

## **POLICY FOR DETERMINING MATERIAL SUBSIDIARIES**

[Pursuant to Clause 16 (c) of Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

### **1. INTRODUCTION:**

The Board of Directors of **Ludlow Jute & Specialities Ltd** (the “Company”) has adopted the following policy and procedures with regard to determination of Material Subsidiary(ies). As on date of formulating this Policy, the Company has no Material Subsidiaries and there is no immediate applicability. The Board may review and amend this Policy from time to time.

### **2. TITLE & APPLICABILITY:**

This Policy shall be called “**Policy for determining Material Subsidiaries**”.

This Policy will be applicable to the Company with effect from 1<sup>st</sup> December, 2015 in terms of Clause 16 (c) of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”).

### **3. OBJECTIVE:**

The objective of this Policy is to determine Material Subsidiary(ies) of the Company and to provide a governance framework for such Material Subsidiary(ies).

The Policy is framed in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).

### **4. DEFINITIONS:**

“**Board of Directors**” or “**Board**” means the Board of Directors of Ludlow Jute & Specialities Ltd, as constituted from time to time.

“**Company**” means Ludlow Jute & Specialities Ltd.

“**Policy**” means this Policy, as amended from time to time.

“**Subsidiary**” shall mean a Subsidiary as defined under the Act and Rules made thereunder.

“**Material Non Listed Indian Subsidiary**” shall mean a Material Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchange whose Income or Net Worth (i.e. Paid-Up Capital and Free Reserves) exceeds 20 per cent of the Consolidated Income or Net Worth respectively, of the Listed Holding Company and its Subsidiaries in the immediately preceding financial year.

“**Significant Transaction or Arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the Material Unlisted Subsidiary for the immediately preceding accounting year.

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

#### **5. POLICY:**

A Subsidiary shall be considered **Material** if any of the following conditions are satisfied:

1. The investment of the Company in the Subsidiary exceeds twenty per cent of its Consolidated Net Worth as per the audited balance sheet of the previous financial year; or
2. The Subsidiary has generated twenty per cent of the Consolidated Income of the Company during the previous financial year.

#### **6. GOVERNANCE FRAMEWORK:**

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
2. The minutes of the Board meetings of the Unlisted Subsidiary Company shall be placed at the Board meetings of the Company.
3. The management should periodically bring to the attention of the Board of Directors of the Company, a statement of all **significant transactions and arrangements** entered into by the Unlisted Subsidiary Company.
4. One Independent Director of the Company shall be a Director on the Board of the Material Non-Listed Indian Subsidiary Company.

#### **7. DISPOSAL OF MATERIAL SUBSIDIARY:**

The Company shall not :

1. Dispose of the 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 divestment is made under a scheme or arrangement duly approved by a Court/Tribunal.
2. Sell, dispose off 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 Court/Tribunal.

## **8. AMENDMENTS:**

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of Material Subsidiary Companies.

## **9. SCOPE AND LIMITATION:**

In the event of any conflict between the provisions of this Policy and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **10. DISCLOSURES:**

As prescribed under Reg 46(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy shall be disclosed on the Company's website [www.ludlowjute.com](http://www.ludlowjute.com) and a weblink thereto shall be provided in the Annual Report of the Company.