Proxy Advisory Report | Addendum

Aditya Birla Fashion & Retail Ltd

ABOUT SES

Stakeholders Empowerment Services (SES) is a Proxy Advisory and Corporate Governance Research Company. SES assists investors to analyze compliance and governance practices including matters relating to sustainability, prevalent at listed entities and empower investors to undertake meaningful engagement with Investee entities.

COMPANY INFORMATION	MEETING DETAILS
BSE CODE: 535755	**Meeting Type:** PB
NSE SYMBOL: ABFRL	**Voting Deadline:** 2nd November, 2026
ISIN: INE647O01011	**Notice Date:** 8th August, 2026
Industry: Speciality Retail	**Notice:** Click here
Email: secretarial@abfrl.adityabirla.com	**Annual Report:** FY 2025-26
Phone: +91 8652905000	**SES PA Report (Last AGM):** Report
Registered Office: Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070	
Website: www.abfrl.com	

E-VOTING DETAILS	ADDENDUM REPORT RELEASE DATE: 24th October, 2026
e-Voting Platform: LINKINTIME	**Research Analyst:** Pooja Patra
Cut-off Date: 30th September, 2026	**Conflict Disclosure:** SES - No | Analyst - No
Remote E-voting:	
• **Start**: 4th October, 2026	
• **Ends**: 2nd November, 2026	

© Stakeholders Empowerment Services | All Rights Reserved

ADDENDUM

There is a change in the SES recommendation on resolutions nos. 1 and 2 from AGAINST to FOR based on the Company's clarification and additional disclosures.

EXISTING RECOMMENDATIONS					
SN.	**Resolution**	**Type**	**SES Observation#**	**SES Rec.**	**Rationale**
1	To approve adoption of the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2026.	S	~~LC~~ | ~~GC~~ | ~~TC~~	~~AGAINST~~	~~*Distinct types of equity linked benefits with materially different pricing terms are proposed under the same scheme; the Company should provide clear rationale behind the framework, specify the overall allocation for each instrument and an indicative criteria on the basis of which the grants will be made at the employee level; Committee discretion on exercise period.*~~
2	To approve extending the benefits of the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2026 to employees of the subsidiary company(ies) of the Company.	S	~~LC~~ | ~~GC~~ | ~~TC~~	~~AGAINST~~	~~*Interlinked with Resolution #1.*~~
REVISED RECOMMENDATIONS					
1	To approve adoption of the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2026.	S	LC	FOR	*Adequate disclosures made and justification given; the proposal meets the legal and governance requirements.*
2	To approve extending the benefits of the Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2026 to employees of the subsidiary company(ies) of the Company.	S	LC	FOR	

O - Ordinary Resolution; S - Special Resolution; Rec. – Recommendation
 # LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern

BACKGROUND			
Original PA report Link	Click Here	**PA Report Release Date**	21st October, 2026
Date of Email received from the Company	23rd October, 2026	**Company Email forwarded as SEBI Circular**	No

***Guide to read addendum:** Company's Views: (in Blue colour) & SES Reply: (in Black colour)*

SES COMMENTS TO COMPANY'S RESPONSE (RELEVANT EXCERPTS)

Background: The Company is seeking shareholders' approval for the adoption of the 'Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2026' and extension of the Scheme to the employees of its subsidiary companies.

SES had raised governance and transparency concern as distinct types of equity linked benefits with materially different pricing terms are proposed under the same scheme; clarity was required on the rationale behind the framework, the overall allocation for each instrument and indicative criteria on the basis of which the grants will be made at the employee level. Further, concern was also

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

identified as the NRC has been given the discretion to decide Exercise period (maximum being 5 years) which may vary from employee to employee.

Company's Clarification:

The intent behind the scheme is to have a mix of both ESOPs and PSUs for all eligible employees and the proportion of ESOPS and PSUs will be broadly similar across the grants, taking on board the criticality and performance of employees.

Grant Split (ESOP/PSUs)

-	ESOP %	PSU %
Year 1	35%	65%
Year 2	60%	40%
Year 3	80%	20%
Overall	60%	40%

Note: *The above computations are based on prevailing market price. These are indicative ranges for the coming years and subject to small variations.*

SES Comment:

The Company has now provided a year-wise and overall break-up of the total pool into ESOPs and PSUs. The same is stated to have been estimated considering the expected company performance in the further period. It has also been clarified that the Scheme is not intended to provide select employees exclusively with PSUs or ESOPs. Rather, all eligible employees will receive a mix of both, with the proportion of ESOPs and PSUs being broadly similar across grants. Accordingly, the concern regarding the allocation between ESOPs and PSUs stands addressed.

Company's Clarification:

Individual grant ceiling

The maximum grant contemplated for any employee is expected to be approximately 0.5% of the company's share capital for the entire scheme period of three years aggregately, and is below the maximum legal enabling limit.

SES Comment: The Company has given additional clarification on the limit of maximum options per employee under the Scheme. The Company has stated that the given limit of 0.5% of the company's share capital is for the entire scheme period of three years aggregately, and not merely an annual limit. While the amount appeared on the higher side, SES did not raise concern as the potential amount did not appear excessive when considering the past share-based payment expense, past distribution of stock based units, overall executive remuneration and the scale of operations of the Company. Now, since the limit is stated to cap grants, not just annually but in aggregate, the concern further subdues. Shareholders may take a note in this regard.

Company's Clarification:

The exercise period will be applied uniformly to all eligible employees and is going to be a period of 5 years.

SES Comment: With regard to the exercise period, the Company has clarified that the exercise period will remain uniform for all eligible employees receiving units under the Scheme and the same shall be five years.

Hence, the concerns raised by SES stand addressed. In view of the same, the recommendations on resolution nos. 1 and 2 are being changed from "**AGAINST**" to "**FOR**"

COMPANY RESPONSE (FULL VERBATIM)

Hi SES Team,

Please find attached our responses to voting recommendations on the proposals in the Postal Ballot notice w.r.t the ESOP Plan 2026 of Aditya Birla Fashion and Retail Limited.

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

In view of the above, please do the needful.

Regards

***

PDF Link: Click Here

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION

Disclaimer

Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its website. The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit initiative or its staff, has no financial interest in the companies covered in this report except for what is disclosed on its website. The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: *The Company has not met statutory compliance requirements*
FC – Fairness Concern: *The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders*
GC – Governance Concern: *SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.*
TC - Disclosures & Transparency Concern: *The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.*

Company Information

Stakeholders Empowerment Services

SEBI Reg. No. INH000000016
CIN No. - U74120MH2012NPL232154

This Report or any portion hereof may not be reprinted, sold, reproduced or redistributed without the written consent of Stakeholders Empowerment Services

Contact Information

Stakeholders Empowerment Services
109, Shyam Baba House,
Upper Govind Nagar,
Malad East,
Mumbai – 400097
Tel +91 22 4022 0322

research@sesgovernance.com
info@sesgovernance.com
www.sesgovernance.com.

Warning

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

PROXY ADVISORY REPORT | FOR LIMITED CIRCULATION