

POLICY ON RELATED PARTY TRANSACTIONS

1. SCOPE AND PURPOSE OF THE POLICY

The Companies Act 2013 ('Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) as amended from time to time have introduced approval mechanisms for related party transactions.

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the company fulfilling the specified criteria to formulate a policy on related party transactions.

In line with the above mentioned provisions, the Board of Directors of Ion Exchange (India) Limited (the 'Company') has adopted this Policy so as to ensure compliances with the above mentioned requirements. The Policy sets out the manner of dealing with Related Party Transactions.

This Policy applies to all transactions between the Company and one or more of its Related Parties as defined in Companies Act as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI (LODR) Regulations, 2015).

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of related party transactions in compliance with the applicable laws and regulations as may be in force from time to time. Consequently, this policy is also subject to amendments as may be considered necessary from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

2. DEFINITIONS

"Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

"Arm's length transaction" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Modification” in reference to SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

“Material Related Party Transaction” means

- As per the Regulation 23 of SEBI LODR - a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- As per the Companies Act - the transaction fulfilling the criteria as specified under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 notified by Ministry of Corporate Affairs from time to time.

“Related Party” a means related party as defined under the Companies Act, 2013 read with Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015 as amended from time to time.

“Related Party Transaction(s)” or RPT means:

- For the purpose of the SEBI LODR – means any related party transaction as defined Regulation 2(1)(zc) of the SEBI (LODR) Regulations, 2015 as amended from time to time
- For the purpose of the Act – Transactions listed under section 188 of the Act.

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI(LODR) Regulations, 2015, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law or regulation.

3. IDENTIFICATION OF RELATED PARTIES

Each Director and Key Managerial Personnel, of the Company and its subsidiaries, is responsible for declaring its information about his / her Relatives and all firms, entities, body corporates, at the time of appointment, beginning of every financial year and whenever there is any change in the information already submitted.

Such declaration is carried out by filing Form MBP-1 by the Directors, which is a notice of interest of the Directors. The form is prepared in accordance with the definition of related parties as provided under the Act and the SEBI(LODR) Regulations, 2015.

Once the related parties are identified, the finance team of the Company is responsible for flagging off the related parties in the database of the Company in order to identify related party transactions in advance.

Once a related party transaction is identified, the person authorizing the transaction i.e. the respective business head, would, in conjunction with the Chief Financial Officer ('CFO'), determine whether the transaction is in ordinary course of business and at arm's length based on pricing policies formulated in this regard. In respect of transactions which are not in the ordinary course of business or not at arm's length, the business head and the CFO shall be responsible for referring such transactions to the Board. Further, the Internal Auditor would also be responsible to ensure that all related party transactions are referred to the Audit Committee for its approval.

4. APPROVAL OF RELATED PARTY TRANSACTION

4.1 Approval by the Audit Committee

Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee. Only those members of the Audit Committee who are Independent Directors of the Company, shall approve Related Party Transactions.

Prior approval of the Audit committee shall be required for: -

- i. All RPTs and subsequent Material Modifications;
- ii. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company:
- iii. With effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

- iv. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

For the purpose of granting the approval, the Committee shall be provided, by the person responsible for entering into such transaction, with all the relevant material information about the related party transaction, including

- a. the terms of the contract;
- b. the business rationale of the transaction;

- c. benchmarking information for determining the arm's length nature of the contract (i.e. industry trends, research reports, valuation reports etc.);
- d. justification for transaction not entered into at arm's length (as the case maybe);
- e. the potential benefits accruing to the Company;
- f. and other important factors, to the extent relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party.

The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact pricing or profitability but otherwise may not have a bearing on the arm's length nature of the transaction.

OMNIBUS APPROVAL

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary/ies subject to the following conditions, namely-

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions and such approval shall be applicable only in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself that such Omnibus approval is needed for efficient conduct of the business of the company and that such approval is in the interest of the company.
- c) Such omnibus approval shall specify
 - (i) the name(s) of the related party(ies),
 - (ii) nature of transaction(s),
 - (iii) period of transaction(s),
 - (iv) maximum amount of transaction that can be entered into,
 - (v) the indicative base price / current contracted price and

(vi) the formula for variation in the price if any and

(vii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee is authorised to grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company or its subsidiary/ies pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year from the date of grant of approval by the Audit Committee and shall require fresh approvals after the expiry of one year.
- f) In the event the Company determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of passing Resolution by Circulation in accordance with the Act and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

4.2 Approval by the Board

As per section 188 of the Act, all transactions which are not in the ordinary course of business or not entered into at arm's length, are required to be placed before the Board for its approval. The person responsible for entering into such transaction is also responsible for placing it before the Board for approval.

Further, the transaction wherein the Committee determines that a Related Party Transaction should be brought to the notice of the Board, or if the Board in any case elects to review any such matter, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

A member of the Board who has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

4.3 Approval by the Shareholders

All Material Related Party Transactions and subsequent Material Modifications

- i. in excess of the limits prescribed under Regulation 23(1) of SEBI(LODR) and the Act;
- ii. which are not in the Ordinary Course of Business; or
- iii. not at Arm's Length price

shall also require the prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

The person responsible for entering into such transaction is also responsible for placing it before the shareholders for approval.

However, as per the SEBI (LODR) and as per the Act, the requirement of shareholder's approval shall not be applicable to:

- transactions entered into by the Company with its wholly owned subsidiaries whose accounts are consolidated with the Company;
- transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Any shareholder who has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

5. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly and practically possible before the Audit Committee as may be required, for review and ratification subject to the following conditions:

1. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier.
2. The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
3. The transaction is not material in terms of the provisions of regulation 23(1) of SEBI LODR;
4. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
5. The details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of SEBI LODR;
6. Any other condition as may be specified by the Audit Committee.

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify the company against any loss incurred by it.

The Audit Committee and/or Board and/or the Shareholders shall consider all relevant facts and circumstances with respect to such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee

and/or Board and/or the Shareholders deem appropriate under the circumstances and in the best interest of the Company.

7. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders. The Company Secretary shall be responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

Further, the Internal Auditor shall be responsible for disclosing the details of material related party transactions quarterly, along with the compliance report on corporate governance.

The Company shall submit to the stock exchanges, disclosures of related party transactions, every six months on the date of publication of its standalone and consolidated financial results, in the format as specified by the Board from time to time, and publish the same on its website.

8. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI(LODR) or Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Regulations or Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

9. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

10. REVIEW OF THIS POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

This Policy will be reviewed by the Board of Directors, atleast once in every three years or as and when there are material changes in the SEBI(LODR) Regulations,2015 or laws relating to Related Party Transactions, as may be recommended by the Audit Committee.

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

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