



**POLICY FOR DETERMINING  
MATERIAL SUBSIDIARIES**

Version	2
Approved on	December 01, 2015
Effective from	December 01, 2015

**Veritas (India) Limited**  
**POLICY FOR DETERMINING MATERIAL  
SUBSIDIARIES**

<b>Version</b>	2
<b>Issued On</b>	December 01, 2015
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## 1. Preamble and objective:

The Board of Directors of Veritas (India) Limited (“**Company**”) in pursuance of Regulation 16(1)(c) and Regulation 24(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments / amendments thereof), adopted the policy for determining ‘material’ subsidiaries and is intended to ensure governance of material subsidiary companies (“**Policy**”) vide its Board meeting held on vide its Board meeting held on December 01, 2015.

The primary purpose of this Policy is to lay down the criteria for identification of Material Subsidiary(ies) (*as defined below*) and disclosure and governance thereof as required under the SEBI Listing Regulations.

## 2. EFFECTIVE DATE

The Policy shall come into force with effect from the date Regulation 16 of the SEBI Listing Regulations takes effect with respect to the Company.

## 3. DEFINITIONS:

“**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company, from time to time, under Section 177 of the Companies Act, 2013 and SEBI Listing Regulations.

“**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Holding company**”, in relation to one or more other companies, means a company of which such companies are subsidiary companies;

“**Insolvency Code**”, means Insolvency and Bankruptcy Code, 2016, as amended;

“**Material Subsidiary**” means a subsidiary of the Company whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“**Policy**” means the policy for determining Material Subsidiaries.

“**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

“**Subsidiary**” shall mean a subsidiary as defined under the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable regulation.



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#### 4. Criteria for determining the Material Subsidiaries:

A subsidiary of the Company shall be regarded as Material Subsidiary if it falls under the definition provided above.

The Audit Committee shall on annual basis review such details / information as may be required to determine the 'Material Subsidiaries'.

#### 5. Guiding principles

Material Subsidiary of the Company would be identified, if any, as one time exercise and such exercise shall be done during each financial year and the conclusion placed before the Audit Committee and the Board of the Company. The identification should happen soon after preparation of annual accounts and the outcome should be placed before the Audit Committee or Board, as the case may be, in the meeting where the annual audited accounts of the Company are considered.

#### 6. Governance of Material Subsidiaries:

- a) At least one independent director on the Board shall be appointed as a director on the board of directors of an unlisted Material Subsidiary, whether incorporated in India or not.

Notwithstanding anything contained in this Policy, for the purpose of above, the term "Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

- b) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted Material Subsidiary.
- c) The minutes of the meetings of the board of directors of the unlisted Material Subsidiary shall be placed at the meeting of the Board.
- d) The management of the unlisted Material Subsidiary shall periodically bring to the attention of the Board, a statement of all significant transactions and arrangements entered into by the Material Subsidiary.
- e) The Company shall not dispose of shares in its Material Subsidiary which would reduce the shareholding of the Company (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over such Material Subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.



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- f) The Company shall not sell, dispose and lease of assets amounting to more than 20% 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 or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- g) The unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit; and the Company shall annex with its annual report, a secretarial audit report, given by a company secretary in practice.
- h) The Company shall disclose all events or information with respect to its Subsidiaries which are material for the Company as per Regulation 30(9) of the SEBI Listing Regulations.

### 7. Disclosure

The Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report of the Company.

### 8. Policy review

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy.