

Policy for determining material subsidiaries

Title

This policy shall be called 'Policy for determining Material Subsidiaries'.

Objective

- i. This policy has been prepared in accordance with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to be effective from April 01, 2019.
- ii. It is intended to ensure governance as well as disclosure on material subsidiary companies.
- iii. This Policy will be disclosed on the website of the Company.
- iv. The Board will also have the powers to amend this policy or substitute this policy with a new policy as and when deemed fit.

Definitions

"Audit Committee" means a committee constituted by the Board of Directors of the Company under provisions of the SEBI (LODR) Regulations, 2015 and of the Companies Act, 2013 as amended from time to time".

"Board of Directors" means the Board of Directors of CARE Ratings Limited

"Policy" means this Policy on determination of Material Subsidiary

"Material Subsidiary" a subsidiary shall be considered material if the investment of the Company in the subsidiary exceeds **TEN** percent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated **TEN** percent of the consolidated income of the company during the previous financial year.

Policy

- a. subsidiary will be material subsidiary if the following conditions are satisfied:
 - i. i) if the investment of the Company in the subsidiary exceeds TEN percent of its consolidated net worth as per the audited balance sheet of the previous financial year; or
 - ii. ii) if the subsidiary has generated TEN percent of the consolidated income of the company during the previous financial year.
- b. "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 10% of the consolidated income

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or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

- c. One of the independent directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

Interpretation and disclosure

Any word or term used in the policy but not defined herein shall have the same meaning as ascribed to it in the Companies Act, 2013 or Rules made there under, SEBI (LODR) Regulations, 2015 or any other relevant Act, Rules and regulations

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