

# Policy for Determining Material Subsidiaries

<b>Reviewer:</b>	<b>Audit Committee</b>
<b>Approver:</b>	<b>Board of Directors</b>

<b>Sr. No.</b>	<b>Version No.</b>	<b>Date</b>
1	1.0	October 17, 2014
2	2.0	April 19, 2016
3	3.0	February 12, 2019
4	4.0	November 10, 2021

## **Policy for determining material subsidiaries**

### **Policy for determining 'Material' subsidiaries**

#### **1. Purpose and Scope:**

The Policy for determining 'material' subsidiary companies (the 'Policy') had been framed in accordance with the provisions of clause 49(V)(D) of the Listing Agreement and has been updated in accordance with Regulations 24 and 24 A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

The Policy will be used to determine the material subsidiaries of CRISIL Limited (referred to as "CRISIL" or "the Company") and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

#### **2. Identification of 'Material' subsidiary:**

A subsidiary shall be considered as material if :

- a. the networth of the subsidiary, exceeds 10 per cent of the consolidated net worth of CRISIL and its subsidiaries in the immediately preceding accounting year or,
- b. if the income of the subsidiary exceeds 10 per cent of the consolidated income of CRISIL and its subsidiaries in the immediately preceding accounting year.

#### **3. Governance framework:**

- i. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary.
- ii. The minutes of the Board Meetings of the unlisted subsidiary shall be placed before the Board of the Company.

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- iii. The management of the unlisted subsidiary 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 it.

The term “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 unlisted subsidiary for the immediately preceding accounting year.

- iv. The management shall present to the Audit Committee annually the list of such subsidiaries together with the details of the materiality defined herein. The Audit Committee shall review the same and make suitable recommendations to the Board.
- v. Material unlisted subsidiaries of CRISIL incorporated in India shall undertake secretarial audit and a secretarial audit report, given by a company secretary in practice, in such form as may be specified shall be annexed to CRISIL’s Annual Report.

## **4. Enhanced requirements for certain material subsidiaries:**

For any unlisted material subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of CRISIL and its subsidiaries in the immediately preceding accounting year, at least one Independent Director of CRISIL shall be appointed as a director on the Board of such unlisted material subsidiary, whether incorporated in India or not.

## **5. Disposal of Material Subsidiary:**

The following disposals shall not be permitted:

- a. The Company reducing its shareholding (either on its own or together with other subsidiaries) to less than or equal to fifty per cent or ceasing exercise of control over the material subsidiary or,
- b. Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year

without passing a special resolution in the Company’s General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal under

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the Companies Act, 2013 or the Companies Act, 1956, or rules made thereunder or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the stock exchange within one day of the resolution plan being approved.

### **6. Policy Review:**

This policy is framed pursuant to the requirements of the Listing Regulations.

In case of any subsequent changes in the provisions of the Listing Regulations or the Companies Act, 2013, or any other rules framed thereunder which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations, then the provisions of the Act or the Listing Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in the regulations or as may be felt appropriate by the Committee or once in three years, whichever is earlier. Any changes or modification on the Policy as recommended by the Committee would be given for approval of the Board of Directors.

This Policy is updated as on November 10, 2021.

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### **About CRISIL Limited**

CRISIL is an agile and innovative, global analytics company driven by its mission of making markets function better.

We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers. CRISIL's businesses operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.