



UNITED BREWERIES LIMITED
POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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United Breweries Limited, # 24, UB City, UB Tower, Vittal Mallya Road, Bangalore- 560 001

Policy for Determining Material Subsidiaries

Scope of the Policy

This Policy is prepared in accordance with the requirements of the provisions of clause 49 of the Listing Agreement with the Stock Exchanges and as a good Corporate Governance. This Policy will be applicable to the Company and shall lay down the criteria towards ascertaining material Subsidiary Company.

Policy Objective

To determine the Material Subsidiaries of **United Breweries Limited** (the "**Company**" or "**UBL**") and to provide the governance framework for such subsidiaries.

This Policy may be amended at any time and is subject to

- a) Amendments to the Companies Act, 2013;
- b) Further guidance from SEBI or any other Rules or Regulations framed by any other statute; and
- c) Consequential actions taken by the Board of Directors or the Audit Committee of the Company.

Definitions

"Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Clause 49 Listing Agreement with the Stock Exchanges and Section 177 of Companies Act, 2013.

"Board of Director" or **"Board"** means the Board of Directors of **United Breweries Limited**, as constituted from time to time.

"Company" means a company incorporated under the Companies Act, 2013 or under any previous company law.

"Independent Director" means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under section 149 of Companies Act, 2013 and Clause 49 of Listing Agreement with the Stock Exchanges.

"Policy" means Policy for determining Material Subsidiaries.

"Material Non Listed Indian Subsidiary" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges, 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.

"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 section 2(87) of the Companies Act, 2013 and the Rules made there under.

Policy

1. A subsidiary shall be a **Material Subsidiary**, if any of the following conditions are satisfied:
 - a. if the investment of the company in the subsidiary exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year.

OR

- b. if the subsidiary has generated twenty per cent of the consolidated income of the company during the previous financial year.
2. One Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
3. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
4. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company.
5. The management shall on a half yearly basis 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.
6. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board including recommendation for appointment of Independent Director in the Material Non-Listed Indian Subsidiary.

Disposal of Material Subsidiary

The Company, without the prior approval of the members by Special Resolution, shall not:

- a) 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 except in cases where such divestment is made under scheme of arrangement duly approved by a Court/Tribunal.
- b) Sell, dispose and lease the assets of the material subsidiary amounting to more than twenty percent 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.

Disclosure

The Policy shall be disclosed on the website of the Company at www.unitedbreweries.com.

The Compliance Officer of Company is authorised for updating this Policy as needed. Questions about the Policy on Related Party Transactions and its application to Related Party should be directed to the Compliance Officer.
