



## Linde India Limited Policy on Related Party Transactions

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### 1. Preamble

Linde India Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. As a member of The Linde Group, Linde India while carrying out its normal business activities does enter into certain transactions with its related parties as defined under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') namely, its ultimate holding company, Linde AG, its holding company, The BOC Group Ltd, associates, fellow subsidiaries, joint ventures company, etc which are disclosed as per the requirements of the Listing Regulations and the Companies Act, 2013. Related Party Transactions would also include any remuneration paid to Directors, Managing Director and Key Managerial Personnel (KMP) of the Company 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.

Linde India Limited's transactions with Linde AG 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.

### 2. Effective Date

This policy shall become effective from 1 October 2014. The amendments, if any, approved by the Board from time to time after this date would stand incorporated in this policy.

### Definitions

- i "Applicable Law" means the Companies Act, 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- ii "Company" means Linde India Limited.
- iii "Key Managerial Personnel" 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 and
  - (v) such other officer as may be prescribed;
- iv "Material Related Party Transactions" means such Related Party Transactions to be entered into with a related party, value whereof individually or taken together with previous Related Party Transaction during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last



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audited financial statements of the Company or such other threshold as may be laid down from time to time by the Applicable Law.

- v "Related Party" means any person or entity who is:
  - (i) a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
  - (ii) a related party under the applicable accounting standards; or
  - (iii) Any other person or entity as may be covered under Applicable Law from time to time.
  
- vi "Related Party Transaction" means any transaction with a Related Party involving a transfer of resources or obligations that is subject to the provisions of Applicable Law and shall inter alia include purchases or sales of goods (finished or unfinished), purchases or sales of property and other assets, availing or rendering of services, leasing of property of any kind or hire purchase arrangements and such other transactions as prescribed under the Applicable Law.

### 3. Policy

Taking into account the provisions of the Companies Act, 2013 and Rules made thereunder and Listing Regulations, the Company's policy on Related Party Transactions is as follows:

- I. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. The Audit Committee may grant omnibus approval for such Related Party Transactions proposed to be entered into by the Company. 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.
  
- II. The Audit Committee shall consider following criteria for granting omnibus approval for any Related Party Transactions:
  - a. The maximum value of the transactions with the Related Parties, in aggregate, in the year shall not exceed Rs. 10,000 Million
  - b. The maximum value per transaction shall not exceed the following:
    - i. Rs.5000 million in respect of purchase/sale of plant, equipment, capital asset, etc.
    - ii. Rs.1000 million in respect of purchase/sale of gases, receiving/ rendering of services, recovery of expenses, etc. and generally items not covered in (i) above.



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- 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 (Rs. In Millions)	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 transactions:
- i. Transactions which are not in ordinary course of business or not on arm's length basis;
  - ii. Transactions which are likely to be not repetitive in nature;
  - iii. Transactions in respect of selling or disposing of the undertaking of the Company;
  - iv. Transactions which are not in the interest of the Company;
  - v. Any other transaction the Audit Committee may deem not fit for omnibus approval;
  - vi. Such other transactions specified under Applicable Law from time to time.

- III. Such omnibus approval shall specify (i) the name(s) of related party(ies), nature and period of transaction, maximum amount of transaction that can be entered into, (ii) indicative base price/ current contracted price, if any, (iii) the formula for variation in the price, if any (iv) such other conditions as the Committee may deem fit;
- IV. 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 1 crore per transaction.
- V. 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.
- VI. In the event any contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
- VII. All Material Related Party Transactions meeting the applicable threshold will be placed for the requisite approval of the shareholders of the Company.
- VIII. 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



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cylinders, etc and for rendering or availing of services, borrowings and interest thereon and/or other transactions with Linde AG, 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 transactions in each financial year of the Company.

- IX. 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 transactions before the Board along with its recommendations, and the Board may either ratify such transactions or seek to avoid the same.
- X. 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.

#### 4. 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 of the transaction, the business purpose of the 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 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.



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### 5. Governing Law

- This policy on related party transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as the Listing Regulations and/or such other Rules/ Regulations, as may be notified from time to time.
- Exceptions allowed under Applicable Law to Related Party Transactions may be exempted from the scope of this policy subject to the discretion of Audit Committee.

### 6. Disclosures

The Company shall disclose its Related Party Transactions and the policy as per the requirement of Applicable Laws.

### 7. Amendment to the Policy

The Board of Directors of Linde India Limited may review and amend this policy from time to time.