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 it's 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 2019, 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 familarisation 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.

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:

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

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

Secretarial Standards

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

Related Party Transactions

All related party transactions entered during the year were in ordinary course of business and on arm's length basis and the same have been disclosed under Note 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