



ADITYA BIRLA FASHION AND RETAIL LIMITED

Registered office: 701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off A. K. Road, Marol Village, Andheri (East), Mumbai - 400 059, Maharashtra, India

CIN: L18101MH2007PLC233901; **Website:** www.abfirl.com; **E-mail:** secretarial.abfirl@adityabirla.com;

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NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of the Shareholders of Aditya Birla Fashion and Retail Limited will be held on Wednesday, August 21, 2019, at 3:00 p.m. at Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400028, Maharashtra, India, to transact the following businesses:

ORDINARY BUSINESS

Item no. 1 - Adoption of audited financial statement of the Company for the financial year ended on March 31, 2019 and the reports of the directors and auditors thereon:

To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the directors and auditors thereon laid before this meeting, be and are hereby considered and adopted."

Item no. 2 - Appointment of Mr. Pranab Barua, who retires by rotation and being eligible, offers himself for re-appointment:

To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 152 and other applicable provisions of the Companies Act, 2013, Mr. Pranab Barua (holding director identification number: 00230152), who retires by rotation at this meeting, be and is hereby appointed as a director of the Company liable to retire by rotation."

SPECIAL BUSINESS

Item no. 3 - Continuation of directorship of Mr. Arun Thiagarajan, Independent Director:

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of regulation 17(1A) of Securities and Exchange of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), consent of shareholders be and is hereby accorded for continuation of directorship of Mr. Arun Thiagarajan, Independent Director (holding director identification number: 00292757), who shall attain the age of 75 (seventy-five) years on September 7, 2019 (under his existing term approved by the shareholders at the Eighth Annual General Meeting held on August 28, 2015 i.e. until May 10, 2020).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/ or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

Item no. 4 - Re-appointment of Ms. Sukanya Kripalu as an Independent Director:

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 149 and 152 read with schedule IV of the Companies Act, 2013 ("Act") and the notice received under section 160 of the Act, regulations 16(1)(b), 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions, if any, of the Act read with the rules made thereunder and SEBI Listing Regulations (including any statutory amendment or modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), Ms. Sukanya Kripalu, Independent Director (holding director identification number: 06994202), who has submitted a declaration that she meets the criteria for independence as provided in the Act and SEBI Listing Regulations, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director for a second term of 5 (five) consecutive years commencing from October 13, 2019 to October 12, 2024.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/ or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

Item no. 5 - To approve the offer or invitation to subscribe to non-convertible debentures for an amount of upto ₹ 1,250 Crore, on private placement basis:

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in terms of the provisions of sections 42, 71 and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder ("Act"), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI ILDS Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and all other statutes, laws, rules, regulations, guidelines, circulars etc. issued by other appropriate authority(ies), if any (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and in line with the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, sanctions and permissions, as may be necessary from time to time and pursuant to the recommendation of Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board), consent of the shareholders be and is hereby accorded to issue and/or offer and/or invite subscription for and/or allot non-convertible debentures of the Company of upto ₹ 1,250 Crore (Rupees One Thousand Two Hundred and Fifty Crore only), through private placement, in one or more tranches, during a period of 1 (one) year from the conclusion of the Twelfth Annual General Meeting ("AGM"), to such person(s) (who may or may not be the Debenture Holders of the Company) as the Board may at its sole discretion decide, on such terms and conditions as may be determined and considered proper and most beneficial to the Company, as per the process laid down in the Act and/or SEBI ILDS Regulations and/or SEBI Listing Regulations and/or other applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and for matters connected therewith or incidental thereto and to sign & execute any deed/ document/ undertaking/ agreement/ paper/ writing, as may be required in this regard and to delegate all or any of these powers to any of the directors and/ or key managerial personnel and/or officers of the Company."

Item no. 6 - Introduction of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019':

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and all other statutes, laws, rules, regulations, guidelines, circulars etc. issued by other appropriate authority(ies), if any (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and in line with the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, sanctions and permissions, as may be necessary from time to time and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board) and pursuant to the recommendation of the Board, consent of the shareholders be and is hereby accorded to the Board to introduce and implement the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019"), through a Trust to be set up for this purpose, the salient features of which are furnished in the explanatory statement to the notice of this 12th Annual General Meeting.

RESOLVED FURTHER THAT consent of the shareholders be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time, to or for the benefit of the permanent employees of the Company (as defined in the Scheme 2019), selected on the basis of criteria decided by the Board, such number of stock options (comprising of options and/ or restricted stock units, as the case may be) (the "stock options") exercisable into not more than 60,53,000 equity shares of ₹ 10/- each (the "equity shares") being 0.85% of the paid-up equity share capital of the Company (or such other number adjusted in terms of Scheme 2019 as per applicable law), at such price, in one or more tranches, under the Scheme 2019 and on such terms and conditions as may be fixed or determined by the Board in accordance with the Act, SEBI SBEB Regulations or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT in case of any corporate actions such as rights issues, bonus issues, merger and sale of division or other re-organisation of capital structure of the Company, as applicable from time to time, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure a fair and reasonable adjustment to the stock options granted earlier and the above ceiling of 0.85% i.e. 60,53,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares are either sub-divided or consolidated, then the number of equity shares to be transferred on exercise of stock options and the exercise price of stock options shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted stock options under the Scheme 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorised to formulate, evolve, decide upon and implement the Scheme 2019 and determine the detailed terms and conditions of the Scheme 2019, including but not limited to the number of stock options to be issued in each tranche, quantum of the stock options to be granted per employee, the exercise period, the vesting period, the vesting conditions, instances where such stock options shall lapse and to grant such number of stock options, to such employees, at par or at such other price, at such time and on such terms and conditions as set out in the Scheme 2019 and as the Board may in its absolute discretion think fit, subject to applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the Scheme 2019 at any stage, without requiring the Board to secure any further consent or approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the Scheme 2019, as it may deem fit and necessary, from time to time, or to suspend, withdraw or revive the Scheme 2019, in conformity with the provisions of the Act, the SEBI SBEB Regulations and other applicable laws, unless such variation, amendment, modification or alteration is detrimental to the interest of the employees who have been granted stock options under the Scheme 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem fit and necessary, including authorising or directing the appointment of various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme 2019 and also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals, if any, required by the Securities and Exchange Board of India/ the stock exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any power(s) conferred herein, to any of its committee(s), with power to further delegate such powers to any executives/ officers of the Company to do all such acts, deeds, matters and things as may be necessary for the implementation of the Scheme 2019 and incidental thereto and also to execute such documents, writings, etc. as may be necessary in this regard."

Item no. 7 - Extension of benefits of the Scheme 2019 to the employees of the holding and subsidiary company(ies) of the Company:

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and all other statutes, laws, rules, regulations, guidelines, circulars etc. issued by other appropriate authority(ies), if any (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and in line with the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, sanctions and permissions, as may be necessary from time to time and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board) and pursuant to the recommendation of the Board, consent of the shareholders be and is hereby accorded to the Board to extend the benefits and coverage of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019") to such permanent employees of any present and future holding and subsidiary company(ies) of the Company (as defined in the Scheme 2019), selected on the basis of criteria decided by the Board thereof, in one or more tranches, under the Scheme 2019, within the ceiling and in the manner mentioned in the resolution under item no. 6 of the notice of this 12th Annual General Meeting and on such terms and conditions as may be fixed or determined by the Board in accordance with the Act, SEBI SBEB Regulations or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the Scheme 2019 at any stage, without requiring the Board to secure any further consent or approval of the shareholders of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the Scheme 2019, as it may deem fit and necessary, from time to time, or to suspend, withdraw or revive the Scheme 2019, in conformity with the provisions of the Act, the SEBI SBEB Regulations and other applicable laws, unless such variation, amendment, modification or alteration is detrimental to the interest of the employees who have been granted stock options under the Scheme 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem fit and necessary, including authorising or directing the appointment of various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme 2019 and also to prefer applications to the appropriate authorities, parties and the institutions for their requisite approvals, if any, required by the Securities and Exchange Board of India/ the stock exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit, necessary, expedient or proper for settling any questions, difficulties or doubts that may arise in this regard, in accordance with the provisions of the Act, SEBI SBEB Regulations, SEBI Listing Regulations and other applicable laws, if any."

Item no. 8 - Implementation of Scheme 2019 through trust and consider:

- (a) authorising the trust for secondary acquisition of the equity shares of the Company; and
- (b) extending financial assistance/ provisioning of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the Scheme 2019:

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and all other statutes, laws, rules, regulations, guidelines, circulars etc. issued by other appropriate authority(ies), if any (including any statutory amendment or modification or re-enactment thereof, for the time being in force) and in line with the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, sanctions and permissions, as may be necessary from time to time and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board) and pursuant to the recommendation of the Board, consent of the shareholders be and is hereby accorded to the Board to implement the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019"), through a trust to be set up for this purpose ("ESOS trust"), in accordance with the SEBI SBEB Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to:

- (a) acquire, hold and deal in such number of equity shares of the Company, acquired from the secondary market through the ESOS trust, not exceeding 60,53,000 fully paid-up equity shares of the Company of face value of ₹ 10/- each ("said shares"), being below the ceiling of 5% of the paid-up equity share capital of the Company as on March 31, 2019, as prescribed under the SEBI SBEB Regulations, for the purpose of implementation of the Scheme 2019, or for any other purpose(s) as contemplated under and in due compliance with the provisions of the SEBI SBEB Regulations; and
- (b) extend the financial assistance/ provision of money to the ESOS trust, either interest free or on such terms and conditions as may be decided by the Board, upto an amount of ₹ 146 Crores (Rupees One Hundred and Forty Six Crores only), for acquisition of upto 60,53,000 equity shares from the secondary market through the stock exchanges, representing 0.85% of the paid-up equity share capital of the Company, for the purpose of implementation of the Scheme 2019, in accordance with the Act and the SEBI SBEB Regulations.

RESOLVED FURTHER THAT the equity shares that can be acquired from the secondary market in any financial year by the ESOS trust shall not exceed 2% of the paid-up equity share capital of the Company (or such other limit as may be prescribed under the SEBI SBEB Regulations, from time to time) as at the end of the financial year preceding the date of the intended acquisition.

RESOLVED FURTHER THAT in case of any corporate actions such as rights issues, bonus issues, merger and sale of division or other re-organisation of capital structure of the Company, as applicable from time to time, the Board be and is hereby authorised to acquire from the secondary market through the ESOS trust, such number of equity shares, so as to ensure a fair and reasonable adjustment to the stock options granted earlier and to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws and the above ceiling of 0.85% i.e. 60,53,000 equity shares shall be deemed to be increased to the extent of such additional equity share.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any power(s) conferred herein, to any of its committee(s), with power to further delegate such powers to any executives/ officers of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings, etc. as may be necessary in this regard."

By Order of the Board

Sd/-

Geetika Anand

Asst. Vice President and Company Secretary

Date : July 26, 2019

Place : Mumbai

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the special businesses mentioned in this notice for the Twelfth Annual General Meeting of the Members of Aditya Birla Fashion and Retail Limited:

Item no. 3 - Continuation of directorship of Mr. Arun Thiagarajan, Independent Director:

As per the amended provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, approval of the shareholders by way of a special resolution is required for continuation of directorship of a non-executive director of the company, who has attained the age of 75 (seventy-five) years.

Mr. Arun Thiagarajan, who was appointed as an Independent Director (Non-executive Director) of the Company with effect from May 11, 2015, for a term of five consecutive years i.e. until May 10, 2020, will attain the age of 75 (seventy-five) years on September 7, 2019.

Mr. Thiagarajan, 74, holds a M.Sc. in Electrical Engineering from Royal Institute of Technology, Stockholm and a degree in Business Administration and Information Systems from Uppsala University, Sweden. He has also attended the Advanced Management Programme of the Harvard Business School. He is a Director on the Board of several other companies. Earlier, he served as the Part-time Chairman of ING Vysya Bank Limited, Managing Director of Asea Brown Boveri Limited, Vice-chairman of Wipro Limited and as President of Hewlett-Packard India Private Limited.

The Board and the Nomination and Remuneration Committee of the Board ("NRC") are of the view that in order to take advantage of Mr. Thiagarajan's counsel & advice and considering his seniority, expertise and vast experience that he brings to the Board, it would be appropriate that he continues to serve on the Board till the completion of his present term of appointment as already approved by the shareholders i.e. until May 10, 2020.

Accordingly, on recommendation of the NRC, the Board at its meeting held on May 15, 2019 had approved the continuation of directorship of Mr. Thiagarajan under his current tenure, subject however to the approval of shareholders of the Company. Other terms and conditions of the appointment of Mr. Thiagarajan will remain same (i.e. as approved by the shareholders at its meeting held on August 28, 2015).

None of the directors and/or key managerial personnel of the company and/or their relatives, except Mr. Arun Thiagarajan and his relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to continuation of directorship of Mr. Thiagarajan, as set out in item no. 3 of the notice, for approval of the shareholders.

Item no. 4 - Re-appointment of Ms. Sukanya Kripalu as an Independent Director:

The shareholders of the Company, at the 8th Annual General Meeting ("AGM") held on August 28, 2015, had approved the appointment of Ms. Sukanya Kripalu as an Independent Director of the Company, for a period of 5 (five) consecutive years commencing from October 13, 2014. The tenure of Ms. Kripalu as an Independent Director of the Company will expire on October 12, 2019.

Accordingly, considering her knowledge and rich experience in the field of marketing, strategy, advertising and market research and her contribution to the Board during her current tenure and pursuant to the recommendation of the Nomination and Remuneration Committee of the Board ("NRC"), the Board at its meeting held on May 15, 2019, had approved the re-appointment of Ms. Sukanya Kripalu as an Independent Director of the Company, for a period of 5 (five) consecutive years with effect from October 13, 2019, subject however to the approval of shareholders of the Company.

In opinion of the Board, Ms. Kripalu fulfils the conditions specified in the Companies Act, 2013 read with the rules made thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for being re-appointed as an Independent Director of the Company.

Further, based on the performance evaluation of Ms. Kripalu, the Board has recommended her re-appointment as an Independent Director of the Company.

Brief resume of Ms. Kripalu is provided separately in this notice. A copy of the draft letter of appointment for independent directors, setting out the terms and conditions of appointment, is available for inspection at the registered office of the Company during business hours on any working day and is also available on the website of the Company i.e. www.abfrl.com.

The Company has received a notice proposing the candidature of Ms. Kripalu for the office of director under section 160 of the Act. Further, Ms. Kripalu has provided:-

- a) her consent to act as independent director in Form DIR-2 pursuant to rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014;
- b) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under section 164(2) of the Act; and
- c) a declaration to the effect that she meets the criteria of independence as prescribed both under section 149(6) of the Act and regulation 16(1)(b) of the SEBI Listing Regulations.

None of the directors and/or key managerial personnel of the company and/or their relatives, except Ms. Sukanya Kripalu and her relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to the re-appointment of Ms. Sukanya Kripalu as an Independent Director of the Company, as set out in item no. 4 of the notice, for approval of the shareholders.

Item no. 5 - Issuance of non-convertible debentures for an amount of upto ₹ 1,250 Crore, on private placement basis:

Raising of funds through issuance of non-convertible debentures ("NCDs") on private placement basis is a significant and cost effective source of borrowing for the corporates.

As per the provisions of sections 42 and 71 of the Companies Act, 2013 read with the rules made thereunder ("Act"), a company issuing and/or offering and/or making an invitation to subscribe to and/or allot NCDs on private placement basis may obtain prior approval of the shareholders for the same, once a year, by way of a special resolution.

Accordingly, the Company had, by way of a special resolution passed at the 11th Annual General Meeting ("AGM") held on August 28, 2018, obtained the approval of shareholders of the Company, to issue and/or offer and/or invite subscriptions for and/or allot NCDs, on a private placement basis, in one or more tranches ("issuance of NCDs"), upto an amount of ₹ 1,250 Crore (Rupees One Thousand Two Hundred and Fifty Crore only), during the period of one year, within the borrowing limits under section 180(1)(c) of the Act, as approved by the shareholders from time to time ("said approval").

As per the provisions of the Act, the said approval would be valid upto August 27, 2019. In view of the estimated fund requirements of the Company and in order to achieve greater financial flexibility to augment resources *inter alia* for general corporate purposes, the Board at its meeting held on May 15, 2019, had approved issuance of NCDs for an amount of upto ₹ 1,250 Crore (Rupees One Thousand Two Hundred and Fifty Crore only) (within the borrowing limits under section 180(1)(c) of the Act), during a period of one year from the date of 12th AGM i.e. until August 20, 2020, in accordance with the applicable provisions of the Act and other applicable laws and subject however to approval of the shareholders of the Company ("proposed issue").

None of the directors and/or key managerial personnel of the company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolution with respect to the issuance of NCDs for an amount of upto ₹ 1,250 Crore, on private placement basis, as set out in item no. 5 of the notice, for approval of the shareholders.

Item no. 6 - Introduction of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019';

Item no. 7 - Extension of benefits of the Scheme 2019 to the employees of the holding and subsidiary company(ies) of the Company;

Item no. 8 - Implementation of Scheme 2019 through trust and consider:

- (a) authorising the trust for secondary acquisition of the equity shares of the Company; and
- (b) granting financial assistance/provisioning of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the Scheme 2019:

Stock options in the hands of the employees have long been recognised as an effective instrument to align the interests of the employees with that of the Company and its shareholders, providing an opportunity to the employees to share the growth of the Company and to create wealth in the hands of the employees.

The Company intends to reward, attract, motivate and retain employees of the Company and its present and future holding and subsidiary companies, for their high level of individual performance, for their efforts to improve the financial performance of the Company and their loyalty to the Company.

Towards this objective and to promote the culture of employee ownership, the Company, pursuant to the approval of Board of Directors (hereinafter referred to as the "Board", which term shall include any duly constituted committee(s) thereof or such other person(s) authorised by the Board) and the shareholders dated July 25, 2017 and August 23, 2017, respectively, introduced the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017' ("Scheme 2017") to issue stock options, comprising options and/ or restricted stock units ("RSUs"), as the case may be (hereinafter collectively referred to as "stock options") to the eligible employees of the Company and of its holding and subsidiary companies.

The Scheme 2017 provided for grant of such number of stock options resulting into not more than 1,15,73,960 equity shares of ₹ 10/- each being 1.50% of the paid-up equity share capital of the Company. Out of the above 1.50%, the 'First Biennial Grant' of 0.60% of the paid-up equity share capital of the Company, was made in 2017. The 'Second Biennial Grant' under the Scheme 2017 is due to be made in this year ("2nd biennial grant").

However, the Company proposes to make the 2nd biennial grant (as due in terms of the Scheme 2017) under a new employee stock option scheme proposed to be implemented through trust route i.e. 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019' ("Scheme 2019"). The balance approved dilution of 0.90% of the Scheme 2017 would not be utilised. The Scheme 2017 shall stand closed and there shall be no further grants under Scheme 2017.

A copy of the Scheme 2019 is available for inspection at the registered office of the Company during business hours on any working day.

Brief description of the Scheme 2019

The Scheme 2019 is being formulated in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (the "SEBI SBEB Regulations"). The Nomination and Remuneration Committee ("NRC") and the Board vide their respective resolutions dated July 26, 2019, have approved the broad framework of the Scheme 2019.

In terms of the Scheme 2019, the Company proposes to issue and grant stock options to the eligible employees of the Company and of its holding and subsidiary companies (if any), through a trust to be set up for this purpose ("ESOS trust"), which will be exercisable into equity shares of ₹ 10/- each of the Company, upon such terms and conditions applicable to the options and RSUs, as the case may be.

The shareholders are informed that the Company intends to offer not more than 60,53,000 equity shares of ₹ 10/- each, under the Scheme 2019 by way of grant of stock options.

The Scheme 2019 will be administered by the NRC, through the ESOS trust and for the purposes of the Scheme 2019 NRC shall act as the compensation committee as required under SEBI SBEB Regulations.

Relevant details with respect to the Scheme 2019 are as follows:

(i) Total number of stock options to be granted

The total number of stock options that may in the aggregate be granted shall be such number that will would entitle the grantees to acquire, in one or more tranches, such equity shares of the Company not exceeding 60,53,000 equity shares of ₹ 10/- each (the "equity shares") being 0.85% of the paid-up equity share capital of the Company. The aggregate number of stock options proposed to be granted under the Scheme 2019, shall not be exercisable into more than 0.85% of the overall ceiling of equity shares (as stated in resolution under no. 7 of the notice of this 12th AGM) to be issued under the Scheme 2019 (which number shall be adjusted in lieu of adjustments/ re-organisation of capital structure of the Company from time to time).

Upon exercise, each stock option entitles the relevant grantee to one equity share (i.e. one option will entitle the grantee to one equity share and one RSU will entitle the grantee to one equity share).

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division split or consolidation and others, a fair and reasonable adjustment needs to be made to the stock options granted. Accordingly, if any additional equity shares are by the Company to the grantees for making such fair and reasonable adjustment, the ceiling of 0.85% shall be deemed to be increased to the extent of such additional equity shares issued.

Stock options not vested due to non-fulfilment of the vesting conditions, vested stock options which the grantees expressly refuse to exercise, stock options (vested and not exercised and unvested) which have been surrendered and any stock options granted but not vested or exercised within the stipulated time due to any reasons, shall lapse and these stock options or the underlying equity shares will be available for grant under the present Scheme 2019 or under a new scheme, subject to compliance with applicable laws.

(ii) Identification of classes of employees entitled to participate in the Scheme 2019

Persons who are permanent employees of the Company in the management cadre, working in or out of India, including managing or whole-time directors of the Company and that of its holding and subsidiary companies, if any, will be entitled to participate in the Scheme 2019, subject to fulfilment of the eligibility criteria as may be specified in terms of the SEB SBEB Regulations or as may be decided by the Board or the NRC, from time to time.

The following category of employees/ directors shall not be eligible to participate in the Scheme 2019:

- (a) a promoter or a person belonging to the promoter group;
- (b) an independent director; and
- (c) a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.

(iii) Requirements of vesting and period of vesting

The Board or the NRC may, at its discretion, lay down certain criteria, including but not limited to the performance metrics on the achievement of which the granted stock options would vest and which may be specified in the respective grant letters or the vesting letters to be issued in this regard. The detailed terms and conditions relating to such criteria for vesting, the period over which and the proportion in which the stock options granted would vest would be subject to the minimum and maximum vesting period as specified below:

Vesting period for options: The options would vest not earlier than one year and not later than four years from the date of grant of options or such other period as may be determined by the NRC. The vesting schedule (i.e. exact proportion in which and the exact period over which the options would vest) would be determined by the NRC, subject to the minimum vesting period of one year from the date of grant of options. The options granted under the Scheme 2019 shall vest in one or more tranches.

Vesting period for RSUs: The RSUs would vest not earlier than one year and not later than three years from the date of grant of RSUs or such other period as may be determined by the NRC. The vesting schedule (i.e. exact proportion in which and the exact period over which the RSUs would vest) would be determined by the NRC, subject to the minimum vesting period of one year from the date of grant of RSUs. The RSUs granted under the Scheme 2019 shall vest in one or more tranches.

(iv) Exercise price or pricing formula

Exercise price for options: The equity shares to be transferred pursuant to the exercise of options would be transferred at the market price of the equity shares as at the date of grant of the options or at such other price as may be decided by the Board and/or NRC from time-to-time in compliance with the SEBI SBEB Regulations. Provided that the exercise price per option shall not be less than the face value of the equity share of the Company.

Exercise price for RSUs: Upon exercise of the RSUs the equity shares may be transferred at face value of the equity share of the Company or at such price as may be determined by the Board and/or NRC from time-to-time in compliance with the SEBI SBEB Regulations. Provided that the exercise price per RSU shall not be less than the face value of the equity share of the Company.

(v) Exercise period and process of exercise

The exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of stock options or such other period as maybe determined by the Board and/or NRC.

During the exercise period relating to each vesting, vested options and RSUs can be exercised in one or more tranches, such that each tranche will be a minimum of 500 options or 100 RSUs, as the case may be, except in cases where the number of vested options is less than 500 or where the number of outstanding vested RSUs is less than 100.

An employee may exercise the stock options vested unto him by making an application to the Company accompanied by payment towards the exercise price, in such manner and on execution of such documents as may be prescribed by the Board and/or NRC from time to time. The stock options will lapse if not exercised within the specified exercise period.

(vi) The appraisal process for determining the eligibility of employees

The appraisal process for determining the eligibility of the employee will be specified by the Board and/or NRC, and will be based on criteria, such as role/criticality of the employee, length of service with the Company, work performance, technical knowledge, managerial level, future potential and such other criteria that may be determined by the Board and/or NRC, as applicable, at its sole discretion.

The Board and/or NRC may decide to extend the benefits of the Scheme 2019 to new entrants or to existing employees on such basis as it may deem fit, in accordance with applicable laws.

(vii) Maximum number of stock options to be issued per employee and in aggregate

The maximum number of stock options to be granted to any employee shall be decided by the Board and/or NRC. However, the number of stock options that may be granted to a single employee under the Scheme 2019 shall not exceed 0.5% of the paid-up equity share capital at the time of grant of stock options (which shall be adjusted in lieu of adjustments/ re-organisation of capital structure of the Company from time to time).

The aggregate of all such stock options shall not result into more than 60,53,000 equity shares which shall be adjusted in lieu of corporate actions, adjustments/ reorganisation of capital structure of the Company from time to time.

(viii) Maximum quantum of benefits to be provided per employee

The maximum quantum of benefits to be provided per employee shall be decided by the Board and/or NRC.

(ix) Implementation and administration

The Scheme 2019 shall be administered by the NRC and is proposed to be implemented through a trust to be set up for this purpose.

The Company believes that implementation of the Scheme 2019 through secondary market acquisition is in the best interest of the Company and its shareholders and it will not create any dilution in their shareholding besides being easier and efficient in implementation.

The secondary acquisition of the equity shares from the stock exchanges, for the purposes of implementing the Scheme 2019 would only be undertaken by the ESOS trust. The Company proposes to provide financial assistance to the ESOS trust for this purpose, in accordance with applicable laws.

(x) Whether the Scheme 2019 involves new issue of equity shares by the Company or secondary acquisition by the trust or both

The Scheme 2019 will only involve secondary acquisition of equity shares by the ESOS trust through the recognised stock exchanges. The secondary acquisition of equity shares will be undertaken in compliance with the SEBI SBEB Regulations and other applicable laws.

(xi) The amount of financial assistance/provision of money to be provided for the implementation of the Scheme 2019 by the Company to the trust, its tenure, utilisation, repayment terms, etc.

The Company shall provide financial assistance/ provision of money, from time to time, either interest free or on such terms and conditions as may be decided by the Board and/or NRC, for an amount upto ¹ 146 Crores (Rupees One Hundred and Forty Six Crores only) to fund the acquisition of equity shares by the ESOS trust from the stock

exchanges through secondary acquisition, in terms of the Scheme 2019. Further loans, if any, to be provided to the ESOS trust by the Company in pursuance of the Scheme 2019, on account of increase in the price of the equity shares, will be extended in accordance with applicable laws. The exercise price received from the employees upon exercise of stock options shall be used for the purposes of repayment to the Company, on such terms as may be decided by the Board and/or NRC.

(xii) Maximum percentage of secondary acquisition (subject to the limits specified under the SEBI SBEB Regulations) that can be made by the trust for the purposes of the Scheme 2019

In terms of the Scheme 2019 and in accordance with SEBI SBEB Regulations, the ESOS trust that may be set up for the implementation of the Scheme 2019 may acquire equity shares through secondary acquisition such that secondary acquisition in a financial year shall not exceed 2% of the paid-up equity share capital of the Company as at the end of the previous financial year. As at March 31, 2019, 2% of the paid-up equity share capital of the Company comprised 1,54,69,630 equity shares.

Further, in terms of the SEBI SBEB Regulations, the total equity shares to be held by the trust shall not exceed 5% of the paid-up equity capital as at the end of the financial year immediately prior to the year in which the shareholder approval is obtained. As at March 31, 2019, 5% of the paid-up equity share capital of the Company comprised 3,86,74,073 equity shares.

(xiii) Disclosure and accounting policies

The Company shall comply with such applicable disclosure and accounting policies as prescribed by the SEBI SBEB Regulations and those prescribed by the concerned authorities from time to time.

(xiv) Method of stock options' valuation

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the Options granted or such valuation method as may be prescribed from time to time in accordance with applicable laws.

In the event the Company undertakes valuation as per the intrinsic value method, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the stock options, shall be disclosed in the Directors' Report of the relevant year and also the impact of this difference on profits and on earnings per share of the Company shall also be disclosed in the Directors' Report of the relevant year.

(xv) Transferability of stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of a stock option holder while in employment, the right to exercise all the stock options granted to him till such date shall be transferred to his legal heirs or nominees, on such terms and conditions as detailed in the Scheme 2019.

(xvi) Other terms

The Board and/or NRC shall have the absolute authority to vary or modify the terms of the Scheme 2019 in accordance with the regulations and guidelines prescribed by Securities and Exchange Board of India, including in terms of the SEBI SBEB Regulations or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the employees who have been granted stock options under the Scheme 2019.

SEBI SBEB Regulations also require separate approval of shareholders by way of special resolution to grant stock options to the employees of the Company's holding and subsidiary company(ies). Accordingly, a separate resolution under item no. 8 is proposed, to extend the benefits of Scheme 2019 to the employees of the Company's holding and subsidiary company(ies), as may be decided by the NRC from time to time, under applicable laws.

Further, the additional disclosures required under section 67 of the Act read with rule 16 of the Companies (Share Capital and Debenture) Rules, 2014, since the implementation of scheme through trust route will require the Company to provide financial assistance to the ESOS trust, for the purpose of purchase equity shares in the Company, are as follows:

(a) The class of employees for whose benefit the Scheme 2019 is being implemented and money is being provided for subscription to shares

Refer point (ii) above.

(b) The particulars of the trustee in whose favour such shares are to be registered

(c) The particulars of ESOS trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any

Name of the trust: ABFRL Employee Welfare Trust

Address of trust: 701-704, 7th Floor, Skyline Icon Business Park,

86-92, Off A. K. Road, Marol Village,

Andheri (East), Mumbai - 400 059, Maharashtra, India

Particulars of trustee:

Sr. no.	Name of trustee	Address	Occupation	Nationality
1	Mr. Hemant Kadel	Aditya Birla Centre 'A' Wing, 2 nd floor, S.K. Ahire Marg, Worli, Mumbai 400 030	Service	Indian
2	Mr. Anil Rustogi	Aditya Birla Centre 'A' Wing, 3 rd floor, S.K. Ahire Marg, Worli, Mumbai 400 030	Service	Indian
3	Mr. Sanjeeb Chatterjee	Ahura Centre, B Wing, 2 nd floor, Mahakali Caves Road, Andheri (East), Mumbai - 400 093	Service	Indian
4	Mr. Ramesh Mitragotri	Ahura Centre, B Wing, 2 nd floor, Mahakali Caves Road, Andheri (East), Mumbai - 400 093	Service	Indian

None of the above trustees and their relatives are related to promoters, directors or key managerial personnel of the Company. Subject to the compliance of the provisions of applicable law, the aforesaid trustees may be changed at any time.

In accordance with the SEBI SBEB Regulations, none of the trustees hold 10% or more beneficial interest in the Company.

(d) Any interest of the key managerial personnel, directors or promoters in Scheme 2019 or ESOS trust and effect thereof

None of the independent directors and promoters or person forming part of the promoter group, are interested in the Scheme 2019 or the ESOS trust.

Directors (other than independent directors) and Key Managerial Personnel, may be deemed to be interested to the extent of the equity shares that may be offered to them under the Scheme 2019.

(e) The detailed particulars of benefits which will accrue to the employees from the implementation of the Scheme 2019

The eligible employees shall be granted employee stock options under the Scheme 2019 which would vest subject to vesting conditions prescribed by the Board. After vesting and on exercise of the options, the Trust/ Trustees shall transfer corresponding number of equity shares to the employees. The employees may deal in the shares by way of selling/ holding or otherwise at their absolute discretion subject to applicable laws and regulations immediately after exercise or may hold and sell after a definite period at his/ her discretion. The employees would get the benefit on sell of shares depending on sale price of such shares.

(f) Details about who would exercise and how the voting rights in respect of the shares to be acquired under the Scheme would be exercised

The SEBI SBEB Regulations provides that the trustee of an ESOS trust, which is governed under the SEBI SBEB Regulations, shall not vote in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights. In line with the requirements of the SEBI SBEB Regulations, the trustees shall not exercise voting rights in respect of the equity shares held by the ESOS trust pursuant to the Scheme 2019.

In accordance with the SEBI SBEB Regulations, the NRC and the Board, at its respective meetings held on July 26, 2019, have approved the following matters, subject however to the approval of shareholders of the Company:

- (a) Introduction of the Scheme 2019;
- (b) Extension of benefits of the Scheme 2019 to the employees of the holding and subsidiary company(ies) of the Company; and
- (c) Implementation of Scheme 2019 through trust and considered:
 - (i) authorising the trust for secondary acquisition of the equity shares of the Company; and
 - (ii) granting financial assistance/provisioning of money by the Company to the trust to fund the acquisition of its equity shares, in terms of the Scheme 2019.

None of the directors and/ or key managerial personnel of the company and/ or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolutions as set out in item no. 6 and 7, except to the extent of their shareholding in the Company, if any and to the extent of the equity shares that may be offered to them under the Scheme 2019.

None of the directors and/or key managerial personnel of the company and/or their relatives, are in any way concerned or interested (financially or otherwise), in the proposed special resolution as set out in item no. 8, except to the extent of their shareholding in the Company, if any.

The Board recommends the special resolutions as set out in item no. 6, 7 and 8 of the notice, for approval of the shareholders.