



**ADITYA BIRLA FASHION AND RETAIL LIMITED**

**POLICY FOR DETERMINATION OF MATERIALITY OF EVENT OR INFORMATION**

Version

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## 1. Introduction:

The Board of Directors (the “**Board**”) of Aditya Birla Fashion and Retail Limited (the “**Company**”) has adopted this policy for determination of materiality of events or information for facilitating prompt disclosure of material price sensitive information to the stock exchange(s) (the “**Policy**”).

This Policy has been prepared in terms of Regulation 30 and Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”).

## 2. Objective:

The Company has to ensure prompt disclosure of material price sensitive events or information to the stock exchange(s), where the securities of the Company are listed, so that present and potential investors are able to take informed decision relating to their investment in the Company and to avoid creation of false market in the securities of the Company. This Policy shall act as a guidance for determining materiality of such price sensitive information.

## 3. Definitions

The capitalized terms used in this Policy shall have the meaning ascribed to such terms in the Companies Act, 2013 (“*Act*”), rules made thereunder and the Listing Regulations (collectively, the “**Statutory Provisions**”), as the case may be.

## 4. Guidelines for determining materiality of events/ information:

The following factors shall be considered for determining materiality of any events/information:

- a. The omission of an event/information which might result in discontinuity or alteration of information which is already in public domain; or
- b. The omission of an event/information which might result in significant market reaction, if the said omission come to light at a later date; or
- c. The omission of an event/information whose value or expected impact in value exceeds the lower of following:
  - a. two percent of Turnover as per last Audited Consolidated financial statements of the Company;
  - b. two percent of net worth as per last Audited Consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
  - c. five percent of average of absolute value of profit or loss after tax as per last three audited Consolidated financial statements of the Company.
- d. Any event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of this Policy are circulating amongst the investing public.
- e. Any other event/information which is material in the opinion of Board of the Company.

## 5. Disclosure of events/information:

### Disclosure to the stock exchanges in with accordance Regulation 30 of Listing Regulations:

Any event or information under the sub-clause (d) of Clause 4 shall be disclosed as soon as reasonably possible but not later than twenty-four (24) hours from the reporting of the event or information.

Events/information specified in **Annexure I** of this Policy are deemed to be material events and the Company shall make disclosure of such events or information to the stock exchange(s), without application of guidelines for materiality as mentioned in clause 4 of this Policy, as soon as reasonably possible but not later than the following, unless otherwise specified in Annexure I:

- I. Twelve (12) hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- II. Twenty-four (24) hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided further that in case the disclosure is made after the Twelve (12) hours or twenty-four (24) hours, as the case may be of the occurrence of such event/information, the Company shall, along with such disclosure(s) provide an explanation for the delay.

The Company shall make disclosure of events/information as specified in **Annexure II** of this Policy, if considered material after application of guidelines for determining materiality as given under sub-clause (c) of Clause 4 of this Policy.

Apart from the events/ information given under **Annexure I** and **Annexure II** of this Policy, any other material events/information that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities, shall also be disclosed to the stock exchange(s).

The Company shall disclose to the stock exchange(s) material updates on the events/information disclosed under this Policy, on a regular basis, till such time the event/information is resolved/closed, with relevant explanations.

The Company shall also disclose all events/information with respect to its subsidiaries which are material for the Company, by applying the guidelines of materiality as provided in Clause 4 of this Policy.

Without prejudice to the generality of provisions of this Policy, the Company may make disclosures of event/information as specified by the Board from time to time.

### Disclosure on Company's website

All the events/information disclosed to the stock exchange(s) shall be uploaded on the Company's website for a minimum period of 5 years and thereafter as per archival policy (refer Company's Policy for Archival of Documents).

All the documents which available in public domain shall be preserved permanently by the Company Secretary of the Company.

#### **6. Authority:**

The Company Secretary will be the custodian of the disclosure made to Stock Exchange and will take responsibility for implementing the said policy.

This Policy shall assist the relevant employees of the Company in identifying any potential material event or information and reporting the same to the Key Managerial Personnel for determining the materiality of the said event/information and for making the necessary disclosures to the stock exchange(s).

The Managing Director, Chief Financial Officer and Company Secretary of the Company are severally authorised for disclosing such material events/information to the stock exchange(s). The Company Secretary shall work as coordinator to determine the materiality in consultation with the Managing Director and Chief Financial Officer.

#### **7. Review and Amendment:**

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the Statutory Provisions and remains effective.

This Policy shall be reviewed periodically by the Board of Directors and Company Secretary is authorized to take necessary actions on the same.

#### **8. Interpretation:**

In case of any conflict between the provisions of this Policy and of Statutory Provisions, the Statutory Provisions shall prevail over this Policy. Any subsequent amendment/modification in the Statutory Provisions shall automatically apply to this Policy.

In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

This Policy shall be disclosed on the website of the Company [www.abfrl.com](http://www.abfrl.com).

## Annexure I

### Material events/information to be mandatorily disclosed to the stock exchange(s) without any application of the guideline mention in the Clause 4 of this policy:

S. No.	Events or Information
1.	<p>Acquisition(s)* (including agreement to acquire), Scheme of Arrangement (amalgamation/merger/demerger/restructuring), or sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.</p> <p>A. <i>*The term <b>acquisition</b> shall mean-</i></p> <p>(i) <i>acquiring control, whether directly or indirectly; or,</i></p> <p>(ii) <i>acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that -</i></p> <p>(a) <i>the Company holds shares or voting rights aggregating to 5% or more of the shares or voting rights in the said company; or</i></p> <p>(b) <i>there has been a change in holding from the last disclosure made and such change exceeds 2% of the total shareholding or voting rights in the said company; or</i></p> <p>(c) <i>the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of Clause 4 of this policy</i></p> <p>B. <i>The term “<b>sale or disposal of subsidiary</b>” and “<b>sale of stake in associate company</b>” shall include -</i></p> <p>(i) <i>an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or</i></p> <p>(ii) <i>an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) Clause 4 of this policy.</i></p> <p>C. <i>The term “<b>undertaking</b>” and “<b>substantially the whole of the undertaking</b>” shall have the same meaning as given under section 180 of the Companies Act, 2013.”</i></p>
2.	Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3.	New Rating or Revision in Rating(s).
4.	<p>Company shall disclose the outcome of Board Meeting, within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>(a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;</p> <p>(b) any cancellation of dividend with reasons thereof;</p> <p>(c) decision on buyback of securities;</p> <p>(d) decision with respect to fund raising proposed to be undertaken;</p> <p>(e) issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;</p> <p>(f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;</p> <p>(g) short particulars of any other alterations of capital, including calls;</p> <p>(h) financial results;</p> <p>(i) voluntary delisting</p>
5.	Agreements viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

6.	<p>Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements.</p> <p>Provided that such agreements entered into by a Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of these regulations.</p>
7.	Fraud or defaults by the Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad:
8.	Change in directors, key managerial personnel, senior management, Auditor and Compliance Officer.
9.	Resignation of the auditor along with the detailed reason shall be disclosed to the Stock Exchange not later than twenty-four hours of receipt of such reasons from the auditor.
10.	<p>Resignation of Independent Director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:</p> <p>i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.</p> <p>ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.</p> <p>iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above.</p>
11.	Resignation of key managerial personnel, senior management, Compliance Officer or director along with detailed reasons for the same shall be disclosed to the stock exchanges by the Company within seven days from the date that such resignation comes into effect.
12.	In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty-five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
13.	Appointment or discontinuation of share transfer agent.
14.	Corporate debt restructuring.
15.	One time settlement with a bank.
16.	Winding-up petition filed by any party/creditors.
17.	Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company.
18.	Proceedings of Annual and extraordinary general meetings of the Company.
19.	Amendments to memorandum and articles of association of Company, in brief.
20.	Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.
21.	corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code, if any.
22.	Initiation of Forensic audit.
23.	Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity,

	in relation to any event or information which is material for the Company and is not already made available in the public domain by the Company.
24.	Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following: (a) search or seizure; or (b) re-opening of accounts under section 130 of the Act; or (c) investigation under the provisions of Chapter XIV (Inspection, Inquiry and Investigation) of the Act.
25.	Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following: (a) suspension; (b) imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;
26.	Voluntary revision of financial statements or the report of the board of directors of the Company under Section 131 of the Act.



## Annexure II

### List of events/information to be disclosed to the stock exchange(s) if considered material due to falling under the materiality criteria.

Clause No:	Events/Information	Materiality Criteria
1	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division	<p>Events/information whose value or expected impact in value exceeds the lower of following:</p> <ul style="list-style-type: none"> <li>• Two percent of Turnover as per last Audited Consolidated financial statements of the Company;</li> <li>• Two percent of net worth as per last Audited Consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;</li> <li>• Five percent of average of absolute value of profit or loss after tax as per last three audited Consolidated financial statements of the Company.</li> </ul>
2. Any of the following events pertaining to Company:		
2.1	Arrangements for strategic, technical, manufacturing, or marketing tie-up	
2.2	Adoption of new line(s) of business.	
2.3	Closure of operations of any unit/division/subsidiary - (entirety or piecemeal).	
3. Capacity addition or product launch:		
3.1	Capacity addition	
3.2	Product Launch	
4	Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business.	
5	Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof	
6	Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.:	
7	Effect(s) arising out of change in the regulatory framework applicable to the Company.	
8	Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.	
9	Frauds or defaults by employees of the Company which has or may have an impact on the Company.	
10	Options to purchase securities (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme and vesting or exercise of options:	
11	Giving of guarantees or indemnity or becoming a surety, by whatever name called for any third party	
12	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals:	
13	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority	