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## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

**(Adopted on: March 25, 2025)**

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### **STUDDS ACCESSORIES LIMITED**

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**SUBSIDIARIES**

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## STUDDS ACCESSORIES LIMITED

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

#### PURPOSE OF THIS POLICY:

**STUDDS ACCESSORIES LIMITED** (“the Company”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“SEBI”).

The Policy for Determining Material Subsidiaries was approved by the Board of Directors of the Company in the Board meeting held on March 25, 2025 and shall be effective from March 25, 2025. The Company has adopted the policy and procedures for determining ‘Material’ Subsidiary Companies (“**Policy**”) in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**Listing Regulations**”) which lays out regulatory requirements for material subsidiary companies.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

#### DEFINITIONS

**“Audit Committee”** means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Regulation 18 of the Listing Regulations.

**“Independent Director”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Regulations.

**“Material Subsidiary”** shall mean a subsidiary, whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

**“Material Unlisted Indian Subsidiary”** shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth exceeds ten percent of (the consolidated turnover or net worth respectively, of the Company and its

subsidiaries in the immediately preceding accounting year. (Net worth as defined under Section 2(57) of the Companies Act, 2013).

**“Significant transaction or arrangement for unlisted material subsidiary”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

**“Subsidiary”** shall be as defined under the Act and the rules made thereunder.

**“Unlisted Subsidiary”** means subsidiary whose securities are not listed on any recognized Stock Exchanges.

## **POLICY AND PROCEDURE**

- I. A subsidiary of the Company shall be considered as material subsidiary (“Material Subsidiary”) if the turnover or net worth of such subsidiary exceeds 10% (ten per cent.) of the consolidated turnover or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.
- II. Based on the latest financial statements (including consolidated financial statements) of the Company, the Company shall identify on annual basis as well as upon any change in the holding of the Company in any of the existing subsidiaries or acquisition of a new subsidiary, whether any of the subsidiaries of the Company will be considered as Material Subsidiary as per the criteria given in this Clause.
- III. The name of each Material Subsidiary identified in the manner mentioned above, if any, shall be reported to the Audit Committee and the Board of Directors of the Company along with the annual audited financial statements. Further, in case of any change in the status of a subsidiary during the year, the same should be reported to the Audit Committee and the Board of Directors in their meetings to be held following such change.
- IV. The Company shall comply with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of each of its Material Subsidiary, if any, identified in the manner mentioned above.
- V. In pursuance of Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, at least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of an unlisted material subsidiary of the Company, whether incorporated in India or not, if any. For the purpose of this clause, “material subsidiary” shall mean a subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth of the Company and its subsidiaries in the immediately preceding accounting year.

- VI. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- VII. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.
- VIII. The Board shall be provided periodically with a statement of all significant transactions and arrangements entered into by the unlisted subsidiary Company.

#### **DISPOSAL OF MATERIAL SUBSIDIARY**

The Company, without the prior approval of the members by Special Resolution in a general meeting, shall not:

- a. dispose off shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50%; or cease the exercise of control over the Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
- b. sell, dispose off or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

#### **LAW TO TAKE PRECEDENTS AND AMENDMENT**

- I. Any of the Executive Directors, Chief Financial Officer or the Company Secretary, being Key Managerial Personnels of the Company are severally authorised by this Policy to determine whether a subsidiary has become a material subsidiary as per this Policy and the Listing Regulations and to do and take all necessary an incidental act, steps etc. in pursuant thereto.
- II. The Policy would be reviewed from time to time. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended, if deemed necessary, with due approval from the Board of Directors. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Listing Regulations, Companies Act, 2013 or any law for the time being in force.

## **DISCLOSURES**

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Board's report.

## **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s) etc. shall prevail upon the relevant provisions of the Policy and this Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s) etc.

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