

# AIR LIQUIDE CAPITAL INCREASE RESERVED FOR EMPLOYEES LOCAL SUPPLEMENT FOR INDIA

**Please read this document carefully before deciding to purchase shares under the 2023 Air Liquide Group employee share offering (“myAL myShare 2023”). You will find in this document:**

- in **Part A**, the general description of myAL myShare 2023, representations, warranties and agreements that you will accept if you participate in myAL myShare 2023 (Part A is a local information document for India that constitutes part of the Plan Rules), and
- in **Part B**, tax information for the Participants in India.

This document contains information regarding the employee share plan reserved for the Air Liquide group employees. You are invited to invest in the shares of L’Air Liquide S.A. in this offering (“L’Air Liquide shares”). Below is a summary of the terms of myAL myShare 2023 and specific terms applicable to participating employees in India, including the principal tax and social security consequences. Please note that myAL myShare 2023 is an international employee share plan, subject to French laws and regulations.

Please note that the decision to participate in myAL myShare 2023 is yours, considering your situation and any independent advice you may require. Please also note that myAL myShare 2023 and its terms will not form part of your employment relationship with your Employer. Neither your Employer nor L’Air Liquide S.A. will give investment advice concerning myAL myShare 2023. You are encouraged to consult L’Air Liquide S.A.’s Universal Registration Document and any interim financial reports containing important information on its activities, strategy, financial results and specific risks associated with its business and investment in L’Air Liquide shares.

myAL myShare 2023 relies on the exemption from publishing a prospectus provided in Article 4(i) of the E.U. Prospectus Regulation (E.U.) 2017/1129, as amended.

## Part A - local offering information of myAL myShare 2023

### A. Share Capital increase reserved for Employees

L’Air Liquide shares are expected to be offered to all eligible employees of participating Air Liquide Group companies, pursuant to L’Air Liquide S.A.’s capital increase reserved for such employees. The total capital increase proposed for employees worldwide is mentioned in the subscription form. If the number of requested shares exceeds the proposed capital increase, the number of shares requested may be reduced. In this event, each participant will be informed. Requests will be honoured in full up to a guaranteed minimum number of shares per participant (equal to the total number of shares offered, divided by the number of participants). Above this amount, requests will be honoured in proportion to the total number of shares available and requested.

#### Eligibility

You are eligible to participate in myAL myShare 2023 if:

- You are employed by L’Air Liquide S.A. or a direct or indirect majority-owned subsidiary of L’Air Liquide S.A. at the end of the subscription period (between November 6, 2023, and November 16, 2023, before noon, Paris time); and
- Your Employer has adhered to the Air Liquide International Group Share Purchase Plan; and
- You meet the minimum employment condition of three (3) months. This length of service may be accumulated under a fixed-term contract or several contracts, not necessarily consecutive, between January 1, 2022, and November 16, 2023.

#### Subscription Period

The Subscription Period will start on November 6, 2023, and last until November 16, 2023 (inclusive). Therefore, to participate in myAL myShare 2023, you must subscribe on or by November 16, 2023, at the latest (before noon, Paris time).

## Subscription Price

L'Air Liquide shares are offered at a discount. The subscription price for each share is based on the average of the opening prices of the L'Air Liquide S.A. share on Euronext Paris (the Paris stock exchange) over the 20 trading days before the date on which the subscription price is set (referred to as the "reference price"). The subscription price equals the reference price minus a 20% discount. The subscription price is expected to be set on October 30, 2023. For example, if the Reference Price were € 150, the Subscription Price would be €120.

Please note that your investment will be in euro (€), the eurozone's currency in the European Union. Therefore, for investment purposes, the amount of your payment in Indian Rupees will be converted into euros by your Employer. L'Air Liquide S.A. will set the euro/Indian Rupee exchange rate before the Subscription Period.

**Important Note:** During the life of your investment, the value of L'Air Liquide shares will be affected by fluctuations in the currency exchange rates between the euro and Indian Rupee. As a result, if the value of the euro strengthens relative to the Indian Rupee, the shares expressed in Indian Rupees will increase. On the other hand, if the euro's value weakens relative to the Indian Rupee, the value of the shares expressed in the Indian Rupee will decrease.

## Maximum & Minimum Subscription Amount

The maximum amount you can invest in *myAL myShare 2023* cannot exceed 25% of your 2023 gross annual remuneration (including bonus).

In addition, if you choose to pay for your investment through 12-monthly salary deductions, each monthly salary deduction cannot exceed 10% of your net monthly salary.

To calculate your gross annual remuneration, you should include the following:

- your salary and bonus/commission (if any), and
- any amount of variable pay (those you may regularly receive, such as car allowance, overtime, shift allowances, on-call allowances and market supplements).

Your responsibility is to ensure that your investment does not exceed the above limit calculated based on the 2023 calendar year. In making the calculation, you will therefore need to estimate the remuneration you expect to receive until the end of the year; it is therefore recommended that you estimate your remuneration without including the elements of variable pay or other benefits which are not guaranteed.

The minimum amount you can choose to subscribe to is one L'Air Liquide S.A. share.

## Methods of Payment

Payment is to be made in Indian Rupees (INR). The following payment methods are available to you to subscribe to L'Air Liquide shares:

- Financing by your Employer for the full subscription price, or
- Full payment by you by cheque.

The choice of payment method will need to be indicated by you in the Subscription form.

If you opt to pay by cheque, your local HR correspondent must receive payment of the total subscription amount by December 15, 2023.

Financing would be in the form of a short-term 'interest-free' loan, which would be repayable/ recoverable from your salary over 12 (twelve) months through a monthly payroll deduction starting January 2024. Each instalment payment made by salary deduction will not exceed 10% of your net monthly salary. Although the said financing would be interest-free, according to the Income-tax Act, a notional interest would be chargeable and treated as a perquisite and taxable in your hands until repayment<sup>1</sup>. If you leave employment before the loan repayment, your Employer would be entitled to deduct the unpaid contribution and costs (if any) from your payroll/salary at the time of full and final settlement.

## Custody of your L'Air Liquide shares

Shares subscribed will be held directly by you in registered form with L'Air Liquide S.A.'s own shareholder services department.

## Dividends

Any dividend paid on the L'Air Liquide shares will be paid directly to you, net of the applicable French withholding tax. In addition, L'Air Liquide shares held for more than two (2) full years would be eligible for a 10% increase in the dividend amount (referred to as a "loyalty bonus" but legally a dividend payment).

## Voting rights

The voting rights on the L'Air Liquide shares will be exercisable directly by you.

## Currency Exchange Control

All Indian resident individuals, either employees or executive directors of L'Air Liquide India, are permitted to acquire foreign securities under ESOP schemes without any monetary limit. However, for *myAL myShare 2023*, the maximum subscription amount per employee is given above.

Subject to the terms and conditions of *myAL myShare 2023*, you may transfer by way of sale the foreign securities acquired under *myAL myShare 2023* provided the proceeds thereof are repatriated immediately on receipt thereof, and in any case, not later than 90 days from the date of sale of such securities. All remittances you make under *myAL myShare 2023* shall be under and subject to all the applicable Indian foreign exchange control laws and regulations in force. Please note that your participation in *myAL myShare 2023* must comply with the applicable Indian laws, including the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder, as amended from time to time. The remittance of the subscription amount by your Employer on your behalf under the Liberalized Remittance Scheme<sup>2</sup> (LRS) must be within the limit of \$250,000 or otherwise be in accordance with and subject to the applicable exchange control laws and regulations in force. Your Employer may not be aware of your other remittances under the LRS; hence, you are solely responsible for ensuring that your subscription is within the limit of \$250,000. You agree to be solely responsible for any breach of the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder. In case later, it is found that such remittance has led to a breach of the prescribed limit, i.e., \$250,000 per financial year (or otherwise), you will bring the excess funds back to India and shall suo moto apply for compounding.

<sup>1</sup> Further details are provided in the Tax Section below

<sup>2</sup> The Liberalised Remittance Scheme of (Indian) foreign exchange control regulations allow an Indian resident employee to buy securities of a foreign company for an amount not exceeding USD 250,000 in a financial year (i.e., 1st April of one calendar year to 31st March of the following calendar year). This limit is the aggregate amount an employee can remit in a financial year (April-March), including his remittances towards all permissible current and capital account transactions.

## Securities Notices

This document and the offer are addressed only to L'Air Liquide group employees eligible to participate in the *myAL myShare 2023*. Presently, no Indian securities law or other filing or reporting requirements apply to this *myAL myShare 2023*.

## Lock-up Period and Early Exit Events

Considering the benefits granted under *myAL myShare 2023*, the subscribed L'Air Liquide shares are subject to a five-year (5) lock-up period (ending on December 7, 2028), subject to certain early exit exceptions currently provided for under French law. The exceptions are:

- marriage of the employee,
- the birth of a child or a child is adopted, provided the employee's household is already financially responsible for at least two children,
- divorce or other judicial recognition of separation, if custody of at least one child at the domicile of the employee concerned is retained,
- disability of the employee or the spouse or child as defined under French law,
- death of the employee or the spouse,
- termination of employment for any reason, including resignation, dismissal, or retirement,
- creation by the employee's children, spouse of certain business venture, as provided under French law,
- purchase or enlargement of the principal residence, and
- domestic violence committed against the employee by the spouse or former spouse.

The above summarises the current early exit events permitted under French law. However, it would help if you did not conclude that an early exit event is available unless you have described your specific situation to your Employer and your Employer has confirmed that it applies upon your providing the requisite supporting documentation.

You must present a request for redemption within six (6) months after the occurrence of such event, except in the event of the death of your spouse, disability, termination of the employment contract or domestic violence (in which case the request may be submitted at any time). Your representatives must request redemption following your death. For further information, please get in touch with your human resources department.

## Sale of L'Air Liquide shares

Your investment will become available on the expiry of the lock-up period or earlier in case of an early exit event. Before the end of the lock-up period, you will be informed of your investment availability and may sell your investment at any time.

In the event of an early exit, it is your responsibility to inform your Employer of your desire to sell L'Air Liquide shares. In addition, you are required to provide appropriate justification for the occurrence of the early exit event. If you sell your investment, you will receive a cash payment. Subject to the above, at the end of the five-year (5) lock-up period, you may either decide to keep the shares or sell at any time.

## Labour Law Disclaimer

Please note that *myAL myShare 2023* is provided to you by the French company, L'Air Liquide S.A., not your local Employer. *myAL myShare 2023* does not form part of your employment agreement and does not amend or supplement such an agreement. Further, your participation does not entitle you to future benefits or payments of a similar nature or value. It does not confer upon you any right to participate in similar offerings in the future. Benefits that you may receive or be eligible for under *myAL myShare 2023* will not be considered in determining the future benefits, payments or other entitlements, if any, that may be due to you (including in employment termination cases).

## Cancellation

L'Air Liquide S.A. may, at its discretion, choose to cancel *myAL myShare 2023* at any time until the day the subscription price is set, i.e., October 30, 2023.

## Representations, Warranties & Agreements by all Participants

By agreeing to purchase L'Air Liquide shares under *myAL myShare 2023*, you hereby represent, warrant and agree to the following:

- (i) You have read and understood the subscription documents available on the dedicated website at [myalmyshare2023.airliquide.com](https://myalmyshare2023.airliquide.com), particularly the terms and conditions of *myAL myShare 2023*. Accordingly, you fully accept and agree to the terms and conditions of *myAL myShare 2023* and are bound by them as though you had signed them.
- (ii) You are an employee of a participating Air Liquide group company and meet the eligibility criteria to participate in *myAL myShare 2023*.
- (iii) You have been informed of the subscription price per L'Air Liquide share you purchase.
- (iv) You understand that your investment value is tied to L'Air Liquide's share price changes. Therefore, you risk your contribution invested in *myAL myShare 2023* and understand the importance of diversifying your investments. Neither L'Air Liquide nor your Employer nor any of their respective subsidiaries, directors, officers, or employees provides financial, investment, tax or other advice connected with *myAL myShare 2023*.
- (v) L'Air Liquide S.A.'s information may be found in its most recent Universal Registration Document and other financial reports at <https://www.airliquide.com/investors>. These documents contain important information on the activities and strategy of L'Air Liquide S.A., its financial results and the risks inherent to its business and an investment in its shares. You should review this document before investing in *myAL myShare 2023*.
- (vi) Although a general tax summary is provided as part of this Country Supplement, neither L'Air Liquide S.A. nor your Employer offers any tax advice. Therefore, you should consult your tax advisor for advice regarding the tax consequences of participating in *myAL myShare 2023*.
- (vii) If the total subscription requests under *myAL myShare 2023* exceed the number of shares offered, you understand that L'Air Liquide S.A. may reduce the number of shares allocated to you at its discretion.
- (viii) Your investment is subject to a 5-year lock-up period (ending on December 7, 2028) unless you become eligible for one of the early exit events stated above. The early exit events must be interpreted and applied consistently with French law. Therefore, before relying on or attempting to rely on any of these early exit events, you understand that you should consult with your Employer to ensure that your case meets all French law requirements.

- (ix) Participation in *myAL myShare 2023* is separate from and does not form part of your employment agreement and does not confer upon you any right or entitlement regarding your employment.
- (x) Participation in *myAL myShare 2023* does not confer upon you any right in connection with or regarding future offers of L'Air Liquide shares or benefits.
- (xi) L'Air Liquide S.A. or your Employer shall not be liable for any act done or omitted to be done in connection with *myAL myShare 2023* except for its willful misconduct or as expressly provided by the law.
- (xii) You understand that your personal data will be processed, transferred and stored in connection with your participation in *myAL myShare 2023* and that further information regarding the terms of such data processing and your rights is available at [myalmyshare2023.airliquide.com](https://myalmyshare2023.airliquide.com).
- (xiii) The *myAL myShare 2023* is subject to the laws of the Republic of France and should be interpreted following such laws. These laws have been chosen to apply because L'Air Liquide S.A. is a company organized under the laws of France. In case of any dispute regarding the interpretation, validity or application of *myAL myShare 2023*, the relevant parties will strive to find an amicable solution. However, if such a solution cannot be found, the dispute shall be heard by a competent court in France.
- (xiv) You should contact your local Plan Officer if you have any questions regarding this offer. Their details appear on <https://myalmyshare2023.airliquide.com>.

## Part B - tax summary for Employees Resident, Ordinarily Resident & Domiciled in India

The following tax summary sets forth general principles that are expected to apply to employees who are (i) resident, ordinarily resident and domiciled in India for Indian tax laws and the treaty entered into between France and India for the avoidance of double taxation dated September 29, 1992 (the "Treaty") and (ii) are entitled to the benefits of the Treaty but may not apply in all specific cases. This summary is given for informational purposes only and should not be relied upon as complete or conclusive.

Please note that this Local Supplement is based on the tax laws in force on May 1, 2023. Since the tax laws, practices, and the Treaty are subject to change over time, this may affect your tax position. Therefore, you should seek specific tax advice at the appropriate time.

Please note that neither L'Air Liquide S.A. nor your Employer provides you with any personal guidance or tax advice concerning myAL myShare 2023. Employees should consult their tax advisors regarding the tax consequences of acquiring L'Air Liquide shares in myAL myShare 2023. This summary is given for informational purposes only and should not be relied upon as complete or conclusive. Your Employing company does not take responsibility for the accuracy hereof.

This tax note should be read in conjunction with other materials distributed to you and made available on the dedicated website at [myalmyshare2023.airliquide.com](http://myalmyshare2023.airliquide.com).

### Upon subscription

Will I be required to pay any tax and/or social security charges at the time of subscription to L'Air Liquide shares?

#### A. Taxation in France

You will not be subject to taxation in France upon the subscription of L'Air Liquide shares.

#### B. Taxation in India

### Are there any Tax or Social Security Charges Payable at Subscription?

#### Will the discount be subject to tax and/or social security charges?

Share price discount available at the time of subscription will be subject to taxation as a Perquisite in your hands. Therefore, for the financial year 2023-2024, at the time of allotment, you would be liable to pay tax on the difference between the fair market value (which will be determined by a Category I Merchant Banker) and the subscription price paid. Accordingly, such amount shall be treated as "Perquisite" income and taxable in your hands under section 17(2) of the Income-tax Act, 1961.

The valuation of Perquisite is calculated on the **difference** between:

- (i) the "fair market value" of L'Air Liquide shares (as determined by a "category I merchant banker" registered with the Security and Exchange Board of India), and
- (ii) the subscription amount paid by you.

While determining the fair market value ("FMV"), the merchant banker will consider the listed price of L'Air Liquide shares on the Euronext Paris stock exchange on the specified date (i.e., date of subscription or any date within 180 days earlier to the date of subscription) as one of the considerations. Your Employer will procure such a share valuation certificate.

In terms of myAL myShare 2023, L'Air Liquide shares are offered at a 20% discount. Therefore, the proposed discount on the fair market value of L'Air Liquide shares would be treated as a Perquisite and, as a result, would form part of your compensation and liable to be taxed in your hands as income under the head "Salaries". Accordingly, the tax will be incurred at the time of allotment.

Illustration:	
Fair Market value of 1 L'Air Liquide share	Rs. 100
Subscription price paid by you (after 20% discount)	Rs. 80
Discount	Rs. 20
The discount of Rs. 20 will be treated as "Perquisite" income and added to your taxable salary.	

Employer will withhold tax at the rate applicable to you and remit the withheld tax to the tax authorities (for applicable tax rates, please refer to the table below). In addition, your Employer may collect the applicable TCS (tax collected at source) from you under the Liberalised Remittance Scheme<sup>3</sup> ("LRS") and deposit the tax with the tax authorities<sup>4</sup> if applicable. In case of the applicability of TCS, such taxes will be recovered from the employee and deposited with the tax authorities, which would appear as a credit in Form 26AS of the employee. It is to be noted that the Employer will not bear these taxes.

The tax rate would depend on your total income and be taxed slab-wise as applicable to you (for applicable tax rates, please refer to the table under the heading 'Upon Redemption').

<sup>3</sup> Under the LRS scheme, a resident person can remit outside India funds up to US\$ 250,000 without prior permission of RBI for the financial year 1st April to 31st March. This scheme is available only to individuals.

<sup>4</sup> The Income-tax Act, 2023 has introduced a Tax Collection at Source (TCS) for outward foreign remittance under LRS (other than for education and medical purposes) of 20% (beyond the threshold limit of INR 700,000), which is applicable from October 1, 2023 (subject to change in law). Please seek guidance from the bank on the implementation and recovery mechanism.

### In the hands of the Employer:

There will be no liability on the Employer to pay tax.

At present, there are no social security taxes or other charges payable other than income tax.

### Will the interest-free instalment payment be subject to tax and/or social security charges?

Under Section 17(2)(vi) of the Income-tax Act, 1961, read with Rule 3 of Income-tax Rules, 1962, Perquisite includes the value of any benefit or amenity granted or provided free of cost or at a concessional rate. Per the provisions of Rule 3(7)(i) of the Income-tax Rules, 1962, an interest-free loan or loan provided at a concessional rate qualifies as a perquisite. Therefore, the benefit, concession or amenity extended by the Employer to you (if you so opt) would take the form of Perquisite and be liable to tax in your hands.

#### Valuation of Perquisite (in the form of an interest-free loan)

Since financing by the Employer would be free of interest, the Indian tax law requires a charge of a notional rate of interest on the loan amount, which would be treated as a perquisite granted to you and subject to tax. Perquisite value would be calculated based on the maximum outstanding monthly balance method. However, no perquisite value would be charged if the loan amount is less than INR 20,000 in the aggregate.

According to Rule 3(7)(i) of the Income-tax Rules, 1962, the value of the benefit to the employee resulting from the interest-free or concessional loan (above INR 20,000) for any purpose by the Employer shall be determined as the sum equal to the interest computed at the rate charged per annum by the State Bank of India as on the first day of the relevant previous year in respect of loans for the same purpose advanced by it, on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid by him for the amount above INR 20,000.

The rate charged by the State Bank of India for such type of loan is 14.10%<sup>5</sup> per annum (which is subject to change from time to time). As the value of Perquisite in the hands of the employee would be the difference between the interest rate charged by the State Bank of India and the rate offered by the Employer (in the present case zero, since the Employer will not charge interest), the value of Perquisite will be 14.10% on the maximum outstanding monthly balance. Since the perquisite value on account of an interest-free/concessional loan would be taxable in your hands, the Employer would withhold tax thereon at the appropriate rate.

There would be no social security tax consequences for you in case of financing by the Employer.

#### Illustration:

1. Sameer took a loan of Rs. 18,000 from his Employer on January 1, 2024, to subscribe to L'Air Liquide shares. Therefore, no amount is taxable as the loan amount is less than Rs. 20,000.
2. Sameer took a loan of Rs.100,000 from his Employer on January 1, 2024, to subscribe to L'Air Liquide shares. The loan is repayable by way of monthly payroll deductions over 12 months. The Perquisite is not exempt from tax as the loan amount is higher than Rs. 20,000.

**Perquisite calculation:** The perquisite value for the year 2023-24 is calculated as follows:

On 01-January-2024, an employee received an interest-free personal loan of Rs.100,000, recovered across twelve (12) instalments. The repayment, through payroll deduction, happens on the last day of each month, with the first loan instalment falling due on 31-January-2024. The SBI interest rate as of 01-Apr-2023 is assumed to be 14.10% per annum.

Interest-Free/concessional Loan to Employee - Valuation of Perquisite -Financial Year 2023-24		
SBI Interest as on 01.04.2023		14.10% <sup>6</sup>
Actual Interest charged by Employer (in Rs.)		0
Loan Outstanding on 01.01.2024		100,000
Monthly Repayment instalment		8,333
Month	Maximum amount outstanding on the Last day of the Month	Perquisite Value <sup>7</sup> (Interest as per SBI rate)
Jan-24	91,667	1077
Feb-24	83,333	979
Mar-24	75,000	881
Apr-24	66,667	783
May-24	58,333	685
Jun-24	50,000	588
Jul-24	41,667	490
Aug-24	33,333	392
Sep-24	25,000	294
Oct-24	16,667	196
Nov-24	8,333	98
Dec-24	0	0
<b>Total Interest / Perquisite Value</b>		<b>6463</b>
<b>Less: Recovered</b>		<b>0</b>
<b>Valuation of Perquisite</b>		<b>6463</b>

For tax purposes, as of March 31, 2024, the perquisite value would be added to the employee's income for FY. 2023-24 and taxed. From April 2024 to December 2024, the employee would be taxed in the relevant financial year.

<sup>5</sup> Provisional Rate. The interest rate undergoes a change periodically. Rate to be reconfirmed by Employer

<sup>6</sup> SBI rate of interest (provisional) as on 1st April 2023 (for Personal Loan). To be reconfirmed by the Employer with the bank. Employer must also confirm the SBI rate of interest as of 1st April 2024 for FY 2024-25

<sup>7</sup> Perquisite value = Maximum Outstanding Monthly Balance (Closing Balance) x 14.10% / 12

## During the life of myAL myShare 2023

### Are any Tax or Social Security Charges payable on Dividends in the event of distribution?

Yes.

#### ● Taxation in France

The dividends paid by L'Air Liquide S.A. to you will be subject to a French withholding tax of 12.8% unless paid to a bank account opened in a Non-Cooperative State or Territory (NCST)<sup>8</sup>, which would trigger a 75% withholding tax in France.

#### ● Taxation in India

Any dividend paid on your shares during the 5-year lock-up period will be paid to you in cash (after the deduction of French withholding tax and other levies). However, the same would also be taxable in India as, under Indian tax laws, dividends from a foreign company are taxable. This income will then be added to your other income, and the total income, including the dividend income, will be taxable under the head of "**Income from Other Sources**". The liability to pay tax on dividend vests with you and your Employer will not be liable to withhold tax or pay the same.

The tax rate would depend on your total income, including the dividend income, and be taxed slab-wise as applicable to you (*for applicable tax rates, please refer to the table under the heading 'Upon Redemption'*). For instance, if you come in the 30% tax slab rate, such dividend will also be taxed at 30% along with applicable surcharge & health & education cess, as appropriate.

The dividend received from L'Air Liquide S.A. will be subject to tax both in India and France. However, if the tax on dividends declared by L'Air Liquide S.A. has been withheld/deducted in France, you can claim double taxation relief in India. In other words, in the case of double taxation of dividends, tax credit in respect of tax paid in France on the dividend income will be available in India under the India-France DTAA Treaty; It means that you do not have to pay tax on the same income twice. However, such tax credit cannot exceed the income tax payable on the dividend income in India.

To claim the foreign tax credit, besides other requirements, you will be required to furnish a statement of foreign income and taxes paid thereon in Form 67, which must be filed electronically along with the return of income on or before the due date of filing the return of income. If there is no tax payable in India for any reason, credit or refund cannot be claimed in India for the taxes paid in the foreign country (France). For more specific advice, please consult your tax advisor.

### Will I be required to pay any tax and/or social security charges at the end of the lock-up period, even if I do not sell L'Air Liquide shares?

There is no tax liability for you or your Employer at the end of the 5-year lock-up period if you remain invested in L'Air Liquide shares.

## Upon redemption

### Are any Tax or Social Security Charges Payable upon Redemption or Sale of your L'Air Liquide shares?

#### (i) Taxation in France

You will not be subject to income taxes in France on the gain, if any, realized on the sale of your shares.

#### (ii) Taxation in India

Any gain or loss you accrue upon the redemption/sale of shares will be treated as capital gain or loss. In other words, capital gains tax would be attracted only to profit or gain made at the time of redemption/sale of shares.

There are no social security taxes or other charges other than income tax.

Under the Income-tax Act, 1961, any profits or gains arising from transferring a capital asset (herein redemption or sale of shares) is chargeable to income tax under the head "Capital Gains". Your Employer will not have any withholding tax obligation at the time of redemption/sale of shares. You will be responsible for declaring any capital gains (or losses) you realize upon selling the shares and paying applicable taxes due on such gains.

### What is the Method to Calculate the Taxable Amount?

Capital Gain is calculated as the difference between the sale consideration at redemption/sale and the FMV of shares at subscription. In other words, capital gains tax would be attracted only to the profit or gain made when the shares are redeemed/sold (actual amount recovered plus the amount of perquisite mentioned in Form 12BA in the year of subscription). So, capital gains will be computed by taking the fair market value of shares at the time of subscription (regardless of the discount) as the acquisition cost.

	Amount
Sale consideration from redemption/sale of shares	X
FMV of shares at subscription as the cost of acquisition / Indexed FMV of shares at subscription as cost of acquisition (in case of long-term capital gain)	Y
Cost of financing L'Air Liquide shares at purchase / Indexed cost of financing L'Air Liquide shares at purchase (in case of long-term capital gain)	Y1
<b>Capital Gain (Z) =</b>	<b>X – (Y+Y1)<sup>9</sup></b>

In the case of short-term capital gain, the acquisition cost would not be indexed.

Since L'Air Liquide shares are not listed on a stock exchange in India, the tax treatment would be similar to the unlisted shares in India. The nature of capital gain, i.e., **long-term** or **short-term**, would depend on the holding period of shares. If shares are held for a period exceeding twenty-four (24) months, the capital gain will be treated as long-term; otherwise (i.e., held for less than twenty-four (24) months), capital gain would be treated as short-term and taxed accordingly. The holding period is calculated from the date of allotment of shares up to the date of sale.

Long-term and short-term capital gains are taxed differently. Further detail on the tax payable rate on the long-term and short-term capital gain is provided below.

<sup>8</sup> The list of NCSTs can be modified each year. The states and territories qualifying as NCSTs are currently the following: Anguilla, Bahamas, British Virgin Islands, Panama, Seychelles, Turks and Caicos Islands and Vanuatu.

<sup>9</sup> You should consult your personal tax advisor for additional information regarding the calculation of any gain or loss attributable to the sale of shares and to consider the alternatives available to you.

### Illustration:

1. Sameer is a salaried employee of Air Liquide India. In January 2024, he subscribed to L'Air Liquide shares; Due to an early exit case, Sameer sold L'Air Liquide shares in October 2026. Since the period of holding of L'Air Liquide shares is more than 24 months, the shares would be treated as long-term capital assets, and capital gain, if any, earned would be taxed as long-term capital gains.
2. Sameer is a salaried employee of Air Liquide India. In January 2024, he subscribed to L'Air Liquide shares; Due to an early exit case, Sameer sold the shares in May 2025, i.e., after holding for less than 24 months. Hence, the shares would be treated as short-term capital assets and capital gain, if any, would be taxed as short-term capital gains.

### Rate of Taxation

- **Long-Term Capital Gains:** The present applicable tax rate for long-term capital gains is 20% (after indexation of acquisition cost), plus applicable surcharge & health & education cess.
- **Short-Term Capital Gains:** Short-term capital gains are included in the employee's income and are taxed as per the slab-wise income tax rates specified below (in the case of short-term capital gain, the acquisition cost is not indexed).

*Example:* In case you are a tax resident in India at the time of redemption/sale of shares, the capital gain will be calculated in the following manner:

#### Let us take an example to make it clear:

##### A. Long-Term Capital Gains

Sameer subscribed to L'Air Liquide shares in December 2018, whose FMV was Rs.150,000 (i.e., reference price without discount). He sold the shares in December 2023 for Rs.330,000. Since L'Air Liquide shares are shares of an unlisted (Indian) company and were held for more than 24 months, the tax payable by Sameer would be @ 20% of the long-term capital gains (after indexation benefit).

##### Calculation of Capital Gains:

- Purchase Price (after indexation) will be<sup>10</sup>:  $150,000 \times 348^{11} / 280^{12} = \text{Rs. } 186,429$

Capital gains earned by Sameer (after indexation) will be **Rs. 143,571**, as per the following calculation:

$$\text{Sale value} - (\text{cost of interest (indexed) paid on loan at subscription, if any}^{13} + \text{Indexed FMV of shares at subscription}) = 330,000 - 186,429 = \text{Rs. } 143,571.$$

**Therefore, Long-term capital gains tax @ 20% (after indexation) would be = Rs. 143,571 x 20 / 100 = Rs. 28,714, plus applicable surcharge & health & education cess.**

##### B. Short-Term Capital Gains

Sameer is a salaried employee of L'Air Liquide India. In January 2024, he subscribed to L'Air Liquide shares; Due to an early exit case, Sameer sold the shares in May 2025, i.e., after holding for less than 24 months. Hence, L'Air Liquide shares would be treated as short-term capital assets, and capital gain, if any, earned would be taxed as short-term capital gains.

In this case, the income from the sale of the shares will be added to the regular income of Sameer and taxed according to the slab rates applicable, plus the surcharge & health & education cess, as appropriate.

### Income-tax Slab Rates

Income tax is levied on the income earned by all individuals as per the Income-tax Act of 1961. The tax is assessed per the slab system if their income is above the minimum threshold (known as the basic exemption limit).

#### INCOME TAX SLABS & RATES FOR AY 2024-25 (FY 2023-24) (Individuals less than 60 years)

Effective financial year 2020-21, the Government of India announced an alternative method of levying taxes allowing individual taxpayers to choose between two tax regimes - the old tax regime and the new, concessional one. The old tax regime allowed the taxpayer to continue with existing tax exemptions, such as house rent allowance, leave travel allowance and deductions under different sections of the Income-tax Act. While those opting for the new tax regime would pay taxes at lower rates, they would have to forego most tax exemptions and deductions under the Income-tax Act<sup>14</sup>. The Finance Act 2023 proposed the new tax regime to be a default regime, with the option to choose the old regime and has changed the number of income tax slabs applicable to the new tax regime for FY 2023-24, along with an increase in the tax exemption limit. These changes are, however, not applicable to the old tax regime for FY 2023-24. After these changes, the comparison of the **Old Tax Regime** (taxpayer aged less than 60 years) vs **New Tax Regime** slab rates for FY 2023-24 (AY 2024-25) is as follows:

<sup>10</sup> The formula to check the indexed purchase price of the asset is: Cost of purchase multiplied by CII of the year of sale divided by CII of the year of purchase (CII = Cost Inflation Index)

<sup>11</sup> Government of India's Cost Inflation Index for FY 2023-24

<sup>12</sup> Government of India's Cost Inflation Index for FY 2018-19

<sup>13</sup> Please consult your tax advisor before claiming deduction

<sup>14</sup> Illustrative list of exemptions/deductions that a taxpayer may have to give up while choosing the new tax regime:- Leave travel allowance, house rent allowance, conveyance, daily expenses in the course of employment, relocation allowance, helper allowance, children education allowance, other special allowances (section 10(14)), standard deduction, professional tax, interest on housing loan (section 24), chapter VI-A deductions (sections 80C, 80D, 80E and so on, except section 80CCD(2) and 80JJJA).

Income Tax Slab	New Tax Regime Slab Rates	Old Tax Regime Slab Rates
Rs. 0 – 250,000	No Tax	No Tax
Rs. 250,001 to Rs. 300,000		5% of total income exceeding Rs.250,000
Rs. 300,001 to Rs. 500,000	5% of total income exceeding Rs.300,000 <sup>15</sup>	
Rs. 500,001 to Rs. 600,000		Rs.12,500 + 20% of total income exceeding Rs. 500,000
Rs. 600,001 to Rs. 900,000	Rs.15,000 + 10% of total income exceeding Rs.600,000	
		Rs. 32,500 + 20% of total income exceeding Rs. 600,000
Rs. 900,001 to Rs. 1,000,000	Rs.45,000 + 15% of total income exceeding Rs.900,000	
Rs. 1,000,001 to Rs. 1,200,000		Rs. 112,500 + 30% of total income exceeding Rs.1,000,000
Rs. 1,200,001 to Rs. 1,500,000	Rs.90,000 + 20% of total income exceeding Rs.1,200,000	Rs. 187,500 + 30% of total income exceeding Rs.1,200,000
Above Rs. 1,500,000	Rs.150,000 + 30% of total income exceeding Rs.1,500,000	Rs. 262,500 + 30% of total income exceeding Rs.1,500,000

#### Notes:

- The basic exemption limit is Rs.250,000 (old regime) / Rs.300,000 (new regime) for every individual below 60; the New tax regime slab rates are not differentiated based on the age group. However, under the old tax regime, the basic income threshold exempt from tax for senior citizens (aged 60 to 80) and super senior citizens (aged above 80) is Rs.300,000 and Rs.500,000, respectively.
- Surcharge @10% of such income-tax if a person has a total income exceeding Rs.5 million but up to Rs.10 million.
- Surcharge @15% of such income tax if a person has a total income exceeding Rs. 10 million but up to Rs.20 million.
- Surcharge @25% of such income tax if a person has a total income exceeding Rs. 20 million
- Health and Education Cess is at 4% on the amount of income tax and surcharge.
- Following are the thresholds and the rates of surcharge and Maximum marginal tax rate (MMR) applicable in the case of Individuals having income:

Total Income	Old Tax Regime	New Tax Regime
	Rate of Surcharge / MMR	
Up to Rs. 5 million	Nil	Nil
Between Rs.5 to 10 million	10% / 34.32% (MMR)	10% /34.32% (MMR)
Between Rs.10 to 20 million	15% / 35.88% (MMR)	15% / 35.88% (MMR)
Between Rs.20 to 50 million	25% / 39.00% (MMR)	25% / 39.00% (MMR)
Above Rs.50 million	37% / 42.74% (MMR)	25% /39% (MMR)

**Note:** The maximum amount of surcharge that can be levied on the tax payable by an individual has been limited to 25% under the new tax regime (as per Budget 2023)

- Currently, the standard deduction offered under Section 16 of the Income-tax Act is a flat deduction of Rs.50,000 on the taxable income of salaried employees, irrespective of their earnings. However, from 1st April 2023, the benefit of the standard deduction of Rs.50,000 is also applicable to the new tax regime.
- The new tax regime has been made the default personal tax structure though taxpayers can still opt for the old tax regime. The new tax regime is optional and will co-exist with the old tax regime with three slabs and various exemptions and deductions available to the taxpayer. Any individual opting to be taxed under the new tax regime from FY 2020-21 onwards must give up certain exemptions and deductions. On the other hand, individuals opting for the old tax regime will continue to pay tax on their income in FY 2023-24, the same as FY 2019-20.
- In case the taxable income of a resident individual is below Rs.700,000, the tax payable shall be nil on account of tax relief u/s 87A of the Income Tax Act, 1961, if opting for the new tax regime. In other words, a resident individual (whose net income does not exceed Rs.700,000) can avail of a rebate u/s 87A of the Income Tax Act, 1961). The same is deductible from income tax before calculating the education cess. Effectively, this would mean that individual taxpayers with a net taxable income of up to Rs.700,000 will continue to pay zero tax under the new regime.

Please note that the above tax rates may change as tax rates are fixed by the Finance Act of the assessment year in which the disposal/redemption occurs.

## Do you have Reporting Obligations concerning the Subscription, Holding, Redemption of L'Air Liquide shares and receipt of Dividends?

If you are a resident and ordinarily resident as per the provisions of the Income-tax Act, 1961, in that case, you will be subject to taxation on your global income in India, subject to benefits available, if any, under the Treaty between India and France. Therefore, you must disclose your investment under myAL myShare 2023 in L'Air Liquide S.A. during the holding period (starting from the year of subscription), receipt of dividend (if any) and the capital gains earned at the time of redemption in your income tax return (Form ITR-2) in the relevant financial year.

<sup>15</sup> A rebate under Section 87A has been enhanced under the new tax regime; from the current income level of Rs.500,000 to Rs.700,000. Thus, individuals opting for the new income tax regime and having an income up to Rs.700,000 will not pay any taxes.

Thus, while filing your income-tax return (in Form ITR-2), you must report the shares you hold in L'Air Liquide S.A. (during each relevant financial year) (and the shares held by you under the earlier subsisting myAL myShare plans), and the foreign-sourced income earned therefrom. Such reporting is necessary (irrespective of the value) in the tax return using the appropriate ITR Form (ITR-2). In addition, apart from the value/cost of L'Air Liquide shares, the income earned (in INR) from the shares and the nature of income and head of income under which such income is being offered to the tax must be reported. Please note that you must provide details of the foreign assets held (shares in L'Air Liquide S.A.) in Schedule F.A. [Details of Foreign Assets and Income from any source outside India] of the ITR form and fill the Schedule Foreign Source Income (FSI), Schedule AL<sup>16</sup> and Schedule Tax Relief (T.R.) of the return of income, wherein details, such as taxpayer identification number in the overseas country (if any), type of foreign income earned, amount of income, foreign tax paid thereon and India tax payable on such income are required to be disclosed. You must consult your tax advisor to ensure compliance with applicable reporting obligations.

**Format of declaration in Form ITR-2 when you invest in shares in L'Air Liquide S.A.<sup>17</sup>:**

Details of any other capital asset held (Including any beneficial interest) at any time during the calendar year ending as on December 31, 20__											
SN	Country Name and Code	Zip Code	Nature of Asset	Ownership-Direct/ Beneficial Owner/ Beneficiary	Date of Acquisition	Total investment (at cost) (in Rs) <sup>18</sup>	Income Derived from the asset	Nature of Income	Income Taxable and Offered in this return		
									Amount	Schedule where offered	Item number of schedule
1	(2)	2b	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	France FR		Shares in L'Air Liquide S.A. under an ESOP scheme	Direct Owner		(See Footnote 18)	NIL (if there is no sale during FY 23-24). Whenever sold, please state the sale price multiplied by the SBI TT buying rate of the last day of the month immediately preceding the month when the sale takes place minus the investment cost in Cl 6 in proportion to the shares sold.	NIL. Please fill only in case of the sale of shares and choose between long-term or short-term capital gains depending on the holding period.	NIL. Please fill in the capital gains income only in case of the sale of shares.	NIL. Please write Schedule CG - only in case of the sale of shares	NIL. Please write B(9) – From the sale of assets where B1 to B8 above are not applicable-only in the case of the sale of shares and a long-term capital gain (In case of short-term, please fill the A5 schedule in the Capital Gains section)

Please also fill out Schedule AL, part of ITR-2, which requires disclosing all assets and liabilities held by a taxpayer at the end of every financial year. Individuals must fill Schedule AL mandatorily if their total income exceeds INR 5 million after all deductions and they have not engaged in any business or profession during the financial year. Individuals having a total income below INR 5 million are not required to file Schedule AL.

Repatriation of sale proceeds to India upon redemption: Subject to the terms and conditions of myAL myShare 2023, you may ask for the redemption of your shares acquired under myAL myShare 2023, provided that all cash proceeds from the redemption of the shares are repatriated to India by the Indian resident employees and in any case within ninety (90) days of such redemption. A person resident in India to whom any foreign exchange is due or has accrued must take all steps to realize and repatriate to India such foreign exchange. On realization of foreign exchange due, a person must repatriate the same to India by transferring the proceeds to or receiving them in India and, inter alia, sell them to an authorized person in India in exchange for rupees. A person is deemed to have repatriated the realized foreign exchange to India when they receive payment in rupees in India from the account of a bank or an exchange house situated in any country outside India, maintained with an authorized dealer. The income received from the redemption of shares must be reported in your ITR and tax paid thereon at the slab rates applicable, plus the surcharge and health and education cess.

<sup>16</sup> Schedule AL - Assets and Liabilities at the end of the year (applicable in a case where the total income exceeds Rs.5 million)

<sup>17</sup> Illustrative only. Please consult your tax advisor

<sup>18</sup> Please multiply the FMV of the shares on the date of subscription i.e., on \_\_\_\_\_, by the SBI TT Buying Rate of € to INR as of the last day of the month preceding the subscription month (i.e., on \_\_\_\_\_). The price of the shares (in €) and SBI TT Buying Rate to use at subscription would be communicated to you by your Employer.

While filing your income-tax return (ITR), you must report the shares held by you in L'Air Liquide S.A. (during each relevant financial year) and the earned foreign-sourced income therefrom. Such reporting is necessary (irrespective of the value) in the tax return using the appropriate ITR form. In addition, apart from the value/cost of L'Air Liquide shares, the income earned from the shares and the nature of income and head of income under which such income is being offered to the tax must be reported. Please note that you are required to provide details of the foreign assets held in Schedule F.A. of the ITR form and fill the Schedule Foreign Source Income (FSI) and Schedule Tax Relief (T.R.) of the return of income, wherein details, such as taxpayer identification number in the overseas country (if any), type of foreign income earned, amount of income, foreign tax paid thereon and India tax payable on such income are required to be disclosed. You must consult your personal tax advisor to ensure compliance with applicable reporting obligations.

Subject to the terms and conditions of *myAL myShare 2023*, you may ask for the redemption of shares provided all cash proceeds from the redemption are repatriated to India by the Indian resident employees and, in any case, within ninety (90) days of such redemption. A person resident in India to whom any foreign exchange is due or has accrued must take all steps to realize and repatriate to India such foreign exchange. On realization of foreign exchange due, a person must repatriate the same to India by transferring the proceeds to or receiving them in India and, inter alia, sell them to an authorized person in India in exchange for rupees. A person is deemed to have repatriated the realized foreign exchange to India when they receive payment in rupees from a bank account or an exchange house situated in any country outside India, maintained with an authorized dealer. The income from the redemption of shares must be reported in your ITR and tax paid thereon at the slab rates applicable, plus the surcharge & health & education cess, as appropriate.

### **Does your Employer have Reporting Obligations?**

Your Employer is not subject to any reporting obligations under the Income-tax Act, 1961 (other than depositing the withheld tax within seven days from the end of the month in which the tax is deducted. The Employer must also file quarterly withholding tax statements regarding the tax deducted at source. The perquisite value and the tax deducted thereon must be reflected in Form 16 and Form 12BA issued by the Employer annually after the financial year). However, your Employer must file a report in Form OPI within 60 days from the end of the half-year (i.e., September or March end, as the case may be) in which shares or interest under *Together 2023* is acquired or transferred. Such reporting must be filed through its authorised dealer, giving details of the remittances, repurchase of shares, beneficiaries, etc. In addition, the Indian participating entities must file such reporting during the duration of *myAL myShare 2023*.

### **What is the Time & Method of Payment of Tax?**

Share price discount available at subscription will be subject to taxation as a perquisite in your hands. Employer will withhold tax at the rate applicable to you and remit the withheld tax to the authorities.

Liability to pay tax on dividends and capital gains tax vests with you and your Employer will not be liable to withhold tax or pay the same. You will pay the income tax when filing your income tax return pertaining to each financial year by the due dates mentioned in the Income-tax Act, 1961. Advance tax is paid in instalments. For the Financial Year 2023-24, instalments are due on June 15, September 15, December 15 and March 15. Advance tax rules require that your tax dues (estimated for the whole year) be paid in advance. While your Employer deducts tax at source at subscription, you may have to deposit advance tax if you have earned dividends or capital gains. By March 15, 100% of your taxes must be paid. Non-payment or delayed payment of advance tax may result in the levy of penal interest. However, it may be hard to estimate tax on capital gains and deposit advance tax in the first few instalments if the sale occurs later in the year. Therefore, when advance tax instalments are paid, no penal interest is charged when the instalment is short due to capital gains. The remaining instalment(s) (after the sale of shares) of advance tax, whenever due, must include the tax on capital gains. Please consult your tax advisor regarding the tax consequences.