

Sect/52

30 April 2019

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|---|---|
| To, The Manager [NSE NEAPS] Listing Department National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E) Mumbai - 400051 | To, The General Manager [BSE Listing Centre] Department of Corporate Services BSE Limited New Trading Ring, Rotunda Building, 1 st Floor, P.J. Towers, Dalal Street Fort, Mumbai 400001 |
|---|---|

Dear Sir/Madam,

Update on Linde India Ltd. Annual Report 2018

This refers to our letter no. Sect/46 dated 22 April 2019 enclosing therewith a pdf copy of the Annual Report of the Company for the year 2018 together with the Notice of the 83rd AGM scheduled to be held on Thursday, 16 May 2019.

In view of some printing/typographical errors observed in the Annual Report 2018 submitted to the Stock Exchanges as above, a revised pdf copy of the Annual Report is enclosed herewith. For ease of reference, the details of the printing/typographical errors which have been corrected in the revised pdf copy of the Annual Report are given below:

| Page No. | Section of the Annual Report | Details of the printing/typographical errors corrected |
|----------|---|---|
| 10. | Directors Report | Gases & Related Products: para 2; 5 th line from bottom - 1st week of June "2019" has been corrected to "2018". |
| 17. | Directors Report | Directors: Insertion of one missing sentence at the end of para 2. |
| 31. | Form MGT-9 - Extract of Annual Return (Annexure 7 to Directors' Report) | Correction in the no. of shares transacted by Reliance Multi Cap Fund and Life Insurance Corporation of India. |
| 35. | Form MGT-9 - Extract of Annual Return (Annexure 7 to Directors' Report) | Correction in the transaction date of Reliance Regular Savings Fund - Equity Option. |

You are requested to please disseminate the aforesaid pdf copy of the Annual Report 2018 with the details of the corrections in your website for the information of the Members and investors of the Company. The revised copy of the Annual Report has also been uploaded on the website of the Company at www.linde.in.

Thanking you,

Yours faithfully,


 Pawan Marda

Asst. Vice President & Company Secretary

Encl: as above



Making our world more productive

Committed to Integrity.

Annual Report 2018.



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Chairman's message.

Dear Shareholders,

2018 was a tremendously successful and dynamic year for Linde India and indeed The Linde Group. We reached a new milestone in our Company's legacy, the legal closing of the historic merger between the holding company of your company, Linde AG and Praxair Inc., to form Linde plc.

As a part of the approval process from various regulators across the globe, the Competition Commission of India (CCI) also granted its approval to the proposed business combination between Linde AG and Praxair, Inc., subject to the divestment of certain assets of Linde India. Your Company has appointed an independent financial advisor to assist in the divestment of the assets through a rigorous and transparent process to derive the best possible value for these assets, subject to final approval from the shareholders. The process for divestment is currently underway.

Your Company is currently evaluating potential future integration plans for realising the synergies between Linde India and Praxair India. We are considering the various potential options and their impact towards achieving this goal and we will communicate further developments in the coming months.

I am delighted to report that Linde India's Gases and Project Engineering Division (PED) recorded satisfactory growth in its overall revenues in 2018. The positive momentum in the steel and automobile industries has continued to deliver healthy growth for your Company's underlying gases business; while robust growth in revenue of PED was driven by the commercialisation of air separation and nitrogen plants commissioned in the steel and refinery sectors. PED has also benefited from the support from Linde Engineering and had orders valued at over Rs.6,000 million as at 31 December 2018. While the operating profit for the year stood at Rs.3,490.09 million, the profit after taxes after exceptional items for the year under review amounted to Rs.471.70 million. The net profit for the year at Rs.334.86 million also compares well with the previous year.

Your Company continues to leverage application technology and has secured new business in a number of "firsts" in various

industries. I am pleased to report that we have won our first major customer in the refinery sector to enhance sulphur recovery with Linde's oxygen enrichment application; a key customer has invested in our Instant Quick Freezing application, cryogenic freezing with liquid nitrogen, and we have acquired our first nitrogen application for tyre curing.

Looking ahead, we will continue to build on our tradition of success at Linde India. Our success is anchored on a strong foundation of integrity, one of the core values of Linde. Your Company remains focused on driving profitable growth safely, improving operational efficiency and operating ethically at all times to increase profit margins.

You would have taken note of my decision to retire from the Board of Linde India. This has been a difficult decision for me but in consideration of my broadened responsibilities, it is the right one. It has been my privilege to serve on the Board of Linde India and as its Chairman. I would like to thank my colleagues on the Board for their wise counsel and support, and you, our shareholders, for your encouragement and placing your trust in Linde India. Rest assured that our mission to Make the World More Productive will continue to generate sustainable, profitable returns you expect from our Company.

Yours sincerely,



Sanjiv Lamba
Chairman

15 April 2019



Committed to Integrity.

At Linde India, we believe in fairness, transparency and trust to drive growth for our company as well as our customers and partners.

We value the reputation earned as a safe, reliable and honest business partner and corporate citizen. Our commitment to operating with integrity is evidenced in our adherence to the high standards of ethics and governance laid down in our Code of Business Integrity.

Our Code of Business Integrity addresses employee conduct, third-party transactions and ethical competition. This code applies

to everyone working with or at Linde India, including senior management, employees, subsidiaries and affiliates.

At Linde India, compliance to Ethical Competition laws extends to International Trade Regulations, Cyber Laws and Human Rights. With the rise in digital transactions, we recognise the need to integrate rigorous cyber security and data privacy measures with our business processes. We also invest in benchmarking our safety, security and environmental policies with global standards in ethical compliance.

Maintaining transparency in our business processes has helped us gain trust, curtail risks and build customer loyalty. Our strong foundation of integrity is a key asset and is important to our continued success.

Commitment to Customers and Partners

All Linde products are made to the highest standards of Safety, Health, Care for the Environment and Quality. We select our partners and vendors based on merit and due diligence processes.

Commitment to Employees

Our Company complies fully with labour and employment laws. We strive for workplace Diversity and Inclusivity. Focusing on the Health and Safety of our employees is key to our success.

Commitment to Ethical Competition

We succeed on honest and fair dealings only. We comply with global antitrust laws and ensure ethical competition at each step of the business and respect confidential and sensitive competitor information.

Commitment to our Investors

We are committed to providing a transparent and timely account of our financial recording. Responsible communication, asset protection, maintenance of data and confidential information are priorities for our commitment to investors.



360° Focus on Our
Commitment to
Integrity

Profile of the board of directors.*



↳ Left to right: Arun Balakrishnan, Jyotin Mehta, Sanjiv Lamba, Desiree Co Bacher, Moloy Banerjee and Shalini Sarin

Arun Balakrishnan [DIN: 00130241]
Born 1950

Non-Executive Independent Director

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

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

Jyotin Mehta [DIN: 00033518]
Born 1958

Non-Executive Independent Director

FCA, FCS and FICWA
Bachelor of Commerce

Retired as Vice President and Chief Internal
Auditor of Voltas Ltd. Presently on the
Board of Suryoday Small Finance Bank Ltd.,
Majesco Ltd., Monnet Ispat & Energy Ltd., ICICI
Prudential Trust Ltd. and others.

Sanjiv Lamba [DIN: 00320753]
Born 1964

Chairman

Chartered Accountant
Bachelor of Commerce

Presently a Member of the Executive Board of
Linde AG and Executive Vice President- APAC of
Linde plc and responsible for the Asia/Pacific
segment of the Gases Division, Global Gases
Businesses, Helium & Rare Gases, Electronics
as well as Asia Joint Venture Management.

Desiree Co Bacher [DIN: 07097389]
Born 1971

Non-Executive Director

Bachelor of Science in Accountancy, Certified Public
Accountant in The Philippines

Presently the Head of Finance and Control
for South and East Asia, based at the Group's
Regional Office at Singapore. Has rich
experience in various senior positions in the
finance function within The Linde Group.

Moloy Banerjee [DIN: 00273101]
Born 1966

Managing Director

B.Tech. in Mechanical Engineering
from IIT, Kanpur

Appointed as Managing Director of Linde India
Ltd. with effect from 30 July 2013. Has many
years of rich experience in various roles in
Project Engineering and the Gases business of
the Company, including two years in the South
& East Asia and South Pacific regions of The
Linde Group.

Shalini Sarin [DIN: 06604529]
Born 1965

Non-Executive Independent Director

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

Presently the Global Head of CSR, Chair of
Philips Lighting Foundation and advisor to the
Solar and BoP business at Philips Lighting.
Besides Philips, Dr Sarin is the Chairperson
of a Global taskforce of Foundations with
International Solar Alliance, a Govt. of India
and Govt. of France Alliance supported by the
United Nations.

*As on 31 December 2018

Linde India wins Golden Peacock Award.

Linde India has been declared the winner of the Golden Peacock Award 2018 for Corporate Ethics by the Institute of Directors, India. This is a coveted award and recognition of excellence in Corporate Ethics and a mark of a world-class organization.

Mr. Moloy Banerjee, Managing Director, and Mr. Pawan Marda, Asst. Vice President & Company Secretary of Linde India attended the Golden Peacock Award Convention 2018 at Singapore on 5 and 6 Dec. 2018. The event witnessed enthusiastic participation from various other Corporates such as Honeywell India, Infosys, Tata Steel, Reliance Industries, Ashok Leyland, HSIL, Glenmark Pharma, SBI Life Insurance, etc., where the winners in different categories of awards made their respective presentations.

The award bears testimony to Linde values embraced by the management team of Linde India.



Moloy Banerjee and Pawan Marda receiving the award from H.E. Mr Jawed Ashraf IFS, Indian High Commissioner to Singapore at the Golden Peacock Award Convention held in Singapore.



Company information.*

Board of Directors

Sanjiv Lamba, Chairman
 Arun Balakrishnan
 Jyotin Mehta
 Shalini Sarin
 Desiree Co Bacher
 Moloy Banerjee, Managing Director

Chief Financial Officer

Indranil Bagchi

Asst. Vice President and Company Secretary

Pawan Marda

Auditors

Statutory Auditors

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

Secretarial Auditors

Vinod Kothari & Company
 Firm Registration No. P1996WB042300

Cost Auditors

Bandyopadhyaya Bhaumik & Co.
 Firm registration no. 000041

Registrar and Transfer Agents

Link Intime India Pvt. Ltd.

Bankers

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

Audit Committee

Jyotin Mehta, Chairman
 Arun Balakrishnan
 Sanjiv Lamba
 Shalini Sarin

Stakeholders Relationship Committee

Arun Balakrishnan, Chairman
 Jyotin Mehta
 Moloy Banerjee

Nomination and Remuneration Committee

Arun Balakrishnan, Chairman
 Sanjiv Lamba
 Jyotin Mehta

Corporate Social Responsibility Committee

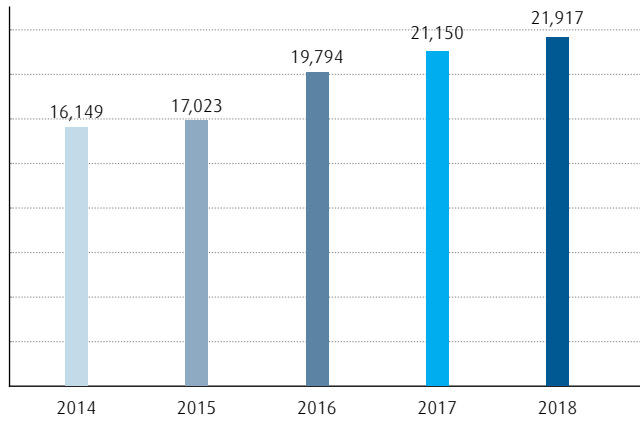
Shalini Sarin, Chairperson
 Arun Balakrishnan
 Moloy Banerjee

Registered Office

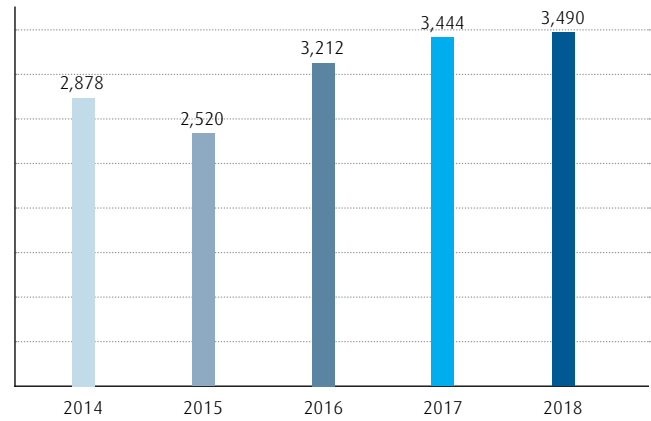
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 Kolkata 700 088
 India
 CIN: L40200WB1935PLC008184
 Phone: +91 33 6602 1600
 Fax: +91 33 2401 4206
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 www.linde.in

Financial performance (Standalone).

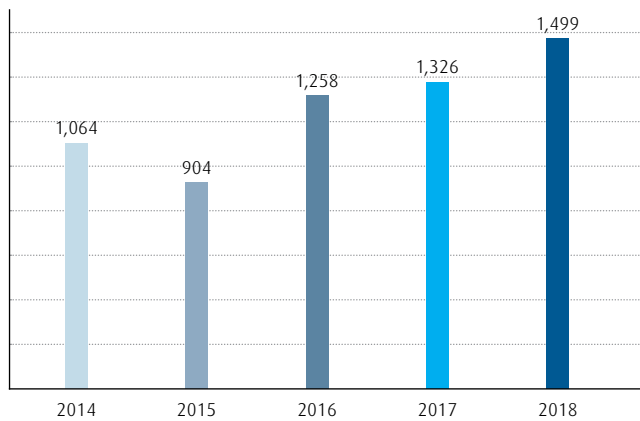
Revenue from operations



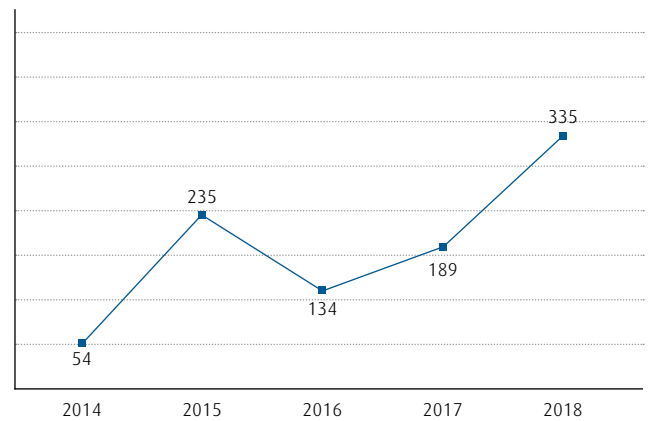
EBITDA



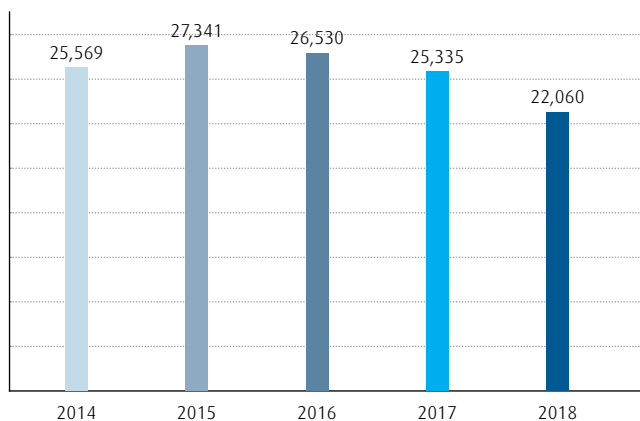
EBIT



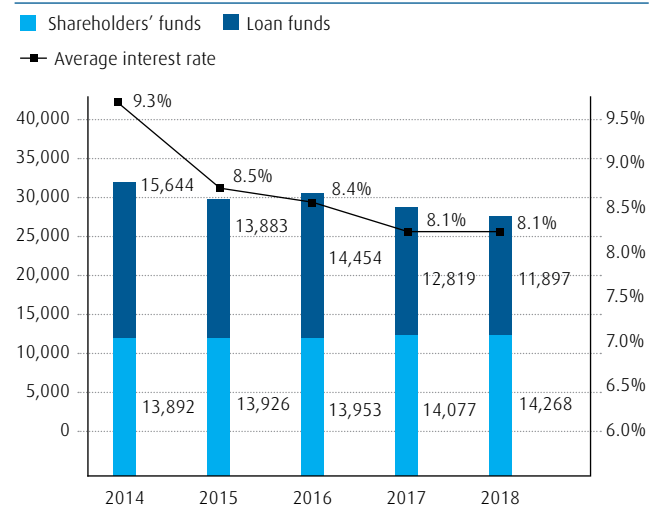
Profit after tax



Fixed assets (net block)



Funds portfolio (in Rupees million and percentage)



*All values in Rupees Million unless otherwise stated.

Directors' report and management discussion and analysis.

The Directors have pleasure in submitting their Report together with the Audited Accounts of your Company for the year ended 31 December 2018:

The Company's standalone financial performance for the year ended 31 December 2018 is summarized below:

| In Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Revenue from operations | 21,196.54 | 21,149.87 |
| Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) | 3,490.09 | 3,443.80 |
| Less: Depreciation and amortisation expense (including impairment) | 1,991.38 | 2,062.55 |
| Earnings before interest and tax (EBIT) | 1,498.71 | 1,381.25 |
| Less: Finance costs | 1,027.01 | 1,164.69 |
| Profit before tax (PBT) before exceptional item | 471.70 | 216.56 |
| Less: Exceptional items | - | 55.00 |
| Profit before tax (PBT) after exceptional item | 471.70 | 161.56 |
| Tax expenses / (Release) | 136.84 | (27.82) |
| Net Profit after tax (A) | 334.86 | 189.38 |
| Total Other Comprehensive Income for the year | (41.16) | 11.36 |
| Total Comprehensive Income for the year | 293.70 | 200.74 |
| Retained earnings opening balance brought forward (B) | 5,271.99 | 5,167.28 |
| Add: Net Profit for the year | 334.86 | 189.38 |
| Less: Other comprehensive income recognised in retained earnings (net of taxes) (C) | 58.14 | 7.69 |
| Profit available for appropriation (D)= (A) + (B) + (C) | 5,548.71 | 5,348.97 |
| Appropriations: | | |
| Dividend on Equity share including dividend distribution tax paid [#] (E) | (102.81) | (76.98) |
| Retained earnings closing balance carried forward (G)= (E)- (F) | 5,455.90 | 5,271.99 |

[#]Pertains to dividend for the financial year 2017 paid during the year @10% (Previous year @7.5% for the financial year 2016)

Global merger of Linde AG and Praxair, Inc.

At the outset, the Board of Directors of your Company is pleased to inform that the focal point of the strategic development for your Company during the year 2018 was the successful completion of the business combination between Linde AG, the ultimate holding company of your Company with Praxair, Inc. on 31 October 2018. In this respect, a legally binding Business Combination Agreement had been signed between Linde AG and Praxair, Inc. on 1 June 2017. With completion of the global merger on 31 October 2018, Linde plc, a company incorporated in Ireland has become the new holding company of both Linde AG and Praxair, Inc. and as such Linde plc is now the new ultimate holding company of your Company.

During the year, as part of the approval process from various anti-trust authorities across the globe for the aforesaid business combination, Linde AG and Praxair, Inc. had in January 2018 applied to the Competition Commission of India (CCI) seeking approval for the business combination in India, pursuant to which, the CCI issued its clearance letter dated 7 September 2018 to Linde AG and Praxair, Inc. approving the proposed business combination between Linde AG and Praxair, Inc. subject to divestment of certain assets controlled by them in India. Accordingly, your Company is required to make divestiture of JSW-2 1800 tpd ASU situated at Bellary, the Company's 50% shareholding in Bellary Oxygen Company Pvt. Ltd., Hyderabad Cylinder Filling Station (excluding the Nitrous Oxide facility) and the Chennai Cylinder Filling Station as a part of the divestment mandated by the CCI. Your Board after detailed deliberations in this regard and after considering potential benefits of the business combination and the various legal implications thereof, subject to shareholders' approval pursuant to Section 180(1) (a) of the Companies Act, 2013, granted its in principle approval for the divestment of the aforesaid assets and also appointed an independent financial advisor for assisting Linde India in execution and carve out of the aforesaid divestment assets within the timeline set out in the CCI order. Your Company is currently in negotiations with potential buyers and expects that the fair value of the assets less the sale costs is likely to be higher than their aggregate carrying amount of Rs. 2,403.66 million.

Financial Performance 2018

Your Company achieved a satisfactory growth in the overall revenues during the year 2018 in both its business segments, that is, Gases and Related business and Project Engineering with the total revenue from operations recording a growth of 7.8% year on year. During the year under review, the revenue from operations in the Gases business at Rs.18,013.44 million recorded a growth of 4.8% as compared to Rs.17,190.91 million (net of excise duty of Rs.819.30 million up to 30

June 2017) in the previous year. Excluding the impact of re-contracting of the 1290 tpd air separation unit at Jamshedpur, which has been explained in the section on gases business, the underlying growth in the gases business is 9.1% resulting primarily from strong demand from steel and automobile sector, growth in merchant business and the pricing initiatives offset by impact of breakdown of a large air separation unit at a customer site in Jamshedpur in the first half of 2018. The Project Engineering business revenues stood at Rs.3,895.76 million as compared to Rs. 3,128.52 million during the previous year, recording an increase of 24.5% year on year. The PED revenues grew primarily on the back of orders from steel and refinery sectors, besides turnkey projects overseas.

During the year under review, your Company achieved a higher EBITDA of Rs.3,490.09 million as compared to Rs.3,443.80 million in the previous year. As explained above, this increase was primarily driven by growth of merchant business as well pricing initiatives implemented in the gases business, which was partially offset by the aforesaid breakdown of the air separation unit at Jamshedpur and provisions aggregating to Rs.419.80 million made during the year in respect of indirect taxes, post medical retirement benefits, increase in the gratuity ceiling, etc.

The Profit before taxes (after exceptional items) for the year under review amounted to Rs. 471.70 million, a significant increase over Rs. 161.56 million achieved in previous year. The Company has benefited from a lower depreciation of Rs.1,991.38 million during the year 2018 as compared to Rs.2,062.55 million in the previous year due to nil depreciation charged on assets held for sale as per the order of Competition Commission of India. During the year, there has also been a reduction in the interest cost of Rs.137.68 million arising mainly from repayment of the ECB borrowings.

Net profit for the year 2018 at Rs. 334.86 million compares favourably as against Rs. 189.38 million in the previous year.

Dividend

The Board of Directors of your Company has recommended a higher dividend of 15% (Rs. 1.50 per equity share of Rs. 10 each) on 85,284,223 equity shares of Rs. 10 each in the Company for the year 2018 as compared to 10% (Re. 1 per equity share of Rs. 10 each) declared for the year 2017. This decision has been taken in view of the improvement in the underlying business, which looks sustainable and the cash flow position of the Company and is in line with the Dividend Distribution Policy of the Company. The dividend is subject to the approval of the shareholders at the ensuing 83rd Annual General Meeting scheduled to be held on 16 May 2019. This dividend together with the dividend tax

will result in cash outlay of Rs. 154.22 million as compared to Rs. 102.81 million in the previous year. The Board has not recommended any transfer to general reserves from the profits during the year under review.

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

Consolidated Financial Statements

Although the Company does not have any subsidiary, as per the requirement of Section 129(3) of the Companies Act, 2013 and the applicable Indian Accounting Standard 110 issued by the Institute of Chartered Accountants of India, your Company has prepared consolidated financial statements for the year ended 31 December 2018 together with its joint venture company, viz. Bellary Oxygen Company Private Limited. The said consolidated financial statements of the Company form part of the annual report. However, since the Company does not have a subsidiary, the compliance under Section 136 about separate financial statements do not apply to it.

Details of Joint Venture Company

The Company has one joint venture in the gases business viz. Bellary Oxygen Company Pvt. Ltd., which operates an 855 tpd Air Separation Unit at Bellary, Karnataka for supply of gases under a long-term gas supply agreement to JSW Steel Ltd.'s works at Bellary. Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the joint venture company in the prescribed Form AOC-1 is annexed to this report. [Annexure 2]

Industry Developments

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

in steel and refinery sectors. The project engineering business on the other hand is characterised by a different business model and thrives on designing and engineering, supply, installation, commissioning and sale of air separation units, cryogenic plants, vessels, etc. to third parties on turnkey basis. The project engineering business therefore, reflects the appetite for new projects in diverse core sectors of the economy.

Business Segments

Your Company's business has two broad segments, viz. Gases and Related Products and Project Engineering in line with the operating model of the Linde Group.

Gases and Related Products

The Gases and Related Products segment comprises of pipeline gas supplies (Onsite) to very large industrial customers mainly the primary steel, glass and chemical industries, supply of liquefied gases through Cryogenic tankers (Bulk) to cater to mid-size demands across a wide range of industrial sectors and compressed gas supply in cylinders (Packaged Gas) for meeting smaller demand for gases mainly across fabrication, manufacturing and construction industry. The primary production of gases (oxygen, nitrogen and argon) is mostly achieved through cryogenic distillation of air in Air Separation Units (ASU).

Oxygen, Nitrogen and Argon may also be produced in the gaseous state and supplied through pipeline to the Onsite customers, or produced in liquid form and stored in insulated cryogenic tanks for supply to Bulk customers or further processed in the Packaged Gas plants to bottle compressed gas in cylinders. The strategy of the bulk and packaged gas business continues to focus on building density and sustaining market leadership through application led gas sales and enhanced service levels. The Healthcare business, an important part of the Gases business provides high quality gases for pharmaceutical use such as medical oxygen, synthetic air and nitrous oxide in addition to providing state of the art medical gas distribution systems to major hospitals.

During the year, the original long-term gas supply contract with Tata Steel in respect of the 1290 tonnes per day air separation unit at the customer's steel works at Jamshedpur was renewed for a further period of 10 years with effect from 1 July 2018. The renewal has been implemented with revised commercial structure (Lease and O&M basis), which results in elimination of the power pass through component in the revenue. In view of the same, the underlying growth in the gases business works out to 9.1% which was mainly driven by growth in the merchant business and pricing initiatives. The performance of the Gases business during the 1st quarter of 2018 was however, significantly impacted as a result of breakdown of certain critical equipment at a large air separation unit at a customer site in Jamshedpur, which occurred in the third week of January 2018. Your Company took appropriate action on war footing to carry out repair of the equipment as well as replacement of the Booster Air Compressor of the ASU. During this period, the ASU operated at a turned down capacity, which continued till the 1st week of June 2018, when the plant resumed operations at full capacity. During the year under review, barring the breakdown of the aforesaid ASU, most of the onsite plants performed well with specific power as per or better than the plan and achieved reliability of nearly 99%.

During the financial year 2018, the Indian Steel Industry, which is a major driver for the demand for gases, underwent consolidation with mid and large size companies in primary steel segment being acquired by steel majors. As per the report of World Steel Association, the total steel production in India during the year 2018 was 106.5 million tonnes, which recorded a growth of 5% with respect to the previous year. As per National Steel Policy of the Government of India, the steel production in India is projected to rise to 300 million tonnes by 2030.

The automotive and ancillary sectors witnessed a positive gas demand through most part of the year on the back of good growth in this segment both in passenger and commercial vehicles. However, this sector showed subdued demand during Q4 of 2018, which continued into Q1 of 2019. The automotive sector is a major Argon consumer and is a significant driver of high value Argon sales of the Company.

The bulk business which is a major part of the merchant and packaged gases business registered volume growth of nearly 7% and revenue growth of 19% versus previous year despite product shortage arising out of equipment breakdown in the air separation unit at Jamshedpur. The growth in the Bulk business was supported by sales to refineries and steel mills, as well as sales through distributors. The Industrial Packaged Gas Business also registered volume growth of 23% and revenue growth of 37%.

Linde India continues to focus on introducing new products and applications into the market to secure growth and improve margins. During the year, your Company was able to secure a number of orders by leveraging Linde applications technology, some of which are highlighted below.

Your Company secured its first major win by leveraging its technology around low level oxygen enrichment in Sulphur Recovery Unit in the refinery sector. The year also witnessed wins using CIRRUS[®] and CUMULUS[®] technologies which help customers in emission control and solvent recovery in bulk drugs manufacturing industry.

Your Company is also successfully leveraging the newly built state of the art Food Lab and Technology Centre in Vijayawada, by securing its first Instant Quick Freezing (IQF) freezer for shrimp freezing. As compared to mechanical freezing, Linde's nitrogen application offered a low initial investment and lesser operating costs. The benefits to the customer are not only in terms of cost savings but are also in terms of enhancement of quality. The Linde's IQF technology with use of liquid nitrogen also allows the customers to tag their premises as ammonia free.

Besides this, your Company also applied its nitrogen solution for tyre curing successfully to secure a maiden order from tyre industry in India. Your Company continues in its drive for implementing Argon based shielding gas solutions for welding in the automotive industry, which is one of the major drivers of argon sales.

Healthcare is a strongly growing part of the gases business and your Company continues to maintain its leadership in healthcare gases market. The liquid medical oxygen business recorded a volume growth of 4% as compared to 2017. Your Company launched Linde's

patented LIV® cylinders for medical oxygen in select cities, which is getting very good response in the markets. We expect good growth in the LIV product line in the coming years. Your Company has also launched ENTONOX® - an anaesthetic gas, which is very useful during natural child birth and also short-term pain relief in a range of medical procedures. With the increasing adoption of natural delivery (in contrast to C-section delivery), your Company sees good opportunity for increasing use of ENTONOX® therapy going forward.

The Distribution function which takes care of the supply chain in the Gases business is key to its strategy. As mentioned earlier, the supply chain requires significant investments in the form of distribution assets and storage networks to service bulk volumes as well as in the form of cylinders to service relatively smaller volumes in the packaged gases business. During the year, the Company implemented several measures to improve efficiency of the distribution function such as phasing out of low capacity tankers, introduction of 7KL tankers with flow meter for medical supplies, with the aim of reducing cost of delivery and improving billing accuracy. Besides, actions have been taken to improve delivered volume by about 2% by optimizing the payload per vehicle. Increased distribution capability of liquid products to 1500 tpd, improvement in supply failures, higher capacity utilization of VITTS and cylinder vehicles over 2017, improvement in kilometers run, etc. are some of the highlights of Deliver.

Transport safety in India has its own share of challenges and to overcome and mitigate the same, your Company has installed equipment to monitor fatigue and distraction of the drivers on road. Your Company also set up a Transport Operation Center (TOC) to monitor and alert the drivers on a 24/7 basis anticipating fatigue and distraction from the TOC. The digital monitoring of the driver risk profile and other actions have helped the Company achieve 4.46 safe million kilometers run in 2018, besides, reduction in driving violations over last year. As a part of the Deliver program, all Transport Managers have undergone a Reboot Program and their competency were assessed by 3rd Party and were accordingly issued license to operate.

Linde India had launched the Customer experience (Cx) Program in 2015. Cx performance is measured on defined metric system across three KPIs which are Acknowledgement of the complaint, Response time and Target resolution time. All the three KPIs have shown further improvement as compared to 2017.

Project Engineering

The Project Engineering Division (PED) comprises the business of design, engineering, supply, installation, testing and commissioning of Air Separation plants and related projects on turnkey basis. The Project Engineering Division also has a ASME-"U" stamp certified plant manufacturing works to fabricate core proprietary equipment such as distillation columns for air separation plants, cryogenic liquid storage tanks, ambient and steam bath vaporizers, process vessels, LINIT plants, small sized cold boxes, containerized micro plants for cylinder filling for in-house use as well as for sale to third party customers.

The Project Engineering business achieved highly improved performance during the year clocking revenue of Rs. 3,895.76 million

as compared to Rs. 3,128.52 million during the previous year, recording an increase of 24.5% year on year. The growth in the PED revenues was primarily on the back of orders from steel and refinery sectors, besides turnkey projects executed overseas. During the year, the Division won fresh orders of over Rs. 4,000 million, which mainly include large value orders for supply of cryogenic nitrogen plants with associated IA/PA system on turnkey basis. Apart from the refineries in India, the Division was also able to get export order from a customer in Bangladesh for supplying a cryogenic oxygen plant (IMPACT 3MH model). This export order was won against stiff international competition. The PED derives support from Linde Engineering, Munich by way of transfer of technology for design and manufacture of plants in India. In addition to above, the Division has also received an order from the refinery sector for supplying a VPSA oxygen plant.

During the year, the Division successfully commissioned 2200 tpd ASU for JSW Steel Ltd. at their Dolvi site in Maharashtra, completed supplies for 33 tpd merchant ASU for Linde Malaysia at Bintulu and several cryogenic nitrogen plants for customers in the refinery sector in India and overseas, besides, Adani Mundra port terminal.

The Division is working towards receiving the Integrated Management System (IMS) Certificate (ISO 9001, 14001, 18001) for their EPC business, which will help it to get more business in the overseas markets.

As on 31 December 2018, the order book position of the Project Engineering Division for third party projects stood in the range of Rs. 6,000 million.

Opportunities and Threats

India continues to be the fastest growing economy in the world and the positive economic outlook of the country presents several opportunities in both the Gases and Project Engineering businesses of the Company. As per the World Economic League Table, India's economy is likely to have overtaken France to become the 5th largest economy in the world in dollar terms in 2018 and the ongoing economic growth in the years ahead will present several opportunities for the manufacturing sector. However, the continuing trade tensions between U.S. and China and the rise in crude prices pose some risk. Demand from the steel sector remains the main driver for the growth of the gases business in India and the expansion as well as consolidation in primary steel sector and refineries is expected to create opportunities for the Project Engineering business. The focus on application technology-based selling of gases in manufacturing, food and beverage, cement, paper, oil and gas, etc. is likely to create more demand for the gases business. The global merger between Linde AG and Praxair, Inc. is also expected to harness potential of both the companies and deliver value to all stakeholders.

On the other hand, aggressive addition of new merchant capacities by competitors in an already competitive market place may have adverse impact on price in certain geographies. A more detailed information on risk is covered in this report under the risk management section.

Risk Management

Your Company's business faces various risks - strategic as well as operational in both its segments viz. Gases and Project Engineering, which arise from both internal and external sources. As explained in the report on Corporate Governance, the company has an adequate risk management system, which takes care of identification, assessment and review of risks. The Company had held its last risk workshop in the year 2017, which was attended by the senior management team with a view to refresh the various risks facing the Company. A refresher risk workshop is proposed to be held in later part of 2019 when a better understanding of the new risk landscape is expected to emerge. The risks being addressed by the Company during the year under review included risk relating to aggressive capacity addition by competitors, risk of sustained high interest cost arising from adverse cash flows, over dependence of business on steel sector, risk of investments not delivering business case assumptions including merchant credits and impairment, competitive risks in the Gases and Project Engineering, etc. Since the Project Engineering Division of your Company is engaged in execution of various in-house and third-party projects, it carries an inherent risk of time and cost overrun. Your Board of Directors provides oversight of the risk management process in the Company and reviews the progress of the action plans for the identified key risks with a distinct focus on top 5 key risks on a quarterly basis.

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

Finance

As on 31 December 2018, your company had three loan facilities by way of external commercial borrowings (ECB) aggregating to Rs. 6,277.76 million from Linde AG. The facilities were executed mainly for funding of large air separation units (ASU) at Tata Steel Jamshedpur (2,550 tpd ASU), SAIL Rourkela (2X853 tpd ASU) and Tata Steel Kalinganagar (2X1200 tpd scale plants). All the three facilities are fully drawn down and fully hedged both with regard to the principal and interest payments. During the year, the Company made principal repayment to the tune of Rs. 2,554.76 million against these ECBs.

As on 31 December 2018, your Company had two USD denominated term loan facility of two years from Citibank aggregating to USD 23.28 million. The facilities are fully hedged with regard to the principal and interest payment. Your Company also had a Rupee term loan of Rs. 1,000 million, which was a USD denominated loan facility of USD 15.67 million in the previous year. Your Company also borrowed an additional term loan of Rs. 600 million for a period of one year from HSBC. The term loan facilities were executed to fund ongoing small capital expenditure and working capital requirements.

During the year, the Company negotiated at arm's length an inter corporate loan of Rs. 1,000 million from Linde Engineering India Pvt.

Ltd. for a further period of one year. The facility was executed as an alternative financing mode for short-term funds. This facility is in addition to the existing inter corporate loan of Rs. 1,500 million from the same party. During the year, Rs. 100 million was repaid to Linde Engineering India Pvt. Ltd. resulting in a total outstanding of Rs. 2,400 million at the year end.

Your Company also availed short term working capital demand loans from its banks for meeting cash flow mismatches, which were repaid during 2018.

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

Credit Rating

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

Open Offer under SEBI Takeover Regulations

During the year, on 24 October 2018, pursuant to the applicable regulations of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended, The BOC Group Ltd. ("The Acquirer") along with Praxair, Inc. and Linde Holdings Netherlands B.V. as persons acting in concert with the Acquirer made a public announcement for Open Offer to the public shareholders of the Company for acquisition of up to 2,13,21,056 equity shares (i.e. 25% of the paid-up share capital of the Company) held by them at an offer price of Rs. 276.09 excluding interest. The mandatory Open Offer was triggered by announcement made by Linde AG and Praxair, Inc. in connection with the merger of equals between the two companies under a new holding company, Linde plc in the year 2016. The Acquirer along with the persons acting in concert subsequently made a Detailed Public Statement to the public shareholders of the Company in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, inter alia, expressing its intention to make a voluntary delisting offer to all the public shareholders of the Company.

Voluntary Delisting Offer of the Promoter Group

In line with the above, The BOC Group Ltd. along with promoter group of the Company holding 6,39,63,167 equity shares of Rs. 10/- each aggregating to 75% of the paid-up equity share capital of the Company conveyed their intention to voluntarily delist the equity shares of the Company from the BSE Ltd. and the National Stock Exchange of India Ltd. in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009.

The Promoter Group's proposal for voluntary delisting offer was considered by the Board of Directors of the Company and later approved by way of a special resolution passed by the public shareholders of the Company by postal ballot. The special resolution authorised The BOC Group Ltd. to acquire up to 2,13,21,056 equity shares (i.e. 25% of the paid-up share capital of the Company) held by the public shareholders of the Company either by itself or along with any member of the promoter group as person acting in concert in accordance with the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009. The public shareholders holding equity shares of the Company were invited to submit bids through a reverse book building mechanism, which commenced on 15 January and closed on 21 January 2019. Following the expiry of the bid period, the offer price discovered in terms of the SEBI Delisting Regulations was Rs. 2,025/-, which was rejected by the BOC Group Ltd. and the person acting in concert. Following this, the BOC Group Ltd. published necessary Post Offer Public Announcement for failure of the Delisting Offer and a Corrigendum to the same in newspapers for information of the shareholders of the Company. Accordingly, the Acquirer did not acquire any equity shares tendered by the public shareholders pursuant to the Delisting Offer and the equity shares of the Company continue to remain listed on the stock exchanges.

In view of the failure of the voluntary delisting offer, the Open Offer process has commenced again and the Acquirer and the persons acting in concert have filed a draft letter of offer with SEBI as per regulation 5A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The Acquirer would take further steps for the mandatory Open Offer under these regulations after considering comments of the SEBI in this regard.

Investor Education and Protection Fund

During the year under review, your Company transferred the 56th unpaid/ unclaimed dividend amount of Rs. 0.56 million for the financial year ended 31 December 2010 to the Investor Education and Protection Fund in compliance with the provisions of Sections 124 and 125 of the Companies Act, 2013. In compliance with these provisions read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company also transferred 17,482 shares to the Demat Account of the IEPF Authority, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of 7 years. Further information in this regard is provided in the Corporate Governance Report.

Deposits

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

Significant and Material Orders passed by the Regulators or Courts

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

Particulars of loans, guarantees or investments

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

Safety, Health, Environment and Quality (SHEQ)

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

Linde Safety Day 2018 was celebrated at all Linde operating sites as well as project sites on 24 April 2018 with the theme of Risk- Expect the unexpected. Think about the risks. The global observance of the Linde Safety day at all sites allows us to collectively deepen our understanding of safety and what we can personally do to keep ourselves and those around us safe.

As a part of the Supply & SHEQ Improvement plan (SSIP), key programs were rolled out to bring more focus on risk identification & control measures, reinforcing training & competencies for all high-risk jobs, etc. Job Procedure Check was introduced to train personnel in the Operations function in checking adequacy of the high risk standard operating procedures (SOPs) through on-the-job verification and recording corrective measures for any identified gaps or risks. It was aimed to strengthen the existing SOPs in the sites to ensure that the jobs are completed safely. Certification of maintenance staffs program and certification of electrical competent persons were also introduced to impart competency-based-training (CBT) for mechanical maintenance staff and electrical competent persons respectively, being part of Safety Critical Roles in operational/maintenance activities.

The Electronic & Special Gases operations at the Mundra site, which handles various hazardous gases, was reviewed to reinforce site operations & safety management system, certification of safety critical roles, permit to work system, PPE matrix, alarm matrix, gas leak detection (fixed and portable) system, emergency response protocols and full range of emergency response tool (ERT) kits for operations & transportation. Periodic mock drill involving site team and customer team are being done on different gas leakage handling scenarios at regular intervals.

Transport Safety remains the single and biggest challenge and focus area for continuous improvement for our organization. According to the statistical analysis from the past, transport related incidents are mainly caused by driver fatigue & distraction. In order to monitor the fatigue & distraction, we have installed F&D (Fatigue and Distraction) devices in 300 delivery vehicles both in bulk and packaged gases business and the remaining vehicles are proposed to be covered in 2019. In our continuous endeavor to improve Transport Safety, a

Transport Operation Center has been set up by the Linde Group at the Company's head office at Kolkata. The Center uses some of the state of art technologies for identifying positive driving behavior of the drivers using live monitoring, data and video analytic skills and periodic trend analysis. As a part of our transport safety initiative, we have introduced driver duty & driving hours monitoring through digitized mode. In our effort towards improving the quality of the drivers we have taken them through various behavioral safety programs such as Act Safe. To improve the driving skills a group of around 30 drivers were sponsored to attend Practical Rollover Prevention Training at WABCO facility in Chennai.

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

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

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

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

Human Resources

The Linde Group has been a frontrunner in human resource practices and as a company operating within the Group, Linde India has aspired to become an employer of choice.

During the year 2018, the progress of the global merger between Linde AG and Praxair Inc. resulted in review of several HR policies at country levels with a view to prepare the organisation for the upcoming change. This also included a recruitment freeze in the organisation from May 2018. Amidst all this, and due to the resulting uncertainty usually caused during times of global mergers, the human resource function faced several challenges. With the completion of the merger, the new global organisation has now started taking shape and the new Linde values viz. Safety, Integrity, Community, Inclusion and Accountability and our behaviours viz. living our values, achieving goals and making an impact is expected to set clear expectations for success of the people in the new organisation.

Linde's global brand and HR practices nevertheless attract and retain quality talent from the engineering and management colleges. We have

progressed on focused HR initiatives in a sustained manner to meet this objective and are seeing these bear fruits now. There is a change, where employees have started taking keen interest in identifying their own development needs and bridging them by way of on the job experience as well as instructor led training and e-learning modules. This is reflected in the performance management system, which enables employees to accomplish their development needs.

We also aspire to be a "Talent Ready" organization which is ensured by hiring talent at the entry level with focus on grooming young talent through learning and development. In the beginning of 2018, we inducted 39 young graduates from various engineering and management campuses across the country this year with a view to create a talent pool for the future across various functions and to combat normal attrition in the organisation. After the initial orientation, these young recruits have been inducted into various functions. With 50% gender diversity talent in this group, we now have women taking up roles in Sales, Deliver and Operations, which erstwhile were typically male-centric functions. Besides, after a careful review of the performance and long-term employability of various associates working in core PGP operations, several associates were moved to payroll of the Company.

We have been encouraging internal movement of talent and have ensured 5% of such movements every year over last 3 years. This enables employees to have a wider exposure, which helps them to take larger roles in the organization. To ensure continuity of business there is a succession planning exercise in place which gives clarity up to the top 3 levels of the organization.

Your Company sustained focus on diversity and inclusion (D&I) through the year in multiple ways. We celebrated the international women's day in an inclusive manner by organizing a theatre performance which highlighted the importance of D&I in our daily lives. The hiring of gender diverse talent from campuses was yet another way of fulfilling our commitment to the D&I agenda.

We are committed towards creating a work environment which is safe and free of harassment for all our employees and associates. This year we developed short training modules in Hindi for drivers and operations staff on Prevention of Sexual Harassment at workplace. These sessions are mandatory and being conducted at each site.

The Company harmonious employee relations across all its plants and offices in India through the year and actions were also initiated during the year to close some of the old pending employment related litigations. As on 31 December 2018, the Company had a total manpower strength of 808.

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

The Company remains committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company's Policy on Prevention of 'Sexual Harassment' is in line with the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. Internal Complaints Committee (ICC)

has been set up to redress complaints, if any, received regarding sexual harassment. All employees whether permanent, contractual, temporary, etc. have been covered under this Policy. The Policy is gender neutral.

During the year 2018, one complaint alleging sexual harassment was received by the Company, which was investigated and redressed by the Internal Complaints Committee. The complaint was closed after initiating applicable consequence management action. As a preventive measure and to create awareness in this area, the Company has been conducting refresher programs for all permanent and contractual employees.

Prescribed Particulars of remuneration

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

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement containing the names and other prescribed particulars of top 10 employees in terms of remuneration drawn and that of every employee, who if employed throughout the year ended 31 December 2018 was in receipt of remuneration aggregating to not less than Rs. 10.20 million; and if employed for part of the said year, was in receipt of remuneration not less than Rs. 0.85 million per month is annexed to and forms part of this Report. However, having regard to the provisions to the first proviso of Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to all the Members of the Company excluding this information. The aforesaid statement is available for inspection by shareholders at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the said information may write to the Company Secretary at the Registered Office of the Company and the same will be furnished on request and the said information is also available on the website of the Company. None of the employees is covered under Rule 5(3)(viii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended.

Corporate Social Responsibility (CSR)

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

four thematic areas- Education, Health, Environment and Livelihood (skill development) and other areas specified in Schedule VII to the Companies Act, 2013.

Some of the CSR projects/ initiatives taken up/sustained during the year include providing special education to differently abled children at Indian Institute of Cerebral Palsy (IICP), supporting homes of underprivileged children and schools run by NGOs at Kolkata, Chennai and Bangalore, drive- safe campaign in collaboration with Kolkata Police and contribution towards flood relief in Kerala. Your Company spent an amount of Rs. 3.26 million during the year on various CSR projects/ activities as above, which far exceeds the mandated CSR spend of Rs. 0.19 million as per the Companies Act, 2013. Your Board is of the view that some of the CSR initiatives need to remain ongoing to sustain the momentum of these initiatives. The details of the CSR projects/ activities for the year 2018 are covered in the Annual Report on CSR activities, which is annexed to this Report. [Annexure 5]

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

Business Responsibility Report

The Linde Group supports the United Nations Global Compact and every year publishes a detailed Corporate Responsibility Report incorporating the Global Compact's ten principles and their impact into our business activities in the manner required for GRI reporting. As a member of The Linde Group, your Company has adopted the various policies of its parent, that relate to the 9 principles laid down by Securities and Exchange Board of India for business responsibility reporting by the top 500 listed entities in India based on market capitalisation. As stipulated in Regulation 34(2) of the SEBI Listing Regulations, 2015, your Company has included a Business Responsibility Report as an integral part of the Annual Report for the year 2018 briefly describing initiatives taken by it from an environment, social and governance perspective during the year under review.

Corporate Governance

As a member of The Linde Group, your Company attaches great importance to sound responsible management and good corporate governance. Arising from the completion of the global merger between Linde AG and Praxair, Inc., Linde plc, a company incorporated in Ireland has become the new holding company of both Linde AG and Praxair, Inc. Linde plc now has redefined its vision, mission and strategic direction and has replaced some of its legacy codes and policies to align with the new Linde values. Your Company, however, remains committed to business integrity, high ethical standards and professionalism in all its activities same as ever. As an essential part of this commitment, the Board of Directors of Linde India Limited supports high standards in corporate governance.

It is the endeavour of the Board and the executive management of your Company to ensure that their actions are always based on principles of responsible corporate management. In the Linde Group, corporate governance is seen as an on-going process. During the year, the Committee on Corporate Governance set up by SEBI under the Chairmanship of Mr Uday Kotak made several recommendations for improving governance in listed companies. SEBI has vide notification dated 9 May 2018, implemented most of these recommendations by way of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. Your Company closely follows the developments in the governance norms and has taken lead in ensuring compliance with the same. A separate report on Corporate Governance along with the certificate of the Auditors, Deloitte Haskins & Sells, LLP, confirming compliance of the conditions of corporate governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this annual report.

Board Meetings

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

Board Membership Criteria

The Nomination and Remuneration Committee of the Company identifies and ascertains the integrity, qualification, expertise, positive attributes and experience of persons for appointment as Directors and thereafter recommends the candidature for election as a Director on the Board of the Company. The Committee follows defined criteria in the process of obtaining optimal Board diversity which, inter alia, includes optimum combination of executive and non-executive directors, appointment based on specific needs and business of the Company, qualification, knowledge, experience and skill of the proposed appointee etc. The Policy on appointment and removal of Directors, Board Diversity Criterion and Remuneration to Directors/Key Managerial Personnel/Senior Management forms part of the Nomination and Remuneration Policy of the Company, which is available on the Company's website at www.linde.in.

Familiarisation Programme for Directors

In terms of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is required to conduct the Familiarisation Programme for Independent Directors (IDs) to familiarise them about their roles, rights, responsibilities in your Company, nature of the industry in which your Company operates, business model of your Company, etc., through various initiatives. The details of training and familiarization programmes for Directors has been provided under the Corporate Governance Report. Apart from the initial familiarisation program as above, presentations are made to the Board Members at almost all board meetings to enable them to familiarise and update themselves with the changes in the applicable legal framework, competition, industry specific developments, etc. The details of the familiarisation programs held during and up to the year 2018 are available on the Company's website www.linde.in.

Performance Evaluation

During the year, pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee of the Board reviewed the process and criteria used in the previous year for evaluating the performance of the Board, its Committees, Chairman of the Board and the individual directors. Arising from the review, minor improvements were made in the performance evaluation form for the year 2018. Like the previous year, an online platform was provided to the Directors for participating in the performance evaluation process, which contained a structured questionnaire for seeking feedback from the directors on certain pre-defined attributes applicable to them, including some specific ones for the Independent Directors. More details about the performance evaluation process followed by the Board is provided in the Corporate Governance Report.

Declaration of Independent Directors

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

Internal Control Systems and their adequacy

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

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

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

During the year, Price Waterhouse, Chartered Accountants, who were engaged by the Company last year for reviewing and strengthening the framework of its existing internal financial controls across the Company were engaged for review and testing of the operating effectiveness of various internal controls in the organisation. Price Waterhouse has submitted a report to the Audit Committee and the Board on their findings based on the testing of the key controls for the year 2018. The Statutory Auditors of the Company have also independently reviewed internal financial controls over financial reporting and Price Waterhouse as well the Statutory Auditors have confirmed that these controls were operating effectively as at 31 December 2018. As stated in the Responsibility Statement, your Directors have confirmed that based on the reviews performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and the reviews undertaken by the management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls have been adequate and effective during the financial year 2018.

Directors

During the year under review, the Board of Directors of the Company on the recommendation of its Nomination and Remuneration Committee and in accordance with the applicable provisions of the Companies Act, 2013 read with the applicable rules framed thereunder, the Articles of Association of the Company and the SEBI Listing Regulations, 2015, appointed Dr Shalini Sarin [DIN No.06604529] as an Additional Director and subject to the approval of the Members of the Company, as an Independent Director of the Company for a term of five consecutive years with effect from 10 July 2018. Dr Sarin holds office as an additional director up to the date of the ensuing annual general meeting and is eligible for appointment as a Director. Notice under Section 160 of the Companies Act, 2013 has been received from a Member proposing her candidature for the office of Director of the Company.

Mr Sanjiv Lamba, Director and the Non- Executive Chairman of the Company retires by way of rotation at the ensuing Annual General Meeting and has conveyed his decision not to offer himself for re-election as a Director of the Company in view of his broadened responsibilities. Mr Lamba has been a Member of the Audit Committee and the Nomination and Remuneration Committee of the Board. He has made significant contributions to the Company as well as the functioning of the Board and the aforesaid Committees, besides providing dynamic leadership to the Board of Directors during his tenure as the Chairman. The Directors place on record their most sincere appreciation of the invaluable contribution made by Mr Lamba during his tenure as a Director and later as a Chairman of the Board of Directors of the Company. Your Directors also record their appreciation of the valuable contribution made by Mr Aditya Narayan on the Board, who stepped down as an Independent Director w.e.f. conclusion of the Board meeting held on 16 April 2018.

Necessary resolutions for approval of appointment of Dr Shalini Sarin as a Director and an Independent Director and for retirement by rotation of Mr Sanjiv Lamba as Director of the Company are included in the Notice of the ensuing Annual General Meeting. The Board recommends the aforesaid resolutions for your approval.

Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr Moloy Banerjee, Managing Director, Mr Indranil Bagchi, Chief Financial Officer (CFO) and Mr Pawan Marda, Asst. Vice President and Company Secretary. During the year, there has been no other change in the Key Managerial Personnel.

Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit and reviews performed by the internal auditors, statutory auditors, cost auditors, secretarial auditors and the reviews undertaken by the management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls have been adequate and effective during the financial year 2018.

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

- that in preparation of the annual financial statements for the year ended 31 December 2018, applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the aforesaid financial year and of the profit of the Company for that period;
- that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the aforesaid annual financial statements have been prepared on a going concern basis;
- that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

Secretarial Standards

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

Related Party Transactions

All related party transactions entered during the year were in ordinary course of business and on arm's length basis and the same have been disclosed under Note 44 of the Notes to the Standalone Financial Statements. No material related party transactions arising from contracts/arrangements with related parties referred to the Section 188(1) of the Companies Act, 2013 were entered during the year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

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

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

Extract of Annual Return

An extract of Annual Return as on the financial year ended on 31 December 2018 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended, is set out as an annexure to the Directors' Report and forms part of this Annual Report. [Annexure 7]

Outlook

During 2018, the advanced economies of the world showed recovery in economic activity. However, the recent tariff war between U.S. and China, volatility in the global crude prices and geo political concerns have also posed certain degree of risk, all of which have caused some volatility in economic activity. In this backdrop, India has emerged as the fastest growing economy in the world. In the midst of the current socio-political situation, the country is heading for the general elections for electing the next Lok Sabha. India's macro-economic fundamentals however, remain robust as the growth is driven by domestic consumption. As per the Central Statistics Organization and International Monetary Fund, India is presently poised to achieve a GDP growth of 7% for the current fiscal, which is expected to rise to 7.4% in 2020. On the other hand, the Index of Industrial Production, which is more relevant for the gases business, recorded an average growth of about 5 to 6% during most part of the year 2018. The IIP has however, showed softening during Q4 of 2018, which has also continued in Q1 of 2019.

Steel industry continues to drive demand for gases in India although refineries, automobiles, pharmaceuticals, fabrication, construction, glass, and several end user industry segments contribute to the growth of the gases industry in India. Rapid rise in steel production has resulted

in India becoming the 2nd largest producer of crude steel during 2018 from its 3rd largest status in 2017. The Government's National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry augurs well for the gases industry in India.

Automobile industry which is another important segment that drives demand for gases, is expected to grow at a CAGR of 12% between 2017-26 as India is poised to become an auto export hub in the near future.

Healthcare has become one of India's largest sectors both in terms of revenue & employment. The industry is growing at a tremendous pace owing to its coverage, services and increasing expenditure by public as well private players and the Ayushman Bharat program of the Government of India. Your Company therefore remains optimistic about the Healthcare sector and will continue to maintain the focus it deserves.

While the Indian economy may continue to face the challenges arising from high global crude prices, geo political concerns, the tariff war, etc., your Board remains cautiously optimistic about the future outlook.

Auditors

Statutory Audit

Messrs Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm's Registration No. 117366W/W-100018) was appointed as the Statutory Auditors of the Company at its 81st Annual General Meeting from the conclusion of the said meeting until the conclusion of the 86th Annual General Meeting, subject to ratification of their appointment at every annual general meeting. However, in view of the omission of the first proviso to sub section 1 of Section 139 of the Companies Act, 2013 with effect from 7 May 2018, which required such ratification, it is proposed to pass a resolution for partial modification of the earlier resolution passed by the Members at the 81st Annual General Meeting and the same is included in the Notice of the Annual General Meeting.

The reports of the Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants on the standalone and consolidated financial statements of the Company for the year 2018 form part of this Annual Report. The Statutory Auditors have submitted an unmodified opinion on the audit of financial statements for the year 2018 and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Secretarial Audit

The Board of Directors of the Company had appointed M/s. Vinod Kothari & Co., a firm of Company Secretaries pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for undertaking the secretarial audit of the Company for the year 2018. In terms of the provisions of Section 204(1) of the Companies Act, 2013, a Secretarial Audit Report dated 18 February 2019 in Form

MR-3 given by the Secretarial Auditor is annexed with this Report. The observations made by the Secretarial Auditors in their Report are self-explanatory. The Report confirms that the Company had complied with the statutory provisions listed under Form MR-3 and the Company also has proper board processes and compliance mechanism. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. [Annexure 8]

Cost Audit

In terms of Section 148 of the Companies Act, 2013, the Company is required to have the audit of the cost accounting records conducted by a Cost Accountant. Messrs Bandyopadhyaya Bhaumik & Co., a firm of Cost Accountants conducted this audit for the Company's financial year ended 31 December 2017 and submitted their report to the Central Government in form CRA 4 on 11 June 2018. The audit of the cost records for the year 2018 is expected to commence shortly. The Board of Directors of the Company have on the recommendation of the Audit Committee appointed M/s. Bandyopadhyaya Bhaumik & Co., Cost Accountants having registration no. 000041 as the Cost Auditor for the year ending on 31 December 2019 to conduct cost audit under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time. In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company and appropriate resolution in this regard forms part of the Notice convening the AGM.

Acknowledgements

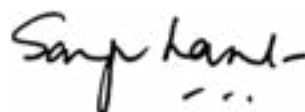
The Board of Directors wishes to place on record their deep appreciation of the cooperation received from the, bankers, customers, dealers, suppliers and all other business associates and the shareholders of the Company during the year under review. Your Directors also place on record their appreciation of the contribution made by the employees of the Company at all levels.

Your Directors also convey their sincere appreciation of the support and cooperation received from the various Government departments and agencies and look forward to their continued support in the future. The Board also takes this opportunity to thank the Linde Group for their strategic inputs, guidance and support in various operational and functional areas.

Disclaimer

Certain statements in this report relating to Company's objectives, projections, outlook, expectations, estimates, etc. may be forward looking statements within the meaning of applicable laws and regulations. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, actual results or performance could differ materially from such expectations, projections, etc. whether express or implied as a result of among other factors, changes in economic conditions affecting demand and supply, success of business and operating initiatives and restructuring objectives, change in regulatory environment, other government actions including taxation, natural phenomena such as floods and earthquakes, customer strategies, etc. over which the Company does not have any direct control.

On Behalf of the Board



S Lamba
Chairman
DIN: 00320753

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 1]

Dividend Distribution Policy

1. Preamble:

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

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

2. Effective Date:

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

6. Factors to be considered for Dividend Payout:

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

3. Definitions:

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

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

4. Declaration:

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

7. Utilization of retained earnings:

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

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

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

8. Disclosure:

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

9. Authority to make alterations:

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

Annexure to directors' report.

[Annexure - 2]

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

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

Part "A": Subsidiaries: Not Applicable

Part "B": Associates and Joint Ventures

| | Name of Joint Venture | Bellary Oxygen Company Pvt. Ltd. |
|----|--|--|
| 1. | Latest Audited Balance Sheet Date | 31 December 2018 |
| 2. | Date on which the Joint Venture was acquired | 22 March 2006 |
| 3. | Shares of Joint Venture held by the Company as on 31 December 2018 | |
| | No. of shares | 15,000,000 Equity Shares of Rs. 10 each |
| | Amount of investment in Joint Venture | Rs. 150,000,000 |
| | Extent of Holding (in percentage) | 50% |
| 4. | Description of how there is significant influence | There is significant influence due to shareholding and joint control over the economic activities. |
| 5. | Reason why the Joint Venture is not consolidated | Not Applicable |
| 6. | Net worth attributable to Shareholding as per latest Audited Balance Sheet | Rs. 531,148,536 |
| 7. | Profit/Loss for the year | |
| | i. Considered in consolidation | Rs. 64,559,808 |
| | ii. Not considered in consolidation | Rs. 64,559,808 |

On behalf of the Board

Sd/-
Sanjiv Lamba
Chairman
DIN: 00320753

Sd/-
Moloy Banerjee
Managing Director
DIN: 00273101

Sd/-
Jyotin Mehta
Director
DIN: 00033518

Sd/-
Indranil Bagchi
Chief Financial Officer
Membership No: 057564

Sd/-
Pawan Marda
Asst. V. P. & Company Secretary
Membership No: A8625

Mumbai
19 February 2019

Annexure to directors' report.

[Annexure - 3]

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

A. Amount outstanding as on 31 December 2018:

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

B. Loans, Guarantees and Investments made during the Financial Year 2018:

| Name of the entity | Relation | Amount (Rs. in million) | Particulars of loans, guarantees given or investments made | Purpose for which the loans, guarantees and investments are proposed to be utilized |
|--------------------|----------|-------------------------|--|---|
| Nil | - | - | - | - |

On behalf of the Board

Sd/-
S Lamba
Chairman
DIN: 00320753

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 4]

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

- 1) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company, percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2018:

| | |
|--|---------|
| Median remuneration of the employees of the Company for the financial year 2018 | 864,223 |
| The percentage increase in the median remuneration of employees in the financial year 2018 | -2.71 |
| The number of permanent employees on the rolls of the Company as on 31 December 2018 | 808 |

| Name of Director/KMP | Remuneration (Rs. in million) | Ratio of remuneration of each Director to median remuneration of the employees of the Company | % increase in remuneration in the financial year 2018 |
|---|----------------------------------|---|--|
| • Non-Executive Directors | | | |
| Mr Sanjiv Lamba | Nil | N. A. | N. A. |
| Ms Desiree Co Bacher | Nil | N. A. | N. A. |
| • Independent Directors* | | | |
| Mr Arun Balakrishnan | 1.70 | 1.98 | 65.85% |
| Mr Jyotin Mehta | 1.85 | 2.14 | 49.80% |
| Mr Aditya Narayan | 0.43 | 0.49 | -57.92% |
| Dr Shalini Sarin | 0.88 | 1.01 | N.A. |
| • Executive Director | | | |
| Mr Moloy Banerjee, MD | 38.28 | 44.30 | 6% |
| • Key Managerial Personnel (other than MD) | | | |
| Mr Indranil Bagchi, CFO | 18.16 | N.A. | 6% |
| Mr Pawan Marda, CS | 7.55 | N.A. | 5% |

*Independent Directors remuneration includes sitting fees and commission for the financial year 2018.

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

The average percentage increase made in the salaries of permanent employees other than the managerial personnel during the year 2018 was 8.43%, whereas the increase in the managerial remuneration was 6%. The average increase every year is an outcome of the Company's market competitiveness, salary benchmarking survey, inflation and talent retention.

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

On behalf of the Board

Sd/-
S Lamba
Chairman
DIN: 00320753

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 5]

Annual Report on Corporate Social Responsibility

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

| | |
|--|---|
| 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes. | <p>Your Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society where we operate, to conserve natural resources and to develop sustainable products. The CSR Commitment of your Company is centred around four thematic areas viz. Education, Health, Environment and Livelihood (Skill Development) and other areas or subjects specified in Schedule VII of the Companies Act, 2013.</p> |
| | <p>The CSR Policy of the Company is available on the Company's website at http://www.linde.in/en/corporate_responsibility/publications/index.html.</p> |
| | <p>Brief overview of CSR projects/programmes</p> |
| | <p>Some of the key CSR projects/programmes of Linde India during 2018 are as follows:</p> |
| | <p>Education: The Company's CSR projects/programmes on Education are intended to support promoting and providing access to basic education for underprivileged/differently abled children. The Company's CSR projects/programmes included expenditure for education of underprivileged children through NGOs such as AIM for Seva in Chennai, Disha Foundation in Kolkata, Reaching Hand in Bengaluru, etc. and differently abled children through Indian Institute of Cerebral Palsy.</p> |
| | <p>Health: The Company's CSR project/programmes on Health are intended to improve the quality of care giving, preventive health care, etc.</p> |
| | <p>Environment: The Company's CSR project/programmes on Environment are intended towards its commitment to environmental protection and supporting plantation of trees, access to clean water, etc.</p> |
| | <p>Livelihood (Skill Development): The Company's CSR projects/programmes on Livelihood are aimed at promoting alternate livelihood and supporting development of vocational skills amongst underprivileged people. The CSR projects/programmes in this area included Drive Safe Campaign in collaboration with Kolkata Traffic Police, where the Company shared its best practices for safe driving with the Senior Officers of the Kolkata Traffic Police, Sergeants and traffic police personnel from various traffic guards in Kolkata, who were encouraged to disseminate the knowledge and safe driving practices with drivers of public vehicles in their respective traffic guards.</p> |
| | <p>Other Areas: During the year, the Company contributed a sum of Rs. 0.52 million to the Kerala Chief Minister's Distress Relief Fund towards providing relief to the victims of the floods in Kerala.</p> |
| 2. The Composition of the CSR Committee | <p>Please refer to the Corporate Governance Report for the composition of the CSR Committee.</p> |
| | Rs. in million |
| 3. Average net profit of the Company for the last three financial years | 9.33 |
| 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | 0.19 |
| 5. Details of CSR Spend during the financial year 2018 | |
| a) Total amount to be spent for the financial year | 0.19 |
| b) Total amount spent during the year | 3.26 |
| c) Amount unspent, if any | Not Applicable |

d) Manner in which the amount was spent during the financial year 2018 is detailed below:

| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Projects/ Programmes coverage [State and District] | Amount outlay [budget] (Rs.) | Amount spent on the Project/Programs | | Cumulative expenditure upto 31 Dec. 2018 (Rs.) | Amount spent Direct/through implementing agency |
|--------------|---|--|--|---|--------------------------------------|--------------------|---|---|
| | | | | | Direct expenditure (Rs.) | Overheads (Rs.) | | |
| 1. | Annual education cost for blind children | Education | Odisha, Sundergarh | 500,000 | 500,000 | - | 500,000 | Through Radhakrishna Drustihina Vidyalaya |
| 2. | Partial annual expenditure for a home for underprivileged children | Education | Tamil Nadu, Chennai | 500,000 | 500,000 | - | 500,000 | Through AIM for Seva |
| 3. | Adoption of one classroom for one year | Education | West Bengal, Kolkata | 500,000 | 500,000 | - | 500,000 | Through Disha Foundation |
| 4. | Annual contribution towards an orphanage | Livelihood | Jharkhand, East Singhbhum | 200,000 | - | - | - | Not Applicable as there was no spend on this CSR project. |
| 5. | Partial annual expenditure for underprivileged children | Education | Karnataka, Bengaluru Urban and Rural | 500,000 | 500,000 | - | 500,000 | Through Reaching Hand |
| 6. | Sponsoring of one classroom for differently abled children | Education | West Bengal, Kolkata | 500,000 | 500,000 | - | 500,000 | Through Indian Institute of Cerebral Palsy |
| 7. | Drive Safe Campaign with Kolkata Traffic Police | Livelihood (Skill Development) | West Bengal, Kolkata | 300,000 | 241,458 | - | 241,458 | Direct |
| 8. | Kerala Chief Minister's Distress Relief Fund | Relief for flood victims | | - | 517,036 | - | 517,036 | Direct |
| Total | | | | 3,000,000 | 3,258,494 | - | 3,258,494 | |
| 6. | Reason for failure to spend two per cent of the average net profits of the last three financial years or any part thereof | | | Not Applicable | | | | |
| 7. | CSR Committee Responsibility Statement | | | The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company. | | | | |

On behalf of the Board

Sd/-
M Banerjee
Managing Director
DIN: 00273101

Sd/-
S Sarin
Chairperson, CSR Committee
DIN: 06604529

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 6]

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

A. Conservation of Energy

- i) Steps taken or impact on conservation of energy:
- Improvement of Specific Power in various plants is an ongoing process by optimization of plant operations.
 - 1st stage intercooler of Main Air Compressor replaced at Taloja. The improvement in power is approx. 3.70 MW/Day.
 - Plant Lighting has been replaced by LED lights at Taloja and Dahej Plants. Benefit is yet to be ascertained.
- ii) Steps taken by the Company for utilizing alternate sources of energy:
The Company is exploring alternate locations at some of its plant sites for installation of a roof top Solar Plant in view of issues encountered in installation of the solar panels at Linde India Head Office in Kolkata.
- iii) Capital investment on energy conservation equipment:
Ongoing process of purchasing Renewable Energy Certificates to comply with renewable energy obligation.

B. Technology Absorption

- i) Efforts made towards technology absorption:
Nil
- ii) Benefits derived (like product improvement, cost reduction, product development or import substitution):
Not Applicable

iii) Information regarding imported technology (last three years):
Not Applicable

iv) Expenditure on Research and Development:

| | |
|--------------|-----|
| a) Capital | Nil |
| b) Recurring | Nil |
| Total | Nil |

C. Foreign Exchange Earnings and Outgo

Total Foreign exchange used and earned:

Total Foreign exchange used during the year was Rs. 2,117.35 million and total foreign exchange earned during the year was Rs. 618 million, which included Rs. 606 million from exports.

On behalf of the Board

Sd/-
S Lamba
Chairman
DIN: 00320753

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 7]

Form No. MGT 9

Extract of Annual Return

as on financial year ended on 31 December 2018

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

I. Registration and other details

| | | |
|-----|---|--|
| i | CIN | L40200WB1935PLC008184 |
| ii | Registration Date | 24/01/1935 |
| iii | Name of the Company | LINDE INDIA LIMITED |
| iv | Category/Sub-category of the Company | Public Listed Company having Share Capital |
| v | Address of the Registered office and Contact details | Oxygen House, P43, Taratala Road, Kolkata - 700 088, West Bengal, India Phone No. +91 33 6602 1600, Fax No. +91 33 2401 4206 Website : www.linde.in |
| vi | Whether listed company - Yes/No | Yes |
| vii | Name, Address and contact details of the Registrar and Transfer Agent, if any | Link Intime India Private Limited Regd. Office: C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083, Maharashtra, India Kolkata Office: 59C, Chowringhee Road, 3 rd Floor, Kolkata - 700 020, West Bengal, India Phone No. +91 33 2289 0540, Fax No. +91 33 2289 0539 |

II. Principal business activities of the Company

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

| Sl. No. | Name & Description of main products/services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Manufacture of liquefied or compressed inorganic industrial or medical gases | 20111 | 82.19% |
| 2 | Construction of utility projects | 42209 | 17.78% |

III. Particulars of holding, subsidiary and associate companies

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|--|---------------------------|--------------------------------|------------------|--------------------|
| 1 | The BOC Group Limited (a wholly owned subsidiary of Linde AG) The Priestley Centre, 10 Priestly Road, Surrey Research Park, Guildford, Surrey GU2 7XY, England | N.A. | Holding | 75% | 2(46) |
| 2 | Bellary Oxygen Company Private Limited 855 tpd Plant, JSW Steel Ltd. Premises, Torangallu, Bellary, Karnataka - 583 123, India | U40200KA2005 PTC036482 | Joint Venture | 50% | 2(6) |

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

(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year on 1 January 2018 | | | | No. of Shares held at the end of the year on 31 December 2018 | | | | % change during the year |
|--|--|----------|------------|-------------------|--|----------|------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| (b) Central Government | - | - | - | - | - | - | - | - | - |
| (c) State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (e) Banks/Financial Institutions | - | - | - | - | - | - | - | - | - |
| (f) Any other (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1) | - | - | - | - | - | - | - | - | - |
| (2) Foreign | | | | | | | | | |
| (a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| (b) Other Individuals | - | - | - | - | - | - | - | - | - |
| (c) Bodies Corporate | 63,963,167 | - | 63,963,167 | 75.0000 | 63,963,167 | - | 63,963,167 | 75.0000 | 0.0000 |
| (d) Banks/Financial Institutions | - | - | - | - | - | - | - | - | - |
| (e) Any other (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2) | 63,963,167 | - | 63,963,167 | 75.0000 | 63,963,167 | - | 63,963,167 | 75.0000 | 0.0000 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 63,963,167 | - | 63,963,167 | 75.0000 | 63,963,167 | - | 63,963,167 | 75.0000 | 0.0000 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | 8,953,146 | 0 | 8,953,146 | 10.4980 | 8,999,640 | 0 | 8,999,640 | 10.5525 | 0.0545 |
| (b) Alternate Investment Fund | 350,449 | 0 | 350,449 | 0.4109 | 779,813 | 0 | 779,813 | 0.9144 | 0.5035 |
| (c) Banks/Financial Institutions | 13,228 | 6,898 | 20,126 | 0.0236 | 74,836 | 6,898 | 81,734 | 0.0958 | 0.0722 |
| (d) Central Government | 376 | 0 | 376 | 0.0004 | 376 | 0 | 376 | 0.0004 | 0.0000 |
| (e) State Government(s) | 0 | 29 | 29 | 0.0000 | 0 | 29 | 29 | 0.0000 | 0.0000 |
| (f) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| (g) Insurance Companies | 521,703 | 100 | 521,803 | 0.6118 | 1,911,002 | 100 | 1,911,102 | 2.2409 | 1.6290 |
| (h) Foreign Institutional Investors | 1,721,652 | 133 | 1,721,785 | 2.0189 | 0 | 133 | 133 | 0.0002 | -2.0187 |
| (i) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (j) Any other (specify) | | | | | | | | | |
| (j - 1) Foreign Portfolio Investor | 935,913 | 0 | 935,913 | 1.0974 | 1,693,512 | 0 | 1,693,512 | 1.9857 | 0.8883 |
| Sub-total (B)(1) | 12,496,467 | 7,160 | 12,503,627 | 14.6611 | 13,459,179 | 7,160 | 13,466,339 | 15.7900 | 1.1288 |

| Category of Shareholders | No. of Shares held at the beginning of the year on 1 January 2018 | | | | No. of Shares held at the end of the year on 31 December 2018 | | | | % change during the year |
|--|--|-----------------|--------------------|-------------------|--|-----------------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Non Institutions | | | | | | | | | |
| (a) Bodies corporate | | | | | | | | | |
| (i) Indian | 1,345,741 | 19,309 | 1,365,050 | 1.6006 | 1,303,916 | 18,477 | 1,322,393 | 1.5506 | -0.0500 |
| (ii) Overseas | - | - | - | - | - | - | - | - | - |
| (b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 4,005,318 | 741,350 | 4,746,668 | 5.5657 | 3,290,815 | 676,083 | 3,966,898 | 4.6514 | -0.9143 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 1,954,905 | 12,000 | 1,966,905 | 2.3063 | 1,825,906 | 12,000 | 1,837,906 | 2.1550 | -0.1513 |
| (c) NBFCs registered with RBI | - | - | - | - | 6,900 | 0 | 6,900 | 0.0081 | 0.0081 |
| (d) Any other (specify) | | | | | | | | | |
| (d - 1) Directors | 400 | 200 | 600 | 0.0007 | 400 | 200 | 600 | 0.0007 | 0.0000 |
| (d - 2) Clearing Member | 101,039 | 0 | 101,039 | 0.1185 | 106,784 | 0 | 106,784 | 0.1252 | 0.0067 |
| (d - 3) Trust | 9,962 | 0 | 9,962 | 0.0117 | 4,110 | 0 | 4,110 | 0.0048 | -0.0069 |
| (d - 4) Foreign Nationals | 286 | 0 | 286 | 0.0003 | 286 | 0 | 286 | 0.0003 | 0.0000 |
| (d - 5) Hindu Undivided Family | 234,177 | 0 | 234,177 | 0.2746 | 229,292 | 0 | 229,292 | 0.2689 | -0.0057 |
| (d - 6) Non Resident Indians (Repatriable) | 75,789 | 5,193 | 80,982 | 0.0950 | 46,123 | 5,093 | 51,216 | 0.0601 | -0.0349 |
| (d - 7) Non Resident Indians (Non Repatriable) | 90,542 | 0 | 90,542 | 0.1062 | 82,554 | 0 | 82,554 | 0.0968 | -0.0094 |
| (d - 8) Market Maker | 5,681 | 0 | 5,681 | 0.0067 | 12,759 | 0 | 12,759 | 0.0150 | 0.0083 |
| (d - 9) Investor Education and Protection Fund (IEPF) Authority, Ministry of Corporate Affairs | 215,537 | 0 | 215,537 | 0.2527 | 233,019 | 0 | 233,019 | 0.2732 | 0.0205 |
| Sub-total (B)(2) | 80,39,377 | 7,78,052 | 88,17,429 | 10.3389 | 71,42,864 | 7,11,853 | 78,54,717 | 9.2100 | -1.1288 |
| Total Public Shareholding | 2,05,35,844 | 7,85,212 | 2,13,21,056 | 25.0000 | 2,06,02,043 | 7,19,013 | 2,13,21,056 | 25.0000 | 0.0000 |
| (B)= (B)(1)+(B)(2) | | | | | | | | | |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 84,499,011 | 785,212 | 85,284,223 | 100.0000 | 84,565,210 | 719,013 | 85,284,223 | 100.0000 | - |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year on 1 January 2018 | | | Shareholding at the end of the year on 31 December 2018 | | | % change in share holding during the year |
|--------------|--|---|----------------------------------|--|---|----------------------------------|--|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/encumbered to total shares | |
| 1 | The BOC Group Ltd, U.K., a part of the Linde Group | 63,963,167 | 75.0000 | - | 63,963,167 | 75.0000 | - | 0.0000 |
| Total | | 63,963,167 | 75.0000 | - | 63,963,167 | 75.0000 | - | 0.0000 |

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

| Sl. No. | Name of the shareholder | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | The BOC Group Ltd., U.K., a part of the Linde Group | | | | |
| | At the beginning of the year | 63,963,167 | 75.0000 | | |
| | Date wise increase/decrease in Promoters shareholding during the year alongwith reason for increase/decrease | - | - | - | - |
| | At the end of the year | 63,963,167 | 75.0000 | 63,963,167 | 75.0000 |

Note: There is no change in the shareholding of promoters during the year 2018.

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

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | | |
|---------|--|---|---------------|------------------------------|--|---------------|----------------------------------|
| | | Date | No. of shares | | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Reliance Capital Trustee Company Ltd. A/c Reliance Multi Cap Fund | | | | | | |
| | At the beginning of the year | 01/01/2018 | 0 | 0.0000 | 0 | 0.0000 | |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 04/05/2018 | 3099244 | 3.6340 | Increase/Transfer | 3099244 | 3.6340 |
| | | 08/06/2018 | 830860 | 0.9742 | Increase/Transfer | 3930104 | 4.6082 |
| | | 15/06/2018 | 55 | 0.0000 | Increase/Transfer | 3930159 | 4.6083 |
| | | 22/06/2018 | 25000 | 0.0293 | Increase/Transfer | 3955159 | 4.6376 |
| | | 30/06/2018 | 10000 | 0.0117 | Increase/Transfer | 3965159 | 4.6493 |
| | | 06/07/2018 | 35000 | 0.0410 | Increase/Transfer | 4000159 | 4.6904 |
| | | 20/07/2018 | 9566 | 0.0112 | Increase/Transfer | 4009725 | 4.7016 |
| | | 10/08/2018 | 997000 | 1.1690 | Increase/Transfer | 5006725 | 5.8706 |
| | | 30/11/2018 | 297402 | 0.3487 | Increase/Transfer | 5304127 | 6.2194 |
| | | 14/12/2018 | 99000 | 0.1161 | Increase/Transfer | 5403127 | 6.3354 |
| | At the end of the year | 31/12/2018 | 5403127 | 6.3354 | | | |
| 2 | Reliance Capital Trustee Company Ltd. A/c Reliance Tax Saver (ELSS) Fund | | | | | | |
| | At the beginning of the year | 01/01/2018 | 2279885 | 2.6733 | | 2279885 | 2.6733 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 19/01/2018 | -30000 | -0.0352 | Decrease/Transfer | 2249885 | 2.6381 |
| | | 09/02/2018 | 20000 | 0.0235 | Increase/Transfer | 2269885 | 2.6616 |
| | | 31/03/2018 | 27000 | 0.0317 | Increase/Transfer | 2296885 | 2.6932 |
| | | 18/05/2018 | 20589 | 0.0241 | Increase/Transfer | 2317474 | 2.7174 |
| | | 25/05/2018 | 9344 | 0.0110 | Increase/Transfer | 2326818 | 2.7283 |
| | | 01/06/2018 | 17227 | 0.0202 | Increase/Transfer | 2344045 | 2.7485 |
| | | 08/06/2018 | 540000 | 0.6332 | Increase/Transfer | 2884045 | 3.3817 |
| | | 13/07/2018 | 4955 | 0.0058 | Increase/Transfer | 2889000 | 3.3875 |
| | | 12/10/2018 | 107500 | 0.1260 | Increase/Transfer | 2996500 | 3.5135 |
| | At the end of the year | 31/12/2018 | 2996500 | 3.5135 | | | |
| 3 | Life Insurance Corporation of India | | | | | | |
| | At the beginning of the year | 01/01/2018 | 82199 | 0.0964 | | 82199 | 0.0964 |
| | Date wise increases/decrease in shareholding during the year along with reason for increase/decrease | 12/01/2018 | 125074 | 0.1467 | Increase/Transfer | 207273 | 0.2430 |
| | | 19/01/2018 | 18946 | 0.0222 | Increase/Transfer | 226219 | 0.2653 |
| | | 26/01/2018 | 366241 | 0.4294 | Increase/Transfer | 592460 | 0.6947 |
| | | 02/02/2018 | 166161 | 0.1948 | Increase/Transfer | 758621 | 0.8895 |
| | | 09/02/2018 | 102455 | 0.1201 | Increase/Transfer | 861076 | 1.0097 |
| | | 16/02/2018 | 33454 | 0.0392 | Increase/Transfer | 894530 | 1.0489 |
| | | 23/02/2018 | 10832 | 0.0127 | Increase/Transfer | 905362 | 1.0616 |
| | | 02/03/2018 | 16000 | 0.0188 | Increase/Transfer | 921362 | 1.0803 |
| | | 09/03/2018 | 79098 | 0.0927 | Increase/Transfer | 1000460 | 1.1731 |
| | | 16/03/2018 | 19841 | 0.0233 | Increase/Transfer | 1020301 | 1.1964 |
| | | 23/03/2018 | 18048 | 0.0212 | Increase/Transfer | 1038349 | 1.2175 |
| | | 01/06/2018 | 5000 | 0.0059 | Increase/Transfer | 1043349 | 1.2234 |
| | | 08/06/2018 | 64648 | 0.0758 | Increase/Transfer | 1107997 | 1.2992 |
| | | 15/06/2018 | 11609 | 0.0136 | Increase/Transfer | 1119606 | 1.3128 |
| | | 22/06/2018 | 75357 | 0.0884 | Increase/Transfer | 1194963 | 1.4012 |
| | | 30/06/2018 | 194424 | 0.2280 | Increase/Transfer | 1389387 | 1.6291 |
| | | 06/07/2018 | 50000 | 0.0586 | Increase/Transfer | 1439387 | 1.6878 |
| | At the end of the year | 31/12/2018 | 1439387 | 1.6878 | | | |

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|---------------|------------------------------|--|---------------|
| | | Date | No. of shares | | % of total shares of the Company | No. of shares |
| 4 | The Master Trust Bank of Japan Ltd. As Trustee of Nissay India Equity Selection Mother Fund | | | | | |
| | At the beginning of the year | 01/01/2018 | 277488 | 0.3254 | | 277488 0.3254 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 12/01/2018 | -11306 | -0.0133 | Decrease/Transfer | 266182 0.3121 |
| | | 02/02/2018 | 13000 | 0.0152 | Increase/Transfer | 279182 0.3274 |
| | | 09/02/2018 | 9328 | 0.0109 | Increase/Transfer | 288510 0.3383 |
| | | 16/02/2018 | 3065 | 0.0036 | Increase/Transfer | 291575 0.3419 |
| | | 23/02/2018 | 2894 | 0.0034 | Increase/Transfer | 294469 0.3453 |
| | | 02/03/2018 | 9554 | 0.0112 | Increase/Transfer | 304023 0.3565 |
| | | 09/03/2018 | 8177 | 0.0096 | Increase/Transfer | 312200 0.3661 |
| | | 06/04/2018 | 20526 | 0.0241 | Increase/Transfer | 332726 0.3901 |
| | | 27/04/2018 | 919 | 0.0011 | Increase/Transfer | 333645 0.3912 |
| | | 04/05/2018 | 2297 | 0.0027 | Increase/Transfer | 335942 0.3939 |
| | | 11/05/2018 | 4525 | 0.0053 | Increase/Transfer | 340467 0.3992 |
| | | 18/05/2018 | 33263 | 0.0390 | Increase/Transfer | 373730 0.4382 |
| | | 25/05/2018 | 7711 | 0.0090 | Increase/Transfer | 381441 0.4473 |
| | | 01/06/2018 | 4299 | 0.0050 | Increase/Transfer | 385740 0.4523 |
| | | 08/06/2018 | 19917 | 0.0234 | Increase/Transfer | 405657 0.4757 |
| | | 15/06/2018 | 12967 | 0.0152 | Increase/Transfer | 418624 0.4909 |
| | | 22/06/2018 | 26990 | 0.0316 | Increase/Transfer | 445614 0.5225 |
| | | 30/06/2018 | 20649 | 0.0242 | Increase/Transfer | 466263 0.5467 |
| | | 06/07/2018 | 12970 | 0.0152 | Increase/Transfer | 479233 0.5619 |
| | | 13/07/2018 | 12258 | 0.0144 | Increase/Transfer | 491491 0.5763 |
| | | 20/07/2018 | 14093 | 0.0165 | Increase/Transfer | 505584 0.5928 |
| | | 27/07/2018 | 3808 | 0.0045 | Increase/Transfer | 509392 0.5973 |
| | | 03/08/2018 | 21161 | 0.0248 | Increase/Transfer | 530553 0.6221 |
| | | 10/08/2018 | 12877 | 0.0151 | Increase/Transfer | 543430 0.6372 |
| | | 17/08/2018 | 19102 | 0.0224 | Increase/Transfer | 562532 0.6596 |
| | | 07/09/2018 | 38597 | 0.0453 | Increase/Transfer | 601129 0.7049 |
| | | 14/09/2018 | 16000 | 0.0188 | Increase/Transfer | 617129 0.7236 |
| | | 21/09/2018 | 168204 | 0.1972 | Increase/Transfer | 785333 0.9208 |
| | | 23/11/2018 | -28000 | -0.0328 | Decrease/Transfer | 757333 0.8880 |
| | | 30/11/2018 | 3000 | 0.0035 | Increase/Transfer | 760333 0.8915 |
| | At the end of the year | 31/12/2018 | 760333 | 0.8915 | | |
| 5 | India Whizdom Fund | | | | | |
| | At the beginning of the year | 01/01/2018 | 322299 | 0.3779 | | 322299 0.3779 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 09/02/2018 | 225000 | 0.2638 | Increase/Transfer | 547299 0.6417 |
| | | 06/04/2018 | 100000 | 0.1173 | Increase/Transfer | 647299 0.7590 |
| | At the end of the year | 31/12/2018 | 647299 | 0.7590 | | |
| 6 | The New India Assurance Company Limited | | | | | |
| | At the beginning of the year | 01/01/2018 | 516703 | 0.6059 | | 516703 0.6059 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 01/06/2018 | -20088 | -0.0236 | Decrease/Transfer | 496615 0.5823 |
| | | 15/06/2018 | -15000 | -0.0176 | Decrease/Transfer | 481615 0.5647 |
| | | 22/06/2018 | -10000 | -0.0117 | Decrease/Transfer | 471615 0.5530 |
| | At the end of the year | 31/12/2018 | 471615 | 0.5530 | | |

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|---------------|------------------------------|--|---------------|
| | | Date | No. of shares | | % of total shares of the Company | No. of shares |
| 7 | Kotak Equity Opportunities Fund | | | | | |
| | At the beginning of the year | 01/01/2018 | 0 | 0.0000 | 0 | 0.0000 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 25/05/2018 | 435000 | 0.5101 | Increase/Transfer 435000 | 0.5101 |
| | At the end of the year | 31/12/2018 | 435000 | 0.5101 | | |
| 8 | K Mohan | | | | | |
| | At the beginning of the year | 01/01/2018 | 302920 | 0.3552 | 302920 | 0.3552 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 02/02/2018 | 1080 | 0.0013 | Increase/Transfer 304000 | 0.3565 |
| | | 19/10/2018 | 391 | 0.0005 | Increase/Transfer 304391 | 0.3569 |
| | | 26/10/2018 | 6991 | 0.0082 | Increase/Transfer 311382 | 0.3651 |
| | | 30/11/2018 | 16650 | 0.0195 | Increase/Transfer 328032 | 0.3846 |
| | | 07/12/2018 | 468 | 0.0005 | Increase/Transfer 328500 | 0.3852 |
| | At the end of the year | 31/12/2018 | 328500 | 0.3852 | | |
| 9 | Lata Bhansali | | | | | |
| | At the beginning of the year | 01/01/2018 | 325649 | 0.3818 | 325649 | 0.3818 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | | - | - | - | - |
| | At the end of the year | 31/12/2018 | 325649 | 0.3818 | | |
| 10 | Rams Equities Portfolio Fund - India Equities Portfolio Fund | | | | | |
| | At the beginning of the year | 01/01/2018 | 0 | 0.0000 | 0 | 0.0000 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 30/11/2018 | 83360 | 0.0977 | Increase/Transfer 83360 | 0.0977 |
| | | 14/12/2018 | 66870 | 0.0784 | Increase/Transfer 150230 | 0.1762 |
| | | 21/12/2018 | 60561 | 0.0710 | Increase/Transfer 210791 | 0.2472 |
| | At the end of the year | 31/12/2018 | 210791 | 0.2472 | | |
| 11 | First State Indian Subcontinent Fund* | | | | | |
| | At the beginning of the year | 01/01/2018 | 943018 | 1.1057 | 943018 | 1.1057 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 12/01/2018 | -26179 | -0.0307 | Decrease/Transfer 916839 | 1.0750 |
| | | 19/01/2018 | -13391 | -0.0157 | Decrease/Transfer 903448 | 1.0593 |
| | | 26/01/2018 | -24098 | -0.0283 | Decrease/Transfer 879350 | 1.0311 |
| | | 02/02/2018 | -93754 | -0.1099 | Decrease/Transfer 785596 | 0.9212 |
| | | 06/04/2018 | -50087 | -0.0587 | Decrease/Transfer 735509 | 0.8624 |
| | | 13/04/2018 | -1831 | -0.0021 | Decrease/Transfer 733678 | 0.8603 |
| | | 22/06/2018 | -18190 | -0.0213 | Decrease/Transfer 715488 | 0.8389 |
| | | 30/06/2018 | -109023 | -0.1278 | Decrease/Transfer 606465 | 0.7111 |
| | | 06/07/2018 | -183 | -0.0002 | Decrease/Transfer 606282 | 0.7109 |
| | | 21/09/2018 | -68027 | -0.0798 | Decrease/Transfer 538255 | 0.6311 |
| | | 09/11/2018 | -66965 | -0.0785 | Decrease/Transfer 471290 | 0.5526 |
| | | 16/11/2018 | -183962 | -0.2157 | Decrease/Transfer 287328 | 0.3369 |
| | | 30/11/2018 | -41816 | -0.0490 | Decrease/Transfer 245512 | 0.2879 |
| | | 12/07/2018 | -17968 | -0.0211 | Decrease/Transfer 227544 | 0.2668 |
| | | 14/12/2018 | -42545 | -0.0499 | Decrease/Transfer 184999 | 0.2169 |
| | | 21/12/2018 | -16721 | -0.0196 | Decrease/Transfer 168278 | 0.1973 |
| | | 28/12/2018 | -27582 | -0.0323 | Decrease/Transfer 140696 | 0.1650 |
| | At the end of the year | 31/12/2018 | 140696 | 0.1650 | | |

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|---------------|----------------------------------|------------------------------|--|----------------------------------|
| | | Date | No. of shares | % of total shares of the Company | | No. of shares | % of total shares of the Company |
| 12 | The Scottish Oriental Smaller Companies Trust PLC* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 778633 | 0.9130 | | 778633 | 0.9130 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 12/01/2018 | -21388 | -0.0251 | Decrease/Transfer | 757245 | 0.8879 |
| | | 19/01/2018 | -10939 | -0.0128 | Decrease/Transfer | 746306 | 0.8751 |
| | | 26/01/2018 | -19687 | -0.0231 | Decrease/Transfer | 726619 | 0.8520 |
| | | 02/02/2018 | -76593 | -0.0898 | Decrease/Transfer | 650026 | 0.7622 |
| | | 06/04/2018 | -40918 | -0.0480 | Decrease/Transfer | 609108 | 0.7142 |
| | | 13/04/2018 | -1496 | -0.0018 | Decrease/Transfer | 607612 | 0.7125 |
| | | 22/06/2018 | -14861 | -0.0174 | Decrease/Transfer | 592751 | 0.6950 |
| | | 30/06/2018 | -90148 | -0.1057 | Decrease/Transfer | 502603 | 0.5893 |
| | | 06/07/2018 | -152 | -0.0002 | Decrease/Transfer | 502451 | 0.5891 |
| | | 21/09/2018 | -56377 | -0.0661 | Decrease/Transfer | 446074 | 0.5230 |
| | | 09/11/2018 | -55496 | -0.0651 | Decrease/Transfer | 390578 | 0.4580 |
| | | 16/11/2018 | -152457 | -0.1788 | Decrease/Transfer | 238121 | 0.2792 |
| | | 30/11/2018 | -34655 | -0.0406 | Decrease/Transfer | 203466 | 0.2386 |
| | | 07/12/2018 | -14892 | -0.0175 | Decrease/Transfer | 188574 | 0.2211 |
| | | 14/12/2018 | -35259 | -0.0413 | Decrease/Transfer | 153315 | 0.1798 |
| | | 21/12/2018 | -13857 | -0.0162 | Decrease/Transfer | 139458 | 0.1635 |
| | | 28/12/2018 | -22858 | -0.0268 | Decrease/Transfer | 116600 | 0.1367 |
| | At the end of the year | 31/12/2018 | 116600 | 0.1367 | | | |
| 13 | Caisse De Depot Et Placement Du Quebec First State Investments International Limited* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 374443 | 0.4391 | | 374443 | 0.4391 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 12/01/2018 | -6407 | -0.0075 | Decrease/Transfer | 368036 | 0.4315 |
| | | 19/01/2018 | -3277 | -0.0038 | Decrease/Transfer | 364759 | 0.4277 |
| | | 26/01/2018 | -5897 | -0.0069 | Decrease/Transfer | 358862 | 0.4208 |
| | | 20/02/2018 | -22944 | -0.0269 | Decrease/Transfer | 335918 | 0.3939 |
| | | 06/04/2018 | -12258 | -0.0144 | Decrease/Transfer | 323660 | 0.3795 |
| | | 13/04/2018 | -448 | -0.0005 | Decrease/Transfer | 323212 | 0.3790 |
| | | 22/06/2018 | -4452 | -0.0052 | Decrease/Transfer | 318760 | 0.3738 |
| | | 30/06/2018 | -45540 | -0.0534 | Decrease/Transfer | 273220 | 0.3204 |
| | | 06/07/2018 | -83 | -0.0001 | Decrease/Transfer | 273137 | 0.3203 |
| | | 21/09/2018 | -30647 | -0.0359 | Decrease/Transfer | 242490 | 0.2843 |
| | | 09/11/2018 | -30168 | -0.0354 | Decrease/Transfer | 212322 | 0.2490 |
| | | 16/11/2018 | -82877 | -0.0972 | Decrease/Transfer | 129445 | 0.1518 |
| | | 30/11/2018 | -18838 | -0.0221 | Decrease/Transfer | 110607 | 0.1297 |
| | | 07/12/2018 | -8095 | -0.0095 | Decrease/Transfer | 102512 | 0.1202 |
| | | 14/12/2018 | -19166 | -0.0225 | Decrease/Transfer | 83346 | 0.0977 |
| | | 21/12/2018 | -7533 | -0.0088 | Decrease/Transfer | 75813 | 0.0889 |
| | | 28/12/2018 | -12427 | -0.0146 | Decrease/Transfer | 63386 | 0.0743 |
| | At the end of the year | 31/12/2018 | 63386 | 0.0743 | | | |

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|---------------|----------------------------------|------------------------------|--|----------------------------------|
| | | Date | No. of shares | % of total shares of the Company | | No. of shares | % of total shares of the Company |
| 14 | Hitesh Satishchandra Doshi** | | | | | | |
| | At the beginning of the year | 01/01/2018 | 301580 | 0.3536 | | 301580 | 0.3536 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 19/01/2018 | -8517 | -0.0100 | Decrease/Transfer | 293063 | 0.3436 |
| | | 02/02/2018 | -9114 | -0.0107 | Decrease/Transfer | 283949 | 0.3329 |
| | | 09/02/2018 | -242721 | -0.2846 | Decrease/Transfer | 41228 | 0.0483 |
| | | 23/02/2018 | -1500 | -0.0018 | Decrease/Transfer | 39728 | 0.0466 |
| | | 02/03/2018 | -7500 | -0.0088 | Decrease/Transfer | 32228 | 0.0378 |
| | | 09/03/2018 | -10000 | -0.0117 | Decrease/Transfer | 22228 | 0.0261 |
| | | 16/03/2018 | -3359 | -0.0039 | Decrease/Transfer | 18869 | 0.0221 |
| | | 23/03/2018 | -7500 | -0.0088 | Decrease/Transfer | 11369 | 0.0133 |
| | | 22/06/2018 | -10000 | -0.0117 | Decrease/Transfer | 1369 | 0.0016 |
| | At the end of the year | 31/12/2018 | 1369 | 0.0016 | | | |
| 15 | Reliance Capital Trustee Co. Ltd. A/c - Reliance Vision Fund* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 1350000 | 1.5829 | | 1350000 | 1.5829 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 08/06/2018 | -1350000 | -1.5829 | Decrease/Transfer | 0 | 0.0000 |
| | At the end of the year | 31/12/2018 | 0 | 0.0000 | | | |
| 16 | Reliance Capital Trustee Co. Ltd. A/c Reliance Equity Opportunities Fund* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 3046744 | 3.5725 | | 3046744 | 3.5725 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 02/02/2018 | 25000 | 0.0293 | Increase/Transfer | 3071744 | 3.6018 |
| | | 23/03/2018 | 20700 | 0.0243 | Increase/Transfer | 3092444 | 3.6260 |
| | | 04/05/2018 | -3092444 | -3.6260 | Decrease/Transfer | 0 | 0.0000 |
| | At the end of the year | 31/12/2018 | 0 | 0.0000 | | | |
| 17 | Reliance Capital Trustee Co. Ltd.- Reliance Regular Savings Fund-Equity Option* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 1000000 | 1.1725 | | 1000000 | 1.1725 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 10/08/2018 | -1000000 | -1.1725 | Decrease/Transfer | 0 | 0.0000 |
| | At the end of the year | 31/12/2018 | 0 | 0.0000 | | | |
| 18 | Kotak Opportunities* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 435000 | 0.5101 | | 435000 | 0.5101 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 25/05/2018 | -435000 | -0.5101 | Decrease/Transfer | 0 | 0.0000 |
| | At the end of the year | 31/12/2018 | 0 | 0.0000 | | | |

| Sl. No. | Name of shareholders | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | | Reason for Increase/Decrease | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|--|---|---------------|----------------------------------|------------------------------|--|----------------------------------|
| | | Date | No. of shares | % of total shares of the Company | | No. of shares | % of total shares of the Company |
| 19 | Reliance Nippon Life Insurance Company Ltd.* | | | | | | |
| | At the beginning of the year | 01/01/2018 | 532310 | 0.6242 | | 532310 | 0.6242 |
| | Date wise increase/decrease in shareholding during the year alongwith reason for increase/decrease | 05/01/2018 | -184420 | -0.2162 | Decrease/Transfer | 347890 | 0.4079 |
| | | 12/01/2018 | -11985 | -0.0141 | Decrease/Transfer | 335905 | 0.3939 |
| | | 19/01/2018 | -72223 | -0.0847 | Decrease/Transfer | 263682 | 0.3092 |
| | | 26/01/2018 | -263682 | -0.3092 | Decrease/Transfer | 0 | 0.0000 |
| | At the end of the year | 31/12/2018 | 0 | 0.0000 | | | |

Note:

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

*Ceased to be in the list of Top 10 shareholders on 31/12/2018. The same is reflected above since the shareholder was one of the Top 10 shareholders on 01/01/2018.

** Not in the list of Top 10 shareholders either on 01/01/2018 or 31/12/2018. However, the same is reflected above since the shareholder was one of the Top 10 shareholders during the financial year 2018.

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Name of the shareholder | Shareholding at the beginning (1 January 2018)/end (31 December 2018) of the year | | Cumulative Shareholding during the year (1 January 2018 to 31 December 2018) | |
|---------|---|---|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | Directors¹ | | | | |
| 1 | Mr Sanjiv Lamba | | | | |
| | At the beginning of the year | 400 | 0.0005 | | |
| | Date wise increase/decrease in shareholding during the year along with reason for increase/decrease | - | - | - | - |
| | At the end of the year | 400 | 0.0005 | 400 | 0.0005 |
| 2 | Mr Moloy Banerjee | | | | |
| | At the beginning of the year | 200 | 0.0002 | | |
| | Date wise increase/decrease in shareholding during the year along with reason for increase/decrease | - | - | - | - |
| | At the end of the year | 200 | 0.0002 | 200 | 0.0002 |
| | Key Managerial Personnel² | | | | |
| 3 | Mr Pawan Marda, Company Secretary | | | | |
| | At the beginning of the year | 250 | 0.0003 | | |
| | Date wise increase/decrease in shareholding during the year along with reason for increase/decrease | - | - | - | - |
| | At the end of the year | 250 | 0.0003 | 250 | 0.0003 |

Note:

¹ Mr Aditya Narayan, Mr Jyotin Mehta, Mr Arun Balakrishnan, Ms Desiree Co. Bacher and Dr Shalini Sarin did not hold any shares of the Company during the year 2018.

² Mr Indranil Bagchi, Chief Financial Officer did not hold any shares of the Company during the year 2018.

V. Indebtedness

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

| Rs. in million | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year (1 January 2018) | | | | |
| i) Principal Amount | - | 12,818.64 | - | 12,818.64 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 178.05 | - | 178.05 |
| Total (i+ii+iii) | - | 12,996.69 | - | 12,996.69 |
| Change in Indebtedness during the financial year (1 January 2018 - 31 December 2018) | | | | |
| Additions | - | 2,600.00 | - | 2,600.00 |
| Reduction | - | -3654.76 | - | -3654.76 |
| Forex impact and CCS unwinding | - | 133.05 | - | 133.05 |
| Net Change | - | -921.71 | - | -921.71 |
| Indebtedness at the end of the financial year (31 December 2018) | | | | |
| i) Principal Amount | - | 11,896.93 | - | 11,896.93 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 147.00 | - | 147.00 |
| Total (i+ii+iii) | - | 12,043.93 | - | 12,043.93 |

VI. Remuneration of Directors and Key Managerial Personnel

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

| Sl. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | Rs. in million | |
|---|---|----------------------------|----------------|--------------|
| | | | Total Amount | |
| 1 | Gross salary | Mr Moloy Banerjee, MD | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | | 33.27 | 33.27 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | 2.95 | 2.95 |
| | (c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961 | | - | - |
| 2 | Stock Option | | - | - |
| 3 | Sweat Equity | | - | - |
| 4 | Commission - | | | |
| | as % of profit | | - | - |
| | others (specify) | | - | - |
| 5 | Others (Contribution to Funds) | | 2.06 | 2.06 |
| Total (A) | | | 38.28 | 38.28 |
| Ceiling as per the Companies Act, 2013 | | | | NA* |

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

B. Remuneration to other Directors

| Sl. No. | Particulars of Remuneration | Rs. in million | | |
|-----------|---|----------------|--------------|--------------------|
| | | Commission | Sitting Fees | Total Compensation |
| I | Independent Directors | | | |
| 1 | Mr Jyotin Mehta | 1.10 | 0.75 | 1.85 |
| 2 | Mr Arun Balakrishnan | 0.90 | 0.80 | 1.70 |
| 3 | Mr Aditya Narayan | 0.30 | 0.13 | 0.43 |
| 4 | Dr Shalini Sarin | 0.50 | 0.38 | 0.88 |
| | Total (I) | 2.80 | 2.06 | 4.86 |
| II | Other Non Executive Directors[#] | | | |
| 1 | Mr Sanjiv Lamba | - | - | - |
| 2 | Ms Desiree Co Bacher | - | - | - |
| | Total (II) | - | - | - |
| | Total (B)=(I) + (II) | 2.80 | 2.06 | 4.86 |
| | Total Managerial Remuneration [(A)+(B)] | - | - | 43.14 |
| | Overall Ceiling as per the Companies Act, 2013 | | | NA* |

*Comprises of Directors representing The Linde Group. They have not accepted any remuneration from the Company.

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

| Sl. No. | Particulars of Remuneration | Rs. in million | | |
|---------|--|---------------------------|-------------------------------------|--------------|
| | | Total Amount | | |
| | | CFO Mr Indranil Bagchi | Company Secretary Mr Pawan Marda | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | 17.10 | 6.43 | 23.53 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0.62 | 0.52 | 1.14 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit others, specify | - | - | - |
| 5 | Others (Contribution to Funds) | 0.44 | 0.60 | 1.04 |
| | Total | 18.16 | 7.55 | 25.71 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the year 2018.

On behalf of the Board

Sd/-
S Lamba
Chairman
DIN: 00320753

Singapore
22 March 2019

Annexure to directors' report.

[Annexure - 8]

Form No. MR-3

Secretarial Audit Report

for the financial year ended 31 December 2018

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

To,
The Members of
Linde India Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Linde India Limited ("the Company") for the financial year ended 31 December, 2018 ("Audit Period"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company as specified in Annexure-I and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period, complied with statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

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

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations, 2015");
6. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;
7. Specific laws applicable to the Company:
 - a. Explosives Act, 1884 and Explosives Rules, 2008;
 - b. Gas Cylinders Rules, 2004;
 - c. Static & Mobile Pressure Vessels (Unfired) Rules, 1981;
 - d. Petroleum Act, 1934 and Petroleum Rules, 2002;
 - e. Drugs & Cosmetics Act, 1940 and Rules;
 - f. Ammonium Nitrate Rules, 2012;
 - g. Environment (Protection) Act, 1986 & Rules; and
 - h. Drug (Price Control) Order under Essential Commodities Act, 1955.

We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check-basis, the Company has complied with the above laws specifically applicable to the Company subject to the following observations.

We further report that a show cause notice was received from Additional Director General of Foreign Trade, Ministry of Commerce & Industry under Section 9 and 11 of the Foreign Trade (Development & Regulation) Act, 1992 asking the Company to return the benefits earlier granted by way of scrips under "Served from India Incentive Scheme" (SFIS) in 2014 in respect of overseas projects of PED aggregating to Rs. 30.74 Cr. The Company has given a response to the Department and the matter is currently under examination.

Management Responsibility

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. as mentioned above.

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

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

Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on information provided by the Company and its officers during the conduct of audit and also on the review of quarterly compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes and control mechanism exists in the Company to monitor and ensure compliance with all other applicable laws.

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

1. Global merger of Linde Aktiengesellschaft ("Linde AG"), the ultimate holding company of the Company and Praxair, Inc.

A copy of letter dated 2 November, 2018 had been received from Linde AG intimating successful completion of global merger between Linde AG and Praxair, Inc. on 31 October, 2018. In this connection, the BOC Group Ltd. ("Acquirer") along with Praxair, Inc. and Linde Holdings Netherlands B.V. as persons acting in concert with the Acquirer had on 24th October, 2018 made a public announcement for Open Offer to the public shareholders of the

Company under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended for acquisition of up to 2,13,21,056 equity shares (i.e. 25% of the paid-up share capital of the Company) held by the public shareholders of the Company. The Acquirer along with the persons acting in concert subsequently on 10 November, 2018 published a Detailed Public Statement (DPS) to the public shareholders of the Company in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended, inter alia, expressing its intention to make a voluntary delisting offer to all the public shareholders of the Company.

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

A letter dated 7th November, 2018 was received by the Company from its promoter, i.e., The BOC Group Limited along with promoter group of the Company holding 6,39,63,167 equity shares of Rs. 10 each aggregating to 75% of the paid-up equity share capital of the Company, conveying their intention to voluntarily delist the equity shares of the Company from the BSE and NSE. The Board of Directors in their Meeting held on 14th November, 2018 gave their consent for the proposed delisting process and recommended the same to the shareholders for their approval. The Shareholders in its Meeting through postal ballot gave their consent to the proposed voluntary delisting of the equity shares of the Company from the BSE and NSE through acquisition of up to 2,13,21,056 equity shares (i.e. 25% of the paid-up share capital of the Company) held by the public shareholders of the Company, either by itself or along with any member of the promoter group as persons acting in concert in accordance with the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009. Further actions in this regard are being initiated by the Promoter Group/ Company.

The above update has been provided only up to the end of the Audit Period, i.e., 31st December, 2018.

For Vinod Kothari & Company
Practising Company Secretaries

Sd/-

Arun Kumar Maitra
Partner
Membership No: A3010
C P No: 14490

Date: 18th February 2019

Place: Kolkata

Annexure to Secretarial Audit Report

LIST OF DOCUMENTS

1. Corporate Matters
 - 1.1 Minutes books of the following Committees were provided:
 - 1.1.1 Board Meeting
 - 1.1.2 Audit Committee
 - 1.1.3 Nomination and Remuneration Committee
 - 1.1.4 Corporate Social Responsibility Committee
 - 1.1.5 Stakeholders' Relationship Committee
 - 1.1.6 General Meeting
 - 1.2 Agenda papers for Board Meeting along with Notice;
 - 1.3 Annual Report 2017;
 - 1.4 Disclosures under Act, 2013 and the Listing Regulations;
 - 1.5 Policies framed under Act, 2013 and the Listing Regulations;
 - 1.6 Forms and returns filed with the ROC and RBI;
 - 1.7 Disclosures made with the SEBI;
 - 1.8 Registers maintained under Act, 2013

Business responsibility report 2018

Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company:
L40200WB1935PLC008184
- Name of the Company: Linde India Limited
- Registered address: Oxygen House, P43 Taratala Road,
Kolkata 700 088, India
- Website: www.linde.in
- E-mail id: contact.lg.in@linde.com
- Financial Year reported: 1 January 2018 – 31 December 2018
- Sector(s) that the Company is engaged in (industrial activity code-wise): Industrial Activity Code:

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

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

The Company also has a Project Engineering Division which is engaged in manufacture of Air Separation Units and other plants related to industrial gases.
- Total number of locations where business activity is undertaken by the Company
 - Number of International Locations (Provide details of major 5):
Nil
 - Number of National Locations:49
- Markets served by the Company – Local/State/National/ International: National and International.

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

Section B: Financial Details of the Company

- Paid up Capital (INR): Rs. 852.84 million
- Total Turnover (INR): Rs. 21909.20 million

- Total profit after taxes (INR): Rs. 334.86 million
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 0.97%
- List of activities in which expenditure in 4 above has been incurred: Please refer to Annexure-5 to the Directors' Report for the year 2018.

Section C: Other Details

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

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

Section D: BR Information

- Details of Director/Directors responsible for BR
 - Details of the Director/Directors responsible for implementation of the BR policy/policies
 - DIN Number: 00273101
 - Name: Mr. Moloy Banerjee
 - Designation: Managing Director (MD)

(b) Details of the BR head

| No. | Particulars | Details |
|-----|---------------|--------------------------|
| 1. | DIN Number | 00273101 |
| 2. | Name | Mr. Moloy Banerjee |
| 3. | Designation | Managing Director (MD) |
| 4. | Telephone No. | +91 33 24014409 |
| 5. | Email ID | moloy.banerjee@linde.com |

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

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

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

Note 1: As a standalone company, we comply with applicable standards laid down by Bureau of Indian Standards in Project Engineering Division, Indian Pharmacopoeia 2018 for medical oxygen, the provisions of the Companies Act, 2013 on CSR, Indian Accounting Standards for accounting, etc. The Linde Group in its Corporate Responsibility report 2017 confirms that it supports and complies with The German Corporate Governance Code, UN Global Compact guidelines, UN Universal Declaration of Human Rights and Guiding Principles of Business and Human Rights, OECD Guidelines for multinational enterprises, ILO Principles on labour standards, etc.

Through its product stewardship programme, The Linde Group also supports the Global Product Strategy (GPS) devised by the International Council of Chemical Associations for the safe handling of chemical substances and the United Nations' Globally Harmonised System (GHS) of Classification and Labelling of Chemicals.

3. Governance related to BR

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

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

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

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

The Linde Group of which the Company is a part, had published a Corporate Responsibility Report in March 2018 covering the ten principles of the United Nations Global Compact and their impact on issues such as human rights, climate change, etc. in the manner required for GRI reporting.

anonymous and the remaining complaints and issues were raised by employees and business partners. All complaints/issues were investigated during the year and have been/are being dealt with in accordance with the Code of Ethics framework of the Company, which involves necessary consequent management action, where applicable.

Principle 2

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

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

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

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

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

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

A substantial part of gases sold by the Company in 2018 was derived from the natural raw material – air, which does not lead to any scarcity of this resource. As an energy intensive company, we require a reliable and competitively priced energy supply and we constantly optimise the energy used in our manufacturing process. The details of measures taken during the year 2018 to conserve energy are covered in Annexure- 6 to the Directors' Report. We use water as efficiently as possible and substantial part of our water consumption is used in cooling processes, which is mostly recycled into the water system. Water is also used for drinking purposes in our offices and plants and for gardening. As a part of our commitment to environment protection, initiatives like rain water harvesting, recycling of waste water, etc. is done at most of the plants.

Section E: Principle-wise Performance

Principle 1

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

Linde India Limited has adopted the Linde Group's Code of Ethics, as its Code of Conduct, which inter alia, covers issues such as Ethics, Bribery, Corruption, which also extends to dealing with customers, suppliers, shareholders, employees, government, communities and public at large.

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

During the year, the Company received sixteen complaints which come within the purview of this principle. Ten complaints were

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

The Company has taken several initiatives to conserve energy and water. However, the total usage of electricity in its operation during the year 2018 has not recorded any decrease on an underlying basis as compared to the previous year due to higher plant loading/plant online time in some of the onsite ASUs. During the year, rain water harvesting system was introduced at two new operating sites at Bhiwadi and Bangalore, which has resulted in recycling of about 5% groundwater for these sites.

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

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

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

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

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

The Company has set up water recycling and rain water harvesting facilities at a number of its operating plants. During the year, rain harvesting system was also introduced in Bhiwadi and Bangalore PGP sites, which has resulted in recycling of about 5% groundwater for these sites. Similarly, gas cylinders of the Company are re-used for supply of gases over a life span of many years. The Company endeavours to keep consumption of resources as low as possible to minimise waste. Our common waste products are oil, water chemicals and other waste, which contains metal including condemned cylinders. Oil and water treatment chemicals waste, which cannot be recycled in environmentally sound manner is disposed of through the agencies approved by the Central/ State Pollution Control Board(s). We comply with local regulations for classifying and disposal of waste as hazardous and non-hazardous substances.

Principle 3

1. Please indicate the Total number of employees.

Linde India had 808 employees on its pay rolls as on 31 December 2018.

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

Linde India had 384 temporary/contractual employees as on 31 December 2018.

3. Please indicate the number of permanent women employees.

Linde India had 53 permanent women employees as on 31 December 2018.

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

Linde India had no permanent employees with disabilities as on 31 December 2018.

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

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

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

About 5.69%. Through continual dialogue with these associations, the Company strives to maintain cordial relationship with employees and work towards their welfare.

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

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

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

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

| No. | Category | Safety | Skills Development |
|-----|--|--------|--------------------|
| 1 | Permanent employees* | 18% | 92% |
| 2 | Permanent women employees* | 49% | 98% |
| 3 | Casual/Temporary/Contractual Employees | 47% | NIL |
| 4 | Employees with Disabilities | NA | NA |

* As on 31 December 2018, 71% of total permanent employees and 74% of total permanent women employees were covered under SHEQ training.

Principle 4

1. Has the company mapped its internal and external stakeholders?
 Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
 Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Yes. Linde India is committed to improve the communities in which it operates through its CSR initiatives and employees volunteerism. Our Corporate Social Responsibility programme reaches out to different sections of the disadvantaged, vulnerable and marginalized members of the community to make positive impact on their lives in various ways. The details of the programmes/projects undertaken by the Company during the year 2018 are referred to in Annexure 5 to the Directors' Report for the year 2018.

Principle 5

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

As a member of the Linde Group your company is committed to respect and support the protection of human rights set out in United Nation Universal Declaration of Human Rights, the ten principles of UN Global Compact, etc. The respect for people is enshrined in the Code of Ethics and the Linde values. The Company complies with applicable laws and regulations governing occupational health and safety, applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company also encourages its suppliers and other business partners, etc. to share its commitment in this regard and the Company's Suppliers Code of Conduct sets the minimum requirements on human rights and labour standards to be complied by all suppliers/ contractors etc.

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

Nil.

Principle 6

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

The Linde Group, which is the ultimate holding company of Linde India Limited has a Health, Safety and Environment (HSE) Policy which states that The Linde Group would avoid harm to people, society and the environment. The Policy extends to the Joint Ventures and business partners. The Company is committed to work with its business partners including suppliers, contractors, etc. to promote and enforce compliance with this policy.

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

The Linde Group, of which the Company is a part, has strategy to address environmental issues such as global warming and carbon footprint. Linde India also addresses issues such as these at its various operating sites in India. The weblink of Linde AG's HSE Policy is given in section D of this report which is adopted by the Company for all the operating sites in India. In line with the strategy of The Linde Group, the Company has taken initiatives to address the relevant environmental issues. These initiatives include replacement

of cooling tower fan blades with energy efficient blades, change of plant lightings from conventional lights to LED lights, etc. at the Air Separation Units. As a part of this commitment, all major Air Separation Units operating in India are certified or are in the process of certification to ISO 14001: 2015 or similar standards.

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

Yes. The potential environmental risks are being identified through ASPECT and IMPACT register from each individual operating site. Evaluation of environmental risk is being done by the ISO certified body in their yearly audit.

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

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

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

The Company has been taking certain initiatives on an ongoing basis towards conservation of energy and improving energy efficiency at its various plants. The Company is also exploring viability of renewal source of energy at its selected ASUs and PGP sites. The brief details of these initiatives are contained in Annexure-6 to the Directors' Report for the year 2018. The annual report is available on the Company's website at www.linde.in.

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

The emissions and waste generated by the Company are within the permissible limits as prescribed by Central and State Pollution Control Boards and yearly report is submitted to the respective authorities. Information about principal waste products and their disposal process is provided in Principle 2 (item no. 5) of this report.

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

Nil.

Principle 7

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

- (a) Confederation of Indian Industries (CII)
- (b) Indo-German Chamber of Commerce (IGGC)
- (c) The Bengal Chamber of Commerce and Industry (BCCI)
- (d) Gas Industries Association (GIA).

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

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

Principle 8

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

Linde India Limited is committed to behave responsibly towards people, society and the environment for inclusive growth of the society where it operates and to conserve natural resources. The Company's Corporate Social Responsibility projects and initiatives reach out to different sections of the disadvantaged, underprivileged or differently abled members of the community to make positive impact on their lives in various ways. During the year 2018, these projects and initiatives were in thematic areas such as, Education, Livelihood (Skill Development) and Others, which included contribution for providing relief to the victims of floods in Kerala. The details of the specific CSR projects/initiatives are given in Annual Report on Corporate Social Responsibility annexed to the Directors' Report by way of Annexure-5.

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

Linde India undertakes CSR projects both directly by mobilizing in-house team of employees and through external implementing agencies, NGOs and/or Government bodies.

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

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

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

During the year, the Company spent Rs. 3.26 million towards various CSR initiatives and projects. The details of the same are given in the Annual Report on CSR, which is annexed as Annexure- 5 to the Directors' Report.

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

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

Principle 9

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

The Company has a Customer Service Centre (CSC) which processes the customer indents, queries and complaints on a toll free number and/or through email. During the year 2018, a total number of 1,343 customer complaints were logged by the CSC, out of which 1,328 complaints were closed within the year. A total number of 15 complaints which worked out to 1.12% of the total complaints were pending at the end of the financial year. All the 15 complaints have been closed in January 2019 within the target resolution date.

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

Linde India manufactures and supplies various gases such as oxygen, nitrogen, argon and their mixtures categorised under the segments of Industrial Products, Special Products & Chemicals and Medical gases. The product labels comply with the statutory

requisites contained in the Gas Cylinder Rules, 2016 and The Legal Metrology (Packaged Commodities) Rules, 2011. Additionally, the Company also complies with Indian Pharmacopoeia, 2018 for medical gases. In addition to meeting the requirements of these statutory compliances, the Company also includes a brief pictorial representation of the Gas Cylinder Rules, 2016 along with a very crisp note on the safe handling of the cylinder valve for Industrial gases.

During the year, the Company increased its focus on its LIV® and ENTONOX® product lines in medical gases for which detailed directions for safe usage of the cylinder and the valve have been provided. For Special gases, given the vast range of gas mixtures handled based on specific customer requirements, the gas composition of these mixtures is stencilled on the body of the cylinder. Considering the varied nature and properties of these gas mixtures, a label containing extensive information on the safe handling of the cylinder and precautions for use is also pasted on the body of the cylinder.

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

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

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

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

Linde India believes that understanding customer's perception is vital for any business entity at various touchpoint of a customer's journey. Linde India conducts monthly survey to take customer's feedback about its product & services on a scale of 1-5 and understand the reason behind the rating. Metric of customer's perception differs as per business & industry requirement and thus Linde India measures this score as "Raveometer score". With a view to address concerns of dissatisfied customers, any low score (1 & 2) received in the survey is routed via customer complaint process. The overall satisfaction score of the annual customer satisfaction survey for 2018 was 4.4 on a scale of 5.

Report on corporate governance.

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

Company's philosophy on Code of Governance

Linde India Limited believes in good corporate governance and continuously endeavours to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general. The Company undertakes to behave responsibly towards its shareholders, business partners, employees, society and the environment. As a member of The Linde Group, the Company embraces its core values set out in the Linde Spirit and the Code of Ethics, both of which apply across the Group. The Company is committed to business integrity, high ethical values and professionalism in all its activities.

Board of Directors (Board)

Composition of the Board as on 31 December 2018

Linde India's Board has an appropriate mix of Executive and Non-Executive Directors. The Non-Executive Directors including Independent Directors impart balance to the Board and bring independent judgment in its deliberations and decisions. As on 31 December 2018, the Board of the Company comprised of six Directors, detail whereof is given below:

- One Non-Executive Director representing The Linde Group; and
- One Executive Director.

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

Board Meetings

A calendar of Board and Committee meetings is agreed and circulated in advance to the Directors. Additional meetings are held, when necessary. During the year ended 31 December 2018, eight Board meetings were held on 12 February 2018, 16 April 2018, 9 May 2018, 23 July 2018, 30 August 2018, 14 September 2018, 14 November 2018 and 10 December 2018. The gap between any two consecutive meetings did not exceed one hundred and twenty days.

Board Agenda

The meetings of the Board are governed by a structured agenda. The agenda papers are circulated in advance before each meeting to all the Directors. All Board members have access to accurate, relevant and timely information to fulfill their responsibilities. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings.

Information placed before the Board

Necessary information as required under the Companies Act, 2013 and SEBI Listing Regulations have been placed before and reviewed by the Board from time to time. The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning the business and affairs of the Company.

- A Non-Executive Chairman representing The Linde Group;
- Three Independent Directors;

Attendance of Directors at the Board Meetings of the Company held during the year ended 31 December 2018 and the last Annual General Meeting (AGM), Number of other Directorship(s) and other Board Committee Membership(s) held as on 31 December 2018

| Name of the Director | Category of directorship | No. of Board meetings during FY 2018 | | Attendance at the last AGM held on 16 April 2018 | No. of other directorship(s) ⁽ⁱ⁾ | Other Board Committee membership(s)/ chairmanship(s) ⁽ⁱⁱ⁾ |
|------------------------------|---|--------------------------------------|----------|--|---|--|
| | | Held | Attended | | | |
| Mr S Lamba ⁽ⁱⁱⁱ⁾ | (Chairman) Non-Executive Director | 8 | 8 | Yes | - | - |
| Mr A Balakrishnan | Independent Director | 8 | 8 | Yes | 5 | 5 [including 3 as Chairman] |
| Mr J Mehta | Independent Director | 8 | 8 | Yes | 5 | 5 [including 3 as Chairman] |
| Mr A Narayan ^(iv) | Independent Director | 8 | 1 | No | NA | NA |
| Dr S Sarin ^(v) | Independent Director | 8 | 5 | NA | - | - |
| Ms D Bacher ⁽ⁱⁱⁱ⁾ | Non-Executive Director | 8 | 7 | Yes | - | - |
| Mr M Banerjee | (Managing Director) Executive Director | 8 | 8 | Yes | - | - |

(i) Excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013.

(ii) Represents memberships/chairmanships of Audit Committee and Stakeholders Relationship Committee. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are directors.

(iii) Director representing The Linde Group.

(iv) Mr A Narayan resigned as an Independent Director of the Company with effect from the conclusion of the Board Meeting held on 16 April 2018.

(v) Dr S Sarin was appointed by the Board as an Additional Director and an Independent Director of the Company, subject to the approval of the Members of the Company for a term of five consecutive years w.e.f. 10 July 2018.

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

Board Membership Criteria

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

Separate Meeting of Independent Directors

During the year 2018, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI Listing Regulations, a separate meeting of Independent Directors was held on 14 November 2018 without the presence of the non-independent directors and the members of the management. The meeting was conducted in an informal manner to enable the Independent Directors to discuss and review the performance of non-independent directors and the Board as a whole, performance of the Chairman of the Company and for assessing the quality, quantity and timeliness of flow of information between the company management and the Board. The Independent Directors also met the non-executive Chairman for providing their inputs in this regard.

Independent Directors

As per the provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 and Rules made thereunder and the erstwhile Clause 49 of the Listing Agreement, which has been replaced by the SEBI Listing Regulations, the Members had appointed Mr A Balakrishnan, Mr J Mehta and Mr A Narayan as Independent Directors of the Company with effect from 1 October 2014 for a term of five consecutive years. However, during the year under review, Mr Aditya Narayan resigned from the position of Independent Director from the Board of Directors of the Company and the resignation was accepted by the Board with effect from the conclusion of Board Meeting held on 16 April 2018. During the year, Dr. Shalini Sarin was inducted in the Board as an Additional Director and an Independent Director of the Company with effect from 10 July 2018 for a term of five consecutive years. Individual letters of appointment have been issued to the Independent Directors containing the terms and conditions of their appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The specimen letter of appointment issued to the Independent Directors has been posted on the website of the Company at www.linde.in.

Familiarisation programmes for Independent Directors

As a member of The Linde Group, the Company believes that an appropriate induction programme for new Directors and ongoing training for existing Directors makes a significant contribution to the maintenance of high corporate governance standards. The Managing Director and the Company Secretary are jointly responsible for ensuring that such induction and training programmes are provided to Directors, who in consultation with the Chairman ensure that the programmes to familiarise the Non-Executive Directors especially the Independent Directors with the business is maintained over time and kept relevant to the needs of the individual Directors and the Board as a whole. The familiarization programme is designed to build an understanding of Linde India, its business model, markets and regulatory environment, roles, rights and responsibilities of Independent Directors, etc. As a part of the familiarisation programme, presentations were given at the Board and Audit Committee Meetings on the business and performance update of the Company including global business environment, business strategy, risks involved, internal control over financial reporting, regulatory updates on matters relating to SEBI and Ministry of Corporate Affairs, etc. Site visits to plant locations are organized for the Independent Directors to enable them to understand the operations of the Company. Pursuant to Regulation 46(2) of the SEBI Listing Regulations, the required details with regard to the familiarisation programme for Directors conducted by the Company during the year are available on the website of your Company at http://www.linde.in/en/about_linde_india_limited/management/index.html.

Codes and Policies

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

Codes of Conduct

As a member of The Linde Group, the Company had adopted Linde's Code of Ethics as the Code of Conduct for all its employees including its Wholtime Directors. Linde's Code of Ethics anchors ethical and legal behaviour within the organisation. The Board of Directors laid down a separate Code for the Non-Executive Directors of the Company. The aforesaid Codes are available on the Company's website at http://www.linde.in/en/investor_relations/codes_and_policies/index.html. All Directors and senior management personnel of the Company as on 31 December 2018 have individually affirmed their compliance with the applicable Code of Conduct. A declaration signed by the Managing Director (CEO) to this effect is enclosed at the end of this report. The Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013 and SEBI Listing Regulations and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Code of Conduct for Prohibition of Insider Trading

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has a Code of Conduct to regulate, monitor and report Insider Trading by the Company's employees and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. This ensures timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. The Company has taken measures to create awareness about the Code among its employees and has implemented a system of reporting details of trading in the securities of the Company by the Designated Persons to the Audit Committee at periodic intervals.

Risk Management

The Company had originally developed a risk management framework in the year 2006 for identification and prioritization of various risks based on pre-defined criteria. Since then the Company has been holding risk workshops periodically to refresh its risks in line with the dynamic and ever-changing business environment and the last risk workshop was conducted on 19 June 2017, which was attended by senior management team of the Company. The senior management team deliberated on the carried forward risks and new risks identified at the workshop and prioritized them on the basis of their EBIT impact and probability scores. These risks were thereafter assigned to various risk owners within the Company and appropriate mitigation plans have been put in place in respect of them. The Company has implemented a system for identification, assessment, mitigation and review of new risks on an ongoing basis. A refresher risk workshop is proposed to be held in mid 2019 for a better understanding of the risk landscape including the risks arising from the global merger of Praxair Inc., and Linde AG. The Board provides oversight of the risk management process followed by the Company and the Managing Director and the Company Secretary of the Company provide quarterly updates to the Board on the key risks at the meetings of the Board of Directors. The Board reviews the progress of the action plan for top 10 risks with special focus on the top 5 identified key risks.

CEO/CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations read with Part B of Schedule II thereof, that all the requirements of the SEBI Listing Regulations, inter alia, dealing with the review of financial statements and cash flow statement for the year ended 31 December 2018, transactions entered into by the Company during the said year, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with. A copy of the aforesaid certification is annexed to this Report.

Committees of the Board

As on 31 December 2018, the Company had four committees of the Board of Directors – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The minutes of all Board and Committee meetings are placed before the Board and noted by the Directors at the Board meetings. The role, composition and terms of reference of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee including the number of meetings held during the year ended 31 December 2018 and the related attendance are as follows:

Audit Committee

The Audit Committee of the Company was constituted in the year 1988. The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Companies Act, 2013 and include the roles as laid out in the SEBI Listing Regulations.

Terms of Reference

The brief description of the present terms of reference of the Audit Committee in line with the Companies Act, 2013 and the SEBI Listing Regulations is as follows:

- a. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommend to the Board the appointment/removal of statutory auditors, nature and scope of audit, fixation of audit fee and payment for any other services rendered by the statutory/external auditors.
- c. Review with the management, quarterly and annual financial statements, auditor's report thereon and all related matters as stated in the SEBI Listing Regulations, before submission to the Board;
- d. Review with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.);
- e. Review with the management, performance of statutory and internal auditors;
- f. Review of the adequacy and effectiveness of Internal Audit function, the internal control system of the Company, structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- g. Discussion with internal auditors on any significant findings and follow up thereon including reviewing the findings of internal investigations, if any;
- h. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;

- i. Review of the functioning of Whistle Blower mechanism;
- j. Approval of appointment of Chief Financial Officer;
- k. Review and monitor the auditor's independence and effectiveness of audit process;
- l. Scrutiny of inter-corporate loans and investments;
- m. Approval of related party transactions and any subsequent modification/ratification of transactions with related parties;
- n. Valuation of undertakings or assets of the Company, wherever it is necessary;
- o. Evaluation of internal financial controls and risk management systems; and
- p. Generally, all items listed in Section 177 of the Companies Act, 2013 and Schedule II of the SEBI Listing Regulations.

As stipulated in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Chief Internal Auditor. The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

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

Composition

The composition of the Audit Committee has been in accordance with the requirement of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013. As on 31 December 2018, the Committee comprised of four Non-Executive Directors, three of whom, including the Chairman of the Committee were Independent Directors. Mr J Mehta, Independent Director (Chairman of the Committee), Mr S Lamba, a Non-Executive Director representing The Linde Group, Mr A Balakrishnan, Independent Director and Dr S Sarin, Independent Director were the Members of the Committee. During the year, Mr A Narayan, Independent Director who was a Member of the Committee resigned from the Board with effect from conclusion of the Board Meeting held on 16 April 2018 and also ceased to be a Member of the Committee. As per the requirement of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013, all members of the Audit Committee are financially literate with at least one member having expertise in accounting or related financial management. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 16 April 2018.

The Managing Director, Chief Financial Officer and Head-Internal Audit are permanent invitees in all meetings of the Committee. The Statutory Auditors of the Company are invited to attend the Audit Committee meetings, who also meet the Audit Committee without the presence of the management. The Cost Auditors are also invited to the meetings for discussion on Cost Audit Report and for other related matters, if any. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year

Five meetings of the Audit Committee were held during the year ended 31 December 2018. The meetings were held on 12 February 2018, 9 May 2018, 23 July 2018, 14 November 2018 and 10 December 2018. The gap between any two consecutive meetings did not exceed one hundred and twenty days. The attendance of the members at these meetings was as follows:

| Name of the Director | No. of meetings held during tenure | No. of meetings attended |
|-------------------------|------------------------------------|--------------------------|
| Mr J Mehta | 5 | 5 |
| Mr A Balakrishnan | 5 | 5 |
| Mr S Lamba | 5 | 5 |
| Mr A Narayan* | 1 | 1 |
| Dr S Sarin [#] | 2 | 2 |

*Mr A Narayan resigned from the Board of Directors of the Company and as a Member of the Committee w.e.f. conclusion of Board Meeting held on 16 April 2018.

[#]Dr S Sarin was inducted in the Audit Committee of the Board of Directors of the Company w.e.f. 23 July 2018.

Nomination and Remuneration Committee (NRC)

Terms of Reference

The brief terms of reference of the Nomination and Remuneration Committee, inter alia, include the following:

- Identifying and selection of persons for appointment as directors and senior management in accordance with the criteria laid down and to recommend to the Board their appointment;
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Recommend/review remuneration of the Managing Director and Wholtime Director(s) based on performance and defined assessment criteria;
- Recommend to the Board a policy for selection and appointment of Directors, Key Managerial Personnel and other senior management positions;
- Formulate and review criteria for evaluation of performance of the Board of Directors;
- Devise a policy on Board diversity;
- Succession planning for the Board level and key management positions; and
- Carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification/amendment.

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

Composition

As on 31 December 2018, the Committee comprised of three Non-Executive Directors, two of whom including the Chairman of the Committee were Independent Directors. Mr A Balakrishnan, Independent Director (Chairman of the Committee), Mr J Mehta, Independent Director and Mr S Lamba, a Non-Executive Director representing The Linde Group were the Members of the Committee as on 31 December 2018.

Meetings and Attendance during the year

During the year ended 31 December 2018, three meetings of the Committee were held on 12 February 2018, 9 May 2018 and 14 November 2018. The attendance of the Members at these meetings was as follows:

| Name of the Director | No. of meetings held during tenure | No. of meetings attended |
|----------------------|------------------------------------|--------------------------|
| Mr A Balakrishnan | 3 | 3 |
| Mr S Lamba | 3 | 3 |
| Mr J Mehta | 3 | 3 |

Board Performance Evaluation

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

First, the Independent Directors at their separate meeting held on 14 November 2018, reviewed the performance of the Board, Chairman of the Board and the Non-Independent Directors and also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. The Chairman of the Board was thereafter briefed on the outcome of the review carried out by the Independent Directors. Subsequently, during the year, the Nomination and Remuneration Committee of the Board reviewed the process and various attributes considered in the previous year for evaluating the performance of the Board, its Committees and individual directors. As a result of the review, minor changes were made in the performance evaluation form for the year 2018 with the approval of the Nomination and Remuneration Committee of the Board. Like the previous year, the Company provided an online platform to the Directors for participating in the aforesaid performance evaluation process, which contained a structured questionnaire for seeking feedback from the directors on certain pre-defined attributes applicable to them, including some specific ones for the Independent Directors and similar attributes for the Board as a whole and its Committees as approved by the NRC. In respect of Independent Directors, the criteria or the attributes included ensuring independence and avoiding conflict of interest, safeguarding the interest of minority shareholders, application of independent judgement while taking decisions at the Board Meeting and ensuring adequate deliberations while approving material decisions including Related Party Transactions. The result of the performance evaluation has been encouraging with the overall rating of all the Board members for self and

peer assessment, Board as a whole and its Committees being in the range of 'very good' to 'excellent' on the predefined criteria. The Chairman of the Board provided feedback to the members of the Board about the results of the performance evaluation survey at the Board meeting.

Nomination and Remuneration Policy

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

Payment of remuneration to the Executive/Wholetime Directors of the Company is governed by the terms and conditions of their appointment as recommended by the Nomination and Remuneration Committee and approved by the Board subject to the approval of the Shareholders and the Central Government, where applicable. The remuneration structure comprises basic salary, perquisites and allowances, variable compensation pay under the Company's Short Term, Mid Term and Long

Term Incentive Plan and contribution to provident, superannuation and gratuity funds.

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

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

Details of Remuneration to Executive/Wholetime Director(s)

Details of remuneration to Executive/Wholetime Director during the year ended 31 December 2018 is given below:

| Name of the Director | Salary and Allowances | Performance linked incentive/pay | Contribution to Provident and other Funds | Perquisites/ Other Benefits | in Rupees |
|----------------------------------|-----------------------|----------------------------------|---|-----------------------------|-------------|
| | | | | | Total |
| Mr M Banerjee, Managing Director | 1,37,08,149 | 1,95,56,519 | 20,62,953 | 29,54,672 | 3,82,82,293 |

The tenure of office of the Managing Director of the Company is for three years with effect from 30 July 2016. The terms and conditions of the appointment including remuneration payable to Managing Director were set out in the Agreement dated 16 September 2016 entered into by him with the Company which were subsequently modified by the Board on the recommendation of the Nomination and Remuneration Committee with effect from 1 January 2017. The said appointment along with the terms and conditions as set out in the Agreement dated 16 September 2016 which were subsequently modified as aforesaid were approved by way of a special resolution of the shareholders passed at the 81st Annual General Meeting of the Company held on 18 April 2017. The Agreement can be terminated by either party by giving not less than six months' notice in writing. The Agreement does not provide for payment of any severance fees.

Presently, the Company does not have a scheme for grant of stock options to its employees.

Details of Remuneration to Non-Executive Directors

Details of remuneration paid/payable to the Non-Executive Independent Directors during the year ended 31 December 2018 is given below:

| Name of the Director | in Rupees | |
|---|-------------------|--------------------------------------|
| | Sitting Fees Paid | Commission payable for the year 2018 |
| Mr A Balakrishnan, Independent Director | 800,000 | 9,00,000 |
| Mr J Mehta, Independent Director | 750,000 | 11,00,000 |
| Mr A Narayan, Independent Director* | 125,000 | 3,00,000 |
| Dr S Sarin, Independent Director [#] | 375,000 | 5,00,000 |
| Total | 2,050,000 | 28,00,000 |

*Mr A Narayan ceased to be a Director of the Company with effect from conclusion of the Board Meeting held on 16 April 2018.

[#]Dr S Sarin was appointed by the Board as an Additional Director and an Independent Director of the Company w.e.f. 10 July 2018.

In accordance with the approval of the Shareholders in the Annual General Meeting held on 15 May 2015, the payment of commission to Non-Executive Independent Directors, other than the Directors representing The Linde Group has been determined by the Board, which is well within the ceiling of 1% of net profits of the Company for the year ended 31 December 2018 as computed under applicable provisions of the Companies Act, 2013. The allocation of the commission amongst the eligible Non- Executive Independent Directors has been decided by the Board with each interested director present not participating in the deliberations in respect of his own commission.

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

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

The details of shares/convertible instruments held by the Executive and Non-Executive Directors of the Company as on 31 December 2018 are as follows:

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

Stakeholders' Relationship Committee (SRC)

Terms of Reference

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

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

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

Composition

As on 31 December 2018, the Stakeholders Relationship Committee comprised of three Directors, two of whom including the Chairman of the Committee were Independent Directors. Mr.A Balakrishnan, Independent Director (Chairman of the Committee), Mr J Mehta, Independent Director and Mr M Banerjee, Managing Director of the Company were the Members of the Committee as on 31 December 2018. During the year, Mr A Narayan, Independent Director, who was the erstwhile Chairman of the Committee resigned from the Board with effect from conclusion of the Board Meeting held on 16 April 2018 and ceased to be a member and chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year:

During the year ended 31 December 2018, the Committee met once on 23 July 2018. The attendance of the Members at the meeting was as follows:

| Name of the Director | No. of meetings held during tenure | No. of meetings attended |
|----------------------|------------------------------------|--------------------------|
| Mr A Balakrishnan* | 1 | 1 |
| Mr A Narayan# | NA | NA |
| Mr J Mehta | 1 | 1 |
| Mr M Banerjee | 1 | 1 |

*Mr A Balakrishnan was inducted as a Member and Chairman of the Committee with effect from 23 July 2018.

#Mr A Narayan ceased to be a Director of the Company and Member of the Committee with effect from conclusion of the Board Meeting held on 16 April 2018.

The Board of Directors has delegated the power of approving the share transfers, transmission, etc. to the Managing Director and Company Secretary of the Company for expediting these processes. During the year, the Committee of Delegates met at regular intervals to dispose of all stipulated matters relating to share transfers, transmission, issue of duplicate share certificates, etc. with a view to meet the timeline for registering the transfer/transmission etc. of equity shares.

Compliance Officer

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

Initiatives for improving investor services

During the year, in compliance with SEBI Circular dated 20 April 2018 followed by circulars issued by BSE and NSE in July 2018, your Company took initiatives to update PAN and Bank Account details in respect of shareholders holding shares in physical form, where one or more of such data was not available with its Registrar. The Company had in the previous year sent a similar communication for sanitization of data of shareholder's KYC details. Besides, in accordance with SEBI's notification dated 8 June 2018, your Company had also issued Notice to

shareholders with respect to mandatory dematerialization for transfer of securities. The shareholders holding shares in physical form were requested to dematerialize their shareholding in the Company in their name at the earliest. The shareholders holding shares in physical form were also informed that as per the aforesaid notification of the SEBI, the last date for processing of transfer of shares (other than transmission/transposition) was 5 December 2018. This has resulted in spurt in the physical transfer of shares during the year as well as increase in the Company's shareholding in the demat form and has thus promoted green initiative in Corporate Governance. SEBI has subsequently informed by a press release issued on 3 December 2018 that in view of several representations received from shareholders, the deadline for transfer of securities only in demat form has been extended and shall now come into force from 1 April 2019.

Shareholders' Complaints

During the year ended 31 December 2018, the Company received 56 complaints from the shareholders/investors. As on 31 December 2018, no shareholder/investor complaint was pending. It is the endeavour of the Company to attend to all such complaints and other correspondence within a period of 15 days except where constrained by disputes or legal impediments.

Pending Share Transfers & Dematerialisation Requests

The Company's shares are required to be compulsorily traded in electronic form and as such the Company receives few transfers in physical form. During the year ended 31 December 2018, the Company processed 8,012 shares for transfer. As on 31 December 2018, no request for transfer and/or dematerialization of shares was pending.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee of the Company was constituted by the Board at its meeting held on 7 February 2014 in compliance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder.

Terms of Reference

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

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

Composition

As on 31 December 2018, the CSR Committee comprised of three Directors, two Independent Directors, viz. Dr. S Sarin (Chairperson of the Committee) and Mr A Balakrishnan; and Mr M Banerjee, Managing Director of the Company. Mr A Balakrishnan stepped down as the Chairman of the Committee with effect from 23 July 2018. During the year, Mr A Narayan, a member of the Committee resigned from the Board with effect from conclusion of the Board Meeting held on 16 April 2018 and accordingly ceased to be a member of the Committee.

Meetings and Attendance during the year:

During the year ended 31 December 2018, two meetings of the Committee were held on 12 February 2018 and 14 November 2018. The attendance of the Members at the meetings was as follows:

| Name of the Director | No. of meetings held during tenure | No. of meetings attended |
|----------------------|------------------------------------|--------------------------|
| Dr S Sarin* | 1 | 1 |
| Mr A Narayan# | 1 | 1 |
| Mr A Balakrishnan | 2 | 2 |
| Mr M Banerjee | 2 | 2 |

*Dr S Sarin, who was appointed by the Board as an Additional Director and an Independent Director of the Company w.e.f. 10 July 2018, was inducted in the Committee as a Member and Chairperson with effect from 23 July 2018.

#Mr A Narayan ceased to be a Director of the Company with effect from conclusion of the Board Meeting held on 16 April 2018 and ceased to be a Member of the Committee.

General Body Meetings

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

| Financial Year | Date of AGM | Venue | Time | No. of Special Resolution(s) passed |
|-----------------------------|---------------|----------------------|------------|--|
| Year ended 31 December 2017 | 16 April 2018 | Kala Mandir, Kolkata | 10.00 am | None |
| Year ended 31 December 2016 | 18 April 2017 | Kala Mandir, Kolkata | 10.00 a.m. | 1. Re- appointment of Managing Director for a term of three years. |
| Year ended 31 December 2015 | 19 May 2016 | Kala Mandir, Kolkata | 3.00 p.m. | None |

B) Postal Ballot:

During the year ended 31 December 2018, one special resolution as detailed below was passed through Postal Ballot. Mr. S M Gupta, Proprietor of Messrs S M Gupta & Co., Company Secretaries was appointed as the Scrutinizer for conducting the voting process of the Postal Ballot in a fair and transparent manner in compliance with the

applicable laws and provisions. A total of 385 Postal Ballots and 216 e-Voting confirmations (as per NSDL Report) were received from the Members of the Company in respect of the Special Resolution, of which 13 Postal Ballots were rejected and considered invalid. The details of the voting result of the said Postal Ballot including the voting pattern are as follows.

| Sl. No. | Brief Particulars of Special Resolution | No. of shares and % of valid votes cast by Postal Ballot and electronic means in FAVOUR of the Special Resolution | No. of shares and % of valid votes cast by Postal Ballot and electronic means in AGAINST of the Special Resolution | Result |
|---------|---|---|--|---|
| 1. | Voluntary delisting of the Equity Shares of the Company from the BSE Ltd. and the National Stock Exchange of India Ltd. | 1,27,56,561 99.2334% | 98,540 0.7666% | Passed as a Special Resolution by requisite majority. |

C) Appointment/Re-appointment of Directors:

Information about Directors proposed to be appointed as required under Regulation 36(3) of SEBI Listing Regulations is furnished under Note 27 of the Notice of the ensuing Annual General Meeting.

- Management Discussion and Analysis is a part of the Directors' Report.
- All material events/information relating to the Company that could influence the market price of its securities or investment decisions are timely disclosed to the Stock Exchanges as per the Company's Policy on determination of materiality of events framed under the SEBI Listing Regulations. All disclosures under this policy are also displayed on the Company's website and hosted for a minimum period of five years and thereafter as per the Archival Policy of the Company. The Policy on determination of materiality of events and Archival Policy of the Company is available on the Company's website at www.linde.in.
- During the year under review, the Company did not make any presentation(s) to investors/analysts and the earlier presentation(s) are posted on the Company's website at www.linde.in.
- The Company has an exclusive section on "Investor Relations" in its website "www.linde.in" for the purpose of giving necessary information to the shareholders on various matters such as transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, nomination facility, use of electronic clearing service for payment of dividend, green initiative, IEPF, etc. These information, procedures, formats, etc. are available on the aforesaid website in downloadable formats as a measure of added convenience to the investors.

Means of Communication

- The unaudited quarterly standalone financial results in respect of the first three quarters of the financial year 2018 were approved, taken on record and submitted to the Stock Exchanges as per the SEBI Listing Regulations along with "limited review report" within forty five days of the close of the relevant quarter. Audited standalone financial results in respect of the last quarter of 2018 were submitted to the Stock Exchanges as per the SEBI Listing Regulations along with the results of the entire financial year with a note stating that the figures for the quarter ended 31 December were published as balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the respective financial year. Also, the figures up to the end of the third quarter were only reviewed and not subjected to audit.
- Unaudited quarterly financial results have been published during the year in prominent financial newspapers, viz. Business Standard, Kolkata edition (in English), Hindu Business Line all editions (in English) and Aaj Kal, Kolkata (in vernacular language Bengali). The audited financial results for the year 2018 have also been published in the aforesaid newspapers.
- The Company has its own functional website www.linde.in as required by the SEBI Listing Regulations, where information about the Company, quarterly and annual audited financial results, annual reports, distribution of shareholding at the end of each quarter, official press releases, information required to be disclosed under Regulation 30(8) and 46 of the SEBI Listing Regulations, etc. are regularly updated.

Other Disclosures

- **Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc.) that may have potential conflict with the interests of the Company at large:** None of the transactions with any of the related parties were in conflict with the interests of the Company. However, the related party disclosures about list of related parties and transactions given

under Note 44 of Notes to the Standalone Financial Statements for the year ended 31 December 2018 may be referred. All related party transactions are in the ordinary course of business and are at arm's length.

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

- **Policy on dealing with Related Party Transactions:**
The Policy on dealing with Related Party Transactions is available on the Company's website at http://www.linde.in/en/investor_relations/codes_and_policies/index.html.
- **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years:**
No penalties or strictures have been imposed by Stock Exchange(s), SEBI or any statutory authority on any matter related to capital markets during the last three years.
- **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee:**
The Linde Group's Code of Ethics encourages all employees who have concerns about their work or the business of the Company, to discuss these issues with their line managers. The employees also have free access to Human Resource, Internal Audit and Legal Services Department for resolving their concerns. No employee has been denied access to the Audit Committee.

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

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

The Company does not have any subsidiary.

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

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

The Board

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

Shareholders' Rights

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are also posted on the Company's website. Significant press releases are also posted on the website in the News and Media section.

The Company had sent Annual Reports for the year 2017 together with Notice of the Annual General Meeting in electronic mode to those shareholders whose e-mail addresses as were registered with the Company's RTA or the Depositories for this purpose. For other shareholders, who had not registered their email ids, the complete Annual Report for 2017 in physical form was sent at their registered addresses.

Modified opinion(s) in audit report

The Auditors of the Company have issued an unmodified opinion in their report to the Members of the Company on the financial statements for the year ended 31 December 2018.

Separate posts of Chairman and Chief Executive Officer (Managing Director)

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

Reporting of Internal Auditor

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

General Shareholder Information

| | | |
|---|---|-------------------------------|
| Date, time and venue of the Annual General Meeting | 16 May 2019 at 3.00 p.m. Kala Mandir Auditorium 48, Shakespeare Sarani, Kolkata 700 017 | |
| Financial Calendar 2019 (tentative and subject to change) | i. Financial Year | January 2019 to December 2019 |
| | ii. First Quarter Results | 13 May 2019 |
| | iii. Second Quarter and Half Yearly Results | 23 July 2019 |
| | iv. Third Quarter Results | 14 November 2019 |
| | v. Audited Annual Results | February 2020 |
| Book Closure Period | 10 May 2019 to 16 May 2019 (both days inclusive) | |
| Dividend Payment Date | On or about 23 May 2019 (if approved by the Members at the AGM) | |
| Listing on Stock Exchanges | a) BSE Ltd., P. J. Towers, Dalal Street, Mumbai 400 001 b) National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 | |
| | Annual Listing Fees have been paid to all these stock exchanges for the year 2018-19. | |
| Stock Code | a) BSE Ltd., Physical: 23457; Demat: 523457 b) National Stock Exchange of India Ltd., Symbol: LINDEINDIA | |

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

During the year, pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the 56th unpaid/unclaimed dividend amount of Rs. 557,583/- for the financial year 2010 was transferred to the Investor Education and Protection Fund (IEPF). The details of the said transfer can be viewed at http://www.linde.in/en/investor_relations/dividends/index.html.

Pursuant to the aforesaid provisions, during the year under review, the Company also transferred 17,482 shares to the Demat Account of the IEPF Authority maintained with NSDL, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of seven years after sending two individual notices to the concerned shareholders. Details of the same are provided in Note nos. 11 and 12 of the Notice of the 83rd Annual General Meeting.

The details of unpaid/unclaimed dividends in respect of the last seven financial years commencing from the financial year 2011 and ending with financial year 2017 and their respective due dates for transferring the same to the IEPF are furnished in Note 10 of the Notice of the 83rd Annual General Meeting. Out of these seven financial years, the 57th unpaid/ unclaimed dividend for the year 2011 will become due for transfer to IEPF on 23 June 2019. As a measure of investor service, the Company has sent reminder letters dated 14 March 2019 to the concerned shareholders for claiming their unpaid/unclaimed dividend.

The process for claiming refund of the unpaid/unclaimed dividend and/or the shares transferred by the Company to the IEPF as aforesaid is provided in Notes 13 and 14 of the Notice of the 83rd Annual General Meeting and is also available on http://www.linde.in/en/investor_relations/dividends/process-iepf-rules/index.html.

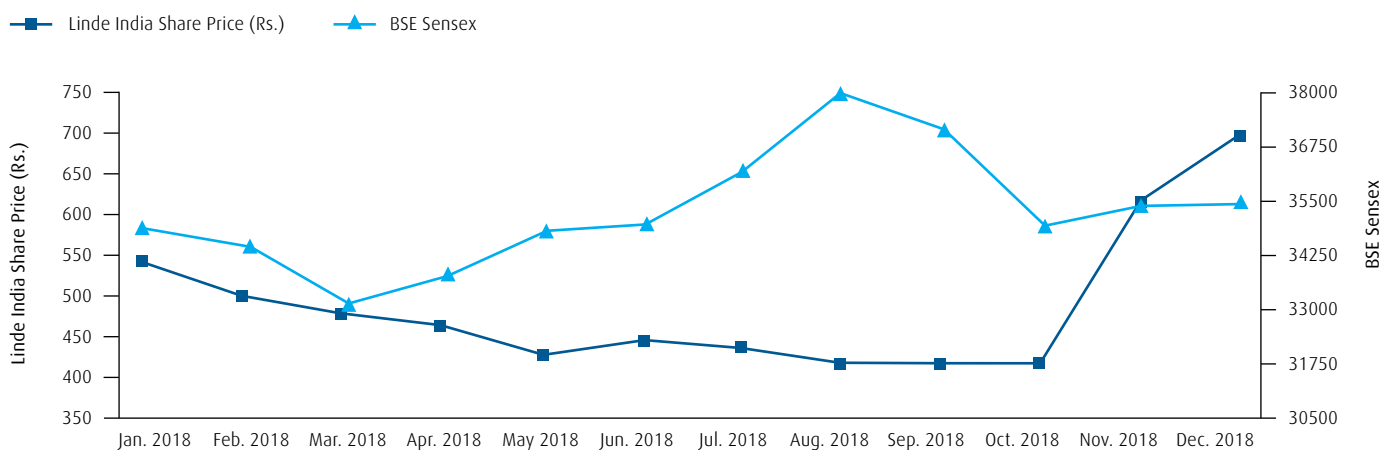
Stock Market Price Data

Monthly high and low quotations and volume of shares traded on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the year ended 31 December 2018:

| Month | BSE | | | NSE | | |
|----------------|------------|-----------|-------------------------|------------|-----------|-------------------------|
| | High (Rs.) | Low (Rs.) | Volume of shares traded | High (Rs.) | Low (Rs.) | Volume of shares traded |
| January 2018 | 598.85 | 509.80 | 3,80,343 | 599.00 | 511.10 | 13,62,758 |
| February 2018 | 544.90 | 467.00 | 1,26,514 | 537.00 | 466.00 | 8,01,415 |
| March 2018 | 505.50 | 440.00 | 39,905 | 508.00 | 433.10 | 3,58,877 |
| April 2018 | 513.00 | 442.50 | 61,054 | 513.80 | 440.85 | 4,93,045 |
| May 2018 | 471.00 | 413.20 | 64,040 | 472.75 | 413.10 | 5,95,501 |
| June 2018 | 465.75 | 422.30 | 7,20,701 | 464.00 | 420.10 | 14,58,901 |
| July 2018 | 477.40 | 420.00 | 20,997 | 478.00 | 419.40 | 2,89,451 |
| August 2018 | 449.20 | 397.15 | 6,22,749 | 453.00 | 396.30 | 10,43,923 |
| September 2018 | 441.75 | 399.00 | 48,956 | 443.90 | 401.10 | 6,70,424 |
| October 2018 | 450.05 | 386.00 | 62,761 | 452.60 | 382.25 | 9,01,553 |
| November 2018 | 702.70 | 431.00 | 8,03,215 | 702.40 | 441.00 | 80,39,596 |
| December 2018 | 705.50 | 647.65 | 95,629 | 704.90 | 650.15 | 16,73,147 |

Performance of the Company's shares in comparison to broad based indices such as BSE Sensex

Linde India Share Price vs. BSE Sensex (Average Monthly Closing)



Registrar and Transfer Agents

Link Intime India Pvt. Ltd.
 59C, Chowringhee Road, 3rd Floor, Kolkata 700 020
 Contact person : Mr K Mustafi
 Phone : 91-33-2289 0540; Telefax : 91-33-2289 0539
 Email : kolkata@linkintime.co.in

Share Transfer System

The work relating to Share Registry both in physical and electronic form is handled by Link Intime India Pvt. Ltd., Registrar and Transfer Agents of the Company. In compliance with the requirement of the Regulation 40 of SEBI Listing Regulations, all transfers, sub division, consolidation, renewal, exchange, etc. of shares in the Company are processed after they are approved by the Committee of Managing Director and Company Secretary, who have been delegated this power by the Board of Directors for expediting these processes. The Committee of Delegates has now been meeting at regular intervals to dispose of all matters relating to transfer, transmission, etc. Dematerialisation of shares is processed normally within a period of 10 days from the date of receipt of the Demat Request Form.

Dematerialisation of shares and Liquidity

The Company's shares are compulsorily required to be traded in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL is INE 473A01011. As on 31 December 2018, a total of 84,565,210 equity shares of the Company constituting 99.16% of the total Subscribed and Paid up Share Capital stands dematerialized.

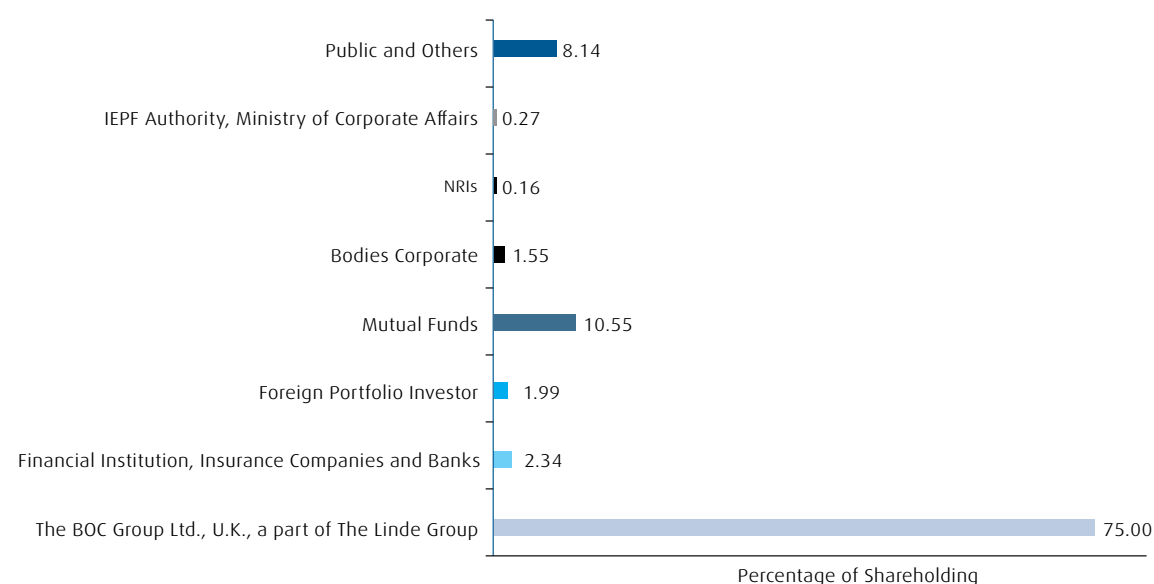
Distribution of shareholding as on 31 December 2018

| Number of Shares Slab | Number of Shareholders | % of Shareholders | Number of Shares held | % of Shares held |
|-----------------------|------------------------|-------------------|-----------------------|------------------|
| 1-50 | 7,928 | 43.27 | 155,720 | 0.18 |
| 51-100 | 3,123 | 17.05 | 277,090 | 0.32 |
| 101-250 | 3,125 | 17.06 | 555,269 | 0.65 |
| 251-500 | 2,054 | 11.21 | 773,941 | 0.91 |
| 501-1000 | 1,171 | 6.39 | 874,667 | 1.03 |
| 1001-5000 | 737 | 4.02 | 1,520,411 | 1.78 |
| 5001-10000 | 94 | 0.51 | 680,713 | 0.80 |
| 10001-100000 | 74 | 0.40 | 2,588,697 | 3.04 |
| Above 100000 | 17 | 0.09 | 77,857,715 | 91.29 |
| Total | 18,323 | 100.00 | 85,284,223 | 100.00 |

Shareholding pattern as on 31 December 2018

| Category | Number of Shares held | % of Issued and Paid up Share Capital |
|---|-----------------------|---------------------------------------|
| (A) Foreign Promoters | | |
| The BOC Group Ltd., U.K., a part of The Linde Group | 63,963,167 | 75.00 |
| (B) Public Shareholding | | |
| (I) Institutional Shareholding | | |
| Financial Institutions, Insurance Companies & Banks | 1,992,836 | 2.34 |
| Foreign Portfolio Investors | 1,693,645 | 1.99 |
| Mutual Funds | 8,999,640 | 10.55 |
| Sub-Total (I) | 12,686,121 | 14.88 |
| (II) Non-Institutional Shareholding | | |
| Bodies Corporate | 1,322,393 | 1.55 |
| NRIs | 133,770 | 0.16 |
| IEPF Authority, Ministry of Corporate Affairs | 233,019 | 0.27 |
| Public and Others | 6,945,753 | 8.14 |
| Sub-Total (II) | 8,634,935 | 10.12 |
| Total | 85,284,223 | 100.00 |

Shareholding pattern as on 31 December 2018



Credit Rating

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

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

Not Applicable

Commodity price risk or foreign exchange risk and hedging activities:

The Company's Policy is to take forward cover in respect of its major foreign exchange exposures such as for imports, repayment of borrowings & interest thereon denominated in foreign currency and export receivables. The details of foreign exchange exposures are disclosed in Note 42 of Notes to the Standalone Financial Statements for the year ended 31 December 2018.

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

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

Plant Locations:

Bangalore

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

Bellary*

1800 tpd ASU*
JSW Steel premises, Torangallu,
Dist-Bellary, Karnataka 583 123

Bhadrachalam

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

Bhiwadi

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

Chennai*

Packaged Gases and Products Plant*
Plot No. G-21, SIPCOT Industrial Park,
Irungattukottai, Sriperumbudur,
Dist. Kancheepuram 602 105

Dahej

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

Faridabad

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

Hyderabad*

65 tpd ASU
Packaged Gases and Products Plant*,
Plot No. 178 & 179,
IDA Pashamylaram, Phase III,
Dist. Medak 502 307

Jajpur

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

Kalinganagar

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

Jamshedpur

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

225 tpd ASU

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

Kolkata

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

48/1 Diamond Harbour Road,
Kolkata 700 027

Pune

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

Rourkela

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

Selaqui

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

Taloja

330 tpd ASU
T-8, MIDC Industrial Area,
Taloja, Dist. Raigad,
Navi Mumbai 410 208

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

Trichy

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

Uluberia

P.O. Birshibpur, Uluberia,
Dist. Howrah 711 316

Address for correspondence:

Asst. Vice President and Company Secretary

Linde India Limited
Oxygen House, P 43 Taratala Road,
Kolkata 700 088, India
Phone: 91 33 6602 1600
Fax: 91 33 2401 4206
E mail: investor.relations.in@linde.com

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

To the Members of
Linde India Limited

I, Moloy Banerjee, Managing Director of Linde India Limited declare that to the best of my knowledge and belief, all the Members of the Board and senior management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the year ended 31 December 2018.

Sd/-
Moloy Banerjee
Managing Director
DIN: 00273101

Mumbai
19 February 2019

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

Dear Sirs,

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

This is to certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31 December 2018 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept the responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to such financial reporting and have found no deficiencies in the design or operation of internal controls.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. that there were no significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. that there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Indranil Bagchi
Chief Financial Officer
Membership No.: 057564

Moloy Banerjee
Managing Director
DIN: 00273101

Independent Auditor's Certificate on Corporate Governance

To the Members of Linde India Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 6 July, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **Linde India Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 December, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing

specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 December, 2018.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm Regn. No. 117366W/W-100018)

Abhijit Bandyopadhyay

Partner
(Membership No. 054785)

Kolkata
22 March, 2019

Financial Statements

Balance sheet.

as at 31 December 2018

| in Rupees million | Note | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 21,608.17 | 24,965.39 |
| Capital work-in-progress | 5 | 444.57 | 359.13 |
| Other Intangible assets | 6 | 7.36 | 10.14 |
| Investments in joint venture | 7 | - | 150.00 |
| Financial assets | | | |
| Other Investments | 7 | 0.31 | 0.27 |
| Other financial assets | 8 | 1,080.10 | 821.18 |
| Non current tax assets (net) | 9 | 89.25 | 169.50 |
| Other non current assets | 10 | 566.26 | 466.48 |
| Total non- current assets (A) | | 23,796.02 | 26,942.09 |
| Current assets | | | |
| Inventories | 11 | 709.56 | 683.26 |
| Financial assets | | | |
| Trade receivables | 12 | 3,550.49 | 3,527.19 |
| Cash and cash equivalents | 13 | 1,245.76 | 374.49 |
| Other balances with bank | 13A | 8.27 | 11.91 |
| Other financial assets | 8 | 1,465.89 | 1,653.42 |
| Other current assets | 10 | 572.30 | 499.49 |
| Total current assets (B) | | 7,552.27 | 6,749.76 |
| Assets classified as held for sale (C) | 14 | 2,403.66 | - |
| TOTAL ASSETS (A+B+C) | | 33,751.95 | 33,691.85 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 15 | 852.84 | 852.84 |
| Other equity | 16 | 13,415.22 | 13,224.33 |
| Total equity (D) | | 14,268.06 | 14,077.17 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 4,167.76 | 7,763.57 |
| Other financial liabilities | 18 | - | 35.45 |
| Provisions | 19 | 564.08 | 448.29 |
| Deferred tax liabilities (Net) | 20 | 880.92 | 921.80 |
| Other non-current liabilities | 21 | 332.69 | 248.54 |
| Total non- current liabilities | | 5,945.45 | 9,417.65 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 2,400.00 | 1,500.00 |
| Trade payables | | | |
| (A) total outstanding dues of micro and small enterprises | 22 | 0.65 | 0.44 |
| (B) total outstanding dues of creditors other than micro and small enterprises | 22 | 3,149.03 | 2,607.42 |
| Other financial liabilities | 18 | 6,231.53 | 4,389.73 |
| Provisions | 19 | 635.28 | 292.31 |
| Other current liabilities | 21 | 1,121.95 | 1,407.13 |
| Total current liabilities | | 13,538.44 | 10,197.03 |
| Total liabilities (E) | | 19,483.89 | 19,614.68 |
| TOTAL EQUITY AND LIABILITIES (D+E) | | 33,751.95 | 33,691.85 |

The accompanying notes 1 to 48 are an integral part of the financial statements.

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Statement of profit and loss.

for the year ended 31 December 2018

| in Rupees million | Note | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|------|----------------------------|----------------------------|
| INCOME | | | |
| Revenue from operations | 23 | 21,916.54 | 21,149.87 |
| Other income | 24 | 226.34 | 167.55 |
| TOTAL INCOME (A) | | 22,142.88 | 21,317.42 |
| EXPENSES | | | |
| Power and fuel | | 8,901.18 | 9,224.91 |
| Cost of materials consumed | 25 | 2,764.33 | 1,911.16 |
| Purchase of stock-in-trade | 26 | 1,124.97 | 773.79 |
| Changes in inventories of finished goods, contract work-in-progress and stock-in-trade | 27 | 33.72 | 46.86 |
| Employee benefits expenses | 28 | 1,272.92 | 1,164.53 |
| Finance costs | 29 | 1,027.01 | 1,164.69 |
| Excise duty | | - | 819.30 |
| Depreciation and amortisation expense (including impairment) | 30 | 1,991.38 | 2,062.55 |
| Other expenses | 31 | 4,555.67 | 3,933.07 |
| TOTAL EXPENSE (B) | | 21,671.18 | 21,100.86 |
| Profit before exceptional items and tax C = (A-B) | | 471.70 | 216.56 |
| Exceptional Items (D) | 34 | - | 55.00 |
| Profit before tax E = (C- D) | | 471.70 | 161.56 |
| Tax Expense | | | |
| Current tax | 20 | 155.48 | 18.97 |
| Deferred tax | 20 | (18.64) | (46.79) |
| TOTAL TAX EXPENSE (F) | | 136.84 | (27.82) |
| Profit for the year (G)= (E- F) | | 334.86 | 189.38 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to statement of profit and loss | | | |
| Remeasurement losses on post employment defined benefit plans during the year | | (89.32) | (9.66) |
| Fair value changes of investments in equity shares | | (89.36) | (9.77) |
| | | 0.04 | 0.11 |
| Income tax relating to items that will not be reclassified subsequently to statement of profit and loss | | 31.22 | 2.08 |
| Items that will be reclassified subsequently to statement of profit and loss | | | |
| Fair value changes due to cash flow hedges | | 25.91 | 28.96 |
| Income tax on items that will be reclassified subsequently to statement of profit and loss | | (8.97) | (10.02) |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H) | | (41.16) | 11.36 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I) = (G+H) | | 293.70 | 200.74 |
| Earnings per share : | 35 | | |
| Basic and Diluted (Rs.) | | 3.93 | 2.22 |

The accompanying notes 1 to 48 are an integral part of the financial statements.

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDIA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Statement of changes in equity.

for the year ended 31 December 2018

A. Equity share capital

| in Rupees million | Equity share capital |
|---|----------------------|
| Balance as at 1 January 2017 | 852.84 |
| Changes in equity share capital during the year | - |
| Balance at 31 December 2017 | 852.84 |
| Changes in equity share capital during the year | - |
| Balance at 31 December 2018 | 852.84 |

B. Other equity

| in Rupees million | Reserve and Surplus | | | Equity instrument through comprehensive Income | Effective Portion of Cash Flow Hedges | Total |
|---|---------------------|------------------|-------------------|--|---------------------------------------|-----------|
| | Securities Premium | General Reserves | Retained Earnings | | | |
| Balance as at 1 January 2017 | 6,972.52 | 995.67 | 5,167.28 | 0.06 | (34.96) | 13,100.57 |
| Profit for the year | - | - | 189.38 | - | - | 189.38 |
| Payment of Dividends | - | - | (63.96) | - | - | (63.96) |
| Tax on Dividend | - | - | (13.02) | - | - | (13.02) |
| Other Comprehensive Income (net of taxes) | - | - | (7.69) | 0.11 | 18.94 | 11.36 |
| Balance as at 31 December 2017 | 6,972.52 | 995.67 | 5,271.99 | 0.17 | (16.02) | 13,224.33 |
| Profit for the year | - | - | 334.86 | - | - | 334.86 |
| Payment of Dividends | - | - | (85.28) | - | - | (85.28) |
| Tax on Dividend | - | - | (17.53) | - | - | (17.53) |
| Other Comprehensive Income (net of taxes) | - | - | (58.14) | 0.04 | 16.94 | (41.16) |
| Balance as at 31 December 2018 | 6,972.52 | 995.67 | 5,445.90 | 0.21 | 0.92 | 13,415.22 |

The accompanying notes 1 to 48 are an integral part of the financial statements.

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Cash flow statement.

for the year ended 31 December 2018

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 | in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Cash flows from operating activities | | | Cash flows from investing activities | | |
| Profit before tax for the year | 471.70 | 161.56 | Purchase for property, plant and equipment | (941.24) | (798.32) |
| Adjustments for: | | | Proceeds from disposal of property, plant and equipment | 46.59 | 120.22 |
| Depreciation and amortisation including impairment | 1,991.38 | 2,062.55 | Dividends received | 142.50 | 90.00 |
| (Gain)/ loss on sale of non-current assets | (3.23) | 0.63 | Interest received | 13.30 | 3.11 |
| Finance costs recognised in profit or loss | 1,027.01 | 1,164.69 | Bank deposits (having original maturity of more than 3 months) | 3.53 | (7.91) |
| Interest income on unwinding of security deposits | (1.64) | (1.49) | Net cash used in investing activities | (735.32) | (592.90) |
| Interest Income on deposits | (14.23) | (3.11) | Cash flows from financing activities | | |
| Dividends on non-current investments | (142.50) | (90.00) | Proceeds from borrowings | 2,600.00 | 500.00 |
| Exceptional items | - | 55.00 | Repayment of borrowings | (3,654.76) | (1,860.74) |
| Operating cash flow before working capital changes | 3,328.49 | 3,349.83 | Finance cost paid | (1,039.28) | (1,172.73) |
| Movements in working capital: | | | Dividends paid to owners of the Company | (85.28) | (63.96) |
| (Increase)/ decrease in trade receivables | (23.30) | 41.34 | Tax paid on dividend | (17.53) | (13.02) |
| (Increase)/ decrease in financial assets | 97.53 | (344.63) | Net cash used in financing activities | (2,196.85) | (2,610.45) |
| (Increase) in other current and non-current assets | (120.92) | (26.64) | Net increase in cash and cash equivalents | 871.27 | (682.50) |
| (Increase)/decrease in inventories | (26.30) | 3.56 | Cash and cash equivalents at the beginning of the year | 374.49 | 1,056.99 |
| Increase/ (decrease) in liabilities and provisions | 625.63 | (449.81) | Cash and cash equivalents at the end of the year | 1,245.76 | 374.49 |
| Cash generated from operations | 3,881.13 | 2,573.65 | | | |
| Income taxes paid | (77.69) | (52.79) | | | |
| Net cash generated by operating activities | 3,803.44 | 2,520.86 | | | |

Significant non cash movements in borrowings during the year include exchange loss of Rs.133.05 millions (previous year exchange gain Rs. 274.15 millions).

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDIA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Notes to financial statements.

for the year ended 31 December 2018

1. Company Overview

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

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

As on 31 December 2018, The BOC Group United Kingdom owns 75% of the ordinary shares of the company and has the ability to control the company's operations.

The financial statement for the year ended 31 December 2018 were approved by the Board of directors and authorized for issue on 19 February 2019.

2. Significant accounting policies

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

a) Statement of compliance

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

b) Basis of preparation of financial statements

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

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

c) Use of estimates and critical accounting judgements

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

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

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

d) Current – Non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Based on the nature of manufacturing activity and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current – non-current classification of assets and liabilities:

- as 12 months for the gases and related products of the Company
- as 24 months for the Project Engineering Division of the Company

which are engaged in the manufacture and construction of cryogenic and non-cryogenic air separation plants.

e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably be measured, regardless of when the payment is being made. Revenue is being measured at fair value of the consideration received or receivable net of discounts, taking into account the contractually defined terms and excluding taxes or duties collected on behalf of the government.

A. Sale of Products

Revenue from sale of gas and related products in the course of ordinary activities is recognised when property in the goods and related products or all significant risk and rewards of their ownership are transferred to the customer, the amount of revenue can be measured reliably, no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of gas and its related products and regarding its collection. Facility charge is recognised on accrual basis as per the terms of the contract with the customers or on a straight-line basis over the specified period of the contract. The amount recognized as revenue is exclusive of Goods and Service Tax (GST).

B. Revenue from Construction

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

C. Interest & Dividend Income

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

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

D. Other Income

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

f) Property, Plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation or accumulated impairment loss, if any. Cost of item of property, plant and equipment includes purchase price, taxes, non-refundable duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use. Expenses

capitalised include applicable borrowing costs for qualifying assets, if any.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

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

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

g) Provision for Decommissioning, Restoration and Similar Liabilities

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

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

h) Intangible assets

Software and Non- compete fees costs are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Company. They are measured initially at purchase cost and then amortised on a straight line basis over

their estimated useful lives. All other costs on software and non-compete fees are expensed in the statement of profit and loss as and when incurred.

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

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

i) Depreciation of Property, Plant and Equipment

Depreciation computed as per the straight line method based on the management's estimate of useful life of a property, plant and equipment which is in accordance with the useful lives of property, plant and equipment indicated in Schedule II of the Act. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised.

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

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

| | |
|-----------------------------------|---------------|
| Buildings | 10 – 40 years |
| Plant and Equipment | 10 – 18 years |
| Furniture and fixtures | 5 – 10 years |
| Vehicles | 5 – 10 years |
| Office Equipments | 3 – 10 years |
| Freehold land is not depreciated. | |

Assets individually costing Rs. 10,000.00 or less are fully depreciated in the year of acquisition.

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

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

j) Amortisation of Intangible assets

Intangible assets except Goodwill are amortised in Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis.

The estimated useful lives of Intangible Assets are as follows:

| | |
|------------------|---------|
| Software | 5 Years |
| Non-compete fee | 5 Years |
| Leasehold rights | 3 Years |

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

k) Impairment

The carrying amounts of property, plant & equipment, capital work in progress and intangible assets are reviewed at each Balance Sheet date, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects the current market assessments of the time value of money. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised. Impairment loss recognized for goodwill is not reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of that event.

l) Borrowing costs

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

m) Inventories

Inventories which comprise raw materials, components, stores and spare parts are valued at lower of cost and net realisable value. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Company from taxing authorities), freight inward and other expenditure in bringing inventories to present locations and conditions. In determining the cost, weighted average cost method is used. The carrying costs of raw materials,

components and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and the finished products in which they will be incorporated are expected to be sold below cost.

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

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

n) Leases

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

The Company as lessee

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

The Company as lessor

- (i) Operating lease – Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an

operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

- (ii) Finance lease – When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

o) Employee benefits

The Company's obligation towards various employee benefits have been recognized as follows:

Short term benefits

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

Post-employment Benefits

Defined contribution plans

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

Defined benefit plans

Recognition and measurement of defined benefit plans:

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

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

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

Provident fund administered through Company's trust for certain employees (in accordance with the Provident Fund Regulation)

are defined benefit obligations with respect to the yearly interest guarantee. Annual charge is recognized based on actuarial valuation of the Company's related obligation on the reporting date. Actuarial gain or losses for the year are recognized in the Statement of other Comprehensive Income.

Other long term employee benefits

Compensated absences

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from period-end are recognized when the employees render the services that increases their entitlement to future compensated absences. Such costs are recognized in the Statement of Profit & Loss on actuarial valuation of related obligation on the reporting date.

Termination Benefits

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

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

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

p) Foreign exchange transactions

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

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

q) Provisions, contingent liabilities and contingent assets

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

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

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

r) Income taxes

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

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

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

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

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

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

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

s) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

t) Financial Instruments

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

(a) Financial assets

i. Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The

effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

ii. Financial assets measured at fair value

Fair Value through other comprehensive income (FVTOCI)

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

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

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

iii. Cash and bank balances

Cash and bank balances consist of:

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

(ii) Other bank balances - which includes balances and deposits with banks that are restricted for withdrawal and usage.

Impairment of financial assets:

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income. The Company recognises life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The Impairment losses and reversals are recognized in the Statement of Profit & Loss.

De-recognition of financial assets

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

(b) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial Liabilities

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

De-recognition of financial liabilities

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

Derivative financial instruments and hedge accounting

The Company enters into forward contracts and principal and interest swap contracts to hedge its risks associated with foreign currency and variable interest rate fluctuations related to existing financial assets and liabilities, certain firm commitments and forecasted transactions. These derivative contracts are being considered as cash flow hedge.

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

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

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

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

When hedge accounting is applied:

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

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

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

u) Investment in Joint Ventures

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

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

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

v) Onerous contracts

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

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

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

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

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical

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

3. New amendment that is not yet effective and have not been early adopted

Recently issued Accounting Standards

Ind AS 115 – “Revenue from Contracts with Customers”

Ind AS 115 establishes a single model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard, Ind AS 18 “Revenue” and Ind AS 11 “Construction Contracts” when it becomes effective.

The core principle of Ind AS 115 is that, an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new standard also requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue.

The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

The Company has made in the process of applying its accounting policies that have a significant effect on the amounts recognised in these financial statements pertain to useful life of Property, Plant and Equipment and Intangible

assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Currently, the Intangible assets have been determined to have a finite useful life and are amortised over this useful life.

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

ii) Deferred tax assets

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

iii) Claims, Provisions and Contingent Liabilities

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company. Or

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

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

iv) Impairment of Property, Plant and Equipment

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

v) Actuarial Valuation

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

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

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

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

| in Rupees million | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Total Tangible Assets | Capital work in progress | Total tangible assets including capital work in progress |
|--|---------------|-----------|---------------------|------------------------|----------|------------------|-----------------------|--------------------------|--|
| I. Gross Block | | | | | | | | | |
| Cost/Deemed cost as at 1 January 2017 | 197.91 | 992.16 | 26,136.91 | 51.56 | 7.87 | 153.75 | 27,540.16 | 802.87 | 28,343.03 |
| Additions | - | 32.70 | 1,271.87 | 1.02 | 4.82 | 9.07 | 1,319.48 | 829.43 | 2,148.91 |
| Disposals | - | (7.78) | (16.88) | (1.21) | (0.49) | (0.35) | (26.71) | - | (26.71) |
| Assets capitalised during the year | - | - | - | - | - | - | - | (1,273.17) | (1,273.17) |
| Cost /Deemed cost as at 31 December 2017 | 197.91 | 1,017.08 | 27,391.90 | 51.37 | 12.20 | 162.47 | 28,832.93 | 359.13 | 29,192.06 |
| II. Accumulated depreciation and impairment | | | | | | | | | |
| Balances as at 1 January 2017 | - | 90.83 | 1,729.74 | 8.59 | 1.55 | 44.70 | 1,875.41 | - | 1,875.41 |
| Depreciation expense for the year | - | 73.04 | 1,873.76 | 7.50 | 4.57 | 51.12 | 2,009.99 | - | 2,009.99 |
| Disposals | - | (7.72) | (9.49) | (0.23) | (0.14) | (0.28) | (17.86) | - | (17.86) |
| Balances as at 31 December 2017 | - | 156.15 | 3,594.01 | 15.86 | 5.98 | 95.54 | 3,867.54 | - | 3,867.54 |
| Net block (I-II) | | | | | | | | | |
| Net carrying value as at 31 December 2017 | 197.91 | 860.93 | 23,797.89 | 35.51 | 6.22 | 66.93 | 24,965.39 | 359.13 | 25,324.52 |
| Net carrying value as at 1 January 2017 | 197.91 | 901.33 | 24,407.17 | 42.97 | 6.32 | 109.05 | 25,664.75 | 802.87 | 26,467.62 |

The above includes following assets given on operating lease:

| in Rupees million | Buildings | Plant and Equipment | Total Tangible Assets |
|---|-----------|---------------------|-----------------------|
| Cost/Deemed cost as at 1 January 2018 | 265.05 | 12,257.69 | 12,522.74 |
| Accumulated Depreciation | 95.87 | 2,389.75 | 2,485.62 |
| Net carrying value as at 31 December 2018 | 169.18 | 9,867.94 | 10,037.12 |
| Depreciation expense for the year | 25.59 | 804.61 | 830.20 |
| Cost/Deemed cost as at 1 January 2017 | 265.00 | 12,145.91 | 12,410.91 |
| Accumulated Depreciation | 70.28 | 1,585.14 | 1,655.42 |
| Net carrying value as at 31 December 2017 | 194.72 | 10,560.77 | 10,755.49 |
| Depreciation expense for the year | 34.84 | 837.80 | 872.64 |

6. Other intangible assets

| in Rupees million | Goodwill (A) | Software (B) | Non- Compete Fees (C) | Leasehold Rights (D) | Other Intangible Assets (E)= (B) + (C) + (D) | Total other intangible assets (F) = (A) + (E) |
|--|-----------------|-----------------|-----------------------------|----------------------------|--|--|
| I. Gross Block | | | | | | |
| Cost/Deemed cost as at 1 January 2018 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| Additions | - | 2.96 | - | - | 2.96 | 2.96 |
| Disposals | - | - | - | - | - | - |
| Classified as Assets held for sale | - | (3.56) | - | - | (3.56) | (3.56) |
| Cost/Deemed cost as at 31 December 2018 | 46.82 | 21.18 | 7.51 | 2.33 | 31.02 | 77.84 |
| II. Accumulated amortisation and impairment | | | | | | |
| Balances as at 1 January 2018 | 46.82 | 12.22 | 6.93 | 2.33 | 21.48 | 68.30 |
| Amortisation expense for the year | - | 5.16 | 0.58 | - | 5.74 | 5.74 |
| Disposals | - | - | - | - | - | - |
| Classified as Assets held for sale | - | (3.56) | - | - | (3.56) | (3.56) |
| Balances as at 31 December 2018 | 46.82 | 13.82 | 7.51 | 2.33 | 23.66 | 70.48 |
| Net block (I-II) | | | | | | |
| Net carrying value as at 31 December 2018 | - | 7.36 | - | - | 7.36 | 7.36 |
| Net carrying value as at 1 January 2018 | - | 9.56 | 0.58 | - | 10.14 | 10.14 |

| in Rupees million | Goodwill (A) | Software (B) | Non- Compete Fees (C) | Leasehold Rights (D) | Other Intangible Assets (E)= (B) + (C) + (D) | Total other intangible assets (F) = (A) + (E) |
|--|-----------------|-----------------|-----------------------------|----------------------------|--|--|
| I. Gross Block | | | | | | |
| Cost/Deemed cost as at 1 January 2017 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Cost/Deemed cost as at 31 December 2017 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| II. Accumulated amortisation and impairment | | | | | | |
| Balances as at 1 January 2017 | 3.52 | 6.49 | 3.40 | 2.33 | 12.22 | 15.74 |
| Amortisation expense for the year | - | 5.73 | 3.53 | - | 9.26 | 9.26 |
| Impairment losses for the year | 43.30 | - | - | - | - | 43.30 |
| Disposals | - | - | - | - | - | - |
| Balances as at 31 December 2017 | 46.82 | 12.22 | 6.93 | 2.33 | 21.48 | 68.30 |
| Net block (I-II) | | | | | | |
| Net carrying value as at 31 December 2017 | - | 9.56 | 0.58 | - | 10.14 | 10.14 |
| Net carrying value as at 1 January 2017 | 43.30 | 15.29 | 4.11 | - | 19.40 | 62.70 |

7. Investments in joint venture and Other Investments

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|----------|-----------------------|----------|
| | Quoted | Unquoted | Quoted | Unquoted |
| Non-Current | | | | |
| Investments in equity instruments | | | | |
| Joint venture (classified at cost) | | | | |
| Bellary Oxygen Company Private Limited -classified as held for sale (refer note 14) | - | - | - | 150.00 |
| 15,000,000 (31 December 2017: 15,000,000) equity shares of Rs. 10 each | | | | |
| Others (classified at fair value through OCI) | | | | |
| Woodlands Multispeciality Hospital Limited* | - | 0.00 | - | 0.00 |
| 2,980 (31 December 2017: 2,980) equity shares of Rs. 10 each | | | | |
| JSW Steel Limited | 0.31 | - | 0.27 | - |
| 1,000 shares of Re. 1 each (31 December 2017 1000 of Re. 1 each) | | | | |
| | 0.31 | 0.00 | 0.27 | 150.00 |
| Additional Information | | | | |
| Aggregate amount of quoted investments and market value thereof | 0.31 | - | 0.27 | 0.00 |
| Aggregate amount of unquoted investments | - | 0.00 | - | 150.00 |
| Aggregate amount of impairment in value of investments* | - | 0.00 | - | 0.00 |

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

8. Other financial assets

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|----------|-----------------------|----------|
| | Non current | Current | Non current | Current |
| Unsecured, considered good | | | | |
| Loans to employees | - | 2.02 | - | 1.67 |
| Receivables from related parties for recovery of expenses | - | 110.69 | - | 144.11 |
| Security deposits | 65.03 | 29.00 | 43.44 | 36.62 |
| Finance lease receivable | 21.52 | 2.16 | 11.47 | 25.86 |
| Receivable from mark to market on derivative contracts | - | 120.59 | - | - |
| Unbilled revenue | 993.55 | 694.43 | 766.27 | 830.60 |
| Claims including escalation | - | 297.70 | - | 363.72 |
| Receivable from sale of tangible fixed assets | - | 47.40 | - | - |
| Interest accrued on deposit | - | 0.93 | - | - |
| Others | - | 160.97 | - | 250.84 |
| | 1,080.10 | 1,465.89 | 821.18 | 1,653.42 |

9. Non Current tax assets (net)

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---------------------------------|-----------------------|---------|-----------------------|---------|
| | Non current | Current | Non current | Current |
| Advance tax (net of provisions) | 89.25 | - | 169.50 | - |
| | 89.25 | - | 169.50 | - |

10. Other non current assets

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--|-----------------------|---------|-----------------------|---------|
| | Non current | Current | Non current | Current |
| Unsecured, considered good | | | | |
| To related parties | | | | |
| Capital advances | - | - | 1.99 | - |
| Advances for supplies/ services | - | 87.77 | - | 168.08 |
| To parties other than related parties | | | | |
| Capital advances | 77.90 | - | 24.35 | - |
| Advance with public bodies and tax authorities | | | | |
| Customs, excise, sales tax, etc. | 252.63 | - | 206.36 | - |
| GST receivable | - | 28.57 | - | - |
| Security deposits | 73.87 | - | 57.78 | - |
| Prepaid lease payments | 156.53 | 1.91 | 158.38 | 1.92 |
| Advances for supplies/ services | - | 387.01 | - | 274.32 |
| Prepaid expenses | 5.33 | 64.27 | 14.42 | 41.79 |
| Advance to employees | - | 2.77 | - | 4.26 |
| Others | - | - | 3.20 | 9.12 |
| | 566.26 | 572.30 | 466.48 | 499.49 |

11. Inventories

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|-------------------|-----------------------|-----------------------|
| Raw materials | 10.56 | 7.66 |
| Work in progress | 6.41 | 17.90 |
| Finished goods | 288.80 | 311.03 |
| Stores and spares | 403.79 | 346.67 |
| | 709.56 | 683.26 |

The value of stores and spares above is after providing for slow moving and obsolete spares of Rs.192.86 million (31 December 2017: Rs.164.23 million).

12. Trade receivables

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|-----------------------------------|-----------------------|-----------------------|
| | Current | Current |
| Trade receivables | | |
| Unsecured, considered good | 3,550.49 | 3,527.19 |
| Credit Impaired | 38.99 | - |
| Unsecured, considered doubtful | 237.31 | 255.11 |
| Less: Allowance for credit losses | 276.30 | 255.11 |
| | 3,550.49 | 3,527.19 |

In determining the allowances for credit losses of trade receivables, the company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. In addition to this Company provides for credit loss based on increase in credit risk on case to case basis.

i) Movements in allowance for expected credit losses of receivables is as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year | 255.11 | 238.13 |
| Allowances made during the year | 80.18 | 31.96 |
| Release to statement of profit and loss | (49.78) | (6.89) |
| Bad debt written off | (9.21) | (8.09) |
| Balance at the end of the year | 276.30 | 255.11 |

Trade Receivables

Out of the Trade receivables, Rs.855.62 million as at 31 December 2018 (Rs.1,333.63 million as at 31 December 2017) is due from the Company's major customers i.e. having more than 5% of total outstanding trade receivables. There are no other customers who represent more than 5% of the total balance of trade receivables.

ii) There is no outstanding debts due from directors or other officers of the Company.

iii) Ageing of trade receivables and credit risk arising there form as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Amounts not yet due | 2,310.50 | 2,480.05 |
| Three months overdue | 972.54 | 558.17 |
| Between three to twelve months overdue | 300.71 | 483.74 |
| Greater than twelve months overdues | 243.04 | 260.34 |
| | 3,826.79 | 3,782.30 |

13. Cash and cash equivalents

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Cash in hand * | 0.04 | 2.10 |
| Balances with banks | | |
| In Current account | 89.72 | 8.39 |
| In Deposit account - Original maturity of 3 months or less | 1,156.00 | 364.00 |
| Total cash and cash equivalents | 1,245.76 | 374.49 |

* Cash in hand represents prepaid cards issued by designated banks to the employees on behalf of the company for business purpose.

13A. Other balances with bank

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--------------------------------------|-----------------------|-----------------------|
| In Other deposit accounts | | |
| Original maturity more than 3 months | 4.38 | 7.91 |
| Earmarked balances with banks | | |
| Unclaimed dividend accounts | 3.89 | 4.00 |
| Total balances with bank | 8.27 | 11.91 |

14. Assets classified as held for sale

In connection with the global merger between Linde AG and Praxair Inc., the Competition Commission of India (CCI) has required divestiture of certain assets of Linde India Limited, as a condition to approving the global merger. On 14th September, 2018, the Board of Directors of the Company gave an 'in principle' approval for initiation of the sale process for divestment of certain identified assets of the Company. These identified assets have been treated as assets held for sale. The company is currently in negotiation with potential buyers and expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of Rs. 2,403.66 million.

The major classes of assets held for sale as on the respective reporting dates is as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Assets classified as held for sale: | | |
| Property, plant and equipment | 2,246.55 | - |
| Capital work-in-progress | 7.11 | - |
| Investments in joint venture | 150.00 | - |
| | 2,403.66 | - |

15. Equity Share Capital

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Authorised: | | |
| 86,000,000 Equity Shares of Rs. 10 each (31 December 2017: 86,000,000 Equity Shares of Rs. 10 each) | 860.00 | 860.00 |
| | 860.00 | 860.00 |
| Issued: | | |
| 85,286,209 Equity Shares of Rs. 10 each (31 December 2017: 85,286,209 Equity Shares of Rs. 10 each) | 852.86 | 852.86 |
| | 852.86 | 852.86 |
| Subscribed and paid up : | | |
| 85,284,223 Equity Shares of Rs. 10 each (31 December 2017: 85,284,223 Equity Shares of Rs. 10 each) | 852.84 | 852.84 |
| | 852.84 | 852.84 |

i) The movement in subscribed and paid up share capital is as below:

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--------------------------------------|-----------------------|--------|-----------------------|--------|
| | Share capital | | Share capital | |
| | No of Shares | Amount | No of Shares | Amount |
| Balance at the beginning of the year | 85,284,223 | 852.84 | 85,284,223 | 852.84 |
| Shares issued during the year | - | - | - | - |
| Balance at the end of the year | 85,284,223 | 852.84 | 85,284,223 | 852.84 |

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

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|-------------------|---|------------|-----------------------|------------|
| | No of Shares | Amount | No of Shares | Amount |
| | The BOC Group Ltd,U.K., holding company | 63,963,167 | 639.63 | 63,963,167 |

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

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|----------------------------------|---|----------------------------|-----------------------|----------------------------|
| | No of Shares | % of total shares in class | No of Shares | % of total shares in class |
| | The BOC Group Ltd,U.K., holding company | 63,963,167 | 75.00% | 63,963,167 |
| Reliance Capital Trustee Co. Ltd | 8,399,627 | 9.85% | 7,676,629 | 9.00% |

iv) Rights, preferences and restrictions attached to equity shares

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

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

16. Other equity

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Securities Premium | 6,972.52 | 6,972.52 |
| General Reserve | 995.67 | 995.67 |
| Retained Earnings | 5,445.90 | 5,271.99 |
| Equity instruments through comprehensive income | 0.21 | 0.17 |
| Effective Portion of cash flow hedges | 0.92 | (16.02) |
| | 13,415.22 | 13,224.33 |

16 A. Movement in other equity

| in Rupees million | Reserve and Surplus | | | Equity instruments through comprehensive Income | Effective Portion of Cash Flow Hedges | Total |
|---|-----------------------|---------------------|----------------------|--|--|-----------|
| | Securities Premium | General Reserves | Retained Earnings | | | |
| Balance as at 1 January 2017 | 6,972.52 | 995.67 | 5,167.28 | 0.06 | (34.96) | 13,100.57 |
| Profit for the year | - | - | 189.38 | - | - | 189.38 |
| Payment of Dividends* | - | - | (63.96) | - | - | (63.96) |
| Tax on Dividend | - | - | (13.02) | - | - | (13.02) |
| Other Comprehensive Income (net of taxes) | - | - | (7.69) | 0.11 | 18.94 | 11.36 |
| Balance as at 31 December 2017 | 6,972.52 | 995.67 | 5,271.99 | 0.17 | (16.02) | 13,224.33 |
| Profit for the year | - | - | 334.86 | - | - | 334.86 |
| Payment of Dividends** | - | - | (85.28) | - | - | (85.28) |
| Tax on Dividend | - | - | (17.53) | - | - | (17.53) |
| Other Comprehensive Income (net of taxes) | - | - | (58.14) | 0.04 | 16.94 | (41.16) |
| Balance as at 31 December 2018 | 6,972.52 | 995.67 | 5,445.90 | 0.21 | 0.92 | 13,415.22 |

* Dividend of Re.0.75 per share

** Dividend of Re.1.00 per share

16 B. Nature and purpose of reserves

(a) Securities Premium :

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

(b) General Reserve:

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

(c) Retained Earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) Equity instruments through comprehensive Income

This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.

(e) Effective portion of Cash Flow Hedges:

This Reserve represents the cumulative effective portion of changes in fair value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the financial asset in accordance with the company's accounting policy.

17. Borrowings

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--|-----------------------|---|-----------------------|---|
| | Non current | Current portion of long term borrowings* | Non current | Current portion of long term borrowings* |
| Long term borrowings | | | | |
| Unsecured Borrowings | | | | |
| Term Loans | | | | |
| From banks | 1,000.00 | 2,219.16 | 1,485.80 | 1,000.31 |
| Loans from related parties | | | | |
| Rupee loan from Linde AG, Intermediate holding company | 3,167.76 | 3,110.00 | 6,277.77 | 2,554.76 |
| Total Borrowings | 4,167.76 | 5,329.16 | 7,763.57 | 3,555.07 |

* Current maturities of long-term borrowings is reported as a part of other financial liabilities under note 18.

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|-----------------------------------|-----------------------|-----------------------|
| Short term borrowings | | |
| Unsecured Borrowings | | |
| Loans from related parties | | |
| Loan from fellow subsidiary | 2,400.00 | 1,500.00 |
| | 2,400.00 | 1,500.00 |

i) Borrowing details :

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 | Repayment schedule for 2017 |
|--|-----------------------|-----------------------|--|
| (a) Rupee loan from Linde AG, Intermediate holding company | 3,194.10 | 4,720.86 | Half Yearly installments from January 2017 to January 2020 |
| (b) Rupee loan from Linde AG, Intermediate holding company | 1,338.35 | 1,784.47 | Quarterly installments from January 2017 to October 2020 |
| (c) Rupee loan from Linde AG, Intermediate holding company | 1,745.31 | 2,327.20 | Quarterly installments from January 2017 to October 2020 |
| (d) Foreign Currency term loan from bank of USD 5.82 million (previous year USD 5.82 million) | 404.79 | 371.65 | July 2019 |
| (e) Foreign Currency term loan from bank of USD 17.46 million (previous year USD 17.46 million) | 1,214.37 | 1,114.15 | July 2019 |
| (f) Rupee term loan from bank (previous year Foreign Currency term loan USD 15.67 million) | 1,000.00 | 1,000.31 | May 2020 |
| (g) Rupee term loan from bank (previous year Nil) | 600.00 | - | July 2019 |
| (h) Intercompany Loan from Linde Engineering India Private Limited | 400.00 | 400.00 | May 2019 |
| (i) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | - | April 2019 |
| (j) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | 500.00 | March 2019 |
| (k) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | - | February 2019 |
| (l) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | 500.00 | February 2019 |
| (m) Intercompany Loan from Linde Engineering India Private Limited | - | 100.00 | January 2018 |
| | 11,896.92 | 12,818.64 | |

17. Borrowing (contd)

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

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Not Later than one year | 7,729.16 | 5,055.07 |
| Later than one year but not two years | 4,167.76 | 4,595.80 |
| Later than two year but not three years | - | 3,167.77 |
| | 11,896.92 | 12,818.64 |

18. Other financial liabilities

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Non current | Current | Non current | Current |
| Current maturities of long-term borrowings (Refer Note 17) | - | 5,329.16 | - | 3,555.07 |
| Interest accrued but not due on borrowings | - | 147.00 | - | 178.05 |
| Unclaimed dividends | - | 3.89 | - | 4.00 |
| Payable on mark to market on derivative contracts | - | - | 35.45 | 2.92 |
| Creditors for capital supplies and services | - | 592.66 | - | 446.14 |
| Security deposits from customers | - | 111.30 | - | 177.58 |
| Other employee liabilities | - | 47.52 | - | 25.97 |
| | - | 6,231.53 | 35.45 | 4,389.73 |

19. Provisions

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|---------------|-----------------------|---------------|
| | Non current | Current | Non current | Current |
| Provision for employee benefits | | | | |
| Retirement benefits obligations (refer note 38) | | | | |
| Gratuity | 101.29 | 15.81 | 52.02 | 3.43 |
| Pension | 51.75 | 12.84 | 40.48 | 3.17 |
| Post retirement medical benefit | 113.05 | 11.40 | 44.70 | - |
| Other long-term employee benefits | | | | |
| Compensated absences | 41.70 | 2.28 | 26.50 | 0.84 |
| Others | - | - | 29.13 | - |
| Other provisions | | | | |
| Asset restoration obligations [refer note (a)] | 256.29 | - | 255.46 | - |
| Provision for warranties [refer note (b)] | - | 136.39 | - | 144.12 |
| Provision for liquidated damages [refer note (c)] | - | 23.66 | - | 45.15 |
| Provision for contingencies [refer note (d)] | - | 432.90 | - | 95.60 |
| | 564.08 | 635.28 | 448.29 | 292.31 |

19.1 Movement in other provisions

in Rupees million

| | Asset restoration obligations | Provision for warranties | Provision for liquidated damages | Provision for contingencies |
|---------------------------------|-------------------------------------|-----------------------------|--|--------------------------------|
| Balance as at 1 January 2018 | 255.46 | 144.12 | 45.15 | 95.60 |
| Add: Provision during the year* | 22.19 | 66.47 | - | 341.60 |
| Less: Utilised during the year | - | 31.50 | 15.13 | 4.30 |
| Less: Reversed during the year | 21.36 | 42.70 | 6.36 | - |
| Balance as at 31 December 2018 | 256.29 | 136.39 | 23.66 | 432.90 |
| Balance as at 1 January 2017 | 226.95 | 127.68 | 5.83 | 88.47 |
| Add: Provision during the year* | 28.51 | 58.21 | 39.32 | 10.43 |
| Less: Utilised during the year | - | - | - | 3.30 |
| Less: Reversed during the year | - | 41.77 | - | - |
| Balance as at 31 December 2017 | 255.46 | 144.12 | 45.15 | 95.60 |

* Includes Rs.18.74 millions (31 December 2017: Rs.17.06 millions) on account of unwinding of interest for asset restoration obligation.

(a) Provision for asset restoration obligation

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

(b) Provision for warranties

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

(c) Provision for liquidated damages

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

(d) Provision for contingencies

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

20. Deferred tax liabilities (net)**a) Movement of deferred tax**

| in Rupees million | As at 1 Jan 2018 | Recognised in statement of profit and Loss | Recognised in Other Comprehensive Income | As at 31 Dec 2018 |
|--|---------------------|---|---|----------------------|
| Deferred tax liabilities | | | | |
| Depreciation & amortisation | 3,831.28 | 196.15 | | 4,027.43 |
| Finance income from finance lease arrangement | 1.04 | 7.36 | | 8.40 |
| Others | 0.44 | (0.44) | | - |
| | 3,832.76 | 203.07 | - | 4,035.83 |
| Deferred tax assets | | | | |
| Employee benefits | 17.48 | 35.72 | 31.22 | 84.42 |
| Provisions for doubtful receivables, contingencies, warranties | 190.16 | 188.18 | | 378.34 |
| Unabsorbed depreciation | 2,173.34 | (157.69) | | 2,015.65 |
| Mark to Market on derivative contracts | 8.53 | | (8.97) | (0.44) |
| Others | 1.98 | 0.02 | | 2.00 |
| | 2,391.49 | 66.23 | 22.25 | 2,479.97 |
| Minimum Alternate Tax Credit Entitlement | 519.47 | 155.48 | | 674.95 |
| | 921.80 | (18.64) | (22.25) | 880.92 |

| in Rupees million | As at 1 Jan 2017 | Recognised in statement of profit and Loss | Recognised in Other Comprehensive Income | As at 31 Dec 2017 |
|--|---------------------|---|---|----------------------|
| Deferred tax liabilities | | | | |
| Depreciation & amortisation | 3,629.71 | 201.57 | | 3,831.28 |
| Finance income from finance lease arrangement | 84.84 | (83.80) | | 1.04 |
| Others | 13.90 | (13.46) | | 0.44 |
| | 3,728.45 | 104.31 | - | 3,832.76 |
| Deferred tax assets | | | | |
| Employee benefits | 26.42 | (8.94) | | 17.48 |
| Provisions for doubtful receivables, contingencies, warranties | 162.82 | 27.34 | | 190.16 |
| Unabsorbed depreciation | 2,057.53 | 115.81 | | 2,173.34 |
| Mark to Market on derivative contracts | 18.57 | | (10.04) | 8.53 |
| Others | 1.98 | | | 1.98 |
| | 2,267.32 | 134.21 | (10.04) | 2,391.49 |
| Minimum Alternate Tax Credit Entitlement | 502.58 | 16.89 | | 519.47 |
| | 958.55 | (46.79) | 10.04 | 921.80 |

b) Income tax expense

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Current Tax: | | |
| Current Income Tax Charge | 155.48 | 18.97 |
| Deferred Tax | | |
| In respect of current year origination and reversal of temporary differences | (18.64) | (46.79) |
| | 136.84 | (27.82) |

c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Profit Before tax | 471.70 | 161.56 |
| Statutory Income Tax Rate | 34.94% | 34.61% |
| Income Tax using the Company's domestic Tax rate | 164.83 | 55.91 |
| Tax Effect of: | | |
| - Effect of Rate change | 14.74 | - |
| - Income Exempt from Tax/Items not deductible | (42.17) | (8.59) |
| - Tax Incentives and concessions | 1.47 | (73.13) |
| - Income from House Property | (2.03) | (2.01) |
| | 136.84 | (27.82) |

21. Other non current liabilities

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--------------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Non current | Current | Non current | Current |
| Advances received from customers | 332.20 | 1,102.82 | 243.84 | 1,371.47 |
| Deposits received from customers | 0.49 | - | 4.70 | - |
| Statutory dues | | | | |
| Tax deducted and collected at source | - | 18.57 | - | 21.03 |
| GST payable | - | - | - | 14.06 |
| Others | - | 0.56 | - | 0.57 |
| | 332.69 | 1,121.95 | 248.54 | 1,407.13 |

22. Trade payables

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| | Current | Current |
| Creditors for supplies and services | | |
| Dues to micro and small enterprises | 0.65 | 0.44 |
| Others | 2,948.15 | 2,424.92 |
| Creditors for accrued wages and salaries | 200.88 | 182.50 |
| | 3,149.68 | 2,607.86 |

22. Trade payables (contd)

The amount due to Micro and Small Enterprises as defined in "The Micro, Small and Medium Enterprise Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to Micro and Small Enterprises are as follows :

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| (i) The principal amount remaining unpaid to supplier as at the end of the year | 0.65 | 0.44 |
| (ii) The interest due thereon remaining unpaid to supplier as at the end of the year (*Rs 3,000.00) | * | 0.07 |
| (iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this act (*Rs 3,000.00) | * | 0.07 |
| (v) The amount of interest accrued during the year and remaining unpaid at the end of the year | 0.77 | 0.77 |

23. Revenue from operations

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Sale of products (gases)* | 17,937.17 | 18,032.74 |
| Air separation unit gases | 16,920.19 | 17,129.15 |
| Other cylinder gases | 596.96 | 524.55 |
| Others | 420.02 | 379.04 |
| Revenue from construction contracts | 3,972.03 | 3,105.99 |
| Vessels, plant and other project engineering contracts | 3,972.03 | 3,105.99 |
| Other operating income | 7.34 | 11.14 |
| Interest income on finance lease arrangement | 7.34 | 6.97 |
| Amortisation of advance received from suppliers | - | 4.17 |
| | 21,916.54 | 21,149.87 |

*The Government of India introduced the Goods and Services tax (GST) with effect from 01 July 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity and does not result in an increase in equity. Sales of earlier periods include excise duty which is now subsumed in GST. The revenue for the year ended 31 December 2017 includes excise duty upto 30 June 2017.

24. Other Income

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Rent | 18.90 | 19.32 |
| Dividend income from joint venture | 142.50 | 90.00 |
| Miscellaneous income | 49.07 | 53.63 |
| Interest income on unwinding of security deposits | 1.64 | 1.49 |
| Interest income on deposits | 14.23 | 3.11 |
| | 226.34 | 167.55 |

25. Cost of materials consumed

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Inventory of materials at the beginning of the year | 7.66 | 11.56 |
| Purchases | 2,767.23 | 1,907.26 |
| Less : Inventory of materials at the end of the year | 10.56 | 7.66 |
| | 2,764.33 | 1,911.16 |

26. Purchase of stock in trade

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---------------------------|----------------------------|----------------------------|
| Air separation unit gases | 766.08 | 487.76 |
| Other cylinder gases | 328.22 | 90.37 |
| Others | 30.67 | 195.66 |
| | 1,124.97 | 773.79 |

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

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Inventories at the beginning of the year | | |
| Finished goods | 311.03 | 307.91 |
| Contract work in progress | 17.90 | 67.88 |
| | 328.93 | 375.79 |
| Less: Inventories at the closing of the year | | |
| Finished goods | 288.80 | 311.03 |
| Contract work in progress | 6.41 | 17.90 |
| | 295.21 | 328.93 |
| | 33.72 | 46.86 |

28. Employee benefits expenses

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Salaries and wages, including bonus | 1,062.60 | 986.42 |
| Contribution to provident and other funds | 107.86 | 96.36 |
| Workmen and staff welfare expenses | 102.46 | 81.75 |
| | 1,272.92 | 1,164.53 |

During the year, the Company recognised an amount of Rs. 64 million (31 December 2017: Rs. 44.83 million) as remuneration to Key Managerial Personnel.

The details of such remuneration is as below:

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---------------------------------|----------------------------|----------------------------|
| a) Short term employee benefits | 60.89 | 41.99 |
| b) Post employment benefits | 3.11 | 2.84 |
| | 64.00 | 44.83 |

29. Finance costs

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Interest expense | 1,008.23 | 1,142.19 |
| On long and short term borrowings from banks | 246.64 | 248.36 |
| On external commercial borrowings and others | 761.59 | 893.83 |
| Interest expense on unwinding | 18.78 | 22.50 |
| Of dismantling cost | 18.78 | 17.05 |
| Of sundry deposits | - | 5.45 |
| | 1,027.01 | 1,164.69 |

30. Depreciation and amortisation (including impairment)

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|-----------------------------------|----------------------------|----------------------------|
| Depreciation on tangible assets | 1,985.64 | 2,009.99 |
| Amortisation of intangible assets | 5.74 | 9.26 |
| Impairment loss | - | 43.30 |
| | 1,991.38 | 2,062.55 |

31. Other Expenses

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Consumption of stores and spares | 176.15 | 208.68 |
| Repairs to buildings | 7.79 | 12.52 |
| Repairs to plant and machinery | 335.54 | 302.34 |
| Repairs to others | 45.53 | 60.22 |
| Freight and handling charges | 1,714.71 | 1,638.48 |
| Rent [refer note 45 (C)] | 73.26 | 64.56 |
| Loss on foreign exchange (net) | 72.88 | 20.59 |
| Rates and taxes | 344.13 | 7.70 |
| Insurance charges | 44.31 | 40.03 |
| Allowances for doubtful debts | 30.40 | 25.08 |
| Contract job expenses | 542.47 | 532.14 |
| (Profit)/Loss on disposal of property, plant and equipment (net) | (3.23) | 0.63 |
| Provision for warranties | (7.74) | 16.44 |
| Technical support fees | 28.52 | 19.02 |
| Travelling expenses | 164.82 | 158.92 |
| Telephone and communication expenses | 37.02 | 33.01 |
| Corporate social responsibility expenditure (refer note 32) | 3.26 | 3.77 |
| Miscellaneous expenses (refer note 33) | 945.85 | 788.94 |
| | 4,555.67 | 3,933.07 |

32. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 a CSR committee has been formed by the Company. The funds were utilised throughout the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct contribution towards aforesaid activities.

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| (a) Gross amount required to be spent by the Company during the year | 0.19 | - |
| (b) The areas of CSR activities and contributions made thereto in cash are as follows: | | |
| Amount spent during the year on: | | |
| Amount spent during the year on: | | |
| 1) Construction / Acquisition of any assets | | |
| 2) For purpose other than (1) above: | | |
| Promoting and preventive healthcare | - | 0.50 |
| Promoting education including special education and employment enhancing vocational fees | 3.26 | 2.20 |
| Livelihood (skill development) | - | 1.07 |
| | 3.26 | 3.77 |

33. Miscellaneous expenses under note 31 include auditors' remuneration

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Auditor's remuneration and out-of-pocket expenses | | |
| Audit Fee | 2.04 | 1.64 |
| Limited reviews | 0.60 | 0.60 |
| Tax audit fee | 0.78 | 0.78 |
| Other Services | 2.01 | 0.35 |
| Reimbursement of expenses | 0.64 | 0.11 |
| | 6.07 | 3.48 |

34. Exceptional Items

Exceptional items represent severance and settlement payment for employees' separation of Rs. Nil (31 December 2017: Rs.55.00 million)

35. Earnings per share

The following table reflects profit and shares data used in the computation of basic and diluted earnings per share.

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| a) Profit after tax | 334.86 | 189.38 |
| Profit attributable to ordinary shareholders - for basic and diluted EPS | 334.86 | 189.38 |
| | Nos | Nos |
| b) Weighted average number of Ordinary Shares for basic and diluted EPS | 85,284,223 | 85,284,223 |
| Nominal value of ordinary shares (Rs.) | 10.00 | 10.00 |
| Basic and diluted earnings per ordinary share (Rs.) | 3.93 | 2.22 |

36. Contingent liabilities

Contingencies:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable

The following is a description of claims and assertions where a potential loss is possible, but not probable.

Litigations:

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature other than those described below.

a) Excise Duty and Service Tax

As at 31 December 2018, there were pending litigations for various matters relating to excise duty and service taxes involving demands of Rs. 269.62 million (as at 31 December 2017: Rs. 31.73 million).

b) Sales Tax /VAT

The total sales tax demands that are being contested by the Company

amounted to Rs. 728.94 million; (as at 31 December 2017: Rs. 394.97 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2018 Sales tax Authority have raised demand of Rs. 418.89 million for the period 2008-09 to 2014-15 (as at 31 December 2017: Rs. 301.54 million) on account of non levy of sales tax for facility charges recovered from a customer for providing pipeline infrastructure at their premises. Company has contested the demand and currently the matter is at appellate stage.

c) Sales Tax liability transferred to a beneficiary

Pursuant to an approved scheme of Government of Maharashtra, certain Sales Tax Liabilities of the Company had been transferred to an eligible beneficiary, at a discount, for which a bank guarantee had been provided by the beneficiary to ensure timely payment to the concerned authorities. The contingent liability for the same is amounted to Rs. 3.68 million (as at 31 December 2017: Rs. 3.68 million).

d) Other claims

Other amounts for which the Company may contingently be liable aggregate to Rs. 6.60 million (as at 31 December 2017: Rs. 4.00 million).

It is not practicable for the company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above

37. Commitments

in Rupees million

| | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Estimated capital commitments (net of advance) remaining to be executed and not provided for | 297.57 | 192.90 |

38. Employee Benefits

i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Super Annuation Fund and Pension Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The only amounts included in the balance sheet are those relating to the prior months contribution that are not due to be paid until the end of reporting period. The amount recognised as an expense towards contribution to Provident Fund, Super Annuation Fund and Pension Fund for the year aggregated to Rs. 53.10 million (31 December 2017: Rs. 56.98 million) in note 28. Further, provident fund which was administered through Company's trust for certain employees (in accordance with Provident Fund Regulation) has now been transferred to Regional Provident Fund Commissioner's Office vide order no. R-EX/WB/CA/Rule/CC-VI/Vol-III/668 dated 15 November 2018.

ii) Defined Benefit Plan

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Pension and Post retirement medical benefits.

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Gratuity is funded through direct investment under BOC India Gratuity Fund.. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Investments of Pension for some employees are managed through Company managed trust.

Post retirement medical benefits

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. The Company accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Inflation risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long term returns in order to limit the cost to the Company of the benefits provided.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

| in Rupees million | Pension | | Gratuity | |
|---|---------|---------|----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Present value of obligation | 84.16 | 61.47 | 157.77 | 93.10 |
| Fair value of plan assets | (19.57) | (17.82) | (40.67) | (37.65) |
| (Asset)/Liability recognised in the Balance Sheet (Refer note 19) | 64.59 | 43.65 | 117.10 | 55.45 |

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

| in Rupees million | Pension | | | Gratuity | | |
|---|-------------|-----------------|--------|-------------|-----------------|---------|
| | Plan Assets | Plan Obligation | Total | Plan Assets | Plan Obligation | Total |
| As at 1 January, 2017 | 19.90 | 54.80 | 34.90 | 36.90 | 93.92 | 57.02 |
| Current service cost | - | 2.12 | 2.12 | - | 7.79 | 7.79 |
| Past service cost | - | - | - | - | - | - |
| Interest cost | - | 3.51 | 3.51 | - | 6.05 | 6.05 |
| Interest income | 1.27 | - | (1.27) | 2.49 | - | (2.49) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - | - | - | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 0.03 | (2.40) | (2.37) | 1.02 | (5.23) | (6.25) |
| Actuarial (gain)/loss arising from experience adjustments | - | 12.76 | 12.76 | - | 5.63 | 5.63 |
| Employer contributions | 6.00 | - | (6.00) | 12.30 | - | (12.30) |
| Employee contributions | - | - | - | - | - | - |
| Assets acquired/ (settled) | - | - | - | - | - | - |
| Benefit payments | (9.32) | (9.32) | - | (15.06) | (15.06) | - |
| As at 31 December, 2017 | 17.82 | 61.47 | 43.65 | 37.65 | 93.10 | 55.45 |
| As at 1 January, 2018 | 17.82 | 61.47 | 43.65 | 37.65 | 93.10 | 55.45 |
| Current service cost | - | 2.54 | 2.54 | - | 7.01 | 7.01 |
| Past service cost | - | - | - | - | 13.82 | 13.82 |
| Interest cost | - | 4.52 | 4.52 | - | 6.48 | 6.48 |
| Interest income | 1.50 | - | (1.50) | 2.82 | - | (2.82) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | (0.05) | (0.05) | - | 10.55 | 10.55 |
| Actuarial (gain)/loss arising from changes in financial assumptions | 0.12 | 14.35 | 14.47 | (0.22) | 30.02 | 29.80 |
| Actuarial (gain)/loss arising from experience adjustments | - | 4.27 | 4.27 | - | 10.12 | 10.12 |
| Employer contributions | 3.30 | - | (3.30) | 13.31 | - | (13.31) |
| Employee contributions | - | - | - | - | - | - |
| Assets acquired/ (settled) | - | - | - | - | - | - |
| Benefit payments | (2.93) | (2.93) | - | (13.33) | (13.33) | - |
| As at 31 December, 2018 | 19.57 | 84.16 | 64.59 | 40.67 | 157.77 | 117.10 |

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

| in Rupees million | Pension | | Gratuity | |
|---|--------------|--------------|--------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Employee Benefit Expenses : | | | | |
| Current service cost | 2.54 | 2.12 | 7.01 | 7.79 |
| Past service cost | - | - | 13.82 | - |
| Finance costs : | | | | |
| Interest cost | 4.52 | 3.51 | 6.48 | 6.05 |
| Interest income | (1.50) | (1.27) | (2.82) | (2.49) |
| Net impact on profit (before tax) | 5.56 | 4.36 | 24.49 | 11.35 |
| Remeasurement of the net defined benefit plans: | | | | |
| Actuarial (gain)/loss arising from changes in demographic assumptions | (0.05) | - | 10.55 | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 14.47 | (2.37) | 29.80 | (6.24) |
| Actuarial (gain)/loss arising from experience adjustments | 4.27 | 12.76 | 10.12 | 5.63 |
| Net impact on other comprehensive income (before tax) | 18.69 | 10.39 | 50.47 | (0.61) |

The pension expense and gratuity expense have been recognised in Contribution to Provident and Other Funds in Note no 28.

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

| in Rupees million | Pension | | Gratuity | |
|---|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Quoted | | | | |
| Government debt instruments | - | - | - | - |
| Other debt instruments | - | 6.09 | - | 9.92 |
| Total (A) | - | 6.09 | - | 9.92 |
| Unquoted | | | | |
| Cash including special deposits | - | 11.73 | - | 22.42 |
| Others (Including assets under Scheme of Insurance) | 19.57 | - | 40.67 | 5.31 |
| Total (B) | 19.57 | 11.73 | 40.67 | 27.73 |
| Total (A+B) | 19.57 | 17.82 | 40.67 | 37.65 |

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

| in Rupees million | Pension | | Gratuity | |
|------------------------------------|---------|------|----------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Financial Assumptions | | | | |
| Discount rate (per annum) | 7.25% | 7.5% | 7.25% | 7.5% |
| Salary escalation rate (per annum) | 8% | 5% | 8% | 5% |

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the key assumptions are:

| in Rupees million | Pension | | Gratuity | |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | Change in assumption (%) | Change in Plan Obligation (%) | Change in assumption (%) | Change in Plan Obligation (%) |
| Discount rate (per annum) | | | | |
| Increase | 0.5 | (2.51) | 0.5 | (5.94) |
| Decrease | 0.5 | 2.67 | 0.5 | 6.36 |
| Salary escalation rate (per annum) | | | | |
| Increase | 0.5 | 2.29 | 0.5 | 5.35 |
| Decrease | 0.5 | (2.19) | 0.5 | (5.24) |

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. Weighted average duration and expected employers contribution for each of the defined benefit plan

| in Rupees million | Weighted average duration (yrs.) | | |
|-------------------|----------------------------------|------|---|
| | 2018 | 2017 | Expected employers contribution for the next year |
| Gratuity | 7-11 | 14 | 15.81 |
| Pension | 7-9 | 9 | 12.84 |

H. Expected Benefit Payments

| in Rupees million | Pension | Gratuity |
|--------------------------------------|---------|----------|
| 31 December 2019 | 12.84 | 15.81 |
| 31 December 2020 | 6.55 | 14.82 |
| 31 December 2021 | 3.64 | 11.73 |
| 31 December 2022 | 12.30 | 17.05 |
| 31 December 2023 | 11.36 | 20.53 |
| 31 December 2024 to 31 December 2028 | 43.91 | 111.85 |

iii) Post Retirement Medical Benefits

The following table sets out the amount recognised in financial statements in respect of post retirement medical benefit and other defined benefit plans

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

| in Rupees million | 2018 | 2017 |
|--|--------|-------|
| Present value of obligation | 124.45 | 44.70 |
| Liability recognised in the Balance Sheet (Refer note 19) | | |
| Retirement benefits obligations | | |
| Current | 11.40 | - |
| Non Current | 113.05 | 44.70 |

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

| in Rupees million | 2018 | 2017 |
|---|---------------|--------------|
| Change in defined benefit obligation: | | |
| Obligation at the beginning of the year | 44.70 | - |
| Current service cost | - | - |
| Past Service cost | 69.11 | 44.70 |
| Interest cost | 2.79 | - |
| Remeasurement (gain)/loss | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | - |
| Actuarial (gain)/loss arising from experience adjustments | 20.20 | - |
| Benefits paid | (12.35) | - |
| Obligation at the end of the year | 124.45 | 44.70 |

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

| in Rupees million | 2018 | 2017 |
|---|--------------|--------------|
| Employee Benefit Expenses: | | |
| Current service cost | - | - |
| Past service cost | 69.11 | 44.70 |
| Finance costs : | | |
| Interest cost | 2.79 | - |
| Net impact on profit (before tax) | 71.90 | 44.70 |
| Remeasurement of the net defined benefit plans: | | |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | - |
| Actuarial (gain)/loss arising from experience adjustments | 20.20 | - |
| Net impact on other comprehensive income (before tax) | 20.20 | - |

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expenses in Note 28.

D. Assumptions

With the objective of presenting the plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

| in Rupees million | 2018 | 2017 |
|------------------------------------|-------|---------------|
| Financial Assumptions | | |
| Discount rate (per annum) | 7.25% | Not Available |
| Medical Inflation rate (per annum) | 8.00% | Not Available |

Demographic Assumptions

Mortality in Service: LIC Annuitants (1996-98) Ultimate

E. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

| in Rupees million | Change in assumption (%) | Change in Plan Obligation (%) |
|---|--------------------------|-------------------------------|
| Discount rate (per annum) | | |
| Increase | 1% | (9.51) |
| Decrease | 1% | 11.10 |
| Medical Inflation rate (per annum) | | |
| Increase | 1% | 7.23 |
| Decrease | 1% | (6.24) |

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year

F. Weighted average duration and expected employers contribution

| in Rupees million | Weighted average duration (yrs.) | | |
|---------------------------------|----------------------------------|------|---|
| | 2018 | 2017 | Expected Employers Contribution for the next year |
| Post retirement medical benefit | 8 | NA | NA |

G. Expected Benefit Payments

| in Rupees million | |
|--------------------------------------|-------|
| 31 December 2019 | 11.81 |
| 31 December 2020 | 11.66 |
| 31 December 2021 | 11.55 |
| 31 December 2022 | 11.39 |
| 31 December 2023 | 11.22 |
| 31 December 2024 to 31 December 2028 | 53.00 |

39. Information in accordance with the requirements of the Ind AS 11 on Construction Contracts

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Contract revenue recognised | 3,972.03 | 3,105.99 |
| Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress | 18,550.25 | 16,115.67 |

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Amount of customer advances outstanding for contracts in progress | 391.07 | 1,040.32 |
| Amount of retention due from customers for contracts in progress | 1,242.12 | 1,298.69 |
| Gross amount due from customers for contracts in progress | 673.30 | 820.07 |
| Gross amount due to customers for contracts in progress | 496.28 | 201.35 |

40. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Debt | 11,896.92 | 12,818.64 |
| Long-term borrowings | 4,167.76 | 7,763.57 |
| Short-term borrowings | 2,400.00 | 1,500.00 |
| Current maturity of long-term debts | 5,329.16 | 3,555.07 |
| Cash and bank balances | 1,245.76 | 374.49 |
| Net debt (a) | 10,651.16 | 12,444.15 |
| Total equity (b) | 14,268.06 | 14,077.17 |
| Equity share capital | 852.84 | 852.84 |
| Other equity | 13,415.22 | 13,224.33 |
| Net debt to equity ratio (a) / (b) | 0.75 | 0.88 |

41. Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (t)..

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (s).

a) Category-wise classification of Financial instruments

The carrying value and fair values of financial instruments by class are as follows:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Financial assets measured at fair value through other comprehensive income | | |
| Investments in equity instruments | 0.31 | 0.27 |
| Mark to market on derivative contracts* | 120.59 | - |
| Financial assets measured at fair value through profit or loss | - | - |
| Financial assets measured at amortised cost | | |
| Cash and bank balances | 1,254.03 | 386.40 |
| Trade receivables | 3,550.49 | 3,527.19 |
| Other financial assets | 2,425.40 | 2,474.60 |
| | 7,350.82 | 6,388.46 |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at fair value through other comprehensive income | | |
| Mark to market on derivative contracts* | - | 38.37 |
| Financial liabilities measured at fair value through profit or loss | - | - |
| Financial liabilities measured at amortised cost | | |
| Borrowings | 11,896.92 | 12,818.64 |
| Trade payables | 3,149.68 | 2,607.86 |
| Other financial liabilities | 902.37 | 831.74 |
| | 15,948.97 | 16,296.61 |

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

b) Fair value measurements

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

a) Level 1: Quoted prices for identical instruments in an active market-
This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares..

b) Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs-

This level of hierarchy includes financial assets and liabilities, measured using inputs other than the quoted prices included within level 1 that are observables for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's derivative contracts.

c) Level 3: Inputs which are not based on observable market data -

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor they are based on available market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

As at 31 December 2018

| in Rupees million | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------|---------|---------|--------|
| Financial assets at fair value | | | | |
| Investment in equity shares | 0.31 | - | - | 0.31 |
| Derivative contracts | - | 120.59 | - | 120.59 |

As at 31 December 2017

| in Rupees million | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets at fair value | | | | |
| Investment in equity shares | 0.27 | - | - | 0.27 |
| Financial liabilities at fair value | | | | |
| Derivative contracts | - | 38.37 | - | 38.37 |

i) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

ii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

iii) The Company assessed that cash and bank balances, trade receivables, trade payables, short term borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

iv) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as level 1. Fair value of borrowings which do not have an active market or are

unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.

v) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

vi) There have been no transfers between Level 1, level 2 and Level 3 for the years ended 31 December 2018 and 31 December 2017.

c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts and currency swaps. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" to the extent possible. The Company does not hold or issue derivative financial instruments for trading purpose. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

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

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|-------------------------------------|----------------------|-------------|----------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Foreign currency forwards and swaps | 120.59 | - | - | 38.37 |
| Classified as: | | | | |
| Non- Current | - | - | - | 35.45 |
| Current | 120.59 | - | - | 2.92 |

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

| USD million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---------------------------|----------------------|----------------------|
| Foreign currency forwards | | |
| Purchase | 0.92 | - |
| Sale | - | 1.71 |
| Foreign currency swaps | 23.28 | 38.94 |

| Euro million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---------------------------|----------------------|----------------------|
| Foreign currency forwards | | |
| Purchase | 0.19 | - |
| Sale | - | 1.17 |

42. Financial Risk Management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk:

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

a) Market risk - Foreign currency exchange rate risk:

The Company enter into sale and purchase transactions and borrowings denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Company manages the risk from currency exposures for all major items through hedging mechanism primarily by use of forward exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| in Rupees million | Monetary assets | | Monetary liabilities | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| US Dollar in India | 207.56 | 214.11 | 1,770.88 | 2,585.25 |
| Euro in India | 43.99 | 108.66 | 682.73 | 438.83 |
| GBP in India | - | - | 17.55 | 13.54 |
| AUD in India | - | - | 1.22 | - |
| SGD in India | - | - | 11.76 | 20.63 |
| JPY in India | - | - | 9.18 | 2.67 |
| BDT in India | - | 0.08 | 0.08 | 0.08 |
| MYR in India | - | - | 0.01 | - |
| THB in India | - | - | 0.50 | 0.50 |

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

| in Rupees million | Monetary assets | | Monetary liabilities | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| US Dollar in India | 86.97 | 101.80 | 145.15 | 91.83 |
| Euro in India | 43.99 | 16.12 | 682.73 | 438.83 |
| GBP in India | - | - | 17.55 | 13.54 |
| AUD in India | - | - | 1.22 | - |
| SGD in India | - | - | 11.76 | 20.63 |
| JPY in India | - | - | 9.18 | 2.67 |
| BDT in India | - | 0.08 | 0.08 | 0.08 |
| MYR in India | - | - | 0.01 | - |
| THB in India | - | - | 0.50 | 0.50 |

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an decrease/increase in the Company's net profit before tax by approximately Rs.85.02 million for the year ended 31 December 2018 (31 December 2017 Rs.45.01 million).

b) Market risk - Interest rate risk:

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Interest rate risk for the company is primarily mitigated by hedging through interest rate swaps which ensures fixed interest rate for the borrowed amount

Interest rate sensitivity analysis

The company manages its interest rate risk by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates

over the duration of its borrowings for all its foreign currency long term loans. As at 31 December 2018, for all the long term foreign currency loans, the company has an interest rate swap, wherein the floating interest rates are converted into fixed interest rates

The sensitivity analysis given below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Profit for the year ended 31 December 2018 would increase/decrease by Rs. 7.50 Million (as at 31 December 2017 Rs. 12.50 Million).

Interest rate SWAP contracts

The company enters interest rate swaps to hedge interest rate risks. Under the interest rate swap contracts, the company exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of changing interest rates on the fair value of fixed rate debt.

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

| Cash flow hedges Outstanding receive Floating pay fixed contracts in Rupees million | Average contracted fixed interest rate | | Nominal Value | | Fair Value Asset/(Liabilities) | |
|---|--|----------------------|----------------------|----------------------|--------------------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| Outstanding receive floating pay fixed contracts | | | | | | |
| Foreign Currency term loan from bank of USD 5.82 million (31 December 2017: USD 5.82 millions) | 7.99% | 7.99% | 375.00 | 375.00 | 30.65 | (7.95) |
| Foreign Currency term loan from bank of USD 17.46 million (31 December 2017: USD 17.46 millions) | 7.99% | 7.99% | 1,125.00 | 1,125.00 | 89.76 | (27.50) |
| Rupee term loan from bank (31 December 2017: USD 15.67 millions) | | 8.99% | | 1,000.00 | | (6.02) |

The interest rate swap contracts are settled on cash basis. The company settles the difference between the fixed and floating interest rate on a net basis. The fair value on this interest rate swap contracts are included in schedule "Other financial assets/liabilities – Mark to market on derivative contracts". The net change in fair value of the Derivative Instruments (forward exchange contracts) during the current year ended 31 December 2018 is Rs. 158.96 Million, (as at 31 December 2017 Rs. 248.27 Million).

ii) Counter-party credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. Company regularly reviews the credit

limits of the customers and takes action to reduce the risk. Further diverse and large customer bases also reduces the risk. All trade receivables are reviewed and assessed for default on quarterly basis.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

iii) Liquidity risk:

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The Company follows a prudent and conservative policy for safeguarding liquidity. It regularly monitors the rolling cash flow forecasts to ensure its cash flows are arranged on an on-going basis to meet operational requirement. In line with this the Company has established adequate credit facilities with banks to cater to manage the liquidity requirement. Short-term and medium term liquidity are supported through the bank and inter-company borrowing at a competitive rates.

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

| in Rupees million | Carrying amount | Undiscounted amount payable within 1 year | Between 1 to 5 years | More than 5 years | Total |
|--|-----------------|---|----------------------|-------------------|-----------|
| As at 31 December 2018 | | | | | |
| Non-derivative liabilities | | | | | |
| Borrowings | 11,896.92 | 7,729.16 | 4,167.76 | - | 11,896.92 |
| Trade payables (including acceptances) | 3,149.68 | 3,149.68 | - | - | 3,149.68 |
| Security deposits | 111.30 | 111.30 | - | - | 111.30 |
| Unpaid dividend | 3.89 | 3.89 | - | - | 3.89 |
| Other Payables | 787.18 | 787.18 | - | - | 787.18 |
| Derivative liabilities | | | | | |
| Forward exchange contracts | - | - | - | - | - |
| As at 31 December 2017 | | | | | |
| Non-derivative liabilities | | | | | |
| Borrowings | 12,818.64 | 5,055.07 | 7,763.57 | - | 12,818.64 |
| Trade payables (including acceptances) | 2,607.86 | 2,607.86 | - | - | 2,607.86 |
| Security deposits | 177.58 | 177.58 | - | - | 177.58 |
| Unpaid dividend | 4.00 | 4.00 | - | - | 4.00 |
| Other Payables | 650.16 | 650.16 | - | - | 650.16 |
| Derivative liabilities | | | | | |
| Forward exchange contracts | 38.37 | - | - | - | - |

43. Segment information

a) Products and services from which reportable segments derive their revenues:

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on product and services. Accordingly, management of the company has chosen to organise the segment based on its products and services as follows;

- Gases and Related Products
- Project Engineering

The company's chief operating decision maker is the Managing Director.

Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.

The company's financing and income taxes are managed on a company level and are not allocated to operating segments.

Inter-segment revenue has been recognised at cost

b) Information about business segment

| in Rupees million | 31 December 2018 | | | 31 December 2017 | | |
|--|----------------------------|---------------------|------------------|----------------------------|---------------------|------------------|
| | Gases and Related Products | Project Engineering | Total | Gases and Related Products | Project Engineering | Total |
| 1 Segment revenue | | | | | | |
| External revenue | 18,013.44 | 3,895.76 | 21,909.20 | 18,010.21 | 3,128.52 | 21,138.73 |
| - India | - | 3,362.43 | | - | 2,326.03 | |
| - Outside India | - | 533.33 | | - | 802.49 | |
| Interest income | 7.34 | - | 7.34 | 11.14 | - | 11.14 |
| Total external revenue (A) | 18,020.78 | 3,895.76 | 21,916.54 | 18,021.35 | 3,128.52 | 21,149.87 |
| Inter segment revenue (B) | - | 153.68 | 153.68 | - | 251.56 | 251.56 |
| Total segment revenue (A) + (B) | 18,020.78 | 4,049.44 | 22,070.22 | 18,021.35 | 3,380.08 | 21,401.43 |
| Less: Inter segment elimination | - | | (153.68) | | | (251.56) |
| Total revenue | | | 21,916.54 | | | 21,149.87 |
| 2 Segment results | 1,626.48 | 542.19 | 2,168.67 | 1,321.62 | 503.48 | 1,825.10 |
| Finance cost - unallocable | | | (1,027.01) | | | (1,164.69) |
| Other unallocable expenses | | | (669.96) | | | (443.85) |
| Profit before tax and exceptional item | | | 471.70 | | | 216.56 |
| Exceptional item | | | - | | | (55.00) |
| Profit before tax | | | 471.70 | | | 161.56 |
| Less: Tax expense | | | 136.84 | | | (27.82) |
| Profit after tax | | | 334.86 | | | 189.38 |
| 3 Segment assets | 28,577.45 | 3,093.83 | 31,671.28 | 29,661.88 | 2,946.67 | 32,608.55 |
| Unallocated assets | | | 2,080.67 | | | 1,083.30 |
| Total assets | | | 33,751.95 | | | 33,691.85 |
| 4 Segment liabilities | 3,813.39 | 2,239.76 | 6,053.15 | 3,111.59 | 2,167.93 | 5,279.52 |
| Unallocable liabilities | | | 13,430.74 | | | 14,335.16 |
| Total liabilities | | | 19,483.89 | | | 19,614.68 |

c) Other segment information

| in Rupees million | 31 December 2018 | | | 31 December 2017 | | |
|--|----------------------------|---------------------|-------------|----------------------------|---------------------|-------------|
| | Gases and Related Products | Project Engineering | Unallocable | Gases and Related Products | Project Engineering | Unallocable |
| 1 Depreciation and amortisation | 1,953.00 | 3.87 | 34.51 | 2,032.27 | 4.68 | 25.60 |
| 2 Addition to fixed assets (net of disposal) | 759.18 | 8.62 | 88.97 | 1,285.43 | 2.80 | 4.54 |

d) Revenue from major products

| in Rupees million | Year ended 31 Dec 2018 | Year ended 31 Dec 2017 |
|---------------------------------------|---------------------------|---------------------------|
| (i) Gases and Related Products | | |
| Air separation unit gases | 16,920.19 | 17,106.62 |
| Other cylinder gases | 596.96 | 524.55 |
| Others | 496.29 | 379.04 |
| (ii) Project Engineering | | |
| Construction contracts | 3,895.76 | 3,128.52 |
| | 21,909.20 | 21,138.73 |

The Company operates predominantly within the geographical limits of India. In the company's operations within India, there is no significant difference in the economic condition prevailing in the various states of India. Revenue from sales to customers outside India is less than 10% in the current and previous year. Hence, disclosures on geographical segments are not applicable.

e) Information about major customers

Included in the revenue arising from direct sales of products and services of Rs. 21,909.20 million, (31 December 2017: Rs. 21,138.73 million) are revenues of approximately Rs. 7,694.61 million (31 December 2017: Rs. 7,838.86 million) which arose from the sale to company's top two customers. No other single customer contributed 10% or more of the company's revenue for both 2018 and 2017.

Notes:

- Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before other income and finance cost and tax expenses. Segment results reviewed by CODM also excludes income or expenses which are non recurring in nature or classified as exceptional.
- The accounting policies of the reportable segments are same as of the companies accounting policies (Refer Note 2)

44. Information on Related Party Disclosure

A) List of Related Parties

i) Ultimate Holding Company

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

ii) Intermediate Holding Company

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

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

The BOC Group Limited, United Kingdom

(Wholly owned Subsidiary of Linde Aktiengesellschaft, Germany)

iv) Fellow Subsidiaries and Joint Venture with whom transactions have taken place during the year

a) Located outside India

| Fellow Subsidiary | Country |
|--|--------------------------|
| Linde Bangladesh Limited | Bangladesh |
| BOC (China) Holdings Co. Limited. | China |
| Linde Electronics & Speciality Gases (Suzhou) Co. Limited. | China |
| Linde Engineering (Dalian) Co. Ltd. | China |
| Linde Kryotechnik AG | Switzerland |
| Cryostar SAS | France |
| Linde Gáz Magyarország Zrt. | Hungary |
| PT. Linde Indonesia | Indonesia |
| Linde Korea | Korea |
| Linde Malaysia Sdn. Bhd. | Malaysia |
| Linde ROC SDN. BHD. | Malaysia |
| Linde Gas Asia Pte Ltd Philippines - ROHQ | Philippines |
| Linde Philippines Inc | Philippines |
| Linde Gas Singapore Pte Limited | Singapore |
| Linde Gas Asia Pte Limited | Singapore |
| Linde Treasury Asia Pacific Pte Limited | Singapore |
| BOC Limited (Australia) | Australia |
| Ceylon Oxygen Limited | Sri Lanka |
| BOC Limited - ENG (Gases) | United Kingdom |
| Linde Cryoplants Limited | United Kingdom |
| Linde Gas North America LLC E&S Gas | United States of America |
| Linde Engineering North America Inc. | United States of America |
| Linde (Thailand) Public Company Limited | Thailand |
| BOCLH Industrial Gases (Songjiang) Co., Ltd. | China |
| Shanghai BOC Gases Co., Ltd. | China |
| Division Linde Global Helium | United States of America |
| PU Linde LLC | United States of America |
| Linde EOX SDN. BHD. | Malaysia |

b) Located in India

Linde Global Support Services Private Limited

Linde Engineering India Private Limited

Praxair India Private Limited (From 1 November 2018)

Joint Venture

Bellary Oxygen Company Private Limited

v) Key Management Personnel of the Company

Mr. M Banerjee, Managing Director

Mr. Indranil Bagchi, Chief Financial Officer

Mr. P Marda, Asst Vice President & Company Secretary

B) Transactions with Related Parties during the year

| Nature of Transaction (in Rupees million) | Ultimate Holding Company* | Holding Company | Fellow Subsidiaries | Joint Venture | Key Management Personnel |
|--|------------------------------|--------------------|------------------------|-------------------|-----------------------------|
| Purchase of Goods - Gases, Equipment/ Spares | 278.78 (249.71) | - - | 556.74 (472.79) | 94.14 (105.19) | - - |
| Purchase of Fixed Assets / Capital Spares | 64.84 (42.44) | - - | 20.36 (38.95) | - - | - - |
| Support Services - Engineering Assistance, IS Charges & Technical Assistance Fees | 249.84 (265.83) | 8.44 (19.02) | 189.30 (221.85) | - - | - - |
| Service Charges Received -Facility Fees Income | - - | - - | 6.69 (6.24) | - - | - - |
| Sale of Goods/Spares/Services & , Revenue from Construction Contract | 119.11 (15.68) | - - | 361.99 (781.74) | 14.84 (14.30) | - - |
| Recovery of Personnel Cost | 12.08 (9.46) | 3.61 - | 82.53 (79.74) | 6.15 (7.61) | - - |
| Reimbursement of Expenses | (1.50) (0.07) | - - | 0.50 (0.14) | 1.02 - | - - |
| Rental Income | - - | - - | 18.96 (18.96) | - - | - - |
| Managerial Remuneration | - - | - - | - - | - - | 64.00 (44.83) |
| Dividend Paid | - - | 63.96 (47.97) | - - | - - | - - |
| Dividend Received | - - | - - | - - | 142.50 (90.00) | - - |
| Borrowings during the year | - - | - - | 1,000.00 (500.00) | - - | - - |
| Repayment of Borrowings | 2,554.76 (1,860.75) | - - | 100.00 - | - - | - - |
| Interest on Borrowings | 610.46 (804.35) | - - | 152.69 (89.40) | - - | - - |
| Outstanding balances: | | | | | |
| - Receivables | 43.68 (16.38) | 4.41 (0.80) | 166.30 (213.92) | 12.21 (30.62) | - - |
| - Payables | 421.19 (267.49) | (0.01) (30.39) | 397.51 (392.92) | 42.25 (121.11) | - - |
| - Payables for Borrowings | 6,277.77 (8,832.53) | - - | 2,400.00 (1,500.00) | - - | - - |
| - Interest accrued but not due | 118.52 (162.96) | - - | 12.64 (7.48) | - - | - - |
| - Advance to Vendors/ Capital Advances | 5.09 (101.99) | - - | 82.68 (68.08) | - - | - - |
| - Advance from Customer | - (22.06) | - - | 1.73 (341.59) | - - | - - |

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

45. Leases

The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

A. Operating leases as a lessor:

Significant leasing arrangements include lease of plant and machinery dedicated for use under long term arrangements for periods ranging between 12 to 20 years with renewal option. Receivable under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets on contractual terms and conditions. Any change in the allocation assumptions may have an impact on the lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

| in Rupees million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---|----------------------|----------------------|
| Future minimum lease payments | | |
| not later than one year | 820.66 | 724.09 |
| later than one year and not later than five years | 3,228.24 | 2,853.75 |
| later than five years | 8,257.94 | 8,498.26 |
| | 12,306.84 | 12,076.10 |

B. Finance leases as a lessor:

Certain plant and machinery has been made available by the Company to the customers under a finance lease arrangement. The arrangements covers a substantial part of the economic life of the underlying asset and contain a renewal option on expiry. Receivables under long term arrangements involving use of dedicated assets are based on the underlying contractual terms and conditions. Any change in the assumptions may have an impact on lease assessment and/or lease classification.

Such assets given under the lease arrangement have been recognised, at the inception of the lease as a receivable at an amount equal to the net investment in the lease. The finance income arising from the lease is being allocated based on a pattern reflecting constant periodic return on the net investment in the lease.

The minimum lease receivable and the present value of minimum lease receivables in respect of arrangements classified as finance leases are as below:

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|---|------------------------------|---|------------------------------|---|
| | Minimum Lease payments | Present value of minimum lease payments | Minimum Lease payments | Present value of minimum lease payments |
| Not later than one year | 7.68 | 2.43 | 20.99 | 8.37 |
| Later than one year and not later than five years | 30.72 | 5.53 | 30.72 | 7.32 |
| Later than five years | 5.76 | 0.56 | 13.44 | 1.69 |
| Total future minimum lease commitments | 44.16 | 8.53 | 65.15 | 17.38 |
| Less: Unearned finance income | 20.48 | | 27.82 | |
| Present value of minimum lease payments receivable | 23.68 | | 37.33 | |
| Disclosed as: | | | | |
| Other financial asset - finance lease receivable (refer note 8) | | | | |
| Non-Current | 21.52 | | 11.47 | |
| Current | 2.16 | | 25.86 | |
| | 23.68 | | 37.33 | |

C. Operating lease as a lessee:

Company has taken various residential and office premises under operating lease or leave and license agreements. These agreements are for period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rental. Minimum lease payment charged during the year to the statement of profit and loss aggregated to Rs. 73.26 million (31 December 2017: Rs. 64.56 million)(Refer note 31).

46. Interest in Joint Venture

a) Details of the Company's material joint venture at the end of the reporting period are as follows:

| Name of the Joint Venture | Principal Activity | Place of Incorporation and Place of Operation | Proportion of Ownership Interest and Voting power held by the Group | | Quoted (Y/N) |
|--|----------------------------------|---|---|-------------------|--------------|
| | | | As at 31 Dec 2018 | As at 31 Dec 2017 | |
| Belloxy Oxygen Company Private Limited (Belloxy) | Production and sale of air gases | Karnataka, Bellary | 50% | 50% | N |

b) Summary of financial information

in Rupees million

| | Belloxy Oxygen India Private Limited | |
|---|--------------------------------------|-------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 |
| Current Assets | 271.37 | 379.42 |
| Non Current Assets | 1,118.62 | 1,189.44 |
| Current Liabilities | 49.18 | 87.67 |
| Non Current Liabilities | 278.51 | 323.91 |
| Equity | 1,062.30 | 1,157.28 |
| Revenue | 1,048.94 | 1,082.02 |
| Expenses | 761.05 | 828.83 |
| Profit before tax for the year | 287.89 | 253.19 |
| Tax Expense | 39.53 | 91.52 |
| Profit after tax for the year | 248.36 | 161.67 |
| Profit attributable to the owners of the Company | 124.18 | 80.83 |
| Profit attributable to the non controlling interest | 124.18 | 80.84 |
| Profit for the year | 248.36 | 161.67 |
| Other Comprehensive Income attributable to the owners of the Company | - | - |
| Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest | - | - |
| Other Comprehensive Income | - | - |
| Total Other Comprehensive Income attributable to the owners of the Company | - | - |
| Total Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest | - | - |
| Total Other Comprehensive Income | 248.36 | 161.67 |
| Dividends paid to non controlling interest | | |
| Net Cash Flow from operating activities | 332.83 | 227.73 |
| Net Cash Flow from investing activities | 8.66 | (8.24) |
| Net Cash Flow from financing activities | (345.39) | (214.17) |
| Net Cash inflow/(outflow) | (3.90) | 5.32 |

c) Company's transaction with Bellary Oxygen Company Private Limited, being a related party during the year ended 31 December 2018 are disclosed under note 44

47. Dividends

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. On 19 February 2019 the Board of Directors of the Company have proposed a dividend of Rs. 1.50 per share in respect of the year ended 31 December 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs.154.22 million inclusive of a dividend distribution tax of Rs. 26.29 million.

48. The financial statements were approved for issue by the Board of Directors on 19 February 2019.

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited

CIN: L40200WB1935PLC008184

S LAMBA, Chairman DIN : 00320753

J MEHTA, Director DIN : 00033518

M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Independent auditor's report.

To the Members of Linde India Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Linde India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2018 and its profits, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 December 2016 and the transition date opening balance sheet as at 1 January 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 December 2016 and 31 December 2015 dated 11 February 2017 and 16 February 2016 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 December 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Annexure A to the independent auditor's report.

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Linde India Limited ("the Company") as of 31 December 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2018 based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Annexure B to the independent auditor's report.

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets..
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement..
- (ii) As explained to us, inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, providing guarantees and securities, as applicable. The provisions of section 186 of the Act in respect of Investments have been complied with by the company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and had no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities..
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 December 2018 for a period of more than six months from the date they became payable
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 December 2018 on account of disputes are given below.

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period for which the Amount Relates | Amount Net of Payment (Rs. In million) | Amount Paid under protest (Rs. In million) |
|--|-----------------|--------------------------------|-------------------------------------|--|--|
| Central State Sales Tax Act and VAT Acts | Sales tax / VAT | Adjudicating Authority | 2000-2015 | 18.45 | 1.94 |
| | | First Appellate Authority | 1989-2016 | 659.49 | 111.54 |
| | | Tribunal | 1995-2015 | 166.61 | 18.62 |
| | | Revisional Board | 1998-2014 | 150.05 | 11.45 |
| | | High Court | 2005-2010 | 80.69 | - |

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period for which the Amount Relates | Amount Net of Payment (Rs. In million) | Amount Paid under protest (Rs. In million) |
|--------------------------|----------------|--------------------------------|-------------------------------------|--|--|
| Central Excise Act, 1944 | Excise Duty | Adjudicating Authority | 1996-2017 | 133.02 | 1.11 |
| | | First Appellate Authority | 2012-2017 | 2.65 | 0.22 |
| | | Tribunal | 1991-2017 | 398.61 | 15.42 |
| | | High Court | 1998-2009 | 10.48 | - |
| | | Supreme Court | 1999-2009 | 21.26 | - |
| Finance Act, 1944 | Service Tax | Adjudicating Authority | 2004-2015 | 37.61 | 2.05 |
| | | First Appellate Authority | 2005-2010 | 1.47 | - |
| | | Tribunal | 2007-2015 | 767.03 | 18.29 |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not borrowed any money from financial institutions and government. The Company has not issued any debentures.
- (ix) In our opinion and according to the information and explanation given to us, the Company did not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Term loans raised during the year were applied for the purpose for which those were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company..
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors, or directors of its holding, joint venture company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Consolidated balance sheet.

as at 31 December 2018

| in Rupees million | Note | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 21,608.17 | 24,965.39 |
| Capital work-in-progress | 5 | 444.57 | 359.13 |
| Other Intangible assets | 6 | 7.36 | 10.14 |
| Investments in joint venture | 7 | - | 578.64 |
| Financial assets | | | |
| Other Investments | 7 | 0.31 | 0.27 |
| Other financial assets | 8 | 1,080.10 | 821.18 |
| Non current tax assets (net) | 9 | 89.25 | 169.50 |
| Other non current assets | 10 | 566.26 | 466.48 |
| Total non- current assets (A) | | 23,796.02 | 27,370.73 |
| Current assets | | | |
| Inventories | 11 | 709.56 | 683.26 |
| Financial assets | | | |
| Trade receivables | 12 | 3,550.49 | 3,527.19 |
| Cash and cash equivalents | 13 | 1,245.76 | 374.49 |
| Other balances with bank | 13A | 8.27 | 11.91 |
| Other financial assets | 8 | 1,465.89 | 1,653.42 |
| Other current assets | 10 | 572.30 | 499.49 |
| Total current assets (B) | | 7,552.27 | 6,749.76 |
| Assets classified as held for sale (C) | 14 | 2,754.36 | - |
| TOTAL ASSETS (A+B+C) | | 34,102.65 | 34,120.49 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 15 | 852.84 | 852.84 |
| Other equity | 16 | 13,765.92 | 13,652.97 |
| Total equity (D) | | 14,618.76 | 14,505.81 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 4,167.76 | 7,763.57 |
| Other financial liabilities | 18 | - | 35.45 |
| Provisions | 19 | 564.08 | 448.29 |
| Deferred tax liabilities (Net) | 20 | 880.92 | 921.80 |
| Other non-current liabilities | 21 | 332.69 | 248.54 |
| Total non- current liabilities | | 5,945.45 | 9,417.65 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 | 2,400.00 | 1,500.00 |
| Trade payables | | | |
| (A) total outstanding dues of micro and small enterprises | 22 | 0.65 | 0.44 |
| (B) total outstanding dues of creditors other than micro and small enterprises | 22 | 3,149.03 | 2,607.42 |
| Other financial liabilities | 18 | 6,231.53 | 4,389.73 |
| Provisions | 19 | 635.28 | 292.31 |
| Other current liabilities | 21 | 1,121.95 | 1,407.13 |
| Total current liabilities | | 13,538.44 | 10,197.03 |
| Total liabilities (E) | | 19,483.89 | 19,614.68 |
| TOTAL EQUITY AND LIABILITIES (D+E) | | 34,102.65 | 34,120.49 |

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

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Consolidated statement of profit and loss.

for the year ended 31 December 2018

| in Rupees million | Note | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|------|----------------------------|----------------------------|
| INCOME | | | |
| Revenue from operations | 23 | 21,916.54 | 21,149.87 |
| Other income | 24 | 83.84 | 77.55 |
| TOTAL INCOME (A) | | 22,000.38 | 21,227.42 |
| EXPENSES | | | |
| Power and Fuel | | 8,901.18 | 9,224.91 |
| Cost of materials consumed | 25 | 2,764.33 | 1,911.16 |
| Purchase of stock-in-trade | 26 | 1,124.97 | 773.79 |
| Changes in inventories of finished goods, contract work-in-progress and stock-in-trade | 27 | 33.72 | 46.86 |
| Employee benefits expenses | 28 | 1,272.92 | 1,164.53 |
| Finance costs | 29 | 1,027.01 | 1,164.69 |
| Excise duty | | - | 819.30 |
| Depreciation and amortisation expense (including impairment) | 30 | 1,991.38 | 2,062.55 |
| Other expenses | 31 | 4,555.67 | 3,933.07 |
| TOTAL EXPENSE (B) | | 21,671.18 | 21,100.86 |
| Share of profit of joint ventures and associates | | 64.56 | 62.51 |
| Profit before exceptional items and tax C = (A-B) | | 393.76 | 189.07 |
| Exceptional Items (D) | 34 | - | 55.00 |
| Profit before tax E = (C- D) | | 393.76 | 134.07 |
| Tax Expense | | | |
| Current tax | 20 | 155.48 | 18.97 |
| Deferred tax | 20 | (18.64) | (46.79) |
| TOTAL TAX EXPENSE (F) | | 136.84 | (27.82) |
| Profit for the year (G)= (E- F) | | 256.92 | 161.89 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to statement of profit and loss | | (89.32) | (9.66) |
| Remeasurement losses on post employment defined benefit plans during the year | | (89.36) | (9.77) |
| Fair value changes of investments in equity shares | | 0.04 | 0.11 |
| Income tax relating to items that will not be reclassified subsequently to statement of profit and loss | | 31.22 | 2.08 |
| Items that will be reclassified subsequently to statement of profit and loss | | | |
| Fair value changes due to cash flow hedges | | 25.91 | 28.96 |
| Income tax on items that will be reclassified subsequently to statement of profit and loss | | (8.97) | (10.02) |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR (H) | | (41.16) | 11.36 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I) = (G+H) | | 215.76 | 173.25 |
| Earnings per share : | 35 | | |
| Basic and Diluted (Rs.) | | 3.01 | 1.90 |

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

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDIA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518

M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Consolidated statement of changes in equity.

for the year ended 31 December 2018

A. Equity share capital

| in Rupees million | Equity share capital |
|---|----------------------|
| Balance as at 1 January 2017 | 852.84 |
| Changes in equity share capital during the year | - |
| Balance at 31 December 2017 | 852.84 |
| Changes in equity share capital during the year | - |
| Balance at 31 December 2018 | 852.84 |

B. Other equity

| in Rupees million | Reserve and Surplus | | | Equity instrument through Comprehensive Income | Effective Portion of Cash Flow Hedges | Total |
|---|---------------------|------------------|-------------------|--|---------------------------------------|-----------|
| | Securities Premium | General Reserves | Retained Earnings | | | |
| Balance as at 1 January 2017 | 6,972.52 | 995.67 | 5,623.41 | 0.06 | (34.96) | 13,556.70 |
| Profit for the year | - | - | 161.89 | - | - | 161.89 |
| Payment of dividends | - | - | (63.96) | - | - | (63.96) |
| Tax on Dividend | - | - | (13.02) | - | - | (13.02) |
| Other comprehensive income (net of tax) | - | - | (7.69) | 0.11 | 18.94 | 11.36 |
| Balance as at 31 December 2017 | 6,972.52 | 995.67 | 5,700.63 | 0.17 | (16.02) | 13,652.97 |
| Profit for the year | - | - | 256.92 | - | - | 256.92 |
| Payment of dividends | - | - | (85.28) | - | - | (85.28) |
| Tax on Dividend | - | - | (17.53) | - | - | (17.53) |
| Other comprehensive income (net of tax) | - | - | (58.14) | 0.04 | 16.94 | (41.16) |
| Balance as at 31 December 2018 | 6,972.52 | 995.67 | 5,796.60 | 0.21 | 0.92 | 13,765.92 |

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

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
Membership No. : 057564

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CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
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M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Consolidated cash flow statement.

for the year ended 31 December 2018

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 | in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Cash flows from operating activities | | | Cash flows from investing activities | | |
| Profit before tax for the year | 393.76 | 134.07 | Purchase for property, plant and equipment | (941.24) | (798.32) |
| Adjustments for: | | | Proceeds from disposal of property, plant and equipment | 46.59 | 120.22 |
| Depreciation and amortisation including impairment | 1,991.38 | 2,062.55 | Dividends received | 142.50 | 90.00 |
| (Gain)/ loss on sale of non-current assets | (3.23) | 0.63 | Interest received | 13.30 | 3.11 |
| Finance costs recognised in profit or loss | 1,027.01 | 1,164.69 | Bank deposits (having original maturity of more than 3months) | 3.53 | (7.91) |
| Interest income on unwinding of security deposits and others | (1.64) | (1.49) | Net cash (used in) investing activities | (735.32) | (592.90) |
| Interest Income on deposits | (14.23) | (3.11) | Cash flows from financing activities | | |
| Share of profit from Joint venture | (64.56) | (62.51) | Proceeds from borrowings | 2,600.00 | 500.00 |
| Exceptional items | - | 55.00 | Repayment of borrowings | (3,654.76) | (1,860.74) |
| Operating cash flow before working capital changes | 3,328.49 | 3,349.83 | Finance cost paid | (1,039.28) | (1,172.73) |
| Movements in working capital: | | | Dividends paid to owners of the Company | (85.28) | (63.96) |
| (Increase)/ decrease in trade receivables | (23.30) | 41.34 | Tax paid on dividend | (17.53) | (13.02) |
| (Increase)/ decrease in financial assets | 97.53 | (344.63) | Net cash (used in) financing activities | (2,196.85) | (2,610.45) |
| (Increase) in other current and non-current assets | (120.92) | (26.64) | Net increase/(decrease) in cash and cash equivalents | 871.27 | (682.50) |
| (Increase)/decrease in inventories | (26.30) | 3.56 | Cash and cash equivalents at the beginning of the year | 374.49 | 1,056.99 |
| Increase/ (decrease) in liabilities and provisions | 625.63 | (449.81) | Cash and cash equivalents at the end of the year | 1,245.76 | 374.49 |
| Cash generated from operations | 3,881.13 | 2,573.65 | | | |
| Income taxes paid | (77.69) | (52.79) | | | |
| Net cash generated by operating activities | 3,803.44 | 2,520.86 | | | |

Significant non cash movements in borrowings during the year include exchange loss of Rs.133.05 millions (previous year exchange gain Rs. 274.15 millions).

In terms of our report attached
for Deloitte Haskins and Sells LLP
Chartered Accountants

ABHIJIT BANDYOPADHYAY, Partner

I BAGCHI, Chief Financial Officer
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For and on behalf of Board of Directors of

Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai

19 February 2019

Notes to consolidated financial statements.

for the year ended 31 December 2018

1. Company Overview

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

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

As on 31 December 2018, The BOC Group United Kingdom owns 75% of the ordinary shares of the company and has the ability to control the company's operations.

The consolidated financial statements for the year ended 31 December 2018 were approved by the Board of directors and authorized for issue on 19 February 2019.

2. Significant accounting policies

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

a) Statement of compliance

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

b) Basis of preparation of consolidated financial statements

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

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

c) Basis of consolidation

The consolidated financial statements of the company and its joint venture have been prepared through incorporating the results and assets and liabilities of joint venture in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture.

Distributions received from a joint venture have been reduced from the carrying amount of the investment.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale.

Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Company reduces its ownership interest in a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company entity transacts with a joint venture of the Company, profits and losses resulting from the transactions with the joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Company.

d) Use of estimates and critical accounting judgements

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

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

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

e) Current – Non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Based on the nature of manufacturing activity and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has

ascertained its operating cycle for the purpose of current – non-current classification of assets and liabilities:

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

f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the Revenue can be reliably be measured, regardless of when the payment is being made. Revenue is being measured at fair value of the consideration received or receivable net of discounts, taking into account the contractually defined terms and excluding taxes or duties collected on behalf of the government.

A. Sale of Products

Revenue from sale of gas and related products in the course of ordinary activities is recognised when property in the goods and related products or all significant risk and rewards of their ownership are transferred to the customer, the amount of revenue can be measured reliably, no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of gas and its related products and regarding its collection. Facility charge is recognised on accrual basis as per the terms of the contract with the customers or on a straight-line basis over the specified period of the contract. The amount recognized as revenue is exclusive of Good and Service Tax (GST).

B. Revenue from Construction

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

C. Interest & Dividend Income

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

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

D. Other Income

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

g) Property, Plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation or accumulated impairment loss, if any. Cost of item of property, plant and equipment includes purchase price, taxes, non-refundable duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use. Expenses capitalised include applicable borrowing costs for qualifying assets, if any.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

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

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

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

h) Provision for Decommissioning, Restoration and Similar Liabilities

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

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

i) Intangible assets

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

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

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

j) Depreciation of Property, Plant and Equipment

Depreciation computed as per the straight line method based on the management's estimate of useful life of a property, plant and equipment which is in accordance with the useful lives of property, plant and equipment indicated in Schedule II of the Act. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised.

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

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

| | |
|-----------------------------------|---------------|
| Buildings | 10 - 40 years |
| Plant and Equipment | 10 - 18 years |
| Furniture and fixtures | 5 - 10 years |
| Vehicles | 5 - 10 years |
| Office Equipments | 3 - 10 years |
| Freehold land is not depreciated. | |

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

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

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

k) Amortisation of Intangible assets

Intangible assets except Goodwill are amortised in Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis.

The estimated useful lives of Intangible Assets are as follows:

| | |
|------------------|---------|
| Software | 5 Years |
| Non-compete fee | 5 Years |
| Leasehold rights | 3 Years |

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

l) Impairment

The carrying amounts of property, plant & equipment, capital work in progress and intangible assets are reviewed at each Balance Sheet date, to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects the current market assessments of the time value of money. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised. Impairment loss recognized for goodwill is not reversed in a subsequent period unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of that event.

m) Borrowing costs

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

n) Inventories

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

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

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

o) Leases

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

The Company as lessee

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

The Company as lessor

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

p) Employee benefits

The Company's obligation towards various employee benefits have been recognized as follows:

Short term benefits

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

Post-employment Benefits

Defined contribution plans

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

Defined benefit plans

Recognition and measurement of defined benefit plans:

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

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

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

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

Other long term employee benefits

Compensated absences

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from period-end are recognized when the employees render the services that increases their entitlement to future compensated absences. Such costs are recognized in the Statement of Profit & Loss on actuarial valuation of related obligation on the reporting date.

Termination Benefits

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

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

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

q) Foreign exchange transactions

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

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

r) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation (legal or constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments

of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

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

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

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

s) Income taxes

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized

based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

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

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

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

t) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

u) Financial Instruments

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

(a) Financial assets

i. Financial assets at amortized cost:

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

ii. Financial assets measured at fair value:

Fair Value through other comprehensive income (FVTOCI)

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

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

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

iii. Cash and bank balances:

Cash and bank balances consist of:

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

Impairment of financial assets:

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

increased since initial recognition. The Impairment losses reversals are recognized in the Statement of Profit & Loss.

De-recognition of financial assets

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

(b) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial Liabilities

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

De-recognition of financial liabilities

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

Derivative financial instruments and hedge accounting

The Company enters into forward contracts and principal and interest swap contracts to hedge its risks associated with foreign currency and variable interest rate fluctuations

related to existing financial assets and liabilities, certain firm commitments and forecasted transactions. These derivative contracts are being considered as cash flow hedge.

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

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

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

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

When hedge accounting is applied:

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

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

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

v) Onerous contracts

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

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

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

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

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

3. New amendment that is not yet effective and have not been early adopted

Recently issued Accounting Standards
Ind AS 115 – "Revenue from Contracts with Customers"

Ind AS 115 establishes a single model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard, Ind

AS 18 "Revenue" and Ind AS 11 "Construction Contracts" when it becomes effective.

The core principle of Ind AS 115 is that, an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new standard also requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue.

The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgments in applying accounting policies:

The following are the critical judgments, apart from those involving estimations [see point below], that the management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

i) Joint Control

The group holds 50% of the equity share capital of Bellary Oxygen Company Private Limited (Belloxy), a company involved in operation of manufacturing of industrial gases. The group do not consider that it is able to exercise control over the company as the decisions about relevant activities of the company are made jointly between the group and the co-venturer (who holds 50% of the equity share capital) and both the parties have rights to the net assets of such arrangement.

Key sources of estimation uncertainty:

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

- i) **Useful life of Property, Plant and Equipment and Intangible assets**
The Company has made in the process of applying its accounting policies that have a significant effect on the amounts

recognised in these consolidated financial statements pertain to useful life of Property, Plant and Equipment and Intangible assets. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement. Currently, the Intangible assets have been determined to have a finite useful life and are amortized over this useful life.

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

ii) Deferred tax assets

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

iii) Claims, Provisions and Contingent Liabilities

Contingent liabilities arising from past events the existence of which would be confirmed only on occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company or contingent liabilities where there is a present obligations but it is not probable that economic benefits would be required to settle the obligations are disclosed in the consolidated financial statements unless the possibility of any outflow in settlement is remote.

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

iv) Impairment of Property, Plant and Equipment

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

v) Actuarial Valuation

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

5. Property, plant and equipment and Capital work-in-Progress

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

5. Property, plant and equipment and Capital work-in-Progress

| in Rupees million | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Total Tangible Assets | Capital work in progress | Total tangible assets including capital work in progress |
|--|---------------|-----------|---------------------|------------------------|----------|------------------|-----------------------|--------------------------|--|
| I. Gross Block | | | | | | | | | |
| Cost/Deemed cost as at 1 January 2017 | 197.91 | 992.16 | 26,136.91 | 51.56 | 7.87 | 153.75 | 27,540.16 | 802.87 | 28,343.03 |
| Additions | - | 32.70 | 1,271.87 | 1.02 | 4.82 | 9.07 | 1,319.48 | 829.43 | 2,148.91 |
| Disposals | - | (7.78) | (16.88) | (1.21) | (0.49) | (0.35) | (26.71) | - | (26.71) |
| Assets capitalised during the year | - | - | - | - | - | - | - | (1,273.17) | (1,273.17) |
| Cost /Deemed cost as at 31 December 2017 | 197.91 | 1,017.08 | 27,391.90 | 51.37 | 12.20 | 162.47 | 28,832.93 | 359.13 | 29,192.06 |
| II. Accumulated depreciation and impairment | | | | | | | | | |
| Balances as at 1 January 2017 | - | 90.83 | 1,729.74 | 8.59 | 1.55 | 44.70 | 1,875.41 | - | 1,875.41 |
| Depreciation expense for the year | - | 73.04 | 1,873.76 | 7.50 | 4.57 | 51.12 | 2,009.99 | - | 2,009.99 |
| Disposals | - | (7.72) | (9.49) | (0.23) | (0.14) | (0.28) | (17.86) | - | (17.86) |
| Balances as at 31 December 2017 | - | 156.15 | 3,594.01 | 15.86 | 5.98 | 95.54 | 3,867.54 | - | 3,867.54 |
| Net block (I-II) | | | | | | | | | |
| Net carrying value as at 31 December 2017 | 197.91 | 860.93 | 23,797.89 | 35.51 | 6.22 | 66.93 | 24,965.39 | 359.13 | 25,324.52 |
| Net carrying value as at 1 January 2017 | 197.91 | 901.33 | 24,407.17 | 42.97 | 6.32 | 109.05 | 25,664.75 | 802.87 | 26,467.62 |

The above includes following assets given on operating lease:

| in Rupees million | Buildings | Plant and Equipment | Total Tangible Assets |
|---|-----------|---------------------|-----------------------|
| Cost/Deemed cost as at 1 January 2018 | 265.05 | 12,257.69 | 12,522.74 |
| Accumulated Depreciation | 95.87 | 2,389.75 | 2,485.62 |
| Net carrying value as at 31 December 2018 | 169.18 | 9,867.94 | 10,037.12 |
| Depreciation expense for the year | 25.59 | 804.61 | 830.20 |
| Cost/Deemed cost as at 1 January 2017 | 265.00 | 12,145.91 | 12,410.91 |
| Accumulated Depreciation | 70.28 | 1,585.14 | 1,655.42 |
| Net carrying value as at 31 December 2017 | 194.72 | 10,560.77 | 10,755.49 |
| Depreciation expense for the year | 34.84 | 837.80 | 872.64 |

6. Other intangible assets

| in Rupees million | Goodwill (A) | Software (B) | Non- Compete Fees (C) | Leasehold Rights (D) | Other Intangible Assets (E)= (B) + (C) + (D) | Total other intangible assets (F) = (A) + (E) |
|--|-----------------|-----------------|-----------------------------|----------------------------|--|--|
| I. Gross Block | | | | | | |
| Cost/Deemed cost as at 1 January 2018 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| Additions | - | 2.96 | - | - | 2.96 | 2.96 |
| Disposals | - | - | - | - | - | - |
| Classified as Assets held for sale | - | (3.56) | - | - | (3.56) | (3.56) |
| Cost/Deemed cost as at 31 December 2018 | 46.82 | 21.18 | 7.51 | 2.33 | 31.02 | 77.84 |
| II. Accumulated amortisation and impairment | | | | | | |
| Balances as at 1 January 2018 | 46.82 | 12.22 | 6.93 | 2.33 | 21.48 | 68.30 |
| Amortisation expense for the year | - | 5.16 | 0.58 | - | 5.74 | 5.74 |
| Disposals | - | - | - | - | - | - |
| Classified as Assets held for sale | - | (3.56) | - | - | (3.56) | (3.56) |
| Balances as at 31 December 2018 | 46.82 | 13.82 | 7.51 | 2.33 | 23.66 | 70.48 |
| Net block (I-II) | | | | | | |
| Net carrying value as at 31 December 2018 | - | 7.36 | - | - | 7.36 | 7.36 |
| Net carrying value as at 1 January 2018 | - | 9.56 | 0.58 | - | 10.14 | 10.14 |

| in Rupees million | Goodwill (A) | Software (B) | Non- Compete Fees (C) | Leasehold Rights (D) | Other Intangible Assets (E)= (B) + (C) + (D) | Total other intangible assets (F) = (A) + (E) |
|--|-----------------|-----------------|-----------------------------|----------------------------|--|--|
| I. Gross Block | | | | | | |
| Cost/Deemed cost as at 1 January 2017 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Cost/Deemed cost as at 31 December 2017 | 46.82 | 21.78 | 7.51 | 2.33 | 31.62 | 78.44 |
| II. Accumulated amortisation and impairment | | | | | | |
| Balances as at 1 January 2017 | 3.52 | 6.49 | 3.40 | 2.33 | 12.22 | 15.74 |
| Amortisation expense for the year | - | 5.73 | 3.53 | - | 9.26 | 9.26 |
| Impairment losses for the year | 43.30 | - | - | - | - | 43.30 |
| Disposals | - | - | - | - | - | - |
| Balances as at 31 December 2017 | 46.82 | 12.22 | 6.93 | 2.33 | 21.48 | 68.30 |
| Net block (I-II) | | | | | | |
| Net carrying value as at 31 December 2017 | - | 9.56 | 0.58 | - | 10.14 | 10.14 |
| Net carrying value as at 1 January 2017 | 43.30 | 15.29 | 4.11 | - | 19.40 | 62.70 |

7. Investments in joint venture and Other Investments

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--|-----------------------|----------|-----------------------|----------|
| | Quoted | Unquoted | Quoted | Unquoted |
| Non-Current | | | | |
| Investments in Equity Instruments | | | | |
| Joint Venture | | | | |
| Bellary Oxygen Company Private Limited-classified as held for sale (Refer Note 14) | - | - | - | 578.64 |
| 15,000,000 (31 December 2017: 15,000,000) equity shares of Rs. 10 each | | | | |
| Others (classified at fair value through OCI) | | | | |
| Woodlands Multispeciality Hospital Limited* | - | 0.00 | - | 0.00 |
| 2,980 (31 December 2017: 2,980) equity shares of Rs. 10 each | | | | |
| JSW Steel Limited | 0.31 | - | 0.27 | - |
| 1,000 shares of Re. 1 each (31 December 2017:1,000, of Re. 1 each) | | | | |
| | 0.31 | 0.00 | 0.27 | 578.64 |
| Additional Information | | | | |
| Aggregate amount of quoted investments and market value thereof | 0.31 | - | 0.27 | 0.00 |
| Aggregate amount of unquoted investments | - | 0.00 | - | 578.64 |
| Aggregate amount of impairment in value of investments* | - | 0.00 | - | 0.00 |

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

8. Other financial assets

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|----------|-----------------------|----------|
| | Non current | Current | Non current | Current |
| Unsecured, considered good | | | | |
| Loans to employees | - | 2.02 | - | 1.67 |
| Receivables from related parties for recovery of expenses | - | 110.69 | - | 144.11 |
| Security deposits | 65.03 | 29.00 | 43.44 | 36.62 |
| Finance lease receivable | 21.52 | 2.16 | 11.47 | 25.86 |
| Receivable from mark to market on derivative contracts | - | 120.59 | - | - |
| Unbilled Revenue | 993.55 | 694.43 | 766.27 | 830.60 |
| Claims including escalation | - | 297.70 | - | 363.72 |
| Receivable from sale of tangible fixed assets | - | 47.40 | - | - |
| Interest accrued on deposit | - | 0.93 | - | - |
| Others | - | 160.97 | - | 250.84 |
| | 1,080.10 | 1,465.89 | 821.18 | 1,653.42 |

9. Non Current tax assets (net)

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|----------------------------------|-----------------------|---------|-----------------------|---------|
| | Non current | Current | Non current | Current |
| Advance tax (net of provisions) | 89.25 | - | 169.50 | - |
| | 89.25 | - | 169.50 | - |

10. Other non current assets

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|---------|-----------------------|---------|
| | Non current | Current | Non current | Current |
| Unsecured, considered good | | | | |
| To related parties | | | | |
| Capital advances | - | - | 1.99 | - |
| Advances for supplies/ services | - | 87.77 | - | 168.08 |
| To parties other than related parties | | | | |
| Capital advances | 77.90 | - | 24.35 | - |
| Advance with public bodies and tax authorities | | | | |
| Customs, excise, sales tax, etc. | 252.63 | - | 206.36 | - |
| GST receivable | - | 28.57 | - | - |
| Security deposits | 73.87 | - | 57.78 | - |
| Prepaid lease payments | 156.53 | 1.91 | 158.38 | 1.92 |
| Advances for supplies/ services | - | 387.01 | - | 274.32 |
| Prepaid expenses | 5.33 | 64.27 | 14.42 | 41.79 |
| Advance to employees | - | 2.77 | - | 4.26 |
| Others | - | - | 3.20 | 9.12 |
| | 566.26 | 572.30 | 466.48 | 499.49 |

11. Inventories

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|-------------------|-----------------------|-----------------------|
| Raw materials | 10.56 | 7.66 |
| Work in progress | 6.41 | 17.90 |
| Finished goods | 288.80 | 311.03 |
| Stores and spares | 403.79 | 346.67 |
| | 709.56 | 683.26 |

The value of stores and spares above is after providing for slow moving and obsolete spares of Rs.192.86 million (31 December 2017: Rs.164.23 million).

12. Trade receivables

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| | Current | Current |
| Trade receivables | | |
| Unsecured, considered good | 3,550.49 | 3,527.19 |
| Credit Impaired | 38.99 | - |
| Unsecured, considered doubtful | 237.31 | 255.11 |
| Less: Allowance for credit losses | 276.30 | 255.11 |
| | 3,550.49 | 3,527.19 |

In determining the allowances for credit losses of trade receivables, the company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. In addition to this Company provides for credit loss based on increase in credit risk on case to case basis.

i) Movements in allowance for expected credit losses of receivables is as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year | 255.11 | 238.13 |
| Allowances made during the year | 80.18 | 31.96 |
| Release to statement of profit and loss | (49.78) | (6.89) |
| Bad debt written off | (9.21) | (8.09) |
| Balance at the end of the year | 276.30 | 255.11 |

Trade Receivables

Out of the Trade receivables Rs. 855.62 million as at 31 December 2018 (As at 31 December 2017: Rs.1,333.63 million) is due from the Company's major customers i.e. having more than 5% of total outstanding trade receivables. There are no other customers who represent more than 5% of the total balance of trade receivables.

ii) There is no outstanding debts due from directors or other officers of the Company.

iii) Ageing of trade receivables and credit risk arising there form as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Amounts not yet due | 2,310.50 | 2,480.05 |
| Three months overdue | 972.54 | 558.17 |
| Between three to twelve months overdue | 300.71 | 483.74 |
| Greater than twelve months overdues | 243.04 | 260.34 |
| | 3,826.79 | 3,782.30 |

13. Cash and cash equivalents

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Cash in hand * | 0.04 | 2.10 |
| Balances with banks | | |
| In Current Account | 89.72 | 8.39 |
| In Deposit Account Original maturity of 3 months or less | 1,156.00 | 364.00 |
| Total cash and cash equivalents | 1,245.76 | 374.49 |

* Cash in hand represents prepaid cards issued by designated banks to the employees on behalf of the company for business purpose.

13.A Other balances with bank

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--------------------------------------|-----------------------|-----------------------|
| In Other deposit accounts | | |
| Original maturity more than 3 months | 4.38 | 7.91 |
| Earmarked balances with banks | | |
| Unclaimed dividend accounts | 3.89 | 4.00 |
| Total balances with bank | 8.27 | 11.91 |

14. Assets classified as held for sale

In connection with the global merger between Linde AG and Praxair Inc., the Competition Commission of India (CCI) has required divestiture of certain assets of Linde India Limited, as a condition to approving the global merger. On 14th September, 2018, the Board of Directors of the Company gave an 'in principle' approval for initiation of the sale process for divestment of certain identified assets of the Company. These identified assets have been treated as assets held for sale. The company is currently in negotiation with potential buyers and expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of Rs. 2,754.36 million.

The major classes of assets held for sale as on the respective reporting dates is as below:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Assets classified as held for sale: | | |
| Property, plant and equipment | 2,246.55 | - |
| Capital work-in-progress | 7.11 | - |
| Investments in joint venture | 500.70 | - |
| | 2,754.36 | - |

15. Equity Share Capital

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Authorised: | | |
| 86,000,000 Equity Shares of Rs. 10 each (31 December 2017: 86,000,000 Equity Shares of Rs. 10 each) | 860.00 | 860.00 |
| | 860.00 | 860.00 |
| Issued: | | |
| 85,286,209 Equity Shares of Rs. 10 each (31 December 2017: 85,286,209 Equity Shares of Rs. 10 each) | 852.86 | 852.86 |
| | 852.86 | 852.86 |
| Subscribed and paid up : | | |
| 85,284,223 Equity Shares of Rs. 10 each (31 December 2017: 85,284,223 Equity Shares of Rs. 10 each) | 852.84 | 852.84 |
| | 852.84 | 852.84 |

i) The movement in subscribed and paid up share capital is as below:

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|--------------------------------------|-------------------|-----------------------|-------------------|-----------------------|
| | Share capital | | Share capital | |
| | No of Shares | Amount in Rs. Million | No of Shares | Amount in Rs. Million |
| Balance at the beginning of the year | 85,284,223 | 852.84 | 85,284,223 | 852.84 |
| Shares issued during the year | - | - | - | - |
| Balance at the end of the year | 85,284,223 | 852.84 | 85,284,223 | 852.84 |

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

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Share capital | | Share capital | |
| | No of Shares | Amount in Rs. Million | No of Shares | Amount in Rs. Million |
| The BOC Group Ltd,U.K., holding company | 63,963,167 | 639.63 | 63,963,167 | 639.63 |

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

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | Share capital | | Share capital | |
| | No of Shares | Amount in Rs. Million | No of Shares | Amount in Rs. Million |
| The BOC Group Ltd,U.K., holding company | 63,963,167 | 75.00% | 63,963,167 | 75.00% |
| Reliance Capital Trustee Co. Ltd | 8,399,627 | 9.85% | 7,676,629 | 9.00% |

iv) Rights, preferences and restrictions attached to equity shares

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

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

16. Other equity

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Securities Premium | 6,972.52 | 6,972.52 |
| General Reserve | 995.67 | 995.67 |
| Retained Earnings | 5,796.60 | 5,700.63 |
| Equity instruments through comprehensive income | 0.21 | 0.17 |
| Effective Portion of Cash Flow Hedges | 0.92 | (16.02) |
| | 13,765.92 | 13,652.97 |

16 A. Movement in other equity

| in Rupees million | Reserve and Surplus | | | Equity instruments through comprehensive Income | Effective Portion of Cash Flow Hedges | Total |
|---|-----------------------|--------------------|----------------------|---|--|-----------|
| | Securities Premium | General Reserve | Retained Earnings | | | |
| Balance as at 1 January 2017 | 6,972.52 | 995.67 | 5,623.41 | 0.06 | (34.96) | 13,556.70 |
| Profit for the year | - | - | 161.89 | | - | 161.89 |
| Payment of Dividends* | - | - | (63.96) | | - | (63.96) |
| Tax on Dividend | - | - | (13.02) | | - | (13.02) |
| Other Comprehensive Income (net of taxes) | - | - | (7.69) | 0.11 | 18.94 | 11.36 |
| Balance as at 31 December 2017 | 6,972.52 | 995.67 | 5,700.63 | 0.17 | (16.02) | 13,652.97 |
| Profit for the year | - | - | 256.92 | | - | 256.92 |
| Payment of Dividends** | - | - | (85.28) | | - | (85.28) |
| Tax on Dividend | - | - | (17.53) | | - | (17.53) |
| Other Comprehensive Income (net of taxes) | - | - | (58.14) | 0.04 | 16.94 | (41.16) |
| Balance as at 31 December 2018 | 6,972.52 | 995.67 | 5,796.60 | 0.21 | 0.92 | 13,765.92 |

* Dividend of Re.0.75 per share

** Dividend of Re.1.00 per share

16 B. Nature and purpose of reserves

(a) Securities Premium :

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

(b) General Reserve:

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

(c) Retained Earnings :

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) Equity instruments through comprehensive Income :

This Reserve represents the cumulative gains (net of losses) arising on the revaluation of Equity Instruments measured at fair value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.

(e) Effective portion of Cash Flow Hedges:

This Reserve represents the cumulative effective portion of changes in fair value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the financial asset in accordance with the company's accounting policy.

17. Borrowings

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|--|-------------------|--|-------------------|--|
| | Non current | Current Portion of Long term borrowings* | Non current | Current Portion of Long term borrowings* |
| Long term borrowings | | | | |
| Unsecured borrowings | | | | |
| Term Loans | | | | |
| From banks | 1,000.00 | 2,219.16 | 1,485.80 | 1,000.31 |
| Loans from related parties | | | | |
| Rupee loan from Linde AG, Intermediate holding company | 3,167.76 | 3,110.00 | 6,277.77 | 2,554.76 |
| Total Borrowings | 4,167.76 | 5,329.16 | 7,763.57 | 3,555.07 |

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

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|-----------------------------------|--------------------|--------------------|
| Short term borrowings | | |
| Unsecured borrowings | | |
| Loans from related parties | | |
| Loan from fellow subsidiary | 2,400.00 | 1,500.00 |
| | 2,400.00 | 1,500.00 |

i) Borrowing details :

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 | Repayment schedule for 2018 |
|--|--------------------|--------------------|--|
| a) Rupee loan from Linde AG, Intermediate holding company | 3,194.10 | 4,720.86 | Half Yearly installments from January 2017 to January 2020 |
| b) Rupee loan from Linde AG, Intermediate holding company | 1,338.35 | 1,784.47 | Quarterly installments from January 2017 to October 2020 |
| c) Rupee loan from Linde AG, Intermediate holding company | 1,745.31 | 2,327.20 | Quarterly installments from January 2017 to October 2020 |
| d) Foreign Currency term loan from bank of USD 5.82 million (previous year USD 5.82 million) | 404.79 | 371.65 | July 2019 |
| e) Foreign Currency term loan from bank of USD 17.46 million (previous year USD 17.46 million) | 1,214.37 | 1,114.15 | July 2019 |
| f) Rupee term loan from bank (previous year Foreign Currency term loan USD 15.67 million) | 1,000.00 | 1,000.31 | May 2020 |
| g) Rupee term loan from bank (previous year Nil) | 600.00 | - | July 2019 |
| h) Intercompany Loan from Linde Engineering India Private Limited | 400.00 | 400.00 | May 2019 |
| i) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | - | April 2019 |
| j) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | 500.00 | March 2019 |
| k) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | - | February 2019 |
| l) Intercompany Loan from Linde Engineering India Private Limited | 500.00 | 500.00 | February 2019 |
| m) Intercompany Loan from Linde Engineering India Private Limited | - | 100.00 | January 2018 |
| | 11,896.92 | 12,818.64 | |

17. Borrowing (contd)

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

| | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Not Later than one year | 7,729.16 | 5,055.07 |
| Later than one year but not two years | 4,167.76 | 4,595.80 |
| Later than two year but not three years | - | 3,167.77 |
| | 11,896.92 | 12,818.64 |

18. Other financial liabilities

in Rupees million

| | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Non current | Current | Non current | Current |
| Current maturities of long-term borrowings (refer note 17) | - | 5,329.16 | - | 3,555.07 |
| Interest accrued but not due on borrowings | - | 147.00 | - | 178.05 |
| Unclaimed dividends | - | 3.89 | - | 4.00 |
| Payable on mark to market on derivative contracts | - | - | 35.45 | 2.92 |
| Creditors for capital supplies and services | - | 592.66 | - | 446.14 |
| Security deposits from customers | - | 111.30 | - | 177.58 |
| Other employee liabilities | - | 47.52 | - | 25.97 |
| | - | 6,231.53 | 35.45 | 4,389.73 |

19. Provisions

in Rupees million

| | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|---|-----------------------|---------------|-----------------------|---------------|
| | Non current | Current | Non current | Current |
| Provision for employee benefits | | | | |
| Retirement benefits obligations (refer note 38) | | | | |
| Gratuity | 101.29 | 15.81 | 52.02 | 3.43 |
| Pension | 51.75 | 12.84 | 40.48 | 3.17 |
| Post retirement medical benefits | 113.05 | 11.40 | 44.70 | - |
| Other long-term employee benefits | | | | |
| Compensated absences | 41.70 | 2.28 | 26.50 | 0.84 |
| Others | - | - | 29.13 | - |
| Other provisions | | | | |
| Asset restoration obligations [refer note (a)] | 256.29 | - | 255.46 | - |
| Provision for warranties [refer note (b)] | - | 136.39 | - | 144.12 |
| Provision for liquidated damages [refer note (c)] | - | 23.66 | - | 45.15 |
| Provision for contingencies [refer note (d)] | - | 432.90 | - | 95.60 |
| | 564.08 | 635.28 | 448.29 | 292.31 |

19.1 Movement in other provisions

in Rupees million

| | Asset restoration obligations | Provision for warranties | Provision for liquidated damages | Provision for contingencies |
|---------------------------------|-------------------------------------|-----------------------------|--|--------------------------------|
| Balance as at 1 January 2018 | 255.46 | 144.12 | 45.15 | 95.60 |
| Add: Provision during the year* | 22.19 | 66.47 | - | 341.60 |
| Less: Utilised during the year | - | 31.50 | 15.13 | 4.30 |
| Less: Reversed during the year | 21.36 | 42.70 | 6.36 | - |
| Balance as at 31 December 2018 | 256.29 | 136.39 | 23.66 | 432.90 |
| Balance as at 1 January 2017 | 226.95 | 127.68 | 5.83 | 88.47 |
| Add: Provision during the year* | 28.51 | 58.21 | 39.32 | 10.43 |
| Less: Utilised during the year | - | - | - | 3.30 |
| Less: Reversed during the year | - | 41.77 | - | - |
| Balance as at 31 December 2017 | 255.46 | 144.12 | 45.15 | 95.60 |

* Includes Rs.18.74 millions (31 December 2017: Rs.17.06 millions) on account of unwinding of interest for asset restoration obligation.

(a) Provision for asset restoration obligation

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

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

(b) Provision for warranties

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

(d) Provision for contingencies

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

(c) Provision for liquidated damages

Liquidated damages are provided based on contractual terms when the delivery/commissioning dates of an individual project have

20. Deferred tax liabilities (net)**a) Movement of deferred tax**

| in Rupees million | As at 1 Jan 2018 | Recognised in statement of profit and Loss | Recognised in Other Comprehensive Income | As at 31 Dec 2018 |
|--|---------------------|--|---|----------------------|
| Deferred tax liabilities | | | | |
| Depreciation & amortisation | 3,831.28 | 196.15 | | 4,027.43 |
| Finance income from finance lease arrangement | 1.04 | 7.36 | | 8.40 |
| Others | 0.44 | (0.44) | | 0.00 |
| | 3,832.76 | 203.07 | - | 4,035.83 |
| Deferred tax assets | | | | |
| Employee benefits | 17.48 | 35.72 | 31.22 | 84.42 |
| Provisions for doubtful receivables, contingencies, warranties | 190.16 | 188.18 | | 378.34 |
| Unabsorbed depreciation | 2,173.34 | (157.69) | | 2,015.65 |
| Mark to Market on derivative contracts | 8.53 | | (8.97) | (0.44) |
| Others | 1.98 | 0.02 | | 2.00 |
| | 2,391.49 | 66.23 | 22.25 | 2,479.97 |
| Minimum Alternate Tax Credit Entitlement | 519.47 | 155.48 | | 674.95 |
| | 921.80 | (18.64) | (22.25) | 880.92 |

| in Rupees million | As at 1 Jan 2017 | Recognised in statement of profit and Loss | Recognised in Other Comprehensive Income | As at 31 Dec 2017 |
|--|---------------------|--|---|----------------------|
| Deferred tax liabilities | | | | |
| Depreciation & amortisation | 3,629.71 | 201.57 | | 3,831.28 |
| Finance income from finance lease arrangement | 84.84 | (83.80) | | 1.04 |
| Others | 13.90 | (13.46) | | 0.44 |
| | 3,728.45 | 104.31 | - | 3,832.76 |
| Deferred tax assets | | | | |
| Employee benefits | 26.42 | (8.94) | | 17.48 |
| Provisions for doubtful receivables, contingencies, warranties | 162.82 | 27.34 | | 190.16 |
| Unabsorbed depreciation | 2,057.53 | 115.81 | | 2,173.34 |
| Mark to Market on derivative contracts | 18.57 | | (10.04) | 8.53 |
| Others | 1.98 | | | 1.98 |
| | 2,267.32 | 134.21 | (10.04) | 2,391.49 |
| Minimum Alternate Tax Credit Entitlement | 502.58 | 16.89 | | 519.47 |
| | 958.55 | (46.79) | 10.04 | 921.80 |

b) Income tax expense

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Current Tax: | | |
| Current Income Tax Charge | 155.48 | 18.97 |
| Deferred Tax | | |
| In respect of current year origination and reversal of temporary differences | (18.64) | (46.79) |
| | 136.84 | (27.82) |

c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Profit Before tax | 393.76 | 134.07 |
| Less : Share of profit from Joint Venture | 64.56 | 62.51 |
| Profit Before tax and share of profit of Joint Venture | 329.20 | 71.56 |
| Statutory Income Tax Rate | 34.94% | 34.61% |
| Income Tax using the Company's domestic Tax rate | 115.04 | 24.76 |
| Tax Effect of: | | |
| - Effect of rate change | 14.74 | - |
| - Income Exempt from Tax/Items not deductible | 7.63 | 22.55 |
| - Tax Incentives and concessions | 1.47 | (73.13) |
| - Income from House Property | (2.03) | (2.01) |
| | 136.84 | (27.82) |

21. Other non current liabilities

| in Rupees million | As at 31 Dec. 2018 | | As at 31 Dec. 2017 | |
|--------------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Non current | Current | Non current | Current |
| Advances received from customers | 332.20 | 1,102.82 | 243.84 | 1,371.47 |
| Deposits received from customers | 0.49 | - | 4.70 | - |
| Statutory Dues | | | | |
| Tax deducted and collected at source | - | 18.57 | - | 21.03 |
| GST Payable | - | - | - | 14.06 |
| Others | - | 0.56 | - | 0.57 |
| | 332.69 | 1,121.95 | 248.54 | 1,407.13 |

22. Trade payables

| in Rupees million | As at | As at |
|--|-----------------|-----------------|
| | 31 Dec. 2018 | 31 Dec. 2017 |
| | Current | Current |
| Creditors for supplies and services | | |
| Dues to micro and small enterprises | 0.65 | 0.44 |
| Others | 2,948.15 | 2,424.92 |
| Creditors for accrued wages and salaries | 200.88 | 182.50 |
| | 3,149.68 | 2,607.86 |

The amount due to Micro and Small Enterprises as defined in "The Micro, Small and Medium Enterprise Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosure relating to Micro and Small Enterprises are as follows:

| in Rupees million | As at | As at |
|---|--------------|--------------|
| | 31 Dec. 2018 | 31 Dec. 2017 |
| (i) The principal amount remaining unpaid to supplier as at the end of the year | 0.65 | 0.44 |
| (ii) The interest due thereon remaining unpaid to supplier as at the end of the year (* Rs. 3000.00) | * | 0.07 |
| (iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this act (*Rs. 3000.00) | * | 0.07 |
| (v) The amount of interest accrued during the year and remaining unpaid at the end of the year | 0.77 | 0.77 |

23. Revenue from operations

| in Rupees million | Year ended | Year ended |
|--|------------------|------------------|
| | 31 Dec. 2018 | 31 Dec. 2017 |
| Sale of products (gases)* | 17,937.17 | 18,032.74 |
| Air separation unit gases | 16,920.19 | 17,129.15 |
| Other cylinder gases | 596.96 | 524.55 |
| Others | 420.02 | 379.04 |
| Revenue from construction contracts | 3,972.03 | 3,105.99 |
| Vessels, plant and other engineering project goods | 3,972.03 | 3,105.99 |
| Other operating income | 7.34 | 11.14 |
| Interest income on finance lease arrangement | 7.34 | 6.97 |
| Amortisation of advance received from suppliers | - | 4.17 |
| | 21,916.54 | 21,149.87 |

*The Government of India introduced the Goods and Services tax (GST) with effect from 01 July 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity and does not result in an increase in equity. Sales of earlier periods include excise duty which is now subsumed in GST. The revenue for the year ended 31 December 2017 includes excise duty upto 30 June 2017.

24. Other Income

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Rent | 18.90 | 19.32 |
| Miscellaneous income | 49.07 | 53.63 |
| Interest income on unwinding of security deposits | 1.64 | 1.49 |
| Interest income on deposits | 14.23 | 3.11 |
| | 83.84 | 77.55 |

25. Cost of materials consumed

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Inventory of materials at the beginning of the year | 7.66 | 11.56 |
| Purchases | 2,767.23 | 1,907.26 |
| Less : Inventory of materials at the end of the year | 10.56 | 7.66 |
| | 2,764.33 | 1,911.16 |

26. Purchase of stock in trade

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---------------------------|----------------------------|----------------------------|
| Air separation unit gases | 766.08 | 487.76 |
| Other cylinder gases | 328.22 | 90.37 |
| Others | 30.67 | 195.66 |
| | 1,124.97 | 773.79 |

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

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Inventories at the beginning of the year | | |
| Finished goods | 311.03 | 307.91 |
| Contract work in progress | 17.90 | 67.88 |
| | 328.93 | 375.79 |
| Less: Inventories at the closing of the year | | |
| Finished goods | 288.80 | 311.03 |
| Contract work in progress | 6.41 | 17.90 |
| | 295.21 | 328.93 |
| | 33.72 | 46.86 |

28. Employee benefits expenses

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Salaries and wages, including bonus | 1,062.60 | 986.42 |
| Contribution to provident and other funds | 107.86 | 96.36 |
| Workmen and staff welfare expenses | 102.46 | 81.75 |
| | 1,272.92 | 1164.53 |

During the year, the Company recognised an amount Rs. 64.00 million (previous year Rs. 44.83 million) as remuneration to Key Managerial Personnel.

The details of such remuneration is as below:

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---------------------------------|----------------------------|----------------------------|
| a) Short term employee benefits | 60.89 | 41.99 |
| b) Post employment benefits | 3.11 | 2.84 |
| | 64.00 | 44.83 |

29. Finance costs

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Interest expense | 1,008.23 | 1,142.19 |
| On long and short term borrowings from banks | 246.64 | 248.36 |
| On external commercial borrowings and others | 761.59 | 893.83 |
| Interest expense on unwinding | 18.78 | 22.50 |
| Of dismantling cost | 18.78 | 17.05 |
| Of sundry deposits | - | 5.45 |
| | 1,027.01 | 1,164.69 |

30. Depreciation and amortisation (including impairment)

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|-----------------------------------|----------------------------|----------------------------|
| Depreciation on tangible assets | 1,985.64 | 2,009.99 |
| Amortisation of intangible assets | 5.74 | 9.26 |
| Impairment loss | - | 43.30 |
| | 1,991.38 | 2,062.55 |

31. Other Expenses

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| Consumption of stores and spares | 176.15 | 208.68 |
| Repairs to buildings | 7.79 | 12.52 |
| Repairs to plant and machinery | 335.54 | 302.34 |
| Repairs to others | 45.53 | 60.22 |
| Freight and handling charges | 1,714.71 | 1,638.48 |
| Rent [refer note 45 (C)] | 73.26 | 64.56 |
| Loss on foreign exchange (net) | 72.88 | 20.59 |
| Rates and taxes | 344.13 | 7.70 |
| Insurance charges | 44.31 | 40.03 |
| Allowances for doubtful debts | 30.40 | 25.08 |
| Contract job expenses | 542.47 | 532.14 |
| (Profit)/Loss on disposal of property, plant and equipment (net) | (3.23) | 0.63 |
| Provision for warranties | (7.74) | 16.44 |
| Technical support fees | 28.52 | 19.02 |
| Travelling expenses | 164.82 | 158.92 |
| Telephone and communication expenses | 37.02 | 33.01 |
| Corporate social responsibility expenditure (refer note 32) | 3.26 | 3.77 |
| Miscellaneous expenses (refer note 33) | 945.85 | 788.94 |
| | 4,555.67 | 3,933.07 |

32. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 a CSR committee has been formed by the Company. The funds were utilised throughout the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct contribution towards aforesaid activities.

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|--|----------------------------|----------------------------|
| (a) Gross amount required to be spent by the Company during the year | 0.19 | - |
| (b) The areas of CSR activities and contributions made thereto in cash are as follows: | | |
| Amount spent during the year on: | | |
| 1) Construction / Acquisition of any assets | | |
| 2) For purpose other than (1) above: | | |
| Promoting and preventive healthcare | - | 0.50 |
| Promoting education including special education and employment enhancing vocational fees | 3.26 | 2.20 |
| Livelihood (skill development) | - | 1.07 |
| | 3.26 | 3.77 |

33. Miscellaneous expenses under note 31 include auditor's remuneration

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Auditor's remuneration and out-of-pocket expenses | | |
| Audit Fee | 2.04 | 1.64 |
| Limited reviews | 0.60 | 0.60 |
| Tax audit fee | 0.78 | 0.78 |
| Other Services | 2.01 | 0.35 |
| Reimbursement of expenses | 0.64 | 0.11 |
| | 6.07 | 3.48 |

34. Exceptional Items

Exceptional items represent severance and settlement payment for employees' separation of Rs. Nil (31 December 2017: Rs.55.00 million)

35. Earnings per share

The following table reflects profit and shares data used in the computation of basic and diluted earnings per share.

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| a) Profit after tax | 256.92 | 161.89 |
| Profit attributable to ordinary shareholders-for basic and diluted EPS | 256.92 | 161.89 |
| | Nos | Nos |
| b) Weighted average number of Ordinary Shares for Basic and Diluted EPS | 85,284,223 | 85,284,223 |
| Nominal value of ordinary shares (Rs.) | 10.00 | 10.00 |
| Basic and diluted earnings per ordinary share (Rs.) | 3.01 | 1.90 |

36. Contingent liabilities

Contingencies:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable

The following is a description of claims and assertions where a potential loss is possible, but not probable.

Litigations:

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature other than those described below.

a) Excise Duty and Service Tax

As at 31 December 2018, there were pending litigations for various matters relating to excise duty and service taxes involving demands of Rs. 269.62 million (31 December 2017: Rs. 31.73 million).

b) Sales Tax /VAT

The total sales tax demands that are being contested by the Company amounted to Rs. 728.94 million; (as at 31 December 2017: Rs. 394.97 million). The details of demand for more than Rs. 100 million are as follows:

As on 31 December 2018 Sales tax Authority have raised demand of Rs. 418.89 million for the period 2008-09 to 2014-15 (as at 31 December 2017: Rs. 301.54 million) on account of non levy of sales tax for facility charges recovered from a customer for providing pipeline infrastructure at their premises. Company has contested the demand and currently the matter is at appellate stage.

c) Sales Tax liability transferred to a beneficiary

Pursuant to an approved scheme of Government of Maharashtra, certain Sales Tax Liabilities of the Company had been transferred to an eligible beneficiary, at a discount, for which a bank guarantee had been provided by the beneficiary to ensure timely payment to the concerned authorities. The contingent liability for the same is amounted to Rs. 3.68 million (as at 31 December 2017: Rs. 3.68 million).

d) Other claims

Other amounts for which the Company may contingently be liable aggregate to Rs. 6.60 million (as at 31 December 2017: Rs. 4.00 million).

It is not practicable for the company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

37. Commitments

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| Estimated capital commitments (net of advance) remaining to be executed and not provided for | 297.57 | 192.90 |

38. Employee Benefits

i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Super Annuation Fund and Pension Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The only amounts included in the balance sheet are those relating to the prior months contribution that are not due to be paid until the end of reporting period. The amount recognised as an expense towards contribution to Provident Fund, Super Annuation Fund and Pension Fund for the year aggregated to Rs. 53.10 million (31 December 2017: Rs. 56.98 million) in note 28. Further, provident fund which was administered through Company's trust for certain employees (in accordance with Provident Fund Regulation) has now been transferred to Regional Provident Fund Commissioner's Office vide order no. R-EX/WB/CA/Rule/CC-VI/Vol-III/668 dated 15 November 2018.

ii) Defined Benefit Plan

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Pension and Post retirement medical benefits..

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Gratuity is funded through direct investment under BOC India Gratuity Fund. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Investments of Pension for some employees are managed through Company managed trust.

Post retirement medical benefits

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. The Company accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Inflation risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long term returns in order to limit the cost to the Company of the benefits provided.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

| in Rupees million | Pension | | Gratuity | |
|--|---------|---------|----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Present value of obligation | 84.16 | 61.47 | 157.77 | 93.10 |
| Fair value of plan assets | (19.57) | (17.82) | (40.67) | (37.65) |
| (Asset)/Liability recognised in the Balance Sheet(Refer note 19) | 64.59 | 43.65 | 117.10 | 55.45 |

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

| in Rupees million | Pension | | | Gratuity | | |
|---|-------------|-----------------|--------|-------------|-----------------|---------|
| | Plan Assets | Plan Obligation | Total | Plan Assets | Plan Obligation | Total |
| As at 1 January, 2017 | 19.90 | 54.80 | 34.90 | 36.90 | 93.92 | 57.02 |
| Current service cost | - | 2.12 | 2.12 | - | 7.79 | 7.79 |
| Past service cost | - | - | - | - | - | - |
| Interest cost | - | 3.51 | 3.51 | - | 6.05 | 6.05 |
| Interest income | 1.27 | - | (1.27) | 2.49 | - | (2.49) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - | - | - | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 0.03 | (2.40) | (2.37) | 1.02 | (5.23) | (6.25) |
| Actuarial (gain)/loss arising from experience adjustments | - | 12.76 | 12.76 | - | 5.63 | 5.63 |
| Employer contributions | 6.00 | - | (6.00) | 12.30 | - | (12.30) |
| Employee contributions | - | - | - | - | - | - |
| Assets acquired/ (settled) | - | - | - | - | - | - |
| Benefit payments | (9.32) | (9.32) | - | (15.06) | (15.06) | - |
| As at 31 December, 2017 | 17.82 | 61.47 | 43.65 | 37.65 | 93.10 | 55.45 |
| As at 1 January, 2018 | 17.82 | 61.47 | 43.65 | 37.65 | 93.10 | 55.45 |
| Current service cost | - | 2.54 | 2.54 | - | 7.01 | 7.01 |
| Past service cost | - | - | - | - | 13.82 | 13.82 |
| Interest cost | - | 4.52 | 4.52 | - | 6.48 | 6.48 |
| Interest income | 1.50 | - | (1.50) | 2.82 | - | (2.82) |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | (0.05) | (0.05) | - | 10.55 | 10.55 |
| Actuarial (gain)/loss arising from changes in financial assumptions | 0.12 | 14.35 | 14.47 | (0.22) | 30.02 | 29.80 |
| Actuarial (gain)/loss arising from experience adjustments | - | 4.27 | 4.27 | - | 10.12 | 10.12 |
| Employer contributions | 3.30 | - | (3.30) | 13.31 | - | (13.31) |
| Employee contributions | - | - | - | - | - | - |
| Assets acquired/ (settled) | - | - | - | - | - | - |
| Benefit payments | (2.93) | (2.93) | - | (13.33) | (13.33) | - |
| As at 31 December, 2018 | 19.57 | 84.16 | 64.59 | 40.67 | 157.77 | 117.10 |

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

| in Rupees million | Pension | | Gratuity | |
|---|--------------|--------------|--------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Employee Benefit Expenses | | | | |
| Current service cost | 2.54 | 2.12 | 7.01 | 7.79 |
| Past service cost | - | - | 13.82 | - |
| Finance costs | | | | |
| Interest cost | 4.52 | 3.51 | 6.48 | 6.05 |
| Interest income | (1.50) | (1.27) | (2.82) | (2.49) |
| Net impact on profit (before tax) | 5.56 | 4.36 | 24.49 | 11.35 |
| Remeasurement of the net defined benefit plans: | | | | |
| Actuarial (gain)/loss arising from changes in demographic assumptions | (0.05) | - | 10.55 | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 14.47 | (2.37) | 29.80 | (6.24) |
| Actuarial (gain)/loss arising from experience adjustments | 4.27 | 12.76 | 10.12 | 5.63 |
| Net impact on other comprehensive income (before tax) | 18.69 | 10.39 | 50.47 | (0.61) |

The pension expense and gratuity expense have been recognised in Contribution to Provident and Other Funds in Note no 29.

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

| in Rupees million | Pension | | Gratuity | |
|---|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Quoted | | | | |
| Government debt instruments | - | - | - | - |
| Other debt instruments | - | 6.09 | - | 9.92 |
| Total (A) | - | 6.09 | - | 9.92 |
| Unquoted | | | | |
| Cash including special deposits | - | 11.73 | - | 22.42 |
| Others (Including assets under Scheme of Insurance) | 19.57 | - | 40.67 | 5.31 |
| Total (B) | 19.57 | 11.73 | 40.67 | 27.73 |
| Total (A+B) | 19.57 | 17.82 | 40.67 | 37.65 |

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

| in Rupees million | Pension | | Gratuity | |
|------------------------------------|---------|------|----------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Financial Assumptions | | | | |
| Discount rate (per annum) | 7.25% | 7.5% | 7.25% | 7.5% |
| Salary escalation rate (per annum) | 8% | 5% | 8% | 5% |

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market..

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the key assumptions are:

| in Rupees million | Pension | | Gratuity | |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | Change in assumption (%) | Change in Plan Obligation (%) | Change in assumption (%) | Change in Plan Obligation (%) |
| Discount rate (per annum) | | | | |
| Increase | 0.5 | (2.51) | 0.5 | (5.94) |
| Decrease | 0.5 | 2.67 | 0.5 | 6.36 |
| Salary escalation rate (per annum) | | | | |
| Increase | 0.5 | 2.29 | 0.5 | 5.35 |
| Decrease | 0.5 | (2.19) | 0.5 | (5.24) |

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. Weighted average duration and expected employers contribution for each of the defined benefit plan

| in Rupees million | Weighted average duration (yrs.) | | Expected Employers Contribution for the next year |
|-------------------|----------------------------------|------|---|
| | 2018 | 2017 | |
| Gratuity | 7-11 | 14 | 15.81 |
| Pension | 7-9 | 9 | 12.84 |

H. Expected Benefit Payments

| in Rupees million | Pension | Gratuity |
|--------------------------------------|---------|----------|
| 31 December 2019 | 12.84 | 15.81 |
| 31 December 2020 | 6.55 | 14.82 |
| 31 December 2021 | 3.64 | 11.73 |
| 31 December 2022 | 12.30 | 17.05 |
| 31 December 2023 | 11.36 | 20.53 |
| 31 December 2024 to 31 December 2028 | 43.91 | 111.85 |

iii) Post Retirement Medical Benefit

The following table sets out the amounts recognised in the financial statements in respect of post retirement medical benefits and other defined benefit plans.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

| in Rupees million | 2018 | 2017 |
|--|--------|-------|
| Present value of obligation | 124.45 | 44.70 |
| Liability recognised in the Balance Sheet (Refer note 19) | | |
| Retirement benefits obligations | | |
| Current | 11.40 | - |
| Non Current | 113.05 | 44.70 |

B. Movements in Present Value of Obligation

| in Rupees million | 2018 | 2017 |
|---|---------------|--------------|
| Change in defined benefit obligation: | | |
| Obligation at the beginning of the year | 44.70 | - |
| Current service cost | - | - |
| Past Service cost | 69.11 | 44.70 |
| Interest cost | 2.79 | - |
| Remeasurement (gain)/loss | - | - |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | - |
| Actuarial (gain)/loss arising from experience adjustments | 20.20 | - |
| Benefits paid | (12.35) | - |
| Obligation at the end of the year | 124.45 | 44.70 |

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

| | 2018 | 2017 |
|---|--------------|--------------|
| Employee Benefit Expenses : | | |
| Current service cost | - | - |
| Past service cost | 69.11 | 44.70 |
| Finance costs : | | |
| Interest cost | 2.79 | - |
| Net impact on profit (before tax) | 71.90 | 44.70 |
| Remeasurement of the net defined benefit plans: | | |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | - | - |
| Actuarial (gain)/loss arising from experience adjustments | 20.20 | - |
| Net impact on other comprehensive income (before tax) | 20.20 | - |

The post retirement medical benefit expenses have been recognised in Workmen and staff welfare expense in note 28.

D. Assumptions

With the objective of presenting the plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

| in Rupees million | 2018 | 2017 |
|------------------------------------|-------|---------------|
| Financial Assumptions | | |
| Discount rate (per annum) | 7.25% | Not Available |
| Medical Inflation rate (per annum) | 8.00% | Not Available |

Demographic Assumptions

Mortality in Service: LIC Annuitants (1996-98) Ultimate

E. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

| in Rupees million | Pension | |
|---|--------------------------|-------------------------------|
| | Change in assumption (%) | Change in Plan Obligation (%) |
| Discount rate (per annum) | | |
| Increase | 1% | (9.51) |
| Decrease | 1% | 11.10 |
| Medical Inflation rate (per annum) | | |
| Increase | 1% | 7.23 |
| Decrease | 1% | (6.24) |

The sensitivity analysis above have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

F. Weighted average duration and expected employers contribution

| in Rupees million | Weighted average duration (yrs.) | | |
|---------------------------------|----------------------------------|------|--------------------|
| | 2018 | 2017 | Expected Employers |
| Post retirement medical benefit | 8 | NA | NA |

H. Expected Benefit Payments

| in Rupees million | |
|--------------------------------------|-------|
| 31 December 2019 | 11.81 |
| 31 December 2020 | 11.66 |
| 31 December 2021 | 11.55 |
| 31 December 2022 | 11.39 |
| 31 December 2023 | 11.22 |
| 31 December 2024 to 31 December 2028 | 53.00 |

39. Information in accordance with the requirements of the Ind AS 11 on Construction contracts

| in Rupees million | Year ended 31 Dec. 2018 | Year ended 31 Dec. 2017 |
|---|----------------------------|----------------------------|
| Contract revenue recognised | 3,972.03 | 3,105.99 |
| Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all the contracts in progress | 18,550.25 | 16,115.67 |

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Amount of customer advances outstanding for contracts in progress | 391.07 | 1,040.32 |
| Amount of retention due from customers for contracts in progress | 1,242.12 | 1,298.69 |
| Gross amount due from customers for contracts in progress | 673.30 | 820.07 |
| Gross amount due to customers for contracts in progress | 496.28 | 201.35 |

40. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents.

The table below summarises the net debt, capital and net debt to equity ratio of the Company.

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|---|-----------------------|-----------------------|
| Debt | 11,896.92 | 12,818.64 |
| Long-term borrowings | 4,167.76 | 7,763.57 |
| Short-term borrowings | 2,400.00 | 1,500.00 |
| Current maturity of long-term debts | 5,329.16 | 3,555.07 |
| Cash and bank balances | 1,245.76 | 374.49 |
| Net debt (a) | 10,651.16 | 12,444.15 |
| Total equity (b) | 14,618.76 | 14,505.81 |
| Equity share capital | 852.84 | 852.84 |
| Other equity | 13,765.92 | 13,652.97 |
| Net debt to equity ratio (a) / (b) | 0.73 | 0.86 |

41. Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 (u)

a) Category-wise classification of Financial instruments

The carrying value and fair values of financial instruments by class are as follows:

| in Rupees million | As at 31 Dec. 2018 | As at 31 Dec. 2017 |
|--|-----------------------|-----------------------|
| FINANCIAL ASSETS | | |
| Financial assets measured at fair value through other comprehensive income | | |
| Investments in equity instruments | 0.31 | 0.27 |
| Mark to market on derivative contracts* | 120.59 | - |
| Financial assets measured at fair value through profit or loss | - | - |
| Financial assets measured at amortised cost | | |
| Cash and bank balances | 1,254.03 | 386.40 |
| Trade receivables | 3,550.49 | 3,527.19 |
| Other financial assets | 2,425.40 | 2,474.60 |
| | 7,350.82 | 6,388.46 |
| FINANCIAL LIABILITIES | | |
| Financial liabilities measured at fair value through other comprehensive income | | |
| Mark to market on derivative contracts* | - | 38.37 |
| Financial liabilities measured at fair value through profit or loss | - | - |
| Financial liabilities measured at amortised cost | | |
| Borrowings | 11,896.92 | 12,818.64 |
| Trade payables | 3,149.68 | 2,607.86 |
| Other financial liabilities | 902.37 | 831.74 |
| | 15,948.97 | 16,296.61 |

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

b) Fair value measurements

The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

a) Level 1: Quoted prices for identical instruments in an active market-

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

b) Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs-

This level of hierarchy includes financial assets and liabilities, measured using inputs other than the quoted prices included within level 1 that are observables for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's derivative contracts.

c) Level 3: Inputs which are not based on observable market data-

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor they are based on available market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

As at 31 December 2018

| in Rupees million | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------|---------|---------|--------|
| Financial assets at fair value | | | | |
| Investment in equity shares | 0.31 | - | - | 0.31 |
| Derivative contracts | - | 120.59 | - | 120.59 |

As at 31 December 2017

| in Rupees million | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
| Financial assets at fair value | | | | |
| Investment in equity shares | 0.27 | - | - | 0.27 |
| Financial liabilities at fair value | | | | |
| Derivative contracts | - | 38.37 | - | 38.37 |

i) The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

ii) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

iii) The Company assessed that cash and bank balances, trade receivables, trade payables, short term borrowings and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

iv) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as level 1. Fair value of borrowings which do not have an active market or are

unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.

v) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

vi) There have been no transfers between Level 1, level 2 and Level 3 for the years ended 31 December 2018 and 31 December 2017.

c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts and currency swaps. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" to the extent possible. The Company does not hold or issue derivative financial instruments for trading purpose. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

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

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|-------------------------------------|----------------------|-------------|----------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Foreign currency forwards and swaps | 120.59 | - | - | 38.37 |
| Classified as: | | | | |
| Non- Current | - | - | - | 35.45 |
| Current | 120.59 | - | - | 2.92 |

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

| USD million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---------------------------|----------------------|----------------------|
| Foreign currency forwards | | |
| Purchase | 0.92 | - |
| Sale | - | 1.71 |
| Foreign currency swaps | 23.28 | 38.94 |

| Euro million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---------------------------|----------------------|----------------------|
| Foreign currency forwards | | |
| Purchase | 0.19 | - |
| Sale | - | 1.17 |

42. Financial Risk Management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

a) Market risk - Foreign currency exchange rate risk:

The Company enter into sale and purchase transactions and borrowings denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Company manages the risk from currency exposures for all major items through hedging mechanism primarily by use of forward exchange contracts..

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

| in Rupees million | Monetary assets | | Monetary liabilities | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| US Dollar in India | 207.56 | 214.11 | 1,770.88 | 2,585.25 |
| Euro in India | 43.99 | 108.66 | 682.73 | 438.83 |
| GBP in India | - | - | 17.55 | 13.54 |
| AUD in India | - | - | 1.22 | - |
| SGD in India | - | - | 11.76 | 20.63 |
| JPY in India | - | - | 9.18 | 2.67 |
| BDT in India | - | 0.08 | 0.08 | 0.08 |
| MYR in India | - | - | 0.01 | - |
| THB in India | - | - | 0.50 | 0.50 |

Of the above foreign currency

| in Rupees million | Monetary assets | | Monetary liabilities | |
|--------------------|----------------------|----------------------|----------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| US Dollar in India | 86.97 | 101.80 | 145.15 | 91.83 |
| Euro in India | 43.99 | 16.12 | 682.73 | 438.83 |
| GBP in India | - | - | 17.55 | 13.54 |
| AUD in India | - | - | 1.22 | - |
| SGD in India | - | - | 11.76 | 20.63 |
| JPY in India | - | - | 9.18 | 2.67 |
| BDT in India | - | 0.08 | 0.08 | 0.08 |
| MYR in India | - | - | 0.01 | - |
| THB in India | - | - | 0.50 | 0.50 |

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk:

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an decrease/increase in the Company's net profit before tax by approximately Rs.85.02 million for the year ended 31 December 2018 (31 December 2017: Rs.45.01 million).

b) Market risk - Interest rate risk:

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Interest rate risk for the company is primarily mitigated by hedging through interest rate swaps which ensures fixed interest rate for the borrowed amount.

Interest rate sensitivity analysis

The company manages its interest rate risk by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates

Interest rate SWAP contracts

The company enters interest rate swaps to hedge interest rate risks. Under the interest rate swap contracts, the company exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of changing interest rates on the fair value of fixed rate debt.

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

| Cash flow hedges Outstanding receive Floating pay fixed contracts in Rupees million | Average contracted fixed interest rate | | Nominal Value | | Fair Value Asset/(Liabilities) | |
|--|---|----------------------|----------------------|----------------------|--------------------------------|----------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 | As at 31 Dec 2018 | As at 31 Dec 2017 |
| Outstanding receive floating pay fixed contracts | | | | | | |
| Foreign Currency term loan from bank of USD 5.82 million (31 December 2017: USD 5.82 millions) | 7.99% | 7.99% | 375.00 | 375.00 | 30.65 | (7.95) |
| Foreign Currency term loan from bank of USD 17.46 million (31 December 2017: USD 17.46 millions) | 7.99% | 7.99% | 1,125.00 | 1,125.00 | 89.76 | (27.50) |
| Rupee term loan from bank (31 December 2017: USD 15.67 millions) | | 8.99% | | 1,000.00 | | (6.02) |

over the duration of its borrowings for all its foreign currency long term loans. As at 31 December 2018, for all the long term foreign currency loans, the company has an interest rate swap, wherein the floating interest rates are converted into fixed interest rates.

The sensitivity analysis given below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Profit for the year ended 31 December 2018 would increase/decrease by Rs. 7.50 Million (as at 31 December 2017 Rs. 12.50 Million).

The interest rate swap contracts are settled on cash basis. The company settles the difference between the fixed and floating interest rate on a net basis. The fair value on this interest rate swap contracts are included in schedule "Other financial assets/liabilities – Mark to market on derivative contracts". The net change in fair value of the Derivative Instruments (forward exchange contracts) during the current year ended 31 December 2018 is Rs. 158.96 Million, (as at 31 December 2017 Rs. 248.27 Million).

ii) Counter-party credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. Financial instruments that are subject to concentrations of credit risk, principally consist of trade receivables, finance receivables, loans and advances and derivative financial instruments. Company regularly reviews the credit

limits of the customers and takes action to reduce the risk. Further diverse and large customer bases also reduces the risk. All trade receivables are reviewed and assessed for default on quarterly basis.

The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings.

iii) Liquidity risk:

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The Company follows a prudent and conservative policy for safeguarding liquidity. It regularly monitors the rolling cash flow forecasts to ensure its cash flows are arranged on an on-going basis to meet operational requirement. In line with this the Company has established adequate credit facilities with banks to cater to manage the liquidity requirement. Short-term and medium term liquidity are supported through the bank and inter-company borrowing at a competitive rates.

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

| in Rupees million | Carrying Amount | Undiscounted amount payable within 1 year | Between 1 to 5 years | More than 5 years | Total |
|--|-----------------|---|----------------------|-------------------|-----------|
| As at 31 December 2018 | | | | | |
| Non-derivative liabilities | | | | | |
| Borrowings | 11,896.92 | 7,729.16 | 4,167.76 | - | 11,896.92 |
| Trade payables (including acceptances) | 3,149.68 | 3,149.68 | - | - | 3,149.68 |
| Security deposits | 111.30 | 111.30 | - | - | 111.30 |
| Unpaid dividend | 3.89 | 3.89 | - | - | 3.89 |
| Other Payables | 787.18 | 787.18 | - | - | 787.18 |
| Derivative liabilities | | | | | |
| Forward exchange contracts | - | - | - | - | - |
| As at 31 December 2017 | | | | | |
| Non-derivative liabilities | | | | | |
| Borrowings | 12,818.64 | 5,055.07 | 7,763.57 | - | 12,818.64 |
| Trade payables (including acceptances) | 2,607.86 | 2,607.86 | - | - | 2,607.86 |
| Security deposits | 177.58 | 177.58 | - | - | 177.58 |
| Unpaid dividend | 4.00 | 4.00 | - | - | 4.00 |
| Other Payables | 650.16 | 650.16 | - | - | 650.16 |
| Derivative liabilities | | | | | |
| Forward exchange contracts | 38.37 | - | - | - | - |

43. Segment information

a) Product and services from which reportable segments drive their revenues:

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on product and services. Accordingly, management of the company has chosen to organise the segment based on its products and services as follows:

- Gases and Related Products
- Project Engineering

The company's chief operating decision maker is the Managing Director.

Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable.

The company's financing and income taxes are managed on a company level and are not allocated to operating segments.

Inter-segment revenue has been recognised at cost.

b) Information about business segment

| in Rupees million | 31 December 2018 | | | 31 December 2017 | | |
|--|----------------------------|---------------------|------------------|----------------------------|---------------------|------------------|
| | Gases and Related Products | Project Engineering | Total | Gases and Related Products | Project Engineering | Total |
| 1 Segment revenue | | | | | | |
| External revenue | 18,013.44 | 3,895.76 | 21,909.20 | 18,010.21 | 3,128.52 | 21,138.73 |
| - India | - | 3,362.43 | | - | 2,326.03 | |
| - Outside India | - | 533.33 | | - | 802.49 | |
| Interest income | 7.34 | - | 7.34 | 11.14 | - | 11.14 |
| Total external revenue (A) | 18,020.78 | 3,895.76 | 21,916.54 | 18,021.35 | 3,128.52 | 21,149.87 |
| Inter segment revenue (B) | - | 153.68 | 153.68 | - | 251.56 | 251.56 |
| Total segment revenue (A) + (B) | 18,020.78 | 4,049.44 | 22,070.22 | 18,021.35 | 3,380.08 | 21,401.43 |
| Less: Inter segment elimination | | | (153.68) | | | (251.56) |
| Total revenue | | | 21,916.54 | | | 21,149.87 |
| 2 Segment results | 1,626.48 | 542.19 | 2,168.67 | 1,321.62 | 503.48 | 1,825.10 |
| Finance cost - unallocable | | | (1,027.01) | | | (1,164.69) |
| Other unallocable expenses | | | (669.96) | | | (443.85) |
| Profit before tax and exceptional item | | | 471.70 | | | 216.56 |
| Exceptional item | | | - | | | (55.00) |
| Profit before tax | | | 471.70 | | | 161.56 |
| Less: Tax expense | | | 136.84 | | | (27.82) |
| Profit after tax | | | 334.86 | | | 189.38 |
| 3 Segment assets | 28,577.45 | 3,093.83 | 31,671.28 | 29,661.88 | 2,946.67 | 32,608.55 |
| Unallocated assets | | | 2,080.67 | | | 1,083.30 |
| Total assets | | | 33,751.95 | | | 33,691.85 |
| 4 Segment liabilities | 3,813.39 | 2,239.76 | 6,053.15 | 3,111.59 | 2,167.93 | 5,279.52 |
| Unallocable liabilities | | | 13,430.74 | | | 14,335.16 |
| Total liabilities | | | 19,483.89 | | | 19,614.68 |

c) Other segment information

| in Rupees million | 31 December 2018 | | | 31 December 2017 | | |
|--|----------------------------|---------------------|-------------|----------------------------|---------------------|-------------|
| | Gases and Related Products | Project Engineering | Unallocable | Gases and Related Products | Project Engineering | Unallocable |
| 1 Depreciation and amortisation | 1,953.00 | 3.87 | 34.51 | 2,032.27 | 4.68 | 25.60 |
| 2 Addition to fixed assets (net of disposal) | 759.18 | 8.62 | 88.97 | 1,285.43 | 2.80 | 4.54 |

d) Revenue from major products

| in Rupees million | Year ended 31 Dec 2018 | Year ended 31 Dec 2017 |
|--------------------------------|---------------------------|---------------------------|
| (i) Gases and Related Products | | |
| Air separation unit gases | 16,920.19 | 17,106.62 |
| Other cylinder gases | 596.96 | 524.55 |
| Others | 496.29 | 379.04 |
| (i) Project Engineering | | |
| Construction contracts | 3,895.76 | 3,128.52 |
| | 21,909.20 | 21,138.73 |

The Company operates predominantly within the geographical limits of India. In the company's operations within India, there is no significant difference in the economic condition prevailing in the various states of India. Revenue from sales to customers outside India is less than 10% in the current and previous year. Hence, disclosures on geographical segments are not applicable.

e) Information about major customers

Included in the revenue arising from direct sales of products and services of Rs. 21,909.20 million, (31 December 2017: Rs. 21,138.73 million) are revenues of approximately Rs. 7,694.61 million (31 December 2017: Rs. 7,838.86 million) which arose from the sale to company's top two customers. No other single customer contributed 10% or more of the company's revenue for both 2018 and 2017.

Notes:

- i) Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before other income and finance cost and tax expenses. Segment results reviewed by CODM also excludes income or expenses which are non recurring in nature or classified as exceptional.
- ii) The accounting policies of the reportable segments are same as of the companies accounting policies (Refer Note 2).

44. Information on Related Party Disclosure

A) List of Related Parties

i) Ultimate Holding Company

Linde Public Limited Company, Ireland From 01 November 2018

ii) Intermediate Holding Company

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

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

The BOC Group Limited, United Kingdom

(Wholly owned Subsidiary of Linde Aktiengesellschaft, Germany)

iv) Fellow Subsidiaries and Joint Venture with whom transactions have taken place during the year

a) Located outside India

| Fellow Subsidiary | Country |
|--|--------------------------|
| Linde Bangladesh Limited | Bangladesh |
| BOC (China) Holdings Co. Limited. | China |
| Linde Electronics & Speciality Gases (Suzhou) Co. Limited. | China |
| Linde Engineering (Dalian) Co. Ltd. | China |
| Linde Kryotechnik AG | Switzerland |
| Cryostar SAS | France |
| Linde Gáz Magyarország Zrt. | Hungary |
| PT. Linde Indonesia | Indonesia |
| Linde Korea | Korea |
| Linde Malaysia Sdn. Bhd. | Malaysia |
| Linde ROC SDN. BHD. | Malaysia |
| Linde Gas Asia Pte Ltd Philippines - ROHQ | Philippines |
| Linde Philippines Inc | Philippines |
| Linde Gas Singapore Pte Limited | Singapore |
| Linde Gas Asia Pte Limited | Singapore |
| Linde Treasury Asia Pacific Pte Limited | Singapore |
| BOC Limited (Australia) | Australia |
| Ceylon Oxygen Limited | Sri Lanka |
| BOC Limited - ENG (Gases) | United Kingdom |
| Linde Cryoplants Limited | United Kingdom |
| Linde Gas North America LLC E&S Gas | United States of America |
| Linde Engineering North America Inc. | United States of America |
| Linde (Thailand) Public Company Limited | Thailand |
| BOCLH Industrial Gases (Songjiang) Co., Ltd. | China |
| Shanghai BOC Gases Co., Ltd. | China |
| Division Linde Global Helium | United States of America |
| PU Linde LLC | United States of America |
| Linde EOX SDN. BHD. | Malaysia |

b) Located in India

| Fellow Subsidiary | |
|--|--|
| Linde Global Support Services Private Limited | |
| Linde Engineering India Private Limited | |
| Praxair India Private Limited (From 1 November 2018) | |
| Joint Venture | |
| Bellary Oxygen Company Private Limited | |

v) Key Management Personnel of the Company

Mr. M Banerjee, Managing Director

Mr. Indranil Bagchi, Chief Financial Officer

Mr. P Marda, Asst Vice President & Company Secretary

B) Transactions with Related Parties during the year

| Nature of Transaction (in Rupees million) | Intermediate holding company* | Holding Company | Fellow Subsidiaries | Joint Venture | Key Management Personnel |
|--|----------------------------------|--------------------|------------------------|-------------------|-----------------------------|
| Purchase of Goods - Gases, Equipment/Spares | 278.78 (249.71) | - - | 556.74 (472.79) | 94.14 (105.19) | - - |
| Purchase of Fixed Assets / Capital Spares | 64.84 (42.44) | - - | 20.36 (38.95) | - - | - - |
| Support Services - Engineering Assistance, IS Charges & Technical Assistance Fees | 249.84 (265.83) | 8.44 (19.02) | 189.30 (221.85) | - - | - - |
| Service Charges Received -Facility Fees Income | - - | - - | 6.69 (6.24) | - - | - - |
| Sale of Goods/Spares/Services &, Revenue from Construction Contract | 119.11 (15.68) | - - | 361.99 (781.74) | 14.84 (14.30) | - - |
| Recovery of Personnel Cost | 12.08 (9.46) | 3.61 - | 82.53 (79.74) | 6.15 (7.61) | - - |
| Reimbursement of Expenses | (1.50) (0.07) | - - | 0.50 (0.14) | 1.02 - | - - |
| Rental Income | - - | - - | 18.96 (18.96) | - - | - - |
| Managerial Remuneration | - - | - - | - - | - - | 64.00 (44.83) |
| Dividend Paid | - - | 63.96 (47.97) | - - | - - | - - |
| Dividend Received | - - | - - | - - | 142.50 (90.00) | - - |
| Borrowings during the year | - - | - - | 1,000.00 (500.00) | - - | - - |
| Repayment of Borrowings | 2,554.76 (1,860.75) | - - | 100.00 - | - - | - - |
| Interest on Borrowings | 610.46 (804.35) | - - | 152.69 (89.40) | - - | - - |
| Outstanding balances: | | | | | |
| - Receivables | 43.68 (16.38) | 4.41 (0.80) | 166.30 (213.92) | 12.21 (30.62) | - - |
| - Payables | 421.19 (267.49) | (0.01) (30.39) | 397.51 (392.92) | 42.25 (121.11) | - - |
| - Payables for Borrowings | 6,277.77 (8,832.53) | - - | 2,400.00 (1,500.00) | - - | - - |
| - Interest accrued but not due | 118.52 (162.96) | - - | 12.64 (7.48) | - - | - - |
| - Advance to Vendors/Capital Advances | 5.09 (101.99) | - - | 82.68 (68.08) | - - | - - |
| - Advance from Customer | - - | - - | 1.73 (341.59) | - - | - - |

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

45. Leases

The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company.

A. Operating leases as a lessor:

Significant leasing arrangements include lease of plant and machinery dedicated for use under long term arrangements for periods ranging between 12 to 20 years with renewal option. Receivable under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets on contractual terms and conditions. Any change in the allocation assumptions may have an impact on the lease assessment and/or lease classification.

Future minimum lease payments under non-cancellable operating leases are as below:

| in Rupees million | As at 31 Dec 2018 | As at 31 Dec 2017 |
|---|----------------------|----------------------|
| Future minimum lease payments | | |
| not later than one year | 820.66 | 724.09 |
| later than one year and not later than five years | 3,228.24 | 2,853.75 |
| later than five years | 8,257.94 | 8,498.26 |
| | 12,306.84 | 12,076.10 |

B. Finance leases as a lessor:

Certain plant and machinery has been made available by the Company to the customers under a finance lease arrangement. The arrangements covers a substantial part of the economic life of the underlying asset and contain a renewal option on expiry. Receivables under long term arrangements involving use of dedicated assets are based on the underlying contractual terms and conditions. Any change in the assumptions may have an impact on lease assessment and/or lease classification.

Such assets given under the lease arrangement have been recognised, at the inception of the lease as a receivable at an amount equal to the net investment in the lease. The finance income arising from the lease is being allocated based on a pattern reflecting constant periodic return on the net investment in the lease.

The minimum lease receivable and the present value of minimum lease receivables in respect of arrangements classified as finance leases are as below:

| in Rupees million | As at 31 Dec 2018 | | As at 31 Dec 2017 | |
|---|------------------------------|---|------------------------------|---|
| | Minimum Lease payments | Present value of minimum lease payments | Minimum Lease payments | Present value of minimum lease payments |
| Not later than one year | 7.68 | 2.43 | 20.99 | 8.37 |
| Later than one year and not later than five years | 30.72 | 5.53 | 30.72 | 7.32 |
| Later than five years | 5.76 | 0.56 | 13.44 | 1.69 |
| Total future minimum lease commitments | 44.16 | 8.53 | 65.15 | 17.38 |
| Less: Unearned finance income | 20.48 | | 27.82 | |
| Present value of minimum lease payments receivable | 23.68 | | 37.33 | |
| Disclosed as: | | | | |
| Other financial asset - finance lease receivable (refer note 8) | | | | |
| Non-Current | 21.52 | | 11.47 | |
| Current | 2.16 | | 25.86 | |
| | 23.68 | | 37.33 | |

C. Operating lease as a lessee:

Company has taken various residential and office premises under operating lease or leave and license agreements. There agreements are for period of 11 months to 3 years, cancellable during the life of the contract at the option of both the parties and do not contain stipulation for increase in lease rental. Minimum lease payment charged during the year to the statement of profit and loss aggregated to Rs. 73.26 million (31 December 2017: Rs. 64.56 million)(Refer note 31).

46. Interest in Joint Venture

a) Details of the Company's material joint venture at the end of the reporting period are as follows:

| Name of the Joint Venture | Principal Activity | Place of Incorporation and Place of Operation | Proportion of Ownership Interest and Voting power held by the Group | | Quoted (Y/N) |
|--|----------------------------------|---|---|-------------------|--------------|
| | | | As at 31 Dec 2018 | As at 31 Dec 2017 | |
| Bellary Oxygen Company Private Limited (Belloxy) | Production and sale of air gases | Karnataka, Bellary | 50% | 50% | N |

b) Summary of financial information

| in Rupees million | Belloxy Oxygen India Private Limited | |
|---|--------------------------------------|-------------------|
| | As at 31 Dec 2018 | As at 31 Dec 2017 |
| Current Assets | 271.37 | 379.42 |
| Non Current Assets | 1,118.62 | 1,189.44 |
| Current Liabilities | 49.18 | 87.67 |
| Non Current Liabilities | 278.51 | 323.91 |
| Equity | 1,062.30 | 1,157.28 |
| Revenue | 1,048.94 | 1,082.02 |
| Expenses | 761.05 | 828.83 |
| Profit / (Loss) before tax for the year | 287.89 | 253.19 |
| Tax Expense | 39.53 | 91.52 |
| Profit after tax for the year | 248.36 | 161.67 |
| Profit attributable to the owners of the Company | 124.18 | 80.83 |
| Profit attributable to the non controlling interest | 124.18 | 80.84 |
| Profit for the year | 248.36 | 161.67 |
| Other Comprehensive Income attributable to the owners of the Company | - | - |
| Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest | - | - |
| Other Comprehensive Income | - | - |
| Total Other Comprehensive Income attributable to the owners of the Company | - | - |
| Total Other Comprehensive Income Profit / (Loss) attributable to the non controlling interest | - | - |
| Total Other Comprehensive Income | 248.36 | 161.67 |
| Dividends paid to non controlling interest | | |
| Net Cash Flow from operating activities | 332.83 | 227.73 |
| Net Cash Flow from investing activities | 8.66 | (8.24) |
| Net Cash Flow from financing activities | (345.39) | (214.17) |
| Net Cash inflow (outflow) | (3.90) | 5.32 |

c) Company's transaction with Bellary Oxygen Company Private Limited, being a related party during the year ended 31 December 2018 are disclosed under note 44.

d) As the Investment in Bellary Oxygen Company Private Limited has been classified as asset held for sale (refer note 14), share of profit after the date of such classification has not been considered in this financial statements.

47. Details of net asset and share of profit of individual entity in the consolidated net assets and consolidated share of profit

As at 31 Dec 2018

| Name of the entity | Net assets | | Share of profit | |
|--|---------------------------------|------------------|---------------------------------|---------------|
| | As % of consolidated net assets | Amount | As % of consolidated net profit | Amount |
| A. Parent | | | | |
| Linde India Limited | 97% | 14,268.06 | 75% | 192.36 |
| B. Jointly controlled entity | | | | |
| Bellary Oxygen Company Private Limited | 4% | 531.15 | 37% | 95.01 |
| Adjustment due to consolidation* | -1% | (180.45) | -12% | (30.45) |
| Consolidated Net Assets/ Profit after tax | 100% | 14,618.76 | 100% | 256.92 |

As at 31 Dec 2017

| Name of the entity | Net assets | | Share of profit | |
|--|---------------------------------|------------------|---------------------------------|---------------|
| | As % of consolidated net assets | Amount | As % of consolidated net profit | Amount |
| A. Parent | | | | |
| Linde India Limited | 97% | 14,077.17 | 61% | 99.38 |
| B. Jointly controlled entity | | | | |
| Bellary Oxygen Company Private Limited | 4% | 578.64 | 39% | 62.51 |
| Adjustment due to consolidation | -1% | (150.00) | | |
| Consolidated Net Assets/ Profit after tax | 100% | 14,505.81 | 100% | 161.89 |

* Includes adjustment of Rs. 30.45 million, being share of profit after the date, Investment in Bellary Oxygen Company Private Limited has been classified as asset held for sale. (Refer note 14)

48. Dividends

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. On 19 February 2019 the Board of Directors of the Company have proposed a dividend of Rs. 1.50 per share in respect of the year ended 31 December 2018, subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of Rs.154.22 million inclusive of a dividend distribution tax of Rs. 26.29 million.

49. The financial statements were approved for issue by the Board of Directors on 19 February 2019.

I BAGCHI, Chief Financial Officer
Membership No. : 057564

P MARDA, Asst. Vice President & Company Secretary
Membership No. : A8625

For and on behalf of Board of Directors of
Linde India Limited
CIN: L40200WB1935PLC008184
S LAMBA, Chairman DIN : 00320753
J MEHTA, Director DIN : 00033518
M BANERJEE, Managing Director DIN : 00273101

Mumbai
19 February 2019

Independent auditor's report.

To the Members of Linde India Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Linde India Limited (hereinafter referred to as "the Company") and its joint venture, comprising the Consolidated Balance Sheet as at 31 December 2018 the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Company including its Joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the Company and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its joint venture as at 31 December 2018 and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Company as on 31 December 2018 taken on record by the Board of Directors of the Company and its joint venture company, none of the directors of the Company and its joint venture company is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and its joint venture. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company and its joint venture's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company and its joint venture company to its directors is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its joint venture.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company and its joint venture.

Annexure A to the independent auditor's report.

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 December 2018 we have audited the internal financial controls over financial reporting of Linde India Limited (hereinafter referred to as "the Company") and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its joint venture, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its joint venture, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Company and its joint venture, which

are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Ten-year financial data.

Ten-Year Financial Data

| in Rupees million | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales | | | | | | | | | | |
| Home | 8,245.6 | 10,214.8 | 11,577.1 | 12,577.2 | 14,260.9 | 15,700.5 | 16,747.4 | 19,285.6 | 20,336.2 | 21,375.9 |
| Export | 113.6 | 146.3 | 104.5 | 1,425.8 | 771.1 | 242.1 | 150.7 | 490.4 | 802.5 | 533.3 |
| Profit/ (Loss) before Tax and Exceptional Item | 920.0 | 1,295.7 | 1,748.5 | 536.4 | 663.4 | 35.8 | 100.6 | 102.1 | 216.6 | 471.7 |
| Tax | 376.1 | 359.4 | 531.9 | 164.6 | 317.3 | -18.2 | 196.1 | -32.0 | -27.8 | 136.8 |
| Profit/ (Loss) after Tax, before Exceptional Item | 543.9 | 936.3 | 1,216.6 | 371.8 | 346.1 | 54.0 | 296.7 | 134.1 | 244.4 | 334.9 |
| Exceptional Item, (net of Tax) | (11.5) | - | - | 523.0 | 427.2 | - | (62.1) | - | 55.0 | - |
| Profit after Tax | 532.4 | 936.3 | 1,216.6 | 894.8 | 773.3 | 54.0 | 234.6 | 134.1 | 189.4 | 334.9 |
| Share Capital | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 | 852.8 |
| Reserves and Surplus | 9,728.4 | 10,297.8 | 11,767.0 | 12,486.3 | 13,420.4 | 13,039.4 | 13,073.0 | 13,100.6 | 13,224.3 | 13,415.2 |
| Shareholders' Funds | 10,581.2 | 11,150.6 | 12,619.8 | 13,339.1 | 14,273.3 | 13,892.2 | 13,925.8 | 13,953.4 | 14,077.2 | 14,268.1 |
| Loan Funds | 1,176.1 | 4,691.6 | 8,380.3 | 10,989.6 | 15,278.1 | 15,644.3 | 13,882.6 | 14,453.5 | 12,818.6 | 11,896.9 |
| Total Capital Employed | 11,757.3 | 15,842.2 | 21,000.1 | 24,328.7 | 29,551.4 | 29,536.5 | 27,808.4 | 28,407.0 | 26,895.8 | 26,165.0 |
| Debt - Equity (%) | 11.1 | 42.1 | 66.4 | 82.4 | 107.0 | 112.6 | 99.9 | 103.5 | 91.1 | 83.4 |
| Gross Block (includes capital Work-in-progress) | 14,958.0 | 20,624.2 | 19,801.6 | 28,549.8 | 31,013.8 | 34,254.9 | 37,428.4 | 28,421.5 | 29,270.5 | 27,393.5 |
| Depreciation (includes Impairment) | 3,792.2 | 4,326.2 | 4,883.3 | 5,946.9 | 6,927.8 | 8,686.2 | 10,087.0 | 1,891.2 | 3,935.8 | 5,333.4 |
| Net Block (includes Capital Work in Progress) | 11,165.8 | 16,298.0 | 14,918.3 | 22,602.9 | 24,086.0 | 25,568.7 | 27,341.5 | 26,530.3 | 25,334.7 | 22,060.1 |
| Investments | 150.0 | 150.0 | 150.0 | 150.0 | 150.1 | 150.1 | 150.1 | 150.2 | 150.3 | 0.3 |
| Net Current Assets ¹ | 1,188.6 | 192.0 | 66.1 | 1,023.8 | 2,129.0 | 1,869.1 | 1,478.8 | 2,116.6 | 1,607.8 | 1,743.0 |
| Dividend ² | | | | | | | | | | |
| (Incl. Tax thereon) | 149.7 | 149.1 | 148.7 | 148.7 | 149.7 | 153.5 | 77.0 | 77.0 | 102.8 | 154.2 |
| Rate of Dividend ² | 15% | 15% | 15% | 15% | 15% | 15% | 7.5% | 7.5% | 10.0% | 15.0% |
| No. of Issued Shares | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 | 8,52,84,223 |
| Earnings per Share (Rs.) | 6.24 | 10.98 | 14.26 | 10.49 | 9.07 | 0.63 | 3.48 | 1.57 | 2.22 | 3.93 |
| No. of Shareholders | 26,759 | 21,824 | 20,364 | 20,883 | 20,590 | 19,183 | 19,132 | 19,537 | 21,586 | 18,323 |
| No. of Employees | 666 | 726 | 797 | 797 | 839 | 832 | 737 | 754 | 735 | 808 |

Note 1: Net Current assets excludes short term borrowings an current maturities of long term borrowings.

Note 2: Dividend for 2018 is proposed and not provided in accounts for the year ended 31.12. 2018.

Note 3: 2016, 2017 & 2018 as per Ind AS; previous GAAP for earlier years.

Note 4: Year 2011 figures are updated as per revised schedule VI requirement wherever necessary.

Notes.

Linde India Limited

CIN: L40200WB1935PLC008184

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