



ADITYA BIRLA FASHION AND RETAIL LIMITED

Policy for Determining Material Subsidiary

1. INTRODUCTION AND PURPOSE

The Board of Directors of Aditya Birla Fashion and Retail Limited (*"the Company"*) has adopted the policy for determining material subsidiaries vide its resolution dated July 26, 2019, to provide a governance framework for such material subsidiaries.

The Policy is framed in accordance with the requirements of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*"SEBI Listing Regulations"*) (including any amendments thereof).

2. DEFINITIONS

- i. **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.
- ii. **"Policy"** means this Policy, as amended from time to time.
- iii. **"Subsidiary"** shall mean a subsidiary as defined under the Companies Act, 2013 and Rules (*"Act"*) made thereunder.
- iv. **"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 listed entity and its subsidiaries in the immediately preceding accounting year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations, or any other applicable law or regulation.

3. POLICY

The Company, without passing a special resolution in its General Meeting, shall not:-

- i. Dispose off shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% (fifty) or;
- ii. Cease the exercise of control over the subsidiary
- iii. Sell, dispose and lease any of its assets amounting to more than 20% (twenty) of the assets of the material subsidiary on an aggregate basis during a financial year.

Except:

- a) in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal, or;
- b) 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.

4. REQUIREMENT REGARDING MATERIAL NON-LISTED INDIAN SUBSIDIARY

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material unlisted subsidiary company, whether incorporated in India or not.

Explanation - For this purpose, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% (twenty) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. REVIEW AND AMENDMENTS

The Board may, subject to applicable laws review and amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

6. SCOPE AND LIMITATION

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

7. DISSEMINATION OF POLICY

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.