



HERANBA INDUSTRIES LIMITED
CIN: L24231GJ1992PLC017315

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND DEALING WITH RELATED PARTY TRANSACTIONS**

[Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 read with section 188 of the Companies Act, 2013]

Updated as on May 30, 2023
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Revised on: May 28, 2026



INTRODUCTION:

The Board of Directors (the “Board”) of Heranba Industries Limited (“HIL”) (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

OBJECTIVE:

The objective of this Policy is to set out:

- a. to ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties as per legal requirements and in the best interest of the Company and its stakeholders;
- b. the materiality thresholds for related party transactions;
- c. to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of the related party transactions in terms of applicable laws.
- d. to ensure that adequate minimum information as prescribed under applicable Industry Standards is placed before the Audit Committee and shareholders for approval of Related Party Transactions.

DEFINITIONS:

1. “Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
2. “Arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
3. “Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

4. “Associate Company” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause “significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

5. “Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time. “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
6. “Holding Company” shall have the same meaning as defined under the Act.
7. “Material Related Party Transaction” in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:
- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
 - (ii) In case of any other transaction(s), if the amount [exceeds Rs.1,000 crores or] 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, [whichever is lower].

[“Material Modification” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.]

8. “Ordinary Course of Business” means of transaction:
- i. which is carried out in the normal course of business and can reasonably be envisaged in accordance with the objects under Memorandum of Association (‘MOA’) of the Company as amended from time to time or
 - ii. which undertaken in connection with or furtherance of regular business activities of the Company or
 - iii. which is frequent over a period of time or, if not frequent, are commonly undertaken to attain the business objectives of the Company. or
 - iv. wherein the income, if any, earned from such activity/transactions is assessed as business income in the Company’s books of accounts and hence is a business activity, or
 - v. which is incidental to or in connection with the industry in which the Company operates or part of standard industry practice, or
 - vi. meets any other parameters/criteria as decided by the Board/Audit Committee.

9. "Policy" means Related Party Transaction Policy.
10. "Related Party" means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards or SEBI (LODR) Regulations, 2015:
- [The following shall also be treated as the Related Party -
- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
 - b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more
 - ii. to the extent of 10% or more w.e.f. April 1, 2023]
11. "Related Party Transaction or transaction ("RPT") means a transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged. Explanation - A "transaction" with a Related Party shall be construed to include single or a group of transactions in a contract. [The RPT shall include transactions between -
- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
 - b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.]
12. "Relative" with reference to any person shall have meaning as defined in Section 2(77) of the Act read with rule 4 of Companies (Specifications of Definition Details) Rules, 2014 and the amendment made thereunder from time to time.
13. "Subsidiary Company" or "Subsidiary", shall have the meaning as defined under the Act.
14. "Industry Standards" shall mean the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" as notified by SEBI vide its circular dated June 26, 2025, and subsequently as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, SEBI LODR, applicable Accounting Standards or any other law or regulation applicable to the Company.



POLICY AND PROCEDURE:

- **Policy**

All Related Party Transactions [where the Company is a party to such transactions], must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

- **Procedures**

A. Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

B. Identification of Related Party Transactions

Every director shall, at the beginning of the financial year, provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and on an arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions involving promoter or promoter group
- c. Other Related Party Transactions

The Industry Standards shall not apply to transactions having value less than Rs.1 crore in a financial year.

C. Review and approval of Related Party Transaction

» Audit Committee

A. Prior approval of the Audit Committee shall be required for:

1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
2. RPTs of above Rs.1 crore, where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:
 - i. 10% of the annual standalone turnover of the subsidiary as per last audited financial statements of the subsidiary; or
 - ii. the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.

If 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:

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

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit Committee shall not be required for:

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the

- general meeting for approval.
- iv. transactions entered into between 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.
 - v. remuneration and sitting fees paid by Company or its subsidiaries to its directors, key managerial personnel's or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23(1) of the Listing Regulations.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 9 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval.

3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
4. The omnibus approval shall provide details of (i) the name(s) of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

5. The threshold for prior approval of the Audit Committee on related party transactions whether entered into individually or taken together with previous transactions during a financial year, undertaken by subsidiaries shall be as follows: -
 - For a subsidiary with audited financial statements: 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary or the scale-based threshold for material related party transactions of listed entity (as mentioned above), whichever is lower.
 - For subsidiaries not having audited financial statements for a period of at least 1 year: 10% of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or the scale-based threshold for material related party transactions of listed entity (as mentioned above), whichever is lower.
6. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given;
7. Omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Act or rules, notifications, or circulars issued thereunder from time to time. In case of omnibus approvals for material related party transactions, granted by the 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.
8. Omnibus approval shall not be made for transactions in respect of selling or disposing of the

undertaking of the Company.

9. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
10. Any other conditions as the Audit Committee may deem fit.

B. Pursuant to the approval of the Board of Directors, the Audit Committee of the Company has specified the following criteria for granting omnibus approval:

- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year shall be as may be determined by the Audit Committee from time to time, based on the annual consolidated turnover of the Company as per its last audited financial statements, subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.
- b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy. Should the value per transaction, through omnibus route, exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.
- c. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - ii. the indicative base price / current contracted price and the formula for variation in the price, if any;
 - iii. Minimum information to be placed before the Audit Committee as required under the Industry Standards;
 - iv. such other information/documents/confirmations as the Audit Committee may deem fit from time to time.
- d. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant to each omnibus approval given.
- e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - i. Transactions which are not at arm's length or not in the ordinary course of business;
 - ii. Transactions which are not repetitive in nature;
 - iii. Transactions exceeding materiality thresholds as laid down in the Policy

- iv. Transactions in respect of selling or disposing of the undertaking of the company
- v. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- vi. Any other transaction as the Audit Committee may deem not fit for omnibus approval

C. Audit Committee has defined “material modifications” as following:

“Material Modifications of Related Party Transaction” in relation to the Company means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

»Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm’s length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a. Transactions which may be in the ordinary course of business and at arm’s length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm’s length basis and decides to refer the same to the Board for approval;

» Approval of the Shareholders

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders’ resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP’s can cast only negative vote to reject the shareholders resolution of material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm’s Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- v. transactions entered into between 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.

TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL:

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party [including following:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.]

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in

the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

DISCLOSURES:

- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed Material RPTs as applicable.
- The Company shall submit to the stock exchanges disclosure of related party every six months on the date of publication of its standalone and consolidated financial results in the format specified by the SEBI from time to time.
- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

POLICY REVIEW:

This policy is framed in accordance with the provisions of the Companies Act, 2013, the rules thereunder, and the requirements of the SEBI Listing Regulations.

If any subsequent amendments to the Companies Act, 2013, SEBI Listing Regulations, or other applicable regulations ("the Regulations") result in inconsistencies with this policy, the provisions of the Regulations shall prevail. The policy will be updated as necessary to ensure consistency with the Regulations.

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.