

# ICRA Limited

## Policy on Material Subsidiary

*(In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

### I. SCOPE AND PURPOSE OF THE POLICY

Regulation 16 (1) (c) and 46 (2) (h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), require the company to formulate a policy for determining “Material” Subsidiaries and such policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report. Considering the requirements of the Listing Regulations, ICRA Limited (the “**Company**”) has formulated the following policy and procedures for determining “Material” Subsidiaries.

### II. OBJECTIVE OF THE POLICY

The objective of this Policy is to fix the threshold for determining “Material” Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

### III. 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 the Listing Regulations.

“**Board of Directors**” or “**Board**” means the Board of Directors of ICRA Limited, as constituted from time to time.

“**Independent Director**” means a director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and the Listing Regulations with the stock exchanges.

“**Policy**” means Policy on Material Subsidiary.

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

### IV. THRESHOLD FOR DETERMINING ‘MATERIAL’ SUBSIDIARIES

A Subsidiary of the Company shall be a Material Subsidiary if the income or net worth of the Subsidiary exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

## V. GOVERNANCE FRAMEWORK

- (1) At least one Independent Director on the Board of the Company shall be a director on the board of directors of its unlisted Material Subsidiary, incorporated in India.
- (2) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted Material Subsidiary.
- (3) The minutes of the Board meetings of the unlisted Material Subsidiary shall be placed at the Board meeting of the Company.
- (4) The management should on a quarterly basis 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 Material Subsidiary.

Explanation : the term “**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 Material Subsidiary for the immediately preceding accounting year.

## VI. DISPOSAL OF MATERIAL SUBSIDIARY

### (1) Restriction on disposal of shares of Material Subsidiary

In terms of Regulation 24 (5) of the Listing Regulations, the Company shall not dispose of 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 such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

### (2) Restriction on disposal of assets of Material Subsidiary

In terms of Regulation 24 (6) of the Listing Regulations, selling, disposing and leasing of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

## VII. DISCLOSURES

The Company shall disclose the Policy on its website (<http://www.icra.in/>) and a web link shall be provided in the Annual Report of the Company.

## **VIII. AMENDMENTS/MODIFICATIONS**

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

The Board of Directors of the Company may subject to applicable laws amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors 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 and further the objective of good corporate governance.

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