



# **HERANBA INDUSTRIES LIMITED**

**CIN: L24231GJ1992PLC017315**

## **DETERMINATION OF MATERIALITY POLICY**

[Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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## **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 This Policy shall be read along with the Company’s Policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (code of fair disclosure) framed in adherence to the principles for fair disclosure as outlined in the SEBI (Prohibition of Insider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 Executive Directors, the Chief Financial Officer and/or Company Secretary are 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 shall be disclosed on the website of the Company.

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

- (1) In terms of Regulation 30 of the Listing Regulations, 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 Part A of Schedule III of Listing Regulations as amended from time to time, 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 Part A of the aforesaid Schedule III of the Listing Regulations, based on application of the guidelines for materiality, as specified in sub-regulation (4).
- (4) The Events specified till date in Para B of Part A of the aforesaid Schedule III of the Listing Regulations is mentioned in annexure annexed herewith as **Annexure-A**. All the events specified in Annexure A shall be disclosed to the Stock Exchange, based on the application of the guidelines for materiality. The Events specified in Annexure-A and Guidelines for Materiality shall be deemed to be modified and amended from time to time to align the same in line with Para B of Part A of the aforesaid Schedule III of the Listing Regulations read with the sub-regulation (4) of the Regulation 30 and other applicable Regulation of the Listing Regulations.

- (5) **Guidelines for Materiality** 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; or
  - (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
    - (1) two percent of turnover, as per the last audited consolidated financial statements of the company;
    - (2) two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
    - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the company;
  - (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors or MKP as specified above of the Company, the event or information is considered material:
- (6) As specified in Para C of Part A of Schedule III of the Listing Regulations, the Company shall promptly disclose 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
- (7) The Company shall disclose to the Stock Exchanges all such event/information which are material in terms of the provisions of Regulation 30 of the Listing Regulations, within such a timeline as prescribed by the SEBI, in terms of the Listing Regulations.
- (8) The Company shall also disclose all event/information with respect to subsidiaries of the Company which are material for the Company as per the thresholds specified above.
- (9) 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.
- (10) The Company, shall confirm, deny, or clarify, any reported event/information in the Mainstream Media, which is not general in nature, and which indicates that rumour of an impending specific event or information is circulating amongst the investing public; provided such rumour results in a material price movement in the shares of the Company, determined in the manner prescribed under Regulation 30 of the Listing Regulations read with the related SEBI Circulars, Notifications, Guidance Note, and Industry Standards from time to time.

“**Mainstream Media**” shall have the meaning prescribed to such term under the Listing Regulations read with related SEBI Circulars, Notifications, Guidance Note, and Industry Standards as recognised by the SEBI.

- (11) For the abovementioned purpose, the Company shall also monitor the rumour published in the international media, for those foreign jurisdictions where the Company has material business operations. The Company shall be deemed to have material business operations in the foreign jurisdiction, where:
- i. Income generated in the relevant foreign jurisdiction during the preceding financial year exceeds ten percent of the latest audited consolidated income of the Company during the preceding financial year; or
  - ii. Networth from the relevant foreign jurisdiction during the preceding financial year exceeds ten percent of the latest audited consolidated networth of the Company during the preceding financial year; or
  - iii. Profit after tax from the relevant foreign jurisdiction during the preceding financial year exceeds ten percent of the latest audited consolidated profit after tax of the Company during the preceding financial year.
- (12) The Board of Directors, upon identification of foreign jurisdiction, if any, where the Company has material business operations, shall determine the list of foreign business/financial news sources for tracking rumour publication, and annex the same to this Policy. The Managing Director & CEO and the CFO & Company Secretary of the Company shall be severally responsible and authorised for annexing the list from time to time to the Policy
- (13) The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
- (14) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).
- (15) 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.
- (16) 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 TOBE OCCURRED**

- a. 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.
- b. 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.
- c. 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.

## **ANNEXURE-A**

### **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 Guidelines of Materiality .

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the Company: (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or (b) adoption of new line(s) of business; or (c) closure of operation of any unit, division or subsidiary (in entirety or in piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
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, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Frauds or defaults by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever named called, for any third party.
12. Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.
14. 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.