

Sect/57

21 July 2020

The General Manager [BSE Listing Centre] Department of Corporate Services BSE Limited New Trading Ring, Rotunda Building 1 st Floor, P.J.Towers, Dalal Street, Fort Mumbai - 400 001	The Manager [NSE NEAPS] Listing Department National Stock Exchange of India Limited Exchange Plaza, 5 th Floor Plot No. C/1, G- Block Bandra Kurla Complex, Bandra (E) Mumbai – 400 051
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Dear Sir/Madam,

**Disclosure on material impact of COVID-19 pandemic
under Regulation 30 of the SEBI (Listing Obligations and
Disclosure Requirements) Regulations, 2015**

This refers to SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20 May 2020 on the captioned subject. As required by the said circular, the disclosure on material impact of COVID-19 pandemic and the consequent nation-wide lockdown imposed by the Government of India on the Company is as follows:

1. Impact of COVID-19 pandemic on the business and ability to maintain operations including the factories/units/office spaces- functioning and closed down

The COVID-19 pandemic has had an unprecedented impact on the country, its people and the economy as a whole. As a preventive measure, the Government of India announced a nationwide lockdown from 25 March 2020 to contain the spread of COVID-19. However, the impact of various actions of the Government as a precursor to the lockdown was being felt from mid-March 2020 mainly in the form of disruptions in supply chain and further contraction of demand.

While there were large scale disruptions in manufacturing and supply chain across industry segments on account of the nation-wide lockdown, some of the industries such as iron and steel, pharma, FMCG, and the healthcare sector were specifically exempted by the Government of India from such lockdown. Under such circumstances, the Company took measures to sustain operations at its onsite Air Separation Units and PGP plants with minimum manning, maintaining social distancing, use of PPEs and extensive use of technology with a view to support demand mainly from iron and steel and healthcare customers. Special efforts were made to sustain the movement of tankers, carrying industrial and medical products by implementing measures such as rotation and coaching of drivers and helpers on minimizing contact during deliveries, providing sufficient PPEs to them, implementing sanitization of vehicles and contaminated cylinders, etc. and ensuring necessary safety precautions for sustaining the operation of Transport Operating Centre and National Scheduling Centre at the Head Office with reduced manning.

The back-office function such as Human Resources, Finance, IT, Procurement, Legal and other corporate functions were permitted to work from home with extensive use of technology which is still continuing. With a view to support the employees working from home, the Company had provided additional laptops and desktops to them with access to virtual private network, SAP and various other IT applications.

Immediately following the nationwide lockdown, operations slowed down substantially for a short period, when we were able to operate only at ~30% % of the pre-COVID levels. The Company thereafter worked very closely with its customers, various government departments and agencies across the country to ensure policy and permit compliances and reboot the supply line. While the operations and the productivity had hit its bottom in the month of April 2020 at about 50% of the pre-COVID levels, gradual improvements have happened since May 2020, when the operations improved to about ~60%. The Company has now been able to ramp-up production to about 75 to 80% of the pre-COVID levels in June 2020. Many of our suppliers and customers in India who were not operating at all in the initial period of the lockdown, are now operational.

2. Steps taken to ensure smooth functioning of operations

The Company was quick to realize the risk posed by COVID-19 and with a view to ensuring health and safety of all employees issued “Work From Home” protocol effective from 18 March 2020. The Company also ensured support for other stakeholders and its response covered several areas – supporting our employees, maintaining safe operations and distribution to protect supplies, serving demand and contribution to the fight against COVID-19.

The Company’s actions covering supporting our employees, maintaining safe operations and distribution to protect supplies and serving demand have been covered under para 1 above. With regard to its contribution to the fight against COVID-19, the Company has made a contribution of Rs. 25,00,000/- to the PM Cares Fund and has also allocated a sum of Rs. 15,00,000/- towards COVID-19 relief work through GOONJ, an NGO. Besides, several employees of the Company have also voluntarily made contributions from their respective salaries, which has been forwarded by the Company to the PM Cares Fund.

3. Estimation of the future impact of COVID-19 on its operations

The future impact on the business operations is difficult to assess at this point, as the situation is unravelling at a fast pace. The concerns on macro impact of mini lockdowns across certain states and containment zones remain as we continue to make progress on Unlock phase 1. We are however, fully committed to working with the Government and our partners to ensure that we overcome this crisis together. Our portfolio of Gases, customer contracts and Project Engineering capabilities, our financial strength and Linde’s brand and strength of the management team give us a competitive advantage to deal with the crisis and the new normal.

4. Details of impact of COVID-19 on the Company’s capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements; assets, internal financial reporting and control, supply chain and demand for its products/services

The Company had re-paid significant part of its long-term borrowings during the last quarter of 2019 out of the proceeds from divestment of its South Region Divestment Business. The Company thus has a strong balance sheet and cash position. With further control on cashflows and receivables, the Company does not see any issues with regard to liquidity or ability to service its existing debts.

We have systematically reviewed all areas of cash generation and usage and re-evaluated all fixed costs with a view to implement cost reduction measures in the prevailing circumstances, so that we can continue to invest in best opportunities in the business.

While there will be some impact on our profitability in the short to medium term depending on the various possible scenarios, it is difficult to assess the exact quantum at this stage. The integrity of our financial model remains intact. The Company doesn’t foresee any incremental risk with regards to its ability to service financial arrangements and recoverability of its assets including inventory and receivables. Further, the management has amended two controls with regard to payment of vendor invoices on the basis of scanned copy of invoices and with regard to

urgent fund transfers, both of which are based on approvals from the functional heads and the appropriate levels in the finance organization.

5. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the business

The Company believes that it is well positioned to fulfil its obligations with respect to all the existing contracts and agreements. As such, we do not foresee any material impact arising from non-fulfilment of obligation by any party in existing contracts or agreements.

6. Other relevant material updates

a. Impact on the financial statements

The Company has published its unaudited financial results for the first quarter ended 31 March 2020 on 20 April 2020, which did not contain any material impact arising from COVID-19. The Company's second quarter and half yearly results for the quarter ended 30 June 2020 are scheduled to be approved by the Board of Directors on 30 July 2020. As mentioned above, it is difficult to make an exact assessment of the impact of COVID-19 as it will depend upon future developments and future actions towards its containment or treatment and mitigating its impact on the economy.

b. Impact on Belloxy Divestment Business

The Company's application to the Competition Commission of India (CCI) for approval of completion of the Belloxy Divestment as mandated by its Order dated 6 September 2018 was approved by the CCI only after the relaxation of the lockdown in June 2020. The CCI has granted Linde India a three-month extension up to 8 September 2020 and the Company is making efforts to complete the divestment within the timeline granted by the CCI.

You are requested to please take the above information on record.

Thanking you,

Yours faithfully,

PAWAN MARDIA
Digitally signed by PAWAN MARDIA
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Pawan Mardia
Asst. Vice President & Company Secretary