

## MATERIAL SUBSIDIARY POLICY

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### 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. The Policy was approved by the Board of Directors on its meeting held on August 14, 2017.

### 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. DEFINATIONS:

**“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 Non-Listed Indian Subsidiary”**, means a Subsidiary whose income or net worth exceeds 20 percent of the consolidated income or net worth respectively of Dhabriya Polywood Limited 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.

**“Significant transaction or arrangements”** means any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

**“Consolidated Income of Net worth”** means the total income or net worth of the Company and its subsidiaries.

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. GOVERNANCE:**

- At least one independent director on the Board of Directors of the company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.
- The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The management should periodically (at least annually) bring to the attention of the Board of Directors of Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

#### **5. DIVESTMENT IN MATERIAL SUBSIDIARIES:**

The Company, only with the prior approval of the members by Special Resolution in General Meeting, (except in such case where divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal) shall:

- Dispose shares in the material subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50% or
- Dispose shares in the material subsidiaries which would cease the exercise of control over the subsidiaries or
- Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary.

#### **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.