



Archidply Industries Limited ('the Company').

Policy for determining Material Subsidiaries

1. Purpose and Scope:

The Policy for determining Material' Subsidiary of the Company has been framed in accordance with the provisions of Regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations').

The Policy is for determining the Material Subsidiaries of the Company and to provide the governance framework for the Material Subsidiaries.

All the words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation in the Listing Regulations, it would be interpreted as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Definitions:

- a. "**Act**" means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- b. "**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 Exchanges and The Companies Act, 2013.
- c. "**Board of Directors**" or "**Board**" means the Board of Directors of Archidply Industries Limited, as constituted from time to time.
- d. "**Independent Director**" means a non-executive director (other than a managing director or a whole-time director or a nominee director) of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.
- e. "**Company**" means Archidply Industries Limited.
- f. "**Policy**" means Policy on Material Subsidiary
- g. "**Material Subsidiary**" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- h. "**Material Non-Listed Indian Subsidiary**" shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.
- i. "**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 material unlisted subsidiary for the immediately preceding accounting year.
- j. "**Subsidiary**" shall be as defined under the Companies Act, 2013 and the Rules made thereunder.

2. Identification of 'Material' subsidiary:

As per the said Regulations, a “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The Board shall identify its material subsidiary on or before the beginning of financial year.

3. Governance framework:

- i. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
- ii. The minutes of the Board Meetings of the unlisted subsidiary of the company shall be placed before the Board.
- iii. The management shall periodically bring to the attention of the Audit Committee/Board, a statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary of the Company.
- iv. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Subsidiary Company whether incorporated in India or not.

4. Disposal of Material Subsidiary:

The Company, without the approval or prior approval, as the case may be, 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 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 Competent 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 within one day of the resolution plan being approved.
- b. Sell, dispose of and lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year without prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Competent 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 within one day of the resolution plan being approved.

5. Secretarial Audit

Every listed entity and its material unlisted subsidiary(ies) 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.

6. Policy Review:

This Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.