VERTEX SECURITIES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. PREAMBLE

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")**, the Board of Directors (the "**Board**") of Vertex Securities Limited (VSL) has adopted this Policy at its meeting held on November 6th , 2015, for determination of Material Subsidiaries, as required under applicable regulations.

This Policy is effective from **December 01, 2015**.

2. DEFINITIONS

a) **"Audit Committee"** implies the Audit Committee constituted by the Board of Directors of the Company from time to time under provisions the Companies Act, 2013.

b) **"Board"** implies Board of Directors of Vertex Securities Limited

c) **"Company"** implies Vertex Securities Limited

d) **"Control"** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.

e) **"Significant Transaction or Arrangement"** implies 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.

f) **"Subsidiary"** shall mean as defined under the Companies Act, 2013 Act and the Rules made there under

3. OBJECTIVE

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

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4. IDENTIFICATION OF 'MATERIAL' SUBSIDIARY

A Subsidiary shall be considered as material if:

a) The investment of the Company in the subsidiary exceeds 20 per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or;

b) If the subsidiary has generated 20 per cent of the consolidated income of the Company during the previous financial year.

Material Non-Listed Indian Subsidiary shall mean an unlisted subsidiary, incorporated in India, 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.

5. GOVERNANCE FRAMEWORK

i. The Audit Committee of the Board of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.

ii. The Minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.

iii. The management shall 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.

iv. One Independent Director of the Company shall be a Director on the Board of the Material Non- Listed Indian Subsidiary Company.

v. Subsidiary company shall not, either by its own or through its nominees, hold any shares in its holding company & no holding company shall allot or transfer its shares to any of its subsidiary companies & any such allotment or transfer of shares of a company to its subsidiary company shall be void.

6. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without passing a special resolution in its General Meeting, shall not:-

a) dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or

b) dispose shares in the material subsidiary which would cease the exercise of control over the subsidiary or

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c) sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year,

unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

7. COMPLIANCE BY STEP DOWN SUBSIDIARIES

Where a company has a listed subsidiary which is itself a holding company, this policy shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

8. REVIEW AND AMENDMENT

The Board may, subject to applicable laws, review the policy, 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, based on the recommendations of the Audit Committee.

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 Listing Regulations/ 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

This policy shall be hosted on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

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