



POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. INTRODUCTION

The Board of Directors of Ion Exchange (India) Limited has adopted the following policy and procedures with regard to determination of Material Subsidiaries.

2. SCOPE

This Policy sets out the criteria for determining Materiality Subsidiary/ies companies of Ion Exchange (India) Limited.

3. DEFINITIONS

“Board of Directors” or “Board” means the Board of Directors of ION EXCHANGE (INDIA) Limited, as constituted from time to time

“Company” means ION EXCHANGE (INDIA) Limited

“Independent Director” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Policy” means this Policy, as amended from time to time

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary Company or Subsidiary” means a subsidiary company as defined under 2(87) of the Companies Act, 2013.

“The Act” means the Companies Act 2013 together with the Rules notified there under, including any statutory modifications or re-enactments thereof for the time being in force.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) 2015, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

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“Material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

I. REQUIREMENT REGARDING MATERIAL UNLISTED SUBSIDIARY COMPANIES

1. Review by the Audit Committee:

The list of material subsidiaries shall be presented to the Audit Committee on an annual basis for review and assessment.

2. Reporting by Unlisted Subsidiaries:

The management of the unlisted subsidiary shall periodically (quarterly/ half-yearly/ annually as the case maybe) provide the Board of Directors of the Company with a report on all significant transactions and arrangements entered into by the unlisted subsidiary.

This ensures continuous monitoring and helps in identifying if the subsidiary meets the threshold of a material subsidiary.

II. GOVERNANCE OF MATERIAL SUBSIDIARIES:

1. Disposal of shares or assets of Material subsidiary

- a. The Company shall not dispose of shares in the Material Subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting / postal ballot.
- b. The Company shall not sell, dispose of or lease out assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution.

Provided that, nothing contained in 1(b) shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity.

Provided further that the provisions of 1(a) & 1(b) shall not be applicable if the divestment or sale or disposal or lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

2. Secretarial Audit

Material Unlisted Subsidiary incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a Peer Reviewed Company Secretary in practice.

3. Appointment of Independent Directors

Based on the recommendations of the Nomination and Remuneration Committee of the Company, the Board shall appoint at least one independent director of the Company on the Board of the Material Unlisted Subsidiary, whether incorporated in India or not.

For the purpose of the above provision Material subsidiary or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

III. GOVERNANCE OF ALL SUBSIDIARIES

1. Matters to be reviewed by the Board of Directors

- a. The minutes of the Board meetings of the Unlisted Subsidiaries.
- b. Statement of all significant transactions and arrangements entered into by the unlisted subsidiaries.
- c. A statement containing salient features of the financial statement of its subsidiaries and associate companies (on an annual basis).

2. Matters to be reviewed by the Audit Committee

- a. Financial statements of subsidiaries, in particular, the investments made by the unlisted subsidiaries.
- b. Utilization of loans and/ or advances from/investment in subsidiaries exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

AMENDMENTS

The Policy would be subject to revision/amendment in accordance with the Laws.

The Audit Committee shall review the Policy at least once in every two years for making suitable amendments for better implementation of the Policy.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the Audit Committee, from time to time, to ensure the Committee's oversight on these issue.



DISCLOSURE

The Policy for determining material subsidiaries shall be disclosed to the Stock Exchanges.

The Policy shall be uploaded on the website of the Company at www.ionexchange.global.com and a weblink of the same shall be disclosed in the Corporate Governance section of the Annual Report.

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

Original date of approval: October 30, 2015

Last Modified on: March 17, 2025