



POLICY ON MATERIAL SUBSIDIARIES

1. Preface

Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") requires a company to formulate a policy for determining 'material' subsidiaries'.

In line with the above requirements, the Board of Directors (the "Board") of The Phoenix Mills Limited (the "Company") has framed this Policy on Material Subsidiaries.

The Board of the Company at their meeting held on 7th February, 2019, based on the recommendation of Audit Committee, has adopted/ revised the policy and procedures for determining 'material' subsidiary companies in accordance with the provisions of Regulation 16 1 (c) of the SEBI Listing Regulations. The revised Policy will become applicable and effective from 1st April 2019.

This Policy will be used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for such subsidiaries.

2. Objective

The purpose of this policy is to set the criteria and identify the material subsidiaries of the Company and define processes and procedures for any transactions with it.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

3. Definition

"**Audit Committee or Committee**" means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

"**Board**" means Board of Directors of the Company.

"**Company**" means The Phoenix Mills Limited.

"**Control**" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually



or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position;

Material Subsidiary shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year;

Material Unlisted Indian Subsidiary Company shall mean an unlisted subsidiary, incorporated in India, not listed on any Stock Exchange in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year;

“Independent Director” means a director of the Company who satisfies the criteria for independence under the Companies Act, 2013 and the SEBI (LODR) Regulations 2013.

“Significant Transaction or Arrangement” shall mean 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 material unlisted subsidiary for the immediately preceding accounting year.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

All the words and expressions used in this Policy, unless defined hereinabove, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

4. Policy and Procedures

- I. The Audit Committee shall also review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- II. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company at regular intervals.



- III. The management shall periodically (atleast half-yearly) 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.
- IV. At least one independent director on the Board of Directors of the Company shall be a director on the Board of Directors of a Material Unlisted Indian Subsidiary Company whether incorporated in India or not. Only for the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16 (1) (c), the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

5. Disposal of Shares/Assets in Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- (i) dispose of shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal; or
- (ii) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year except in cases where such sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

6. Disclosures

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the Listing Regulations. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.

7. Amendments to the Policy

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations 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.
