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:

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.

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 recognizes a collateralised borrowing for the proceeds received. On de-recognition of a Financial Asset (except for Financial Assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit & Loss.

(b) Financial liabilities and equity instruments
Classification as debt or equity
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

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

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

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

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

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

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

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

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives

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

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

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

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

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

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

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

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

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

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

3. New 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 account 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 Quoted	As at 31 Dec. 2018 Unquoted	As at 31 Dec. 2017 Quoted	As at 31 Dec. 2017 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 Non current	As at 31 Dec. 2018 Current	As at 31 Dec. 2017 Non current	As at 31 Dec. 2017 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	860.00	860.00
(31 December 2017: 86,000,000 Equity Shares of Rs. 10 each)		
	860.00	860.00
Issued:		
85,286,209 Equity Shares of Rs. 10 each	852.86	852.86
(31 December 2017: 85,286,209 Equity Shares of Rs. 10 each)		
	852.86	852.86
Subscribed and paid up :		
85,284,223 Equity Shares of Rs. 10 each	852.84	852.84
(31 December 2017: 85,284,223 Equity Shares of Rs. 10 each)		
	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 Share capital		As at 31 Dec. 2017 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	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	
	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	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	5,445.90	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	
Long term borrowings	Non current	Current portion of long term borrowings*	Non current	Current portion of 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 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	Average contracted fixed interest rate		Nominal Value		Fair Value Asset/(Liabilities)	
in Rupees million	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:

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

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	-	556.74	94.14	-
	(249.71)	-	(472.79)	(105.19)	-
Purchase of Fixed Assets / Capital Spares	64.84	-	20.36	-	-
	(42.44)	-	(38.95)	-	-
Support Services - Engineering Assistance, IS Charges & Technical Assistance Fees	249.84	8.44	189.30	-	-
	(265.83)	(19.02)	(221.85)	-	-
Service Charges Received -Facility Fees Income	-	-	6.69	-	-
	-	-	(6.24)	-	-
Sale of Goods/Spares/Services & , Revenue from Construction Contract	119.11	-	361.99	14.84	-
	(15.68)	-	(781.74)	(14.30)	-
Recovery of Personnel Cost	12.08	3.61	82.53	6.15	-
	(9.46)	-	(79.74)	(7.61)	-
Reimbursement of Expenses	(1.50)	-	0.50	1.02	-
	(0.07)	-	(0.14)	-	-
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	-	100.00	-	-
	(1,860.75)	-	-	-	-
Interest on Borrowings	610.46	-	152.69	-	-
	(804.35)	-	(89.40)	-	-
Outstanding balances:					
- Receivables	43.68	4.41	166.30	12.21	-
	(16.38)	(0.80)	(213.92)	(30.62)	-
- Payables	421.19	(0.01)	397.51	42.25	-
	(267.49)	(30.39)	(392.92)	(121.11)	-
- Payables for Borrowings	6,277.77	-	2,400.00	-	-
	(8,832.53)	-	(1,500.00)	-	-
- Interest accrued but not due	118.52	-	12.64	-	-
	(162.96)	-	(7.48)	-	-
- Advance to Vendors/ Capital Advances	5.09	-	82.68	-	-
	(101.99)	-	(68.08)	-	-
- Advance from Customer	-	-	1.73	-	-
	(22.06)	-	(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 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