



**ADITYA BIRLA  
CAPITAL**

PROTECTING INVESTING FINANCING ADVISING

**Aditya Birla Capital Limited**  
*("the Company")*

**Policy for  
Corporate Governance**

Adopted on 3 February 2022

**Aditya Birla Capital Ltd.**

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## **Our Governance Philosophy**

Aditya Birla Capital Limited (hereinafter referred as ABCL or We or Our or the Company) is firmly committed to sound & effective practices in corporate governance and full & fair disclosures. The Board of Directors and Senior Management conduct themselves so as to ensure transparency and foster a culture of good decision-making. At a macro level, the Company's governance philosophy rests on the following key principles while ensuring compliance with applicable laws:

- Board accountability towards all its stakeholders
- Strategic guidance and effective monitoring by the Board
- Protection of minority interests and rights
- Equitable treatment of all stakeholders and
- Transparency and timely disclosures

## **Our approach**

Acting responsibly is an integral part of our culture. We are committed to maintaining high standards of business ethics and integrity, as demonstrated through our corporate governance practices that balance the interests of all stakeholders.

## **Governance Framework**

- Effective and Independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees.
- The Board functions either as a full Board or through various Committees constituted to oversee specific functions.
- The Senior Management provides the Board and Committees updates on the status of Company's performance, key regulatory developments and adherence to Compliance periodically.
- CEO of the Company presents the performance of the Company at standalone and consolidated level and material developments on a quarterly basis.
- Ensuring the integrity of accounting and financial reporting systems, including independent audit.

## **Master Directions and Guidelines/ Framework by Reserve Bank of India**

This policy on Corporate Governance guidelines ("CG Guidelines") is formulated in line with the framework laid down under Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016, and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time and other directions/ guidelines/ circulars issued by RBI and applicable to ABCL from time to time (hereinafter collectively referred as "RBI Regulations").

## **Securities and Exchange Board of India (“SEBI”) Regulations**

The equity shares of the Company are listed on Indian Stock Exchanges viz. BSE Limited and National Stock Exchange of India and the Company’s Global Depository Receipts are listed on the Luxembourg Stock Exchange. The Company shall comply with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable regulations/ circulars issued by SEBI from time to time for listed entities (hereinafter referred as ‘SEBI Listing Regulations’).

## **Companies Act 2013 and Rules**

The Company is a public limited company incorporated under the erstwhile provisions of Companies Act, 1956 as amended and now governed under the provisions of Companies Act, 2013. The Company shall comply with the applicable provisions of the Companies Act, 2013 read with rules made thereunder and the circulars/ amendments/ notifications as issued by the Ministry of Corporate Affairs from time to time (hereinafter referred as ‘Companies Act’).

## **Principles governing disclosures and obligations**

The Company shall inter-alia adhere to following principles for making disclosures and information dissemination to its stakeholders:

- (a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure taking into consideration the interest of all stakeholders
- (b) shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.
- (c) Refrain from misrepresentation and ensure that the information provided to recognised stock exchange(s) and investors is not misleading.
- (d) Shall provide adequate and timely information to all stakeholders and that the information disseminated is adequate and accurate
- (e) Shall abide by all the provisions of the applicable laws
- (f) ensure all Filings, reports, statements, documents and information which are event based or are filed periodically in a timely manner

## **Board of Directors**

As per Article 116 of the Articles of Association of the Company, the Board of Directors shall comprise of minimum of three Directors and a maximum of fifteen Directors.

The Board of Directors of the Company shall have an optimum combination of Executive, Non-Executive, Independent and Woman Directors, as per the Guidelines/ Regulations applicable to the Company.

The appointment of Directors shall be done in accordance with the applicable provisions and procedures specified under the Companies Act, RBI Regulations and SEBI Listing Regulations.

The Board shall lay down a policy for ascertaining fit and proper criteria for the appointment of Directors as provided under RBI Regulations.

Any appointment of Directors which results in change in more than 30 per cent of the directors, [excluding independent directors and directors reappointed by rotation] shall require prior approval of RBI.

The Company shall execute a deed of covenant with the Director in the format prescribed under RBI Regulations.

The Directors shall act in accordance with the duties as provided under the Companies Act and the SEBI Listing Regulations and RBI Regulations. Further, the Independent Directors shall abide by the Code for Independent Directors under Schedule IV of the Companies Act.

### **Roles and Responsibilities of the Board**

The Board of Directors has the overall responsibility to guide the organisation and provide strategic direction. The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture and ensuring that an appropriate risk management framework is in place.

The Board shall discharge its roles and responsibilities as enumerated and provided under the Companies Act, SEBI Listing Regulations and RBI Regulations.

The Management of Company shall assist in efficient discharge of the role and responsibilities and shall provide various information as mandated under the Companies Act, SEBI Listing Regulations and RBI Regulations.

### **Expertise**

The diverse and determined leadership and expertise of the Board continues to steer the Company. The Board as a whole possesses relevant skills and experience with core expertise in key functional areas.

The Directors possess the requisite qualifications and experience in general corporate management, banking, finance, marketing and other allied fields which enable them to enhance their contribution effectively in their capacity as Directors of the Company.

### **Fit and Proper Criteria**

The Board has implemented process of due diligence for ascertaining 'fit & proper criteria' at the time of appointment/ renewal of appointment of Directors on the Board to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity etc.

### **Code of Conduct**

The Company has adopted Code of Conduct for the Board Members and Senior Management personnel of the Company. Annual confirmation is obtained for compliance with the Code.

The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

### **Conflict of Interest and Vigil Mechanism**

Adequate systems, policies and procedures have been established to address potential conflicts of interest and compliance. The Board reviews key transactions, disclosure of any conflicts of interest to manage and control such issues. Also, the Board of Directors have formulated a Policy on Related Party Transactions which is reviewed periodically. All related party transactions are approved by the Audit Committee and disclosed in the financial statement.

The Senior Management personnel of the Company make annual disclosure to the Board confirming that there are no material transactions between them and the Company that could have potential conflict of interest with the Company at large.

Pursuant to section 177(9) of the Act and Regulation 22 of SEBI Listing Regulations and other applicable provisions, the Company has formulated a Whistle Blower Policy.

The Whistle Blower Policy/ Vigil mechanism provides a mechanism for Directors and employees to report instances and concerns about unethical behaviour, actual or suspected

fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail the mechanism and direct access to the Chairperson of the Audit Committee is provided to them.

The Policy is in line with the Company's Code of Conduct, Vision and Values and is available on the Company's website at <https://www.adityabirlacapital.com/investorrelations/policies-and-codes>.

### **Board Meetings**

At least four Board Meetings shall be held in a year. The maximum time gap between any two meetings shall not be more than one hundred and twenty days. The minimum information to be statutorily made available to the Board pursuant to the applicable Guidelines and the SEBI Listing Regulations shall be furnished to the Directors before or at the Board Meeting.

### **Committees of the Board**

The Board has set up various Committees by delegating the overall monitoring responsibilities, laying down the roles and responsibilities of these Committees with well documented Charters defining its constitution, terms of reference, quorum requirements etc.

Most of the Committees are Chaired by Independent Directors. Chairperson of Audit Committee and Chairperson of Risk Management Committee are different. 75% of the members of Audit Committee are Independent Directors.

The Chairperson of the respective Committees reports to the Board and apprises the Board about key proceedings and decisions taken by the Committees then working under the supervision of the Board.

The key committees that assist the Board:

- Audit Committee
- Risk Management Committee
- Nomination, Remuneration and Compensation Committee
- Stakeholders' Relationship Committee
- Asset-Liability Management Committee
- Corporate Social Responsibility Committee
- PIT Regulations Committee
- IT Strategy Committee

The minutes of the meetings of all Committees of the Board shall be placed before the Board for discussion/ noting.

The constitution of Committees of the Board, terms of reference, roles and responsibilities shall be in accordance with the requirements mandated under the applicable provisions of Companies Act, SEBI Listing Regulations and RBI Regulations.

The Committees shall periodically report to the Board on various matters that have been referred to the respective Committees.

### **Appointment of Chief Risk Officer**

The Company shall appoint a Chief Risk Officer (CRO) in accordance with the applicable provisions of RBI Regulations and SEBI Listing Regulations.

### **Appointment of Compliance Officer**

The Company shall appoint a Compliance officer in accordance with the applicable provisions of RBI Regulations and SEBI Listing Regulations to monitor adherence to the Corporate Governance norms, laws and regulations applicable to the Company..

### **Appointment of Head of Internal Audit**

The Company shall appoint a Head of Internal Audit in accordance with the applicable provisions of RBI Regulations and SEBI Listing Regulations.

### **Subsidiaries/ Joint Ventures/ Associates**

As a Core Investment Company, the Company is primarily a Holding Company and holds investments in its Subsidiaries/ Associates.

The Subsidiaries/ Associates of the Company shall function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company's subsidiaries shall be placed at the Board Meeting for review by the Board Members. The financial statements of the subsidiary companies shall be presented to the Audit Committee. The Company shall also comply with the other provisions of SEBI Listing Regulations with regard to subsidiary companies.

The Audit Committee shall review the consolidated financial statements/ results of the Company and investments made by its listed and unlisted Subsidiaries. The minutes of the Board Meetings along with a report on significant developments of all the Subsidiaries as applicable are periodically placed before the Board. The Management of all the Subsidiaries shall periodically bring to the notice of the Board, a statement of all significant transactions and arrangements entered into by the Subsidiaries as applicable.

### **Material Subsidiaries**

As required under Regulations 16(1)(c) and 46 of the SEBI Listing Regulations, the Board has approved and adopted the Policy for determining Material Subsidiaries. The Policy is available on the Company's website at <https://www.adityabirlacapital.com/Investor-Relations/Policies-and-Codes>.

### **Disclosures and Transparency**

The Company is committed to make adequate disclosures based on the principles of transparency, timeliness, fairness and continuity. The Board of Directors and employees of the Company shall ensure and make necessary disclosures to the Company, the Regulator(s) / Statutory Authorities, the Shareholders, Investors, Members or other stakeholders as may be required by the applicable laws and the Codes / Policies of the Company.

The Board of Directors of the Company or such other person authorised by the Board or under any law/ regulations, shall ensure that all the disclosures statutorily required to be made on behalf of the Company are duly made to the Regulatory / Statutory authorities or such other persons as may be required under applicable laws/ regulations.

The Company shall maintain a functional website containing basic information about itself and about its group. It should further contain:

- (i) The Annual Report including the Corporate Governance Report and the Management Discussion & Analysis covering, inter alia, industry structure and developments, risks and concerns for the group and adequacy of internal controls.
- (ii) Information required for investors / shareholders
- (iii) Public disclosures as applicable
- (iv) Other significant information as required under applicable laws

### **Statutory and Internal Auditors**

The Board and the Audit Committee of the Company shall be responsible to appoint Statutory/ Internal Auditors who demonstrate professional ability and independence. The Company shall

review the independence and performance of the Statutory / Internal Auditors and the effectiveness of the audit process periodically. Declaration shall be obtained from the Statutory Auditors affirming their eligibility for being appointed as the Statutory Auditors of the Company.

The appointment of Statutory auditors and the partner/s of the Chartered Accountant Firm conducting the Statutory Audit of the Company, shall be in terms of the provisions of Sections 139 and 141 of the Companies Act and in accordance with the applicable RBI Regulations as amended from time to time.

The appointment of Internal Auditors shall be in terms of Section 138 of the Companies Act and in accordance with the applicable RBI Regulations as amended from time to time.

### **Policies adopted by the Company**

The Company shall adopt such policies, as may be required to adopt under the Companies Act, SEBI Listing Regulations, RBI Regulations as applicable to the Company and such other laws and regulations as may be applicable.

### **Shareholders / Investor's Protection**

Shareholders shall be informed of details regarding the appointment or re-appointment of a Director and requisite approval shall be taken from shareholders for matters where applicable as per regulatory requirement. The Company also has in place a Stakeholders Relationship Committee with a defined charter for its governance which ensures shareholders/ investor's protection at all times.

### **Sustainability and ESG**

The Company shall constantly endeavour is to create long-term value for its stakeholders, while balancing the Company's economic growth with environmental and societal interests.

The various initiatives taken under the Sustainability and ESG framework shall be regularly reviewed by the Board/ Committee of the Board.

The Company shall make such disclosures/ reporting's as may be required under the SEBI Listing Regulations and other applicable laws in this regard.

### **Review**

These guidelines shall be reviewed by the Board of Directors at such intervals as and when deemed necessary, in order to align the same with the prevalent regulatory and business requirements.