

Identifying the ‘group’ to determine debt exposure of mutual funds

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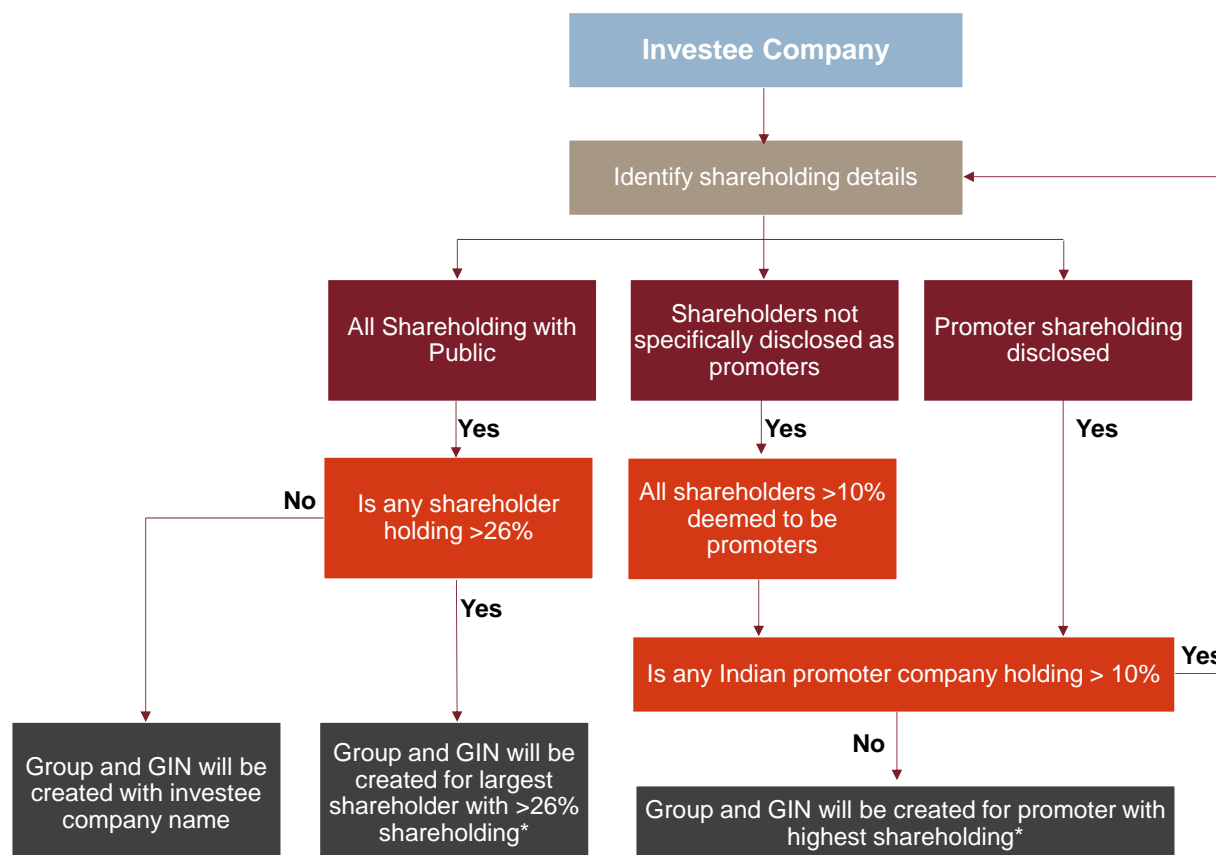
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Methodology for finding and mapping group companies

Methodology flow chart



1. For each debt investee company, both promoters and shareholders will be evaluated to find linkages
2. If any promoter company independently holds >10% further evaluation to find next promoters will be carried out.
3. This looped search will keep continuing till no promoter company with >10% holding is found.
4. The investee company will be considered to form a part of each of the above unique promoter shareholders. If family relationships are available, a unique family group will be created for all related promoters
5. The shareholder group who emerges with the highest effective shareholding out of this process is tagged as a group to the investee company.
6. In case the major shareholder is a government entity (either state or center) company itself will be considered a group.
7. In case of financial investors like private equity, etc. the shareholding will be grouped under the name of the entity managing the fund and the shareholding for tagging as a group will 50%.

8. In case of investee companies where major shareholder to be tagged as group is found to be a foreign entity, since no further investigation of the parents of the foreign entity is possible, information of the parent group of the investee company will be gathered from publicly available sources such as rating rationales or published information of the foreign entity wherever available.
9. For REITs and InvITs the group is tagged to the trust itself due to the ring-fenced nature of the vehicle.
10. Companies with 100% public holding (i.e., with no promoter(s)), the following rules will be applied:
 1. If any shareholder with >26% holding exists, it is tagged as group.
 2. If no shareholder holds >26%, company itself will be considered a group

Data Sources

Annual reports and other reliable sources such as Ministry of Company Affairs filings, exchange filings, company reports, credit ratings rationale, debt issue offer documents, Legal Entity Identifier etc., will be considered for this activity

Limitations

The methodology agreed upon has limitations in capturing exhaustively all possible 'group companies' given:

- i. Promoters can be entities such as partnership firms, trusts, or foreign companies for which further information availability is a challenge
- ii. Potential control arising from reasons beyond shareholding (such as shareholder agreement)
- iii. Information about transfer of ownership / stake sale of private companies will not be available until the shareholding statement has been filed with MCA.

Group identification number (GIN)

Methodology to create GIN

1. GIN will be a 14 characters alphanumeric identifier unique to each company
2. First 12 characters will contain any one of the following:
 - a. Commonly used name for the group in public domain
 - b. Unique family group GIN will be created for all related promoters
3. Last 2 characters will be (starting from 01), which will be used in case of overlapping/same names emerging using the above steps

E.g.: SHASHINVISHN-01, VIKRAMRASIKL-01, VASISTHACHAN-01

Note: In case of shorter names, the unused places will be filled by zeros

Use of GIN

In order to have a structured database, GIN will be assigned to all the unique group companies of an investee company, derived from the above methodology.

Illustrations of how the above methodology works

Scenario 1: Investee company with a few promoters have shareholding over 10% and a few others with less than 10%.

Steps to be followed:

a) Search all non-individual promoters holding shares greater than 10%

Investee company name	Reported promoters	Promoter level	Holding (%)	CRISIL group name	GIN
Tata Housing Development Company Limited	Tata Sons Private Limited	1	56.98	-	Since shareholding is more than 10%, we will evaluate this promoter further
	Tata Industries Limited		0.02	Tata Industries Limited	Since the shareholding of this promoter is less than 10% we will not evaluate this promoter further

b) Since Tata Sons Private Limited holds more than 10%, its promoters will be evaluated further

Company name	Reported promoters	Promoter level	Holding (%)	CRISIL group name	GIN
Tata Sons Private Limited	Sir Dorabji tata trust	2	27.98	Ratan Tata Group	RATANTATAGRO-01
	Sir Ratan Tata Trust		23.56	Ratan Tata Group	RATANTATAGRO-01
	Sarvajanik seva Trust		0.10	Ratan Tata Group	RATANTATAGRO-01
	RD Tata Trust		2.19	Ratan Tata Group	RATANTATAGRO-01
	Tata Education Trust		3.73	Ratan Tata Group	RATANTATAGRO-01
	Tata Social Welfare Trust		3.73	Ratan Tata Group	RATANTATAGRO-01
	JRD Tata Trust		4.01	Ratan Tata Group	RATANTATAGRO-01

Result: Since all the level 2 promoters of the investee company are trusts we will not evaluate the promoters further. All promoters are part of the Rata Tata Group, hence their shareholding is summed together as is tagged as a group to the issuer as it form the largest shareholding group in the investee company.

Scenario 2: Investee company where no promoter holds more than 10% and family relationship is available in public

Investee company	Reported promoters	Promoter level	Holding (%)	CRISIL group name	GIN
Reliance Capital Ltd	Anil Ambani	1	0.0	Anil Ambani group	ANILAMBANIGR-01
	Tina Ambani		0.1	Anil Ambani group	ANILAMBANIGR-01
	Jai Anmol Ambani		0.01	Anil Ambani group	ANILAMBANIGR-01
	Jai Anshul A Ambani		0.0	Anil Ambani group	ANILAMBANIGR-01
	Kokila Ambani		0.0	Anil Ambani group	ANILAMBANIGR-01
	Reliance Inceptum Private Ltd		0.06	Reliance Inceptum Pvt Ltd	RELIANCEINCE-01
	Reliance Innoventures Private Ltd		0	Reliance Innoventures Pvt Ltd	RELIANCEINNO-01
	Reliance Infrastructure Consulting & Engineers Pvt Ltd		0.70	Reliance Infrastructure Consulting & Engineers Pvt Ltd	RELIANCEINFR-01
	Reliance Infrastructure Management Pvt Ltd		0.0	Reliance Infrastructure Management Pvt Ltd	RELIANCEINFR-02

Result: As none of the non-individual promoters have a shareholding of more than 10%, no further levels will be evaluated and Reliance Capital Ltd will be part of all the unique groups/GINs at level 1.

Note: Since it is publicly available that all the above individuals are part of one family, they will be part of one group viz., Anil Ambani group.

Scenario 3: Company where details of foreign entity is available in the public domain

Company name	Reported shareholders	Promoter level	Holding (%)	Promoter/ shareholder	CRISIL group name	GIN
Accelerating Education And Development Private Limited	Resonance Eduventures Limited	1	98.80	Shareholder	Resonance Eduventures Limited	RESONANCEEDU-01
	Sunita Verma W/O Mr Ram Krishan Verma		1.00	Shareholder	Ram Kishan Verma	RAMKISHANVER-01
	Mr. Ram Kishan Verma S/O Mr. Chandala Verma		0.20	Shareholder	Ram Kishan Verma	RAMKISHANVER-01
	Mr. Abhinav Gautam s/o Mr. Pramod Kumar Gautam		0.00	Shareholder	Abhinav Gautam	ABHINAVGAUTA-01

Note: As Resonance Eduventures Limited is not registered in India, further levels will not be evaluated.

Result: Here no shareholder is tagged a promoter however, on further evaluation it is found that Ram Krishan Verma is a key promoter of Resonance Eduventures Limited which is the majority shareholder is the investee company and hence is tagged as a group. Further details here:

<https://www.brickworkratings.com/Admin/PressRelease/Accelerating-Education-and-Development-6Oct2022.pdf>

Scenario 4: Company where promoter holding is 0%

Company name	Promoter /shareholder name	Promoter level	Holding (%)	CRISIL Group name	GIN
ICICI Bank	-	1	100% public holding	ICICI Group	ICICIGROUP-01

Result: Since there is no promoter for the above company, the group name/GIN would be similar to the investee company name.

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