



# **CENTURY PLYBOARDS (INDIA) LIMITED**

## **Policy on 'Material' subsidiaries**

**As revised and approved by the Board of Directors on 05.02.2019**

### **1. PURPOSE AND SCOPE**

The Board of Directors (the “Board”) of Century Plyboards (India) Limited (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiaries and disclosures thereof. This Policy is formulated in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter also referred to as Listing Regulations). Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this policy.

The Policy will be used to determine the Material Subsidiaries of Century Plyboards (India) Limited (CPIL) and to provide the governance framework for such subsidiaries.

### **2. DEFINITIONS**

**“Act”** means Companies Act, 2013 & rules made thereunder.

**“Company”** means Century Plyboards (India) Limited.

**“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 with the Stock Exchanges and the Companies Act, 2013.

**“Board of Directors”** or “Board” means the Board of Directors of Century Plyboards (India) Limited, as constituted from time to time.

**“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 with the Stock Exchanges.

**“Policy”** means Policy on Material Subsidiaries.

**“Holding Company”** shall be as defined under Section 2(46) of the Act and the Rules made thereunder.

**“Subsidiary”** shall be as defined under Section 2(87) of the Act and the Rules made thereunder.



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

**“Significant Transaction or Arrangement”** means 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.

**“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Any term not defined herein, shall have the same meaning ascribed to it, as defined under the Companies Act, 2013 or Rules framed thereunder, the Listing Regulations, Act, Rules and Regulations framed by Securities Exchange Board of India or any other relevant legislation applicable to the Company.

### **3. IDENTIFICATION OF ‘MATERIAL’ SUBSIDIARY**

A subsidiary shall be considered as material if –

The income or net worth of the Subsidiary exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

### **4. GOVERNANCE FRAMEWORK**

- a) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.  
Explanation - For the purposes of this sub-clause, notwithstanding anything to the contrary contained in regulation 16 of the Listing Regulations or defined hereinabove, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- b) The Audit Committee of the listed holding company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.



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- c) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall periodically be placed before the Board of the Company.
- d) The management of the unlisted subsidiary shall periodically bring to the notice of the Board of Directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

### **5. DISPOSAL OF SHARES/ ASSETS 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 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 exchanges with one day of the resolution plan being approved
- b) sell, dispose and lease the assets 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges with one day of the resolution plan being approved.

### **6. SECRETARIAL AUDIT**

The Company and its material unlisted subsidiaries 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.

### **7. DISCLOSURES**

This policy shall be disclosed on the company's website, [www.centuryply.com](http://www.centuryply.com) and a web link thereto shall be provided in the Annual Report.

### **8. REVIEW AND AMENDMENT**

This policy will be reviewed by the Board of Directors of the Company or by any of its Committee (as may be authorized by the Board of Directors in this regard) as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or



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its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

### **9. EFFECTIVE DATE**

This Policy is effective from 1st April, 2019.