

BOARD'S Report

Dear Members,

Your Directors are pleased to present the Company's Thirty-ninth Annual Report and Audited Financial Statements (standalone and consolidated) for the Financial Year ended 31st March, 2020. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended 31st March, 2020 is summarised below:

₹ in crore

Particulars	STAND ALONE		CONSOLIDATED	
	2019-20	2018-19	2019-20	2018-19
Gross Income	2293.76	2269.88	2329.79	2287.54
Profit before Depreciation, Interest & Tax	315.17	306.42	292.43	308.75
Depreciation	67.55	49.99	76.31	59.48
Interest & Finance Charges	37.24	44.58	38.90	46.94
Profit before Tax	210.38	211.86	177.22	202.33
Tax Expenses	52.21	53.10	51.93	53.46
Profit after Tax	158.17	158.76	125.29	148.87
Attributable to:				
Owners of the Company	158.17	158.76	150.58	148.45
Non-controlling interests	-	-	(25.29)	0.42
Other Comprehensive Income (net of taxes)	(0.35)	(0.80)	18.31	1.70
Total Comprehensive Income for the year	157.82	157.96	143.60	150.57
Attributable to:				
Owners of the Company	157.82	157.96	168.89	150.08
Non-controlling interests	-	-	(25.29)	0.49
Opening balance in Retained Earnings	914.37	783.19	912.85	791.84
Adjustment with other equity	(0.35)	(0.80)	(0.34)	(0.65)
Adjustment on acquisition of subsidiary	-	-	0.37	-
Amount available for appropriation	1072.19	941.15	1063.46	939.64
Final Dividend- FY 2018-19 (FY 2017-18)	22.22	22.22	22.22	22.22
Tax on Dividend- FY 2018-19 (FY 2017-18)	4.57	4.57	4.57	4.57
Interim Dividend- FY 2019-20	22.22	-	22.22	-
Tax on Interim Dividend- FY 2019-20	4.57	-	4.57	-
Closing Balance in Retained Earnings	1018.62	914.37	1009.88	912.85

OVERVIEW OF THE COMPANY'S FINANCIAL PERFORMANCE

The standalone Revenue from operations and Gross Income for Financial Year 2019-20 at ₹2282.68 crore and ₹2293.76 crore respectively, were both marginally higher over the corresponding figures for Financial Year 2018-19 which stood at ₹2263.83 crore and ₹2269.88 crore respectively.

During the Financial Year ended 31st March, 2020, your Company recorded a Profit before tax of ₹210.38 crore as against ₹211.86 crore in the last year. Net Profit after tax was ₹158.17 crore compared to ₹158.76 crore in previous year.

On consolidated basis, the revenue from operations for Financial Year 2019-20 at ₹2317.03 crore, was higher by 2% over the last year (₹2280.39 crore in Financial Year 2018-19). Profit before tax and Profit after tax were lower by 12% and 16% respectively, compared to the previous year.

The operations and financial results of the Company are elaborated in the annexed Management Discussion and Analysis.

IMPACT OF COVID-19

The COVID-19 pandemic developed rapidly into a global crisis since the last month of March, 2020, forcing governments to enforce lock-downs of all economic activity. Your Company immediately shifted their focus towards ensuring the health and well-being of all employees, staffs and workers engaged across the offices and units in India. In the last week of March, 2020 the Company suspended its production and distribution facilities across India temporarily and moved to 'work from home' policy for all its employees and thereby reducing potential risk to them during the spread of the disease. With the changing Government of India and State Government's guidelines the Company's operations were resumed partially from first week of May at various locations across India after taking requisite measures for ensuring safety and well-being of employees and workers. Although there are uncertainties due to the pandemic, the Company is hopeful that it's the strong balance sheet position and inherent resilience of the business model will assist the Company navigate the challenges ahead and gain its market share.

DIVIDEND

Based on the Company's performance and in conformity with its Dividend Distribution Policy, the Board of Directors of the Company, by Circular Resolution passed on 13th February, 2020, declared an Interim Dividend of ₹1.00 (exclusive of dividend distribution tax) per equity share of ₹1/- each fully paid up for the financial year ending 31st March, 2020. Interim Dividend in respect of Equity Shares held

in physical form has been paid to those Members whose names appeared on the Company's Register of Members, at the close of business hours on 21st February, 2020 and in respect of Equity shares held in electronic form, to all those beneficial owners as on 21st February, 2020 whose details have been furnished by NSDL and CDSL for this purpose.

In view of the ongoing expansion plans coupled with business uncertainties resulting out of the Covid-19 pandemic, your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company. As such no further dividend has been recommended for the year ended 31st March, 2020 and that the aforesaid interim dividend be treated as the final dividend.

The Company continued to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

The Dividend Distribution Policy of the Company is annexed to this Report as Annexure '6' and is also available on the Company's website at: <https://www.centuryply.com/codes-policies/CPIL-Dividend-Distribution-Policy.pdf>.

TRANSFER TO RESERVES

The Reserves and Surplus of your Company has increased to ₹1051.13 crore in the year 2019-20 as compared to ₹946.87 crore in the year 2018-19. Your Directors have proposed not to transfer any sum to the General Reserve during the Financial Year 2019-20.

SHARE CAPITAL

As on 31st March, 2020, the Company's paid-up Equity Share Capital was ₹22,25,27,240/- comprising of 22,21,72,990 Equity Shares of Face Value of ₹1/- each and ₹3,54,250 received on account of 13,80,000 (post-split) forfeited shares. There has not been any change in the Equity Share Capital of the Company during the Financial Year ended 31st March, 2020. During the Financial Year 2019-20, your Company has neither issued any shares or convertible securities nor has granted any stock options or sweat equity.

INDIAN ECONOMY AND STATE OF AFFAIRS

The Indian economy has been experiencing significant slowdown over the past few quarters. The year 2019-20 was challenging for the Indian economy owing to the decelerating growth rate experienced in the first half of the financial year. In the third quarter of the current fiscal, the economy grew at a six-year low rate of 4.7%. Amongst the various reforms introduced during the year to promote growth

and investment, reduction in corporate income tax rate was a major structural reform. Investment and consumption demand had been languishing and a number of stimulus measures have been taken to bring back the economy on a growth path. While the country's development trajectory is strong, challenges remain.

There was a strong hope of recovery in the last quarter of the current fiscal. However, the new Covid-19 pandemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story.

Greater uncertainty about the future course and repercussion of Covid-19 has also made the financial market extremely volatile, leading to huge crashes and wealth erosion, which in turn is impacting consumption levels. Suspension of operations in most sectors has adversely affected demand across all segments. Consumption is also getting impacted due to job losses and decline in income levels of people due to slowing down of activities in several sectors including retail, construction, entertainment, etc. With widespread fear and panic now increasing among people, overall confidence level of consumers has dropped significantly, leading to postponement of their spending decisions.

On the supply side, shutting down of factories and the resulting delay in supply of goods from overseas has affected many manufacturing sectors in India which are facing an imminent raw material and component shortage. This has hampered business sentiment and affected investment and production schedules of companies.

Given the challenges that the businesses and people are facing currently, the Indian economy is most likely to experience a lower growth during the last quarter of the current fiscal. In case the spread of Covid-19 continues, growth may remain subdued in the first quarter of FY 20-21 as well. Most multilateral agencies and credit rating agencies have therefore revised their 2020 and 2021 growth projections for India keeping in view the negative impact of Covid-19 induced travel restrictions, supply chain disruptions, subdued consumption and investment levels on the growth of both global and the Indian economy.

The World Economic Outlook (WEO) update of January 2020 published by International Monetary Fund (IMF) had projected India's real GDP to grow at 5.8 per cent in 2020-21. In April, 2020 the IMF again issued a report considering the impact of COVID-19 pandemic on the growth of the economies, which forecasted that the growth rates in India will be modest.

Growth in the real estate and building material sector, which has been struggling over the past 3-4 years due to issues like demonetisation, RERA, GST and the NBFC funding crisis, would now need to cope with the COVID-19 impact. The sector's growth, which has already been substantially impacted due to muted real estate growth over FY17-FY20, would possibly witness further deceleration with renovation demand likely to shrink in the near term.

In July 2019, the Union Budget 2019- 20 had articulated the vision of the Hon'ble Prime Minister to make India a US\$ 5 trillion economy by 2024-25. However, as per the economic survey, amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down and the milestone of making India a US\$ 5 trillion economy by 2024-25 was challenged. Despite the above facts, the economy is poised for a rebound towards the US\$ 5 trillion goal, on the back of its proven record of growth with macroeconomic stability over the last five years.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes or commitments have occurred between the end of the financial year on 31st March, 2020 and the date of this Report which may affect the financial position of the Company save and except the close-down resulting due to the pandemic Covid-19, impact whereof is unascertainable.

FUTURE OUTLOOK

Nowadays, consumers are replacing their furniture more frequently than in the past, which is largely due to increasing standards of living and a steady increase in disposable income, thereby boosting the demand for wood panel products. Moreover, aesthetic reasons coupled with the need and desire for comfort, also contribute to the constant growth of this market.

With the revenue in the Furniture market amounting to US\$205,395 Million in the year 2020, it is expected that the furniture market will grow annually by 5.1% (CAGR 2020-2023).

The sales in decorative veneers and highlighters have seen flatness that may be due to steep pressure on consumers due to economic slowdown. The Panel manufacturing industry and the wholesale community have been under tremendous stress since a couple of years but there is optimism building for the coming years.

The impact of Covid-19 pandemic is visible on industrial sectors across the products including wood panel, decorative and raw materials. The entire industry and trade transactions and transport is expected to hit badly, which may jeopardize many companies supply chain and businesses. Besides its worrying effects on human life, the novel strain of coronavirus has significantly slowed down the global economy.

Retailers and dealers struggled to maintain their sales tally in present slowdown because there is over-supply scenario in entire decorative and wood panel products. Plywood industry is facing a cut-throat competition. The Company has been able to counter the threat posed by progressive commoditization of plywood by garnering increased realizations from its well established brands, enabling the Company's products.

The housing and real estate sectors has been one of the major contributors to the economy, not only by itself but also because of the support it lends to innumerable ancillary industries like cement,

paint, plywood, laminate, etc. This sector is the biggest demand driver of wood panel products. With the advent of the Pradhan Mantri Awas Yojana Urban (PMAY-U), intending to provide pucca house with basic amenities to all eligible urban poor, it is expected to fuel demand for most building products, with Plywood products being one of them. Out of 1.03 crore houses approved under the PMAY-U scheme, 60 lakhs have been grounded for construction, out of which 32 lakh houses have been completed and delivered. Urban habitats and cities are the epicenters of economic growth and have contributed significantly to the Indian economy.

On the other hand, as many as 5,151 projects worth more than ₹2 lakh crore are being implemented in 100 cities under the government's smart city mission (SCM). As on November 14, 2019, 4,154 SCM projects worth ₹1.49 lakh crore (72 per cent of the total proposals) have been tendered, of which 3,359 projects worth ₹1.05 lakh crore (51 per cent of total proposals) have been issued work orders. Both PMAY-U and the SCM are expected to maintain the buoyancy in demand for panel products in the years to come.

With the introduction of GST (Goods and Services Tax) and reduced tax rate on plywood, i.e. from 28% to 18%, the Indian plywood market has been gradually moving from an unorganized state to an organized state. In order to boost the demand of real estate sector, with effect from 1st April, 2019, GST at an effective rate of 1% without Input Tax Credit on affordable residential apartments and 5% without Input Tax Credit on residential apartments outside affordable segment has been levied. The reduced GST rates for under-construction properties has, to some extent, given the much awaited fillip to the real estate sector which was otherwise witnessing adversities. There is a marginal increase of 5 percent in customs duty on import of furniture. With this the demand of 'Make in India' customized furniture will be fueled. After customs duty hike, net effect would be around 6 to 7 percent increase in price for the end customers. However, the increase being nominal in nature seems to be manageable.

The share of the organised wood panel market has already started expanding on account of the various reforms of the Government backed by high brand aspirations of the consumers. A constant shift towards the organised sector is being witnessed owing to brand and quality awareness, wider choice of products, product innovation and warranty. Centuryply has been the front-runner when it comes to implementing innovative practices at work. Overall, we are optimistic of carving out a progressively larger market and revenue share, increasing margins and value in a sustainable way across the future. The buying capacity of people is likely to increase in the years to come and this will have a positive impact on furniture industry. With the right process and systems, brand image, regional plant set-ups, adequate cash flow there is no point uncovered that does not extend advantage to an organized brand like CenturyPly. The Company forayed into new categories and new variants in existing categories of its products.

A new concept of customization of its economical variant of 'Sainik' plywood was introduced by the Company branded as 'Sainik OEM' to service OEM's with their specific requirements. 'Sainik MR Pro' was introduced to specifically service large projects. The Company's premium brand 'Architect ply' was also revamped with absolute fire retardant properties and other features. Apart from this, the Company enhanced warranty on its Club Prime, Bond 710 and Sainik 710 brand of products by improving their quality.

FUTURE PLANS OF EXPANSION

The Company's Medium Density Fiber (MDF) Board unit at Hoshiarpur in Punjab which started operations during FY 2017-18 with an installed capacity of 198000 cbm per year, managed to attain a capacity utilisation of 65% during FY 2018-19 and the same is expected to be around 85% during FY 2019-20.

The Company's Particle Board unit at Chennai which had started operations in July 2016 with an installed capacity of 54000 cbm per year attained full capacity utilisation during FY 2018-19. With growing demand for the Company's particle board, viability for increasing the capacity of this unit is being assessed.

The Company has incorporated a subsidiary in Gabon, Africa in the name of Century Gabon SUARL to take advantage of availability of Okoume timber for meeting its face veneer requirements. The Company is already having similar backward integration in Myanmar and Laos for securing availability of raw material.

The Company is also analysing the viability of setting-up and operating a MDF and Particle Board manufacturing unit in Uttar Pradesh. Availability of adequate raw-material, pro-activeness of the U.P. Government in promoting wood-based industries in the State and locational advantage in terms of market for MDF and Particle Board are some of favourable factors being considered for this purpose. The Board had already granted its in-principle approval for the proposed project.

Traditionally the Company has been operating in prime or upper segment of plywood market. Over the recent past, growth in this segment has been almost flat. With Government's focus also shifting towards affordable housing, the Company with its economy segment product like 'Bond 710', 'Sainik' and 'Sainik 710' is constantly increasing its capacities and penetrating the mid-market and affordable segments. The Company expects to continue its focus in this segment to widen its customer base. Your Company is also investing heavily on brand positioning for ensuring that the Centuryply brand occupies a distinct position, relative to competing brands, in the mind of the customers.

CHANGE IN NATURE OF BUSINESS, IF ANY

There has not been any change in the nature of business of the Company during the FY ended 31st March, 2020.

SUBSIDIARIES

CHANGES IN SUBSIDIARIES

As on 31st March, 2020, your Company had 11 subsidiaries and 3 step-down subsidiaries. There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013, as amended from time to time. There has been no material change in the nature of the business of the subsidiaries.

During the year under review, your Company incorporated a wholly owned subsidiary on 19th February, 2020 in the name of 'Century Panels Limited' having registered office at Kolkata with the object of manufacturing and trading of Particle Board, MDF and other related products.

Further, M/s. Auro Sundram Ply & Door Pvt. Ltd, your Company's Subsidiary, acquired the shareholding in another Company viz. 'Asis Plywood Ltd.' which was undergoing corporate insolvency proceedings. Consequently Asis Plywood Ltd. also became a step-down subsidiary of your Company with effect from 28th January, 2020.

Taking into account the above, as on 31st March, 2020, your Company's subsidiaries were Auro Sundram Ply & Door Pvt. Ltd., Century MDF Ltd., Ara Suppliers Pvt. Ltd., Arham Sales Pvt. Ltd., Adonis Vyaper Pvt. Ltd., Apnapan Viniyog Pvt. Ltd., Century Infotech Ltd., Century Panels Ltd., Centuryply Myanmar Pvt. Ltd., Century Ply (Singapore) Pte. Ltd. and Century Gabon SUARL and its step-down subsidiaries were Asis Plywood Ltd., Century Ply Laos Co. Ltd., Century Huesoulin Plywood Lao Co. Ltd.

Your Company does not have any material subsidiary whose net worth exceeds 10% of the consolidated net worth of the Company in the immediately preceding financial year or has generated 10% of the consolidated income of the Company during the previous financial year.

OPERATIONS

There has been no material change in the nature of the business of the subsidiaries/ step-down subsidiaries during the year under review.

Auro Sundram Ply & Door Pvt. Ltd. is engaged in the manufacturing of plywood and allied products from eco-friendly agro-forestry timber and operating a plywood unit at Roorkee in Uttarakhand.

Century Infotech Ltd. is engaged in the business of e-commerce, e-shopping, online information services, online application integration including buying, selling, marketing, trading and dealing in various kinds of products and services.

Centuryply Myanmar Pvt. Ltd. is operating a veneer and plywood unit near Yangon city in Myanmar and is supplying the same primarily to our Company.

Century Ply (Singapore) Pte. Ltd. is undertaking trading in veneer and plywood. It has entered into arrangements with various entities

in Laos whereby it has provided them with plant and machinery for manufacture and supply of veneer and plywood to it.

Century Ply Laos Co. Ltd. is engaged in the manufacturing veneer in Attapeu province in Laos out of raw material sourced locally while Century Huesoulin Plywood Lao Co. Ltd. is manufacturing plywood at its unit in Savannakhet Province in Laos. However, due to administrative restrictions imposed by the Laos Government, the operations of these step-down subsidiaries and consequently that of Century Ply (Singapore) Pte. Ltd. remained suspended during the financial year under review.

Ara Suppliers Pvt. Ltd., Arham Sales Pvt. Ltd., Adonis Vyaper Pvt. Ltd. and Apnapan Viniyog Pvt. Ltd. jointly own and hold some land in Kolkata which is yet to be developed. Century MDF Ltd. and Century Panels Limited are presently not operational.

Adhering to the guidelines issued by the governing authorities of the respective countries and also with the intent of ensuring the health and well-being of all employees, staffs and workers engaged across the offices and units, both in India and abroad in the wake of Covid-19, the Company's Subsidiaries also suspended their production and distribution facilities temporarily and moved to 'work from home' policy for all its employees, thereby reducing potential risk to them during the spread of the disease. Gradually, with the changing directives, their operations were resumed partially from first week of May after taking requisite measures for ensuring safety and well-being of employees and workers.

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

In accordance with Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the Company has a policy for determining material subsidiaries and the same is available on the website of the Company at <https://www.centuryply.com/codes-policies/CPIL-Policy-on-material-subsiary.pdf>.

FINANCIAL POSITION & PERFORMANCE

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements of the subsidiary companies are reviewed by the Company's Audit Committee.
- Major investments made by the subsidiaries are reviewed quarterly by the Company's Audit Committee.
- Minutes of Board meetings of subsidiary companies are placed before the Company's Board regularly.
- Significant transactions and arrangements entered into by subsidiary companies are placed before the Company's Board.

In accordance with the proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a Statement in the prescribed Form AOC-1 containing the salient features of the financial statements of each of your Company's

Subsidiaries is appended as Annexure '1' to this Report.

The Contribution of the subsidiaries to the overall performance of the Company during the year is given in note no. 48 of the Consolidated Financial Statement.

ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129(3) of the Companies Act, 2013 and Regulation 34(2) of Listing Regulations, the Consolidated Financial Statements prepared in accordance with the applicable provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015 and other applicable provisions, along with Auditor's Report thereon forms part of this Annual Report. The same includes the financial details of all the subsidiaries of the Company.

The Annual Report of the Company, containing therein its standalone and consolidated financial statements together with other documents required to be attached thereto, has been placed on the website of the Company, www.centuryply.com. The Audited Financial Statements of each of the Subsidiaries, detailing their respective performances have also been placed on the website of your Company at www.centuryply.com under the 'Investors' section. The Financial Statements along with audit reports thereto in respect of the Company's subsidiaries are available for inspection by the Members at the Registered Office of the Company and that of the respective subsidiaries during working days between 11.00 A.M. and 1.00 P.M. Shareholders interested in obtaining a copy of the audited financial statements of the subsidiary companies may write to the Company Secretary at the Company's registered office.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees given and investments made during the year in accordance with Section 186 of the Companies Act, 2013 are given in Annexure-'2' hereto and forms a part of this Report.

The aggregate of loans, guarantees given and investments made by the Company in accordance with Section 186 of the Companies Act, 2013, does not exceed the higher of sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/ arrangements/ transactions with related parties, entered into or modified by the Company during the Financial Year 2019-20, as referred in Section 188(1) of the Companies Act, 2013 read with Rules thereunder, were on an arm's length basis. The said transactions with Related Parties were entered into for the benefit and in the interest of your Company and its stakeholders. These transactions were inter alia based on various considerations such as business exigencies, synergy in operations, the policy of

the Company and resources of the Related Parties. There was no material related party transaction made by the Company during the year requiring shareholders' approval under Regulation 23(4) of the Listing Regulations or Section 188 of the Companies Act, 2013 read with Rules made thereunder.

All transactions with Related Parties are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are foreseeable and of a repetitive nature. A statement of transactions entered into pursuant to the approvals so granted is placed before the Audit Committee and the Board of Directors on a quarterly basis.

During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in terms of the Company's Policy on Materiality of and dealing with Related Party Transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable.

The Related Party Disclosures in terms of Regulation 34(3) read with Part A of Schedule V of the Listing Regulations is provided under note no. 41 of the Notes to the Financial Statements. There are no materially significant transactions with related party which may have a potential conflict with the interest of the Company at large.

Your Company's Policy on materiality of and dealing with Related Party Transactions as formulated and adopted by the Board of Directors in terms of Regulation 23(1) of the Listing Regulations, may be accessed on the Company's website at: <https://www.centuryply.com/codes-policies/Policy-on-Materiality-of-and-dealing-with-related-party-transactions.pdf>. The Policy intends to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations and also lays down mechanism for identification, approval, review and reporting of such transactions.

PUBLIC DEPOSITS

During the Financial Year 2019-20, the Company has not invited, accepted or renewed any public deposits covered under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. As such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

AUDITORS

STATUTORY AUDITORS

M/s Singhi & Co, Chartered Accountants (ICAI Firm Registration No. 302049E) has been your Company's Auditors since 2014. In terms of the provisions of Section 139 of the Companies Act, 2013 read with provisions of the Companies (Audit and Auditors) Rules, 2014, as amended, the Members at the Thirty-Eighth Annual General Meeting held on 4th September, 2019, approved their re-

appointment as Statutory Auditors of the Company for a second term of five consecutive years, i.e., from the conclusion of the Thirty-eighth Annual General Meeting until the conclusion of Forty-third Annual General Meeting to be held in the calendar year 2024.

Your Company has received a confirmation from M/s. Singhi & Co., Chartered Accountants confirming their eligibility to continue as Auditors of the Company in terms of Section 141 of the Companies Act, 2013 and the Rules framed thereunder and that their appointment is within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013. M/s. Singhi & Co. have also confirmed that they have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI as required under Regulation 33(1)(d) of the Listing Regulations.

STATUTORY AUDITORS' REPORT

The Auditors' Reports issued by the Statutory Auditors, M/s. Singhi & Co, on the Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2020 is set out in the Financial Statements and forms part of this Annual Report. The Statutory Auditors have issued an unmodified audit opinion on the Company's Financial Statements for the year ended 31st March, 2020. There are no qualifications or reservations or adverse remarks or disclaimers in the said Report.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or the Board of Directors or Central Government under Section 143(12) of the Companies Act, 2013 read with Rule 13 of The Companies (Audit and Auditors) Rules, 2014.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Listing Regulations, the Board had appointed M/s MKB & Associates, a firm of Company Secretaries in Practice, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2019-20 and their report in Form MR-3 is appended hereto as Annexure '3'.

The said Secretarial Audit Report for the Financial Year 2019-20 does not contain any qualification, reservation, adverse remark or disclaimer.

No frauds have been report by any of the Auditors of the Company during the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

I. INDEPENDENT DIRECTORS:

(A) CHANGES IN INDEPENDENT DIRECTORS:

In terms of Section 149(11) of the Companies Act, 2013, no

Independent Director shall hold office for more than two consecutive terms. The second term of Sri Mangilal Jain (DIN-00353075) as an Independent Director of the Company got completed on 31st March, 2020. The Directors wish to place on record their appreciation for the contribution made by Sri Jain during his long association with the Company.

Pursuant to recommendation of Nomination & Remuneration Committee, the Board of Directors at its meeting held on 3rd February, 2020, appointed Sri Amit Kiran Deb (DIN- 02107792) as an Additional Director in the Independent category, not liable to retire by rotation, with effect from 1st April, 2020 for a term up to 30th September, 2023, in place of Sri Mangilal Jain , whose second term expired on 31st March, 2020, subject to regularisation/ approval of the shareholders of the Company at the ensuing Annual General Meeting. The Board of Directors of your Company recommends his appointment.

Pursuant to the provisions of Section 149 and 152 read with Schedule IV of the Companies Act, 2013 and the Rules thereunder, the shareholders at the Annual General Meeting held on 1st September, 2017 inter-alia, confirmed appointment of Sri Vijay Chhibber (DIN: 00396838) as an Independent Director with effect from 1st February, 2017 to 31st January, 2020, that of Sri Sunil Mitra (DIN: 00113473) from 3rd August, 2017 to 31st July, 2020 and of Sri Debanjan Mandal (DIN: 00469622) from 1st August, 2017 to 31st July, 2020.

As per the provisions of Section 149(10) of the Companies Act, 2013, Independent Directors can be re-appointed for a second term of up to five consecutive years on passing of special resolution by shareholders of the Company and disclosure of such appointment in its Board's report.

Accordingly, in terms of Sections 149(10) and 149(11) of the Companies Act, 2013, the first term of Sri Vijay Chhibber as Independent Director of the Company expired on 31st January, 2020 and that of Sri Sunil Mitra and Sri Debanjan Mandal is due to expire on 31st July, 2020. The Board of Directors at its meeting held on 9th August, 2019, after considering the recommendations of the Nomination and Remuneration Committee and on the basis of the report of performance evaluation of Independent Directors and their respective consents, recommended reappointment of Sri Vijay Chhibber for a second term from 1st February, 2020 to 31st January, 2025, that of Sri Sunil Mitra and Sri Debanjan Mandal from 1st August, 2020 to 31st July, 2025, as Independent Directors on the Board of the Company and the same was approved by the Shareholders, by way of Special Resolution at their Annual General Meeting held on 4th September, 2019.

The Company had received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Sri Amit Kiran Deb for the office of Independent Director of the Company.

The Company had also received from Sri Amit Kiran Deb(i) consent to act as Director in writing in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules,

2014, (ii) disclosure in Form DIR-8 pursuant to Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration to the effect that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act, Rules thereunder and under the Listing Regulations.

The detailed profile of Sri Amit Kiran Deb and particulars of his experience, skill and attributes that qualify him for Board Membership together with other details as required under the Companies Act, 2013, Secretarial Standards and Listing Regulations, are given in the explanatory statement attached to the Notice of the ensuing Annual General Meeting. The said appointment is subject to the approval of shareholders.

(B) DECLARATION BY INDEPENDENT DIRECTORS

As per the provisions of Section 149 (7) of the Companies Act, 2013 read with Rules made thereunder and as per Regulation 25(8) of Listing Regulations, your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations. There has been no change in the circumstances affecting their status as an Independent Director during the year. The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The independent directors have complied with the Code of Conduct as formulated by the company and have also complied with Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

(C) FAMILIARIZATION PROGRAMME

Considering the diversified nature of the Company's business and also for facilitating their active participation, it is important that the Independent Directors are well versed with the business and all the related activities including but not limited to the nature of industry, products, markets, operations, subsidiaries and its businesses, policies, regulatory aspects affecting the Company, etc. This is achieved through a structured familiarisation plan. In view of this and pursuant to provisions of Regulation 25(7) of the Listing Regulations and Schedule IV of the Companies Act, 2013, the Company has in place a structured Familiarization Programme for Independent Directors. The Program aims to provide insights into the Company to enable the Independent Directors understand their roles, rights and responsibilities and to get updated on the Company's Business and Operations so that they may contribute significantly to the Company.

A detailed overview of the Company's familiarization program can be accessed through weblink: <https://www.centuryply.com/codes-policies/Familiarization-Programme-for-Independent-Directors.pdf>.

Your Company conducted a familiarization programme for all its Independent Directors on 3rd February, 2020 wherein a visit to the Company's manufacturing facility at Kolkata was organised. The Independent Directors were given an overview of the plant operations, production processes, important raw materials, finished goods, health and safety measures, environmental and other applicable laws, etc.

Presentations, during Board Meetings, were also made by the Company Secretary giving an overview of roles, responsibilities and liabilities of Independent Directors along with an in-depth analysis of the latest regulatory amendments and requirements of the Companies Act and various SEBI Regulations. Further, periodically the senior management of your Company makes presentation to apprise the Independent Directors of the domestic/ overseas industry scenario, business model of the Company and its strategic priorities. The details of such Familiarization programme for the Independent Directors conducted during the year under review has been uploaded on the website of the Company and is available at the weblink: https://www.centuryply.com/investor-information/Familiarisation-Programme-Details_2019-20.pdf.

Your Company believes that a Board which is well informed will contribute significantly to management of current and potential strategic issues. In pursuit to this, your Company endeavors to regularly update the Independent Directors by providing them with necessary presentations, documents, reports, internal policies and updates to familiarise them with the Company's business, policies, procedures and practices at various Meetings held during the year.

The Independent Directors are made aware of their role, function, duties and responsibilities through a formal letter of appointment which also stipulates terms and conditions of their engagement. The Company conducts the orientation process for Non-Executive Independent Directors which includes interactive sessions with Board and Committee members, Business and Functional Heads, Newly appointed Independent Directors are provided an introductory kit containing Memorandum and Articles of Association of the Company, organisational structure, set of major statutory and internal policies of the Company, Board and Committee structure and details about the Company's subsidiaries. Independent Directors are provided with necessary documents/brochures, reports and policies to enable them to familiarize with the Company's procedures and practices.

Your Company hosts site visits to the Company's factory locations for the Independent Directors to enable them to understand the operations of the Company. Apart from in-house programme, the Independent Directors are also encouraged to participate in various training sessions to update and refresh their skills and knowledge.

Each Director of the Company has complete access to any information relating to the Company. Independent Directors have the freedom at all times to interact with the Company's management. The Company's Board has open channels of communication with

executive management which allows free flow of communication amongst Directors in terms of raising query and seeking clarifications.

(D) STATEMENT REGARDING INDEPENDENT DIRECTOR

The Board opined that your Company has been fortunate over the years to have experienced persons from diverse fields as Independent Directors on its Board. In the opinion of the Board, the Independent Directors appointed during the year are highly skilled and their expertise provides a unique contribution to the Board's overall effectiveness. Further, the Independent Directors maintained high standard of ethics and demonstrated highest level of integrity including maintaining utmost confidentiality and identifying disclosing and managing conflicts of interest.

Further, the Independent Directors have also confirmed compliance with the provisions of Rule 6(1) of the Companies (Appointment & Qualification of Directors) Rules, 2014 with respect to inclusion of their names in the data bank maintained by the Indian Institute of Corporate Affairs at Manesar.

II. NON- INDEPENDENT DIRECTORS:

(A) CHANGES IN NON-INDEPENDENT DIRECTORS:

There has not been any appointment/ retirement/ resignation of Non-independent Directors during the Financial Year ended 31st March, 2020.

(B) RETIREMENT BY ROTATION:

Pursuant to the provisions of Section 152(6)(c) of the Companies Act, 2013, Sri Hari Prasad Agarwal (DIN: 00266005) and Sri Prem Kumar Bhajanka (DIN: 00591512), being longest in office, retire by rotation, and being eligible, offer their candidature for re-appointment as Directors. In view of their considerable experience and contribution to the Company, the Board recommends their re-appointment. The detailed profiles of the aforesaid Directors and particulars of their experience, skill and attributes that qualify them for Board Membership together with other details as required under the Companies Act, 2013, Secretarial Standards and Listing Regulations, are given in the explanatory statement attached to the Notice of ensuing Annual General Meeting of the Company.

III. KEY MANAGERIAL PERSONNEL

There has not been any appointment/ retirement/ resignation of Key Managerial Personnel during the Financial Year ended 31st March, 2020.

IV. INTER-SE RELATIONSHIPS BETWEEN THE DIRECTORS

None of the Directors of the Company are related inter-se, except for Sri Keshav Bhajanka who is the son of Sri Sajjan Bhajanka, Chairman and Managing Director and Smt. Nikita Bansal, who is the daughter of Sri Sanjay Agarwal, CEO & Managing Director.

MEETINGS

MEETINGS OF BOARD OF DIRECTORS

During the year under review, the Board met four times, i.e., on 27th May, 2019, 9th August, 2019, 8th November, 2019 and 3rd February, 2020. The maximum time gap between any two consecutive Board meetings did not exceed 120 days. The details of the Meetings held during the year are given in the Corporate Governance Report forming part of the Annual Report.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met once on 3rd February, 2020 without the presence of Non-Independent Directors and members of the Management, inter alia to:

- Review the performance of Non-Independent Directors, the Board as a whole and that of its Committees;
- Review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, content and timeliness of flow of information between the Company's management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

MANAGERIAL REMUNERATION

PARTICULARS OF MANAGERIAL REMUNERATION

Information as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to the Board's Report and marked as Annexure '4'.

Your Directors state that none of the Executive Directors of the Company received any remuneration or commission from any of its Subsidiaries.

PARTICULARS OF EMPLOYEES

The statement in respect of employees, as required under Section 197 of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure '4' forming part of this Report. There was also no employee receiving remuneration during the year in excess of that drawn by the Managing Director or Whole-time Director and holding by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

CORPORATE GOVERNANCE MEASURES

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and belief, states that it had:-

- (i) followed the applicable accounting standards in the preparation of the Annual Accounts for the year ended 31st March, 2020 along with proper explanations relating to material departures, if any;
- (ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year 31st March, 2020 and of the profit of the Company for that period;
- (iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) prepared the Annual Accounts of your Company for the Financial Year ended 31st March, 2020 on a 'going concern' basis;
- (v) laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis report, capturing your Company's performance, industry trends and other material changes with respect to your Company and its subsidiaries is presented in a separate section forming part of the Annual Report. The Report provides a consolidated perspective of economic, social and environmental aspects material to our strategy and our ability to create and sustain value to our key stakeholders and includes aspects of reporting as required by Regulation 34(2)(e) read with Schedule V of the Listing Regulations.

CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance mirrors its belief that principles of transparency, fairness and accountability towards the stakeholders are the pillars of a good governance system. The Company's business structures, values, cultures, policies and procedures are designed to ensure that the Company is managed in a manner that meets stakeholder's aspirations and societal expectations. The Company believes in achieving business excellence and optimizing long-term value for its shareholders on a sustained basis through ethical business conduct.

Your Company is committed to adopt best Corporate Governance practices to boost long-term shareholder value without compromising the rights of the minority shareholders.

Your Company complies with the applicable provisions of the Companies Act, 2013 and applicable Secretarial Standards issued by the Institute of Company Secretaries of India. Apart from complying with the mandatory requirements, your Company also complies with certain discretionary requirements of Corporate Governance as

specified in Part E of Schedule II of the Listing Regulations.

In compliance with the provisions of Regulation 34 of the Listing Regulations read with Schedule V of Listing Regulations, a Report on Corporate Governance for the Financial Year ended 31st March, 2020 along with a Certificate issued by M/s. MKB and Associates, Company Secretaries in Practice, confirming compliance with the requirements of Corporate Governance, forms a part of the Annual Report.

CEO & CFO CERTIFICATION

In terms of Regulation 17(8) read with Schedule II Part B of the Listing Regulations, a certificate from the Chief Executive Officer and Chief Financial Officer of the Company addressed to the Board of Directors, inter alia, confirming the correctness of the financial statements and cash flow statements for the Financial Year ended 31st March, 2020, adequacy of the internal control measures and reporting of matters to the Audit Committee, is provided elsewhere in this Annual Report.

INTERNAL CONTROLS/ INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company has established a robust framework of Internal Financial Control which includes a combination of Entity level controls, Process level controls and IT general controls for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial disclosures. In compliance with the provisions of the Companies Act, 2013, your Company has laid down requisite system of internal controls, commensurate with the nature of its business, the size and complexity of its operations. These are designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. Unit heads are responsible to ensure compliance with the policies and procedures laid down by the management. The Internal Control Systems are being periodically reviewed and updated with new / revised standard operating procedures in order to align the same with the changing business environment.

To further strengthen the Internal Financial Controls, your Company uses a state-of-the-art enterprise resource planning (ERP) system as a business enabler, to inter-alia, record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. This system has inbuilt transactional controls, tiered approval mechanisms and maintenance of supporting records. Standard operating procedures have been laid down to guide the operations of the business. Robust and continuous internal monitoring mechanisms and review processes ensure that such systems are reinforced on an ongoing basis. Such controls have been tested during the year and no reportable material weakness or significant

deficiencies in the design or operation of internal financial controls was observed.

The internal control systems of your Company are monitored and evaluated by an external consultant and their audit reports are periodically reviewed by the Audit Committee which suggests improvements thereto. It also regularly reviews the budgetary control system of the Company as well as system for cost control, financial controls, accounting controls, physical verification controls, etc. to assess the adequacy and effectiveness of the internal control systems. Regular review of the established internal controls system of the Company were undertaken and deficiencies in the design or operation of such control, if any, was discussed with the Auditors and the Audit Committee and suitable actions to rectify those deficiencies were recommended for implementation.

Your Board is of the opinion that the Internal Financial Controls, affecting the Financial Statements of your Company for the Financial Year ended 31st March, 2020 were adequate and are operating effectively.

PERFORMANCE EVALUATION

Your Directors understand that Performance evaluation is a key to identify areas for potential adjustment and address the drawbacks that may improve the group dynamics. The evaluation process improves the leadership, teamwork, accountability, decision-making, communication and efficiency of the Board, Committees and Directors.

In accordance with the 'Board Evaluation Policy' of the Company as laid down by the Nomination and Remuneration Committee and adopted by the Board, the Independent Directors at their separate Meeting held on 3rd February, 2020, collectively reviewed the performance of the non-independent Directors, the Board as a whole and that of its Committees. At the said Meeting, they also reviewed the performance of the Chairman of the Company, after taking into account the views of executive directors and non-executive directors and assessed the quality, quantity and timeliness of flow of information between the Company's management and the Board.

In accordance with the 'Board Evaluation Policy' of the Company and based on the criteria and framework for Performance Evaluation laid down by the Nomination and Remuneration Committee and adopted by the Board, the Independent Directors, at their separate meeting, evaluated the performance of Non- Independent Directors, the Board as a whole, and that of its Committees. Performance of the Chairperson of the Company was also evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Nomination and Remuneration Committee carried out evaluation of performance of all Independent Directors.

The Independent Directors have expressed their satisfaction at the robustness of the evaluation process, outcome thereof, the Board's freedom to express its views on matters transacted at the Meetings

and the openness and transparency with which the Management discusses various subject matters specified on the agenda of meetings. They were of the view that the Board and its Committees were functioning properly under the guidance of the Chairperson of the Board/ respective Committees. Further, each Director contributed effectively and demonstrated commitment to their roles. Parameters and process applied for carrying out the evaluation has been discussed in detail in the Corporate Governance Report.

The Board, at its meeting held on 3rd February, 2020 discussed and took on record the performance evaluation carried out by the Independent Directors and by the Nomination and Remuneration Committee. Thereafter, the Board carried out an evaluation of its own performance and that of its Committees. The individual performance of all Directors (including the Independent Directors) was also carried out by the entire Board without the presence and participation of the Director being evaluated.

Based on the evaluations, the performance of the Board, its Committees and Individual Directors (including Independent Directors) was found to be satisfactory. The Board and its Committees had been highly effective in achieving their respective charters of monitoring the overall performance of the Company, overseeing the performance of the management and thus overall upholding high standards of corporate governance. The board meetings were well run and the members of the Board acted with sufficient diligence and care.

It was unanimously opined that each of the Directors perform to their optimum capabilities. Each Director participates constructively in the Meetings of the Board and the Committees in which they are a member. These meetings witnessed open discussions, healthy debate and constructive contribution by each participant without any fear or favour. The Directors apply their independent judgement and effectively deploy their expertise and knowledge in Board/ Committee proceedings, while keeping the interest of all the Stakeholders at the fore-front. Non- Independent Directors, including the Chairman and Managing Directors are insightful and convincing, besides having in-depth knowledge of the Company and the environment in which it operates. The Chairman is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman guides the Board for effective governance structure in the Company, displaying professionalism, efficient leadership and decisiveness in his judgements.

The Board as a whole is integrated and balanced where diverse views are expressed and discussed, with each Director bringing to the table, knowledge and expertise key to his or her profile. All Directors are participative, interactive and communicative. Besides, the Chairman has abundant knowledge, experience, skill and understanding of the Board's functioning and conducts the meetings with poise and maturity.

Information is provided to the Board and Committee Members on a continuous basis for their review, inputs and approval from time to time. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees and unanimously opined that the same is proper, adequate and timely.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, cohesiveness amongst the Board Members, constructive relationship between the Board and the Management and the openness of the Management in sharing strategic information to enable Board Members to discharge their responsibilities.

COMMITTEES OF BOARD OF DIRECTORS

As on the date of this Report, the Board has seven Committees out of which five have been mandatorily constituted in compliance with the requirements of Companies Act, 2013 and Listing Regulations while two non-mandatory Committees have been constituted to assist it in the management of the day-to-day affairs of the Company and to increase the efficacy of governance. The Board has adopted charters setting forth the roles and responsibilities of each of the Committees. The Board has constituted following Committees to deal with matters and to monitor activities falling within their respective terms of reference:-

MANDATORY COMMITTEES

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

NON-MANDATORY COMMITTEES

- Share Transfer Committee
- Finance Committee

Details of composition of the above Committees, their terms of reference, number of meetings held during the year, attendance therein and other related aspects are provided in the Corporate Governance Report forming part of the Annual Report. There has been no instance where the Board has not accepted the recommendations of its Committees.

POLICIES AND CODES

REMUNERATION POLICY

In terms of Section 178 of the Companies Act, 2013, your Company has adopted a 'Remuneration Policy' providing a framework for appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel together with criteria for determining qualifications, positive attributes and independence of a Director. In terms of the proviso to Section 178

(4) of the Companies Act, 2013 the Company's Remuneration Policy is available on its website at <https://www.centuryply.com/codes-policies/Remuneration-policy.pdf>. The same is also appended as 'Annexure 5' to this Report. During the year under review, there was no change in the Company's Remuneration Policy.

Your Company's Remuneration Policy is directed towards providing a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. Further, it aims attract, retain and motivate highly qualified members for the Board and other executive level and ensure their long term sustainability. The Policy is designed to ensure that:

- a) the company is able to attract, retain and motivate highly qualified members for the Board and other executive level and ensure their long term sustainability.
- b) the company is able to provide a well-balanced and competitive compensation package to its Executives, taking into account their roles and position, shareholder interests, industry standards and relevant regulations.
- c) remuneration of the Directors and other Executives are aligned with the business strategy and risk tolerance, objectives, vision, values and long-term interests of the company.

BOARD DIVERSITY POLICY

Your Company recognizes and embraces the importance of a diverse Board in its success and aims to attract and maintain a Board which has an appropriate mix of diversity, skills, experience and expertise. The Board composition as on the date of this report meets the above objective. Your Company believes that attracting, recruiting and retaining a diverse team at the Board level will enhance Company's reputation and will help the Company in furtherance of its objectives. Your Company has over the years been fortunate to have eminent persons from diverse fields as Directors on its Board. The Company believes that a truly diverse Board leverages differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and gender that will help the Company retain its competitive advantage.

The Company has formulated and adopted a Policy on Board Diversity as required under Regulation 19 read with Part D of Schedule II of Listing Regulations. The Board Diversity Policy adopted by the Company sets out its approach to diversity. This policy aims to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organisation and business as a whole. The said Policy makes the Nomination and Remuneration Committee of the Company responsible for monitoring and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

The Board Diversity Policy is available on our website at <https://www.centuryply.com/codes-policies/Board-Diversity-Policy.pdf>.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

Your Company encourages honesty from and among its Employees by promoting a transparent structure and effective communication. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. Your Company promotes zero tolerance towards corruption, illegal and unethical behaviour and has always been in forefront in encouraging a corruption free ethical working environment. To maintain these standards, your Company has a well-documented whistle blower policy with clear and adequate safeguards against victimization of whistle blowers.

Your Company's Whistle Blower Policy/ Vigil mechanism provides a channel to the Employees and Directors of the Company to report genuine concerns about unethical behaviour, actual or suspected incidents of fraud or instances of leakage/ suspected leakage of unpublished price sensitive information or violation of the Company's Code of Conduct and/ or the Insider Trading Code adopted by the Company that could adversely impact the Company's operations, business performance and reputation that could adversely impact the Company's operations, business performance and / or reputation. Further, the Policy provides complete confidentiality of the matter so that no unfair treatment is meted out to the Whistle Blower for reporting any concern. The Policy provides that the Vigilance and Ethics Officer of the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld.

The Audit Committee oversees the implementation of the Whistle Blower Policy which provides for direct access to the Chairman/ CEO/ Chairman of the Audit Committee in exceptional cases. The said policy has been posted on the Company's website at: <https://www.centuryply.com/codes-policies/Vigil-Mechanism-Policy-CPIL.pdf>. During the Financial Year ended 31st March, 2020, no case was reported under this policy. Further, no employee or Director was denied access to the Audit Committee or its Chairman.

RISK MANAGEMENT POLICY

Your Company has a comprehensive risk management framework in place and a robust organizational structure for managing and reporting risks. Your Company is conscious that how better risk management techniques may provide early signals of probable threats to the Company so that they may be addressed in time. Your Company has a dedicated Risk Management Committee to implement, monitor and review the risk management plan. Risk management process has been established across your Company and is designed to identify, assess and frame a response to threats that may affect achievement of its objectives. The Audit Committee has additional oversight in the area of financial risks and controls.

The risk management process begins with identification of risks, analysing the risk factors, making assessment of the same and

thereafter formulation of processes to mitigate the same.

The Board of Directors of your Company has framed and adopted a policy on Risk Management to minimise the adverse consequence of risks on business objectives of the Company. The Board is kept informed about the risk assessment and minimization procedures. The risk management framework is reviewed periodically by the Board and the Audit Committee.

The development and implementation of Risk Management Policy has been covered in the Management Discussion and Analysis, which forms part of this report. In the opinion of the Board, the Company is not faced with any material risks that may threaten the existence of the Company.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

Your Company is committed to provide a safe and secure workplace to all women thereby promoting gender-equality and socio-economic development of the Country. Your Company firmly believes in providing a safe, supportive and friendly workplace environment – a workplace where our values come to life through underlying behaviour. Positive workplace environment and a great employee experience are integral parts of our culture. Your Company believes in providing and ensuring a workplace free from harassment and gender-based discrimination. The Company is an equal opportunity provider and continuously strives to build a work culture which promotes the respect and dignity of all employees across the Organization.

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated a well-defined policy on prevention, prohibition and redressal of complaints relating to sexual harassment of women at the workplace. The Policy intends to provide a sense of security at the workplace which in turn improves women's participation in work, resulting in their economic empowerment and inclusive growth. The Policy serves as a guide for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. The said Policy is available on your Company's website www.centuryply.com.

Your Company has a robust mechanism in place to redress complaints reported under it. There is an Internal Complaints Committee (ICC) comprising of internal members and an external member who is a social worker, working extensively towards women's empowerment. Adequate workshops and awareness programme against sexual harassment are conducted across the organization. Aggrieved woman may report complaints to the ICC formed for this purpose or to any member thereof or to the location head, who is also a member of the ICC. During the year, no complaint regarding sexual harassment was received by the said Committee.

DIVIDEND DISTRIBUTION POLICY

Your Company is deeply committed to driving superior value creation for all its stakeholders. It continuously focuses on sustainable returns, through an appropriate capital strategy for both medium term and longer term value creation.

In terms of Regulation 43A of the Listing Regulations, your Company being one of the top five hundred listed Company (based on market capitalisation) has formulated and adopted a progressive and dynamic Dividend Distribution Policy, ensuring the immediate as well as long term needs of the business. The same has been appended as Annexure '6' to this Report and is also available on the Company's website at: <https://www.centuryply.com/codes-policies/CPII-Dividend-Distribution-Policy.pdf>.

The objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend. The Policy acts as a guiding tool for the Board of Directors in arriving at a decision whether to distribute or retain its profits, in the best interest of the shareholders. Through this policy, the Company aims to maintain a consistent approach to dividend pay-out plans. The Policy lays down the principles and criteria to be considered by the Company while ascertaining the amount of dividend to be declared whilst maintaining a balance between the payout ratio and retained earnings, in order to address future needs of the Company. The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

POLICY FOR DETERMINING MATERIALITY OF EVENTS/ INFORMATION

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a Policy for determination of materiality of events/ information, duly approved by the Board of Directors and the same is available on the Company's website at <https://www.centuryply.com/codes-policies/CPII's-Policy-for-Determination-of-Materiality.pdf>. The Policy endeavours to promote transparency and ensures that the stakeholders are informed regarding the major and material events of the Company. The objective of this policy is to have uniform disclosure practices and ensure timely, adequate and accurate disclosure of information on an ongoing basis.

OTHER POLICIES

Policy on Materiality of and dealing with Related Party Transactions, Policy for Preservation of Documents, Archival Policy and Anti-Bribery and Anti-Corruption Policy are some of the other policies formulated and adopted by the Board pursuant to the requirement of Listing Regulations. These policies may be accessed on the Company's website www.centuryply.com.

CODE OF CONDUCT

In compliance with the provisions of Regulation 17(5) of the Listing Regulations, your Company has in place a 'Code of Conduct for Directors and Senior Management Personnel', incorporating therein the duties of Directors as laid down in the Companies Act, 2013. It reflects the Company's underlying ethical values and commitment to lay standards of integrity, transparency, fairness, accountability and pursuit for excellence. The Code intends to enhance integrity, ethics & transparency in governance of the Company, and thereby reinforce the trust and confidence reposed in the Management of the Company by the shareholders and other stakeholder. The Code has been displayed on the Company's website www.centuryply.com and details thereof has also been included in the Corporate Governance Report forming part of the Annual Report.

The Board of Directors and Senior Management of the Company have affirmed compliance with the Code.

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY DESIGNATED PERSONS AND CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

As per the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, your Company has adopted a 'Code of Conduct to regulate, monitor and report trading by Designated Persons'. This Code is applicable to all the Promoters, Directors and such other persons defined as designated persons and to their immediate relatives as well.

The key object of the Code is to promote transparency and fairness in dealings of in the securities of the Company and in furtherance thereof, the code lays down guidelines, which advise on procedures to be followed and disclosures to be made, while dealing in shares of the Company and cautions on the consequences of non-compliances. The Code prohibits and deters the Directors of the Company and other specified employees and their relatives from dealing in the securities of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company. The Code is available on the website of the Company www.centuryply.com. The Company Secretary of the Company acts as the Compliance Officer for the purpose of the aforesaid Code to inter-alia, monitor the adherence of PIT Regulations.

Your Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. This Code lays down principles and practices to be followed by the Company with respect to adequate and timely disclosure of unpublished price sensitive information.

The Designated Persons of the Company have provided annual disclosure of their shareholding & other information in the format prescribed in the Code.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is known for its tradition of philanthropy and community service. Your Company has been taking several initiatives under Corporate Social Responsibility ('CSR') for society at large, well before it was prescribed through the Companies Act, 2013. The Company has always earmarked a part of its income for carrying out its social responsibilities. Your Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is more of a social and moral obligation.

Your Company's CSR initiative aims at addressing social, environmental and economic needs of the marginalised/underprivileged sections of the society. In compliance with Section 135 of the Companies Act, 2013 read with Schedule VII thereof, the Company has undertaken CSR activities, projects and programs as provided in its CSR policy, primarily in the field of education, healthcare, environment sustainability and securing sustainable livelihoods, while also pursuing CSR activities for the benefit of the local community in the States in which it operates.

During the year, the total CSR expenditure incurred by your Company was ₹4.45 crore which was higher than that statutorily required to be spent.

Composition of CSR Committee of your Company, attendance at the said Meeting, terms of reference of the CSR Committee and other relevant details has been provided in the Corporate Governance Report forming part of the Annual Report. The CSR Committee has confirmed that the implementation and monitoring of CSR Policy is in conformity with CSR objectives and policy of the Company and in compliance with Section 135 of the Companies Act, 2013.

Your Company's Policy on Corporate Social Responsibility can be accessed on the Company's website at <https://www.centuryply.com/codes-policies/Policy-on-Corporate-Social-Responsibility.pdf>. In terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR and the initiatives undertaken by the Company on CSR activities during the Financial Year 2019-20, is appended hereto as Annexure '7' to this Report.

BUSINESS RESPONSIBILITY

The Company being one of the top 1000 companies in the Country in terms of market capitalization, has drawn up its Business Responsibility Report as required under Regulation 34(2)(f) of the Listing Regulations. The Report is appended as Annexure '8' to this Annual Report, mapping the sustainability performance of your Company against the reporting framework suggested by SEBI. The Report describes the initiatives taken by the Company from an environmental, social and governance perspective to enable Members to take well-informed decisions and to have a better understanding of the Company's long term perspective. The Report also touches upon aspects such as Organisation's strategy, governance framework, performance and prospects of value creation for its stakeholders.

At Centuryply, we are committed to enhance value for its stakeholders together with economic and social well-being of the society and minimising the direct and indirect adverse impact of its operations on the environment. Your Company, as a responsible corporate citizen, recognizes that ethical conduct in all its functions and processes is the cornerstone of a responsible business. Accordingly, your Company has adopted various Codes and Policies to discharge its social, environmental and economic responsibilities.

The Business Responsibility Policy adopted by your Company focuses on developing and integrating a detailed sustainability vision into its long-term strategic plan in a way that creates lasting value for its stakeholders whilst also building public trust. This is premised on striking a proper balance between economic, social and environmental performance in dealings with various stakeholders, thereby ensuring sustainable development for the Company.

MISCELLANEOUS ANNUAL RETURN

An extract of Annual Return as on the Financial Year ended 31st March, 2020 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is set out as Annexure-'9' to the Board's Report.

Further, in terms of Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company has been placed on the Company's website and can be accessed at <https://www.centuryply.com/investor-information/cpil-annual-return/MGT-7.pdf>.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS / COURTS / TRIBUNALS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and future operations of your Company. .

COMPLIANCE WITH SECRETARIAL STANDARDS AND INDIAN ACCOUNTING STANDARDS

The Board of Directors affirms that during the Financial Year 2019-20, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013. In the preparation of the Financial Statements, the Company has also applied the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015.

CREDIT RATING

During the year under review, ICRA Limited has reaffirmed [ICRA] A1+ (pronounced ICRA A one plus) rating for the Company in respect of short term credit facilities. The rating of A1+ indicates very strong degree of safety regarding timely payment of financial obligations and carries the lowest credit risk.

The long term credit rating of the Company was affirmed/ assigned as "AA-" (pronounced ICRA double A minus). The rating of AA indicates high degree of safety regarding timely servicing of financial obligations and very low credit risk. The outlook on the long-term rating has been revised from Stable to Positive. A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

ICRA has also reaffirmed [ICRA] A1+ (pronounced ICRA A one plus) rating for Commercial Paper (CP) programme of the Company.

GREEN INITIATIVES IN CORPORATE GOVERNANCE

In furtherance to the "Green Initiative in the Corporate Governance" undertaken by the Ministry of Corporate Affairs, Government of India, allowing paperless compliances by the Companies, your Company is sending notices, Annual Report and other communications through email to Members whose email IDs are registered with the Company/ Depository Participant(s). Members requiring physical copies can send a request to the Company. For Members, who have not yet registered their email addresses, physical copies are sent through permitted mode.

Shareholders who have not yet registered their e-mail addresses are requested to register the same for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the RTA, by sending a letter, duly signed by the first/ sole holder quoting details of Folio number.

HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

Human resource has always been one of the most valued stakeholders for your Company. The Company is committed towards creating and maintaining an ideal work culture for engaged and capable workforce to deliver for the future. Our people practices have always been centered around employee welfare and wellness, creating an environment of collaboration and connect which has aided us to achieve industrial harmony since beginning of our operations.

The Company continuously invests in training and development to develop people to their maximum potential and to generate leadership. Focus on training and development continued through a combination of functional, technical and behavioural training programs.

During the year, the Company maintained and enjoyed harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of the employees have enabled your Company to remain at the forefront of the Industry.

The Management has been focusing on digitalisation since past

few years. During the year under review, the role of digitalization in providing a rich employee experience has been immense. The Company launched and moved to 'Adrenalin', a cloud-based HR portal which would facilitate end-to-end HR functioning including payroll and appraisals and with capabilities of being integrated seamlessly with the Company's present ERP system and accessibility through mobile application. The Company's intranet portal 'centurion' continues to serve as an interactive platform, bringing employees together and closer to the management besides keeping them informed of the happenings in the Company.

The Company aims to offer modern employment conditions that ensure healthy long-term employability and are responsive to the needs of both current and future employees. Your Company has been proactive in providing its work-force with a right mix of challenges and opportunities, learning platforms and leading positions, safe workplace and egalitarian work culture along with professional growth and personal development. Long-service award are being organised to recognize the loyalty and commitment of employees. Performance recognition through initiatives like representation on the Company's monthly merit board, 'Sarvada Sarvottam Ambassadors' and 'Star Centurion' are also being carried out on a regular basis. All these initiatives coupled with quick grievance resolution mechanisms have enabled the Company to create a highly motivated pool of professionals and skilled workforce that share a passion and vision of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, information on conservation of energy, technology absorption and foreign exchange earnings and outgo are provided in Annexure '10' hereto and forms a part of this Report.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with Rules made thereunder, any money transferred to the Unpaid Dividend Account of a Company which remains unpaid/ unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with interest accrued (if any) thereon to 'Investors Education & Protection Fund' (IEPF) constituted by the Central Government.

Members are requested to note that dividends for the Financial Year 2012-13 onwards, if remaining unclaimed for 7 years, will be transferred by the Company to IEPF on respective due dates. Shareholders who have not claimed the dividend for this period are requested to lodge their claim with the Company. The Company regularly sends reminder letters through electronic and/or physical means to all those shareholders whose dividend are lying unclaimed for any year/(s) during the last seven years requesting them to claim

their dividend amounts.

Pursuant to Section 124(6) of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘IEPF Rules’), all shares on which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred to IEPF. Accordingly, as on date, your Company has transferred 77671 shares (on which dividend remained unpaid or claimed for seven consecutive years or more) held by 341 shareholders to the demat account of IEPF authority.

In accordance with the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has also placed on its website www.centuryply.com, the information on dividends which remain unclaimed with the Company as on 4th September, 2019, i.e. the date of last Annual General Meeting. The information is also available on the website of the Ministry of Corporate Affairs.

ANNEXURES

ANNEXURES FORMING PART OF THIS REPORT OF THE DIRECTORS

The Annexures referred to in this Report containing information required to be disclosed are annexed as under:

Annexure	Particulars
1	Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures
2	Details of Loans, Guarantees and Investments
3	Secretarial Audit Report
4	Particulars of Employees and Managerial Remuneration

Annexure	Particulars
5	Remuneration Policy
6	Dividend Distribution Policy
7	Report on Corporate Social Responsibility
8	Business Responsibility Report
9	Extract of Annual Return
10	Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo

APPRECIATIONS AND ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the co-operation and support given to the Company by its customers, vendors, dealers, business associates, consultants, bankers, financial institutions, auditors, solicitors and other stakeholders during the year.

The Directors are also grateful to the diligent efforts made by the Employees at various levels of the organization, without whose unswerving efforts, it would not have been possible to realise new performance milestones and achieve organisational goals.

The Board would also like to thank the Government and concerned Government departments, Securities and Exchange Board of India, BSE Ltd., National Stock Exchange of India Ltd. and other Regulatory bodies for their unstinted support provided to the Company.

The trust and confidence reposed by the customers in the Company and its products is especially cherished. Your Directors also wish to express their profound gratitude to each of the Shareholder for its support extended to the Company from time to time. Your Directors look forward to your continued support.

For and on behalf of the Board of Directors

Sajjan Bhajanka

(DIN: 00246043)

Chairman & Managing Director

Kolkata, 26th June, 2020