EMMBI INDUSTRIES LIMITED

Building responsibly. Operating sustainably.

Policy on Related Party Transactions

EMMBI INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time)

1. Background and Purpose

The Board of Directors (the "Board") of Emmbi Industries Limited ("the Company") has adopted this Policy on Related Party Transactions ("Policy") pursuant to the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations" or "SEBI LODR"), as amended from time to time, and the Revised Industry Standards on minimum information for approval of RPTs notified by the Industry Standards Forum (ISF) in consultation with SEBI on June 26, 2025 ("Revised RPT Standards").

The Policy is intended to establish a governance framework for identification, review, approval, ratification, disclosure and monitoring of related party transactions in accordance with Applicable Laws. This Policy shall be read dynamically. References to statutory provisions, thresholds, forms, disclosure requirements and approval requirements shall be construed as references to those provisions as amended, re-enacted, substituted or clarified from time to time. In the event of any inconsistency between this Policy and Applicable Laws, Applicable Laws shall prevail.

2. Scope

This Policy applies to all Related Party Transactions entered into by the Company and, where applicable under Applicable Laws, by its subsidiaries, including transactions where the Company is not directly a party but the applicable SEBI LODR approval or disclosure requirement is triggered. All Directors, Key Managerial Personnel, senior management and relevant business teams of the Company shall comply with this Policy.

3. Definitions

"Act" means the Companies Act, 2013 and the rules made thereunder, each as amended from time to time.

"Applicable Laws" means the Companies Act, 2013 and the rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended form time to time, applicable Indian Accounting Standards, relevant SEBI Circulars/Master Circulars, and any other statute, law, standards, regulations or governmental instructions relating to Related Party Transactions applicable to the Company.

"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.

"Audit Committee" means the committee of the Board constituted in accordance with the provisions of the Listing Regulations and the Companies Act, 2013.

"Board" means the Board of Directors of the Company.

"Compliance Officer" means the Company Secretary of the Company or such other person designated by the Board for the purpose of SEBI Listing Regulations compliance.

"Control" shall have the same meaning as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, and the Act.

"Key Managerial Personnel (KMP)" shall have the meaning assigned under the Act.

"Material Modification" means any modification to an approved Related Party Transaction that exceeds the threshold approved by the Audit Committee/Board/Shareholders, as applicable. Unless a lower threshold is specifically approved, a change in value exceeding 20% of the originally approved transaction value shall be treated as a Material Modification, subject always to any stricter legal requirement, and shall require fresh approval at the applicable level.

"Material Related Party Transaction" means a transaction as defined under the Listing Regulations read with Schedule XII thereof (as amended by the SEBI (LODR) Fifth Amendment Regulations, 2025), whether entered into individually or taken together with previous transactions during a financial year, as further described in Section 6 of this Policy. A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

"Ordinary Course of Business" means a transaction which is normal, necessary, incidental or customary in connection with the business of the Company, determined having regard to the guiding principles set out in Annexure A to this Policy.

"Policy" means this Related Party Transactions Policy.

"Related Party" means a related party as defined under Regulation 2(1)(zb) of the Listing Regulations, Section 2(76) of the Companies Act, 2013 or under applicable Indian Accounting Standards, as amended from time to time, whichever is the most inclusive.

"Related Party Transaction (RPT)" means a transaction as defined under Regulation 2(1)(zc) of the Listing Regulations and Section 188 of the Companies Act, 2013, read with amendments issued from time to time, including the SEBI (LODR) Fifth Amendment Regulations, 2025, and shall include any transaction involving a transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party, regardless of whether a price is charged, together with such deemed and benefit transactions as may be covered under Applicable Laws.

"Relative" with reference to a director or a KMP, means persons defined under Section 2(77) of the Companies Act, 2013, as amended from time to time.

Any term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or other Applicable Laws, as the case may be.

4. Transactions Not Treated as RPTs under SEBI LODR

To the extent excluded under the prevailing SEBI LODR framework, the following shall not be treated as Related Party Transactions for the purposes of Regulation 23:

- Issue of specified securities on a preferential basis, subject to compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Corporate actions uniformly applicable/offered to all shareholders in proportion to their shareholding (whether or not listed): payment of dividend; subdivision or consolidation of securities; issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities;
- Acceptance of fixed deposits by banks/Non-Banking Finance Companies at terms uniformly applicable/offered to all shareholders/public, subject to disclosure as per Regulation 23(9);

- Acceptance of current account deposits and saving account deposits by banks in compliance with directions issued by the Reserve Bank of India;
- Retail purchases from any listed entity or its subsidiary by directors or KMP of the listed entity or its subsidiary, and relatives of such directors or KMP, without establishing a business relationship and at terms which are uniformly applicable/offered to all employees, directors, KMP and their relatives; and
- Such other transactions or classes of transactions as may be expressly excluded by SEBI from time to time.

Explanation: *For items (c) and (d) above, acceptance of deposits includes payment of interest thereon.*

5. Policy Principles

- All RPTs shall be identified in advance and routed through the approval matrix prescribed in this Policy;
- RPTs shall be undertaken in the interest of the Company and, wherever applicable, on an arm's length basis and in the ordinary course of business;
- The Company shall maintain appropriate documentation supporting the commercial rationale, pricing basis and approval trail for each RPT;
- Related parties shall abstain from voting where mandated by Applicable Laws; and
- Where Applicable Laws change, the stricter or more current requirement shall prevail automatically pending a formal Policy refresh.

6. Materiality Thresholds

Pursuant to Regulation 23(1) of the Listing Regulations, as amended by the SEBI (LODR) Fifth Amendment Regulations, 2025 (effective December 18, 2025), a transaction with a Related Party shall be considered a "Material Related Party Transaction" if the transaction(s), entered into individually or taken together with previous transactions during a financial year, exceed the thresholds set out below (based on the annual consolidated turnover of the Company as per the last audited financial statements):

Sr. No.	Annual Consolidated Turnover	Materiality Threshold (RPT is Material if it exceeds)
1	Up to Rs. 20,000 crore	10% of annual consolidated turnover
2	Rs. 20,001 crore to Rs. 40,000 crore	Rs. 2,000 crore + 5% of annual consolidated turnover above Rs. 20,000 crore
3	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)
4 (Special)	**Royalty / brand usage payments to related party**	**5% of annual consolidated turnover of the listed entity as per last audited financial statements**

7. Periodic Identification of Related Parties

- The Secretarial Department shall maintain and periodically update the master list of related parties based on declarations received from Directors, KMP and other relevant personnel and records available with the Company.
- Each Director and KMP shall inform the Secretarial Department of any change in their previously disclosed interests (including under Sections 184 and 189 of the Act) and shall provide an updated list of relatives promptly.
- Each Director and KMP is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may reasonably request.
- The list of identified Related Parties shall be system-tagged and circulated to finance, secretarial, procurement, business and legal teams to enable pre-clearance of transactions.
- Before any transaction is entered into, the concerned business owner and the Secretarial/Legal Department shall assess whether it qualifies as an RPT and what level of approval is required.

8. Approval Matrix

8.1 Audit Committee Approval

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee, unless expressly exempt under Applicable Laws. Only those members of the Audit Committee who are Independent Directors shall approve RPTs, as required by SEBI LODR.

Subsidiaries : The Audit Committee of the listed entity shall also approve RPTs to which a subsidiary of the Company is a party but the listed entity is not a party, if the value of such transaction(s) exceeds Rs. 1 crore and the lower threshold described below. The applicable thresholds by subsidiary category are:

Category of Subsidiary	Threshold for Audit Committee Approval (prior approval required if the transaction exceeds)
Subsidiary with audited financials for at least one financial year	Lower of: (a) 10% of standalone turnover of the subsidiary; or (b) Material RPT threshold of the listed entity under Schedule XII
Newly incorporated subsidiary (no audited financials for one full year)	Lower of: (a) 10% of aggregate of paid-up share capital and securities premium of the subsidiary; or (b) Material RPT threshold of the listed entity under Schedule XII

However, prior approval of the Audit Committee shall not be required for an RPT where the subsidiary is itself a listed entity to which Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations apply.

Explanation: *For RPTs of unlisted subsidiaries of a listed subsidiary as referred to above, prior approval of the audit committee of the listed subsidiary shall suffice.*

Remuneration and sitting fees paid by the Company or its subsidiary to its Director, KMP 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 under Regulation 23(1) of the SEBI Listing Regulations.

The Company shall place before the Audit Committee the minimum information prescribed under the SEBI Master Circular dated November 11, 2024 (and its amendments), the Revised RPT Industry Standards notified on June 26, 2025, and such other information as may be specified under SEBI Regulations/Circulars from time to time.

8.2 Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and in the Ordinary Course of Business and at Arm's Length, after satisfying itself of the need for such approval and that it is in the interest of the Company, subject to compliance with the Act and the Listing Regulations.

The omnibus approval framework shall specify, among other things: the name of the related party; nature and period of transaction; maximum amount per transaction and in aggregate; pricing basis/formula; disclosure requirements; and transactions excluded from the omnibus route. The Audit Committee may also grant omnibus approval for unforeseen transactions, subject to statutory limits.

- Omnibus approvals shall be valid for a period not exceeding one (1) year and shall require fresh approval thereafter.
- Transactions entered into pursuant to omnibus approval shall be reviewed by the Audit Committee at least on a quarterly basis.

8.3 Omnibus Shareholder Approval (Regulation 23(4) – Fifth Amendment)

Material Related Party Transactions which are repetitive in nature may be approved by the shareholders by way of an omnibus resolution at a General Meeting, subject to the following validity periods:

- Omnibus approvals obtained at an Annual General Meeting (AGM) shall remain valid up to the date of the next AGM but not exceeding fifteen (15) months from the date of the AGM.
- Omnibus approvals obtained at General Meetings other than AGMs (including postal ballot) shall remain valid for a period not exceeding one (1) year from the date of the General Meeting.

8.4 Board Approval

- Transactions covered under Section 188 of the Act proposed to be undertaken not in the ordinary course of business or not on an arm's length basis shall require prior approval of the Board. Where prior approval is not obtained, the same shall be ratified within three (3) months from the date on which such contract or arrangement was entered into.
- Any RPT that the Audit Committee considers appropriate for escalation to the Board, or which the Board is required by law to approve, shall be placed before the Board.
- Interested directors shall abstain from participation in discussion and shall not be present during voting on the relevant item.

8.5 Shareholder Approval

- All Material Related Party Transactions (read with Schedule XII) and subsequent Material Modifications, or Material RPTs under Section 188 of the Act that are not in the ordinary course of business or not at arm's length, shall be placed for prior approval of shareholders through an ordinary resolution.
- No related party shall vote to approve such resolutions, whether or not the entity is a related party to the particular transaction, as required by Applicable Laws.

9. Ratification of Related Party Transactions

If prior approval of the Audit Committee/Board/Shareholders, as applicable, is not feasible or is inadvertently not obtained, the transaction may be placed for ratification within the time permitted by Applicable Laws.

The Independent Directors on the Audit Committee may ratify an RPT within three (3) months from the date of the transaction, or at the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- The aggregate value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rupees One Crore;
- The transaction is not material under Regulation 23(1) of the SEBI Listing Regulations;
- The rationale for the inability to seek prior approval shall be placed before the Audit Committee at the time of seeking ratification;
- The details of ratification shall be disclosed along with the RPT disclosures under Regulation 23(9); and
- Any other condition as specified by the Audit Committee.

Provided that failure to seek the required ratification shall render the transaction voidable at the option of the Audit Committee/Board/Shareholders, as the case may be, 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 Company against any loss incurred by it.

10. Exemptions from Approval

Subject to the conditions mentioned under Applicable Laws, approval of the Audit Committee/Shareholders, as the case may be, shall not be required for Related Party Transactions entered into between:

- The listed Company and its wholly owned subsidiary; and
- Two wholly owned subsidiaries of the listed Company,

provided the accounts of such wholly owned subsidiaries are consolidated with the Company and placed before the shareholders at the General Meeting for approval.

Explanation: *The term "holding company" in the above provision refers to, and shall be deemed always to have referred to, a "listed holding company" in terms of the Explanation inserted in Regulation 23(5) by the SEBI (LODR) Fifth Amendment Regulations, 2025. The Company may also* *rely on any additional exemption, carve-out or clarification expressly permitted under Applicable Laws from time to time.*

11. Review Parameters for Approving an RPT

Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits and substantive fairness of the related terms. In determining whether to approve or ratify an RPT, the Audit Committee/Board shall take into account, among other factors:

- Whether the transaction is in the Ordinary Course of Business;
- Whether the transaction is at Arm's Length and supported by a clear pricing or benchmarking rationale;
- The business purpose, commercial benefit and strategic rationale for the transaction;
- The size, tenure, structure, risk allocation and key contractual terms;
- Whether the transaction may create a conflict of interest, promoter benefit, tunnelling risk or adverse minority shareholder impact;
- In financing transactions: the source of funds, cost of funds, terms, security, repayment schedule and end-use by the ultimate beneficiary; and
- Any independent valuation, fairness opinion, benchmarking note or other expert support considered relevant.

Any member of the Audit Committee who has a potential interest in any RPT will abstain from discussion and voting on such proposals. The Audit Committee/Board may seek the assistance of any employee of the Company or one or more independent experts at the expense of the Company.

12. Arm's Length Pricing and Ordinary Course of Business

Arm's length pricing in respect of all Related Party Transactions shall be determined in accordance with the policy memos adopted by the Board for specified RPTs, where such memos have been prepared. All proposed RPTs may be assessed as to whether they are in the Ordinary Course of Business by reference to the Company's Note on 'Determination of Ordinary Course of Business' as set out in Annexure A to this Policy.

13. Disclosure and Reporting

- The Company shall submit to the stock exchange(s) disclosures of RPTs in the format specified by SEBI from time to time and publish the same on its website.
- Such disclosures shall be made every six months, on the date of such publication of its standalone financial results.
- The Company shall place before the Audit Committee and the Board periodic details of RPTs entered into during the relevant period.
- The Director's Report and the Annual Report shall contain details of RPTs as required under the Companies Act, 2013 and Schedule V of the Listing Regulations.

14. Interpretation and Overriding Effect

In case of any ambiguity in interpretation of this Policy, the Audit Committee shall have the power to interpret this Policy in a manner consistent with Applicable Laws. In the event of any inconsistency between this Policy and Applicable Laws, the Applicable Laws shall prevail and this Policy shall be deemed to stand modified to that extent automatically, without requiring a formal amendment.

15. Review of the Policy

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on changes brought about by regulatory amendments or otherwise. The Board shall review this Policy at least once every three years, including the threshold limits specified herein, and update it accordingly.

ANNEXURE A

Determination of Ordinary Course of Business

Background

Section 188(1) of the Companies Act, 2013 requires that a company shall not enter into any contract or arrangement with a related party that is not in the ordinary course of business and that is not at arm's length, without the consent of the Board of Directors. Where the Company's paid-up share capital or the transaction value exceeds the prescribed thresholds, prior approval of shareholders is also required. Transactions that are simultaneously in the ordinary course of business and at arm's length are exempt from Section 188(1) requirements.

What is Ordinary Course of Business?

The phrase 'ordinary course of business' is not defined under the Companies Act or the rules thereunder. An assessment of whether a transaction is in the 'ordinary course of business' is inherently judgmental and may vary on a case-to-case basis. The purpose of such assessment is to determine whether the transaction is usual or customary to the Company and/or its line of business.

Transactions Typically Outside the Ordinary Course of Business

International Standard on Auditing (ISA) 550 – 'Related Parties' provides the following illustrative (non-exhaustive) examples:

- Complex equity transactions, such as corporate restructurings or acquisitions;
- Transactions with offshore entities in jurisdictions with weak corporate laws;
- Leasing of premises or rendering of management services to another party if no consideration is exchanged;
- Transactions with circular arrangements, for example, sales with a commitment to repurchase; and
- Transactions under contracts whose terms are changed before expiry.

Tests for Determining Ordinary Course of Business

Courts and regulators have, inter alia, identified the following principles:

- The objects of the company permit such activity;
- It is a historical practice with a pattern of frequency (not an isolated transaction);
- It has a connection with the normal business carried on by the company;
- The income, if any, from such activity/transaction is assessed as business income in the company's books; and
- It is a common commercial practice in the relevant industry.

Key Factors for Management's Assessment

Coverage under Memorandum of Association: If the transaction is covered in the objects clause, it is likely to be in the ordinary course of business.

Whether the transaction is usual or unusual: The assessment should consider industry norms, not merely the company's past history. A transaction that is common in the industry may be in the ordinary course of business even if undertaken for the first time.

Frequency: Transactions that recur frequently over time are more likely to be ordinary. However, a single or infrequent transaction is not automatically excluded.

Business purpose and third-party comparability: Transactions that form part of revenue from operations, cost of goods/services sold, routine operating expenditure, treasury management or capital maintenance requirements (without complicated terms not seen with independent third parties) are generally considered to be in the ordinary course of business. Transactions disclosed under other income, other expenses, exceptional or extraordinary items shall be assessed on a case-to-case basis.

Size and volume: The materiality of the transaction in terms of value may be considered, including by reference to the materiality thresholds prescribed under Schedule XII of the SEBI Listing Regulations, as amended by the SEBI (LODR) Fifth Amendment Regulations, 2025.

Red flags: Transactions containing unusual features, circularity, unsupported concessions, no-consideration terms or other characteristics suggesting they fall outside normal business conduct should be assessed carefully and treated with caution.

The existence of one or more of the above factors shall not by itself be conclusive. The substance, business context and overall fairness of the transaction shall be considered holistically.