



ADITYA BIRLA FASHION AND RETAIL LIMITED

Policy for Determining Material Subsidiary

Version

Adopted on: July 26, 2019

1st Revision on: December 12, 2024

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. **"Act"** shall mean the Companies Act, 2013 and rules, notifications, circulars framed/issued thereunder, as amended, from time to time.
- ii. **"Board of Directors"** or **"Board"** means the Board of Directors of the Company, as constituted from time to time.
- iii. **"Control"** shall be as defined under the Act and the rules made thereunder.
- iv. **"Material Subsidiary"** shall mean a Subsidiary of the Company whose turnover or net worth exceeds ten per cent of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
- v. **"Policy"** means this Policy, as amended from time to time.
- vi. **"Significant transaction or arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.
- vii. **"Subsidiary"** shall mean a subsidiary as defined under the Companies Act, 2013 and Rules (*"Act"*) made thereunder.

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 Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary of the Company.

The minutes of the meeting of board of directors of the unlisted Subsidiary of the Company shall be placed at the meeting of Board of the Company, at regular intervals.

The management of the unlisted Subsidiary of the Company shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary.

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.

Nothing contained in the above clause shall be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the Company.

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 of the company, whose turnover or net worth exceeds 20% (twenty) of the consolidated turnover 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.