

STL NETWORKS LIMITED

POLICY ON MATERIAL SUBSIDIARY

Owner:
Secretarial Department

Issue Date:
March 6, 2025

Version:
1.0

Table of Contents

S. No.	Particulars	Page Nos.
1	Purpose & effective date	3
2	Definitions	3
3	Requirements	4
4	Frequency of materiality test	5
5	Compliance with the policy	5

1. Purpose and Effective Date

The Policy for determining Material Subsidiary companies has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and other applicable provisions (including any statutory enactments/ amendments thereof).

The purpose of this Policy is determination of Material Subsidiaries of STL Networks Limited (“the Company”) and disclosure thereof as required under the SEBI Listing Regulations. The Policy also intends to ensure governance of material subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

This policy shall apply with effect from March 6, 2025.

2. Definitions

- i. **Audited consolidated financial statements:** Audited consolidated financial statements means consolidated financial statements of the Company and its Subsidiaries/ Joint Ventures for the previous financial year, which have been audited by the statutory auditors of the Company and adopted by the members of the Company at the Annual General Meeting of the Company.
- ii. **Material Subsidiary:** For the purpose of this Policy, except as otherwise provided hereunder, a subsidiary of the Company shall be considered as Material Subsidiary if:
 - a. the turnover of the subsidiary exceeds 10% of the consolidated turnover of the Company and its Subsidiaries/ Joint Ventures as per the audited consolidated financial statements in the immediately preceding accounting year.
Or
 - b. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its Subsidiaries/ Joint Ventures as per the audited consolidated financial statements in the immediately preceding accounting year.
- iii. **Significant transaction or arrangement:** 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 Company for the immediately preceding accounting year.

- iv. **Subsidiary Company:** Subsidiary company shall be as defined under Section 2(87) of the Companies Act, 2013 (“the Act”) and the Rules made thereunder.

Words and expressions used and not defined in this policy, but defined in the Act or any rules framed under the Act or in the Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or in Listing Regulations or the Accounting Standards shall have the meanings assigned to them in those Acts, Rules, Regulations or Standards.

3. Requirements:

- i. The Company, without prior approval of the shareholders by special resolution, shall not:
- a) dispose of shares in the Material Subsidiary that reduces shareholding of the Company (either its own or together with other subsidiaries) to less than or equal to 50% or results in cessation of control over the Material Subsidiary;
 - b) sell, dispose off or lease the assets amounting to more than 20% of the assets (on an aggregate basis during a financial year) of the Material Subsidiary as per its audited standalone financial statements of previous financial year.

Except in cases where such disinvestment / sale / disposal / lease as the case may be, is made under a scheme of arrangement duly approved by the Court / Tribunal or under a resolution plan, duly approved under the Insolvency Code & such an event is disclosed to the Stock Exchanges within one day of getting approved.

Nothing contained in Point 3(b) shall be applicable is such sale/ disposal/ lease of assets is between two wholly owned subsidiaries of the Company.

- ii. At least one independent director on the Board of the Company, will be appointed as a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not.

For the purposes of this clause, the term “material subsidiary” shall mean a Subsidiary Company, whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries/ Joint Ventures in the immediately preceding accounting year as per the audited consolidated financial statements.

- iii. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company on an annual basis.
- iv. The minutes of meeting of the Board of the unlisted Subsidiary Company shall be placed at the Board Meeting of the Company.
- v. The management of unlisted subsidiary shall periodically bring to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary Company.
- vi. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report.

- vii. Where the Company has a listed subsidiary, which is itself a holding company, the provisions of Regulation 24 of Listing Regulations shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

4. Frequency of materiality test

The materiality test shall be applied every financial year as soon as the audited financial statements of the Company are made available.

5. Compliance with the Policy

It shall be the responsibility of the Company Secretary and Chief Financial Officer to ensure compliance with the Policy and that the approval process is duly followed and data required for the approval process is made available to the respective approving authority.

In case of non-compliances, it shall be the responsibility of the Company Secretary & the CFO to report the non-compliances to the Audit Committee/ Board of Directors. The Audit Committee/ Board of Directors may take appropriate mitigating actions in compliance with prevailing laws.

In the event of any conflict between the Act or the SEBI Listing Regulations or any other statutory enactments (“Rules”) and the provisions of this policy, the Rules shall prevail over this policy. Any subsequent amendment/ modification in the Regulations, in this regard shall automatically apply to this policy.