



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

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STUDDS ACCESSORIES LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS & DEALING WITH RELATED PARTY TRANSACTIONS

1. INTRODUCTION

This Policy shall be called the 'Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions' of Studds Accessories Limited (hereinafter referred to as "**Studds**" or the "**Company**").

This Policy has been framed as per requirement of Section 188 of the Companies Act, 2013 read with rules made thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI (LODR) Regulations, 2015**").

This Policy regulates all transactions between the Company and its Related Parties.

2. APPLICABILITY

This Policy shall cover in its ambit all the dealings and transactions with related parties. Any transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party or any of its subsidiaries (basis the thresholds as defined in the SEBI (LODR) Regulations, 2015) will be covered as a 'related party transaction'. The Policy shall come into force with effect from the date, Regulation 23 of the SEBI Listing Regulations takes effect with respect to the Company.

3. OBJECTIVE

This Policy provides the criteria for determining the materiality of Related Party Transactions. The objective of this Policy is to ensure proper approvals & reporting of the related party transactions in compliance of provisions with the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and any other applicable statutory provisions for the time being in force, in this regard.

This Policy shall supplement the existing policies & practices, if any and delegation of powers etc. already approved by the Competent Authority for entering into such Related Party transactions.

4. DEFINITIONS

- a) "**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.
- b) "**Audit Committee**" or "**Committee**" means the audit committee constituted by the Board of Directors in accordance with applicable law,

including the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 as amended from time to time.

- c) **“Board”** means the Board of Directors of Studds Accessories Limited.
- d) **“Company”** means Studds Accessories Limited.
- e) **“Material Related Party Transaction”** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- f) **“Material modifications”** to the related party transactions shall mean any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit.
- g) **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.
- h) **“Policy”** means this Policy, as amended from time to time.
- i) **“Related Party”** means a related party as defined under Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015, as amended from time to time.
- j) **“Related Party Transactions”** shall mean such transactions as specified under the Companies Act, 2013 and Regulation 2(1)(zc) of the SEBI (LODR) Regulations, 2015 including any amendment or modification thereof, and Section 188 of the Companies Act, 2013 and Indian Accounting Standard 24, and includes any Material Modifications, as may be applicable.
- k) **“Relative”** means a relative as defined under Section 2(77) of the Companies Act, 2013 and Regulation 2(1)(zd) of the SEBI (LODR) Regulations, 2015.

- l) **“Subsidiary Company”**: As per Section 2(87) of the Companies Act, 2013.
- m) **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations, 2015, Securities Contracts (Regulation) Act, 1956, or any other applicable law or regulation.

5. MATERIALITY OF RELATED PARTY TRANSACTIONS

5.1 Materiality

A transaction with a related party shall be considered 'material' if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

5.2 Identification of Related Party Transactions

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or the Committee of any potential Related Party Transaction(s) involving him or his Relative, including any additional information about the transaction that the Board/the Committee may reasonably request.

Further, the management of the Company will be responsible to inform about the entities/companies which are related parties to the Company, based on the group structure / corporate holdings.

The Board/the Committee will determine whether the transaction constitutes a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Committee/the Board has adequate time to obtain and review information about the proposed transaction(s).

6. APPROVALS AND RATIFICATIONS

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals of the following, subject to exemptions, if any, under any law for the time being in force:

6.1 Audit Committee

- 6.1.1 All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the SEBI (LODR) Regulations, 2015.
- 6.1.2 The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- 6.1.3 Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.
- 6.1.4 A Related Party Transaction which is
- (i) not in the ordinary course of business, or
 - (ii) not at arm's length price, would require approval of the Board or of shareholders in terms of the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- 6.1.5 The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the SEBI (LODR) Regulations, 2015 and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company or its subsidiary subject to the following conditions:
- a) The Audit Committee may grant omnibus approval in respect of transactions which are repetitive in nature;
 - b) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year;
 - c) The Audit Committee shall satisfy itself that there is a need for such omnibus approval and that such approval is in the interest of the Company;
 - d) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into during the year, (ii) the indicative base price / current contracted price and the formula for variation in the price, if any and (iii) such other conditions as the Audit Committee may deem fit;
 - e) The Audit Committee may grant omnibus approval where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- 6.1.6 The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company or its subsidiary pursuant to the omnibus approval.

6.1.7 In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

6.1.8 A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

6.1.9 The Audit Committee may grant its omnibus approval for related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations.

6.2 Board of Directors

In case of Related Party Transactions are referred by the Committee to the Board for its approval due to the transaction being:

- (i) not in the ordinary course of business, or
- (ii) not at an arm's length price,

The Board will consider such factors as, the nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such a transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

6.3 Shareholders

If a Related Party Transaction is:

- (i) a material transaction as per Regulation 23 of the SEBI (LODR) Regulations, 2015, or
- (ii) exceeds certain thresholds prescribed under Section 188 of the Companies Act, 2013,

then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution.

In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote to approve on such Related Party Transaction.

The provisions of regulation 23(2), (3) and (4) and relevant part of the policy shall not be applicable in case of transactions entered into between (i) two

public sector companies; (ii) a Company and its wholly owned subsidiary; (iii) between two wholly-owned subsidiaries, whose accounts are consolidated with such the Company and placed before the shareholders at the general meeting for approval; (iv) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand; and (v) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations.

In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

Reporting of Related Party Transactions:

- i) Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement in terms of the requirement of the applicable provisions.
- ii) The details of all transactions with related parties subject to any relaxations as provided under the SEBI (LODR) Regulations, 2015 shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the SEBI (LODR) Regulations, 2015.

6.4 Ratifications

In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, Board of Directors and / or shareholders, as the case may be, in respect of any Related Party Transaction, then it shall be required to be ratified by the Audit Committee, Board of Directors and/or shareholders, as the case may be, within a period of three months of entering into Related Party Transaction.

Further, while submitting proposal for ratification of Related Party Transaction by the Audit Committee / Board / shareholders, the

concerned department shall incorporate adequate justification for entering into Related Party transaction without seeking prior approvals, in the agenda note.

In circumstances where:

- (i) any transaction involving any amount not exceeding Rupees one crore is entered into by a director or officer of the Company, without obtaining the approval of the Audit Committee, and/or
- (ii) any contract or arrangement is entered without prior approval of the Board or shareholders, as the case may be;

and the same is not ratified by the Audit Committee / Board / shareholders within three months from the date of the transaction or date on which such contract or arrangement was entered into, such transaction shall be voidable at the option of the Audit Committee/Board/shareholders, as the case may be, and if the transaction, contract or arrangement is with the related party of any Director or is authorized by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

7. DISCLOSURE

- 7.1 Every Contract or arrangement entered with Related Party with the approval of the Board/shareholders in line with Section 188 of the Companies Act, 2013 are required to be referred in the Board's Report to the shareholders along with justification for entering into such contracts or arrangements subject to the applicable provisions.

The particulars of prescribed contracts or arrangements with related parties shall be disclosed in the Board's Report of the Company for every financial year commencing on or after April 1, 2025 in Form AOC-2, pursuant to provisions of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

- 7.2 Details of transactions entered with any Related Party of Studds shall be furnished to the Company Secretary within a period of 15 days from the end of each quarter, in Form AOC-2 for putting up the same for information of the Audit Committee and Board of Directors.
- 7.3 The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.
- 7.4 In terms of SEBI LODR Regulations, 2015 as amended, the Company shall, on the date of publication of its standalone and consolidated financial results for the half year, submit disclosures of related party

transactions on a consolidated basis, in the specified format.

7.5 This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

7.6 Any other disclosures as may be required in accordance with the applicable statutory provisions.

8. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or SEBI LODR Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI LODR Regulations, 2015 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

9. POLICY REVIEW

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time. Further, in any case, the Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Related Party Policy.
