

## **INTRODUCTION**

M/s Veritas (India) Limited (hereinafter referred as VIL or the Company) is a public limited company incorporated under Companies Act, 1956 as Duroflex Engineering Limited on 21<sup>st</sup> March 1985.

Equity Shares of VIL are listed on Bombay Stock Exchange and as such the listing agreement for Equity Shares is applicable to VIL.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), effective from 1<sup>st</sup> December, 2015, the definition of material subsidiary has been amended.

In view of the said amendment, this modified policy with regard to determination of Material Subsidiaries under Listing Regulations has been adopted by the Board.

## **POLICY OBJECTIVE**

The objective of this Policy is to determine the Material Subsidiaries of Veritas (India) Limited and to provide the governance framework for such subsidiaries.

## DEFINITIONS

In this policy, unless the context otherwise requires:

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

**“Company”** means Veritas (India) Limited.

**“Independent Director”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

## CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY

(A) A subsidiary of the Company shall be considered as MATERIAL if –

1. If the income of the subsidiary exceeds twenty per cent of its consolidated income of the Company and its subsidiaries in the immediately preceding accounting year; or
2. If the net worth of the subsidiary exceeds twenty per cent of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year.

Based on audited consolidated and standalone annual financial statements of Company and its subsidiaries, in each financial year, the Company would identify the subsidiaries which would get covered under the definition of material subsidiary as provided above.

## PROCESS

A. If any subsidiary is found to be “material”, the Company should comply the following:

- 1) The Company will not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

2) The Company will not sell, dispose off and lease any 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. However, the said approval is not required if the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

3) At least one Independent Director of the Board of the Company shall be a director on the Board of Directors of an unlisted material subsidiary, incorporated in India.

B. The Management of the unlisted material subsidiary shall periodically bring to the notice of the board of directors of the Company, a statement of all significant transactions and arrangements entered into by the said unlisted material subsidiary.

C. The Company shall comply with such other requirement in relation to unlisted material subsidiary as may be mandated under the Act and/ or Listing Regulations, from time to time.

## **AMENDMENTS**

The Board shall, subject to the applicable laws, have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

## **DISCLOSURE**

This policy shall be uploaded on the website of the Company at [www.veritasindia.net](http://www.veritasindia.net) and a weblink thereto shall be provided in the Annual Report of the Company.

## **INTERPRETATION**

Any words or expressions used in the policy but not defined herein shall have the same meaning ascribed to it in the Company Act, 2013 or Rules and Regulations made there under, SEBI Act or Rules and Regulations made there under, Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other relevant legislation / law applicable to the Company.

## **EFFECTIVE DATE**

The said policy shall come into force w.e.f. 1<sup>st</sup> December, 2015.

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