



Linde India Limited Nomination and Remuneration Policy

1. Introduction

Linde India Limited considers people as its most critical and valued resource. As a member of The Linde Group, the aim of the Company's HR strategy is to acquire the employees best suited to the organisation, to nurture and develop them, and reward excellence and to focus on a strong performance management system.

2. Scope of the Policy

The Nomination and Remuneration policy ("Policy") applies to the Directors and all employees of Linde India Limited.

3. Objectives of the Policy

In terms of the provisions of the Companies Act, 2013 read with applicable Rules framed there under and the Listing Agreement with the Stock Exchanges, this policy is being framed to have a defined guideline on the principles of nomination and remuneration for the Directors, Key Managerial Personnel, senior management and other employees of the Company and how the same are implemented.

4. Effective Date

This policy shall become effective from 1 October 2014.

5. Definitions

- a. "Applicable laws" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time and the Listing Agreement and includes any other law or regulations as may be applicable to the Company from time to time.
- b. "Board" means the Board of Directors of the Company.
- c. "Committee" means the Nomination and Remuneration Committee.
- d. "Director" means the Director of the Company.
- e. "Key Managerial Personnel (KMP)" means
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer
- f. "Senior Management" mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management who are functional heads one level below the executive directors.

6. Policy on Appointment and Removal of Director, KMP and Senior Management:



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I. Appointment criteria and Qualifications

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of persons for appointment as Directors, KMP or at Senior Management levels who shall uphold ethical standards of integrity and probity, act objectively and constructively, exercise his /her responsibilities in a bona-fide manner in the interest of the Company, devote sufficient time and attention to his/her professional obligations for informed and balanced decision making, and assist the Company in implementing the best corporate governance practices and recommend to the Board his / her appointment.
- b. A person should possess adequate qualification, expertise, skill, positive attributes and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
- c. The Committee should ensure that persons so appointed as Directors/ Independent Directors/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Agreement or any other enactment for the time being in force.
- d. The Committee may delegate appointment and removal of Senior Management Personnel to the Managing Director of the company (the appointing authority). Every decision of appointment and removal of Senior Management Personnel taken by the Managing Director (the appointing authority) shall be subsequently ratified by the Committee, wherein the Committee may, at its discretion, either accept or reject such appointment or removal. In case the appointment/removal is not ratified, the Committee may record the reasons for not accepting the appointment/removal. Based on the review of the Committee, the Managing Director (the appointing authority) shall identify other eligible candidates for the position.

II. Term/Tenure

a. Managing Director/ Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
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- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

III. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval.

IV. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

7. Policy on Succession Planning

The Company shall have proactive succession planning to ensure that the organisation has a strong bench strength and is well prepared for expansion, loss of any key talent and business continuity. Succession planning shall be carried out for Board level and key management positions.

8. Policy on Board Diversity Criterion

In the process of attaining optimal Board diversity, the following criteria need to be assessed:

I. Optimum Composition

- a. The Board shall have an optimum combination of executive and non-executive Directors and not less than fifty percent of the Board of Directors comprising non-executive Directors. The Board shall also comprise of Independent Directors in compliance with applicable laws from time to time.
- b. The Company shall have atleast one woman director on the Board as mandated under the applicable law.

II. Functional Diversity

- a. Appointment of Directors to the Board of the Company should be based on the specific needs and business of the Company. Appointments should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company.
 - b. Knowledge of and experience in domain areas such as finance, legal, risk management, operations, corporate governance, IT, etc. should be duly considered while making appointments to the Board level.
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- c. Whole-time Directors of the Company may be inducted to head functional area/business division of the Company based on his / her expertise of the function / division.

III. Stakeholder Diversity

- a. The Company may also have Directors on its Board representing the interest of any financial institution or any other person in accordance with the provisions of its Articles of Association and/or any agreement between the Company and the nominating agency.

9. Policy for Remuneration to Directors/ KMP/ Senior Management Personnel

The remuneration package of employees of Linde India Ltd comprises of various elements. In addition to a basic fixed salary, employees receive variable remuneration components depending on their grade/band in the hierarchy. Industry benchmark, overall business performance for the year and Annual Remuneration Budget are taken into consideration for designing the Pay Matrix. The benchmark study is carried out under the guidelines of the region along with an established survey partner. This helps in benchmarking the salaries vs similar roles across industry.

I. Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel:

- a. **Fixed Remuneration:** The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board or the Committee or Head- HR of the Company authorized by the Board.
 - b. **Variable Remuneration:** The Managing Director, KMP and Senior Management of the Company may receive performance based variable remuneration (LTIP- long term incentive plan, MTIP - mid term incentive plan and STIP- short term incentive plan) as may be applicable depending upon their grade/band in the hierarchy in addition to fixed remuneration. The individual variable remuneration is calculated annually, documented and tracked using the individual achievement in performance measurement system.
 - c. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
 - d. **Provisions for excess remuneration:** If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where
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required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

II. Remuneration to Non-Executive/ Independent Director:

a. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board from time to time. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

c. Stock Options:

An Independent Director shall not be entitled to any stock option, if any of the Company.

III. Directors and Officers Insurance:

Where any insurance is taken by the Company on behalf of its Directors, KMPs, Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

10. Disclosure

- I. The Remuneration Policy shall be disclosed in the Board's report to shareholders of the Company.
- II. The annual report of the Company would specify the details of remuneration paid to Directors.
- III. The Company shall publish its criteria of making payments to non-executive Directors in its annual report. Alternatively, this may also be put up on the Company's website and reference be drawn in the annual report.

11. Amendment to the Policy

The Nomination and Remuneration Committee and the Board may review and amend this policy from time to time as and when it deems necessary.
