

# DHABRIYA POLYWOOD LIMITED

## MATERIAL SUBSIDIARY POLICY

(Amended on May, 23 2025)

### 1. INTRODUCTION:

In accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the company has formulated and adopted “Policy for determining Material Subsidiary (the Policy)”. This policy intends to formulate methods to determine the material subsidiaries of the company. This policy also stipulates the governance procedures with regard to material subsidiaries so determined.

### 2. POLICY REQUIREMENT:

This policy is framed based on Listing Regulations entered by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its material subsidiary companies.

### 3. DEFINITIONS:

“**Audit Committee or Committee**” means Audit Committee constituted by the Board of Directors of the Company from time to time, under provisions of Listing Regulations and the Companies Act, 2013 or under any previous Companies Act.

“**Board of Directors**” or “**Board**” means the Board of Directors of Dhabriya Polywood Limited, as constituted from time to time.

“**Company**” means Dhabriya Polywood Limited (DPL), a company incorporated under the Companies Act, 1956.

“**Material Subsidiary**”, means a Subsidiary whose turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**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 the Companies Act, 2013 and the Listing Regulations.

“**Subsidiary Company**” or “**Subsidiary**” means subsidiary company as defined in section 2(87) of the Companies Act, 2013

**“Significant Transaction and Arrangement”** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent (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.

**“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto.

Words and expressions used but not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013, read with Rules made thereunder, SEBI Listing Regulations and any other laws applicable to the Company including any statutory modification(s) or re-enactment(s) thereof as the case may be.

#### **4. POLICY**

##### **A. Identification of material subsidiary**

A subsidiary shall be considered a Material Subsidiary, if the following condition is satisfied:

A subsidiary shall be considered material if its turnover or net worth exceeds ten percent of the consolidated turnover or net worth respectively, of Dhabriya Polywood Limited and its subsidiaries in the immediately preceding accounting year.

##### **B. Compliances under the regulations**

Compliances with respect to all subsidiary companies

- i. At least one independent director on the Board of Directors of the listed entity (i.e. Dhabriya Polywood Limited) shall be a director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not  
Explanation – for the purpose of this provision, notwithstanding anything to the contrary contained in this policy, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year”
- ii. The Audit Committee of the Dhabriya Polywood Limited shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- iii. The minutes of the meetings of the Board of Directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the Dhabriya Polywood Limited.
- iv. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the Dhabriya Polywood Limited, a statement of all significant transactions and arrangements entered by the unlisted subsidiary.

- v. A Material Unlisted Subsidiary of Dhabriya Polywood Limited incorporated in India shall undertake Secretarial Audit and shall annex the Secretarial Audit Report, given by a [Peer Reviewed] Company Secretary in practice, in such a Form as specified in the Companies Act, 2013 read with rules made thereunder and SEBI Listing Regulations, with the Annual Report of the Company.

#### **5. DISPOSAL OF SHARES/ASSETS IN MATERIAL SUBSIDIARY**

- i. Company shall not dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other Subsidiaries) to less than or equal to fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in a general meeting of its shareholders except in cases where such divestment is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchange within one day of the resolution plan being approved.
- ii. Company shall not sell, dispose and/or lease assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year without passing a special resolution in a general meeting of its shareholders unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchange within one day of the resolution plan being approved.  
Nothing contained in this sub-regulation shall be applicable if such sale, disposal or lease of assets is between two wholly owned subsidiaries of the company.

#### **6. DISCLOSURE:**

This Policy shall be disclosed on the Company's website viz. [www.polywood.org](http://www.polywood.org) and a web link thereto shall be provided in the Annual Report of the Company.

#### **7. AMENDMENTS TO THE POLICY:**

The Board of Directors on its own can/or as per the recommendations of Audit Committee 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.