

---

## HERANBA INDUSTRIES LIMITED

---

### POLICY FOR DETERMINATION OF MATERIALITY

#### 1. BACKGROUND

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), requires Heranba Industries Limited (“**Company**”) to frame a policy for determination of materiality for disclosure of events or information to BSE Limited and National Stock Exchange of India Limited (the “**Stock Exchanges**”), based on the criteria specified in the Listing Regulations as would be amended from time to time. The policy is also required to be disclosed on the website of the Company.

#### 2. SCOPE OF THE POLICY

The Policy will be applicable to all the events which fall under the criteria as disclosed under the section relating to “Disclosure of events or information to Stock Exchanges”. This Policy shall be read along with the Company’s Policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (code of fair disclosure) framed in adherence to the principles for fair disclosure as outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### 3. KEY MANAGERIAL PERSONNEL AUTHORIZED TO DETERMINE MATERIALITY

The Chairman, Managing Director, the Chief Executive Officer, the Chief Financial Officer or Company Secretary will be the authorized Key Managerial Personnel (“**KMP**”) to determine the materiality of an event or information and for the purpose of advising on the disclosure to the stock exchanges. Contact Details under Regulation 30(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

#### 4. DISCLOSURES OF EVENTS OR INFORMATION TO STOCK EXCHANGES

- (1) The Company shall make disclosures of any events or information which, in the opinion of the board of directors of the Company, is material.
- (2) Events specified in Para A of Schedule I, ( which are mentioned herein below) are deemed to be material events and Company shall make disclosure of such events.
- (3) The Company shall make disclosure of events specified in Para B of aforesaid Schedule I, based on application of the guidelines for materiality, as specified in sub-regulation (4).

- (4) The Company shall consider the following criteria for determination of materiality of events/ information:
- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
  - (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
  - (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of Company, the event / information is considered material.
- (5) The Company shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule I, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:
- Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay:
- Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within 159[the timelines specified therein.
- (6) The Company shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- (7) The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation , and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company, as disclosed on its website.
- (8) The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.
- (9) The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information: Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.
- (10) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).
- (11) In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule I, but which may have material effect on it, the Company shall make adequate disclosures in regard thereof.

The Company will disclose all events or information with respect to subsidiaries (if any) which are material to the Company in accordance with the policy determining material subsidiary (if any) adopted by the Board of Directors of the Company.

## **5. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURRED**

**5.1** The events/information shall be said to have occurred upon approval of Board of the Company in certain events, for example further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of the Company and Shareholders of the Company.

**5.2** Certain events which are price sensitive in nature like declaration of dividends etc. will be deemed to have occurred and disclosed on approval of the Board of the Company pending Shareholder's approval.

**5.3** Events such as natural calamities or disruption can be said to have occurred when the Company becomes aware of the event/information.

## **6. DISCLOSURES ON WEBSITE**

The Company shall disclose on its website all such events or information which has been disseminated to the Stock Exchanges under this Policy and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival process followed by the Company.

## **7. AMENDMENTS TO THE POLICY**

The KMP authorised under this Policy will review the Policy from the perspective of the Listing Regulations and determine the events/information for disclosure as may be amended by the Securities and Exchange Board of India from time to time. All such amendments will be informed to the Board and the approval of the Board will be sought to align the policy in line with the Listing Regulations.

## **SCHEDULE I**

The following shall be events/information, upon occurrence of which Company shall make disclosure to stock exchange(s) as specified in the Listing Regulations:

### **PARA A**

#### **Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):**

The below events will be disclosed as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information.

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the rationale for the delay will be provided along with such disclosures provide explanation for delay.

Provided further that disclosure with respect to events specified in sub-para 4 of Para A shall be disclosed within thirty minutes of the conclusion of the Board Meeting

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation / merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring.

Explanation.- For the purpose of this sub-para, the word 'acquisition' shall mean,-

- (i). acquiring control, whether directly or indirectly; or,
  - (ii). acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
    - (a) the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
    - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
  3. Revision in Rating(s).
  4. Outcome of Meetings of the board of directors: The Company shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:

- a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
- b) any cancellation of dividend with reasons thereof;
- c) the decision on buyback of securities;
- d) the decision with respect to fund raising proposed to be undertaken
- e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- g) short particulars of any other alterations of capital, including calls;
- h) financial results;
- i) decision on voluntary delisting by the Company from stock exchange(s):

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
6. Fraud/defaults by promoter or key managerial personnel or by Company or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.

(7A) In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:

- i. The letter of resignation along with] detailed reasons for the resignation as given by the said director.
- ia. Names of Company in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.]
- ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
- iii. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.

8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
  - (i) Decision to initiate resolution of loans/borrowings;
  - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
  - (iii) Finalization of Resolution Plan;
  - (iv) Implementation of Resolution Plan;
  - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
10. One time settlement with a bank.
11. Reference to BIFR and winding-up petition filed by any party / creditors.
12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company.
13. Proceedings of Annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of Company, in brief.
15. Schedule of analyst or institutional investors
  - (a) Schedule of analysts or institutional investors meet and presentations made by the Company to analysts or institutional investors. Explanation: For the purpose of this clause ‘meet’ shall mean group meetings or group conference calls conducted physically or through digital means.
  - (b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
    - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
    - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:
16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
  - a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
  - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;

- c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;
- d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
- e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- f) Appointment/ Replacement of the Resolution Professional;
- g) Prior or post-facto intimation of the meetings of Committee of Creditors;
- h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- i) Number of resolution plans received by Resolution Professional;
- j) Filing of resolution plan with the Tribunal;
- k) Approval of resolution plan by the Tribunal or rejection, if applicable;
- l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
  - (i) Pre and Post net-worth of the company;
  - (ii) Details of assets of the company post CIRP;
  - (iii) Details of securities continuing to be imposed on the companies' assets;
  - (iv) Other material liabilities imposed on the company;
  - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
  - (vi) Details of funds infused in the company, creditors paid-off;
  - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
  - (viii) Impact on the investor – revised P/E, RONW ratios etc.;
  - (ix) Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
  - (x) Brief description of business strategy.
- m) Any other material information not involving commercial secrets.
- n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
- o) Quarterly disclosure of the status of achieving the MPS;
- p) The details as to the delisting plans, if any approved in the resolution plan.

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by Company:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.

**PARA B**

**Events which may be disclosed to the Stock Exchanges based on the test of materiality**

The KMP authorised under this Policy, will determine on the disclosure of below events or information to the Stock Exchanges based Threshold Criteria given in the table below on the application of the test of materiality. In addition to this, the KMP while determining the materiality will do so on a case to case basis depending on specific facts/circumstances relating to the information/event and apply such other qualitative/quantitative criteria if required and as may be deemed appropriate to the event.

| Sr. No | Events / Information  | Threshold Criteria  |
|--------|---|---|
| 1      | Commencement or any postponement in the date of commencement of commercial operations of any unit/division  | No threshold limit  |
| 2      | (i) Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new line(s) of business; or<br><br>Closure of operations of any unit/division – (entirety or piecemeal) | Impact exceeding 10% of the income of the Company as per the last audited consolidated financial statements for each transaction                          |
| 3      | Capacity addition or product launch   | Exceeding <b>10%</b> of existing installed production capacity  |
| 4      | Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business  | Award or contract amount exceeding <b>10%</b> of the income of the Company as per the last audited consolidated financial statements for each transaction |



|   |   |  |
|---|---|--|
| 5 | Agreements (viz. loan agreement(s)(as a borrower) or any other agreement(s) which are binding and not in the normal course of business and revision(s) or amendment(s) or termination(s) thereof) | <p>Borrowings for a minimum period of <b>7</b> years for an amount exceeding <b>10%</b> of the income of the Company as per the last audited consolidated financial statements for each transaction</p> <p>All other agreements which are entered into not in the normal course of business having a value exceeding <b>10%</b> of the income as per the last audited consolidated financial statements for each transaction</p>   |
| 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, lock-outs etc..    | <p>Disruption of operations due to natural calamity/force majeure, with estimated impact exceeding <b>10%</b> of the income of the Company as per the last audited consolidated financial statements for each transaction.</p> <p>In case of strikes or lock-outs etc., complete closure of any branch for a continuous period of at least 15 days.</p>  |
| 7 | Effect(s) arising out of change in the regulatory framework applicable to the Company   | Impact of which exceeds <b>10%</b> of the income of the Company as per the latest audited consolidated financial statements. Where the impact is <b>10%</b> or less, the compliance officer will decide the matter in consultation with the key managerial personnel   |
| 8 | Litigation(s)/dispute(s) / regulatory action(s) with impact   | <p>Outcome of any single litigation/dispute determined by courts of law [(not below the High Court)] or individual matters with similar case of action (which shall be aggregated) and regulatory action having an impact of not less than <b>10%</b> of the income of the Company as per the last audited consolidated financial statements.</p> <p>No threshold limits on all regulatory actions, criminal, environmental matters and matters resulting from the breach of securities laws. However, the above materiality parameters will also apply to the directors, promoter and key managerial personnel of the Company, except where the litigation is of a purely personal nature and unlikely to affect the involved director's, promoter's or key managerial personnel's ability to discharge its responsibilities towards the Company.</p> <p>For non-quantifiable matters, Materiality shall be determined on a case to case basis.</p> |
| 9 | Frauds/defaults by directors (other than key managerial personnel) or employees of the Company.   | Amounts exceeding <b>10%</b> of the income of the Company as per the last audited consolidated financial statements.   |

|    |  |   |
|----|--|---|
| 10 | Options to purchase securities, including any Employees Stock Option Plan/ Employees Stock Purchase Scheme | <b>10%</b> of the issued and outstanding share capital of the Company, or which would (along with existing shareholding) result in the person granted the options holding more than <b>10%</b> of the issued and outstanding share capital of the Company |
| 11 | Giving of guarantees or indemnity or becoming a surety for any third party                                 | Amount exceeding <b>10%</b> of the income of the Company as per the last audited consolidated financial statements.   |
| 12 | Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals        | Granting, withdrawing, surrender, cancellation or suspension of key licenses or regulatory approvals the impact of which would exceed <b>10%</b> of the income of the Company as per the last audited consolidated financial statements.                  |

**PARA C**

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 Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

**PARA D**

Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.