12</b>
<b>Total Managerial Remuneration [(A)+(B)]</b>				<b>32.06</b>
<b>Overall Ceiling as per the Companies Act, 2013</b>				<b>189.78<sup>@</sup></b>

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

\*Ceased to be Director during the year 2019.

<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
		CFO Mr Indranil Bagchi*	CFO Mr Subhabrata Ghosh**	Company Secretary Mr Pawan Marda	
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	8.03	3.81	5.69	17.53
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.28	0.30	0.52	1.10
	(c) Profits in lieu of salary under Section 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)	0.20	0.38	0.62	1.20
	<b>Total</b>	<b>8.51</b>	<b>4.49</b>	<b>6.83</b>	<b>19.83</b>

\*Ceased to be the Chief Financial Officer with effect from 7 June 2019.

\*\*Appointed as the Chief Financial Officer with effect from 7 June 2019.

## 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 2019.

On behalf of the Board

R J Hughes  
Chairman  
DIN: 08493540

A Banerjee  
Managing Director  
DIN: 08456907

Thailand  
30 July 2020

Kolkata  
30 July 2020

# Annexure to directors' report.

[Annexure - 8]

Form No. MR-3

Secretarial Audit Report

for the financial year ended 31 December 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

Linde India Limited

CIN-L40200WB1935PLC008184

Regd. Office-Oxygen House,

P 43, Taratala Road,

Kolkata-700088.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Linde India Limited (hereinafter called the Company). Secretarial Audit was conducted in accordance with the Guidance Note issued by The Institute of Company Secretaries of India (A statutory body constituted under the Company Secretaries Act, 1980) and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. We believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for us to provide a basis for our opinion.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our information, knowledge and belief and according to the explanations given to us, the Company has, during the audit period covering the financial year ended on 31.12.2019, generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner stated hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by Linde India Limited (the Company) for the financial year ended on 31.12.2019, according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) as amended and the Rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 as amended and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the Company; - **As reported to us, there were no FDI and ODI transactions in the Company during the year under review.**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 as amended ('SEBI Act') to the extent applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **No instances were reported during the year.**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **No instances were reported during the year.**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client:- **The Company has duly appointed a SEBI Authorised Category I Registrar and Share Transfer Agent as required under Law.**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **No Delisting was done during the year.**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No shares were bought back during the year.**

(vi) The following are other laws specifically applicable to the Company;

- a) Explosives Act, 1884 and Explosives Rules, 2008;
- b) Gas Cylinders Rules, 2004;
- c) Static & Mobile Pressure Vessels (Unfired) Rules, 1981;
- d) Petroleum Act, 1934 and Petroleum Rules, 2002;
- e) Drugs & Cosmetics Act, 1940 and Rules;
- f) Ammonium Nitrate Rules, 2012;
- g) Environment (Protection) Act, 1986 & Rules; and
- h) Drug (Price Control) Order under Essential Commodities Act, 1955.

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

- (i) Secretarial Standards 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 period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that** as far as we have been able to ascertain -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda which were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- Based on the compliance mechanism established by the Company and on the basis of the certificates placed before the Board and taken on record by the Directors at their meetings, we are of the opinion that the Company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**We further report that** as informed to us, during the audit period, the Company has had the following specific corporate events/updates -

**Glober merger of Linde AG, the erstwhile ultimate holding Company and Praxair, Inc. and Order of the Competition Commission of India (CCI) for divestment of the "South Region Divestment Business" and "Belloxy Divestment Business" of the Company**

The global merger of Linde AG, the erstwhile ultimate holding Company and Praxair, Inc. was completed on 31 October 2018 and Linde plc, a Company incorporated in Ireland became a new holding Company of both Linde AG and Praxair, Inc.

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 has completed the divestment of its "South Region Divestment Business" as per the Business Transfer Agreement signed with Air Water India Pvt. Ltd. and the actions for divestment of the "Belloxy Divestment Business" are presently in process.

**Outcome of the Voluntary delisting of the equity shares of the Company from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")**

The Board of Directors in their Meeting held on 14 November 2018 gave their consent for The BOC Group's proposal for a voluntary delisting process and recommended the same to the shareholders for their approval. Subsequently, the Shareholders had approved the proposed voluntary delisting of the equity shares of the Company from the BSE and NSE through acquisition of up to 2,13,21,056 equity shares (i.e. 25% of the paid-up share capital of the Company) held by the public shareholders of the Company, either by itself or along with any member of the promoter group as persons acting in concert in accordance with the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009. Following the expiry of the bid period in the reverse book building process through the stock exchange mechanism, the offer price discovered in terms of the SEBI Delisting Regulations was Rs.2,025/-, which was rejected by the BOC Group and the person acting in concert. Following the same, The BOC Group published necessary Post Offer Public Announcement for failure of the Delisting Offer in newspapers.

#### Open Offer by The BOC Group Ltd.

In view of the failure of the Delisting Offer, The BOC Group Limited as the Acquirer along with Praxair, Inc. and Linde Holdings Netherlands B.V. as persons acting in concert (PAC) had made an open offer during the year 2019 to acquire up to 2,13,21,056 fully paid up equity shares of Rs.10/- each representing 25% of the voting capital of Linde India Limited, which closed on 17 September 2019. The BOC Group Ltd. acquired 25,276 shares tendered under the said Open Offer on 27 September 2019, which were credited to its Demat Account on 03 October 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 Limited.

#### Constitution of Risk Management Committee

Since the Company came within the ambit of top 500 listed entities by Market Capitalization during the year under review, a Risk Management Committee as required under the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 was constituted with effect from 22nd March, 2019 with necessary terms of reference.

It is stated that the compliance of all the applicable provisions of the Companies Act, 2013 and other laws is the responsibility of the management. We have relied on the representation made by the

Company and its officers for systems and mechanism set-up by the Company for compliances under applicable Laws. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

(S.M. Gupta)  
Partner  
S.M. Gupta & Co.,  
Company Secretaries  
Firm Registration No.:P1993WB046600  
Membership No.-FCS-896  
C P No.:2053  
UDIN: F000896A000568100

Date: 24.02.2020  
Place: Kolkata  
Enclo: **Annexure 'A'** forming an integral part of this Report



## Annexure to Secretarial Audit Report

### Annexure "A"

To,  
The Members,  
Linde India Limited  
CIN-L40200WB1935PLC008184  
Regd. Office-Oxygen House,  
P 43, Taratala Road,  
Kolkata-700088.

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed audit practices and processes considered to be appropriate to obtain reasonable assurance about fairness of the contents of the Secretarial records. The verification was done on test basis to ensure that 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 financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis to the extent applicable to the Company.
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.

(S.M. Gupta)  
Partner  
S.M. Gupta & Co.,  
Company Secretaries  
Firm Registration No.:P1993WB046600  
Membership No.-FCS-896  
C P No.:2053

Date: 24.02.2020  
Place: Kolkata

# Business responsibility report 2019

## Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company:  
L40200WB1935PLC008184
2. Name of the Company: Linde India Limited
3. Registered address: Oxygen House, P43 Taratala Road,  
Kolkata 700 088, India
4. Website: www.linde.in
5. E-mail id: contact.lg.in@linde.com
6. Financial Year reported: 1 January 2019 – 31 December 2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise): Industrial Activity Code:

Division	Group	Class	Description
20	201	2011	Manufacturing of basic chemicals
21	210	2100	Manufacturing of pharmaceutical and medicinal chemical
42	422	4220	Construction of utility projects

8. List three key products/services that the Company manufactures/ provides (as in balance sheet)
  - I. Oxygen
  - II. Nitrogen
  - III. Argon

The Company also has a Project Engineering Division which is engaged in manufacture of Air Separation Units and other plants related to industrial gases.
9. Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations (Provide details of major 5):  
Nil
  - (b) Number of National Locations: 45
10. Markets served by the Company – Local/State/National/ International: National and International.

Linde India has a presence pan- India and also supplies products, plants and equipment in Bangladesh, Malaysia, Indonesia, etc.

## Section B: Financial Details of the Company

1. Paid up Capital (INR): Rs. 852.84 million
2. Total Turnover (INR): Rs. 17,617.86 million

3. Total profit after taxes (INR): Rs. 7,271.79 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 0.03%
5. List of activities in which expenditure in 4 above has been incurred: Please refer to Annexure-5 to the Directors' Report for the year 2019.

## Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?  
No.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)  
Not Applicable (NA)
3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Linde plc Group has several global policies and guidelines applicable to our company and all business partners. This includes, among others, the principles of the International Bill of Human Rights enacted by the United Nations as outlined in the Code of Business Integrity and the Supplier Code of Conduct, which covers basic requirements to meet its standards with respect to health and safety, protecting the environment, labour standards, etc. The Company thus complies with all applicable laws and regulations with respect to upholding human rights and protecting the environment in its own operations as well as in relation to its business partners including suppliers and expects them to meet these standards.

## Section D: BR Information

1. Details of Director/Directors responsible for BR
  - (a) Details of the Director/Directors responsible for implementation of the BR policy/policies
    1. DIN Number: 08456907
    2. Name: Mr. Abhijit Banerjee
    3. Designation: Managing Director (MD)

### (b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	08456907
2.	Name	Mr. Abhijit Banerjee
3.	Designation	Managing Director (MD)
4.	Telephone No.	+91 33 24014746
5.	Email ID	abhijit.banerjee@linde.com



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 2018 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 2019 a Sustainable Development Report 2018 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.

partners. All complaints/issues except one were investigated during the year and have been/are being dealt with in accordance with the framework of the Code of Conduct of the Company, which involves 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

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.

- (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 2019 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 2019, productivity initiatives were implemented at various air separation units for reducing energy consumption. Besides, optimization of plant operations at various sites has been undertaken to reduce specific power and an investment of Rs. 70 million has been planned during 2020 for refurbishing the Main Air Compressor of the Tata KPO ASU to reduce consumption of power. Other smaller measures include introduction of electric forklifts in Uluberia & Bangalore PGP sites for cylinder handling in production in place of diesel operated forklifts leading to reduction in fuel consumption and thereby contributing to clean environment. Conventional lighting is being replaced by LED lighting at almost all operating sites on an ongoing basis. Further 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

## 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 twenty-six complaints, which come within the purview of this principle. Out of these, sixteen complaints were anonymous and the remaining complaints and issues were raised by employees, whistle blowers and business

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 has taken several initiatives to conserve energy and water. However, the total usage of electricity in its operation during the year 2019 has not recorded any decrease on an underlying basis as compared to the previous year due to higher plant loading/ plant online time in some of the onsite ASUs.

**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.

**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 many years. 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 654 employees on its pay rolls as on 31 December 2019.

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

Linde India had 373 temporary/contractual employees as on 31 December 2019.

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

Linde India had 45 permanent women employees as on 31 December 2019.

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

Although Linde India follows policy of no discrimination in recruitment, as on 31 December 2019, 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 6%. 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	Skills Development
1	Permanent employees*	4%	11%
2	Permanent women employees*	9%	7%
3	Casual/Temporary/Contractual Employees	7%	NIL
4	Employees with Disabilities	NA	NA

\* The Company has a continuous process of covering its employees in its training programmes relating to Safety and Skill development. As on 31 December 2019, 91% of total permanent employees and 95% of total permanent women employees were covered under SHEQ training.

#### 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. 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 2019 are referred to in Annexure 5 to the Directors' Report for the year 2019.

#### 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's Universal Declaration of Human Rights, the ten principles of UN Global Compact, etc. The respect for people is enshrined in the Code of Business 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. The weblink of Linde plc'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. During the year 2019, productivity initiatives were implemented at various air separation units for reducing energy consumption. Besides, optimization of plant operations at various sites and additional investments in equipment is being made from

time to time to conserve energy. The details of the initiatives taken during the year are included in Annexure 6 to the Director's Report.

During the year, the Company continued its focus on improving efficiency of the distribution function by phasing out of old 3 and 5 KL VITTs and reduction of fleet size, etc. for improving delivered quantity per trip by about 9%, reducing product loss in distribution by 10% and reducing return of undelivered products by about 4%, 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 individual operating site. Evaluation of environmental risk is being done by the ISO certified body 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 been taking certain initiatives on an ongoing basis towards conservation of energy and improving energy efficiency at its various plants. The Company is also exploring viability of renewal source of energy at its selected ASUs and PGP sites. The brief details of these initiatives are contained in Annexure-6 to the Directors' Report for the year 2019. The annual report is available on the Company's website at [www.linde.in](http://www.linde.in).

**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:

- (a) Confederation of Indian Industries (CII)
- (b) Indo-German Chamber of Commerce (IGCC)
- (c) The Bengal Chamber of Commerce and Industry (BCCI)
- (d) Gas Industries Association (GIA).
- (e) 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 2019, these projects and initiatives were in thematic areas such as, Education, Health, 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 by mobilizing in-house team of employees 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.2.46 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) which processes the customer indents, queries and complaints on a toll-free number and/ or through email. During the year 2019, a total number of 836 customer complaints were logged by the CSC, out of which 791 complaints were closed within the year. A total number of 45 complaints which worked out to 5.38% of the total complaints were pending at the end of the financial year, out of which 42 complaints were closed within the target resolution date (TRD). The balance 3 complaints are still open as on date due to limitations arising from Covid-19 and pending customer actions which are required for closure.

**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 gases.

During the year, the Company increased its focus on its LIV® and ENTNOX® product lines in medical gases. A laminated cylinder sleeve and a brief description on the safe handling of the LIV cylinder and valve is also provided for all LIV cylinders to maintain the overall hygiene/cleanliness of cylinder labels to ensure continued legibility of labels, which contributes to increased safety of the product. 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 gases 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 2019 was 4.4 on a scale of 5. Linde India also measured Customer experience with 3 different metrics in 2019 by conducting a Customer Experience Survey. The Customer Satisfaction Score was 4.0, Customer Effort Score was 3.9 (both on a scale of 1-5) & net promoter score was 39% from a sample size of 436 respondents.

# 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 2019, 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 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, when necessary. During the year ended 31 December 2019, eight Board meetings were held on 19 February 2019, 22 March 2019, 13 May 2019, 6 June 2019, 23 July 2019, 12 August 2019, 11 November 2019 and 17 December 2019. 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. 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 2019 and the last Annual General Meeting (AGM), Number of other Directorship(s) and other Board Committee Membership(s) held as on 31 December 2019

Name of the Director	Category of directorship	No. of Board meetings during FY 2019		Attendance at the last AGM held on 16 May 2019	No. of other directorship(s) <sup>(i)</sup>	Other Board Committee membership(s)/ chairmanship(s) <sup>(ii)</sup>	Directorship in other Listed entities <sup>(i)</sup>
		Held	Attended				
Mr S Lamba <sup>(iii) &amp; (iv)</sup>	(Chairman)	8	3	Yes	-	-	-
	Non-Executive Director						
Mr A Balakrishnan	Independent Director	8	8	Yes	6	5 [Including 3 as Chairman]	1. Shipping Corporation of India Limited
Mr J Mehta	Independent Director	8	8	Yes	6	5 [Including 3 as Chairman]	1. Monnet Ispat and Energy Limited 2. Majesco Limited
Dr S Sarin	Independent Director	8	8	Yes	3	1	1. Kirloskar Oil Engines Limited 2. Automotive Axles Limited
Ms D Bacher <sup>(iii) &amp; (v)</sup>	Non-Executive Director	8	3	Yes	-	-	-
Mr M Banerjee <sup>(vi)</sup>	(Managing Director) Executive Director	8	4	Yes	-	-	-
Mr A Banerjee <sup>(vii)</sup>	(Managing Director) Executive Director	8	4	NA	-	-	-
Mr R J Hughes <sup>(iii) &amp; (viii)</sup>	(Chairman) Non-Executive Director	8	4	NA	-	-	-
Ms C Chan <sup>(iii) &amp; (ix)</sup>	Non-Executive Director	8	2	NA	-	-	-

(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. 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 S Lamba retired by rotation as a Non-Executive Director and Chairman of the Board at the AGM held on 16 May 2019.

(v) Ms D Bacher resigned as a Non-Executive Director of the Company with effect from 11 November 2019.

(vi) Mr M Banerjee resigned as the Managing Director of the Company with effect from 7 June 2019.

(vii) Mr A Banerjee was appointed by the Board as an Additional Director and the Managing Director of the Company, subject to the approval of the Members of the Company for a term of three consecutive years w.e.f. 7 June 2019. During the year, the appointment of Mr Banerjee was subsequently approved by the Members on 2 October 2019 by way of postal ballot.

(viii) Mr R J Hughes was appointed by the Board as an Additional Director (Non- Executive) of the Company, subject to the approval of the Members of the Company with effect from 28 June 2019. Subsequently, at the Board meeting held on 23 July 2019, Mr Hughes was elected as the Chairman of the Board with effect from that date.

(ix) Ms C Chan was appointed by the Board as an Additional Director (Non- Executive) of the Company, subject to the approval of the Members of the Company with effect from 11 November 2019.

**Note:** 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 J 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, Dr. Shalini Sarin was inducted in the Board as an Independent Director of the Company with effect from 10 July 2018 for a term of five consecutive years which was approved by the Members at its last Annual General Meeting held on 16 May 2019. During the year under review, the Members of the Company 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. 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 2019, 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 10 November 2019 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 met 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. During the year, the earlier Code of Conduct applicable to the Non- Executive Directors was replaced by a new Code 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 2019 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. During the year, these Codes were amended to align with the SEBI (Prohibition of Insider Trading) Amendment Regulations, 2018. The highlights of the amendment include system of internal control, responsibility cast on the Board, Audit Committee, Managing Director, Compliance Officer, determination of legitimate purposes, etc. This ensures timely and adequate disclosure of price sensitive information to the Stock

Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. 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.

During the year, 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. During the year under review, a 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.

During the year, 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 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.

### 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 2019, 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



- 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).

The Board of Directors of the Company had revised the terms of reference of the Audit Committee with effect from 1 April 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

#### 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 2019, 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 Robert John Hughes, a Non-Executive Director representing The Linde plc Group, Mr A Balakrishnan, Independent Director and Dr Shalini Sarin, Independent Director were the Members of the Committee. During the year, Mr S Lamba, Non-Executive Director who was a Member of the Committee retired by rotation from the Board with effect from 17 May 2019 and ceased to be a member 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 16 May 2019.

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 2019. The meetings were held on 19 February 2019,

13 May 2019, 6 June 2019, 23 July 2019 and 11 November 2019. 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 S Lamba*	2	2
Mr R Hughes <sup>#</sup>	1	1
Dr S Sarin	5	4

\*Mr S Lamba retired by rotation from the Board of Directors of the Company and ceased to be a Member of the Audit Committee w.e.f. 17 May 2019.

<sup>#</sup>Mr R Hughes was inducted in the Audit Committee of the Board of Directors of the Company w.e.f. 23 July 2019

### 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.

The Board of Directors of the Company had revised the aforesaid terms of reference of the Nomination and Remuneration Committee with effect from 1 April 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

### Composition

As on 31 December 2019, 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 2019. During the year, Mr S Lamba, Non-Executive Director, who was a Member of the Committee retired by rotation from the Board with effect from 17 May 2019 and ceased to be a member of the Committee. Ms D Bacher was appointed by the Board as a Member of the Committee with effect from 6 June 2019, who later resigned from the Board as a Non-Executive Director with effect from 11 November 2019, thereby ceasing to be a member of the Committee.

### Meetings and Attendance during the year

During the year ended 31 December 2019, two meetings of the Committee were held on 6 June 2019 and 11 November 2019. The attendance of the Members at these meetings was as follows:

Name of the Director	No. of meetings held during tenure	No. of meetings attended
Mr A Balakrishnan	2	2
Mr S Lamba*	-	NA
Ms D Bacher@	1	-
Mr R J Hughes#	1	1
Mr J Mehta	2	2

\*Mr S Lamba ceased to be a Member of the Committee w.e.f. 17 May 2019.

@Ms D Bacher was inducted in the Committee with effect from 6 June 2019 and ceased to be a member effective 11 November 2019.

#Mr R J Hughes was inducted in the Committee w.e.f. 23 July 2019.

### 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.

First, the Independent Directors at their separate meeting held on 10 November 2019, 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. Subsequently, 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 2019 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. 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.

### 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](http://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 and the Central Government, where applicable. 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.

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

Details of remuneration to Executive/Wholetime Director during the year ended 31 December 2019 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 M Banerjee, Managing Director (upto 06/06/2019)	10,820,722	4,393,436	898,424	1,354,417	17,466,999
Mr A Banerjee, Managing Director (From 07/06/2019)	6,283,770	-	587,821	606,926	7,478,517

Mr M Banerjee was re-appointed as the Managing Director of the Company for a term of three years with effect from 30 July 2016. Mr Banerjee resigned from the office of Managing Director with effect from close of business hours on 6 June 2019. Thereafter, Mr A Banerjee was appointed by the Board as the Managing Director of the Company for a term of three years with effect from 7 June 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 2019 is given below:

Name of the Director	Sitting Fees Paid	in Rupees
		Commission payable for the year 2019
Mr A Balakrishnan, Independent Director	850,000	1,500,000
Mr J Mehta, Independent Director	775,000	1,900,000
Dr S Sarin, Independent Director	700,000	1,400,000
<b>Total</b>	<b>2,325,000</b>	<b>4,800,000</b>

In accordance with the approval of the Shareholders in the Annual General Meeting held on 15 May 2015, 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 2019 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 with each interested director present not participating in the deliberations in respect of his own commission.

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 2019.

## 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.

The Board of Directors of the Company had revised the terms of reference of the Stakeholders' Relationship Committee with effect from 1 April 2019 to align its role as per the amendment made in SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 in this regard.

### Composition

As on 31 December 2019, the Stakeholders Relationship Committee comprised of three Directors, two of whom including the Chairman of the Committee were Non-Executive Independent Directors. 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. During the year, Mr M Banerjee, Managing Director, resigned from the Board with effect from 7 June 2019 and ceased to be a member of the Committee.

The Company Secretary acts as the Secretary to the Committee.

### Meetings and Attendance during the year:

During the year ended 31 December 2019, the Committee met once on 6 June 2019. 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 M Banerjee*	1	1
Mr J Mehta	1	1
Mr A Banerjee#	Nil	NA

\*Mr M Banerjee ceased to be a Director of the Company and Member of the Committee with effect from 7 June 2019.

#Mr A Banerjee was appointed by the Board as the Managing Director of the Company and was inducted in the Committee as a Member with effect from 7 June 2019.

The Board of Directors has delegated the power of approving the share transfers, transmission, etc. to the Managing Director and Company Secretary of the Company for expediting these processes. During the year, the Committee of Delegates met at 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 2019, the Company received 34 complaints from the shareholders/investors. As on 31 December 2019, none of the aforesaid shareholder/investor complaint was pending. It is the endeavour of the Company to attend to all such complaints and other correspondence within a period of 15 days except where constrained by disputes or legal impediments.

### Pending Share Transfers & Dematerialisation Requests

The Company's shares are required to be compulsorily traded in electronic form and as such the Company received few transfers in physical form. Besides, in view of SEBI's press release dealing with compulsory transfer of shares in dematerialized form, the last date for lodging of shares for transfer in physical form was extended till 31 March 2019. During the year ended 31 December 2019, the Company processed 3,531 shares for



transfer in physical form. As on 31 December 2019, 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 at its meeting held on 7 February 2014 in compliance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder.

#### Terms of Reference

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

- a) 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;
- b) Recommend the amount of expenditure to be incurred on CSR activities; and
- c) Monitor the CSR Policy of the Company from time to time.

#### Composition

As on 31 December 2019, 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. During the year, Mr M Banerjee, a member of the Committee resigned from the Board with effect from 7 June 2019 and accordingly ceased to be a member with effect from that date.

#### Meetings and Attendance during the year:

During the year ended 31 December 2019, three meetings of the Committee were held on 22 March 2019, 23 July 2019 and 11 November 2019. 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 Banerjee <sup>#</sup>	2	2
Mr A Balakrishnan	3	3
Mr M Banerjee <sup>*</sup>	1	1

<sup>#</sup>Mr A Banerjee was appointed by the Board as the Managing Director of the Company and was inducted in the Committee as a Member with effect from 7 June 2019.

<sup>\*</sup>Mr M Banerjee ceased to be a Director of the Company with effect from 7 June 2019 and accordingly ceased to be a Member of the Committee.

### 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 relating to setting up of the Risk Management Committee applicable to top 500 listed entities by market capitalization with effect from 1 April 2019.

#### Terms of Reference

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

- a) Identifying and assessing various internal and external risks across the Company and to suggest measures to minimize and/ or mitigate the significant risks;
- b) Reviewing the Risk Policy of the Company and ensuring implementation of the same;
- c) Obtaining on a regular basis reasonable assurance that-
  - i. the Company's risk management policies for significant risks are being adhered to;
  - ii. 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.

#### Composition

As on 31 December 2019, the Committee comprised of three Directors- two Independent Directors, Mr A Balakrishnan, Independent Director (Chairman of the Committee), Mr J Mehta, Independent Director and Mr A Banerjee, Managing Director of the Company. Mr M Banerjee, erstwhile Managing Director who was inducted as one of the members of the Committee at the time of its constitution, resigned from the Board with effect from close of business hours on 6 June 2019 and accordingly ceased to be a member of the Committee. Mr A Banerjee, who was appointed as the Managing Director on 7 June 2019 was inducted as a member of the Committee.

### Meetings and Attendance during the year:

During the year ended 31 December 2019, one meeting of the Committee was held on 11 November 2019. 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 A Banerjee <sup>#</sup>	1	1
Mr M Banerjee <sup>*</sup>	Nil	-
Mr J Mehta	1	1

<sup>#</sup>Mr A Banerjee was appointed by the Board as the Managing Director of the Company and was inducted in the Committee as a Member with effect from 7 June 2019.

<sup>\*</sup>Mr M Banerjee ceased to be a Director of the Company and Member of the Committee with effect from 7 June 2019.

### 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 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
Year ended 31 December 2016	18 April 2017	Kala Mandir, Kolkata	10.00 a.m.	1. Re- appointment of Managing Director for a term of three years.

**B) Postal Ballot:**

During the year ended 31 December 2019, four special resolutions as detailed below were passed through Postal Ballot. Mr. S M Gupta, Proprietor 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 86 Postal Ballots and 123 e-Voting confirmations (as per NSDL Report) were received from the Members of the Company in respect of the Special Resolutions, of which 17 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 South Region Divestment Business of the Company as per the CCI Order dated 6 September 2018.	65,857,313 (88.6363%)	8,443,300 (11.3637%)	Passed as a Special Resolution by requisite majority.
2.	Re-appointment of Mr. Jyotin Mehta (DIN:00033518) as Independent Director of the Company for a second term of 5 years w.e.f. 1 October 2019 to 30 September 2024	64,938,527 (88.2907%)	8,612,286 (11.7093%)	Passed as a Special Resolution by requisite majority
3.	Re-appointment of Mr. Arun Balakrishnan (DIN:00130241) as Independent Director of the Company for a second term of 5 years w.e.f. 1 October 2019 to 30 September 2024.	65,092,230 (88.4997%)	8,458,583 (11.5003%)	Passed as a Special Resolution by requisite majority
4.	Appointment of Mr. Abhijit Banerjee (DIN:08456907) as Director and Managing Director of the Company for a term of 3 years w.e.f. 7 June 2019.	74,258,867 (99.9434%)	42,034 (0.0566%)	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 2019 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 2019 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 2019 were reviewed and not subjected to audit.

- Unaudited quarterly financial results have been published during the year in prominent financial newspapers, viz. Business Standard, Kolkata edition (in English), Hindu Business Line all editions (in English) and Aaj Kaal, Kolkata edition (in vernacular language - Bengali). The audited consolidated financial results for the year 2019 have also been published in the aforesaid newspapers.
- 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 and 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 2019 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 2019, 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 (erstwhile Linde's Code of Ethics) 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.

The Company had sent Annual Reports for the year 2018 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. For other shareholders, who had not registered their email ids, the complete Annual Report for 2018 in physical form was sent at their registered addresses.

**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 2019.

**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 2019, 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. 10.56 million as per details given below:

Particulars	in Rupees	
	Amount	
Services as Statutory Auditors (including quarterly limited reviews)	40,00,000	
Tax Audit	10,00,000	
Taxation related services	38,28,136	
Other services	13,41,337	
Out-of-pocket expenses	3,96,502	
<b>Total</b>	<b>1,05,65,975</b>	

## General Shareholder Information

Date, time and venue of the Annual General Meeting	18 September 2020 at 10.00 a.m. The Company is conducting the AGM through VC / OAVM pursuant to the circulars issued by MCA and SEBI in this regard and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.										
Financial Calendar 2020 (tentative and subject to change)	<table border="1"> <tr> <td>i. Financial Year</td> <td>January 2020 to December 2020</td> </tr> <tr> <td>ii. First Quarter Results</td> <td>20 April 2020</td> </tr> <tr> <td>iii. Second Quarter and Half Yearly Results</td> <td>30 July 2020</td> </tr> <tr> <td>iv. Third Quarter Results</td> <td>6 November 2020</td> </tr> <tr> <td>v. Audited Annual Results</td> <td>February 2021</td> </tr> </table>	i. Financial Year	January 2020 to December 2020	ii. First Quarter Results	20 April 2020	iii. Second Quarter and Half Yearly Results	30 July 2020	iv. Third Quarter Results	6 November 2020	v. Audited Annual Results	February 2021
i. Financial Year	January 2020 to December 2020										
ii. First Quarter Results	20 April 2020										
iii. Second Quarter and Half Yearly Results	30 July 2020										
iv. Third Quarter Results	6 November 2020										
v. Audited Annual Results	February 2021										
Book Closure Period	12 September 2020 to 18 September 2020 (both days inclusive)										
Dividend Payment Date	On or about 23 September 2020 (if approved by the Members at the AGM)										
Listing on Stock Exchanges	a) BSE Ltd., P. J. Towers, Dalal Street, Mumbai 400 001 b) National Stock Exchange of India Ltd., Exchange Plaza, 5 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Annual Listing Fees have been paid to all these stock exchanges for the year 2019-20.										
Stock Code	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 57th unpaid/unclaimed dividend amount of Rs. 621,557/- for the financial year 2011 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, during the year under review, the Company had also transferred 27,743 equity shares to the Demat Account of the IEPF Authority maintained with NSDL, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of seven years after sending two individual notices to the concerned shareholders. Details of the same are provided in Note no. 29 of the Notice of the 84th Annual General Meeting. The details of unpaid/unclaimed dividends in respect of the last seven financial years commencing from the financial year 2012 and ending with financial year 2018 and their respective due dates for transferring the same to the IEPF are furnished in Note 27 of the Notice of the 84th Annual General Meeting. Out of these seven financial years, the 58th unpaid/

unclaimed dividend for the year 2012 became due for transfer to IEPF on 23 June 2020. Although the Company had taken all effective steps to send notices dated 17 March 2020 to the concerned shareholders, the same were stuck in transit in view of the country-wide lockdown implemented by the Government of India. In view of the situation emerging from outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs has vide its General Circular no. 16/2020 dated 13 April 2020 granted relaxation for transfer of unpaid/unclaimed dividend in terms of Section 124(5) and transfer of shares in terms of Section 124(6) of the Companies Act, 2013 to IEPF till 30 September 2020. The Company has transferred the 58th unpaid/unclaimed dividend to the account of IEPF Authority on 28 July 2020 and will take necessary steps for transferring the next batch of underlying shares to the demat account of IEPF Authority within the extended timelines.

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 84th 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).

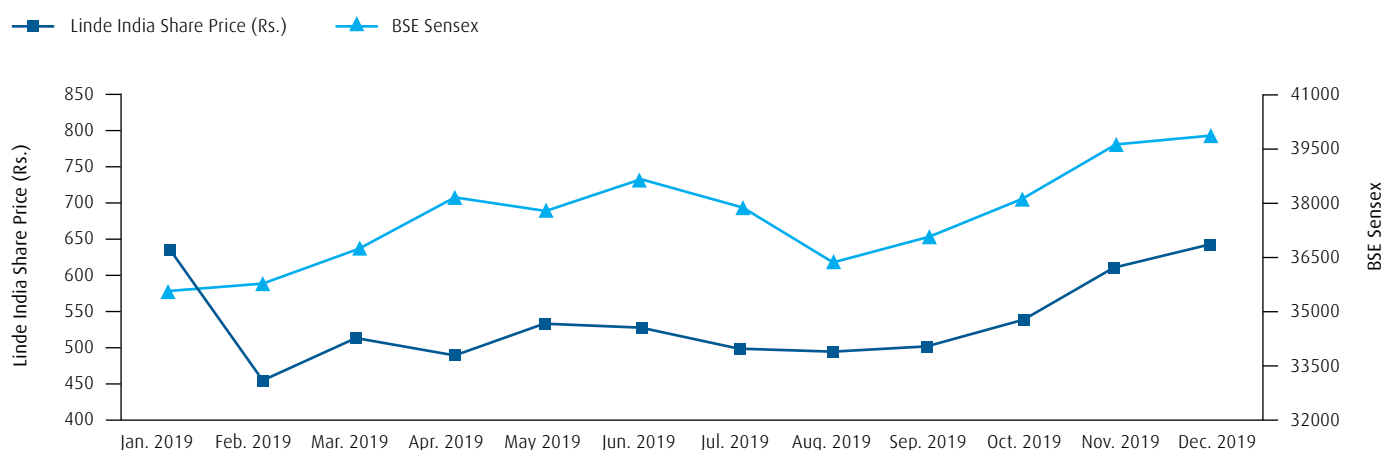
## Stock Market Price Data

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 2019:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
January 2019	819.00	458.50	2,122,811	819.00	457.85	18,972,080
February 2019	508.35	403.00	421,072	508.00	415.15	2,627,809
March 2019	564.00	470.15	326,800	564.00	474.35	1,753,560
April 2019	526.00	451.00	131,769	526.70	460.00	1,224,962
May 2019	602.35	473.00	156,708	602.00	475.25	1,853,761
June 2019	574.90	491.00	88,658	575.80	490.15	441,903
July 2019	538.35	467.60	60,462	539.00	477.05	391,516
August 2019	524.90	471.00	40,507	525.00	466.00	426,240
September 2019	534.75	467.60	41,742	534.90	472.50	494,262
October 2019	583.35	500.25	34,217	582.95	500.95	402,363
November 2019	702.00	536.85	298,331	702.20	532.55	2,172,803
December 2019	697.95	602.35	200,609	698.90	597.20	1,493,842

## 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	<p>Link Intime India Pvt. Ltd.  Room No- 502 &amp;503, 5th Floor, Vaishno Chamber  6 Brabourne Road, Kolkata-700001  Contact person: Mr K Mustafi  Phone: 91-33-4004 9728; 91-33-4073-1698  Telefax: 91-33-4073-1698  Email: <a href="mailto:kolkata@linkintime.co.in">kolkata@linkintime.co.in</a></p>
Share Transfer System	<p>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 the 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.</p>
Dematerialisation of shares and Liquidity	<p>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 2019, a total of 84,658,277 equity shares of the Company constituting 99.27% of the total Subscribed and Paid up Share Capital stands dematerialized.</p>

#### Distribution of shareholding as on 31 December 2019

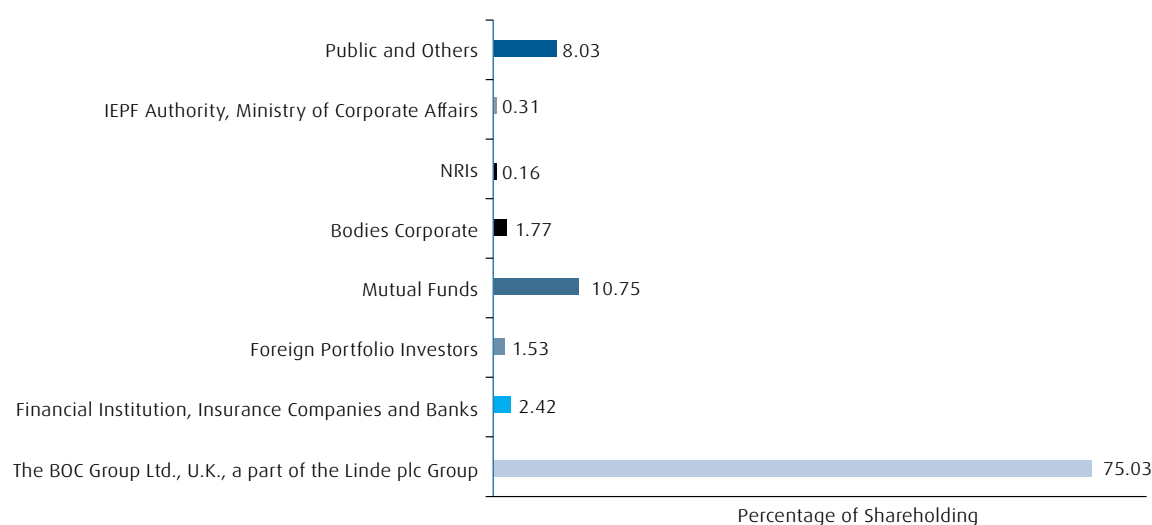
Number of Shares Slab	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1-50	8,378	45.36	161,774	0.19
51-100	3,115	16.87	276,894	0.32
101-250	2,976	16.11	528,319	0.62
251-500	1,984	10.74	749,693	0.88
501-1000	1,086	5.88	8,16,536	0.96
1001-5000	751	4.07	1,550,231	1.82
5001-10000	91	0.49	647,143	0.76
10001-100000	71	0.38	2,206,808	2.59
Above 100000	17	0.10	78,346,825	91.86
<b>Total</b>	<b>18,469</b>	<b>100.00</b>	<b>85,284,223</b>	<b>100.00</b>

### Shareholding pattern as on 31 December 2019

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	63,988,443*	75.03
<b>(B) Public Shareholding</b>		
<b>(I) Institutional Shareholding</b>		
Financial Institutions, Insurance Companies & Banks	2,060,969	2.42
Foreign Portfolio Investors	1,308,192	1.53
Mutual Funds	9,170,869	10.75
<b>Sub-Total (I)</b>	<b>12,540,030</b>	<b>14.70</b>
<b>(II) Non-Institutional Shareholding</b>		
Bodies Corporate	1,509,904	1.77
NRIs	133,268	0.16
IEPF Authority, Ministry of Corporate Affairs	260,438	0.31
Public and Others	6,852,140	8.03
<b>Sub-Total (II)</b>	<b>8,755,750</b>	<b>10.27</b>
<b>Total</b>	<b>85,284,223</b>	<b>100.00</b>

\*Includes 25,276 equity shares acquired by The BOC Group Ltd. from public shareholders under the Open Offer (credited in demat account on 03.10.2019).

### Shareholding pattern as on 31 December 2019



#### 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 2019.

#### 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,  
Bhadrachalam, Telangana 507128

### Bhiwadi

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

### Dahej

70 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

48/1 Diamond Harbour Road,  
Kolkata 700 027

### Pune

B 16/2, MIDC Industrial Area,  
Chakan, Village – Nighoje,

### 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

330 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

24 February 2020

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 2019.

Abhijit Banerjee  
Managing Director  
DIN: 08456907

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24 February 2020

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 2019 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.

**Subhabrata Ghosh**  
Chief Financial Officer  
Membership No.: FCA063318

**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 2019 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 & Additional 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 Additional 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.

**For P. SARAWAGI & ASSOCIATES**  
**Company Secretaries**

**P. K. Sarawagi**  
**Proprietor**

Membership No. : FCS-3381

C. P. No. : 4882

ICSI UDIN : **F003381A000579000**

Place: Kolkata

Date: February 28, 2020

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# Standalone Financial Statements

# Balance sheet.

as at 31 December 2019

in Rupees million	Note	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	20,348.04	21,608.17
Capital work-in-progress	5	529.39	444.57
Intangible assets	6	3.35	7.36
<b>Financial assets</b>			
Investments	7	0.29	0.31
Other financial assets	8	41.06	86.55
Non current tax assets (net)	9	144.01	89.25
Other non current assets	10	1,866.91	1,559.81
<b>Total non-current assets (A)</b>		<b>22,933.05</b>	<b>23,796.02</b>
<b>Current assets</b>			
Inventories	11	654.05	709.56
<b>Financial assets</b>			
Trade receivables	12	3,828.08	3,647.14
Cash and cash equivalents	13	2,400.41	1,245.76
Other balances with bank	13A	8.15	8.27
Other financial assets	8	481.31	771.46
Other current assets	10	1,651.07	1,266.73
<b>Total current assets (B)</b>		<b>9,023.07</b>	<b>7,648.92</b>
Assets classified as held for sale (C)	14	192.03	2,403.66
<b>TOTAL ASSETS (A+B+C)</b>		<b>32,148.15</b>	<b>33,848.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	852.84	852.84
Other equity	16	20,515.55	13,415.22
<b>Total equity (D)</b>		<b>21,368.39</b>	<b>14,268.06</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	-	4,167.76
Provisions	19	662.68	564.08
Deferred tax liabilities (net)	20	1,961.37	880.92
Other non-current liabilities	22	311.04	332.69
<b>Total non-current liabilities</b>		<b>2,935.09</b>	<b>5,945.45</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	84.72	2,496.65
Trade payables			
(A) total outstanding dues of micro and small enterprises	23	1.29	0.65
(B) total outstanding dues of creditors other than micro and small enterprises	23	3,743.48	3,149.03
Other financial liabilities	18	1,706.30	6,231.53
Provisions	19	460.68	635.28
Current tax liabilities (net)	21	305.27	-
Other current liabilities	22	1,542.93	1,121.95
<b>Total current liabilities</b>		<b>7,844.67</b>	<b>13,635.09</b>
<b>Total liabilities (E)</b>		<b>10,779.76</b>	<b>19,580.54</b>
<b>TOTAL EQUITY AND LIABILITIES (D+E)</b>		<b>32,148.15</b>	<b>33,848.60</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

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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

S GHOSH, Chief Financial Officer FCA : 063318  
P MARDA, Asst. Vice President & Company Secretary ACS : 8625



# Statement of profit and loss.

for the year ended 31 December 2019

in Rupees million	Note	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>INCOME</b>			
Revenue from operations	24	17,617.86	21,916.54
Other income	25	188.16	226.34
<b>TOTAL INCOME (A)</b>		<b>17,806.02</b>	<b>22,142.88</b>
<b>EXPENSES</b>			
Power and fuel		3,486.70	8,901.18
Cost of materials consumed	26	3,071.86	2,764.33
Purchase of stock-in-trade	27	1,078.77	1,124.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	32.61	33.72
Employee benefits expenses	29	1,135.91	1,272.92
Finance costs	30	862.50	1,027.01
Depreciation and amortisation expense	31	1,772.54	1,991.38
Other expenses	32	4,643.63	4,555.67
<b>TOTAL EXPENSE (B)</b>		<b>16,084.52</b>	<b>21,671.18</b>
Profit before exceptional items and tax C = (A-B)		1,721.50	471.70
Exceptional Items (D)	35	8,407.55	-
Profit before tax E = (C+D)		10,129.05	471.70
Tax Expense			
Current tax	20	1,744.87	155.48
Deferred tax	20	1,112.39	(18.64)
<b>TOTAL TAX EXPENSE (F)</b>		<b>2,857.26</b>	<b>136.84</b>
Profit for the year (G)= (E-F)		7,271.79	334.86
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement losses on defined benefit plans		(47.75)	(89.32)
Fair value changes of investments in equity shares		(47.73)	(89.36)
Fair value changes of investments in equity shares		(0.02)	0.04
Income tax relating to items that will not be reclassified to profit or loss		31.44	31.22
Items that will be reclassified to profit or loss			
Fair value changes due to cash flow hedges		(1.42)	25.91
Fair value changes due to cash flow hedges		(1.42)	25.91
Income tax relating to items that will be reclassified to profit or loss		0.50	(8.97)
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H)</b>		<b>(17.23)</b>	<b>(41.16)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I) = (G+H)</b>		<b>7,254.56</b>	<b>293.70</b>
Earnings per equity share :	36		
Basic and Diluted (Rs.)		85.27	3.93

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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

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

S GHOSH, Chief Financial Officer FCA : 063318  
P MARDIA, Asst. Vice President & Company Secretary ACS : 8625

# Statement of changes in equity.

for the year ended 31 December 2019

## A. Equity share capital

in Rupees million	Equity share capital
Balance as at 1 January 2018	852.84
Changes in equity share capital during the year	-
<b>Balance at 31 December 2018</b>	<b>852.84</b>
Changes in equity share capital during the year	-
<b>Balance at 31 December 2019</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 2018	6,972.52	995.67	5,271.99	0.17	(16.02)	13,224.33
Profit for the year	-	-	334.86	-	-	334.86
Payment of Dividends	-	-	(85.28)	-	-	(85.28)
Tax on Dividend	-	-	(17.53)	-	-	(17.53)
Other Comprehensive Income (net of taxes)	-	-	(58.14)	0.04	16.94	(41.16)
<b>Balance as at 31 December 2018</b>	<b>6,972.52</b>	<b>995.67</b>	<b>5,445.90</b>	<b>0.21</b>	<b>0.92</b>	<b>13,415.22</b>
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>

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

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

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Kolkata, 24 February 2020

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# Cash flow statement.

for the year ended 31 December 2019

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018	in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit before tax for the year	10,129.05	471.70	Purchase for property, plant and equipment, Intangibles	(833.20)	(941.24)
<b>Adjustments for:</b>			Proceeds from disposal of property, plant and equipment	330.12	46.59
Depreciation and amortisation expense	1,772.54	1,991.38	Proceeds from disposal of Asset Held for Sale	13,800.00	-
Gain on sale of non-current assets	(21.15)	(3.23)	Payment of consent fees for assignment of contract	(2,500.00)	-
Finance costs recognised in profit or loss	862.50	1,027.01	Income tax paid on profit from disposal of Assets Held for Sale	(1,101.73)	-
Interest income on unwinding of security deposits	(1.16)	(1.64)	Dividends received	97.50	142.50
Interest Income on deposits	(16.04)	(14.23)	Interest received	20.10	20.64
Dividends on non-current investments	(97.50)	(142.50)	Bank deposits (having original maturity of more than 3 months)	0.12	3.53
Interest income on finance lease arrangement	(4.80)	(7.34)	<b>Net cash generated from/(used in) investing activities</b>	<b>9,812.91</b>	<b>(727.98)</b>
Exceptional items	(8,407.55)	-	<b>Cash flows from financing activities</b>		
<b>Operating cash flow working capital changes</b>	<b>4,215.89</b>	<b>3,321.15</b>	Proceeds from borrowings	6,863.29	3,131.34
<b>Movements in working capital:</b>			Repayment of borrowings	(17,652.99)	(4,145.63)
Increase in trade receivables	(491.06)	(63.77)	Finance cost paid	(981.82)	(1,039.28)
Decrease in financial assets	119.22	6.42	Dividends paid to owners of the Company	(127.93)	(85.28)
Increase in other current and non-current assets	(640.53)	(29.81)	Tax paid on dividend	(26.30)	(17.53)
Increase in inventories	(31.12)	(26.30)	<b>Net cash used in financing activities</b>	<b>(11,925.75)</b>	<b>(2,156.38)</b>
Increase in liabilities and provisions	228.06	625.63	<b>Net increase in cash and cash equivalents</b>	<b>1,154.65</b>	<b>871.27</b>
<b>Cash generated from operations</b>	<b>3,400.46</b>	<b>3,833.32</b>	Cash and cash equivalents at the beginning of the year	1,245.76	374.49
Income taxes paid (net)	(132.97)	(77.69)	<b>Cash and cash equivalents at the end of the year</b>	<b>2,400.41</b>	<b>1,245.76</b>
<b>Net cash generated from operating activities</b>	<b>3,267.49</b>	<b>3,755.63</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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

R HUGHES, Chairman DIN : 08493540  
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# Notes to Standalone financial statements.

for the year ended 31 December 2019

## 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 2019, The BOC Group United Kingdom owns 75.03% 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 2019 were approved by the Board of directors and authorized for issue on 24 February 2020.

## 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 depreciation of 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 and revenue recognition.

### 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

The company has adopted Ind AS 115 "Revenue from Contracts with Customers" effective 1 January 2019. Ind AS 115 supersedes Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st January, 2019). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated- i.e. the comparative information continues to be reported under Ind AS 18. The adoption of the standard did not have any material impact on the financial statements of the Company.

#### 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 one 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 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.

**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

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

ex gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

#### Post-employment Benefits

##### Defined contribution plans

Contributions under defined contribution plans are recognised as expense for the period in which the employee has rendered the service. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

##### 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:

- 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 amendment that is not yet effective and have not been early adopted

The amendments to standards that are issued, but not yet effective, upto date of issuance of the Company's financial statements are disclosed below.

#### Recently issued Accounting Standards

##### Ind AS 116 – “Leases”

On Mar 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases, applicable from the financial years beginning on or after April 01, 2019. It is applicable to Company from the year beginning January 01, 2020. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards also. The amendments have been made effective from year

beginning on or after Apr 01, 2019. The same will be applicable to the Company with effect from the year beginning January 01, 2020.

- a. Ind AS 12 - Income taxes, Appendix C on uncertainty over income tax treatments
- b. Ind AS 23 - Borrowing costs
- c. Ind AS 28 - Investment in associates and joint ventures
- d. Ind AS 103 and Ind AS 111 - Business combinations and joint arrangements
- e. Ind AS 109 - Financial instruments
- f. Ind AS 19 - Employee benefits

The Company is in the process of evaluating the impact of such amendments and does not expect significant impact on its financial statements

The Company will adopt these amendments from their applicability date.

#### 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.

Key source of estimation of uncertainty at the date of financial statements, which may require adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### i) Depreciation and amortisation

Depreciation and amortization are based on management estimates of the future useful life of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life of the assets and in the depreciation and amortization.

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the useful life 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
<b>I. Cost/Deemed cost as at 1 January 2019</b>	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)
<b>Cost/Deemed cost as at 31 December 2019</b>	<b>212.27</b>	<b>930.29</b>	<b>25,864.27</b>	<b>47.36</b>	<b>20.00</b>	<b>182.88</b>	<b>27,257.07</b>	<b>529.39</b>	<b>27,786.46</b>
<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)
<b>Balances as at 31 December 2019</b>	<b>-</b>	<b>226.94</b>	<b>6,497.30</b>	<b>25.40</b>	<b>13.11</b>	<b>146.28</b>	<b>6,909.03</b>	<b>-</b>	<b>6,909.03</b>
<b>Net carrying value as at 31 December 2019</b>	<b>212.27</b>	<b>703.35</b>	<b>19,366.97</b>	<b>21.96</b>	<b>6.89</b>	<b>36.60</b>	<b>20,348.04</b>	<b>529.39</b>	<b>20,877.43</b>
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



### 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
<b>I. Cost/Deemed cost as at 1 January 2018</b>	197.91	1,017.08	27,391.90	51.37	12.20	162.47	28,832.93	359.13	29,192.06
Additions	20.71	55.99	788.95	0.38	18.84	37.86	922.73	1,015.28	1,938.01
Disposals	-	(1.16)	(64.21)	-	(0.53)	(0.06)	(65.96)	-	(65.96)
Assets capitalised during the year	-	-	-	-	-	-	-	(922.73)	(922.73)
Classified as Assets held for sale (refer note 14)	(3.04)	(142.87)	(2,634.74)	(5.79)	(18.46)	(13.77)	(2,818.67)	(7.11)	(2,825.78)
<b>Cost/Deemed cost as at 31 December 2018</b>	215.58	929.04	25,481.90	45.96	12.05	186.50	26,871.03	444.57	27,315.60
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2018	-	156.15	3,594.01	15.86	5.98	95.54	3,867.54	-	3,867.54
Depreciation expense for the year	-	63.74	1,863.92	6.73	4.63	46.62	1,985.64	-	1,985.64
Disposals	-	(1.13)	(16.71)	-	(0.30)	(0.06)	(18.20)	-	(18.20)
Classified as Assets held for sale (refer note 14)	-	(26.65)	(530.55)	(2.48)	(4.43)	(8.01)	(572.12)	-	(572.12)
<b>Balances as at 31 December 2018</b>	-	192.11	4,910.67	20.11	5.88	134.09	5,262.86	-	5,262.86
<b>Net carrying value as at 31 December 2018</b>	215.58	736.93	20,571.23	25.85	6.17	52.41	21,608.17	444.57	22,052.74
Net carrying value as at 1 January 2018	197.91	860.93	23,797.89	35.51	6.22	66.93	24,965.39	359.13	25,324.52

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 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
Cost/Deemed cost as at 1 January 2018	398.10	18,533.39	18,931.49
Accumulated Depreciation	119.04	3,510.14	3,629.18
Net carrying value as at 31 December 2018	279.06	15,023.25	15,302.31
Depreciation expense for the year	33.39	1,197.77	1,231.16

## 6. Intangible assets

in Rupees million	Software	Non-Compete Fees	Total Intangible assets
<b>I. Cost/Deemed cost as at 1 January 2019</b>	<b>21.18</b>	<b>7.51</b>	<b>28.69</b>
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>	<b>22.30</b>	<b>7.51</b>	<b>29.81</b>
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2019</b>	<b>13.82</b>	<b>7.51</b>	<b>21.33</b>
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>	<b>18.95</b>	<b>7.51</b>	<b>26.46</b>
<b>Net carrying value as at 31 December 2019</b>	<b>3.35</b>	<b>-</b>	<b>3.35</b>
Net carrying value as at 1 January 2019	7.36	-	7.36

in Rupees million	Software	Non-Compete Fees	Total intangible assets
<b>I. Cost/Deemed cost as at 1 January 2018</b>	<b>21.78</b>	<b>7.51</b>	<b>29.29</b>
Additions	2.96	-	2.96
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	(3.56)	-	(3.56)
<b>Cost/Deemed cost as at 31 December 2018</b>	<b>21.18</b>	<b>7.51</b>	<b>28.69</b>
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2018</b>	<b>12.22</b>	<b>6.93</b>	<b>19.15</b>
Amortisation expense for the year	5.16	0.58	5.74
Disposals	-	-	-
Classified as Assets held for sale (refer note 14)	(3.56)	-	(3.56)
<b>Balances as at 31 December 2018</b>	<b>13.82</b>	<b>7.51</b>	<b>21.33</b>
<b>Net carrying value as at 31 December 2018</b>	<b>7.36</b>	<b>-</b>	<b>7.36</b>
Net carrying value as at 1 January 2018	9.56	0.58	10.14

## 7. Investments

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Quoted	Unquoted	Quoted	Unquoted
<b>Non-Current</b>				
<b>Investments in equity instruments</b>				
<b>Others (classified at fair value through OCI)</b>				
Woodlands Multispeciality Hospital Limited*	-	0.00	-	0.00
2,980 equity shares of Rs. 10 each (31 Dec. 2018: 2,980 equity shares of Rs. 10 each)				
JSW Steel Limited	0.29	-	0.31	-
1,000 shares of Re. 1 each (31 Dec. 2018: 1,000 of Re. 1 each)				
	<b>0.29</b>	<b>0.00</b>	<b>0.31</b>	<b>0.00</b>
<b>Additional Information</b>				
Aggregate amount of quoted investments and market value thereof	0.29	-	0.31	0.00
Aggregate amount of unquoted investments	-	0.00	-	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. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
Loans to employees	-	0.73	-	2.02
Receivables from related parties for recovery of expenses	-	138.10	-	110.69
Security deposits	22.28	14.29	65.03	29.00
Finance lease receivable	18.78	2.74	21.52	2.16
Receivable from mark to market on derivative contracts	-	-	-	120.59
Claims including escalation	-	196.26	-	297.70
Receivable from sale of property plant and equipments	-	-	-	47.40
Interest accrued on deposit	-	1.68	-	0.93
Others	-	127.51	-	160.97
	<b>41.06</b>	<b>481.31</b>	<b>86.55</b>	<b>771.46</b>

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

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Advance tax (net of provisions)	144.01	89.25
	<b>144.01</b>	<b>89.25</b>

**10. Other assets**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
<b>To related parties</b>				
Capital advances	0.84	-	-	-
Advances for supplies/services	-	32.43	-	87.77
<b>To parties other than related parties</b>				
Capital advances	129.64	-	77.90	-
Advances for supplies/services	-	259.76	-	387.01
<b>Advance with public bodies and tax authorities</b>				
Customs, excise, sales tax, etc.	308.67	-	252.63	-
GST receivable	-	593.63	-	28.57
Unbilled revenue	1,176.68	665.27	993.55	694.43
Security deposits	86.13	-	73.87	-
Prepaid lease payments	150.50	1.91	156.53	1.91
Prepaid expenses	14.45	95.32	5.33	64.27
Advance to employees	-	2.75	-	2.77
	<b>1,866.91</b>	<b>1,651.07</b>	<b>1,559.81</b>	<b>1,266.73</b>

**11. Inventories**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Raw materials	13.25	10.56
Work in progress	14.27	6.41
Finished goods	248.33	288.80
Stores and spares	378.20	403.79
	<b>654.05</b>	<b>709.56</b>

i) Finished goods Includes Goods in Transit of Rs. 18.09 million (31 Dec. 2018: Rs. 11.24 million)

ii) The value of stores and spares above is after providing for slow moving and obsolete spares of Rs. 163.75 million (31 Dec. 2018: Rs. 192.86 million)

iii) Cost of inventory recognised as expense during the year amount to Rs. 14,113.85 million (31 Dec. 2018: Rs. 14,353.55 million)

**12. Trade receivables**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Trade receivables</b>		
Unsecured, considered good	3,828.08	3,647.14
Credit Impaired	46.32	38.99
Unsecured, considered doubtful	222.20	237.31
Less: Allowance for credit losses	268.52	276.30
	<b>3,828.08</b>	<b>3,647.14</b>

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. 2019	As at 31 Dec. 2018
Balance at the beginning of the year	276.30	255.11
Allowances made during the year	100.90	80.18
Release to statement of profit and loss	(46.87)	(49.78)
Bad debt written off	(61.81)	(9.21)
Balance at the end of the year	268.52	276.30

#### Trade Receivables

Out of the Trade receivables Rs. 1,028.54 million (31 Dec. 2018: Rs. 855.62 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. 2019	As at 31 Dec. 2018
Amounts not yet due	2,602.10	2,407.15
Three months overdue	801.43	972.54
Between three to twelve months overdue	327.35	300.71
Greater than twelve months overdue	365.72	243.04
	4,096.60	3,923.44

### 13. Cash and cash equivalents

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Cash in hand *	0.02	0.04
Balances with banks		
In Current account	203.01	89.72
In Deposit account - Original maturity of 3 months or less	2,197.38	1,156.00
	2,400.41	1,245.76

\* 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. 2019	As at 31 Dec. 2018
In Other deposit accounts		
Original maturity more than 3 months#	4.41	4.38
Earmarked balances with banks		
Unclaimed dividend accounts	3.74	3.89
	8.15	8.27

# these deposit has been lien marked against earnest money deposits

#### 14. Assets classified as held for sale

Linde AG, the intermediate holding company of Linde India Limited (the Company) and Praxair, Inc had earlier entered into a legally binding Business Combination Agreement, which was successfully completed on 31 October 2018. The aforesaid global merger necessitated obtaining anti-trust/competition approvals from various jurisdictions across the globe. Accordingly, Linde AG and Praxair, Inc had applied to the Competition Commission of India (CCI) seeking approval of the business combination in India, pursuant to which after multiple hearings, the CCI had issued an order dated 6 September 2018 to Linde AG and Praxair, Inc. approving the global merger subject to divestment of certain assets controlled by them in India. As per order of the CCI, Linde India limited is required to divest the "South Region Divestment Business" and "Belloxy Divestment Business" of the Company as specified in the said order.

Accordingly, during the current year in 2019, the Company has divested the "South Region Divestment Business" comprising the business of producing, distributing and selling various industrial gases, viz. oxygen, nitrogen and argon from the Company's (JSW- 2) 1800 tonnes per day onsite Air Separation plant located at Bellary, Karnataka and the Company's cylinder filling stations located at Hyderabad and Chennai as more fully described in Schedule II of the CCI Order, along with surplus land in Chennai and Hyderabad PGP sites and a decommissioned Air Separation Unit at Hyderabad site, all on a "slump-sale" and "as is where is basis" to Air Water India Private Limited, a company incorporated under the Companies Act, 2013 for an aggregate sale consideration of Rs. 13,800 million.

As at 31 December 2019, the divestment of "Belloxy Divestment Business" is pending. The "Belloxy Divestment Business" as more fully described in the Schedule III of the CCI Order comprises of the business of distributing and selling liquid oxygen, liquid nitrogen & liquid argon purchased from Bellary Oxygen Company Private Limited and conducted from the Bellary Trading Office of the Company along with 15,000,000 equity shares of Rs. 10 each fully paid up, being 50% of the total issued and paid up equity share capital of Bellary Oxygen Company Private Limited, a company incorporated under the Companies Act, 1956. Bellary Oxygen Company Private Limited owns and operates 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. The Company has agreed to divest Belloxy Divestment Business to Inox Air Products Private Limited, a company incorporated under the Companies Act, 1956 and have signed a term sheet on 20 December 2019 and has obtained approvals from Board of Directors on 12 January 2020 and from Shareholders on 20 February 2020. The Company is in the process of obtaining approval from the CCI.

The major classes of assets held for sale is as below:

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Assets classified as held for sale:</b>		
Property, plant and equipment	40.13	2,246.55
Capital work-in-progress	1.90	7.11
Investments in joint venture	150.00	150.00
	<b>192.03</b>	<b>2,403.66</b>

#### 15. Equity Share Capital

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Authorised:</b>		
86,000,000 Equity Shares of Rs. 10 each (31 Dec. 2018: 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. 2018: 85,286,209 Equity Shares of Rs. 10 each)	852.86	852.86
	<b>852.86</b>	<b>852.86</b>
<b>Subscribed and paid up :</b>		
85,284,223 Equity Shares of Rs. 10 each (31 Dec. 2018: 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. 2019		As at 31 Dec. 2018	
	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. 2019		As at 31 Dec. 2018	
	No of Shares	Amount	No of Shares	Amount
	The BOC Group Ltd,U.K., holding company	63,988,443	639.88	63,963,167

## iii) Particulars of shareholders holding more than 5% shares in the company is as below

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	No of Shares	% of total shares in class	No of Shares	% of total shares in class
	The BOC Group Ltd,U.K., holding company	63,988,443	75.03%	63,963,167
Reliance Capital Trustee Co. Ltd	8,419,627	9.87%	8,399,627	9.85%

## 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.

## v) Increase in Promoter Shareholding from 75% to 75.03%

Pursuant to the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as amended, The BOC Group Ltd. 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 2,13,21,056 fully paid up equity shares of Rs. 10 each representing 25% of the voting capital of Linde India Limited (target company), which closed on 17 September 2019. The BOC Group Ltd. acquired 25,276 shares under the said Open Offer on 27 September 2019, which were credited to their demat account on 03 October 2019. As a result of this, the shareholding of The BOC Group Ltd. increased to 63,988,443 equity shares representing 75.03% of the total voting share capital of Linde India Limited. The Acquirer and the PAC have confirmed that they shall take such steps and measures to comply with the requirement of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and Securities Contracts (Regulation) Rules, 1957 as amended within the time period specified under these Regulations and the SEBI Listing Regulations, pursuant to the methods prescribed by SEBI.



## 16. Other equity

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Securities Premium	6,972.52	6,972.52
General Reserve	995.67	995.67
Retained Earnings	12,547.17	5,445.90
Equity instruments through other comprehensive income	0.19	0.21
Effective Portion of Cash Flow Hedges	-	0.92
	<b>20,515.55</b>	<b>13,415.22</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 Reserves	Retained Earnings			
Balance as at 1 January 2018	6,972.52	995.67	5,271.99	0.17	(16.02)	13,224.33
Profit for the year	-	-	334.86	-	-	334.86
Payment of Dividends*	-	-	(85.28)	-	-	(85.28)
Tax on Dividend	-	-	(17.53)	-	-	(17.53)
Other Comprehensive Income (net of taxes)	-	-	(58.14)	0.04	16.94	(41.16)
Balance as at 31 December 2018	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)
Balance as at 31 December 2019	6,972.52	995.67	12,547.17	0.19	-	20,515.55

\* Dividend of Re.1.00 per share

\*\* Dividend of Re.1.50 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 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. 2019		As at 31 Dec. 2018	
	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	2,219.16
<b>Loans from related parties</b>				
Rupee loan from Linde AG, Intermediate holding company	-	-	3,167.76	3,110.00
	-	1,000.00	4,167.76	5,329.16

\* 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. 2019	As at 31 Dec. 2018
<b>Short term borrowings</b>		
<b>Unsecured Borrowings</b>		
<b>Loans from related parties</b>		
Term loan from Linde Engineering India Pvt. Ltd., a fellow subsidiary	-	2,400.00
<b>Loan from banks</b>		
Bills Discounting	84.72	96.65
	84.72	2,496.65

### i) Borrowing details :

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018	Repayment schedule
(a) Rupee loan from Linde AG, Intermediate holding company*	-	3,194.10	Half Yearly installments from January 2017 to January 2020
(b) Rupee loan from Linde AG, Intermediate holding company*	-	1,338.35	Quarterly installments from January 2017 to October 2020
(c) Rupee loan from Linde AG, Intermediate holding company*	-	1,745.31	Quarterly installments from January 2017 to October 2020
(d) Foreign Currency term loan from bank (previous year USD 5.82 million)	-	404.79	July 2019
(e) Foreign Currency term loan from bank (previous year USD 17.46 million)	-	1,214.37	July 2019
(f) Rupee term loan from bank	1,000.00	1,000.00	May 2020
(g) Rupee term loan from bank	-	600.00	July 2019
(h) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	February 2019
(i) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	February 2019
(j) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	March 2019
(k) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	April 2019
(l) Intercompany Loan from Linde Engineering India Private Limited	-	400.00	May 2019
(m) Bill Discounting from Banks	84.72	96.65	Repayable on demand
	1,084.72	11,993.57	

\* These borrowings has been fully repaid during the year ended 31 December 2019

**17. Borrowing (contd)**

ii) The maturity profile of company's borrowing is as below:

in Rupees million	As at	
	31 Dec. 2019	31 Dec. 2018
Not Later than one year	1,084.72	7,825.82
Later than one year but not two years	-	4,167.75
	<b>1,084.72</b>	<b>11,993.57</b>

**18. Other financial liabilities**

in Rupees million	As at		As at	
	31 Dec. 2019		31 Dec. 2018	
	Non current	Current	Non current	Current
Current maturities of long-term borrowings (refer note 17)	-	1,000.00	-	5,329.16
Interest accrued but not due on borrowings	-	7.40	-	147.00
Unclaimed dividends	-	3.74	-	3.89
Creditors for capital supplies and services	-	557.73	-	592.66
Security deposits from customers	-	104.55	-	111.30
Other employee liabilities	-	32.88	-	47.52
	-	<b>1,706.30</b>	-	<b>6,231.53</b>

**19. Provisions**

in Rupees million	As at		As at	
	31 Dec. 2019		31 Dec. 2018	
	Non current	Current	Non current	Current
Provision for employee benefits				
Retirement benefits obligations (refer note 39)				
Gratuity	119.91	0.04	101.29	15.81
Pension	67.43	-	51.75	12.84
Post retirement medical benefit	138.00	14.12	113.05	11.40
Other long-term employee benefits				
Compensated absences	39.20	4.23	41.70	2.28
Other provisions				
Asset restoration obligations [refer note (a)]	298.14	-	256.29	-
Provision for warranties [refer note (b)]	-	130.68	-	136.39
Provision for liquidated damages [refer note (c)]	-	23.66	-	23.66
Provision for contingencies [refer note (d)]	-	287.95	-	432.90
	<b>662.68</b>	<b>460.68</b>	<b>564.08</b>	<b>635.28</b>

### 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 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
Balance as at 1 January 2018	255.46	144.12	45.15	95.60
Add: Provision during the year*	22.19	66.47	-	341.60
Less: Utilised during the year	-	31.50	15.13	4.30
Less: Reversed during the year	21.36	42.70	6.36	-
Balance as at 31 December 2018	256.29	136.39	23.66	432.90

\* Includes Rs. 20.28 millions (31 Dec. 2018: Rs. 18.74 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. 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>

in Rupees million	As at 1 Jan. 2018	Recognised in statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 Dec. 2018
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	3,831.28	196.15	-	4,027.43
Finance income from finance lease arrangement	1.04	7.36	-	8.40
Others	0.44	(0.44)	-	-
	<b>3,832.76</b>	<b>203.07</b>	<b>-</b>	<b>4,035.83</b>
<b>Deferred tax assets</b>				
Employee benefits	17.48	35.72	31.22	84.42
Provisions for doubtful receivables, contingencies, warranties	190.16	188.18	-	378.34
Unabsorbed depreciation	2,173.34	(157.69)	-	2,015.65
Mark to Market on derivative contracts	8.53	-	(8.97)	(0.44)
Others	1.98	0.02	-	2.00
	<b>2,391.49</b>	<b>66.23</b>	<b>22.25</b>	<b>2,479.97</b>
Minimum Alternate Tax Credit Entitlement	519.46	155.48	-	674.94
	<b>921.81</b>	<b>(18.64)</b>	<b>(22.25)</b>	<b>880.92</b>

**b) Income tax expense**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Current Tax</b>		
Current income tax charge	1,744.87	155.48
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	1,112.39	(18.64)
	<b>2,857.26</b>	<b>136.84</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. 2019	Year ended 31 Dec. 2018
Profit before tax	10,129.05	471.70
Statutory Income Tax Rate	34.94%	34.94%
Income Tax using the Company's domestic Tax rate	3,539.50	164.83
<b>Tax Effect of :</b>		
- Effect of Rate change	-	14.74
- Income Exempt from Tax/Items not deductible	(34.07)	(42.17)
- Tax Incentives and concessions	(5.93)	1.47
- Income from House Property	(1.99)	(2.03)
- Effect of Tax Rate on Long term Capital Gain vs Business Income	(640.25)	-
	<b>2,857.26</b>	<b>136.84</b>

**21. Current tax liabilities (Net)**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Provision for Taxes (Net of Advance tax)	305.27	-
	<b>305.27</b>	<b>-</b>

**22. Other liabilities**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
Advances received from customers	311.04	938.81	332.20	1,049.82
Advances received for Sale of Assets	-	303.00	-	53.00
Deposits received from customers	-	-	0.49	-
Statutory dues	-	-	-	-
Tax deducted and collected at source	-	278.74	-	18.57
Others	-	22.38	-	0.56
	<b>311.04</b>	<b>1,542.93</b>	<b>332.69</b>	<b>1,121.95</b>

**23. Trade payables**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Creditors for supplies and service		
Dues to micro and small enterprises	1.29	0.65
Others	3,548.54	2,948.15
Creditors for accrued wages and salaries	194.94	200.88
	<b>3,744.77</b>	<b>3,149.68</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. 2019	As at 31 Dec. 2018
(i) The principal amount remaining unpaid to supplier as at the end of the year	1.29	0.65
(ii) The interest due thereon remaining unpaid to supplier as at the end of the year (*Rs. 3,000.00)	-	*
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act (*Rs. 3,000.00)	0.07	*
(v) The amount of interest accrued during the year and remaining unpaid at the end of the year	0.84	0.77

### 24. Revenue from operations

in Rupees million	Year ended 31 Dec. 2019*	Year ended 31 Dec. 2018
<b>Sale of products (gases)</b>	<b>13,052.89</b>	<b>17,937.17</b>
Air separation unit gases	11,789.49	16,920.19
Other cylinder gases	552.60	596.96
Others	710.80	420.02
<b>Revenue from construction contracts</b>	<b>4,560.17</b>	<b>3,972.03</b>
Vessels, plant and other project engineering contracts	4,560.17	3,972.03
<b>Other operating income</b>	<b>4.80</b>	<b>7.34</b>
Interest income on finance lease arrangement	4.80	7.34
	<b>17,617.86</b>	<b>21,916.54</b>

\*The Company has adopted new standard on revenue recognition, Ind AS 115 "Revenue from Contracts with Customers" and has also appropriately evaluated its revenue recognition policy with effect from 1 January 2019. The Company has used "Modified Retrospective Approach" for transition to Ind AS 115 and thus the numbers for previous period/year are not comparable. The first-time application of new accounting standard Ind AS 115 had a negative impact on revenue. Costs which had previously been disclosed gross are now required to be shown net of sales-related costs reimbursed by the customer, which has led to a reduction in revenue and a reduction of an equal amount in power and fuel by Rs. 4,976.61 Million for the year ended 31 December 2019.

### 25. Other Income

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Rent	18.96	18.90
Dividend income from joint venture	97.50	142.50
Miscellaneous income	54.50	49.07
Interest income on unwinding of security deposits	1.16	1.64
Interest income on deposits	16.04	14.23
	<b>188.16</b>	<b>226.34</b>



**26. Cost of materials consumed**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Inventory of materials at the beginning of the year	10.56	7.66
Purchases	3,074.55	2,767.23
Less : Inventory of materials at the end of the year	13.25	10.56
	<b>3,071.86</b>	<b>2,764.33</b>

**27. Purchase of stock in trade**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Air separation unit gases	802.09	766.08
Other cylinder gases	276.64	328.22
Others	0.04	30.67
	<b>1,078.77</b>	<b>1,124.97</b>

**28. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Inventories at the beginning of the year		
Finished goods	288.80	311.03
Work-in-progress	6.41	17.90
	<b>295.21</b>	<b>328.93</b>
Less: Inventories at the closing of the year		
Finished goods	248.33	288.80
Work-in-progress	14.27	6.41
	<b>262.60</b>	<b>295.21</b>
	<b>32.61</b>	<b>33.72</b>

**29. Employee benefits expenses**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Salaries and wages, including bonus	991.79	1,062.60
Contribution to provident and other funds	86.17	107.86
Workmen and staff welfare expenses	57.95	102.46
	<b>1,135.91</b>	<b>1,272.92</b>

During the year, the Company recognised an amount of Rs. 44.79 million (31 Dec. 2018: Rs. 64.00 million) as remuneration to Key Managerial Personnel. The details of such remuneration is as below:

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Short term employee benefits	42.62	60.89
Post employment benefits	2.17	3.11
	<b>44.79</b>	<b>64.00</b>

**30. Finance costs**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Interest expense</b>	<b>842.22</b>	<b>1,008.23</b>
On long and short term borrowings from banks	282.74	246.64
On external commercial borrowings and others*	559.48	761.59
<b>Interest expense on unwinding</b>	<b>20.28</b>	<b>18.78</b>
Of dismantling cost	20.28	18.78
	<b>862.50</b>	<b>1,027.01</b>

\* Others include interest on Income tax Rs. 4.85 Million (31 Dec 2018: Rs. Nil)

**31. Depreciation and amortisation**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Depreciation on tangible assets	1,767.41	1,985.64
Amortisation of intangible assets	5.13	5.74
	<b>1,772.54</b>	<b>1,991.38</b>

**32. Other Expenses**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Consumption of stores and spares	147.20	176.15
Repairs to buildings	6.41	7.79
Repairs to plant and machinery	388.46	335.54
Repairs to others	39.62	45.53
Freight and handling charges	1,809.59	1,714.71
Rent [refer note 46 (C)]	54.82	73.26
Loss on foreign exchange (Net)	42.04	72.88
Rates and taxes	5.16	344.13
Insurance charges	62.64	44.31
Allowances for doubtful debts	54.03	30.40
Contract job expenses	773.15	542.47
Profit on disposal of property, plant and equipment (Net)	(21.15)	(3.23)
Provision for warranties (Net)	(5.71)	(7.74)
Technical support fees	192.51	28.52
Travelling expenses	139.02	164.82
Telephone and communication expenses	21.91	37.02
Corporate social responsibility expenditure (refer note 33)	2.46	3.26
Miscellaneous expenses (refer note 34)	931.47	945.85
	<b>4,643.63</b>	<b>4,555.67</b>

### 33. Corporate Social Responsibility

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
(a) Gross amount required to be spent by the Company during the year	2.53	0.19
(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	0.34	3.26
Others	0.32	-
	<b>2.46</b>	<b>3.26</b>

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.

### 34. Miscellaneous expenses under note 32 include auditors' remuneration

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Auditor's remuneration and out-of-pocket expenses		
Audit fee	2.20	2.04
Limited reviews	1.80	0.60
Tax audit fee	1.00	0.78
Other Services	0.06	2.01
Reimbursement of expenses	0.40	0.64
	<b>5.46</b>	<b>6.07</b>

### 35. Exceptional Items

Exceptional items of Rs. 8,407.55 million in the statement of Profit & Loss represents total profit from divestment of South Region Divestment Business (refer note 14), sold on a "slump-sale" and "as is where is basis", after adjusting for carrying value of the business of Rs. 2,739.23 million, consent fees for assignment of contract of Rs. 2,500 million and other related expenditure for sale of the business of Rs. 153.22 million

### 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. 2019	Year ended 31 Dec. 2018
a) Profit after tax	7,271.79	334.86
Profit attributable to ordinary shareholders - for basic and diluted EPS	7,271.79	334.86
b) Weighted average number of Ordinary Shares for basic and diluted EPS (Nos)	85,284,223	85,284,223
Nominal value of ordinary shares (Rs.)	10.00	10.00
Basic and diluted earnings per ordinary share (Rs.)	85.27	3.93

### 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 2019, there were pending litigations for various matters relating to excise duty and service taxes involving demands of Rs. 304.62 million (31 Dec. 2018 : Rs. 269.62 million).

##### b) Sales Tax/VAT

The total sales tax demands that are being contested by the Company amounted to Rs. 616.16 million (31 Dec. 2018: Rs. 728.94 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2019 Sales tax Authority have raised demand of Rs. 453.35 million for the period 2008-09 to 2015-16 (31 Dec. 2018: Rs. 418.89 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. The same 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. 2018: 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. 2019	As at 31 Dec. 2018
Estimated capital commitments (net of advance) remaining to be executed and not provided for	280.68	297.57

### 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. 57.72 million (31 Dec. 2018: Rs. 53.10 million) in note 29. Further, provident fund which was administered through Company's trust for certain employees (in accordance with Provident Fund Regulation) has now been transferred to Regional Provident Fund Commissioner's Office vide order no. R-EX/WB/CA/Rule/CC-VI/Vol-III/668 dated 15 November 2018.

#### 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/highquality 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.

## 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	
	2019	2018	2019	2018
Present value of obligation	87.36	84.16	163.38	157.77
Fair value of plan assets	(19.93)	(19.57)	(43.43)	(40.67)
(Asset)/Liability recognised in the Balance Sheet (refer note 19)	67.43	64.59	119.95	117.10

### 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
<b>As at 1 January, 2018</b>	17.82	61.47	43.65	37.65	93.10	55.45
Current service cost	-	2.54	2.54	-	7.01	7.01
Past service cost	-	-	-	-	13.82	13.82
Interest cost	-	4.52	4.52	-	6.48	6.48
Interest income	1.50	-	(1.50)	2.82	-	(2.82)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(0.05)	(0.05)	-	10.55	10.55
Actuarial (gain)/loss arising from changes in financial assumptions	0.12	14.35	14.47	(0.22)	30.02	29.80
Actuarial (gain)/loss arising from experience adjustments	-	4.27	4.27	-	10.12	10.12
Employer contributions	3.30	-	(3.30)	13.31	-	(13.31)
Employee contributions	-	-	-	-	-	-
Assets acquired/(settled)	-	-	-	-	-	-
Benefit payments	(2.93)	(2.93)	-	(13.33)	(13.33)	-
<b>As at 31st December, 2018</b>	<b>19.57</b>	<b>84.16</b>	<b>64.59</b>	<b>40.67</b>	<b>157.77</b>	<b>117.10</b>
<b>As at 1 January, 2019</b>	<b>19.57</b>	<b>84.16</b>	<b>64.59</b>	<b>40.67</b>	<b>157.77</b>	<b>117.10</b>
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)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
Benefit payments	(11.29)	(15.99)	(4.70)	(14.47)	(23.88)	(9.41)
<b>As at 31st December, 2019</b>	<b>19.93</b>	<b>87.36</b>	<b>67.43</b>	<b>43.43</b>	<b>163.38</b>	<b>119.95</b>

### C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

in Rupees million	Pension		Gratuity	
	2019	2018	2019	2018
<b>Employee Benefit Expenses :</b>				
Current service cost	3.01	2.54	13.43	7.01
Past service cost	-	-	-	13.82
<b>Finance costs :</b>				
Interest cost	5.52	4.52	10.57	6.48
Interest income	(1.31)	(1.50)	(2.77)	(2.82)
<b>Net impact on profit (before tax)</b>	<b>7.23</b>	<b>5.56</b>	<b>21.23</b>	<b>24.49</b>
<b>Remeasurement of the net defined benefit plans:</b>				
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(0.05)	-	10.55
Actuarial (gain)/loss arising from changes in financial assumptions	2.00	14.47	4.71	29.80
Actuarial (gain)/loss arising from experience adjustments	8.65	4.27	1.22	10.12
<b>Net impact on other comprehensive income</b>	<b>10.65</b>	<b>18.69</b>	<b>5.93</b>	<b>50.47</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	
	2019	2018	2019	2018
<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)	19.93	19.57	43.43	40.67
<b>Total (B)</b>	<b>19.93</b>	<b>19.57</b>	<b>43.43</b>	<b>40.67</b>
<b>Total (A+B)</b>	<b>19.93</b>	<b>19.57</b>	<b>43.43</b>	<b>40.67</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	
	2019	2018	2019	2018
<b>Financial Assumptions</b>				
Discount rate (per annum)	6.90%	7.25%	6.90%	7.25%
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.



### 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	(2.84)	0.5	(6.03)
Decrease	0.5	3.01	0.5	6.46
<b>Salary escalation rate (per annum)</b>				
Increase	0.5	2.97	0.5	5.38
Decrease	0.5	(2.83)	0.5	(5.25)

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
	2019	2018	
Gratuity	7-11	7-11	21.60
Pension	7	7-9	3.79

### H. Expected Benefit Payments

in Rupees million	Pension	Gratuity
31 December 2020	3.79	21.60
31 December 2021	4.28	9.87
31 December 2022	14.47	15.63
31 December 2023	13.34	18.37
31 December 2024	10.92	14.51
31 December 2025 to 31 December 2029	56.60	111.93

## Post Retirement Medical Benefits

### 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	2019	2018
Present value of obligation	152.11	124.45
<b>Liability recognised in the Balance Sheet (refer note 19)</b>		
Retirement benefits obligations		
Current	14.12	11.40
Non Current	138.00	113.05

### B. Movements in Present Value of Obligation and Fair Value of Plan Assets

in Rupees million	2019	2018
<b>Change in defined benefit obligation:</b>		
Obligation at the beginning of the year	124.45	44.70
Current service cost	-	-
Past Service cost	-	69.11
Interest cost	8.59	2.79
Remeasurement (gain)/loss	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	4.24	-
Actuarial (gain)/loss arising from experience adjustments	26.88	20.20
Benefits paid	(12.05)	(12.35)
<b>Obligation at the end of the year</b>	<b>152.11</b>	<b>124.45</b>

### C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

in Rupees million	2019	2018
<b>Employee Benefit Expenses:</b>		
Current service cost	-	-
Past service cost	-	69.11
<b>Finance costs :</b>		
Interest cost	8.59	2.79
<b>Net impact on profit (before tax)</b>	<b>8.59</b>	<b>71.90</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	4.24	-
Actuarial (gain)/loss arising from experience adjustments	26.88	20.20
<b>Net impact on other comprehensive income (before tax)</b>	<b>31.12</b>	<b>20.20</b>

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expenses in Note 29.

#### 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	2019	2018
<b>Financial Assumptions</b>		
Discount rate (per annum)	6.90%	7.25%
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%	(5.99)
Decrease	0.5%	6.46
<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
	2019	2018	
Post retirement medical benefit	9	8	NA

#### G. Expected Benefit Payments

in Rupees million	
31 December 2020	14.60
31 December 2021	14.41
31 December 2022	14.19
31 December 2023	13.93
31 December 2024	13.66
31 December 2025 to 31 December 2029	63.49

#### 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. 2019	As at 31 Dec. 2018
Gross amount due from customers for contracts in progress	1,841.96	1,687.98
Gross amount due to customers for contracts in progress	1,249.85	1,382.02
Net Contract Balance	592.10	305.96

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to 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. 71.57 million.

##### (iv) Reconciliation of contracted price with revenue during the year

in Rupees million	As at 31 Dec. 2019
Opening contracted price of orders as at 1 January 2019	6,033.07
Increase due to additional consideration recognised as per contractual terms	105.45
Fresh orders/change orders received (net)	4,636.89
Total Revenue recognised during the year	4,396.82
Closing contracted price of orders as at 31 December 2019	6,378.59

#### 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. 2019	As at 31 Dec. 2018
Debt	1,084.72	11,993.57
Long-term borrowings	-	4,167.76
Short-term borrowings	84.72	2,496.65
Current maturity of long-term debts	1,000.00	5,329.16
Cash and cash equivalents	2,400.41	1,245.76
Net debt (a)	(1,315.69)	10,747.81
Total equity (b)	21,368.39	14,268.06
Equity share capital	852.84	852.84
Other equity	20,515.55	13,415.22
Net debt to equity ratio (a)/(b)	(0.06)	0.75

## 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. 2019	As at 31 Dec. 2018
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at fair value through other comprehensive income</b>		
Investments in equity instruments	0.29	0.31
Mark to market on derivative contracts*	-	120.59
<b>Financial assets measured at amortised cost</b>		
Cash and bank balances	2,408.56	1,254.03
Trade receivables	3,828.08	3,647.14
Other financial assets	522.37	737.42
	<b>6,759.30</b>	<b>5,759.49</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Borrowings	1,084.72	11,993.57
Trade payables	3,744.77	3,149.68
Other financial liabilities	706.30	902.37
	<b>5,535.79</b>	<b>16,045.62</b>

\* Mark to Market on derivative contracts are for hedging relationship only.

### 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 2019**

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	0.29	-	-	0.29

**As at 31 December 2018**

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	0.31	-	-	0.31

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 2019 and 31 December 2018.

### 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 following table sets out the fair value of derivatives held by the Company as at the end of each reporting period.

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forwards and swaps	-	-	120.59	-
<b>Classified as:</b>				
Non- Current	-	-	-	35.45
Current	-	-	120.59	2.92

At the end of the reporting period the total notional amount of outstanding foreign currency contracts and interest rate swaps and collars that the Company has committed to are as below:

in USD million	As at 31 Dec. 2019	As at 31 Dec. 2018
Foreign currency forwards		
Purchase	-	0.92
Sale	-	-
Foreign currency swaps	-	23.28

in Euro million	As at 31 Dec. 2019	As at 31 Dec. 2018
Foreign currency forwards		
Purchase	-	0.19
Sale	-	-

### 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 enters 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 mechanisms 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. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
US Dollar in India	35.68	207.56	172.87	1,770.88
Euro in India	29.18	43.99	355.44	682.73
GBP in India	-	-	17.72	17.55
AUD in India	-	-	0.00	1.22
SGD in India	-	-	16.11	11.76
JPY in India	-	-	16.97	9.18
BDT in India	-	-	0.12	0.08
MYR in India	-	-	-	0.01
THB in India	-	-	0.57	0.50

Of the above foreign currency exposures, the following exposures are not hedged

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
US Dollar in India	35.68	86.97	172.87	145.15
Euro in India	29.18	43.99	355.44	682.73
GBP in India	-	-	17.72	17.55
AUD in India	-	-	0.00	1.22
SGD in India	-	-	16.11	11.76
JPY in India	-	-	16.97	9.18
BDT in India	-	-	0.12	0.08
MYR in India	-	-	-	0.01
THB in India	-	-	0.57	0.50



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. 49.12 million for the year ended 31 December 2019 (31 Dec. 2018 : Rs. 85.02 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 2019, all foreign currency loans has been repaid during the year whereas as at 31 December 2018, all the long term foreign currency loans, the company had an interest rate swap, wherein the floating interest rates were converted into fixed interest rates.

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 2019 would increase/decrease by Nil (31 Dec. 2018 Rs. 7.50 Million).

#### 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.

The following tables details the movement in fair value and remaining terms of interest rate swap contracts at the end of the reporting period:

Cash flow hedges Outstanding receive Floating pay fixed contracts	Average contracted fixed interest rate		Nominal Value		Fair Value Asset/(Liabilities)	
	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
in Rupees million						
<b>Outstanding receive floating pay fixed contracts</b>						
Foreign Currency term loan from bank : Nil (31 December 2018: USD 5.82 millions)	-	7.99%	-	375.00	-	30.65
Foreign Currency term loan from bank : Nil (31 December 2018: USD 17.46 millions)	-	7.99%	-	1,125.00	-	89.76

The interest rate swap contracts are settled on cash basis. The company settles the difference between the fixed and floating interest rate on a net basis. The fair value on this interest rate swap contracts are included in schedule "Other financial assets/liabilities – Mark to market on derivative contracts". The net change in fair value of the Derivative Instruments (forward exchange contracts) during the current year ended 31 December 2019 is Nil (31 Dec. 2018 : Rs. 158.96 Million).

#### 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 31 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
<b>As at 31 December 2018</b>					
<b>Non-derivative liabilities</b>					
Borrowings	11,993.57	7,825.82	4,167.75	-	11,993.57
Trade payables	3,149.68	3,149.68	-	-	3,149.68
Security deposits	111.30	111.30	-	-	111.30
Unpaid dividend	3.89	3.89	-	-	3.89
Other Payables	787.19	787.19	-	-	787.19

#### 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 2019			31 December 2018		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
<b>1 Segment revenue</b>						
External revenue	13,216.24	4,396.82	17,613.06	18,013.44	3,895.76	21,909.20
- India	13,127.68	4,019.45		17,940.84	3,362.43	
- Outside India	88.56	377.37		72.60	533.33	
Interest income	4.80	-	4.80	7.34	-	7.34
Total external revenue (A)	13,221.04	4,396.82	17,617.86	18,020.78	3,895.76	21,916.54
Inter segment revenue (B)	-	76.41	76.41	-	153.68	153.68
<b>Total segment revenue (A) + (B)</b>	<b>13,221.04</b>	<b>4,473.23</b>	<b>17,694.27</b>	<b>18,020.78</b>	<b>4,049.44</b>	<b>22,070.22</b>
Less: Inter segment elimination			(76.41)			(153.68)
<b>Total revenue</b>			<b>17,617.86</b>			<b>21,916.54</b>
<b>2 Segment results</b>	2,499.12	564.29	3,063.41	1,626.48	542.19	2,168.67
Finance cost - unallocable			(862.50)			(1,027.01)
Other unallocable expenses			(479.41)			(669.96)
Profit before tax and exceptional item			1,721.50			471.70
Exceptional item			8,407.55			-
<b>Profit before tax</b>			<b>10,129.05</b>			<b>471.70</b>
Less: Tax expense			2,857.26			136.84
<b>Profit after tax</b>			<b>7,271.79</b>			<b>334.86</b>
<b>3 Segment assets</b>	25,279.10	3,100.66	28,379.76	28,674.10	3,093.83	31,767.93
Unallocated assets			3,768.39			2,080.67
<b>Total assets</b>			<b>32,148.15</b>			<b>33,848.60</b>
<b>4 Segment liabilities</b>	4,048.71	1,976.76	6,025.47	3,813.39	2,239.76	6,053.15
Unallocable liabilities			4,754.29			13,527.39
<b>Total liabilities</b>			<b>10,779.76</b>			<b>19,580.54</b>

## c) Other segment information

in Rupees million	31 December 2019			31 December 2018		
	Gases and Related Products	Project Engineering	Unallocable	Gases and Related Products	Project Engineering	Unallocable
Depreciation and amortisation	1,729.16	5.88	37.50	1,953.00	3.87	34.51
Addition to fixed assets (net of disposal)	545.31	9.92	21.31	759.18	8.62	88.97

## d) Revenue from major products

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>(i) Gases and Related Products</b>		
Air separation unit gases	11,789.49	16,920.19
Other cylinder gases	552.60	596.96
Others	874.14	496.29
<b>(ii) Project Engineering</b>		
Construction contracts	4,396.82	3,895.76
	<b>17,613.06</b>	<b>21,909.20</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. 17,613.06 million** (31 Dec. 2018: Rs. 21,909.20 million) are revenues of approximately **Rs. 2,478.44 million** (31 Dec. 2018: Rs. 7,694.61 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 2019 and 2018.

## 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

##### i) Ultimate Holding Company

Linde Public Limited Company, Ireland (From 01 November 2018)

##### ii) Intermediate Holding Company

Linde Aktiengesellschaft, Germany (From 01 November 2018, Ultimate holding company upto 31 October 2018)

##### iii) Holding Company (entity having control over the Company)

The BOC Group Limited, United Kingdom (Wholly owned Subsidiary of Linde Aktiengesellschaft, Germany)

##### 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
BOC (China) Holdings Co. Limited.	China
Linde Electronics & Speciality Gases (Suzhou) Co. Limited.	China
Linde Engineering (Dalian) Co. Ltd.	China
Linde Kryotechnik AG	Switzerland
Cryostar SAS	France
Linde Gáz Magyarország Zrt.	Hungary
AGA AB	France
PT. Linde Indonesia	Indonesia
Linde Korea	Korea
Linde Malaysia Sdn. Bhd.	Malaysia
Linde ROC SDN. BHD.	Malaysia
Linde Gas Asia Pte Ltd Philippines - ROHQ	Philippines
Linde Philippines Inc	Philippines
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
Linde Treasury Asia Pacific Pte Limited	Singapore
BOC Limited (Australia)	Australia
Ceylon Oxygen Limited	Srilanka
BOC Limited - ENG (Gases)	United Kingdom
Linde Cryoplants Limited	United Kingdom
Linde Gas North America LLC E&S Gas	United States of America
Linde Gas Vietnam Limited	Vietnam
Linde (Thailand) Public Company Limited	Thailand
Shanghai BOC Gases Co., Ltd.	China
Division Linde Global Helium	United States of America
PU Linde LLC	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 (From 1 November 2018)	
<b>Joint Venture</b>	
Bellary Oxygen Company Private Limited	

## v) Key Management Personnel of the Company

Mr. M Banerjee, Managing Director (till 6 June 2019)

Mr. A Banerjee, Managing Director (w.e.f. 7 June 2019)

Mr. I Bagchi, Chief Financial Officer (till 6 June 2019)

Mr. S Ghosh, Chief Financial Officer (w.e.f. 7 June 2019)

Mr. P Marda, Asst Vice President &amp; Company Secretary

## B) Transactions with Related Parties during the year

Nature of Transaction (in Rupees million)	Intermediate Holding Company*	Holding Company	Fellow Subsidiaries	Joint Venture	Employee Funds	Key Management Personnel
Purchase of Goods - Gases, Equipment/ Spares	36.74 (278.78)	- -	607.50 (556.74)	100.53 (94.14)	- -	- -
Purchase of Fixed Assets/Capital Spares	2.38 (64.84)	- -	37.70 (20.36)	- -	- -	- -
Support Services - Engineering Assistance, IS Charges & Technical Assistance Fees	190.61 (249.84)	192.51 (8.44)	176.15 (189.30)	- -	- -	- -
Service Charges Received -Facility Fees Income	- -	- -	7.55 (6.69)	- -	- -	- -
Sale of Goods/Spares/Fixed Assets/ Services & Revenue from Construction Contract	10.47 (119.11)	- -	346.83 (361.99)	17.16 (14.84)	- -	- -
Recovery of Personnel Cost	9.98 (12.08)	3.19 (3.61)	61.11 (82.53)	10.54 (6.15)	- -	- -
Reimbursement of Expenses	1.54 (1.50)	- -	- (0.50)	- (1.02)	- -	- -
Rental Income	- -	- -	18.96 (18.96)	- -	- -	- -
Managerial Remuneration	- -	- -	- -	- -	- -	44.79 (64.00)
Dividend Paid	- -	95.94 (63.96)	- -	- -	- -	- -
Dividend Received	- -	- -	- -	97.50 (142.50)	- -	- -
Borrowings during the year	- -	- -	1,000.00 (1,000.00)	- -	- -	- -
Repayment of Borrowings	6,277.77 (2,554.76)	- -	3,400.00 (100.00)	- -	- -	- -
Contribution to Employees' Benefit Plans	- -	- -	- -	- -	86.79 (82.91)	- -
Interest on Borrowings	351.06 (610.46)	- -	208.42 (152.69)	- -	- -	- -
<b>Outstanding balances:</b>						
- Receivables	35.69 (43.68)	14.78 (4.41)	192.71 (166.30)	17.69 (12.21)	- -	- -
- Payables	321.67 (421.19)	244.79 (0.01)	293.70 (397.51)	50.97 (42.25)	- -	- -
- Payables for Borrowings	- (6,277.77)	- -	- (2,400.00)	- -	- -	- -
- Interest accrued but not due	- (118.52)	- -	- (12.64)	- -	- -	- -
- Advance to Vendors/Capital Advances	22.10 (5.09)	- -	25.98 (82.68)	- -	- -	- -
- Advance from Customer	- -	- -	0.68 (1.73)	- -	- -	- -

\*Linde Aktiengesellschaft, Germany (Intermediate holding company from 01 November 2018, Ultimate holding company upto 31 October 2018)

#### 46. Leases

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. 2019	As at 31 Dec. 2018
<b>Future minimum lease payments</b>		
not later than one year	882.87	882.87
later than one year and not later than five years	4,357.85	4,384.85
later than five years	6,942.63	7,798.50
	<b>12,183.35</b>	<b>13,066.22</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 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. 2019		As at 31 Dec. 2018	
	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	1.91	7.68	2.43
Later than one year and not later than five years	28.80	4.18	30.72	5.53
Later than five years	-	-	5.76	0.56
<b>Total future minimum lease commitments</b>	<b>36.48</b>	<b>6.09</b>	<b>44.16</b>	<b>8.52</b>
Less: Unearned finance income	14.96		20.48	
<b>Present value of minimum lease payments receivable</b>	<b>21.52</b>		<b>23.68</b>	
<b>Disclosed as:</b>				
Other financial asset - finance lease receivable (refer note 8 )				
Non-Current	18.78		21.52	
Current	2.74		2.16	
	<b>21.52</b>		<b>23.68</b>	

##### C. Operating lease as a lessee:

Company has taken various residential and office premises under operating lease or leave and license agreements. These agreements are for period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rental. Minimum lease payment charged during the year to the statement of profit and loss aggregated to Rs. 54.82 million (31 Dec. 2018: Rs. 73.26 million) (refer note 32).

#### 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. 2019	As at 31 Dec. 2018	
Bellary Oxygen Company Private Limited (Belloxy)	Production and sale of air gases	Karnataka, Bellary	50%	50%	N

#### b) Summary of financial information

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Current Assets	299.12	271.37
Non Current Assets	1,067.40	1,118.62
Current Liabilities	53.79	49.18
Non Current Liabilities	244.97	278.51
Equity	1,067.75	1,062.30
Revenue*	502.71	1,048.94
Expenses	224.66	761.05
Profit before tax for the year	278.05	287.89
Tax Expense	37.51	39.53
Profit after tax for the year	240.54	248.36
Profit attributable to the owners of the Company	120.27	124.18
Profit attributable to the non controlling interest	120.27	124.18
Profit for the year	240.54	248.36
Other Comprehensive Income attributable to the owners of the Company	-	-
Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	-	-
Other Comprehensive Income	-	-
Total Other Comprehensive Income attributable to the owners of the Company	-	-
Total Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	-	-
Total Other Comprehensive Income	240.54	248.36
Dividends paid to non controlling interest	-	-
Net Cash Flow from operating activities	289.32	332.83
Net Cash Flow from investing activities	4.75	8.66
Net Cash Flow from financing activities	(235.62)	(345.39)
Net Cash inflow/(outflow)	58.45	(3.90)

\* Effective 1 January 2019, the Company has applied Ind AS 115 – Revenue from Contracts with Customer which outlines single comprehensive model for accounting of revenue arising from contracts with customers and supersedes Ind AS 18 Revenue and Ind AS 11 Construction contracts.

The Company opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The first-time application of new accounting standard Ind AS 115 had a negative impact on revenue. Costs which had previously been disclosed gross are now required to be reduced from revenue, which had led to a reduction in revenue and a reduction of an equal amount in cost of sales by Rs. 577.63 Million for the period ending 31 December 2019. Further sale of finished goods for the current year includes revenue from sale of finished goods, facility charges and compensation for short lifting in line with the requirement of IND AS 115.



c) Company's transaction with Bellary Oxygen Company Private Limited, being a related party during the year ended 31 December 2019 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 24 February 2020, the Board of Directors of the Company have proposed a dividend of Rs. 10.00 per share including a special dividend of Rs. 7.50 per share in respect of the year ended 31 December 2019, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs. 852.84 million.

49. The financial statements were approved for issue by the Board of Directors on 24 February 2020.

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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

S GHOSH, Chief Financial Officer FCA : 063318

P MARDIA, Asst. Vice President & Company Secretary ACS : 8625

# 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, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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, 2019, 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 - Estimation of cost in PED Business</b> 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 profits / losses may deviate significantly on account of change in judgements and estimates. For this reason, we identified revenue recognition from such contracts as a key audit matter</p> <p>Refer to the Accounting Policy para 2(e), Notes 24 and 40 to the Standalone Financial Statements.</p>	<p><b>Principal audit procedures:</b> 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 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 the actual costs incurred on construction works during the reporting period for selected contracts on sample basis;</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>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Asset Held for Sale: Accounting and disclosure on divestment of business</b></p> <p>In connection with the combination between Linde AG and Praxair Inc, the Competition Commission of India ('CCI') has issued an order for divestment of Southern Region Business of the Company.</p> <p>On December 16, 2019, the Company has completed the divestment of Southern Region Business as per the CCI's order. The transfer have been done as per business transfer agreement on slump sale basis. On completion of the transaction, the Company has received a consideration of Rs. 13,800 million which is financially significant to the Company.</p> <p>The matter has been considered as Key Audit Matter for the reasons stated below:</p> <ol style="list-style-type: none"> <li>The Company have to divest its southern region business necessarily as per CCI order for the successful execution of Global merger</li> <li>Identification of related assets and liabilities of the Southern Region Business on date of disposal of control</li> <li>Inaccurate computation of profit / loss on disposal of Southern Region Business</li> <li>Accounting done without appropriate approvals in place</li> <li>Complex tax adjustments</li> <li>Presentations and disclosures of the divestment transaction in the financial statements in conformity with the applicable accounting standards.</li> </ol> <p>Refer to the Accounting Policy para 2(w) and Notes 14 to the Standalone Financial Statements.</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>Identified and tested the controls related to divestment of Southern Regional Business on slump sale basis and recognition of the profit on sale of disposal;</li> <li>Tested the accuracy and completeness of related assets and liabilities identified as part of the Southern Regional Business on date of disposal of the control alongwith evaluation of the estimates and judgements</li> <li>Tested the reasonableness of the computation of the profit on disposal of Southern Regional Business by reconciling the consideration to the Business Transfer Agreement (BTA), bank accounts and by verifying the underlying accounting records for the identified assets and liabilities;</li> <li>Tested the appropriateness of the transaction by verifying the BTA entered for disposal of business and ensured that the same have been approved by the appropriate level of authority as per the Company authority matrix;</li> <li>Tested the reasonableness of the tax computation on disposal of Southern Regional Business, related expenses and profit recognised on the same and involved our internal tax specialist to ensure that appropriateness of the tax computation and relevant tax adjustments;</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>

#### 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

1. 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.
  - b. 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.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone 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 as on 31 December, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31 December, 2019 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 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.
  - 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 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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. 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.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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.

# 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, 2019 in conjunction with our audit of the standalone 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, 2019, based on the internal control over financial reporting criteria established by the respective 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 property, plant and equipment.
- (b) The Company has a program of verification of property, plant and equipment 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 property, plant and equipment 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.
- (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, providing guarantees and securities, as applicable. The provisions of section 186 of the Act in respect of Investments have been complied with by the company.
- (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 generally been regular in depositing undisputed dues, including Provident Fund, 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, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 December, 2019 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, 2019 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	23.90	5.00
		First Appellate Authority	1989-2018	447.75	127.46
		Tribunal	1995-2017	123.99	75.90
		Revisional Board	1998-2012	30.98	10.51
		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	152.38	2.23
		First Appellate Authority	2012-2017	2.79	0.29
		Tribunal	1991-2017	352.88	21.99
		High Court	1998-2009	4.96	2.50
		Supreme Court	1999-2009	21.31	-
Finance Act, 1944	Service Tax	Adjudicating Authority	2004-2017	31.89	4.55
		First Appellate Authority	2005-2010	2.77	0.09
		Tribunal	2007-2015	831.92	19.29

- (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 banks. The Company has not borrowed any money from financial institutions and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanation given to us, the Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Term loans raised during the year were applied for the purpose for which those were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year. The management of the Company has detected certain transactions involving misappropriation of Company's fund, which was committed by employees in connivance with some contractual employees and vendors. The amount of misappropriation of funds involved in the fraud over last four years amounted to Rs 36 million approx. which was fully provided for in respective years. The impact of the above during the current year is not material. The management has taken both corrective and preventive actions in order to ensure that it does not occur in future. Except for the instances noted above, no 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.



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# Consolidated Financial Statements

# Consolidated balance sheet.

as at 31 December 2019

in Rupees million	Note	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	20,348.04	21,608.17
Capital work-in-progress	5	529.39	444.57
Intangible assets	6	3.35	7.36
<b>Financial assets</b>			
Investments	7	0.29	0.31
Other financial assets	8	41.06	86.55
Non current tax assets (net)	9	144.01	89.25
Other non current assets	10	1,866.91	1,559.81
<b>Total non- current assets (A)</b>		<b>22,933.05</b>	<b>23,796.02</b>
<b>Current assets</b>			
Inventories	11	654.05	709.56
<b>Financial assets</b>			
Trade receivables	12	3,828.08	3,647.14
Cash and cash equivalents	13	2,400.41	1,245.76
Other balances with bank	13A	8.15	8.27
Other financial assets	8	481.31	771.46
Other current assets	10	1,651.07	1,266.73
<b>Total current assets (B)</b>		<b>9,023.07</b>	<b>7,648.92</b>
Assets classified as held for sale (C)	14	542.73	2,754.36
<b>TOTAL ASSETS (A+B+C)</b>		<b>32,498.85</b>	<b>34,199.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	852.84	852.84
Other equity	16	20,866.25	13,765.92
<b>Total equity (D)</b>		<b>21,719.09</b>	<b>14,618.76</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	-	4,167.76
Provisions	19	662.68	564.08
Deferred tax liabilities (net)	20	1,961.37	880.92
Other non-current liabilities	22	311.04	332.69
<b>Total non-current liabilities</b>		<b>2,935.09</b>	<b>5,945.45</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	84.72	2,496.65
Trade payables			
(A) total outstanding dues of micro and small enterprises	23	1.29	0.65
(B) total outstanding dues of creditors other than micro and small enterprises	23	3,743.48	3,149.03
Other financial liabilities	18	1,706.30	6,231.53
Provisions	19	460.68	635.28
Current tax liabilities (net)	21	305.27	-
Other current liabilities	22	1,542.93	1,121.95
<b>Total current liabilities</b>		<b>7,844.67</b>	<b>13,635.09</b>
<b>Total liabilities (E)</b>		<b>10,779.76</b>	<b>19,580.54</b>
<b>TOTAL EQUITY AND LIABILITIES (D+E)</b>		<b>32,498.85</b>	<b>34,199.30</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

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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

S GHOSH, Chief Financial Officer FCA : 063318  
P MARDA, Asst. Vice President & Company Secretary ACS : 8625

# Consolidated statement of profit and loss.

for the year ended 31 December 2019

in Rupees million	Note	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>INCOME</b>			
Revenue from operations	24	17,617.86	21,916.54
Other income	25	188.16	83.84
<b>TOTAL INCOME (A)</b>		<b>17,806.02</b>	<b>22,000.38</b>
<b>EXPENSES</b>			
Power and fuel		3,486.70	8,901.18
Cost of materials consumed	26	3,071.86	2,764.33
Purchase of stock-in-trade	27	1,078.77	1,124.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	32.61	33.72
Employee benefits expenses	29	1,135.91	1,272.92
Finance costs	30	862.50	1,027.01
Depreciation and amortisation expense	31	1,772.54	1,991.38
Other expenses	32	4,643.63	4,555.67
<b>TOTAL EXPENSE (B)</b>		<b>16,084.52</b>	<b>21,671.18</b>
Share of profit from joint venture		-	64.56
<b>Profit before exceptional items and tax C = (A-B)</b>		<b>1,721.50</b>	<b>393.76</b>
Exceptional Items (D)	34	8,407.55	-
<b>Profit before tax E = (C+D)</b>		<b>10,129.05</b>	<b>393.76</b>
<b>Tax Expense</b>			
Current tax	20	1,744.87	155.48
Deferred tax	20	1,112.39	(18.64)
<b>TOTAL TAX EXPENSE (F)</b>		<b>2,857.26</b>	<b>136.84</b>
<b>Profit for the year (G) = (E-F)</b>		<b>7,271.79</b>	<b>256.92</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement losses on defined benefit plans		(47.73)	(89.36)
Fair value changes of investments in equity shares		(0.02)	0.04
<b>Income tax relating to items that will not be reclassified to profit or loss</b>		<b>31.44</b>	<b>31.22</b>
<b>Items that will be reclassified to profit or loss</b>			
Fair value changes due to cash flow hedges		(1.42)	25.91
<b>Income tax relating to items that will be reclassified to profit or loss</b>		<b>0.50</b>	<b>(8.97)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H)</b>		<b>(17.23)</b>	<b>(41.16)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I) = (G+H)</b>		<b>7,254.56</b>	<b>215.76</b>
Earnings per share :	35		
<b>Basic and Diluted (Rs.)</b>		<b>85.27</b>	<b>3.01</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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

R HUGHES, Chairman DIN : 08493540  
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S GHOSH, Chief Financial Officer FCA : 063318  
P MARDIA, Asst. Vice President & Company Secretary ACS : 8625

# Consolidated statement of changes in equity.

for the year ended 31 December 2019

## A. Equity share capital

in Rupees million	Equity share capital
Balance as at 1 January 2018	852.84
Changes in equity share capital during the year	-
<b>Balance at 31 December 2018</b>	<b>852.84</b>
Changes in equity share capital during the year	-
<b>Balance at 31 December 2019</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 2018	6,972.52	995.67	5,700.63	0.17	(16.02)	13,652.97
Profit for the year	-	-	256.92	-	-	256.92
Payment of Dividends	-	-	(85.28)	-	-	(85.28)
Tax on Dividend	-	-	(17.53)	-	-	(17.53)
Other Comprehensive Income (net of taxes)	-	-	(58.14)	0.04	16.94	(41.16)
<b>Balance as at 31 December 2018</b>	<b>6,972.52</b>	<b>995.67</b>	<b>5,796.60</b>	<b>0.21</b>	<b>0.92</b>	<b>13,765.92</b>
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>

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

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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

R HUGHES, Chairman DIN : 08493540  
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S GHOSH, Chief Financial Officer FCA : 063318  
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# Consolidated cash flow statement.

for the year ended 31 December 2019

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018	in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Profit before tax for the year	10,129.05	393.76	Purchase for property, plant and equipment, Intangibles	(833.20)	(941.24)
Adjustments for:			Proceeds from disposal of property, plant and equipment	330.12	46.59
Depreciation and amortisation expense	1,772.54	1,991.38	Proceeds from Sale of Asset Held for Sale	13,800.00	-
Gain on sale of non-current assets	(21.15)	(3.23)	Payment of consent fees for assignment of contract	(2,500.00)	-
Finance costs recognised in profit or loss	862.50	1,027.01	Income tax paid on profit from disposal of Assets Held for Sale	(1,101.73)	-
Interest income on unwinding of security deposits	(1.16)	(1.64)	Dividends received	97.50	142.50
Interest Income on deposits	(16.04)	(14.23)	Interest received	20.10	20.64
Dividends on non-current investments	(97.50)	-	Bank deposits (having original maturity of more than 3 months)	0.12	3.53
Share of profit from Joint Venture	-	(64.56)	<b>Net cash generated from/(used in) investing activities</b>	<b>9,812.91</b>	<b>(727.98)</b>
Interest income on finance lease arrangement	(4.80)	(7.34)	<b>Cash flows from financing activities</b>		
Exceptional items	(8,407.55)	-	Proceeds from borrowings	6,863.29	3,131.34
<b>Operating cash flow before working capital changes</b>	<b>4,215.89</b>	<b>3,321.15</b>	Repayment of borrowings	(17,652.99)	(4,145.63)
Movements in working capital:			Finance cost paid	(981.82)	(1,039.28)
Increase in trade receivables	(491.06)	(63.77)	Dividends paid to owners of the Company	(127.93)	(85.28)
Decrease in financial assets	119.22	6.42	Tax paid on dividend	(26.30)	(17.53)
Increase in other current and non-current assets	(640.53)	(29.81)	<b>Net cash used in financing activities</b>	<b>(11,925.75)</b>	<b>(2,156.38)</b>
Increase in inventories	(31.12)	(26.30)	<b>Net increase in cash and cash equivalents</b>	<b>1,154.65</b>	<b>871.27</b>
Increase in liabilities and provisions	228.06	625.63	Cash and cash equivalents at the beginning of the year	1,245.76	374.49
<b>Cash generated from operations</b>	<b>3,400.46</b>	<b>3,833.32</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>2,400.41</b>	<b>1,245.76</b>
Income taxes paid (net)	(132.97)	(77.69)			
<b>Net cash generated from operating activities</b>	<b>3,267.49</b>	<b>3,755.63</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

ABHIJIT BANDYOPADHYAY, Partner  
Membership No. : 054785  
Kolkata, 24 February 2020

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

S GHOSH, Chief Financial Officer FCA : 063318  
P MARDA, Asst. Vice President & Company Secretary ACS : 8625

# Notes to consolidated financial statements.

## for the year ended 31 December 2019

### 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 2019, The BOC Group United Kingdom owns 75.03% 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 2019 were approved by the Board of directors and authorized for issue on 24 February 2020.

### 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 venture have been prepared through incorporating the results and assets and liabilities of joint venture 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 depreciation of 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 and revenue recognition.

#### 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:

- a) it is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) 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:

- a) it is expected to be settled in the company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) 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

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" effective 1 January 2019. Ind AS 115 supersedes Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts". The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st January, 2019). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated- i.e. the comparative information continues to be reported under Ind AS 18. The adoption of the standard did not have any material impact on the financial statements of the Company.

##### 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 one 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 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.

#### 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.

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

The useful lives are reviewed at least 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 at least 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

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.

#### 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

Contributions under defined contribution plans are recognised as expense for the period in which the employee has rendered the service. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

###### 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

**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 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.

#### 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 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 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.

**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 amendment that is not yet effective and have not been early adopted**

The amendments to standards that are issued, but not yet effective, upto date of issuance of the Company's financial statements are disclosed below.

**Recently issued Accounting Standards  
Ind AS 116 – "Leases"**

On Mar 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases, applicable from the financial years beginning on or after April 01, 2019. It is applicable to Company from the year beginning January 01, 2020. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and

requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards also. The amendments have been made effective from year beginning on or after Apr 01, 2019. The same will be applicable to the Company with effect from the year beginning January 01, 2020.

- a. Ind AS 12 - Income taxes, Appendix C on uncertainty over income tax treatments
- b. Ind AS 23 - Borrowing costs
- c. Ind AS 28 - Investment in associates and joint ventures
- d. Ind AS 103 and Ind AS 111 - Business combinations and joint arrangements
- e. Ind AS 109 - Financial instruments
- f. Ind AS 19 - Employee benefits

The Company is in the process of evaluating the impact of such amendments and does not expect significant impact on its financial statements.

The Company will adopt these amendments from their applicability date.

**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:

Key source of estimation of uncertainty at the date of financial statements, which may require adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### i) Depreciation and amortisation

Depreciation and amortization are based on management estimates of the future useful life of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life of the assets and in the depreciation and amortization.

In terms of Part B of Schedule II of the Companies Act, 2013, the Company has followed the useful life 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 2019</b>	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)
<b>Cost/Deemed cost as at 31 December 2019</b>	<b>212.27</b>	<b>930.29</b>	<b>25,864.27</b>	<b>47.36</b>	<b>20.00</b>	<b>182.88</b>	<b>27,257.07</b>	<b>529.39</b>	<b>27,786.46</b>
<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)
<b>Balances as at 31 December 2019</b>	<b>-</b>	<b>226.94</b>	<b>6,497.30</b>	<b>25.40</b>	<b>13.11</b>	<b>146.28</b>	<b>6,909.03</b>	<b>-</b>	<b>6,909.03</b>
<b>Net carrying value as at 31 December 2019</b>	<b>212.27</b>	<b>703.35</b>	<b>19,366.97</b>	<b>21.96</b>	<b>6.89</b>	<b>36.60</b>	<b>20,348.04</b>	<b>529.39</b>	<b>20,877.43</b>
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



**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
<b>I. Cost/Deemed cost as at 1 January 2018</b>	197.91	1,017.08	27,391.90	51.37	12.20	162.47	28,832.93	359.13	29,192.06
Additions	20.71	55.99	788.95	0.38	18.84	37.86	922.73	1,015.28	1,938.01
Disposals	-	(1.16)	(64.21)	-	(0.53)	(0.06)	(65.96)	-	(65.96)
Assets capitalised during the year	-	-	-	-	-	-	-	(922.73)	(922.73)
Classified as Assets held for sale (refer note 14)	(3.04)	(142.87)	(2,634.74)	(5.79)	(18.46)	(13.77)	(2,818.67)	(7.11)	(2,825.78)
<b>Cost/Deemed cost as at 31 December 2018</b>	215.58	929.04	25,481.90	45.96	12.05	186.50	26,871.03	444.57	27,315.60
<b>II. Accumulated depreciation and impairment</b>									
Balances as at 1 January 2018	-	156.15	3,594.01	15.86	5.98	95.54	3,867.54	-	3,867.54
Depreciation expense for the year	-	63.74	1,863.92	6.73	4.63	46.62	1,985.64	-	1,985.64
Disposals	-	(1.13)	(16.71)	-	(0.30)	(0.06)	(18.20)	-	(18.20)
Classified as Assets held for sale (refer note 14)	-	(26.65)	(530.55)	(2.48)	(4.43)	(8.01)	(572.12)	-	(572.12)
<b>Balances as at 31 December 2018</b>	-	192.11	4,910.67	20.11	5.88	134.09	5,262.86	-	5,262.86
<b>Net carrying value as at 31 December 2018</b>	215.58	736.93	20,571.23	25.85	6.17	52.41	21,608.17	444.57	22,052.74
Net carrying value as at 1 January 2018	197.91	860.93	23,797.89	35.51	6.22	66.93	24,965.39	359.13	25,324.52

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 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
Cost/Deemed cost as at 1 January 2018	398.10	18,533.39	18,931.49
Accumulated Depreciation	119.04	3,510.14	3,629.18
Net carrying value as at 31 December 2018	279.06	15,023.25	15,302.31
Depreciation expense for the year	33.39	1,197.77	1,231.16

## 6. Intangible assets

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>	<b>22.30</b>	<b>7.51</b>	<b>29.81</b>
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2019</b>	<b>13.82</b>	<b>7.51</b>	<b>21.33</b>
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>	<b>18.95</b>	<b>7.51</b>	<b>26.46</b>
<b>Net carrying value as at 31 December 2019</b>	<b>3.35</b>	<b>-</b>	<b>3.35</b>
Net carrying value as at 1 January 2019	7.36	-	7.36

in Rupees million	Software	Non-Compete Fees	Total intangible assets
<b>I. Cost/Deemed cost as at 1 January 2018</b>	21.78	7.51	29.29
Additions	2.96	-	2.96
Disposals	-	-	-
Classified as Assets held for sale(refer note 14)	(3.56)	-	(3.56)
<b>Cost/Deemed cost as at 31 December 2018</b>	<b>21.18</b>	<b>7.51</b>	<b>28.69</b>
<b>II. Accumulated amortisation and impairment</b>			
<b>Balances as at 1 January 2018</b>	<b>12.22</b>	<b>6.93</b>	<b>19.15</b>
Amortisation expense for the year	5.16	0.58	5.74
Disposals	-	-	-
Classified as Assets held for sale(refer note 14)	(3.56)	-	(3.56)
<b>Balances as at 31 December 2018</b>	<b>13.82</b>	<b>7.51</b>	<b>21.33</b>
<b>Net carrying value as at 31 December 2018</b>	<b>7.36</b>	<b>-</b>	<b>7.36</b>
Net carrying value as at 1 January 2018	9.56	0.58	10.14

## 7. Investments

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Quoted	Unquoted	Quoted	Unquoted
<b>Non-Current</b>				
Investments in equity instruments				
Others (classified at fair value through OCI)				
Woodlands Multispeciality Hospital Limited*	-	0.00	-	0.00
2,980 equity shares of Rs. 10 each (31 Dec. 2018: 2,980 equity shares of Rs. 10 each)				
JSW Steel Limited	0.29	-	0.31	-
1,000 shares of Re. 1 each (31 Dec. 2018: 1,000 of Re. 1 each)				
	0.29	0.00	0.31	0.00
<b>Additional Information</b>				
Aggregate amount of quoted investments and market value thereof	0.29	-	0.31	0.00
Aggregate amount of unquoted investments	-	0.00	-	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. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
Loans to employees	-	0.73	-	2.02
Receivables from related parties for recovery of expenses	-	138.10	-	110.69
Security deposits	22.28	14.29	65.03	29.00
Finance lease receivable	18.78	2.74	21.52	2.16
Receivable from mark to market on derivative contracts	-	-	-	120.59
Claims including escalation	-	196.26	-	297.70
Receivable from sale of property plant and equipments	-	-	-	47.40
Interest accrued on deposit	-	1.68	-	0.93
Others	-	127.51	-	160.97
	41.06	481.31	86.55	771.46

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

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Advance tax (net of provisions)	144.01	89.25
	<b>144.01</b>	<b>89.25</b>

**10. Other assets**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
<b>Unsecured, considered good</b>				
<b>To related parties</b>				
Capital advances	0.84	-	-	-
Advances for supplies/services	-	32.43	-	87.77
<b>To parties other than related parties</b>				
Capital advances	129.64	-	77.90	-
Advances for supplies/services	-	259.76	-	387.01
<b>Advance with public bodies and tax authorities</b>				
Customs, excise, sales tax, etc.	308.67	-	252.63	-
GST receivable	-	593.63	-	28.57
Unbilled revenue	1,176.68	665.27	993.55	694.43
Security deposits	86.13	-	73.87	-
Prepaid lease payments	150.50	1.91	156.53	1.91
Prepaid expenses	14.45	95.32	5.33	64.27
Advance to employees	-	2.75	-	2.77
	<b>1,866.91</b>	<b>1,651.07</b>	<b>1,559.81</b>	<b>1,266.73</b>

**11. Inventories**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Raw materials	13.25	10.56
Work in progress	14.27	6.41
Finished goods	248.33	288.80
Stores and spares	378.20	403.79
	<b>654.05</b>	<b>709.56</b>

i) Finished goods Includes Goods in Transit of **Rs. 18.09 million** (31 Dec. 2018: Rs. 11.24 million)

ii) The value of stores and spares above is after providing for slow moving and obsolete spares of **Rs. 163.75 million** (31 Dec. 2018: Rs. 192.86 million)

iii) Cost of inventory recognised as expense during the year amount to **Rs. 14,113.85 million** (31 Dec. 2018: Rs. 14,353.55 million)

**12. Trade receivables**

	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Trade receivables</b>		
Unsecured, considered good	3,828.08	3,647.14
Credit Impaired	46.32	38.99
Unsecured, considered doubtful	222.20	237.31
Less: Allowance for credit losses	268.52	276.30
	<b>3,828.08</b>	<b>3,647.14</b>

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. 2019	As at 31 Dec. 2018
Balance at the beginning of the year	276.30	255.11
Allowances made during the year	100.90	80.18
Release to statement of profit and loss	(46.87)	(49.78)
Bad debt written off	(61.81)	(9.21)
<b>Balance at the end of the year</b>	<b>268.52</b>	<b>276.30</b>

#### Trade Receivables

Out of the Trade receivables Rs. 1,028.54 million (31 Dec. 2018: Rs. 855.62 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. 2019	As at 31 Dec. 2018
Amounts not yet due	2,602.10	2,407.15
Three months overdue	801.43	972.54
Between three to twelve months overdue	327.35	300.71
Greater than twelve months overdues	365.72	243.04
	<b>4,096.60</b>	<b>3,923.44</b>

### 13. Cash and cash equivalents

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Cash in hand *	0.02	0.04
Balances with banks		
In Current account	203.01	89.72
In Deposit account - Original maturity of 3 months or less	2,197.38	1,156.00
	<b>2,400.41</b>	<b>1,245.76</b>

\* 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. 2019	As at 31 Dec. 2018
In Other deposit accounts		
Original maturity more than 3 months #	4.41	4.38
Earmarked balances with banks		
Unclaimed dividend accounts	3.74	3.89
	<b>8.15</b>	<b>8.27</b>

# these deposit has been lien marked against earnest money deposits.

#### 14. Assets classified as held for sale

Linde AG, the intermediate holding company of Linde India Limited (the Company) and Praxair, Inc had earlier entered into a legally binding Business Combination Agreement, which was successfully completed on 31 October 2018. The aforesaid global merger necessitated obtaining anti-trust/competition approvals from various jurisdictions across the globe. Accordingly, Linde AG and Praxair, Inc had applied to the Competition Commission of India (CCI) seeking approval of the business combination in India, pursuant to which after multiple hearings, the CCI had issued an order dated 6 September 2018 to Linde AG and Praxair, Inc. approving the global merger subject to divestment of certain assets controlled by them in India. As per order of the CCI, Linde India limited is required to divest the "South Region Divestment Business" and "Belloxy Divestment Business" of the Company as specified in the said order.

Accordingly, during the current year in 2019, the Company has divested the "South Region Divestment Business" comprising the business of producing, distributing and selling various industrial gases, viz. oxygen, nitrogen and argon from the Company's (JSW- 2) 1800 tonnes per day onsite Air Separation plant located at Bellary, Karnataka and the Company's cylinder filling stations located at Hyderabad and Chennai as more fully described in Schedule II of the CCI Order, along with surplus land in Chennai and Hyderabad PGP sites and a decommissioned Air Separation Unit at Hyderabad site, all on a "slump-sale" and "as is where is basis" to Air Water India Private Limited, a company incorporated under the Companies Act, 2013 for an aggregate sale consideration of Rs. 13,800 million.

As at 31 December 2019, the divestment of "Belloxy Divestment Business" is pending. The "Belloxy Divestment Business" as more fully described in the Schedule III of the CCI Order comprises of the business of distributing and selling liquid oxygen, liquid nitrogen & liquid argon purchased from Bellary Oxygen Company Private Limited and conducted from the Bellary Trading Office of the Company along with 15,000,000 equity shares of Rs. 10 each fully paid up, being 50% of the total issued and paid up equity share capital of Bellary Oxygen Company Private Limited, a company incorporated under the Companies Act, 1956. Bellary Oxygen Company Private Limited owns and operates 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. The Company has agreed to divest Belloxy Divestment Business to Inox Air Products Private Limited, a company incorporated under the Companies Act, 1956 and have signed a term sheet on 20 December 2019 and has obtained approvals from Board of Directors on 12 January 2020 and from Shareholders on 20 February 2020. The Company is in the process of obtaining approval from the CCI.

The major classes of assets held for sale is as below:

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Assets classified as held for sale:</b>		
Property, plant and equipment	40.13	2,246.55
Capital work-in-progress	1.90	7.11
Investments in joint venture	500.70	500.70
	<b>542.73</b>	<b>2,754.36</b>

#### 15. Equity Share Capital

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Authorised:</b>		
86,000,000 Equity Shares of Rs. 10 each (31 December 2018: 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 December 2018: 85,286,209 Equity Shares of Rs. 10 each)	852.86	852.86
	<b>852.86</b>	<b>852.86</b>
<b>Subscribed and paid up:</b>		
85,284,223 Equity Shares of Rs. 10 each (31 December 2018: 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. 2019		As at 31 Dec. 2018	
	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. 2019		As at 31 Dec. 2018	
	No of Shares	Amount	No of Shares	Amount
	The BOC Group Ltd,U.K., holding company	63,988,443	639.88	63,963,167

## iii) Particulars of shareholders holding more than 5% shares in the company is as below

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	No of Shares	% of total shares in class	No of Shares	% of total shares in class
	The BOC Group Ltd,U.K., holding company	63,988,443	75.03%	63,963,167
Reliance Capital Trustee Co. Ltd	8,419,627	9.87%	8,399,627	9.85%

## 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.

## v) Increase in Promoter Shareholding from 75% to 75.03%

Pursuant to the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as amended, The BOC Group Ltd. 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 2,13,21,056 fully paid up equity shares of Rs. 10 each representing 25% of the voting capital of Linde India Limited (target company), which closed on 17 September 2019. The BOC Group Ltd. acquired 25,276 shares under the said Open Offer on 27 September 2019, which were credited to their demat account on 03 October 2019. As a result of this, the shareholding of The BOC Group Ltd. increased to 63,988,443 equity shares representing 75.03% of the total voting share capital of Linde India Limited. The Acquirer and the PAC have confirmed that they shall take such steps and measures to comply with the requirement of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and Securities Contracts (Regulation) Rules, 1957 as amended within the time period specified under these Regulations and the SEBI Listing Regulations, pursuant to the methods prescribed by SEBI.

## 16. Other equity

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Securities Premium	6,972.52	6,972.52
General Reserve	995.67	995.67
Retained Earnings	12,897.87	5,796.60
Equity instruments through other comprehensive income	0.19	0.21
Effective Portion of cash flow hedges	-	0.92
	<b>20,866.25</b>	<b>13,765.92</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 Reserves	Retained Earnings			
Balance as at 1 January 2018	6,972.52	995.67	5,700.63	0.17	(16.02)	13,652.97
Profit for the year	-	-	256.92	-	-	256.92
Payment of Dividends*	-	-	(85.28)	-	-	(85.28)
Tax on Dividend	-	-	(17.53)	-	-	(17.53)
Other Comprehensive Income (net of taxes)	-	-	(58.14)	0.04	16.94	(41.16)
<b>Balance as at 31 December 2018</b>	<b>6,972.52</b>	<b>995.67</b>	<b>5,796.60</b>	<b>0.21</b>	<b>0.92</b>	<b>13,765.92</b>
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>

\* Dividend of Re. 1.00 per share

\*\* Dividend of Re. 1.50 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 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. 2019		As at 31 Dec. 2018	
	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	2,219.16
<b>Loans from related parties</b>				
Rupee loan from Linde AG, Intermediate holding company	-	-	3,167.76	3,110.00
	-	1,000.00	4,167.76	5,329.16

\* Current maturities of long-term borrowings is reported as a part of other financial liabilities under note18.

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Short term borrowings</b>		
<b>Unsecured Borrowings</b>		
<b>Loans from related parties</b>		
Term loan from Linde Engineering India Pvt. Ltd., a fellow subsidiary	-	2,400.00
<b>Loans from Banks</b>		
Bills Discounting	84.72	96.65
	84.72	2,496.65

### i) Borrowing details :

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018	Repayment schedule
(a) Rupee loan from Linde AG, Intermediate holding company*	-	3,194.10	Half Yearly installments from January 2017 to January 2020
(b) Rupee loan from Linde AG, Intermediate holding company*	-	1,338.35	Quarterly installments from January 2017 to October 2020
(c) Rupee loan from Linde AG, Intermediate holding company*	-	1,745.31	Quarterly installments from January 2017 to October 2020
(d) Foreign Currency term loan from bank (previous year USD 5.82 million)	-	404.79	July 2019
(e) Foreign Currency term loan from bank (previous year USD 17.46 million)	-	1,214.37	July 2019
(f) Rupee term loan from bank	1,000.00	1,000.00	May 2020
(g) Rupee term loan from bank	-	600.00	July 2019
(h) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	February 2019
(i) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	February 2019
(j) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	March 2019
(k) Intercompany Loan from Linde Engineering India Private Limited	-	500.00	April 2019
(l) Intercompany Loan from Linde Engineering India Private Limited	-	400.00	May 2019
m) Bill Discounting from Banks	84.72	96.65	Repayable on demand
	1,084.72	11,993.57	

\* These borrowings has been fully repaid during the year ended 31 December 2019

**17. Borrowing (contd)**

ii) The maturity profile of company's borrowing is as below:

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Not Later than one year	1,084.72	7,825.82
Later than one year but not two years	-	4,167.76
	<b>1,084.72</b>	<b>11,993.57</b>

**18. Other financial liabilities**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
Current maturities of long-term borrowings (refer note 17)	-	1,000.00	-	5,329.16
Interest accrued but not due on borrowings	-	7.40	-	147.00
Unclaimed dividends	-	3.74	-	3.89
Creditors for capital supplies and services	-	557.73	-	592.66
Security deposits from customers	-	104.55	-	111.30
Other employee liabilities	-	32.88	-	47.52
	-	<b>1,706.30</b>	-	<b>6,231.53</b>

**19. Provisions**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
<b>Provision for employee benefits</b>				
Retirement benefits obligations (refer note 39)				
Gratuity	119.91	0.04	101.29	15.81
Pension	67.43	-	51.75	12.84
Post retirement medical benefit	138.00	14.12	113.05	11.40
Other long-term employee benefits				
Compensated absences	39.20	4.23	41.70	2.28
<b>Other provisions</b>				
Asset restoration obligations [refer note (a)]	298.14	-	256.29	-
Provision for warranties [refer note (b)]	-	130.68	-	136.39
Provision for liquidated damages [refer note (c)]	-	23.66	-	23.66
Provision for contingencies [refer note (d)]	-	287.95	-	432.90
	<b>662.68</b>	<b>460.68</b>	<b>564.08</b>	<b>635.28</b>

### 19.1 Movement in other provisions

in Rupees million	Asset restoration obligations	Provision for warranties	Provision for liquidated damages	Provision for contingencies
<b>Balance as at 1 January 2019</b>	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
<b>Balance as at 31 December 2019</b>	<b>298.14</b>	<b>130.68</b>	<b>23.66</b>	<b>287.95</b>
<b>Balance as at 1 January 2018</b>	255.46	144.12	45.15	95.60
Add: Provision during the year*	22.19	66.47	-	341.60
Less: Utilised during the year	-	31.50	15.13	4.30
Less: Reversed during the year	21.36	42.70	6.36	-
<b>Balance as at 31 December 2018</b>	<b>256.29</b>	<b>136.39</b>	<b>23.66</b>	<b>432.90</b>

\* Includes Rs. 20.28 millions (31 Dec. 2018: Rs. 18.74 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. 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>

in Rupees million	As at 1 Jan. 2018	Recognised in statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 Dec. 2018
<b>Deferred tax liabilities</b>				
Depreciation & amortisation	3,831.28	196.15	-	4,027.43
Finance income from finance lease arrangement	1.04	7.36	-	8.40
Others	0.44	(0.44)	-	-
	<b>3,832.76</b>	<b>203.07</b>	<b>-</b>	<b>4,035.83</b>
<b>Deferred tax assets</b>				
Employee benefits	17.48	35.72	31.22	84.42
Provisions for doubtful receivables, contingencies, warranties	190.16	188.18	-	378.34
Unabsorbed depreciation	2,173.34	(157.69)	-	2,015.65
Mark to Market on derivative contracts	8.53	-	(8.97)	(0.44)
Others	1.98	0.02	-	2.00
	<b>2,391.49</b>	<b>66.23</b>	<b>22.25</b>	<b>2,479.97</b>
Minimum Alternate Tax Credit Entitlement	519.46	155.48	-	674.94
	<b>921.81</b>	<b>(18.64)</b>	<b>(22.25)</b>	<b>880.92</b>

**b) Income tax expense**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Current Tax:</b>		
Current Income Tax Charge	1,744.87	155.48
<b>Deferred Tax</b>		
In respect of current year origination and reversal of temporary differences	1,112.39	(18.64)
	<b>2,857.26</b>	<b>136.84</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. 2019	Year ended 31 Dec. 2018
Profit before tax	10,129.05	393.76
Less: Share of profit from Joint Venture	-	64.56
Profit Before tax and share of profit from Joint Venture	10,129.05	329.20
Statutory Income Tax Rate	34.94%	34.94%
Income Tax using the Company's domestic Tax rate	3,539.50	115.04
<b>Tax Effect of:</b>		
- Effect of Rate change	-	14.74
- Income Exempt from Tax/Items not deductible	(34.07)	7.63
- Tax Incentives and concessions	(5.93)	1.47
- Income from House Property	(1.99)	(2.03)
- Effect of Tax Rate on Long term Capital Gain vs Business Income	(640.25)	-
	<b>2,857.26</b>	<b>136.84</b>

**21. Current tax liabilities (Net)**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Provision for Taxes (Net of Advance tax)	305.27	-
	<b>305.27</b>	<b>-</b>

**22. Other liabilities**

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Non current	Current	Non current	Current
Advances received from customers	311.04	938.81	332.20	1,049.82
Advances received for Sale of Assets	-	303.00	-	53.00
Deposits received from customers	-	-	0.49	-
Statutory dues	-	-	-	-
Tax deducted and collected at source	-	278.74	-	18.57
Others	-	22.38	-	0.56
	<b>311.04</b>	<b>1,542.93</b>	<b>332.69</b>	<b>1,121.95</b>

**23. Trade payables**

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Creditors for supplies and services	-	-
Dues to micro and small enterprises	1.29	0.65
Others	3,548.54	2,948.15
Creditors for accrued wages and salaries	194.94	200.88
	<b>3,744.77</b>	<b>3,149.68</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. 2019	As at 31 Dec. 2018
(i) The principal amount remaining unpaid to supplier as at the end of the year	1.29	0.65
(ii) The interest due thereon remaining unpaid to supplier as at the end of the year (*Rs. 3,000.00)	-	*
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act (*Rs. 3,000.00)	0.07	*
(v) The amount of interest accrued during the year and remaining unpaid at the end of the year	0.84	0.77

### 24. Revenue from operations

in Rupees million	Year ended 31 Dec. 2019*	Year ended 31 Dec. 2018
<b>Sale of products (gases)</b>	<b>13,052.89</b>	<b>17,937.17</b>
Air separation unit gases	11,789.49	16,920.19
Other cylinder gases	552.60	596.96
Others	710.80	420.02
<b>Revenue from construction contracts</b>	<b>4,560.17</b>	<b>3,972.03</b>
Vessels, plant and other project engineering contracts	4,560.17	3,972.03
<b>Other operating income</b>	<b>4.80</b>	<b>7.34</b>
Interest income on finance lease arrangement	4.80	7.34
	<b>17,617.86</b>	<b>21,916.54</b>

\*The Company has adopted new standard on revenue recognition, Ind AS 115 "Revenue from Contracts with Customers" and has also appropriately evaluated its revenue recognition policy with effect from 1 January 2019. The Company has used "Modified Retrospective Approach" for transition to Ind AS 115 and thus the numbers for previous period/year are not comparable. The first-time application of new accounting standard Ind AS 115 had a negative impact on revenue. Costs which had previously been disclosed gross are now required to be shown net of sales-related costs reimbursed by the customer, which has led to a reduction in revenue and a reduction of an equal amount in power and fuel by Rs. 4,976.61 Million for the year ended 31 December 2019.

### 25. Other Income

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Rent	18.96	18.90
Dividend income from joint venture	97.50	-
Miscellaneous income	54.50	49.07
Interest income on unwinding of security deposits	1.16	1.64
Interest income on deposits	16.04	14.23
	<b>188.16</b>	<b>83.84</b>

**26. Cost of materials consumed**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Inventory of materials at the beginning of the year	10.56	7.66
Purchases	3,074.55	2,767.23
Less : Inventory of materials at the end of the year	13.25	10.56
	<b>3,071.86</b>	<b>2,764.33</b>

**27. Purchase of stock in trade**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Air separation unit gases	802.09	766.08
Other cylinder gases	276.64	328.22
Others	0.04	30.67
	<b>1,078.77</b>	<b>1,124.97</b>

**28. Changes in inventories of finished goods, work-in-progress and stock-in-trade**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Inventories at the beginning of the year</b>		
Finished goods	288.80	311.03
work in progress	6.41	17.90
	<b>295.21</b>	<b>328.93</b>
<b>Less: Inventories at the closing 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>32.61</b>	<b>33.72</b>

**29. Employee benefits expenses**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Salaries and wages, including bonus	991.79	1,062.60
Contribution to provident and other funds	86.17	107.86
Workmen and staff welfare expenses	57.95	102.46
	<b>1,135.91</b>	<b>1,272.92</b>

During the year, the Company recognised an amount of Rs. 44.79 million (31 Dec. 2018: Rs. 64.00 million) as remuneration to Key Managerial Personnel. The details of such remuneration is as below:

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
a) Short term employee benefits	42.62	60.89
b) Post employment benefits	2.17	3.11
	<b>44.79</b>	<b>64.00</b>

**30. Finance costs**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>Interest expense</b>	<b>842.22</b>	<b>1,008.23</b>
On long and short term borrowings from banks	282.74	246.64
On external commercial borrowings and others*	559.48	761.59
<b>Interest expense on unwinding</b>	<b>20.28</b>	<b>18.78</b>
Of dismantling cost	20.28	18.78
	<b>862.50</b>	<b>1,027.01</b>

\* Others include interest on Income tax Rs. 4.85 Million (31 Dec 2018: Rs. Nil)

**31. Depreciation and amortisation**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Depreciation on tangible assets	1,767.41	1,985.64
Amortisation of intangible assets	5.13	5.74
	<b>1,772.54</b>	<b>1,991.38</b>

**32. Other Expenses**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Consumption of stores and spares	147.20	176.15
Repairs to buildings	6.41	7.79
Repairs to plant and machinery	388.46	335.54
Repairs to others	39.62	45.53
Freight and handling charges	1,809.59	1,714.71
Rent [refer note 45 (C)]	54.82	73.26
Loss on foreign exchange (net)	42.04	72.88
Rates and taxes	5.16	344.13
Insurance charges	62.64	44.31
Allowances for doubtful debts	54.03	30.40
Contract job expenses	773.15	542.47
(Profit)/Loss on disposal of property, plant and equipment (net)	(21.15)	(3.23)
Provision for warranties (net)	(5.71)	(7.74)
Technical support fees	192.51	28.52
Travelling expenses	139.02	164.82
Telephone and communication expenses	21.91	37.02
Corporate social responsibility expenditure	2.46	3.26
Miscellaneous expenses (refer note 33)	931.47	945.85
	<b>4,643.63</b>	<b>4,555.67</b>



**33. Miscellaneous expenses under note 32 include auditors' remuneration**

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
Auditor's remuneration and out-of-pocket expenses		
Audit Fee	2.20	2.04
Limited reviews	1.80	0.60
Tax audit fee	1.00	0.78
Other Services	0.06	2.01
Reimbursement of expenses	0.40	0.64
	<b>5.46</b>	<b>6.07</b>

**34. Exceptional Items**

Exceptional items of Rs. 8,407.55 million in the Consolidated statement of Profit & Loss represents total profit from divestment of South Region Divestment Business (refer note 14), sold on a "slump-sale" and "as is where is basis", after adjusting for carrying value of the business of Rs. 2,739.23 million, consent fees for assignment of contract of Rs. 2,500 million and other related expenditure for sale of the business of Rs. 153.22 million.

**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. 2019	Year ended 31 Dec. 2018
a) Profit after tax	7,271.79	334.86
Profit attributable to ordinary shareholders - for basic and diluted EPS	7,271.79	334.86
b) Weighted average number of Ordinary Shares for basic and diluted EPS (Nos)	85,284,223	85,284,223
Nominal value of ordinary shares (Rs.)	10.00	10.00
Basic and diluted earnings per ordinary share (Rs.)	85.27	3.93

### 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 2019, there were pending litigations for various matters relating to excise duty and service taxes involving demands of Rs. 304.62 million (31 Dec. 2018: Rs. 269.62 million).

##### b) Sales Tax/VAT

The total sales tax demands that are being contested by the Company amounted to Rs. 616.16 million (31 Dec. 2018: Rs. 728.92 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2019 Sales tax Authority have raised demand of Rs. 453.35 million for the period 2008-09 to 2015-16 (31 Dec 2018: Rs. 418.89 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. The same 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. 2018: 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. 2019	As at 31 Dec. 2018
Estimated capital commitments (net of advance) remaining to be executed and not provided for	280.68	297.57

### 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. 57.72 million (31 Dec. 2018: Rs. 53.10 million) in note 29. Further, provident fund which was administered through Company's trust for certain employees (in accordance with Provident Fund Regulation) has now been transferred to Regional Provident Fund Commissioner's Office vide order no. R-EX/WB/CA/Rule/CC-VI/Vol-III/668 dated 15 November 2018.

#### 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 Ltd executive & 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.

## 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	
	2019	2018	2019	2018
Present value of obligation	87.36	84.16	163.38	157.77
Fair value of plan assets	(19.93)	(19.57)	(43.43)	(40.67)
(Asset)/Liability recognised in the Balance Sheet (refer note 19)	67.43	64.59	119.95	117.10

### 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, 2018	17.82	61.47	43.65	37.65	93.10	55.45
Current service cost	-	2.54	2.54	-	7.01	7.01
Past service cost	-	-	-	-	13.82	13.82
Interest cost	-	4.52	4.52	-	6.48	6.48
Interest income	1.50	-	(1.50)	2.82	-	(2.82)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(0.05)	(0.05)	-	10.55	10.55
Actuarial (gain)/loss arising from changes in financial assumptions	0.12	14.35	14.47	(0.22)	30.02	29.80
Actuarial (gain)/loss arising from experience adjustments	-	4.27	4.27	-	10.12	10.12
Employer contributions	3.30	-	(3.30)	13.31	-	(13.31)
Employee contributions	-	-	-	-	-	-
Assets acquired/(settled)	-	-	-	-	-	-
Benefit payments	(2.93)	(2.93)	-	(13.33)	(13.33)	-
As at 31 December, 2018	19.57	84.16	64.59	40.67	157.77	117.10
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)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
Benefit payments	(11.29)	(15.99)	(4.70)	(14.47)	(23.88)	(9.41)
As at 31 December, 2019	19.93	87.36	67.43	43.43	163.38	119.95

### C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

in Rupees million	Pension		Gratuity	
	2019	2018	2019	2018
<b>Employee Benefit Expenses :</b>				
Current service cost	3.01	2.54	13.43	7.01
Past service cost	-	-	-	13.82
<b>Finance costs :</b>				
Interest cost	5.52	4.52	10.57	6.48
Interest income	(1.31)	(1.50)	(2.77)	(2.82)
<b>Net impact on profit (before tax)</b>	<b>7.23</b>	<b>5.56</b>	<b>21.23</b>	<b>24.49</b>
<b>Remeasurement of the net defined benefit plans:</b>				
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(0.05)	-	10.55
Actuarial (gain)/loss arising from changes in financial assumptions	2.00	14.47	4.71	29.80
Actuarial (gain)/loss arising from experience adjustments	8.65	4.27	1.22	10.12
<b>Net impact on other comprehensive income</b>	<b>10.65</b>	<b>18.69</b>	<b>5.93</b>	<b>50.47</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	
	2019	2018	2019	2018
<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)	19.93	19.57	43.43	40.67
<b>Total (B)</b>	<b>19.93</b>	<b>19.57</b>	<b>43.43</b>	<b>40.67</b>
<b>Total (A+B)</b>	<b>19.93</b>	<b>19.57</b>	<b>43.43</b>	<b>40.67</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	
	2019	2018	2019	2018
<b>Financial Assumptions</b>				
Discount rate (per annum)	6.90%	7.25%	6.90%	7.25%
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.

### 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	(2.84)	0.5	(6.03)
Decrease	0.5	3.01	0.5	6.46
<b>Salary escalation rate (per annum)</b>				
Increase	0.5	2.97	0.5	5.38
Decrease	0.5	(2.83)	0.5	(5.25)

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
	2019	2018	
Gratuity	7-11	7-11	21.60
Pension	7	7-9	3.79

### H. Expected Benefit Payments

in Rupees million	Pension	Gratuity
31 December 2020	3.79	21.60
31 December 2021	4.28	9.87
31 December 2022	14.47	15.63
31 December 2023	13.34	18.37
31 December 2024	10.92	14.51
31 December 2025 to 31 December 2029	56.60	111.93

## Post Retirement Medical Benefits

### 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	2019	2018
Present value of obligation	152.11	124.45
<b>Liability recognised in the Balance Sheet (refer note 19)</b>		
Retirement benefits obligations		
Current	14.12	11.40
Non Current	138.00	113.05

### B. Movements in Present Value of Obligation and Fair Value of Plan Assets

in Rupees million	2019	2018
<b>Change in defined benefit obligation:</b>		
Obligation at the beginning of the year	124.45	44.70
Current service cost	-	-
Past Service cost	-	69.11
Interest cost	8.59	2.79
Remeasurement (gain)/loss	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	4.24	-
Actuarial (gain)/loss arising from experience adjustments	26.88	20.20
Benefits paid	(12.05)	(12.35)
<b>Obligation at the end of the year</b>	<b>152.11</b>	<b>124.45</b>

### C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

in Rupees million	2019	2018
<b>Employee Benefit Expenses:</b>		
Current service cost	-	-
Past service cost	-	69.11
<b>Finance costs :</b>		
Interest cost	8.59	2.79
<b>Net impact on profit (before tax)</b>	<b>8.59</b>	<b>71.90</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	4.24	-
Actuarial (gain)/loss arising from experience adjustments	26.88	20.20
<b>Net impact on other comprehensive income (before tax)</b>	<b>31.12</b>	<b>20.20</b>

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expenses in Note 29.

**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	2019	2018
<b>Financial Assumptions</b>		
Discount rate (per annum)	6.90%	7.25%
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%	(5.99)
Decrease	0.5%	6.46
<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
	2019	2018	
Post retirement medical benefit	9	8	NA

**G. Expected Benefit Payments**

in Rupees million	
31 December 2020	14.60
31 December 2021	14.41
31 December 2022	14.19
31 December 2023	13.93
31 December 2024	13.66
31 December 2025 to 31 December 2029	63.49



### 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. 2019	As at 31 Dec. 2018
Gross amount due from customers for contracts in progress	1,841.96	1,687.98
Gross amount due to customers for contracts in progress	1,249.85	1,382.02
Net Contract Balance	592.10	305.96

(ii) Revenue recognised during the year from opening balance of contract liabilities amounts to 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. 71.57 million.

#### (iv) Reconciliation of contracted price with revenue during the year

in Rupees million	As at 31 Dec. 2019
Opening contracted price of orders as at 1 January 2019	6,033.07
Increase due to additional consideration recognised as per contractual terms	105.45
Fresh orders/change orders received (net)	4,636.89
Total Revenue recognised during the year	4,396.82
Closing contracted price of orders as at 31 December 2019	6,378.59

### 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. 2019	As at 31 Dec. 2018
<b>Debt</b>	<b>1,084.72</b>	<b>11,993.57</b>
Long-term borrowings	-	4,167.76
Short-term borrowings	84.72	2,496.65
Current maturity of long-term debts	1,000.00	5,329.16
Cash and bank balances	2,400.41	1,245.76
<b>Net debt (a)</b>	<b>(1,315.69)</b>	<b>10,747.81</b>
<b>Total equity (b)</b>	<b>21,719.09</b>	<b>14,618.76</b>
Equity share capital	852.84	852.84
Other equity	20,866.25	13,765.92
<b>Net debt to equity ratio (a)/(b)</b>	<b>(0.06)</b>	<b>0.74</b>

#### 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 (u).

##### 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. 2019	Year ended 31 Dec. 2018
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at fair value through other comprehensive income</b>		
Investments in equity instruments	0.29	0.31
Mark to market on derivative contracts*	-	120.59
<b>Financial assets measured at amortised cost</b>		
Cash and bank balances	2,408.56	1,254.03
Trade receivables	3,828.08	3,647.14
Other financial assets	522.37	737.42
	<b>6,759.30</b>	<b>5,759.49</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Borrowings	1,084.72	11,993.57
Trade payables	3,744.77	3,149.68
Other financial liabilities	706.30	902.37
	<b>5,535.79</b>	<b>16,045.62</b>

\* Mark to Market on derivative contracts are for hedging relationship only.

##### 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 2019**

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	0.29	-	-	0.29

**As at 31 December 2018**

in Rupees million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Investment in equity shares	0.31	-	-	0.31

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 2019 and 31 December 2018.

### 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 following table sets out the fair value of derivatives held by the Company as at the end of each reporting period.

in Rupees million	As at 31 Dec. 2019		As at 31 Dec. 2018	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forwards and swaps	-	-	120.59	-
<b>Classified as:</b>				
Non- Current	-	-	-	35.45
Current	-	-	120.59	2.92

At the end of the reporting period the total notional amount of outstanding foreign currency contracts and interest rate swaps and collars that the Company has committed to are as below:

in USD million	As at 31 Dec. 2019	As at 31 Dec. 2018
Foreign currency forwards		
Purchase	-	0.92
Sale	-	-
Foreign currency swaps	-	23.28

in Euro million	As at 31 Dec. 2019	As at 31 Dec. 2018
Foreign currency forwards		
Purchase	-	0.19
Sale	-	-

## 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. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
US Dollar in India	35.68	207.56	172.87	1,770.88
Euro in India	29.18	43.99	355.44	682.73
GBP in India	-	-	17.72	17.55
AUD in India	-	-	0.00	1.22
SGD in India	-	-	16.11	11.76
JPY in India	-	-	16.97	9.18
BDT in India	-	-	0.12	0.08
MYR in India	-	-	-	0.01
THB in India	-	-	0.57	0.50

Of the above foreign currency exposures, the following exposure are not hedged

in Rupees million	Monetary assets		Monetary liabilities	
	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
US Dollar in India	35.68	86.97	172.87	145.15
Euro in India	29.18	43.99	355.44	682.73
GBP in India	-	-	17.72	17.55
AUD in India	-	-	0.00	1.22
SGD in India	-	-	16.11	11.76
JPY in India	-	-	16.97	9.18
BDT in India	-	-	0.12	0.08
MYR in India	-	-	-	0.01
THB in India	-	-	0.57	0.50

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. 49.12 million for the year ended 31 December 2019 (31 Dec. 2018 Rs. 85.02 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 2019, all foreign currency loans has been repaid during the year whereas as at 31 December 2018, all the long term foreign currency loans, the company had an interest rate swap, wherein the floating interest rates were converted into fixed interest rates.

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 2019 would increase/decrease by Nil (31 Dec 2018 Rs. 7.50 Million).

#### 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.

The following tables details the movement in fair value and remaining terms of interest rate swap contracts at the end of the reporting period:

Cash flow hedges Outstanding receive pay fixed contracts in Rupees million	Average contracted fixed interest rate		Nominal Value		Fair Value Asset/(Liabilities)	
	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018	As at 31 Dec. 2019	As at 31 Dec. 2018
<b>Outstanding receive floating pay fixed contracts</b>						
Foreign Currency term loan from bank : Nil (31 Dec. 2018: USD 5.82 millions)	-	7.99%	-	375.00	-	30.65
Foreign Currency term loan from bank : Nil (31 Dec. 2018: USD 17.46 millions)	-	7.99%	-	1,125.00	-	89.76

The interest rate swap contracts are settled on cash basis. The company settles the difference between the fixed and floating interest rate on a net basis. The fair value on this interest rate swap contracts are included in schedule "Other financial assets/liabilities – Mark to market on derivative contracts". The net change in fair value of the Derivative Instruments (forward exchange contracts) during the current year ended 31 December 2019 is Nil (31 Dec. 2018 Rs. 158.96 Million).

#### 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 31 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
<b>As at 31 December 2018</b>					
<b>Non-derivative liabilities</b>					
Borrowings	11,993.57	7,825.82	4,167.75	-	11,993.57
Trade payables	3,149.68	3,149.68	-	-	3,149.68
Security deposits	111.30	111.30	-	-	111.30
Unpaid dividend	3.89	3.89	-	-	3.89
Other Payables	787.19	787.19	-	-	787.19

### 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 2019			31 December 2018		
	Gases and Related Products	Project Engineering	Total	Gases and Related Products	Project Engineering	Total
<b>1 Segment revenue</b>						
External revenue	13,216.24	4,396.82	17,613.06	18,013.44	3,895.76	21,909.20
- India	13,127.68	4,019.45		17,940.84	3,362.43	
- Outside India	88.56	377.37		72.60	533.33	
Interest income	4.80	-	4.80	7.34	-	7.34
Total external revenue (A)	13,221.04	4,396.82	17,617.86	18,020.78	3,895.76	21,916.54
Inter segment revenue (B)	-	76.41	76.41	-	153.68	153.68
<b>Total segment revenue (A) + (B)</b>	<b>13,221.04</b>	<b>4,473.23</b>	<b>17,694.27</b>	<b>18,020.78</b>	<b>4,049.44</b>	<b>22,070.22</b>
Less: Inter segment elimination			(76.41)			(153.68)
<b>Total revenue</b>			<b>17,617.86</b>			<b>21,916.54</b>
<b>2 Segment results</b>	2,499.12	564.29	3,063.41	1,626.48	542.19	2,168.67
Finance cost - unallocable			(862.50)			(1,027.01)
Other unallocable expenses			(479.41)			(812.46)
Share of profit from Joint venture			-			64.56
Profit before tax and exceptional item			1,721.50			393.76
Exceptional item			8,407.55			-
<b>Profit before tax</b>			<b>10,129.05</b>			<b>393.76</b>
Less: Tax expense			2,857.26			136.84
<b>Profit after tax</b>			<b>7,271.79</b>			<b>256.92</b>
<b>3 Segment assets</b>	25,629.80	3,100.66	28,730.46	29,024.80	3,093.83	32,118.63
Unallocated assets			3,768.39			2,080.67
<b>Total assets</b>			<b>32,498.85</b>			<b>34,199.30</b>
<b>4 Segment liabilities</b>	4,048.71	1,976.76	6,025.47	3,813.39	2,239.76	6,053.15
Unallocable liabilities			4,754.29			13,527.39
<b>Total liabilities</b>			<b>10,779.76</b>			<b>19,580.54</b>



## c) Other segment information

in Rupees million	31 December 2019			31 December 2018		
	Gases and Related Products	Project Engineering	Unallocable	Gases and Related Products	Project Engineering	Unallocable
1 Depreciation and amortisation	1,729.16	5.88	37.50	1,953.00	3.87	34.51
2 Addition to fixed assets (net of disposal)	545.30	9.92	21.31	759.18	8.62	88.97

## d) Revenue from major products

in Rupees million	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
<b>(i) Gases and Related Products</b>		
Air separation unit gases	11,789.49	16,920.19
Other cylinder gases	552.60	596.96
Others	874.15	496.29
<b>(ii) Project Engineering</b>		
Construction contracts	4,396.82	3,895.76
	<b>17,613.06</b>	<b>21,909.20</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. 17,613.06 million** (31 Dec. 2018: Rs. 21,909.20 million) are revenues of approximately **Rs. 2,478.44 million** (31 Dec. 2018: Rs. 7,694.61 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 2019 and 2018.

## 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)

#### 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 Aktiengesellschaft, Germany (From 01 November 2018, Ultimate holding company upto 31 October 2018)

##### iii) Holding Company (entity having control over the Company)

The BOC Group Limited, United Kingdom (Wholly owned Subsidiary of Linde Aktiengesellschaft, Germany)

##### 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
BOC (China) Holdings Co. Limited.	China
Linde Electronics & Speciality Gases (Suzhou) Co. Limited.	China
Linde Engineering (Dalian) Co. Ltd.	China
Linde Kryotechnik AG	Switzerland
Cryostar SAS	France
Linde Gáz Magyarország Zrt.	Hungary
AGA AB	France
PT. Linde Indonesia	Indonesia
Linde Korea	Korea
Linde Malaysia Sdn. Bhd.	Malaysia
Linde ROC SDN. BHD.	Malaysia
Linde Gas Asia Pte Ltd Philippines - ROHQ	Philippines
Linde Philippines Inc	Philippines
Linde Gas Singapore Pte Limited	Singapore
Linde Gas Asia Pte Limited	Singapore
Linde Treasury Asia Pacific Pte Limited	Singapore
BOC Limited (Australia)	Australia
Ceylon Oxygen Limited	Srilanka
BOC Limited - ENG (Gases)	United Kingdom
Linde Cryoplants Limited	United Kingdom
Linde Gas North America LLC E&S Gas	United States of America
Linde Gas Vietnam Limited	Vietnam
Linde (Thailand) Public Company Limited	Thiland
Shanghai BOC Gases Co., Ltd.	China
Division Linde Global Helium	United States of America
PU Linde LLC	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 (From 1 November 2018)

##### Joint Venture

Bellary Oxygen Company Private Limited

## v) Key Management Personnel of the Company

Mr. M Banerjee, Managing Director (till 6 June 2019)

Mr. A Banerjee, Managing Director (w.e.f. 7 June 2019)

Mr. I Bagchi, Chief Financial Officer (till 6 June 2019)

Mr. S Ghosh, Chief Financial Officer (w.e.f. 7 June 2019)

Mr. P Marda, Asst. Vice President &amp; Company Secretary

## B) Transactions with Related Parties during the year

Nature of Transaction (in Rupees million)	Intermediate Holding Company*	Holding Company	Fellow Subsidiaries	Joint Venture	Employee Funds	Key Management Personnel
Purchase of Goods - Gases, Equipment/ Spares	36.74 (278.78)	-	607.50 (556.74)	100.53 (94.14)	-	-
Purchase of Fixed Assets/Capital Spares	2.38 (64.84)	-	37.70 (20.36)	-	-	-
Support Services - Engineering Assistance, IS Charges & Technical Assistance Fees	190.61 (249.84)	192.51 (8.44)	176.15 (189.30)	-	-	-
Service Charges Received -Facility Fees Income	-	-	7.55 (6.69)	-	-	-
Sale of Goods/Spares/Fixed Assets/Services & Revenue from Construction Contract	10.47 (119.11)	-	346.83 (361.99)	17.16 (14.84)	-	-
Recovery of Personnel Cost	9.98 (12.08)	3.19 (3.61)	61.11 (82.53)	10.54 (6.15)	-	-
Reimbursement of Expenses	1.54 (1.50)	-	-	-	-	-
Rental Income	-	-	18.96 (18.96)	-	-	-
Managerial Remuneration	-	-	-	-	-	44.79 (64.00)
Dividend Paid	-	95.94 (63.96)	-	-	-	-
Dividend Received	-	-	-	97.50 (142.50)	-	-
Borrowings during the year	-	-	1,000.00 (1,000.00)	-	-	-
Repayment of Borrowings	6,277.77 (2,554.76)	-	3,400.00 (100.00)	-	-	-
Contribution to Employees' Benefit Plans	-	-	-	-	86.79 (82.91)	-
Interest on Borrowings	351.06 (610.46)	-	208.42 (152.69)	-	-	-
<b>Outstanding balances:</b>						
- Receivables	35.69 (43.68)	14.78 (4.41)	192.71 (166.30)	17.69 (12.21)	-	-
- Payables	321.67 (421.19)	244.79 (0.01)	293.70 (397.51)	50.97 (42.25)	-	-
- Payables for Borrowings	-	-	-	-	-	-
- Interest accrued but not due	(6,277.77)	-	(2,400.00)	-	-	-
- Advance to Vendors/Capital Advances	(118.52)	-	(12.64)	-	-	-
- Advance from Customer	22.10 (5.09)	-	25.98 (82.68)	-	-	-
	-	-	0.68 (1.73)	-	-	-

\*Linde Aktiengesellschaft, Germany (Intermediate holding company from 01 November 2018, Ultimate holding company upto 31 October 2018)

#### 45. Leases

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. 2019	As at 31 Dec. 2018
<b>Future minimum lease payments</b>		
not later than one year	882.87	882.87
later than one year and not later than five years	4,357.85	4,384.85
later than five years	6,942.63	7,798.50
	<b>12,183.35</b>	<b>13,066.22</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 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. 2019		As at 31 Dec. 2018	
	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	1.91	7.68	2.43
Later than one year and not later than five years	28.80	4.18	30.72	5.53
Later than five years	-	-	5.76	0.56
<b>Total future minimum lease commitments</b>	<b>36.48</b>	<b>6.09</b>	<b>44.16</b>	<b>8.52</b>
Less: Unearned finance income	14.96		20.48	
<b>Present value of minimum lease payments receivable</b>	<b>21.52</b>		<b>23.68</b>	
<b>Disclosed as:</b>				
Other financial asset-finance lease receivable (refer note 8)				
Non-Current	18.78		21.52	
Current	2.74		2.16	
	<b>21.52</b>		<b>23.68</b>	

##### C. Operating lease as a lessee:

Company has taken various residential and office premises under operating lease or leave and license agreements. There agreements are for period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rental. Minimum lease payment charged during the year to the statement of profit and loss aggregated to **Rs. 54.82 million** (31 Dec. 2018: Rs. 73.26 million) (refer note 32).

#### 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	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. 2019	As at 31 Dec. 2018	
Bellary Oxygen Company Private Limited (Belloxy)	Production and sale of air gases	Karnataka, Bellary	50%	50%	N

#### b) Summary of financial information

in Rupees million	As at 31 Dec. 2019	As at 31 Dec. 2018
Current Assets	299.12	271.37
Non Current Assets	1,067.40	1,118.62
Current Liabilities	53.79	49.18
Non Current Liabilities	244.97	278.51
Equity	1,067.76	1,062.30
Revenue*	502.71	1,048.94
Expenses	224.66	761.05
Profit before tax for the year	278.05	287.89
Tax Expense	37.51	39.53
Profit after tax for the year	240.54	248.36
Profit attributable to the owners of the Company	120.27	124.18
Profit attributable to the non controlling interest	120.27	124.18
Profit for the year	240.54	248.36
Other Comprehensive Income attributable to the owners of the Company	-	-
Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	-	-
Other Comprehensive Income	-	-
Total Other Comprehensive Income attributable to the owners of the Company	-	-
Total Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	-	-
Total Other Comprehensive Income	240.54	248.36
Dividends paid to non controlling interest	-	-
Net Cash Flow from operating activities	289.32	332.83
Net Cash Flow from investing activities	4.75	8.66
Net Cash Flow from financing activities	(235.62)	(345.39)
Net Cash inflow/(outflow)	58.45	(3.90)

\* Effective 1 January 2019, the Company has applied Ind AS 115 – Revenue from Contracts with Customer which outlines single comprehensive model for accounting of revenue arising from contracts with customers and supersedes Ind AS 18 Revenue and Ind AS 11 Construction contracts.

The Company opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The first-time application of new accounting standard Ind AS 115 had a negative impact on revenue. Costs which had previously been disclosed gross are now required to be reduced from revenue, which had led to a reduction in revenue and a reduction of an equal amount in cost of sales by Rs. 577.63 Million for the period ending 31 December 2019. Further sale of finished goods for the current year includes revenue from sale of finished goods, facility charges and compensation for short lifting in line with the requirement of IND AS 115.

c) Company's transaction with Bellary Oxygen Company Private Limited, being a related party during the year ended 31 December 2019 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 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)
<b>Consolidated Net Assets/Profit after tax</b>	<b>100%</b>	<b>21,719.09</b>	<b>100%</b>	<b>7,271.79</b>

##### As at 31 Dec 2018

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%	14,268.06	75%	192.36
<b>B. Jointly controlled entity</b>				
Bellary Oxygen Company Private Limited	4%	531.15	37%	95.01
Adjustment due to consolidation	-1%	(180.45)	-12%	(30.45)
<b>Consolidated Net Assets/Profit after tax</b>	<b>100%</b>	<b>14,618.76</b>	<b>100%</b>	<b>256.92</b>

\* 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 Consolidated financial statements of the Company. On 24 February 2020, the Board of Directors of the Company have proposed a dividend of Rs. 10.00 per share including a special dividend of Rs. 7.50 per share in respect of the year ended 31 December 2019, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs. 852.84 million.

49. The Consolidated financial statements were approved for issue by the Board of Directors on 24 February 2020.

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

S GHOSH, Chief Financial Officer FCA : 063318

P MARDA, Asst. Vice President & Company Secretary ACS : 8625

Kolkata, 24 February 2020

# 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 venture, which comprise the Consolidated Balance Sheet as at 31 December, 2019, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flow 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, 2019, 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 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 - Estimation of cost in PED Business</b> 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 profits / losses may deviate significantly on account of change in judgements and estimates. For this reason, we identified revenue recognition from contracts as a key audit matter</p> <p>Refer to the Accounting Policy para 2(f), Notes 24 and 39 to the Consolidated Financial Statements.</p>	<p><b>Principal audit procedures:</b> 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 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 the actual costs incurred on construction works during the reporting period for selected contracts on sample basis;</li> <li>• Evaluated the adequacy of the related disclosures in the consolidated Ind AS financial statements as required by the relevant accounting standard.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p data-bbox="153 479 628 539"><b>Asset Held for Sale: Accounting and disclosure on divestment of business</b></p> <p data-bbox="153 544 718 667">In connection with the combination between Linde AG and Praxair Inc, the Competition Commission of India ('CCI') has issued an order for divestment of Southern Region Business of the Company.</p> <p data-bbox="153 703 718 920">On December 16, 2019, the Company has completed the divestment of Southern Region Business as per the CCI's order. The transfer have been done as per business transfer agreement on slump sale basis. On completion of the transaction, the Company has received a consideration of Rs. 13,800 million which is financially significant to the Company.</p> <p data-bbox="153 956 718 1016">The matter has been considered as Key Audit Matter for the reasons stated below:</p> <ol data-bbox="153 1052 718 1435" style="list-style-type: none"> <li>i. The Company have to divest its southern region business necessarily as per CCI order for the successful execution of Global merger</li> <li>ii. Identification of related assets and liabilities of the Southern Region Business on date of disposal of control</li> <li>iii. Inaccurate computation of profit / loss on disposal of Southern Region Business</li> <li>iv. Accounting done without appropriate approvals in place</li> <li>v. Complex tax adjustments</li> <li>vi. Presentations and disclosures of the divestment transaction in the financial statements in conformity with the applicable accounting standards.</li> </ol> <p data-bbox="153 1471 718 1527">Refer to the Accounting Policy para 2(w) and Notes 14 to the Consolidated Financial Statements.</p>	<p data-bbox="772 479 1034 506"><b>Principal audit procedures:</b></p> <p data-bbox="772 544 1430 604">Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul data-bbox="772 609 1473 1339" style="list-style-type: none"> <li>• Identified and tested the controls related to divestment of Southern Regional Business on slump sale basis and recognition of the profit on sale of disposal;</li> <li>• Tested the accuracy and completeness of related assets and liabilities identified as part of the Southern Regional Business on date of disposal of the control alongwith evaluation of the estimates and judgements</li> <li>• Tested the reasonableness of the computation of the profit on disposal of Southern Regional Business by reconciling the consideration to the Business Transfer Agreement (BTA), bank accounts and by verifying the underlying accounting records for the identified assets and liabilities;</li> <li>• Tested the appropriateness of the transaction by verifying the BTA entered for disposal of business and ensured that the same have been approved by the appropriate level of authority as per the Company authority matrix;</li> <li>• Tested the reasonableness of the tax computation on disposal of Southern Regional Business, related expenses and profit recognised on the same and involved our internal tax specialist to ensure that appropriateness of the tax computation and relevant tax adjustments;</li> <li>• Evaluated the adequacy of the related disclosures in the consolidated 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 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 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, compare with the financial statements of the joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and 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. Other information so far as it relates to the joint venture is traced from their financial statements audited by the other auditors.



- 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 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 venture 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 venture 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 venture 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 consolidated 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, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Parent and of its joint venture are responsible for assessing the ability of the Parent and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Parent and of its joint venture are also responsible for overseeing the financial reporting process of the Parent and of its joint venture.

#### 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 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 ability of the Parent and its joint venture 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 venture 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 venture 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 and such other entities 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.

#### Report on Other Legal and Regulatory Requirements

1. 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 Flow 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 as on 31 December, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its joint venture company incorporated in India, none of the directors of the Parent company and its joint venture company incorporated in India is disqualified as on 31 December, 2019 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 and joint venture Company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- 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 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 venture.
  - 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) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its joint venture company incorporated in India.

# 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 financial statements of the Company as of and for the year ended 31 December, 2019, we have audited the internal financial controls over financial reporting of Linde India Limited (hereinafter referred to as "Parent") and its joint venture, 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 and its joint venture, 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 and its joint venture, 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 and its joint venture, which are companies incorporated in India.

### 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 and its joint venture, which are

companies incorporated in India, 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 31 December, 2019, based on the criteria for internal financial control over financial reporting 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.

# Ten-year financial data.

## Ten-Year Financial Data

in Rupees million	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Sales</b>										
Home	10,214.8	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
Export	146.3	104.5	1,425.8	771.1	242.1	150.7	490.4	802.5	533.3	465.9
<b>Profit before Tax and Exceptional Item</b>	1,295.7	1,748.5	536.4	663.4	35.8	100.6	102.1	216.6	471.7	1,721.5
<b>Tax</b>	359.4	531.9	164.6	317.3	-18.2	-196.1	-32.0	-8.8	136.8	559.2
<b>Profit after Tax, before Exceptional Item</b>	936.3	1,216.6	371.8	346.1	54.0	296.7	134.1	225.3	334.86	1,162.35
<b>Exceptional Item (net of Tax)</b>	-	-	523.0	427.2	-	-62.1	-	-36.0	-	6,109.5
<b>Profit after Tax</b>	936.3	1,216.6	894.8	773.3	54.0	234.6	134.1	189.4	334.9	7,271.8
<b>Share Capital</b>	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8	852.8
<b>Reserves and Surplus</b>	10,297.8	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
<b>Shareholders' Funds</b>	11,150.6	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
<b>Loan Funds</b>	4,691.6	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
<b>Total Capital Employed</b>	15,842.2	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
<b>Debt - Equity (%)</b>	42.1	66.4	82.4	107.0	112.6	99.9	103.5	91.1	83.4	5.1
<b>Gross Block (includes capital Work-in-progress)</b>	20,624.2	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
<b>Depreciation (includes Impairment)</b>	4,326.2	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
<b>Net Block (includes Capital Work in Progress)</b>	16,298.0	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
<b>Investments</b>	150.0	150.0	150.0	150.1	150.1	150.1	150.2	150.3	0.3	0.3
<b>Net Current Assets<sup>1</sup></b>	192.0	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
<b>Operating Margin</b>	12.6%	15.0%	6.7%	9.4%	6.7%	5.9%	6.4%	6.5%	6.8%	14.7%
<b>Return on Capital Employed</b>	8.2%	8.4%	3.9%	4.8%	3.6%	3.6%	4.4%	5.1%	5.7%	11.5%
<b>Asset Turnover Ratio</b>	0.75	0.75	0.75	0.64	0.64	0.64	0.73	0.82	0.92	0.82
<b>Dividend<sup>2</sup></b>										
(Incl. Tax thereon)	149.1	148.7	148.7	149.7	153.5	77.0	77.0	102.8	154.2	1,028.1
<b>Rate of Dividend<sup>2</sup></b>	15%	15%	15%	15%	15%	7.5%	7.5%	10%	15%	100%
<b>No. of Issued Shares</b>	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
<b>Earnings per Share (Rs.)</b>	10.98	14.26	10.49	9.07	0.63	3.48	1.57	2.22	3.93	85.27
<b>No. of Shareholders</b>	21,824	20,364	20,883	20,590	19,183	19,132	19,537	21,586	18,323	18,469
<b>No. of Employees</b>	726	797	797	839	832	737	754	726	740	654

### Notes:

1. Net Current assets excludes short term borrowings and current maturities of long term borrowings.
2. Dividend for 2019 is proposed and not provided in the accounts for the year ended 31.12.2019.
3. The figures upto the year 2015 are based on iGAAP and from 2016 onwards are based on IndAS.

# Notes.



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