

POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE FOR SHARING OF UPSI

[Framed under Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2015]

1. INTRODUCTION:

This Policy has been framed in compliance with the provisions of Regulation 3(2A) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ["SEBI (PIT) Regulations"].

This Policy will be applicable to all "Insider(s)".

This Policy shall come into force with effect from April 01, 2019.

Words and expressions used and not defined in this Policy or in the Company's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information shall have the same meanings assigned to them respectively in the SEBI (PIT) Regulations or the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder, as the case may be, including amendment(s)/modification(s) thereto.

2. DEFINITION:

'Insider' means any person in receipt of UPSI of the Company shall be considered as an Insider for the purpose of this Policy and SEBI (PIT) Regulations.

Legitimate Purpose means sharing of UPSI by the Company for any purpose satisfying the following factors:

- Must be shared in the ordinary of course of business;
- Required to be done in furtherance of fiduciary duties or in fulfillment of any statutory obligation;
- Information shared is in the interest of other Stakeholders; and
- Information is not being shared for personal benefit but may result in personal gain consequently.

3. SHARING OF UPSI:

The Company, in its ordinary course of business, shares UPSI, for legitimate purpose, with:

- partners,
- collaborators,
- lenders,
- customers,
- suppliers,
- merchant bankers,
- legal advisors,

- auditors,
- insolvency professionals or
- other advisors or consultants,

Provided that such sharing has not been carried out to evade or circumvent the prohibitions of this Code and SEBI (PIT) Regulations.

Explanation: For the Company its “Ordinary course of business” includes regular and usual day to day transactions, general customs and practices of a business performed in the Company.

4. COMMUNICATION PURSUANT TO SHARING OF UPSI:

Any person in receipt of UPSI pursuant to a legitimate purpose shall be considered as an Insider and due notice shall be given to such Insider to maintain confidentiality of such UPSI in compliance with SEBI (PIT) Regulations.

The Communicates shall require executing agreements with the Company, to contract confidentiality and non-disclosure obligations on the part of receivers of such UPSI and such outside parties shall keep information so received confidential, and shall not trade in securities of the Company when in possession of UPSI.

The Company shall take requisite information before communicating UPSI to such persons as per the internal policy of the Company, including but not limited to:

- Full name of the recipient of UPSI;
- Name of the entity with whom the recipient represents;
- Complete residential address of recipient & registered office address of the recipient entity; and
- Permanent Account Number or other identifier authorized by law in case Permanent Account Number is not available of the recipient and his entity.

5. STRUCTURED DIGITAL DATABASE AND SYSTEM AUDIT:

The company shall ensure that a structured digital database is maintained containing the name of such persons or entities as the case may be with whom UPSI is shared under the SEBI Insider

Trading Regulations, along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tempering of the database.

6. AMENDMENT:

In case there are any regulatory changes requiring modification to this policy, the same shall be reviewed and amended with the approval of the Board of Directors. However, the amendment in the regulatory requirements shall be binding on the Company and shall prevail even if the same is not incorporated in this Policy.

ILLUSTRATIVE LIST OF LEGITIMATE PURPOSE

In following cases, the sharing of UPSI would be considered as having been shared for a Legitimate Purpose:

- a) Under any proceedings or pursuant to any order of courts or tribunals;

Example: National Company Law Tribunal, National Company Law Appellate Tribunal, Quasi-judicial authority, Other Appellate Tribunals, Arbitration Proceedings, etc.

- b) For investigation or inquiry or review (internal or external) or request for information by statutory or governmental authorities or any other administrative body recognized by law;

Example: Any call for information or query received from Ministry of Corporate Affairs, Income Tax Authority, SEBI, Stock exchanges, Reserve Bank of India, Sectoral Regulatory Body, etc.

- c) In compliance with applicable laws, regulations, rules and requirements;

Example: Company Law, Securities Law, Income Tax Law, Banking Law, etc.

- d) Arising out of any contractual obligations entered by the Company set forth in any contract, agreement, arrangement, settlement, understanding or undertaking;

- e) Sharing the information with intermediaries and fiduciaries such as auditors, merchant bankers, management consultants, partners, collaborators or other advisors or consultants;

- f) For the purpose of legal, financial or any other professional advice to be obtained or for accounting or audit or for defense to be prepared for litigation or dispute resolution;

- g) For transactions that would entail an obligation to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Takeover Regulations') where the board of directors of the company is of opinion that sharing of such information is in the best interests of the company.

- h) For a transaction that does not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the company is of opinion that sharing of such information is in the best interests of the company.

The transaction referred to above may include acquisitions, merger, amalgamations or any other corporate restructuring, seeking advice in relation to legal aspects involved in such transactions including carrying due diligence of Target/ Merging Companies or seeking advice on commercial aspects including structuring or valuation of such transactions;

The information that constitutes UPSI needs to be made Generally available information at least two trading days prior to the proposed transaction being effected in such form as it is adequate and fair to cover all relevant and material facts.

- i) Sharing financial information for preparation of consolidated financial statements of holding company;

- j) Sharing information with statutory auditors, secretarial auditors, internal auditors or cost auditors in the course of performance of their duties or otherwise while obtaining any certificate, comfort or confirmation required from them, including for placing any transaction for approval before the Board;
- k) For all those activities done by the Company in furtherance of its objects as listed in its memorandum of association.

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

Original date of approval: March 14, 2019

Last Modified on: March 18, 2021