

ARCHEAN CHEMICAL INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

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1.0 SCOPE & PURPOSE

A business, during the execution of its operations, engages in numerous transactions with various entities, including those that are related. Companies also perform their functions through subsidiaries, associates, and other directly or indirectly related entities. As a result, relationships with related parties are a common aspect of business.

The purpose of this Policy is to regulate transactions between the Company and its Related Parties in compliance with the applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Meetings of Board and its Powers) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations” or “LODR”), Ind AS 24 on Related Party Disclosures, and other applicable laws, rules, and regulations. The Policy ensures proper approval, disclosure, and reporting of transactions with Related Parties, promoting transparency and mitigating potential conflicts of interest.

Regulation 23(1) of the Listing Regulations requires a listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions, including clear threshold limits duly approved by the Board of Directors (the “Board”), and such policy shall be reviewed by the Board at least once every three years and updated accordingly.

The Board of Archeon Chemical Industries Limited (the “Company”), a listed entity engaged in the production and sale of industrial salt, bromine, and other related chemicals has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee may from time to time review and recommend amendments to this policy to the Board. The Board may amend this policy from time to time to align with evolving regulatory requirements and best practices followed by reputed listed Indian companies.

2.0 OBJECTIVE OF THE POLICY

The objective of this Policy is to ensure that all transactions entered into by the Company with its Related Parties are conducted in a fair, transparent, and responsible manner and are in compliance with the requirements of the Act, Listing Regulations, Ind AS 24, and other applicable laws, rules, and regulations. This includes ensuring arm’s length pricing, proper governance over transactions involving subsidiaries, enhanced disclosures to mitigate conflicts of interest, and adherence to best practices such as robust internal controls, periodic training for key personnel, and maintenance of detailed documentation.

3.0 DEFINITIONS

- a) “Arm’s Length Transactions” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest, in line with Section 188 of the Act and Ind AS 24.
- b) “Audit Committee” or “Committee” means the committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013, and Regulation 18 of the Listing Regulations.
- c) “Board of Directors” or “Board” means the Board of Directors of Archeon Chemical Industries Limited, as constituted from time to time.
- d) “Company” means Archeon Chemical Industries Limited.
- e) “Key Managerial Personnel” shall have the meaning as defined under Regulation 2(1)(o) of the Listing Regulations read with Section 2(51) of the Companies Act, 2013.
- f) “Material Related Party Transaction” means:
 - i) Any transaction that requires prior approval of the shareholders of the Company under Section 188 read with its relevant rules under the Company’s Act 2013 or

- ii) Any transaction with a Related Party to be entered into individually or taken together with previous transactions during a financial year that exceed(s) the thresholds specified in Schedule XII of the Listing Regulations, based on the annual consolidated turnover of the listed entity as per the last audited financial statements. For clarity, the scale-based thresholds are as follows (as per the SEBI (LODR) Fifth Amendment Regulations, 2025).
- Annual consolidated turnover up to Rs. 20,000 crore: 10% of such turnover.
 - Annual consolidated turnover from Rs. 20,001 crore to Rs. 40,000 crore: Rs. 2,000 crore + 5% of turnover above Rs. 20,000 crore.
 - Annual consolidated turnover above Rs. 40,000 crore: Rs. 3,000 crore + 2.5% of turnover above Rs. 40,000 crore, or Rs. 5,000 crore (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 exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

- g) "Ordinary course of business" means transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the Company's business objectives, as per the charter documents of the Company or any activity which is routine and in accordance with the usual customs and practices of a particular business, such as procurement of sea water for chemical processing, operations involving captive solar salt pans, sales of industrial salt and bromine, or related operational activities.
- h) "Policy" means this Policy on Related Party Transactions as amended from time to time (which includes the materiality of related party transactions).
- i) "Related Party" means:
- A related party as defined under Section 2(76) of the Companies Act, 2013, and the rules made thereunder; or
 - A related party as defined under Regulation 2(1)(zb) of the Listing Regulations; or
 - A related party as defined under Ind AS 24; or
 - Any person or entity forming a part of the promoter or promoter group of the Company; or
 - Any person or any entity holding equity shares of 10% or more in the Company either directly or indirectly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time during the immediately preceding financial year.
- j) "Relative" means relative as defined under Section 2(77) of the Companies Act, 2013, Regulation 2(1)(zd) of the Listing Regulations, and under Ind AS 24.
- k) "Related Party Transaction" (RPT) means:
- For the purpose of Regulation 2(1)(zc) of the Listing Regulations, a transaction involving a transfer of resources, services, or obligations between:
- i) The listed entity or any of its subsidiaries on one hand and a Related Party of the listed entity or any of its subsidiaries on the other hand; or
 - ii) The listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries,
 - iii) Regardless of whether a price is charged or not, a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

- For the purpose of the Companies Act, 2013, specified transactions of the Company with Related Parties mentioned in clauses (a) to (g) of sub-section 1 of Section 188.

Issue of specified securities on a preferential basis and corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding shall not be a related party transaction.

Retail purchases from any listed entity or its subsidiary by its directors, key managerial personnel, or their relatives, without establishing a business relationship and at terms which are uniformly applicable/offered to all, shall not be a related party transaction (as clarified in the SEBI (LODR) Fifth Amendment Regulations, 2025).

- l) “Material Modification” means any of the following amendment / change in existing terms and conditions of an approved Related Party Transaction:
- Change in the total value of transactions with a related party by 20%.
 - By way of extending or reducing the time duration of the Contract / MOU by a period of six months or more.
 - Change in “basis of pricing” approved.
 - By way of changing the interest rate of loan transactions, where the change in the interest rate is 10% or more.

4.0 POLICY

No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this policy, the Act, Listing Regulations, and Ind AS 24.

The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a Related Party Transaction requiring compliance with this policy. The Company shall maintain proper documentation, including a register of all RPTs, to ensure traceability and compliance.

4.1 IDENTIFICATION OF RELATED PARTIES

The Company Secretary, based on the declarations provided by the Directors and Key Managerial Personnel and also based on the corporate structure, shall prepare a list of all persons who shall be considered as related parties with reference to the Company.

The Secretarial Department of the Company shall at all times maintain a database of the Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in the Definition Section above, along with their personal / Company details, including any revisions therein. This database shall be updated periodically and shared with relevant departments for compliance.

4.2 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Board / Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

Furthermore, the concerned department / executive of the Company entering into a transaction shall identify related party transactions based on the list of Related Parties identified as above. Thereafter, the department concerned entering into the transaction shall establish whether the transaction is at arm’s length and in the ordinary course of business or whether the transaction is Material, with reference to benchmarking against industry practices where applicable.

The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3 APPROVAL OF RELATED PARTY TRANSACTIONS

4.3.1 Depending on the related party transaction, it has to be approved by the Audit Committee or the Board of Directors or the Shareholders.

4.3.2 No director who is interested in any such transaction shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board / Audit Committee Approval.

4.4 Approval By Audit Committee

4.4.1 Prior Approval by Audit Committee

- i) No Related Party Transaction shall be entered into by the Company without the prior approval of the Audit Committee (except for omnibus approval by the Audit Committee).

Any subsequent material modifications of transactions of the Company with related parties will also require prior approval of the Audit Committee.

Provided that only those members of the audit committee who are independent directors shall approve related party transactions.

- ii) Related Party Transactions of Existing Subsidiary

Any related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the lower of the following:

- 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary;
- the threshold for material related party transactions of listed entity as specified in Schedule XII of LODR.

- iii) Related Party Transactions of New Subsidiary

In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary;
- the threshold for material related party transactions of listed entity as specified in Schedule XII of LODR.

- iv) Related Party Transactions of Listed Subsidiary

Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

- v) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel, or senior management, except those who are part of the 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 LODR.

4.4.2 Omnibus Approval by Audit Committee

- i) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the listed entity or its subsidiaries subject to the following conditions:

- The Audit Committee approval shall be applicable only in respect of transactions which are in the ordinary course of business and are repetitive in nature.
 - The transaction is not one that requires approval by the Board or Shareholders under the policy.
 - The Audit Committee shall satisfy itself regarding the need and justification for such omnibus approval and that such approval is in the interest of the Company.
- ii) Such omnibus approval shall specify:
- The name(s) of the related party, nature of transaction, period of transaction and the maximum amount of transaction that can be entered into.
 - The indicative base price / current contracted price and the formula for variation in the price if any; and
 - 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 may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 (Rupees One Crore Only) per transaction.
- iii) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- iv) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4.4.3 Ratification by Audit Committee

- i) 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, subject to the following conditions:
- 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 Rs. 1 crore
 - The transaction is not material in terms of the provisions of Regulation 23(1) of the Listing Regulations;
 - Rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification
 - 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 the Listing Regulations;
 - And any other condition as specified by the audit committee.
- ii) 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.

4.5 Approval By the Board of Directors

4.5.1 Except with the consent of the Board of Directors given by a resolution at a meeting of the Board, the Company shall not enter into any contract or arrangement with a related party with respect to transactions as provided under Section 188(1) of the Companies Act, 2013 other than the Material Related Party Transactions as defined herein.

4.5.2 Transactions, other than those referred to in Section 188 of the Companies Act 2013, and where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board for its prior approval.

4.6 Approval by the Shareholders

4.6.1 All Material Related Party Transactions and subsequent Material Modifications as defined by the Audit Committee shall require approval of the shareholders through a resolution.

4.6.2 Transactions with Related Parties, other than Material Related Party Transactions as per this Policy but not on an Arm's Length Basis shall require approval by the shareholders through a resolution.

4.6.3 No related party shall vote to approve the above-mentioned resolutions, whether they are a related party to the particular transaction or not.

4.6.4 Prior approval of the shareholders of the Company shall not be required for a Material related party transaction to which the listed subsidiary (if any) is a party but the Company is not a party, if Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary (if any).

4.6.5 For Material Related Party Transactions of unlisted subsidiaries of the Company, the prior approval of the shareholders of the Company shall suffice.

4.6.6 Omnibus Approval

The Shareholders may grant omnibus approval in the case of any Material Related Party Transaction and such omnibus approval granted by the shareholders in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.

If the approval is granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

4.7 Approval Not Applicable

The requirement for seeking prior approval of the Audit Committee, Board of Directors, and Shareholders approval shall not be applicable to transactions between:

- The Company and its wholly-owned subsidiary(ies); or
- Two wholly-owned subsidiaries of the Company,

whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval (with "holding company" clarified as referring to a listed holding company per LODR.

- Transactions which are in the nature of payment of statutory dues, statutory fees, or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5.0 Information To Be Provided For Approval of RPT

The information as required to be provided under the Act and LODR have to be provided to the Audit Committee or the Board of Directors or the Shareholders as the case may be for review and approval of Related Party Transactions. The Company shall also provide any additional information that may be sought by the approving body.

The Industry Standards Forum ("ISF"), as per SEBI Circular dated October 13, 2025, has formulated standards for "Minimum information to be provided for review of the Audit Committee and Shareholders for approval of a related party transaction ("Industry Standards"). The information as per these industry standards, whether in their original form or as revised from time to time, shall be provided to the Audit Committee / Board of Directors and Shareholders, as the case may be, for the approval of Related Party Transactions.

The Industry Standards classify the information to be provided under three parts:

- Part A: Minimum information on the proposed RPT, applicable to all RPTs.

- Part B: Applicable only if a specific type of RPT is proposed to be undertaken, in addition to Part A. Seven types of RPTs have been specified.
- Part C: Applicable only if a specific type of RPT proposed to be undertaken is a Material RPT in addition to Part A and Part B (with respect to such RPT).

The RPT Industry Standards shall not be applicable to:

- Transactions exempted under Regulation 23(5) of the Listing Regulations;
- Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the LODR Regulations;
- Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including those approved by way of ratification) that do not exceed Rs. 1 Crore.

6.0 Related Party Transactions Not Approved Under This Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation or ratified within a period of 3 months, the Audit Committee may render the transaction voidable. If the transaction is with a related party to any director(s) or is authorised by any other director(s), the director(s) concerned shall indemnify the Company against any loss incurred by it.

Existing RPTs approved prior to the effective date of the SEBI (LODR) Fifth Amendment Regulations, 2025, may continue under the prior thresholds.

7.0 Review And Updation Of The Policy

The Board of Directors shall review this policy at least once every three years and, if necessary, shall update the same on the recommendation of the Committee.

The Company may, if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/or at Arm's Length, including reference to transfer pricing guidelines under Ind AS 24. Additionally, the Company shall conduct periodic training for Directors, Key Managerial Personnel, and relevant employees on RPT compliance.

8.0 Disclosures

This Policy will be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report of the Company.

The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by SEBI from time to time, including half-yearly disclosures under Regulation 23(9) of LODR and notes to financial statements as per Ind AS 24.

9.0 Limitation And Amendment

In the event of any conflict between the provisions of this Policy and of the Act or rules or Listing Regulations or any other statutory enactments, the provisions of such Act or rules or Listing Regulations or statutory enactments, shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

The Managing Director is authorised to make changes in this policy in line with the statutory modifications / regulations and for smoother implementation from time to time and the same shall be placed before the Board of Directors for its approval.