



1. Preamble

Linde India Limited (the “**Company**”) has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. As a member of the Linde plc Group, Linde India while carrying out its normal business activities does enter into certain transactions with its related parties namely, its ultimate holding company, Linde plc, its intermediate holding company, Linde GmbH, Germany (formerly known as Linde AG), its holding company, The BOC Group Ltd, associates, fellow subsidiaries, joint venture company(ies) etc., which are disclosed as per the requirement of the applicable law. Related Party Transactions would also include any remuneration paid to Directors, Managing Director and Key Managerial Personnel (KMP) of the Company including the contribution to retirement funds as approved by the Board or Shareholders or as covered by their terms of appointment or agreement in connection with their appointment to any office or place of profit in the Company or any of its subsidiaries or associates, if any.

The Company’s transactions with Linde plc or its subsidiaries or joint venture, etc. are generally to leverage technical know-how, optimization in purchases, best operating practices, management supervision, buying critical equipment and products of specific quality or safety specifications, availing or rendering of services to enhance process and operational efficiency, etc. It is always the endeavour of the Management to enter into transactions with the related parties in the ordinary course of business and at arm’s length basis.

In view of the mandate in Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**SEBI Listing Regulations**”) the Company has formulated this policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits (“**Policy**”) which have been duly approved by the Board of Directors and this policy has been periodically reviewed by the Board of Directors as required by Applicable Laws.

Pursuant to the opinion obtained from the eminent legal experts on the provisions relating to related party transactions, the Company’s policy on Related Party Transactions has been further reviewed by the Audit Committee to align the same with the provisions set out in Regulations 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Effective Date

This Policy originally became effective from 1st October, 2014 and was subsequently amended on 11th February, 2017, 11th November, 2020 and 1st October, 2021. This revised Policy is effective from 14th November, 2022.



3. Objective

The objective of this Policy is to set out the manner of dealing with the transactions between the Company and its related parties based on Applicable Laws.

4. Definitions

- i **“Applicable Laws”** means the Companies Act, 2013 (**“Companies Act”**) and the Rules made thereunder, the SEBI Listing Regulations, as amended from time to time.
- ii **“Arm’s Length Transaction”** means a transaction between two Related Parties that is conducted as if they were unrelated.
- iii **“Audit Committee”** means Audit Committee of Board of Directors of the Company.
- iv **“Board of Directors”** or **“Board”** means the Board of Directors of the Company.
- v **“Company”** means Linde India Limited.
- vi **“Key Managerial Personnel”** shall have the meaning as defined under Section 2(51) of the Companies Act;
- vii **“Material modifications”** mean any modifications to any of the existing Related Party Transactions which were previously approved by the Audit Committee or by the Board of Directors, as the case may be, during the year which has the effect of increasing the value of such Related Party Transactions by 25% or more or such other parameters as may be determined by the Audit Committee from time to time.
- viii **“Material Related Party Transactions”** shall mean a transaction with a Related Party which shall be deemed to be material in terms of Regulation 23 of the SEBI Listing Regulations;
- ix **“Related Party”** or **“Related Parties”** shall have the meaning as defined under Section 2(76) of the Companies Act and Regulation 2(1) (zb) of the SEBI Listing Regulations;
- x **“Related Party Transaction”** shall have the meaning as specified in sub-clause (a) to (g) of Sub-section (1) of Section 188 of the Companies Act, 2013, or as per Regulation 2(1)(zc) of the SEBI Listing Regulations;

Any other capitalized term used herein but not defined herein shall have the same meaning as defined in Applicable Law.

5. Policy

Taking into account the Applicable Law on Related Party Transactions, the Company’s policy on Related Party Transactions is as follows:



I. Identification of Related Parties:

The Company will identify and maintain a list of Related Parties.

II. Identification of Related Party Transactions:

The Company will identify the transactions with the Related Parties.

III. Review and approval of Related Party Transactions:

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Every Related Party Transaction and subsequent Material Modification thereto shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation.

Only Members of the Audit Committee, who are independent directors shall approve Related Party Transactions.

The Audit Committee may grant omnibus approval for such Related Party Transactions proposed to be entered into by the Company with Related Parties. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- a. Repetitiveness/frequency of the transactions in past/future;
- b. Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the business interest of the Company.

IV. The Audit Committee shall consider the following criteria for granting omnibus approval for any Related Party Transactions:

- a. The maximum value of all the Related Party Transactions with the concerned Related Party, in aggregate, in a Financial Year shall not exceed Rs.10,000 million or such higher amount as may be approved by the Board, from time to time.
- b. The maximum value per Related Party Transaction shall not exceed the following:
 - i. Rs.7500 million in respect of purchase/sale of plant, equipment, capital asset, etc.
 - ii. Rs.1500 million in respect of purchase/sale of gases, receiving/ rendering of services, recovery of expenses, etc. and generally items not covered in (i) above.
- c. Disclosing following matters to the Audit Committee at the time of seeking omnibus approval in a manner so as to enable effective decision making:

| Name of the related party and nature of relationship | Nature of transaction | Rationale for the Related Party Transaction | Maximum amount of transaction that can be entered into during the financial year | Indicative base price / current contracted price |
|--|-----------------------|---|--|--|
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- d. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval.
- e. Audit Committee shall not grant omnibus approval for following Related Party Transactions:
 - i. Related Party Transactions which are not in ordinary course of business or not at arm's length ;
 - ii. Related Party Transactions which are likely to be not repetitive in nature;
 - iii. Related Party Transactions in respect of selling or disposing of the undertaking of the Company;
 - iv. Related Party Transactions which are not in the interest of the Company; and
 - v. Such other transactions specified under Applicable Law from time to time.
- V. Such omnibus approval shall specify (i) the name(s) of the Related Party(ies); (ii) nature and period of the Related Party Transactions, (iii) the monetary limits of the Related Party Transactions; and (iv) such other conditions as the Audit Committee may deem fit in terms of the Applicable Law;
- VI. Where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval to such transactions subject to the value not exceeding Rs.10 million per Related Party Transaction.
- VII. Such omnibus approval shall be valid for a period not exceeding the Financial Year in which it is granted and shall require fresh approvals after the expiry of that Financial Year.
- VIII. In the event that any Related Party Transaction is not in the ordinary course of business or at arm's length as per provisions of Section 188 of the Companies Act or the rules made thereunder, the Company shall obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
- IX. All Material Related Party Transactions and subsequent Material Modifications thereto will be placed for the requisite prior approval of the shareholders of the Company. All omnibus approvals of shareholders to Material Related Party Transactions in any Annual General Meeting ("AGM") shall be valid upto the next AGM, not exceeding a period of fifteen months. In case of omnibus approvals of shareholders to Material Related Party Transactions at any General Meeting other than an AGM, the validity of such omnibus approvals shall not exceed one year.
- X. All entities falling under the definition of Related Parties shall not vote to approve the Related Party Transaction irrespective of whether the entity is a party to the particular



transaction or not.

- XI.** In order to ensure compliance with the prescribed thresholds, as an abundant caution, the Company has already taken approval of its shareholders by way of special resolution for entering into Material Related Party Transactions for purchase/sale of plant, equipment, critical spares, engineering, gases in bulk or in cylinders, etc. and for rendering or availing of services, borrowings and interest thereon and/or other transactions with Linde AG (now known as Linde GmbH), the erstwhile ultimate holding company of Linde India Limited, on an ongoing basis in every Financial Year subject to an aggregate limit of Rs 10,000 million for the total value of all Related Party Transactions with the said Linde AG, in each Financial Year of the Company.
- XII.** If prior approval of the Audit Committee/Board/General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction. The Audit Committee may ratify such transactions, or may put forth the Related Party Transactions before the Board along with its recommendations, and the Board may either ratify such Related Party Transactions or seek to avoid the same.
- XIII.** No Director or Key Managerial Personnel shall participate in any discussions for approval of a Related Party Transaction in which he or she is a Related Party, except that the Director/ Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.

6. Guiding Principles for approval of Related Party Transaction by the Board/Audit Committee

To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms and conditions of the Related Party Transaction, the business purpose of the Related Party Transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:

- Whether the terms of the concerned Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;



- Whether the Related Party Transaction would present an improper conflict of interest for any Director, Nominee for Director or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, Nominee for Director, KMP or other Related Party, the direct or indirect nature of the Director's Nominee, KMP or other Related Party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Disclosures

Details of all Related Parties Transactions on a consolidated basis shall be disclosed, on a half yearly basis, along with the half yearly standalone and consolidated financial statements, to the Stock Exchanges as per the format prescribed by SEBI. Further, the Company shall disclose the details of all Material Related Party Transactions, along with the quarterly compliance report on corporate governance, within 21 days of end of each quarter.

As prescribed by Regulation 46(2)(g) of the SEBI Listing Regulations the Company shall disclose this Policy on its website and provide weblink in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required under the Applicable Laws, from time to time, shall be disclosed in the Annual Report of the Company.

8. Amendment to the Policy

The Audit Committee will review this Policy at least once every three years and amend the same, as may be necessary, subject to the approval of the Board.

Any subsequent amendment/modification in the Applicable Laws in this regard shall automatically apply to this Policy.
