
BIRLA CORPORATION LIMITED

**POLICY FOR DETERMINING 'MATERIAL'
SUBSIDIARY**

PURPOSE AND SCOPE

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The Policy aims to provide a framework for determining material subsidiaries of Birla Corporation Limited ('BCL' or 'the Company') and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, 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 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

IDENTIFICATION OF MATERIAL SUBSIDIARY COMPANY

A subsidiary shall be considered as material if:

- a) the net worth of the subsidiary, exceeds 20 per cent of the consolidated net worth of BCL and its subsidiaries in the immediately preceding accounting year or,
- b) if the income of the subsidiary exceeds 20 per cent of the consolidated income of BCL and its subsidiaries in the immediately preceding accounting year

GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARY

- a) At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.
- b) The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c) The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company.
- d) The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Explanation: The term "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 unlisted material subsidiary for the immediately preceding accounting year.

COMPLIANCES WITH RESPECT TO MATERIAL SUBSIDIARY COMPANY

- a) The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to

less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court /Tribunal.

- b) Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the holding company (i.e. Birla Corporation Limited) by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal.

DISCLOSURE

The Company shall disclose the Policy on the Company's website and a web link thereto shall be provided in the Annual Report.

REVIEW & AMENDMENT

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.