



# Linde India Limited

## Recorded Transcript of the 84th Annual General Meeting held through VC/OAVM on 18 September 2020 at 10 A.M.



**PRESENT:**

**BOARD OF DIRECTORS -**

1. MR. ROBERT J. HUGHES – NON-EXECUTIVE CHAIRMAN
2. MR. JYOTIN MEHTA – INDEPENDENT DIRECTOR & CHAIRMAN, AUDIT COMMITTEE
3. MR. ARUN BALAKRISHNAN – INDEPENDENT DIRECTOR & CHAIRMAN, NOMINATION AND REMUNERATION COMMITTEE, STAKEHOLDERS RELATIONSHIP COMMITTEE & RISK MANAGEMENT COMMITTEE
4. DR. SHALINI SARIN – INDEPENDENT DIRECTOR & CHAIRPERSON, CSR COMMITTEE
5. MS. CHERYL CHAN – NON-EXECUTIVE DIRECTOR
6. MR. ABHIJIT BANERJEE – MANAGING DIRECTOR

MR. PAWAN MARDA – ASST. VICE PRESIDENT & COMPANY SECRETARY

MR. SUBHABRATA GHOSH – CHIEF FINANCIAL OFFICER

STATUTORY AUDITORS, LINDE INDIA LIMITED

SECRETARIAL AUDITORS, LINDE INDIA LIMITED

SCRUTINIZER, LINDE INDIA LIMITED



*Linde India Limited*  
*18 September 2020*

**Moderator:** Ladies and gentlemen, good morning and welcome to the 84th Annual General Meeting of Linde India Limited. I now hand over to the chairman. Over to you, sir.

**Robert J. Hughes:** Thank you. Good morning ladies and gentlemen. Now just gone 10 o'clock. On behalf of myself and on behalf of the board of directors of the company, I am pleased to welcome you to this 84th Annual General Meeting of your company.

This is my first AGM as Chairman of Linde India and the first AGM of your company being held through a video conference and other audio-visual means in compliance with the circulars issued by the Ministry of Corporate Affairs, Government of India and SEBI.

Due to the need for social distancing for preventing the spread of COVID-19, I am very disappointed that I am missing this opportunity to be with you all in person. Let us hope next year, we can do this AGM together. Today, I have joined the meeting from the Linde office in Bangkok, Thailand.

I certainly hope that you and your family are taking the necessary precautions and are safe and in good health despite the challenges of COVID-19 pandemic.

I have been informed that the requisite quorum is present, and I therefore call this meeting to order. Participation of members for video conference is being reckoned for the purpose of quorum as per the circular issued by the MCA and as per Sec. 103 of the Companies Act 2013.

Let me now introduce my colleagues on the Board who are also participating in this meeting by video conference from their respective locations and are appearing on your screen now, also, the Key Managerial Personnel of your company. Firstly, I'd like to introduce Jyotin Mehta, Independent Director participating from Mumbai; Mr. Mehta is the Chairman of the Audit Committee. Mr. Arun Balakrishnan, Independent Director participating from Bangalore. Mr. Balakrishnan is the Chairman of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and the Risk Management Committee of the Board; Dr. Shalini Sarin, Independent Director participating from Delhi. She is the Chairperson of the CSR Committee of the Board; Ms. Cheryl Chan, Non-Executive Director participating from Singapore; Ms. Chan joined the Board as an Additional Director on the 11th of November 2019 and this is her first AGM with Linde India. Mr. Abhijit Banerjee, Managing Director participating from the corporate office in Calcutta. And again, this is his first AGM as the Managing Director. Mr. Pawan Marda, which I am sure you all know very well, our Company Secretary; Mr. Subhabrata Ghosh, the Chief Financial Officer. All participating from the Corporate Office, Oxygen House in Kolkata.

I am pleased to acknowledge the participation of the Statutory Auditors, the Secretarial Auditors, the Scrutinizer and they are also participating from Kolkata. Welcome.



*Linde India Limited*  
*18 September 2020*

I now request Mr. Marda, Company Secretary to provide general instructions to the members regarding the participation in this meeting. Mr. Marda, over to you.

**Pawan Marda:**

Thank you, sir. Good morning, everyone. As mentioned by the Chairman, this AGM is being held through videoconference in compliance with the circulars issued by the MCA and the SEBI. The company has enabled members to participate in the 84 Annual General Meeting through videoconference facility provided by NSDL, in compliance with the applicable circulars issued by the MCA and SEBI. Proceedings of the AGM are being webcast live for the members. Members have been provided with the facility to exercise vote by electronic means, both through remote e-voting as well as e-voting at the AGM in accordance with provisions of the Companies Act and SEBI Listing Regulations. The remote e-voting period commenced on Tuesday, 15, September 2020 at 9 a.m. and ended on Thursday 17th September 2020 at 5 p.m. Members joining the meeting through videoconferencing who have not already cast their votes by means of remote e-voting, may cast their votes during the AGM through the e-voting facility provided by NSDL. Members may please reach out to the NSDL helpline numbers in case they need any assistance. The Company has received one representation from the BOC Group Limited, the holding company under Section 113 of the Companies Act 2013, in respect of 75% of the shares held by the BOC Group Limited. The Register of Directors and Key Managerial Personnel and the Register of Contracts or Arrangements in which Directors are interested, has been made available electronically for inspection by the members on the NSDL platform during the AGM. In terms of the MCA circulars, since the AGM is being held by way of videoconference, the provisions for appointment of proxies and register of proxies are not applicable. Members are requested to refer to the information provided in the notes to the AGM notice. Some shareholders have sent their questions in advance as per Note 21 of the AGM notice, and the same will be responded during the AGM. The Company has received requests from some members to register themselves as speakers at the meeting, accordingly, the floor will be open for these members to ask questions or express their views during the AGM. The moderator will facilitate this session once the Chairman opens the floor for questions and answers. Thank you very much ladies and gentlemen. I now hand over to the Chairman to continue with the proceedings.

**Robert J. Hughes:**

Thank you, Pawan. I hope the members will appreciate that the Company has taken all necessary efforts to enable members to participate and vote on the items being considered at this meeting.

Before we proceed with the agenda, I would like to share my thoughts on the year gone by and the progress the Company has done so far in 2020. We are currently living in very challenging times. Never before in the recent memory has the world faced a disaster of such huge proportion which has so profoundly impacted mankind on earth and cause severe disruption to economies globally. It is therefore natural that the governments across the globe took serious measures to combat this crisis. I appreciate the laudable efforts of the Government of India, its



various states and the administrative authorities in the manner they have responded to this situation. In this backdrop, the global economy has contracted sharply. The IMF has projected a negative growth of 4.9% during 2020. As a result of this massive disruption caused by COVID-19, the Indian economy is also expected to record its sharpest contraction for many years. The major downward revision in India's GDP forecasts by agencies to a negative 10% for the financial year of 2020 and 2021 has raised alarms. The finance minister in the Government of India has however recently projected that the country may have a V-shaped recovery on the back of some pent up demand and the reopening of the economy. Reports also predict rebounding of the Indian economy in the years 2021 and 2022. We will therefore need to wait to get a sense of these projections as the situation is dynamic and ever evolving.

Let me now reflect on the achievements of your company over 2019 and during the current year so far. As you would have noted, one of the highlights of the performance of your company delivering EBITDA Rs.4356.54 million during 2019 which is testimony to the resilience of both the gases and project engineering business. Even though there was slow growth across many of the manufacturing sectors in India, this has become possible as a result of the company's robust focus on productivity and pricing as well as synergies realized from the global merger.

Another important highlight is a successful divestment of the south region divestment business. As per the order of the Competition Commission of India, as a condition of the approval of the global merger between Linde AG and Praxair Incorporated. As a result of a robust process followed to conclude this divestment, your company made an exceptional profit of Rs.8407.55 million taking the net profit after tax to an all-time high of Rs.7271.79 million. The cash from the divestment has enabled your company to pay off its long-term loans which has resulted in a very strong balance sheet. Your board has therefore recommended a total dividend of 100% inclusive of the special dividend for your approval.

Let me now move to the formation of a joint venture company between Linde and Praxair India, which was approved by the board in March 2020 after detailed evaluation of several options with the main aim of delivering synergies from the competing synergistic businesses of both of the companies in India as a consequence of the global merger.

I am happy to inform you that the global merger has resulted in several synergy benefits to your company, such as the access to Praxair renowned operational excellence, the applications technology, and greater market intelligence to support our sales growth. That is just to name a few. While much of the potential synergy benefits are embedded in existing businesses, the joint venture company is expected to deliver additional synergies to further improve the operating profit of the company.

Linde India has already published its financial results for the first two quarters of the financial year 2020, which was significantly impacted by the prolonged nationwide lockdown



announced by the Government of India in March 2020. While there were several large disruptions in manufacturing and supply chain across industry segments on account of the nationwide lockdown, some of the industries such as iron and steel, pharma, FMCG, and healthcare, which was specifically exempt by the Government of India from such lockdown continued their operations. Under such circumstances, the company took measures to sustain operations of its site separation units and their PGP plants with minimum manning, maintaining social distance, use of PPE, an extensive use of technology, with a view to support the demand of these very important customers. Special efforts were made to sustain the movement of tankers and industrial and medical products and ensuring necessary safe precautions for sustaining the operation of the transport operating center and the national scheduling center at our head office with reduced manning.

As a measure of care and protection, the employees were permitted to work from home with extensive use of technology which is still going on today. Immediately following the nationwide lockdown, our operations slowed substantially for a short period of time to around 30% of pre-COVID levels.

I am happy to say to you now that this has gradually ramped up to around 85% to 90% of the pre-COVID levels today. I am therefore happy that despite the extraordinary times, Linde India delivered a resilient performance during the first half of 2020, with the company reporting an EBITDA of Rs.1774.65 million despite a significant loss of revenue, which was down 33% as compared to the corresponding period in the previous year. This has become possible on account of significant reductions in finance costs, fixed and variable costs, control and improvements in productivity.

I would like to place on record our appreciation of the commitment and efforts of your company's COVID warriors, especially the drivers, distribution staff, CES engineers, and frontline sales people, etc., who led this performance by ensuring that the supply of industry of medical gases were maintained during these exceptional times. This was a truly amazing effort. Also, the management team displayed strong determination and commitment to deal with this extraordinary situation. Plans were put in place to ensure the well being of all our stakeholders, that is customers, employees and suppliers. And I would ask Abhijit, your M.D. to give us a further update of the mitigation plans later in this meeting.

While the situation continues to remain dynamic, let us hope that there is sooner vaccine and other remedies that are available to us. However, I am very optimistic on the back of the narrative strength of the business, the quality of our customers and the long term contracts we have with them, coupled with the resilience and commitment of the management team, we will prove to be successful navigating through this pandemic.



*Linde India Limited*  
*18 September 2020*

During these times, we are also able to call on the financial, technical and engineering support of the parent company. This provides competitive advantage to Linde India. Considering all this and the optimism of the reopening of the economy, I remain cautiously optimistic of the future.

In conclusion, I would like to thank the employees of the company at all levels for their deep sense of commitment in these difficult times, my board colleagues for their wise counsel, Linde PLC group for their strong support and guidance, all our customers very importantly, business partners, the government authorities, who have always stood with us in serving the country more so during these challenging times of COVID-19.

It would be remiss in my duties if I did not acknowledge the dynamic leadership provided by Mr. Sanjiv Lamba and the valuable contribution made by him to your company during his tenure as a director and later as a chairman of the board till his retirement at the last AGM.

I also place on record my appreciation on the valuable contributions made by other outgoing directors, Mr. Moloy Banerjee and Ms. Des Bacher who stepped down from the board during the year of 2019.

I express my sincere thanks to you, our shareholders for your unstinted support and encouragement in our endeavors to steer the company to greater heights of success.

I extend my best wishes to you and your nearest and dearest ones. Stay safe and take care.

I would like now to invite Mr. Abhijit Banerjee, Managing Director, to make a brief presentation about the performance of the company and various other issues of the company during 2019 as well as an update on plans and mitigation on COVID-19.

**Abhijit Banerjee:**

Thank you Mr. Chairman. Good morning, ladies and gentlemen.. So let us cover the agenda first. I will give a small introduction to Linde PLC, our promoter company, then I will delve deeper into the gases business in India and where does Linde India fit in, a small highlight of the financial performance to the shareholders. We are happy to publish numbers, update on the integration work that the chairman has referred to in his speech and then of course, the COVID situation impact and what mitigation measures the company has taken.

Coming to Linde PLC, Linde is the world's leading industrial gas and engineering company from just two years back with the business combination of Linde Ag and Praxair Inc., who are respectively the second and third largest gas companies in the world. They have a shared history of more than 140-years. The combined entity Linde PLC had recorded sales in 2019 of about US\$28 billion, roughly translates to about Rs.2 lakh crores, operating in more than 100 countries with more than 2 million customers and 80,000 employees.



We pride ourselves on our technology based on the innovation that is constantly at the forefront of our activities and more than 6,500 active patents.

Linde is represented through five legal entities; Linde India, of course, Praxair India, we have Linde Engineering India in Baroda. Biliary Oxygen Co. which is a joint venture of Linde India and Praxair. And Linde South Asia services about which I will talk subsequently.

In India, Linde PLC is by far the largest industrial gas group, both in terms of revenue as well as number of installations. We have more than 100-plants which have been supplied by us, operating last 20-years, the world's largest air separation units have been installed by Linde PLC at Jamnagar. We have around 20, cryogenic air separation plants operating all over the country on BOO basis, very strong capability in design engineering, project management and execution. In India itself, Linde PLC has over 1,500 engineering professionals spread across three locations; Baroda, Kolkata and Bangalore. Our track record in operation and maintenance is par excellence with more than 99% uptime and 100% availability. We are able to capitalize on the strengths of the global organization and are able to share and replicate best practices as followed all across the world. We do that to all across in India. And we are proud of stating that we are the preferred industrial gas partner for almost all the steel companies and refineries in India.

Now, a bit about the "Indian Gas Industry." Market size of the Indian gas industry is estimated at 20,000 crores, there are no formal published numbers around it. And roughly 40% of that is met through captive generation where customers have their own plants, produce their own gasoline, consume it. Amongst the gas players, all the major gas players in the world are present in India. Over the last couple of years, you have seen some new entrants midsize players, again multinational companies coming over to India. Apart from the multinational companies, there are around 10 to 12 regional players and more than 150 small local players.

The gas industry can be sort of split into three verticals. The first is what we call the onsite or the tonnage vertical where plants are set up for customers and customers are supplied gases through pipelines. There are long term agreements which are governing these arrangements. The main industry sectors where such onsite plans are prevalent in the steel industry, refineries, petrochemicals, glass, nonferrous fiber optics, electronics. The contracts can be structured as contracts are on O&M basis depending on the circumstances and how the deal is structured between the consumer and the gas supplier.

Then we have what is called the MPG or the Merchant and Packaged Gas business, which deals with supplies in liquid and package gas through cylinders. This is spread across industry segments and it goes down to the retail level. The delivery mode is of course for liquids for cryogenic tankers and for cylinder supplies through specialized vehicles. Then there is a healthcare sector. In India, primarily the healthcare sector is around medical oxygen supplied



*Linde India Limited  
18 September 2020*

either in liquid form or in compressed gases through cylinders. We also have the medical engineering services that is setting up pipeline installations within the hospitals for ensuring that the gases do reach each and every bed in the hospital. And there are of course niche products like nitrous oxide, NOxBox. This is one sector we believe there is a very strong potential for enhancing the range because there is a lot more things happening in the world which can be adopted in India.

Coming to Linde India, the gases part again, I mentioned this segment is one is the onsite segment, where we have long term contracts with customers like Tata Steel, Steel Authority of India Limited, Jindal Stainless it is highly capital-intensive segment. And about 50% of Linde India's turnover comes from this onsite business.

Then we have the bulk which basically entails the liquid supply chain coming out from our air separation units and being supplied to customers all at trust mainly of oxygen, nitrogen liquid. We have more than 1,000 bulk customers. And we have a very strong delivery team and a customer service team to help support the customers as well as the business.

The PGP or the Packaged Gas business is another field, we sell more than 20 lakh cubic meters per month through the PGP business. We have over 150,000 cylinders in circulation and footprint, I will come to that, it is spread across the country.

There is a small segment called the Special Product segment which deals with specialized gases like helium, calibration gases, electronic gases, a highly profitable segment.

And then of course, the Healthcare segment, which I talked to you about which supplies medical oxygen to various hospitals, government hospitals, private hospitals. In the pre-COVID days we were supplying around 200 tons of medical oxygen to these hospitals. Now, of course, the numbers are way tripped, I let off that.

And then what we call PED our Project Engineering Department which specializes in setting up air separation plants and allied plants all across, not just India but in other parts of the world.

The next slide just gives a brief overview of our cryogenic air separation plants. Footprint is spread across the country. Of course, the density is a bit higher on the eastern side because of our close connect of onsite contracts for the steel industries, but we are also present in the north, in the west and the south we have a joint venture with Bellary Oxygen Co.

In the next slide, just try to show you, how our compressed gas facilities are packaged as filling stations are spread across the country. You will see we have plants in the northern part of India, eastern part of India, west as well as in south. We have a total of 11 operating units, out of which, eight of them are totally belonging to the company, two of which we have partner companies work together with us to get the gases to individual customers.





*Linde India Limited*  
*18 September 2020*

In the next slide, I would just like to touch upon the PED business, the Project Engineering Department. We have various products. Cryogenic air separation plants started from 40 tons per day going to 2550 tons per day, all installed. Vacuum pressure swing adsorption plants going up to 200 tons per day. ASUs nitrogen or GAN generator plants, liquid nitrogen plants for specific requirements, compressed air stations, helium distribution system, oxygen storage, oxygen pressure measurement and reduction systems, also electronic gas distribution systems. The customer base of PED is spread across industry segments and the steel sector companies like SAIL, Tata Steel, JSW, Bhushan Power and Steel, NMDC, RINL, Oil and gas, almost every refinery has installation supplied by us, HPCL, IOCL BPCL, ONGC, GAIL, HMEL, MRPL, Chennai Petrochemicals, the whole gamut, entire sector is served by us. Also, LNG terminals and Dahej, Mundra, Kochi. Electronic gases is another segment where we have done successful installations, for example, that Adani Mundra. And there have been several export orders successfully done by PED including for JGC Japan, Indonesia, as well as to the Linde companies in Southeast Asia, in Malaysia, Bangladesh, earlier in Sri Lanka also. PED has got by far the largest market share in India for installation of air separation plants and nitrogen generators with 250 skilled personnel and there is small manufacturing units of our own for dealing with specialized items.

Coming to the "Financial Performance", as I mentioned, the details of financial performance in 2019 are already available with you and the annual report numbers which came out in February this year. On the left hand side, I have just shown an extract from the P&L of the company. What I wanted to highlight were a couple of things is that while the numbers show that there has been a dip of 20% in the revenue as compared to 2018. But that is primarily because of the change in accounting standards and also one of our large onsite contracts, the mode of the contracting was shifted halfway through 2018. In reality, we actually showed an underlying growth of 6% from 2018 to 2019. But, of course, the main thing is the increase in profitability, our EBITDA went up by 25%, EBIT went up by 70%, and, of course, the interest cost also came down. So the profit before tax without the exceptional items showed healthy 265% of the earlier number. Of course, with the exceptional items is exceedingly high, it was pretty good. The earnings per share without the exceptional items also showed a jump from Rs.3.9 to Rs.14.4, that is Rs.10.5 up in one year with the exceptional items, that you will see a different number together.

On the right-hand side, I have shown an extract from the balance sheet. Over here what I would like to highlight is that we closed 2018 with a debt of about 1,200 crores or Rs.11,897 million which went down in December '19 to just Rs.100 crores and going forward and this year even that has been written off, so your company is actually a debt-free company.

Now, I would like to touch upon the integration work that has been taken up in India post the business combination of Linde Ag and Praxair Inc. And the chairman in his introductory speech talked about it. So I just like to take you through what has been done so far. So before



*Linde India Limited*  
*18 September 2020*

integration, we still have two companies in India, Praxair India and Linde India with a lot of overlap in the air gas business in all segments, onsite package, others in the healthcare. Praxair India has HYCO business, CO<sub>2</sub> business and surface technology business which are sort of unique to Praxair. On the other side, Linde India has an engineering business which is a PED department which I talked about, which is unique to Linde India. Each company has its own set of contracts, assets, its statutory location positions. And, of course, each company has its set of departments and personnel for sales, marketing, finance, operations, legal, distribution, procurements, etc., So, what we have done, just stick to the right hand side of the slide, is that as far as the businesses of the two companies are concerned, they still remain with each other with the individual companies, air gas business of Praxair, their gas business of the India, seen for the HYCO, the CO<sub>2</sub> and PST business of Praxair, engine business of Linde India remains within India. Some statutory positions have to be maintained as per requirements of the government which are still there. The contracts, the liabilities, and the plants of each company remain with the plants. What we have done is we have created a 50:50 joint venture company from Linde South Asia services where all the functions that you see in orange and black box, sales, marketing, finance, HR, legal, operations, distribution, procurement, IT. This joint venture company has taken the responsibility of delivering these services to both the parent companies, Praxair India and Linde India. There is a O&M service agreement through which Linde South Asia Services or SAS as we also call it, is providing the services. We are also looking at further steps of transferring some of the movable assets, the distribution assets like bulk tankers, cylinders, from both the parent companies to L SAS, that is still under evaluation and we believe by doing that, we will be able to further get synergy benefits out of the overlapping presence of the two companies.

Next slide just shows an overall structure. On the left hand side, we have Linde India which holds 75% by the BOC group in Great Britain and 25% through its shareholders. On the right hand side, we have Praxair India which is a 100% subsidiary of Praxair Incorporated through two entities; one in Mauritius one in Netherlands. And Linde India, Praxair India have together about 50% equity worth rs.2 crores into Linde South Asia Services or SAS we call it

Next, as I mentioned, the existing businesses of the companies are retained by the companies. What I would like to touch upon now is how much the allocation of new businesses, growth is something definitely we aspire for. What we have agreed is that there is an aligned approach to the market by both the parties and we have factored in what would be the variables to consider to decide which new business would be taken over by which entity. Factors like proximity to the existing plants. Incumbency, availability of technology, the availability of plant configurations or suitable product lines, and of course, the ability to offer the cheapest solution because we need to be competitive, we need to go and get that business, and definitely we have to be consistent with whatever requirements are there in competition. Based on these criteria, the overlapping merchant air gas business of the two companies has been geographically divided based on the respective presence of the two companies and the onsite



air gas business for future opportunities will be based depending on the incumbency, the merchant priority, and of course, the respective parties ability to offer competitive solution.

As I mentioned earlier, the Project Engineering business of Linde India is unique to India and so all project engineering work will be done by Linde India. On the other side, this CO<sub>2</sub>, the HYCO and surface technology businesses of Praxair are unique to it, and will be pursued by the respective organizations.

I would like now to come to the COVID pandemic and how it has affected us and what measures we have been doing ever since this thing broke upon in our horizon earlier this year. Our first priority was how do we protect our people, our business. We have drawn our business continuity plans, across the board for all segments, all businesses, all establishments. It is absolutely paramount to ensure that safety measures are implemented for all our frontline personnel, all our operational staff, our frontline personnel, the people who are also going over to the COVID affected hospitals and are ensuring that the lifeline for COVID treatment oxygen is needed. So protecting them, giving them necessary equipment, giving them the good training, is something that we immediately ensured.

As far as office is concerned, we rolled out a work from home policy. We ensure that all IT enablers like data connections, laptops, computers are made available to all the people. We also created return to normalcy plans for each of our sites, each of our offices and establishments. And we do recognize it is a very dynamic situation, things can change, so we are monitoring each and every site status on a regular basis, and depending on how the external environment is, we take a decision on whether we are going to open up that particular site a bit more or we are going to sort of ensure even stricter implementation of requirements.

One of the key challenges we are facing is managing the spurt in the oxygen demand that has come up because of the COVID pandemic. We have enhanced our production facilities, our distribution capacities. We have had several instances of hospitals who suddenly had to start consuming 10x what the normal earlier consumption was. So for that, a lot of hospitals we have to augment the facilities, we are very closely working with state government authorities as and when they are setting up new hospitals and treatment centers for COVID patients, we are working closely with them to ensure that our facilities are also installed, some of which have been done in record time to ensure that the oxygen reaches the patient. We are also ensuring that whatever medical oxygen we have available after meeting our contractual obligations to various customers, we are making it available to retailers and distributors for further distribution to regions where we do not have a presence. And we are constantly having interactions with various governmental bodies to ensure that the medical oxygen supply chain is streamlined across the country.



*Linde India Limited*  
*18 September 2020*

To protect the company's financial performance, we have put in several mitigation measures, including there is a very strong emphasis on fixed cost reductions. We have created the stations of supply contracts, we are ensuring a strict adherence to contracts with our customers. There has been a very close monitoring of our cash flow and receivables management. All these have definitely helped, mitigate to a large extent the huge impact that has been there on our business. As mentioned earlier, during the initial lockdown period, the end of March, beginning of April, our volumes went to 30% of what they were in December, January, February. From April, as and when the country started opening up, volumes also started picking up, we are roughly at around 90% of the pre-CO levels now. in higher sub-segments. There has been an incredibly strong growth in medical oxygen sales. It is more than 200% of what it was earlier. There has been a pickup across several industry segments such as steel, pharma, non-ferrous, glass; however, in the manufacturing sector, the auto sector, it has been a bit dull so far. Right now, the biggest challenge that we are facing is that over the last two, three weeks, there has been a huge surge in the demand for medical oxygen which is of course affecting our ability to serve our industrial oxygen customers.

It is difficult to predict what the overall impact is going to be in the short to medium term. We do expect there will be some impact but difficult to assess and place any number right now.

Before concluding, we also realize that as a company, part of our society, it is imperative that we do reach out and try to help the society. So as a part of our CSR activities, we are actively contributing to the PM CARES Fund. We have also taken up some projects which are done by NGOs for specific COVID related activities.

That is all from my side. Thank you very much, gentlemen.

**Robert J. Hughes:**

Okay. Thank you, Abhijit. I think I wanted to actually have that session, just to give you a bit of an opportunity to get a little bit more detail around some really critical items, especially the JV formation, and also the mitigation around COVID. Hopefully, that will answer many of your questions that you might have.

We will now take the agenda items as per the notice of the AGM. As already circulated to all the members, with your permission, I take the notice of the meetings as read.

As there are no qualifications or observations or comments in the independent audit report by standalone and consolidated, and in the secretarial audit report, and the consent of the members, may I take the independent audit report and secretarial audit report as read?

As per the secretarial audit standards, I will request, Pawan, company secretary to briefly explain the background of the seven resolutions proposed at this AGM for the benefit of the members present. Pawan, over to you.



*Linde India Limited*  
*18 September 2020*

**Pawan Marda:**

Thank you, Mr. Chairman. Let me quickly share the items with the ordinary business and especially with this agenda for this meeting. There are three items for the business: The first one is relating to the adoption of audited standalone and consolidated financial statements for the year ended 31, December 2019 together with the reports of the directors and auditors thereon.

The second ordinary item of business is declaration of dividend on equity shares for the financial year ended 31, December 2019.

And the third ordinary item of business is the reappointment of Mr. Abhijit Banerjee who retires by rotation, is eligible for now.

“Special Business.” Now, therefore items of special business. The first such item is the appointment of Mr. R.J. Hughes as director who was earlier appointed as an additional director by the board.

The fifth item is the appointment of Cheryl Chan as Director. She is also serving as an additional director presently.

And the sixth item is about rectification of remuneration payable to M/S. Mani & Co., as cost auditors of the company were earlier appointed as such by the board.

Last item of the agenda today in this special business is the approval of payment of commission to non-executive independent directors of the company for a period of five years from financial year 2020.

The text of the resolutions along with the expenditure statements are provided in the notice which has been circulated to the members.

I now hand over to the chairman to continue with the proceedings. Mr. Chairman Sir.

**Robert J. Hughes:**

Thank you, Pawan. I now invite the shareholders who have registered themselves as speakers to ask questions pertaining to any item on the notice of the AGM. Members are requested to keep their questions brief and specific. In the interest of time, I appreciate if the individual members can use a maximum of up to three minutes for their questions. I will try and police this during the meeting. I apologize for that in advance. The moderator Mr. Stanford will facilitate the questions on the video feature. Members may please also note that the company reserves the right to limit the number of members asking questions depending on the availability of time. Members are requested to mention their name, and their folio number or DP ID and Client ID before asking their questions and the location from which they are participating. Some members have sent their questions in advance as per notice-21 of the AGM notice. I would first deal with the same after all the speaker shareholders finished their questions. The questions



*Linde India Limited*  
*18 September 2020*

raised during this meeting will then be replied by the Managing Director at the end. May I now please request the moderator to give general instructions to the speaker shareholders who are present and who wish to ask questions and seek clarification one-by-one. Over to you.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from Tamal Kumar Majumdar. You may go ahead please.

**Tamal Kumar Majumdar:** Good Morning, Mr. Hughes, Mr. Banerjee, Mr. Balakrishnan, Mehta saab and other directors of the company. Nice to see all of you. Myself Tamal Kumar Majumdar, an equity shareholder from Calcutta. And my DP ID is IN302236 and my client ID is 1010866028. We all welcome you as the new chairman of the company. And thank you for sharing your thoughts with us. And we are also missing your predecessor Mr. Lamba's electrifying presence at the meeting. Please convey our best wishes to him. My special thanks to our Company Secretary Mr. Pawan Marda and his team for maintaining cordial relation with shareholders. He is always very prompt as regard statutory and other disclosures are concerned and zero penalty by the stock exchanges and government department is a testimony to this. We are happy that such a professional company secretary is looking after investor relations there. But sir, I have some queries relating to audited accounts and others. I seek your intervention. And I want to mention here, your predecessor Mr. Lamba always allowed shareholders to discuss all the questions they have at the meeting. He never put two minutes, one minute like that. And I hope as the successor of your predecessor, you will also give some indulgence to us, because I have done my homework reading the book. We also wish good luck to our CEO, Abhijit Banerjee, and hope that the company will reach into greater heights under his leadership. And thank you for your detailed presentation. But sorry to note that we have not been able to see any slide. You talked about global turnover of Rs.2 lakh crores. But if you consider our position here after being in India for more than 80-years, our share is less than 1% of the global share. So what our parent did for Indian company? You talked about 20,000 crores Indian market share. There also our share is only 7% if you look at it. So after being in India for more than 18-years, we did nothing in India. Sir, during calendar year '19 company's gases and related business segment declared better results despite decrease in revenue from 1,800 to close to 1,320, and the segment result including interest and others showed Rs.250 crores against Rs.163 crores in calendar year '18. Revenue and profit also increased in project engineering segment. But due to booking of huge profit of Rs.841 crores on account of South Asia Services in terms of CCI order to Air Water India Limited for Rs.1,313 crores increased to Rs.727 crores and PBT was Rs.1,030 crores. In this connection, I want to know, due to the investment of South Asia business, what will be our yearly loss of revenue and what will be our yearly profit loss? Sir, to whom the company paid Rs.250 crores as consent fees for assignment of contracts and on what basis and details have to be given for related expenditure of Rs.15 crores in this aspect? Sir, you talked about positive impact of merger because we will be able to sell CO2 due to our global partner with Praxair. And due to the merger what will be its impact on our profitability?, Sir, using the profit from transfer of units, the company repaid external commercial borrowing of Rs.628 crores to Linde



*Linde India Limited*  
*18 September 2020*

AG and company also repaid USD denominated term loan facility availed for CC bank aggregating to 23.28 million and rupee term loan of Rs.60 crores. And Mr. Banerjee, in your presentation, you also mentioned that there is Rs.100 crores liability and you will be able to pay within this year, it will be a debt-free company. And in this connection, I want to know what will be the yearly saving of interest during financial year '20 after repayment of loan? Sir, management declared 100% dividend for calendar year '20 subject to shareholders approval and which is also commendable. But sorry to note, that it was only 12% of the PAT for calendar year '20. So you got huge amount of profit but you distributed only 12% among shareholders. And sir, during the six months period ended 30th June 2020 against a revenue of Rs.625 crores, we booked a PBT of Rs.87 crores and PAT of Rs.59 crores. What will be expectation for the remaining part of the year? And when do we expect 100% capacity utilization be possible? You said the capacity utilization is around 90% to 95% And sir, it is also noted that the company entered into agreement with Inox Air Products Private Limited for Belloxy divestment business and signed term sheet on 20.12.2020. What is the present status of CCI approval in this regard? And would you please share with us the proposal and projected profit in this regard, and whether we may expect another interim dividend after the sale? Sir, it is unique to note that the promoter got only 25,276 shares against open offer of 2,13,21,056 shares, which comes to a mere 0.12% of the offer. It shows reluctance of the shareholders to offload their stake at a price offered by the parent which they feel it was much less than its value. Another unique thing is that the promoter sold the 25,276 shares on 27th April in order to keep its stake within 75%. Whether they made any profit in this regard? Mr. Chairman, as you are representing the parent, we categorically want to know whether the promoter may come with another offer of buyback or open offer in short period of time? Sir, it is also noted that our board on 24th March 2020 approved a 50:50 joint venture between Linde India and Praxair India and our company hold 20 lakh shares of Rs.10 each in it. The change of name of joint venture as Linde South Asia Services India Limited approved by the MCA order on 26.8.2020. I have two questions in this regard. Sir, it is also noted that the board of directors of Linde also approved of Linde India entering into OM service agreement with the joint venture company under which JV will render operations and management services for their respective operations including legal, IT and others. I am surprised in this regard. What prompted the company to create such joint venture? Could you please share some details like amount to be paid to them, including guaranteed amount if any for their services and total amount to be payable to them up to 31st August 2020? And whether due to the agreement, employees of this department of Linde India will be shifted to the joint venture company or any VRS will be announced shortly? Because if they do those swaps for us, and you also mentioned that you are also talking about transferring some stocks and others to them, then what our company will remain, they will remain only on gas distribution and others, nothing more than that? And please share your thoughts in this regard because we want to know whether there is any VRS coming or employees relating to IT, legal and others of Linde India will be transferred to the joint venture? I thank you all for patient hearing.



*Linde India Limited*  
*18 September 2020*

**Robert J. Hughes:** Thank you, sir, for your questions. Obviously, we will answer them a little bit later when we have had everybody's questions. I will definitely pass my wishes on to Sanjiv for you. Thank you.

**Moderator:** Thank you. The next question is from Amit Kumar Banerjee. You may go ahead please.

**Amit K Banerjee:** Thank you. Good morning, everybody. My name is Amit Kumar Banerjee, having folio number DP ID IN300337 and Client ID 10068402, from city of Calcutta. Thank you for giving me a chance to speak in such a wonderful company's meeting through (VC) video conferencing. I thank our new chairman and also our Company Secretary for smooth conducting such a nice meeting today. Sir, as regards the performance is concerned, year ending 31st December 2019, it is visible in the balance sheet around total revenue 17,806 million. Last year, it was comparatively less than over 5,000 million. Today's market price is about 827. Dividend paid Rs.250 and in addition as a special Rs.7.50 totaling Rs.10 during this year. Yes, sincerely appreciated. On page 134, reduced the long-term debt borrowing has become nil. Sir, I am willing to ask some questions; what is our current net profit margin? Kindly share your view about capital expenditure plan for upcoming next three years. Our company is a very old company sir, more than a decade completed. Competition Commission of India is raising objections and forced to sell out the part of our business as mentioned in annual report on page #9. Kindly share with the reason about this matter. As regards the CSR activity is concerned, it is very good; spent about 2.46 million for the welfare measure but still I have to say during this year unspent amount is still there. So kindly consider, keep attention for the welfare measures. As regards the miscellaneous expenses on page 103, it is about 931.47 million, so try to keep attention, it looks up on higher side sir. Yet long we did not have an opportunity to attain plant visits. Kindly consider when situation permit. Finally, I will say, sir, our new chairman has come and I hope under his leadership, our company's management will maintain development and prosperity of our company giving a strategic move, necessary infrastructure, upgrade technology. Thank you, Mr. Chairman, and all present today at such a wonderful meeting today. Over to you sir for further proceeding.

**Robert J. Hughes:** Thank you, Mr. Banerjee.

**Moderator:** Thank you. We take the next question from Manoj Kumar Gupta. You may go ahead, please.

**Manoj K Gupta:** Good morning respected, chairman. First of all, a warm welcome you as a chairman of the company and we are very inspired to hear your speech in our opening remarks about the company. And we are also missing to meet you first physically and we hope that next we will meet physically and convey our best wishes to our legend Shri Lamba saab for his healthy and prosperous long life and. Also welcome to new M.D., and we have also missed slides which he has presented in his remarks, but he has given good remarks about the company and future prospects. And I thank to the secretarial department under Mr. Marda, has made a cordial





*Linde India Limited*  
*18 September 2020*

relationship with all the investors. Sir, first my request is not to delist the shares from the Indian stock exchange. India is a big market, India is a fast growing capital economy in the world, India now become the fifth largest economy of the world. So convey our sentiment to the parent that not to delist the share from the stock exchange. And second, me being a customer of your Oxygen, I am a customer in my four hospitals in Calcutta, we run three, four, charitable hospitals and we are always a regular customer of Linde. So I am very thankful to you and your team for their hard efforts to non-stop supply of the medical oxygen during pandemic COVID. So it is a good sign of the Linde and have not stopped the single day during a lockdown or epidemic COVID to supply medical oxygen. And now to take a further step in the northeast region of this part, northeast is growing very fastly. Some days back there was a news in the electronic media, there is a shortage of medical oxygen in that part, try to set up a plant in that area to provide the medical oxygen to Tripura, Arunachal, Meghalaya, Sikkim, now the COVID is spreading very fastly in that region. So try to provide the medical oxygen in that area. And sir what is your plan for Linde AG for SAARC countries and what is the plan for Linde India for next three to four years. Last but not least, wish happy festive seasons to all of you with a happy and prosperous safe long life. Thank you.

**Robert J. Hughes:**

Thank you, Mr. Gupta. Thank you for your wishes. And it is also great to get a customer's view on all the hard work that the team have been doing to make sure that we supply medical oxygen during these periods. So, thank you for those kind words.

**Moderator:**

Thank you. We take the next question from Manish Jain. You may go ahead please.

**Manish Jain:**

My name is Manish Jain. My DP No. IN30012610167711, logging in from Mumbai. I have the following set of questions; the first pertaining to the integration of Linde India and Praxair India. And the second pertaining to non-integration. So, starting with the question on integration, since the required divestments of merger in India have been done, can you share timelines for merger of Linde India and Praxair India? Second, what is the likely sales potential from the combined manufacturing capacity of both these companies in India? Third, on integration of Linde with Praxair, what are the likely improvement in pricing, potential savings and logistics and other cost saving? More importantly, what can be the approximate revenue which we can generate from the sale of non-core assets such as real estate in Linde India? Next, by what extent can the electricity cost be reduced for the combined Linde India and what are the initiatives being undertaken to achieve these cost savings? And the last question on integration is, what will be the sales contribution of top five customers for the combined entity for 2019? Moving on to non-integration question, can you share Linde India sales break up by the types of gases sold as well as the sector wise breakup? The parent company Linde PLC shares similar data with its investors and we have also seen that ion oxide products in India also shares the details of the types of gases sold. The next question is, is Linde working on any large hydrogen projects in India? If yes, please share the likely investment, potential sales and expected return on capital employed of this project. Next, please share the status of your digitalization program



*Linde India Limited*  
*18 September 2020*

across all your functions of your business. What can be the likely increasing sales and cost saving from the digitalization initiative? Next, what are the key metrics that you track for customer satisfaction, such as net promoter score. How have you progressed in these matrices in the past few years from calendar '17 to calendar '19 and what are your targets for calendar '22? And my last question is, how do you track the performance of your food and application development center? Thank you.

**Robert J. Hughes:** Thank you for your questions.

**Moderator:** Thank you. We take the next question from CA BS Srimal. You may go ahead please.

**CA BS Srimal:** Mr. Chairman, I am extremely grateful to you for providing us the opportunity to interact in the meeting of the proceeding of the AGM. I welcome you and Shri Banerjee, M.D. And with your past experience the company will reach newer height and also Mr. Marda. I highly appreciate the work of Mr. Marda. and this opportunity is being accepted by people all over India. And I feel that this would continue in future Sir, I would like to know what is the total cost of your virtual meeting and what is the total number of attendees in this meeting? Due to COVID, I want to know the steps you are taking in this direction to augment your capacity. I find in the newspaper that there is a shortage of your medical oxygen in part of the country. How are you handling the situation? Sir, regarding the dividend, I appreciate your payment of Rs.10 and I believe that you would also try and give more dividend in the coming year as you have done previously. Here, I would like to say that there is a draconian provision of the Companies Act 2013 by which the shareholders shares even are liable to be forfeited in case of non-receipt. So, I would like to invite your attention in this regard as to what proactive action you have taken and what is the total number of shareholders who's shares have been so affected. Sir, my attention is also gone to the fact that you have paid a dividend of 11.7% of your PAT. But there are companies in India who is paying 90% of their PAT by way of dividend. I request that the dividend must be dispatched immediately after the meeting. Sir, could you tell us what is the total CAPEX for the current financial year and what is your new addition to the portfolio. Sir, how much is your retail sale and e-marketing sale? Sir, what is the retiring age of the directors? Sir, I would give a suggestion that in this balance sheet, it is very difficult at this point in time to get over all the pages and come to a view. If we could open the particular relative page that would help to get the exact place we want to go. Another point is what is (Inaudible) you have applied till now and what you envisage in the COVID situation? What is your R&D spend and its impact of the total spend both in capital and revenue? Sir, what is your ratio of persons working from home and coming physically to the office and what would be your future plan in this aspect? Sir, with this I will conclude and thank you very much and I feel that you should all be in good health and safe. Thank you very much.

**Robert J. Hughes:** Thank you for your questions.



*Linde India Limited*  
*18 September 2020*

**Moderator:** Thank you. We take the next question from Ashit Kumar Pathak. Please go ahead.

**Ashit K Pathak:** Very Good morning. My best wishes for good health, happiness, safety to our respected chairman, M.D., company secretary and other dignitaries. My name is Ashit Kumar Pathak, member of Linde India Limited. My esteem gratitude to our company Secretary Mr. Pawan Marda and secretarial department sending me notice of the AGM and annual report financial year '19 ending December 2019 very well in advance and give me a chance to speak at video conference. Excellent representation by our respected chairman. All is very clear to me and also our respected managing director, very transparent way he explained all the activities after amalgamation and it is totally clear to me on some of the points, all is clear. My first question is on government's Atmanirbhar Bharat initiative, how we get facilities in our Indian operations. Number two, excellent dividend paying for rewarding shareholders and also capital market appreciation. After the merger, we as a minority member getting benefit from capital market appreciation also and I thank management teams for this. And also any rewarding the shareholder by interim dividend? And dividend on tax be relieved. Mr. Tamal Majumdar explained maximum of my worries, my one worry is our capital expenditure program on research and development in Indian operations. And also, capital expenditures program in coming three years? And any impact in our Indian operations due to pandemic where social distancing norm and supply chains and other if possible, throw some highlights and in remaining three quarters our strategy and roadmap to enhance the optimal performance if possible. Also, sir, very thanks to Mr. Sanjiv Lamba for his enhanced contribution to our company and I as a minority member convey wish to him and god blessings for his remaining time with sound health. Nothing to say more. I attend all the resolutions and expect financial enhanced performance in financial year '20 along with this pandemic, and by the contribution of our management team, with blessing of god and sound health. Thank you sir.

**Robert J. Hughes:** Thank you, sir for your questions.

**Moderator:** Thank you. We take the next question from Dr. Manhar Desai. You may go ahead please.

**Dr. Manhar Desai:** Good Morning, Chairman and Board of Directors of Linde India. My ID is 10636952 INC00183. Is it okay? I am an ordinary shareholder of this company. Basically, I also worked for a German company for more than 30-years during my career and what I observed is everything is very crystal clear in German organization, but today when I attended the Linde AGM, I am really surprised the way in which the things have been complicated by merger of Praxair and Linde....I am basically a chemist, I am not a chartered accountant or a finance guy to understand so much complication. But in Germans, everything is clear; their attitude toward employees is excellent; their attitude toward accounting, finance is so clear, transparent, we never have to get confused. I do not have any more questions. I have only one question I have been following Linde and Linde had announced a venture in compression refrigeration in Vizag for physical storage. I want to know what is the progress in that area and how the company will be



*Linde India Limited*  
*18 September 2020*

benefited in future especially in cold storage business in India. That is only my question for you. Thank you.

**Robert J. Hughes:** Thank you for your question.

**Moderator:** Thank you. We take the next question from Muralidhar Srinivasan. You may go ahead please.

**Muralidhar Srinivasan:** Thank you. I am Muralidhar Srinivasan speaking from Bangalore. Respected Chairman, Members of the Board of Linde India Limited and my Fellow Shareholders, resilience seems to be a deeply ingrained attitude of all Lindeites. My being able to address you today is a testimony to that quality which is imbibed by all Linde India employees. It is not only by those who are in customer-facing roles, project execution roles or on the shop floor, but also those serving shareholders like you and me. If it were not for this, this resilient quality and perseverance of the secretarial team led by Mr. Pawan Marda, I would not have had the opportunity to attend to you all. So a big thank you Mr. Marda and team. My late father was one of the earliest shareholders of the erstwhile Indian Oxygen Limited right from 1956, which was even before I was born. He kept meticulous records. And amongst his papers, I found share certificates dated April 1958, bonus, allotment letters dated 1963 and rights allotment letters of January 1966. In contrast, however, he passed away without a will or a nominee for many of his investments, including our company. It took me and Mr. Marda's team several years of working with the IPF to get the shares transmitted finally. If it were not for the resilience, encouragement, and never-say-never attitude of his team, I would not be here today. I am confident that this resilient quality which everyone in our company possesses will deliver abundant benefits to all of our shareholders in the years to come. Thank you one and all, and all the best to reach greater heights. Thank you.

**Robert J. Hughes:** Thank you very much for your comments. I am sure Pawan has got a big smile on his face. So he is happy for the feedback. So, thank you very much, sir and we can move on.

**Moderator:** Thank you. We take the next question from Shravan Vora. You may go ahead please.

**Shravan Vora:** First of all, I would like to thank the management for this opportunity. And I would like to tell you that I have all three generations of my family sitting for this AGM and my family has been a shareholder of the company for the last 20-years and the stakeholders of the company. And we would like to congratulate the management for a billion turnaround that we have had in FY'20. Now, what our simple two questions; one was on like other shareholders have raised about the arrangement of merger. Our chairman sir talked about synergy benefits. So, I would like to know from the management, can you quantify for me what synergy benefits we would have in the coming three-odd years, because as far as I could understand, if we divide the business, some costs that we would save would be margin-accretive for our business, but apart from margins, what synergy benefits would the combined merger have? Also, I would like to



*Linde India Limited*  
*18 September 2020*

take place on record that we have had to sell one of our units as Linde India minority shareholder for getting an approval of the merger from Competition Commission of India. But as minority shareholders of Linde India, how do we stand to benefit from this arrangement? Because we have given our permission for the merger and here we have had a very complicated making of a JV entity and it is unclear to us how do we as minority shareholders benefit? Now this is on the merger part. One question I have on the business part. Our asset turnover as a company has been much lower than our entities in Bangladesh and our parent company in Germany. So, in last investor concall you had I think in 2016 when the management had decided that we would move to our global average of 0.8, 0.9x in terms of asset turnover, but we have not by far been able to achieve that recently. So, I would like some guidance on that. And our industrial gases business, being more of commodities kind of a business which is highly dependent on the steel sector, as our chairman sir mentioned, how do we plan to meet the revenue profile and the margin profile more stable going forward, like because we know that commodities as a business is a very cyclical kind of business. So, how as a management we see that going ahead? That is it from my side. Hope all is safe at everyone's end and thank you for the opportunity.

**Robert J. Hughes:** Thank you very much for your comments and it is great to see the family alongside you and your commitment to Linde India.

**Moderator:** Thank you. We take the next question from Prateek Ramanlal Shah. You may go ahead, please.

**Prateek R Shah:** Good morning, sir. My name is Prateek sir. I am calling from Ahmedabad. My DP ID is 10982, client ID is 1002245. Congratulations to entire team of the Linde. They have done exceedingly well in this difficult time. My question has been already covered by many shareholders. In spite of that, I would like to say, parent company has merged Praxair with Linde India and rest of India, all the companies are doing exceedingly well. I am talking in reference to share price. But in India, company has chosen the integration process and that is why our company has not done exceedingly well compared to other countries in terms of (Inaudible). So, I would like the feedback from chairman, why a company has not chosen merger in India and integration? Thank you.

**Robert J. Hughes:** Thank you for your questions.

**Moderator:** Thank you. We take the next question from Mohan Swami. You may go ahead please.

**Mohan Swami:** I am a shareholder from Mumbai and my DP ID is IN301549, Client ID 30957423. Now, I just had a few basic questions. Basically, we are the fifth largest listed MNC in India in terms of market cap of the global parent, before us is Nestle, Pfizer Abbott... **(Inaudible)**



**Linde India Limited**  
**18 September 2020**

**Moderator:** We have lost the line for Mr. Mohan Swami. We take the next question from Dinesh Kotecha. You may go ahead, please.

**Dinesh Kotecha:** Good morning to all of you. First of all, I welcome Mr. Abhijit Banerjee as a new M.D. in place of Sanjiv Lamba. Sanjiv Lamba, has really transformed his company from a loss-making company to a very good profitable company. Sir, last year our revenue was Rs.1,761 crores and we had another income of Rs.840 crores, that is nearly 50% of the revenue which we will not be getting now. Now, year ending is 31st of December and AGM should have been held before 30th of June within six months. Now, in the opening remarks, you have not at all told that you have got the permission from ROCE for the extension of this meeting, because you are keeping it late by three months. And secondly, the dividends which you have declared for 100%, now that should have been already paid to us in March itself sir, because we were expecting a huge lump sum dividend from you for exceptional gain of Rs.840 crores which you have not shared with us.. Other questions relevant question have been already asked by so many shareholders. Sir, our theme says resilience. And I think our company has been resilient for a long time to come now. And we were slowly, slowly, slowly for the last four, five years, trying to recover from the past losses and come back to our days. Now making our world more productive, so many you are tying up with Inox you are tying up with so many other companies, I mean, what is the future of this company now I would like to know? Sir, I would also like to know what are the benefits that you have got from this COVID? Long stress disruption, everything ups and down, daunting challenges for the last six months. I mean, what are the two things that you have learned or relearned from this COVID experience, which will have a long-term impact on our company? And what is the stress level for the customers now? And government policies how they are going to help us? But sir, your discovered price was about Rs.2,000 when you made an open offer, which was a total flop. Now, if at all you want to make an offer, it should come at not less than Rs.3,000, then only the people will give you shares, otherwise people will not give you shares and all these expenses of delisting and all this procedure that you take place, what was the total expenditure you incurred for the delisting that you are trying to do, I would like to know that? And what about all the disputed cases in the auditor's report, I mean, what is the position of the undisputed cases as on today? Full page is there for undisputed cases. I would like to know the position. Other than that, I wish you all the best. And I have got good relations with Mr. Pawan Marda. I had a talk with him last night. Actually, my teeth is paining. But still I am able to speak and sorry if I am not able to speak very clearly. Thank you and wish you all the best. Mr. Hughes, we welcome you as the chairman of this company and we hope that you look after the minority shareholders in a proper and justified manner sir. Thank you very much.

**Robert J. Hughes:** Thank you very much for your comments. And I can assure you I will do my best.

**Moderator:** Thank you. We take the next question from Aspi Bhesania. You may go ahead please.



*Linde India Limited*  
*18 September 2020*

**Aspi Bhesania:** Sir, fourth quarter although income has become half year-on-year, profit has been maintained main reason being reduction in other expenses from 644 million to 160 million. So how do you see the balance year? Chairman in your speech that we have reached 90% of pre-COVID level. Pre-COVID level is of 2019 or 2018, immediately before COVID, economy had also started its downward journey. Comparing 90% with the 2019, then we are still much lower. In Mumbai we have supplied oxygen for COVID patient. What is our contribution to reduce the shortage? What are the orders in hand for project engineering and when do you expect to complete those orders? **(Inaudible)** is very much on the higher side. Why only joint venture? Why not merger? Parent should have only one subsidiary in India like Hindustan Unilever. There is no question of any debt problem or anything. So please ensure Proxair is merged into our company. Sir, thank you and all the best.

**Robert J. Hughes:** Okay, thank you for your questions.

**Moderator:** Thank you. We take the next question from Santosh Kumar Saraf. You may go ahead please.

**Santosh K Saraf:** Respected Chairman, board members, my fellow shareholders, I am Santosh Kumar Saraf from Kolkata. Sir, first up I request your company secretary provides a queue number because in the morning I did so many meetings, you take time of one hour and 43 minutes. If I know the queue number, then I can be attended others meetings easily sir because we have data problem, and because nobody know the COVID come and we go for videoconference meeting sir. I have sent the letter to Mr. Secretary in that the questions which I wanted to ask and I hope that secretary sir got those questions. Thanks board to give a good dividend. Also, ask for the cost cutting, also ask for cutting the remuneration of directors and managerial staff, also ask for the female employees which is only 12.6% of the total 375 to increase because we want to become self-dependent. If not became deserving, then how we can be self-dependent sir? We ask for the disabled employees is zero. I am very surprised you are a company from the long time, but had not a disabled employee in your company? How is sir? It means that disabled employees are not giving a chance out of your company. In the IAS exam, Ms. Ira Singhal became first. And also, you have to know in the Paralympics game, she won the gold medal for India. Also, you have to know, the biggest scientist is she made so many programs and did many inventions. So why do you not give a chance to this sir? There are so many disputes pending, on the page number 133 of the year 2000. Sir, this videoconference is very good because our chairman from Bangkok attending the meeting, otherwise he is bound to come to Kolkata to attend the meeting. So this is very good. Any director from anywhere, any shareholder can attend from anywhere, it is good because some directors speaker attend from Bombay, I request next time you organize the meeting in physical, than you organize the meeting of the videoconference. Jai Hind. Jai Namaskar. Sir, one you I want to know how many shareholders login today to the videoconference meeting? And what was the expenses for the last AGM meeting? I am unable to speak with you because there is a problem sitting in my home. So please take that as read. Thank you Jai Hind, Jai Bharat, Namaskar sir. I wish you all for good health and hope that our



*Linde India Limited*  
*18 September 2020*

management and staff I wish all of them a good health and wish their family a good health and pray to god that he keeps them healthy and their future is bright and best wishes for upcoming festival. I have given letter please answer to those questions. Jai Hind, Jai Bharat and give the queue number so that would be easy for us. I am sitting here for 2 hrs in between I could have done so many things else I have to sit and wait did not know when you would call me if I am not there and you call.

Robert J. Hughes: Thank you, sir.

Moderator: Thank you. We take the next question from Shivani Trivedi. You may go ahead, please.

Shivani Trivedi: My name is Shivani Trivedi. My DP ID is 12048000 and client ID is 00048936. I am from Mumbai. I have already sent a set of questions for the management. I do not want to take much time. So, please answer the same at this meeting. Wishing good luck for the next financial year to the whole team of Linde and thanks a lot.

Robert J. Hughes: Okay, thank you. Yes, I have got your questions here. I will respond to them once we have been through the other members. Thank you.

Moderator: Thank you. We take the next question from Jaydeep Bakshi. You may go ahead please.

Jaydeep Bakshi: Thanks to Mr. Pawan Marda, our company secretary for giving me an opportunity to express my views and presenting annual report and entire secretarial department, along with the Chorus team for arranging this video conference. Congrats for the performance with growth in gas business from onsite and healthcare business. Sir, what is the percentage of business affected due to the supply chain disruption and movement of product through distribution and storage network? In Project Engineering revenue grew by 12.9%. And if I think on orders from steel refinery and project, but presently the status some of the sectors are down. So, what are the case you are trying to cope up? So, give some light on this project work. The percentage earned from medical gases as the demand for the same has surged up due to this unwanted pandemic. Sir, what do you do for the increase of productions? Our Jamshedpur air separator plant is producing 1290 tons per day. Are we thinking of increasing the capacity for the same? And what is our order book position for our project engineering division? And what is the impact on the joint venture in our business? Sir, views on the industry's best practice of Safety, health and environment? Thanks for 100% dividend including the interim bond and for your CSR activities, where we have spent around 2.46 million and conservation of energy. As the thought been detected regarding the funds holding in the PED is sorted out, **(Inaudible)** I would request to continue with this video conference method in the next AGMs also because we are back to back AGMs, we can at least undertake our facilities of expressing views in this way. Otherwise, in the physical meeting, we have to run from one place to another. So nothing to add more. Hope





*Linde India Limited*  
*18 September 2020*

company will overcome the challenges and remain a market leader and be an oxygen to our nation. Thank you very much.

**Robert J. Hughes:** Thank you very much for your comments.

**Moderator:** Thank you. We take the next question from Mohan Swami. You may go ahead please.

**Mohan Swami:** Yes, I think I got cut off last time. So as I was saying, Linde is the fifth largest listed MNC in India if you compare the global MNCs, so before us is Nestle, Pfizer, Abbott and Unilever. Now, we have seen multiple M&A done by global companies which have implication on the listed companies in India. So the recent one being Bayer bought Monsanto, and they have merged the company in India. Recently, GlaxoSmithKline was bought by Unilever, merged into Hindustan Unilever. And we have had instances like Pfizer buying Wyeth which was again merged in the listed entity. Unilever has merged Ponds, Lakme, Lipton, Brooke Bond over the years with the listed entity. So my plea to the Board of Linde India is to ensure that in the long term, we should have one single entity. This is in the best interest of all stakeholders. And you have been talking about this M&A having a beneficial to all stakeholders, including the minorities. So, I think that is something which should be top in the agenda for the parent company. The second question is just on that, I mean, we have filed a business combination agreement with Competition Commission of India, which had all these entities to be combined. So, I want to know what is the status of our requirement to fulfill the BCA as per CCI India when they give the clearance for the merger? So that is the first important question. In terms of the medical business, we have had a lot of announcements of shortages, etc., What are we trying to do in terms of setting up our installations in more and more hospitals, which will ensure long-term supply contracts? Is this something which has been worked out? Maybe we could tie up with some non-banking financial company which could help fund this process which will ensure long-term access and market for us? And the last point I want to ask was on the power cost? Are we trying to source or set up our own renewable assets because we are now a debt-free company and we can easily set up renewable assets, because the marginal cost of production there is zero, and that will help our profitability in the long run, because power is our main cost. So I wish the management all the best. Thank you.

**Robert J. Hughes:** Thank you sir, for your questions.

**Moderator:** Thank you. All speaker shareholders have asked their questions in the queue.

**Robert J. Hughes:** Okay, thank you very much for everybody's participation, for your questions, and obviously, again, very important to Abhijit and Pawan and the members of the management team for your kind comments in terms of their hard work in pulling the meeting together, but also in ensuring that today actually goes off as smooth as possible under different circumstances than we would normally have when we are in person.



*Linde India Limited  
18 September 2020*

Also, I like to thank people that made really nice comments about the performance of the company, but also how well the team have done during this COVID situation. And, I have said already, it is remarkable feat that the team have been able to manage. And I am sure and confident that they will continue to do that.

And one of the questions that people asked about oxygen shortages. I have had discussions this week with Abhijit and the team. And we are looking at ways of where we can supply more products, to better help hospitals and the people around India.

So what we will do now is I will respond to the questions that were sent in before this meeting. Actually, many of the answers will cover the questions that the shareholders we have mentioned today. So I am doing half of Abhijit's job here, because he is going to do the second part of it, which is actually answer the questions that came today, and I think most of those will be answered from these questions.

So let me start with the questions from Shivani Trivedi. What is the maximum possible turnover from the current capacity? So the projected turnover of the current year in 2020 is around Rs.13,700 million. But as you know, the turnover of the company depends on many, many factors, depends on costs, some people have already mentioned, power cost is a significant cost, so it depends on power prices, it depends on how well the team has done in terms of pricing and reliability of the plants. However, we have already mentioned that the capacity utilization at this moment in time is between 85% to 90%. So that will give you some indication of what the turnover could be. The second question was the EBIT margins reported in recent quarters of around 30%. Are these margins sustainable? First, I just need to correct the EBIT margin for 2019 was 24.7% which I think you will find and I was involved with the India business from 2014 to 2018. I think you will find that number, is a significant improvement over those years. Margins for H1 2020 were good on account of higher pricing and some one-offs recoveries from onsite customers. It is the long-term target for the company to achieve a margin of 30% on a sustainable basis.

The next question is how much percentage of turnover is coming from the steel industry? I think a few people have asked this question. And steel constitute 65% of the gases demand of the company. Healthcare is around 14%, auto is 10 and then others are the rest.

Another question that was asked by many people was what is the CAPEX plan for the current year and next year? So, for the current year 2020, CAPEX spend is projected at Rs.588 million. That is split for many things. Some of it is small growth, some have been obviously replacement of maintenance CAPEX, some of these for cost reduction programs, and good proportion as it always should be is for safety. And I am pleased to see that. For 2021, CAPEX spend is expected to increase in line with the revival of the economy. So, again, very much linked to what happens over the next 12-to-18-months with the COVID situation.



*Linde India Limited  
18 September 2020*

What are the criteria to decide which products or services would be introduced through Linde India and through Praxair? India? I think we have answered this question, but I will give you some more comments. I think we have answered this question with the discussions you had earlier with Abhijit. So, basically the board evaluated various options and plans available to Praxair India and Linde India. For the best possible potential integration between the two companies, after evaluation of appropriate integration plans for realizing the synergies between the competing synergistic businesses of Linde India and Praxair India, the board approved the JV with Praxair. We have talked about the JV. You have seen the way the JV was set up and I think from that point of view, that should be now clear to all the shareholders.

The last question is, any plans to supply products to neighboring countries? We actually have been doing this for many years, but Linde India does supply products to neighboring countries like Bangladesh and Sri Lanka. Well, the supplies are oxygen, nitrogen in tankers and in skits.

So that was the question set. And thank you for that. The next questions from a shareholder, Mr. Shah. The question was, and again, this has been a common question, have Praxair and Linde AG merged? In terms of the business combination agreement dated on the 1st of June, 2017, the PLC, and then amended there to on the 10th of August, 2017, between Linde AG Germany and Praxair Inc. USA. Linde PLC had been created as the ultimate parent of both Linde AG and Praxair Inc. And the Linde PLC shares started trading on the New York Stock Exchange. The shareholders of Praxair receive one share in Linde PLC for every one share what they held in Praxair Inc. The shareholders of Linde AG received 1.54 shares in Linde PLC for every share they held in Linde AG as of the 31st of October, 2018. Thank you for your question.

The next set of questions are from Manish Jain. His first question was, since the required divestment for merger in India have been done, please share timeline for merging Linde India and Praxair India. Beyond the joint venture already been set up, and we have discussed and explained today between the companies, there is no proposal for the merger of the company and Praxair India Private Limited, and hence, no questions of any timelines arise. I think that is a question asked by many, hopefully that that is clear.

What is the likely sales potential from the combined manufacturing capacity of both companies? Linde India projected sales for 2020 is approximately Rs. 13,770 million. Praxair India Private Limited data would be internal data of the management of that company, so we can't share.

On the integration of Linde and Praxair, what are the likely improvements in pricing, potential savings in logistics and cost savings? The total potential synergy benefits are estimated at Rs. 3,500 million, spread over a span of three years. So again, many shareholders asked the question, what is the benefit of the JV? What is the benefit of the two companies coming together and creating the JV? And we are stating, the aim of the company is to have a synergy benefit of Rs. 3,500 million. After this, about Rs. 1 million is estimated to be achieved after



pricing initiatives, optimization of logistic networks and other growth synergy initiatives. So, hopefully that gives shoulders a little bit more clarity on the benefits of the JV.

What is an approximate revenue which can be generated from the sale of non-core assets such as real-estate in Linde India? Again, I think a few shareholders asked this question as well. So, Linde India for many years now reviews the non-core assets on a periodic basis and assure the assets values are unlocked and militarized to support the growth initiatives of the company.

Next question, again, is quite common. By what extent can power costs be reduced for the combination for combined Linde India, what are the initiatives? So, Linde is working on several initiatives to reduce optimized power cost in the combined entity, optimizing plant running in various plants and in different regions to improve the splitting power and reduce the power costs. Contract and source alternative sources of power, like renewables, and I think one shareholder mentioned that. And exchange and other sources to reduce the power costs. As people have said, power cost is one of the biggest, if not the biggest, cost of the company. And all the team spent a lot of time in looking at different ways to improve that cost.

What is the sales contribution of the top five customers' in the combined entity for 2019? Obviously, we can only share the data of the Linde India. So the top five customers in Linde India are Tata Steel, Rs. 1,915 million; SAIL Rourkela, Rs. 1,715 million; JSW Limited, Rs. 759 million; JSL, Rs. 383 million; and Owens Corning, Rs. 258 million.

We have a few non- integration questions now. Please share Linde India's sales breakup by type of gas sold as well as sector wise breakup. So, basically, 41% of our business is on sites, 31% is in bulk, 14% is BGP, 14% is healthcare.

Next question is, is Linde working on a large HyCO project in India? If yes, please share likely investment, potential sales and expected ROCE. Thus far, the company has not undertaken any large HyCO projects in India. And on the other hand, have been focusing on large engineering projects. However Praxair India Private Limited have been working on large HyCO projects and also CO2 business. Thus, it was agreed under the JV agreement between the company and Praxair India Private Limited that the project engineering business will be pursued solely by Linde India, while CO2 and HyCO business will be pursued solely by Praxair India Private Limited. I think that was also explained in Abhijit's slides earlier.

Last question, a very interesting question. Please share the status of your digitalization program across the functions of your business. What is the likely increase in sales and cost savings from digitalization in Linde India? So, there is a dedicated team in South Asia working on digitalization, focusing on creating value, our cost efficiencies, digital supply chain, asset performance, reliability, CRM around how we can improve our interaction with customers, etc.



I have a list of different projects, but I don't think that really sort of helps in terms of answering your questions. So I really just want to put forward, there is a massive amount of work being done in this particular area. And there is a target, but the total potential benefit is estimated at Rs. 200 million spread over a span of three years, 2021 to 2024. So, hopefully, that gives you an idea of both the effort and the benefit of digitalization.

What are the key metrics that you track for customer satisfaction, such as net promoter score? How have these matrices progressed over the past three years? So, in Linde India, we have three customer experience measures. One is the customer satisfaction score, one is the customer effort score and one is the net promoter score.

Our Target in 2019 survey was to ensure a high response rate from our sample size, which was achieved by improving our survey communication strategy. Our response base increased in 2019 by 30% over 2017, with 350-plus responses, which again is statistically significant account of customer satisfaction score over that period. The CSAT score was 4, that's on a scale of 1 to 5 in 2019. Our CES score also improved by 0.5% over 2018, with a 4.4 on the scale of 5 of 1 to 5 in 2019. The net promoter score was gauged for the first time in 2019. Our net promoter score in 2019 was 39, on a scale of (-100) to (+100), which is which is a really good score, 39, and compares with similar scores from similar industries. We target a 5% year-on-year increase in that score up to 2022.

So the final set of questions that I have from Mr. Shah, I will go through these. What is the scale of synergies to be had from the JV? I mentioned that it's an important number, Rs. 3,500 million.

What is the nature of the work of the JV? And again, I think, Abhijit went through that in terms of the activities that that JV offers.

And what is the cost elimination? And again, that's linked to the sort of the overall savings that we expect. So I think we have actually answered that through this meeting.

Have we been able to improve specific power? And there were agreements, again, an identical question to one earlier. And the answer is the same, that, yes, we are working on optimization, we are working on different contractuals and renewables.

In the current environment, have you been able to retain the price actions taken on sites bulk and packaged bulks? Yes, we have been able to retain price actions taken on these products during the last few years. So again, very good work by the sales team. And that's such an important area of the business.

What is the current utilization across the on sites bulk and package? And again, I mentioned earlier that now we are up to between 80% to 85% of pre-COVID levels. Before that, we were around 95%.



*Linde India Limited  
18 September 2020*

What is the supply-demand market across onsite, all and package for oxygen, nitrogen, argon, helium and other gases? So again, volumes across segments has improved from the slump in March - April this year, and that are currently 85% levels. Recovery can be seen in oxygen, nitrogen, obviously, helped by the medical oxygen. However, argon is still lagging, primary to do with the fact that there's some contraction of the automotive market. I think most of you would be aware of.

Do you expect the industry levels, demand and supply mismatch to worsen? So the view on this is that the worst days of the industry, we have seen that hopefully in March, April. We are in a phase now where we see demands get back to pre-COVID levels, and they are steadily increased month-on-month till now, basically. And we are still open hoping that will continue through the rest of the year, as the as the country opens up. So again, if that is the case, then the mismatch won't be an issue.

As Abhijit said, the oxygen demand for medical has doubled in recent times. As much as I love to say that, but I would hope that that goes back to pre-COVID levels soon, because that means then we found a problem for this pandemic and the pandemic is gone away. But if we can, we would love to sustain those sort of oxygen numbers.

What is the kind of CAPEX for 2020 and 2021? That is an identical question for earlier, and I said that the CAPEX spend is projected at Rs. 588 million this year. And obviously, we are looking to increase it next year, especially on the back of the opening of the economy.

Another one about sales consumption by end users. So again, I think we have talked about this, steel 65%, health care 14%, auto 10% and then the others.

Of the total industrial gases market in India, how much is third-party and how much is captive? So, interesting question. There is no published data on captive, so basically, we have to make estimates. So, this is very much a ballpark number. 25% is third-party, so refilers, dealers, distributors, and the balance 75% is through direct gas manufacturers. 40% is captive and the balance 50% is non-captive. And again, I would just stress, that is an estimate.

What has been the trend over the last 5 to 10 years in the captive/outsourced industrial gases market? And what do you foresee in the future? We did not see much change in the captive outsourced industrial gases market over the last 5 to 10 years. Going forward, we will see some consolidation in the captive sector, with that the non-captive share is expected to increase. Underlying reasons could be the low appetite for new investment and limited interest in making large investments in ASUs and, obviously, non-core utility requirements for many of these companies. So hopefully, that will provide opportunities for the gas companies in Linde India particularly, to be able to do more on site business.



*Linde India Limited*  
*18 September 2020*

The company has been trying to develop new markets in food processing, tires, LNG, etc. How has that gone? Linde intends to develop markets around these segments. So far we have set up a food lab in the south of India and observed applications for technology around tires, and oil and gas. The sales contribution from these is around Rs. 16.5 crores for 2019, and I expect that to increase going forward.

And with that, that is the list of questions that we got before the meeting. Also, that answers many of the questions of the shareholders that ask questions during the meeting. But the ones that have not been covered by that, I have asked the team in Calcutta, led by Abhijit, to actually complete the question and answer session. Abhijit, I hand over to you.

**Moderator:** Before we hand it over to Mr. Banerjee to answer questions from shareholders, we will be taking one question from Shailesh Bhan. You may go ahead, please.

**Shailesh Bhan:** Good afternoon and thank you for the opportunity. I am Shailesh Bhan. I represent Nippon India Asset Management Company which owns nearly 10% in Linde India. And we would appreciate a detailed response to some of the questions I would put across in the next 5, 10 minutes.

First, you have discussed about the merger, but at this point we want to understand, the global merger which was announced was likely to give us some amount of synergy because of reduction and duplication everywhere. And in fact, the listed company in India, the Linde India, sacrificed two of its key assets to facilitate the global merger to happen. However, with the merger not taking place in India and the integration route being chosen, I think there is significant lack of clarity and the potential for conflict of interest emerging out of this, which I would want to bring to your attention, and which will actually impact minority shareholders significantly and also the unit holders of our schemes which we run, which I think is very important for us to protect.

Secondly, second question primarily comes from the fact that, because this merger is effectively not happening, at the moment, you have challenges that the same product is being sold by two companies in the same country, right. And shift in market share and issues owing to what kind of markets and regions, what set of profitability, whether it will come to Linde India or will it go to Praxair, which is the unlisted 100% arm of the parent. I think the best solution, in our reading, as has been seen in every single multinational company who have been listed in India, which has done these kind of mergers, is to create a single entity which dominates Indian market, having 50-plus market share, and has complete advantages of all the synergies into play. And that would benefit even the parent company as well as the minority shareholders, without any scope for conflict of interest. We have brought this point out even in the last AGM, and we would appreciate steps being taken specifically to address this issue.

Thirdly, the point relates to that, if the merger is, say, not being done or explored, like you have mentioned in some of your remarks, Mr. Chairman, we have a couple of issues which might



*Linde India Limited  
18 September 2020*

come about. For example, can the parent guarantee that the listed arm will have at least similar growth as the unlisted company in India for the next 10 years? Because that's the best way for minority shareholders of the company. Because as minority shareholders and as outsiders to the business, we will not have a complete understanding as to how the business is shaping up. And the best way for us to measure is on an annual basis if you find the growth of Linde India, which is a listed entity, having being at least been similar than the growth of Praxair, which is 100% owned company, which will defer our doubts, which will actually help us manage the issues and we can understand that the company is being treated fairly. I think these conflict of interest will create substantial value for the parent as well as the minority shareholders, and also the unit holders, which are millions of unit holders, which invest money in our Nippon India Asset Management Schemes. So I think it is in that interest.

Another point like you would very well appreciate that, the products being indistinguishable, it is very difficult for even the Board to assess whether everything is going perfectly right or not. I think this is an important point to note, because it's not that there are separate lines of business completely, it's not that you may not have overlap of customers, complete logistics, synergies can be taken advantage by consolidating everything into one entity than using the separate JV measure which are brought into place.

Another important aspect is that, we came across a recent order issued by IOC, which Praxair won a press release which came about, in that we would just want to understand whether Linde was also a part of the bidding entity or was Linde India allowed to bid for that or not as well? Because this might, in our opinion, can restrict opportunities to the listed company. And we would want to understand how you deal with, say, larger orders being bid for and does Linde gets the business out of it, because this will determine longer term future growth of India.

I appreciate you have put across some guidelines for business being done through the JV entity in terms of what will go to Linde India and what will go to Praxair. But we would appreciate if you can share those guidelines in public domain, because for us to see or evaluate the real impact on Linde India, as shareholders, we would need to have data as to what part of the business is being restricted, what specific geography is where merchant business is being made available to Linde India, and what is going to Praxair. Because it finally is the brand which is there everywhere, and acquisition of business can make a huge difference of value creation for our unitholders and shareholders alike.

Lastly, and another point relating to the new business opportunity, like I mentioned to you about the IOC example. One point related to further new business applications and technologies which are there with Linde global, whether it will come to the Indian arm or listed arm or the unlisted arm is an important question to note. Why I am trying to print this out is, you have rightfully segregated that certain capabilities which already rests in Linde India will remain with Linde India and certain capabilities with Praxair will remain with Praxair. But this does not talk about how you will decide which new technology developments or applications





*Linde India Limited*  
*18 September 2020*

will go to, for example, electronic gases, the technology related to that or specific areas on high-end technology areas which open up in India in the next 5, 10 years, where will those specific businesses go to? And how will the decision be taken? It's very important from a transparency point of view to understand.

Fifth point which I just want to present and quickly represent is, Linde is a global company with a reputation which is very, very strong and solid, we completely appreciate that, and capabilities which are, nonetheless, it's actually the leader everywhere. It is unfortunate that in India we have not found any investor communication effectively coming about prior to this AGM. Every single company in India virtually does a quarterly conference call, explains its business, there are complete detailed investors presentations which are being made. And in our case, at least for the last four, five years, we haven't seen except for one presentation in 2017 or 2016, we haven't seen detailed business presentation and investor meets. This has been done internationally at the parent company level, Linde, and we get to read them because publicly available. Ironically, the parent is doing it globally, but the local company is unfortunately not being doing it. And we would appreciate quarterly or a highly frequent communication and access to the management to understand the opportunity and the business and the changes which are being undertaken. Because you would appreciate that there are large changes which are underway, which impacts shareholder value either ways. So, this is one. And I think like the shareholders and investors will actually enable some sharing of insight from the investor side as to how they view the business as well.

Coming to the question relating to the JV which has been formed, which is one more alternative way which you have chosen at the moment. You have specified the exact gain or loss which was mentioned, a gain of Rs. 3,500 million, which is about Rs. 350 crores. Could you explain the timeframe? And one, is this Rs. 3,500 million actually for the listed entity Linde India only or is it a combined benefit going to both the entities? And what is the share of listed entity in this? And lastly, which geographies for merchant business will remain with Praxair India, the unlisted entity, is one more question we would want to know, as also the new business opportunity of how you would want to share those businesses between these two entities.

In all fairness and transparency and for longer term growth of this company, we would highly appreciate if you merge these entities into one single entity, whatever the cost, I think it is worth doing, because the value creation which comes for minority shareholders is very, very significant. And it matters to us and our unit holders very significantly. So thank you very much for the time. And I would highly appreciate a detailed conversation and answers, millions of our unitholders, as well as a large number of minority shareholders in India. Thank you very much.

**Robert John Hughes:**

Okay, thank you. Thank you very much for your questions. And we will come back, I think we have answered some of those, but we will come back with answers shortly. So if we go back to the agenda now, I have asked Abhijit, with the team in Calcutta to respond to the questions



*Linde India Limited*  
*18 September 2020*

that are not covered from today's meeting. So Abhijit, I assume you are ready to proceed with the meeting.

**Abhijit Banerjee:**

Thank you, Mr. Chairman. So there's no particular order, but it's just whatever is coming in front of me. There is one question from Mr. Majumdar. What would be the impact of sales and profit due to the divestment of the South region business? So, in 2018 and 2019, the revenue impact is Rs. 3,864 million for 2018 and Rs. 3,980 million in 2019. The EBITDA impact Rs. 1,169 million in 2018 and Rs. 1,131 million in 2019. As mentioned earlier by both the Chairman and my presentation, the proceeds of the divestment have been mainly towards repayment of debt, which has led to substantial reduction in it. So, overall, our financial performance will not be affected.

Next question was, to whom the consent fees for assignment of the contract has been paid? As part of assigning the gas supply agreement that we had with JSW Steel and also the other ancillary agreements, and to sell the business which was under the South region divestment business, we were required to enter an agreement with JSW Steel for providing the in-principle consent for the transfer and assignment and in favor of the buyer. So on account of that, the consensus was paid to JSW Steel and the consent fees was linked to the total sale value of the SRD.

The next question was, what is the impact of yearly savings due to repayment of floor? The rough impact of that is about Rs. 900 million per year.

Next question was, when is the capacity utilization expected to reach 100%? We expect that to happen sometime in 2021.

There was a question, is the promoter kind of come back with a buyback or open offer in any short time? We don't have such information with us right now.

What is the expected profitability in H2 2020? We expect a revenue of Rs. 7,500 million and EBIT of Rs. 950 million.

Whether employees will be transferred to the new entity LSAS? As I explained in presentation, several functions which were identified, the employees of those functions have been transferred to the new company, Linde South Asia Services.

The next set of questions were from Mr. Shrimal. What is the total cost of virtual AGM and total number of attendees in the meeting? So last year, when we had the physical AGM, the expenditure was around Rs. 20 lakhs; and this year, including all the facilities that have been put together, the cost is expected to be around Rs. 9 lakhs. So about less than half of what we spent last year. And we have had 70 shareholder participants in this ongoing call right now, at the moment.

*Linde India Limited  
18 September 2020*

The next question was, what steps can be taken to mitigate the shortage of liquid medical oxygen? Yes, that is a great concept, that is there especially in specific parts of the country right now in the south and the western parts of the country. Along with the government, we work together with the government to put in steps to ensure that there is more liquid medical oxygen as well as one compressed medical oxygen available. Some of the steps were, for example, the government agreed to fast track the FDA clearance, which enabled us to sell liquid medical oxygen, which is actually a drug as per the Indian pharmaceutical pharmacopoeia. So, the entire licensing process was fast tracked, so we had some installations where we did not have any liquid medical oxygen sales, so there we got the certification for them. We have increased the number of tankers which are available for liquid medical oxygen, more cylinders have been injected into the circuit to ensure better availability of compressed medical oxygen. As I mentioned in my presentation, we have gone in for additional facilities, augmenting of the existing facilities to ensure that the oxygen reaches the patient.

The next question was on the total CAPEX, the Chairman has already answered this.

There was a question of what is the retiring age for the Directors? Answer is, for Whole-Time Directors it is 60, for Independent Directors it's normally 70.

There was a question on what is the current ratio of employees working from home and on field, and future plans. As was mentioned in my presentation, we have this return to normalcy policy, which has been built out for every establishment, every site of ours. And as and when the external environment changes for the better, we increase the number of people coming in. Since right now all our plans are back in operation, so I would say more than 80% of our operating people are working from their respective sites. Whereas in offices, we are actively encouraging, actually the guideline is to have a work from home. So the office attendance at any given point of time would, I would say, would be 10% to 15%, nor more than that.

Why is the company keeping the date of payment of dividends five days after the AGM? The timeline for payment of dividends is in line with the past practice, which is in line to the applicable provisions of the Companies Act 2013. This year, in view of the changes made in the Finance Act of 2020, the dividend payment is expected to involve more complexity due to the requirement of deduction of income tax at source when making the payment. In view of this, the timing of the payment, we believe, is quite reasonable.

Next set of questions was from Amit Kumar Banerjee. What was our current net profit margin? In H1 2020 our net profit margin was 9.36%.

The next question was on capital spent. The Chairman has already answered this.

There was a question of, how can CCI raise objections and process to sell part of our business? This was based on normal competition, the CCI looked at the footprint of both the companies



whose parent companies were going to the business combination everywhere. And in order to ensure that there is no clear monopoly coming out, the CCI in its wisdom had advised instructed both Linde India as well as Praxair India to divest some of their businesses. This is as per normal law practice all over the world. The parent companies were directed to divest.

What does miscellaneous expenses of Rs. 931 million consists of, as mentioned in Note 32? What actions the company has taken to reduce it? Major expenses under the miscellaneous expense category include expenses for contractual employees amounting to Rs. 181 million, security and admin expenses of Rs. 187 million, legal and consultancy expenses of Rs. 110 million, and recharge of IT, IES and other services amounting to Rs. 210 million. I would like to mention to the shareholders, the company has taken proactive measures to reduce these expenses, and the result of this already can be seen in the improved performance in the first half of 2020.

There was a question on, why is there an unspent amount of CSR funds when the company is performing well? The answer is, the CSR Committee and the Board had approved a CSR budget of rupees Rs. 10 lakhs towards a project for involving the driver community in the gases industry, which included defensive driving training, scholarship programs, enhancing their social respect and earning potential, providing restrooms, etc. It took us a bit of time to work out the modalities in the year 2019. And as a result, we could not spend any money against the amount. Because of this, there was a small amount of Rs. 0.072 million unspent from the money that we had to spend in 2019. And this is obviously being spent this year.

There was a question from Mr. Shравan Vora on the synergy benefit. The Chairman has already informed that both, both Rs. 3,500 million spread over a span of three years.

A couple of questions from Mr. Manoj Kumar Gupta. Is Linde India trying to set up a plant in Northeast Indiana, Arunachal, Sikkim, etc. and provide medical products there? We are definitely looking at options. We also have been discussing with possible partners in those areas. It's definitely under evaluation.

What is the plan of Linde AG for the next two, three years? I am not too sure if this refers to the promoter company. As far as Linde India is concerned, our plan is to capitalize on the benefits that we have from the global merger or global combination. And get on to the growth curve as we see is happening, and we expect it to happen over the next one to two years as we come out of the pandemic. Of course, going for profitable growth and enhance our productivity to increase our profit margins and efficiencies.

There was a other question from Mr. Chamanlal Desai, what are the benefits of the food lab? So far the revenue earned from the food lab is around Rs. 26 million. And our forecast is that over the next three years it will go up to Rs. 150 million.



*Linde India Limited  
18 September 2020*

Though this is not a question, but I would like to put on record our appreciation to Mr. Murlidhar Swamy for his comments on the resilience of the company. Thank you very much, sir.

Some questions from Mr. Ashit Kumar Pathak. What is the action being taken by the company in terms of the government's Aatmanirbhar Bharat initiative? So over here, we would like to highlight is that, when some of our products and some of the components which go into our projects are important because of the intricacies and the high levels of technology needed for that, over the years, we have been actively driving the indigenization of these to the maximum extent possible without, of course, affecting the quality. For example, about 15, 20 years back, a project that we used to do would have a certain component of important products, imported items, that component has come down drastically and there are still ongoing measures which the teams are working on ongoing on increasing the indigenization of it, which also helps us remain more competitive in the market. But whatever is absolutely unavoidable, certain gases, some special gases, some special components would be imported.

What is our capital expenditure program in R&D in Indian operation? So over here I would like to clarify that the R&D activities of Linde PLC are done at the Group level, and the benefits of that liability flow into its subsidiaries like us. So we do not have any capital expenditure of note on R&D in our Indian operations, nothing substantial.

Pandemic impact on supply chain product strategy to industry focus. I think I have already covered that in my presentation.

Some questions from Mr. Dinesh Amrutlal Kotecha. The extension of the AGM ROCE permission is not mentioned in the AGM. I would like to clarify sir, the extension has been granted by AMC and SEBI via their circulars. And these have already been mentioned in the AGM Notice that was sent out to the shareholders.

Next question was, why is the rate of dividend only 100%? And when will the company announce bonus shares? The Board the company, in view of the exceptional profits from divestment of SRDB did recommend 75% special dividend along with a 25% bonus on account of the improved performance of the company even without the exceptional items. We have no plans to consider a bonus issue as of now. Our main focus is on creating long-term value for all our shareholders.

What is the position of disputed cases? We have successfully completed indirect tax litigations for past years of different states. We have opted for settlement of disputes schemes announced by various state governments as and when they were opened up during the year. This has led to significant reduction in contingent liability. And we also have to see it in the interest and penalty costs. Some of the states where we did it are West Bengal, Maharashtra, Karnataka, Jharkhand, Kerala and Haryana.



*Linde India Limited*  
*18 September 2020*

What are total expenses incurred for the delisting measures? I would like to clarify that all expenses toward the delisting were taken care of by the promoter company, Linde India did not spend.

There is a question of benefits learned from the COVID pandemic. It is a very good question. It's a changed world as it's the new normal. Definitely we have forced to look at the way we do business the way we conduct ourselves. And a lot of positive things are also coming out in terms of, it has driven us towards the work from home situation. And we realized that work from home is not just something which is there right now, and we believe it is already there for future, even after we have got successful vaccines against the COVID and all, work from home is there to stay.

Along with that comes various fixed cost rationalizations which happen automatically, things like office space rationalization, travel restriction, reduction of travel because in the virtual world I haven't met a customer face to face over the last six months, but it was going on with virtual thing. It's also helped us to realize that speed of reaction is so essential when you are dealing with emergency situations where your plants are suddenly being shut down or your products are being stopped on the roads because of lockdown measures or your products are becoming so scarce that it can lead to catastrophic implications in some hospitals. We also realized that digitalization is going to be a tool that we need to focus more on. There was a question that the Chairman had answered on digitalization and definitely we will be focusing more on digitalization to improve our productivity and also ensure that in these present circumstances overall efficiencies are not affected, we actually improved on with efficiencies.

Question from Mr. Jaideep Bakshi. What is the percentage of business affected due to supply disruptions? And I mentioned, it had gone down to almost 30% levels.

Are we thinking of increasing our production capacity at Jamshedpur plant line? Not exactly, I mean, Jamshedpur plant has a particular product, in fact cannot be increased without doing something dramatic. Just for your information, we just completed a relining activity, which will definitely ensure very consistent and reliable performance of the plant, which in terms, obviously, will ensure that there is more product available on an annualized basis from the plant.

There was a question on the fleet order book and expected completion to the order. Present order backlog in August 2020 is Rs. 6,662 million and expected completion of all these jobs is 2020.

Safety measures taken by the company? I think I had elaborate on that in my presentation on what we did to handle COVID.



*Linde India Limited  
18 September 2020*

Some questions from Mr. Mohan Swami. Request to ensure that in long-term we have one company. I think we have explained, Chairman has also explained and we have explained that, we have put in steps to ensure that the results that the shareholders would be seeing would be like that of one company.

On medical business, what are we trying to do to circa more installations or tie-up with hospitals to ensure more long-term contracts? Yes, I think I had covered that in my presentation. Our customers and medical engineering services team is constantly putting up new tanks in new hospitals or new treatment areas as and when the governments are opening them. And as the Chairman also mentioned, our liquid medical oxygen demand has gone up to 200%. We expect that, obviously, things will definitely get better, and by sometime in 2021 things will normalize. But by that time we will have a very good enhanced footprint across all hospitals in our power zones.

Talking about power, there is a question of, are we trying to pass those from our renewable sources which will help in profitability? Yes, of course. I mean, power is our biggest variable cost component and there are a specific department which is entrusted with the job of ensuring we get the lowest possible cost of power. And of course, ensure that this low cost power is also utilized in the most efficient way. And definitely, renewables exchange, all other all sources are being looked into, to ensure that we get the lowest possible cost to power. As of now, we have no plans to directly invest and produce power. We are depending on people who have the expertise to do that for us.

Question from **(Inaudible)** reduction of other expenses. So as I covered in my presentation, we have had extensive major discussions, followed by concrete measures to reduce every possible angle of the fixed cost, as well as on the variable cost. And definitely, the outcome of that is evident in our H1 results so far. And as I was mentioning earlier, it's not a one-off, which is going to disappear all of a sudden in next quarter, it would be a substantial part of the fixed cost reduction.

Question on the order in hand for PED? I think I have already answered that.

So Mr. Bhan had sent a lot of questions. It was unfortunate that it, Mr. Bhan, it would be nice if you had sent the questions earlier to us so that we could have been better prepared to answer them. I will try to answer some of them.

There was one question of ICL Panipath. Whether Linde India had bid for it? The answer is, yes. But however, once the merger globally was getting firmed up, IOCL did ask that one of the two entities would have to drop out. Now, whether that restricts our opportunities? I don't believe that does at all, because Praxair India is incumbent in IOCL Paradeep. They have a substantial competitive advantage against anyone else who would have gotten over there. And the Board also had deliberated on this, and we don't believe we lost out an opportunity there.



*Linde India Limited*  
*18 September 2020*

Which new technology or application would go to which company? I think we might have covered that, we sort of split up the country on a geographical basis. And that would be one of the key factors in determining which entity would be participating in which opportunity. And on the onsite part of it also we also clarified, its primarily going to be based on incumbency, the geographic location and the competitiveness.

So, just to go back to Mr. Bhan's questions. What steps are being taken to watch Linde India and Praxair into a single company? It has been clarified, beyond the joint venture which has already been set up, there is presently no proposals for merger of the two entities.

Mr. Bhan had also asked, can the parent company guarantee that listed one will have similar growth as unlisted company? We have already sort of clarified that allocation of the new business is being done in such a way, keeping into account the presence of the individual companies and also trying to make it as the equitable as possible for both the companies. The JV was formed with a view to integrate the competing and synergistic gas business of Linde India and Praxair in the objective of realizing potential synergies. We are of the view that this does not harm the interest of the minority shareholders of the company, and overall the company would benefit. And as can be seen, ever since the global merger and the formation of the joint ventures in India, there has been a consistent growth in the value of the shares of the company. And we believe that is definitely an indication of the consistent growth and the shareholder value as well.

There was a question about investor call. Yes, definitely, earlier we used to have investor calls. And going forward now that the overall integration plans have been put in place, we will be resuming the practice of having investor calls.

I think we have answered most of the questions, otherwise it has been covered by the Chairman. And Mr. Bhan, definitely I would really look forward to your presence in the next investor call that we have, so that we will be able to do better justice to your questions and give you the necessary assurances that you are seeking from the Board.

So I think I have covered all the questions.

**Robert John Hughes:**

Okay. Thank you, Abhijit. I would like to thank Abhijit and the team in Calcutta. I know there are many people behind the scenes helping prepare Abhijit to answer those questions. And, again, hopefully next year we will all be together, so that I will be able to have that support and take the questions rather than hand it on to the MD.

So with the completion of the Q&A session, we now come to the voting, which is the last part of the proceedings of this meeting. Members may note that the voting on the NSDL platform will continue to be available for the next 30 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors have appointed Mr. S. M. Gupta,





*Linde India Limited  
18 September 2020*

practicing company secretary, Mr. P. Sarawagi as the scrutinizer to scrutinize the e-voting process for the 84th Annual General Meeting in a fair and transparent manner, and submit a report to the Chairman or a person authorized to him in this regard.

I hereby authorize Mr. Abhijit Banerjee, Managing Director and Mr. Pawan Marda, Company Secretary of the company to receive the scrutinizer's report and declare the results of the voting and place the results on the website of the company, the stock exchange and the NSDL. Resolutions as set forth in the Notice shall be deemed to be passed today, subject to receipt of the requisite number of votes.

I am pleased to say that we had around 70 members or shareholders participating in this meeting besides the speakers. And again, a unique meeting, being holding it for the first time by VC. And I thank you all for your time and effort in terms of dialing in for this. And I appreciate your consideration and support on the basis this is our first time we have done this. And hopefully we have been able to do it in a way that has been interesting to you, and we have been able to answer the questions that you have asked.

We are grateful to all the shareholders for attending the meeting. And hereby declare the proceedings of this 84<sup>th</sup> Annual General Meeting as closed. Thank you very much, ladies and gentlemen. And I look forward to seeing you and hopefully in person next year. Thank you very much.

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