

NOTICE OF POSTAL BALLOT TO THE SHAREHOLDERS

(NOTICE ISSUED TO MEMBERS PURSUANT TO SECTION 192A(2) OF THE COMPANIES ACT, 1956)



Dear Member(s),

Notice is hereby given, pursuant to section 192A(2) of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, that the resolutions set out below for the issue of equity shares of the Company to the present and future employees who are in permanent employment of the Company and its subsidiaries in India and outside India and the Whole-time Directors of the Company and its subsidiaries in India and outside India, as may be decided by the Board from time to time, pursuant to Employee Stock Option Scheme-2012 (ESOS), are proposed to be passed by Postal Ballot.

Accordingly, your consent is sought for the proposal as contained in the Resolution attached. An explanatory statement pertaining to the resolutions setting out all material facts and the reasons thereof, along with the Postal Ballot Form is enclosed.

The Company has appointed Dr. K. R. Chandratre, Practicing Company Secretary to act as the scrutinizer, for conducting the postal ballot process, in a fair and transparent manner. The members are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed in all respects through the enclosed self-addressed postage pre-paid envelope, so as to reach the scrutinizer at the registered office of the Company on or before the close of working hours on April 5, 2012. The scrutinizer will submit his report after completion of the scrutiny and the result of the voting by Postal Ballot will be announced in accordance with the provisions of section 192A read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 on April 10, 2012 at 11.30 am at the Registered Office of the Company.

SPECIAL RESOLUTION:

1. To consider and if deemed fit, to pass through postal ballot, the following resolution as Special Resolution:-

RESOLVED THAT:

- i) pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, prescribed by Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company to issue, offer and allot, to the present and future employees, as may be decided by the Board, who are in the permanent employment of the Company and the whole-time Directors of the Company, at any time, equity shares of the Company (including the equity shares issued pursuant to the Resolution at item no. 2 of the Notice), at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide prior to such issue or offer, being not more than 9,25,000 equity shares of the Company which is equivalent to 1.32 percent of the issued and paid-up equity share capital of the Company as on the date of this notice;
- ii) subject to the terms stated herein, the equity shares allotted pursuant to this Resolution shall in all respects rank pari passu with the existing equity shares of the Company;
- iii) the number of equity shares specified above to be issued and allotted pursuant to this Resolution be proportionately adjusted in the event of corporate actions such as rights issues, bonus issues, merger and amalgamations, demerger, sale of division and all such other actions which may call for proportionate adjustment in the number of equity shares;
- iv) for the purpose of giving effect to any issue, offer or allotment of equity shares as described above, the Board be and is hereby authorised on behalf of the Company to appoint a Merchant Banker and/or any other expert, consultant or intermediary as may be required and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such creation, issue, offer or allotment and to take any other steps that may be required for the above, without being required to seek any further consent or approval of the members;
- v) the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any one or more Directors or officers of the Company.

2. To consider and if deemed fit, to pass through postal ballot, the following resolution as Special Resolution:-

RESOLVED THAT:

- i) pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines, prescribed by Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents,

permissions and sanctions and subject to such conditions as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) is hereby authorised to accept, the Board be and is hereby authorised on behalf of the Company to issue, offer or allot, to present and future employees, as may be decided by the Board, who are in the permanent employment of the subsidiary companies in India and outside India (both present and future) and the whole-time Directors of the subsidiary companies in India and outside India (both present and future), at any time, equity shares of the Company (including the equity shares issued pursuant to the Resolution at item no. 1 of the Notice), at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to such offer or issue, being not more than 9,25,000 number of equity shares of the Company which is equivalent to 1.32 percent of the issued and paid-up equity share capital of the Company as on the date of this notice;

- ii) subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu with the existing equity shares of the Company;
- iii) the number of equity shares specified above to be issued pursuant to the aforesaid Resolution be proportionately adjusted in the event of corporate actions such as rights issues, bonus issues, merger and amalgamations, demerger, sale of division and all such other actions which may call for proportionate adjustment in the number of equity shares;
- iv) for the purpose of giving effect to any creation, issue, offer or allotment of equity shares as described above, the Board be and is hereby authorised on behalf of the Company to appoint a Merchant Banker and/or such other intermediary as may be required and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such creation, issue, offer or allotment and to take any other steps that may be required for the above, without being required to seek any further consent or approval of the members;
- v) the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee or any one or more Directors or officers of the Company.

By Order of the Board
For **CRISIL Limited**

Date: February 17, 2012
Place: Mumbai

Shrikant Dev
Company Secretary

Registered Office:-
CRISIL House,
Central Avenue, Hiranandani Business Park,
Powai, Mumbai- 400 076

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 1

In a people driven business, for the long-term interest of the Company and its stakeholders, it is necessary that the Company adopt measures for attracting and retaining competent, qualified and talented personnel. Employee Stock Option Schemes (ESOS), designed to foster a sense of ownership and belonging amongst personnel, are a well-accepted approach to this end. It is, therefore, considered appropriate to propose an employee stock option scheme for the present and future employees and whole-time Directors of the Company and its existing and future subsidiaries. The shares may be allotted in accordance with the scheme framed in that behalf, in accordance with the provisions of the prevailing law and guidelines issued by the Securities and Exchange Board of India.

Section 81 of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of the Company by further issue and allotment, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the section unless the shareholders in the general meeting approve the offer of shares to persons other than the existing shareholders of the Company. The consent of the members is, therefore, sought to authorize the Board of Directors to issue the shares in the manner set out in the resolution.

The salient features of the scheme are set out below:-

Total number of options proposed to be granted - It is proposed to grant options/issue equity shares not exceeding 9,25,000 number of equity shares of the Company equivalent to 1.32 percent of the issued and paid-up equity share capital on the date of this notice. The issued and paid-up equity share capital of the Company as on date is Rs. 70,058,440 (Rupees seven crore fifty eight thousand four hundred and forty rupees only) comprising of 70,058,440 equity shares of Re.1/- each fully paid-up.

Eligibility - All the permanent employees and whole-time directors, present and future, of the Company and its subsidiaries, in India or out of India would be eligible to be offered options under the scheme subject to applicable regulatory requirements and guidelines issued by Securities and Exchange Board of India.

Requirement of Vesting and period of Vesting - The options granted shall vest after one year but before five years from the date of grant, in one or more tranches, as may be decided by the Board of Directors / Compensation Committee from time to time.

Maximum period within which the options shall be vested - As stated above, the maximum period within which the options shall be vested shall be five years from the date of grant.

Pricing formula - The options would be granted to the eligible employees and whole-time Directors at the latest available closing price, prior to the date of the meeting of the Board of Directors/Compensation Committee, in which the options are granted, on the stock exchange on which the shares of the Company are listed. As the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.

Exercise period and process of exercise - The employees shall, after vesting of the options, exercise the same within a period of five years from the date of vesting or such lesser period as may be decided by the Compensation Committee by submitting a written application to the Company in such manner and on execution of such documents as may be prescribed by the Compensation Committee.

Appraisal process for determining the eligibility of employees to the ESOS - The Compensation Committee shall determine the eligibility criteria for the employees and whole-time Directors of the Company and the subsidiary companies under the scheme. The eligibility criteria shall, inter alia, include company performance parameters as well as individual performance parameters as may be deemed appropriate by the Compensation Committee. Employees against whom any disciplinary proceedings are initiated/pending are not eligible. In the event the Compensation Committee determines that the performance and/or conduct of the employee do not conform to the highest standards expected from the beneficiaries under the scheme, the options that are granted but not vested would lapse.

Corporate action - The number of options granted and/or the exercise price will be proportionately adjusted in the event of corporate actions such as rights issues, bonus issues, merger and amalgamations, demerger, sale of division(s) and all such other actions which may call for proportionate adjustment in the number of options and/or the exercise price. If there is change in control by virtue of change in promoters of the Company then all the options granted will vest immediately.

Maximum number of options per employee - Not more than 1% of the issued and paid-up equity share capital of the Company existing as on the date of this notice, is proposed to be offered and allotted under the scheme to any single eligible person per year.

Disclosure - The Company calculates the employee compensation cost using the intrinsic value of the stock options. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

Accounting policies - The Company shall comply with the disclosure norms and accounting policies prescribed by SEBI and any other appropriate authority in this regard.

The whole-time Directors who would be eligible to avail the benefits under the scheme may be deemed to be concerned or interested in the said resolution to the extent of their eligibility. Save as aforesaid, none of the Directors of the Company are concerned or interested in the said resolution. The Board recommends the passing of this resolution.

Item No. 2

As per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subsequent amendments thereof, a separate resolution is required to be passed if the benefits under ESOS are to be extended to the employees and whole-time Directors of the subsidiary Companies in India and outside India (both present and future). This separate resolution is being proposed accordingly, to extend benefits of the scheme to employees and whole-time Directors of the subsidiaries of the Company. This may be read with the explanatory statement to item no. 1.

The whole-time Directors who would be eligible to avail the benefits under the scheme may be deemed to be concerned or interested in the said resolution to the extent of their eligibility. Save as aforesaid, none of the Directors of the Company are concerned or interested in the said resolution. The Board recommends the passing of this resolution.

All the documents referred to in the Notice and the Explanatory Statement will be available for inspection by the members at the Registered Office of the Company between 10.30 a.m. and 12:30 p.m. on all working days from the date hereof upto the date of declaration of results of postal ballot.

Date: February 17, 2012
Place: Mumbai

By Order of the Board
For **CRISIL Limited**

Shrikant Dev
Company Secretary

