

POLICY ON MATERIAL SUBSIDIARIES

1. Preface

The Listing Agreement requires that the Company shall formulate a policy on material unlisted subsidiaries and procedures regulating the transactions with it. In line with the requirements of the Listing Agreement, the Board of Directors (the “Board”) of The Phoenix Mills Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries as defined below. The Policy shall be called as the Policy on Material Subsidiaries (hereinafter referred to as ‘the Policy’).

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.

3. Definition

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and 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 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 20% 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 Listing Agreement with the Stock Exchanges.

"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.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Policy

- I. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. in which the Investment of the Company, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - b. which have generated twenty per cent of the consolidated income of the Company during the previous financial year.
- II. 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.
- III. The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company on an annual basis.
- IV. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company on a quarterly basis.
- V. 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. The Audit Committee as and when it deems fit may provide that a particular transaction be undertaken post prior approval of the Board of Directors of the Company and / or that of the shareholders of the Company.

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 this Policy on its website and a web link shall be provided in the Annual report.

7. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when they deem fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
