

ION EXCHANGE (INDIA) LIMITED

POLICY FOR DETERMINATION OF MATERIALITY

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Background & Objectives:

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") which would be applicable with effect from December 1, 2015, requires every listed company whose specified securities are listed on any recognized stock exchange(s) to frame a Policy for Determination of Materiality ("Policy") duly approved by the Board of Directors. Thus, the objective of this Policy is to determine the materiality so that the events/information which satisfy the criteria of 'materiality' could be promptly disclosed to the Stock Exchange(s).

This Policy would be effective from December 1, 2015.

Definitions:

"Company" means Ion Exchange (India) Limited.

"Material Events/Information" means events/information determined based on application of the guidelines for materiality referred in sub-regulation (4) of Regulation 30 of the Regulations.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

"Policy" means Policy for Determination of Materiality.

"Subsidiary" or "Subsidiaries" means Subsidiary or Subsidiaries of Ion Exchange (India) Limited.

"Specified Securities" means 'equity shares' and 'convertible securities' as defined under clause (zj) of sub-regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Policy:

- A) This Policy applies only to events specified in Para B of Part A of Schedule III of the Regulations.
- B) The Company Secretary and/or Chief Financial Officer and/or any other Officials authorized by the Chairman and Managing Director and/or Executive Director (Hereinafter referred as "Authorised Persons"), in consultation with the Chairman & Managing Director and/or Executive Director of the Company shall be the authority to determine the materiality of any events/information, classify it as Material event/information and decide the appropriate time at which disclosures to be filed with Stock Exchange(s).

However, event/information which are classified as material should be disclosed as soon as reasonably possible and in any case not later than the following:

- a.) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
- b.) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- c.) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company:

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines:

Provided further that in case the disclosure is made after the timelines specified under this regulation, the listed entity shall, along with such disclosure provide the explanation for the delay

The event/information may pertain to the Company and/or its Material Subsidiaries.

(An illustrative list of Material Event or Information as mentioned above, which would require reporting to Stock Exchange(s), is attached as Annexure 1).

- C) Besides per se Material information, an event/information would be deemed as Material Information if it is likely to have an impact of 10% or more on the gross turnover as per the last consolidated accounts of the Company or Rs. 100 crores, whichever is lower.
- D) In some cases to ascertain materiality, thresholds as prescribed in clause C of this policy cannot be applied, the Authorised Persons, in such cases, shall frame their opinion on a case to case basis based on specific facts and circumstances relating to materiality of the information/event and while doing so, it may consider, among other factors, the following factors:
 - i. the omission of an event or information, which would likely result in discontinuity or alteration of event or information already available publicly; or
 - ii. the omission of an event or information which would likely result in significant market reaction if the said omission came to light at a later date;
 - iii. the omission of an event or information, whose value or the expected impact in terms of value exceeds the lower of the following :
 - a.) two percent of turnover, as per the last audited consolidated financial statements of the Company;
 - b.) two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;

- c.) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;
- iv. In case where the criteria specified in above points (i), (ii) and (iii) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the Company, the event/information is considered material.
- v. Whether there would be any direct or indirect impact on the reputation of the Company; or
- vi. Whether non-disclosure can lead to creation of false market in the securities of the Company; or
- vii. Whether there would be a significant impact on the operation or performance of the Company.

Provided that any confidential information which if disclosed is likely to put at risk the business interest of the Company shall not be disclosed. The Company to that extent shall make qualified disclosure to the stock exchanges.

Amendments to the Policy:

The Board of Directors could amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s) circular(s) etc., issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s) clarification(s), circular(s) etc.

E) Process of Disclosures of Material Information

In case any Functional Head becomes aware of some Material Information about the Company, the said Functional Head would contact any one of the whole-time directors of the Company.

The Chairman & Managing Director in consultation with the CFO and/or the Company Secretary would then determine whether the information requires disclosure to the stock exchanges or not in accordance with the Listing Agreements. Thereafter, the Company Secretary and the CFO with the help of the concerned functional head will prepare the content of the disclosure and determine the timing of the disclosures. Thereafter, the Company Secretary will disclose the said information to the stock exchanges.

The Company Secretary shall ensure that the said information is thereafter properly disseminated to the public as deemed necessary.

F) Delay in Disclosing Material Information

Under certain circumstances, the Company may keep Material Information confidential for a limited period of time because immediate disclosure may compromise certain strategic business opportunities of the Company or may not be disclosable due to third-party confidentiality restrictions or uncertainty of events.

The determination of when not to disclose Material Information immediately shall be made by the Chairman & Managing Director of the Company.

G) **Contacts with Financial Analysts, Investors and the Media**

The Company communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Company also participates at investor conferences from time to time. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. The presentation made to analysts and fund managers are placed on the Company's website. The official news releases are also displayed on the said website.

The main channel of communication to the shareholders is through the annual report. Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Company's website.

Briefings may be given to update the market after each quarterly results are announced through group meetings or teleconference. Meetings with investors (bilateral and general) are being held to ensure that the investment community receives a balanced and complete view of the Company's and its subsidiaries' performance, while always observing applicable rules concerning selective disclosure, equal treatment of shareholder and insider trading. Individual meetings will also be held with the institutional shareholders, fund managers and analysts to share generally available information.

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Policy approved by: The Board of Directors of Ion Exchange (India) Limited

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Annexure 1

Indicative List of Events/Material Information to be disclosed under Regulation 30(4)(ii) of the Regulations

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/ contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Litigation/dispute/regulatory action having/likely to have material impact on the Company's future operations, profitability or financials (if making of such disclosure is not in the interest of the Company, disclosure may be limited to the extent of stating the occurrence of the event).
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company and its Material Subsidiaries.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party other than in ordinary course of business.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

13. Any other information/event viz. major development that is likely to affect business e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.