

S. P. APPARELS LIMITED

Policy for Determining Material Subsidiaries

Amended dated 10.02.2025

Policy for Determining Material Subsidiaries

1. Purpose and Scope:

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Policy will be used to determine the Material 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 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

2. Material Subsidiary

"Material Subsidiary" shall mean a Subsidiary, whose income or net worth exceeds 10% (Ten Percent) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding Accounting Year

3. Compliance for Material Subsidiaries

i.) For Non-Material Subsidiaries

a) The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.

b) The Minutes of the Meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company and its salient features are taken on record therein.

c) A Statement of all significant transactions and arrangements entered into by the unlisted Subsidiary shall be brought to the notice of the Board of Directors of the Company.

ii.) For Material Subsidiaries

a) At least one Independent Director of the Company shall be a Director on the Board of unlisted Material Subsidiary, whether incorporated in India or not. (Applicable if income or net worth exceeds 20% (Twenty Percent)).

b) The Company shall not (either on its own or together with other subsidiaries) dispose of the shares in its Material subsidiary resulting in reduction of its shareholding to less than 50% (Fifty Percent) or cease the exercise of control over the subsidiary without the approval of the Shareholders of the Company by a Special Resolution in its General Meeting, except under a scheme or arrangement duly approved by a Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy code 2016, which event shall be disclosed to the Stock Exchanges within one day of the approval of the resolution plan.

c) The Company shall not sell, dispose of and lease Assets exceeding 20% (Twenty Percent) of the assets of the Material subsidiary on an aggregate basis during a financial year without prior approval of the shareholders of the Company by way of Special Resolution, unless under a scheme of arrangement duly approved by a Court / Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy code 2016, which event shall be disclosed to the Stock Exchanges within one day of the approval of the resolution plan.

d) Material unlisted Subsidiary Company incorporated in India shall undertake Secretarial Audit by a Company Secretary in Practice and the said Secretarial Audit shall be annexed to the Annual Report of the Company.

Provided that if the sale, disposal or lease of assets is between two wholly owned subsidiaries of the Company, the requirement of obtaining shareholders approval by way of special resolution will not be applicable.

4. REPORTING AND DISCLOSURE:

As prescribed by Clause 46(2) (h) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website i.e., <http://www.spapparels.com> and a web link thereto shall be provided in the annual report.

5. REVIEW OF THE POLICY:

This Policy shall be subject to review as may be deemed necessary as per any regulatory amendments.

6. COMPLIANCE RESPONSIBILITY:

Compliance of this Policy shall be the responsibility of the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

Policy amended on 10.02.2025