

MATERIAL SUBSIDIARY POLICY

1. INTRODUCTION:

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.

The Board of Directors (the “Board”) of Dhabriya Polywood Limited (the “Company”), has adopted the following policy and procedures with regard to determination of Material Subsidiaries, as defined in this policy.

2. POLICY REQUIREMENT:

All listed companies are required by Securities and Exchange Board of India (SEBI) through the Listing Agreement (including any statutory enactment/amendments thereof) to formulate a policy for determining “Material Subsidiaries”. The company being a listed company is required to adhere to this clause.

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 Agreement with the stock exchange and the Companies Act, 2013.

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

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

“**Material Subsidiary**”, means a Subsidiary whose income or net worth exceeds 10 percent of the consolidated income 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 Agreement with the Stock Exchanges.

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

“**Income**” means ‘Total Revenue’ of ‘Total Income’ (including other income) as per the audited Financial Statements of the previous Financial Year.

“**Net worth**” means net worth as defined in sub section (57) of section 2 of the Companies Act, 2013.

Words and expressions used in this policy shall have the same meaning respectively assigned to them in the following acts/listing agreement.

- The Companies Act, 2013 or the rules framed thereon and;
- Listing Agreement with the Stock Exchange;

4. POLICY

A. Identification of material subsidiary

A material subsidiary company shall be identified on the following basis:

‘material subsidiary’ shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity (i.e. 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. The Audit Committee of the listed entity (i.e. Dhabriya Polywood Limited) shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii. 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 listed entity (i.e. Dhabriya Polywood Limited).
- iii. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity (i.e. Dhabriya Polywood Limited), a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation: For the purpose of this regulation the term “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 unlisted subsidiary for the immediately preceding accounting year

Additional compliances with respect to all unlisted material subsidiary companies whether incorporated in India or not w.e.f. April 01, 2019

- iv. 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 income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year” Additional compliances with respect to all unlisted material subsidiary companies incorporated in India
- v. Every listed entity and its material subsidiary incorporated in India shall undertake Secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.

Additional compliances with respect to all material subsidiary companies

- vi. The listed entity (i.e. Dhabriya Polywood Limited) shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in

- its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court /Tribunal.
- vii. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders (of the listed entity i.e. Dhabriya Polywood Limited) by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal
Others
 - viii. where a listed entity (i.e. Dhabriya Polywood limited) has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

5. DISCLOSURE:

This Policy shall be disclosed on the Company`s website viz. www.polywood.org and a web link thereto shall be provided in the Annual Report of the Company.

6. 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.