

AVENUE SUPERMARTS LIMITED

POLICY ON MATERIAL SUBSIDIARIES

(Adopted by the Board of Directors on 23rd July, 2016)

1. INTRODUCTION

The Board of Directors (the "Board") of Avenue Supermarts Limited (the "Company"), has adopted this policy for determination of "Material Subsidiaries". The Board may review and amend this policy from time to time. This Policy is in accordance with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"), as amended from time to time.

The primary objective of this policy is to determine material subsidiaries of Avenue Supermarts Limited.

2. DEFINITIONS

- a) **"Audit Committee or Committee"** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations, 2015 and the Companies Act, 2013, from time to time.
- b) **"Board of Directors" or "Board"** means the Board of Directors of Avenue Supermarts Limited, as constituted from time to time.
- c) **"Company"** means Avenue Supermarts Limited.
- d) **"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time.
- e) **"Independent Director"** means an Independent Director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the Listing Regulations, 2015, as amended from time to time.
- f) **"Management"** means the Senior Management and Key Managerial Personnel of Avenue Supermarts Limited.
- g) **"Material Unlisted Subsidiary"** shall mean an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of its consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.
- h) **"Policy"** means policy on Material Subsidiaries.
- i) **"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 subsidiary for the immediately preceding accounting year.
- j) **"Subsidiary"** means subsidiary company as defined under section 2(87) of the Companies Act, 2013 and the rules made thereunder.

3. SCOPE & APPLICABILITY

- a) The Subsidiary shall be considered as “**Material**” if it’s income or net worth exceeds Ten Percent (10%) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- b) In case the Company has a listed subsidiary, the policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

4. POLICY

- a) The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary on an annual basis.
- b) The Board of Directors of the Company shall periodically review the minutes of the meetings of the Board of Directors of the unlisted subsidiary.
- c) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
- d) The Audit Committee of the Company shall annually, review the list of subsidiaries together with the details of the materiality defined herein and make suitable recommendations to the Board.
- e) The Company shall nominate at least one Independent Director of the Company on the Board of unlisted material subsidiary of the Company.

For the purpose of this requirement, an unlisted material subsidiary company shall mean an unlisted subsidiary company, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

- f) The Company shall direct the material unlisted subsidiaries to undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.
- g) The Company without the prior approval of the Shareholders by way of Special resolution, shall not:
 - i. dispose of shares in its material subsidiary resulting in reduction of 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.

- ii. Sell, dispose and lease of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal.

Provided the related party shall not vote to approve the transaction as specified in Clause 4(g).

5. **DISCLOSURES**

This Policy shall be disclosed on the Company's website www.dmartindia.com and a web link thereto shall be disclosed in the Annual Report of the Company.

6. **AMENDMENTS TO THE POLICY**

The Board of Directors on its own can amend this Policy, as and when deemed 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 are not 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.