

**Date: August 20, 2021**

**SE/2021-22/33**

**To,**

<b>The General Manager</b> The Corporate Relation Department BSE Limited Phiroza Jeejeebhoy Towers 14th Floor, Dalal Street Mumbai 400 001 <b>Scrip Code: 534804</b>	<b>The National Stock Exchange India Ltd.</b> Listing Department Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051 <b>Scrip Code: CARERATING</b>
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Dear Sir/ Madam,

**Sub: Annual Report of the Company for the Financial Year 2020-21 along with the Notice of Twenty Eighth (28<sup>th</sup>) Annual General Meeting.**

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of CARE Ratings Limited ('the Company') for the Financial Year 2020-21 along with the Notice convening Twenty Eighth (28<sup>th</sup>) Annual General Meeting, which is sent through electronic mode to the Members at their registered email addresses. The Twenty Eighth (28<sup>th</sup>) Annual General Meeting ('AGM') of the Company is scheduled to be held on Tuesday, September 14, 2021, at 03.30 P.M. (IST), through Video Conferencing('VC') /Other Audio-Visual Means("OAVM") without the physical presence of the Members.

This is in compliance with General Circular Nos. 14/2020 dated 8<sup>th</sup> April, 2020, 17/2020 dated 13<sup>th</sup> April, 2020, 20/2020 dated 5<sup>th</sup> May, 2020 and General Circular No. 02/2021 dated January 13, 2021 issued by Ministry of Corporate Affairs read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India and relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Annual Report includes the Notice of the 28<sup>th</sup> AGM *inter alia* indicating the process and manner of remote e-voting/ e-voting during the AGM and instructions for participation in the AGM through VC/OAVM. Brief details of book closure and e-voting events are as under:

**CARE Ratings Ltd.**

<b>Book Closure Date (From)</b>	08-September-2021 (Wednesday)
<b>Book Closure Date (To)</b>	14-September-2021 (Tuesday)
<b>Cut-Off date for e-Voting &amp; Dividend Payment</b>	07-September-2021 (Tuesday)
<b>E-Voting Start Date &amp; Time</b>	10-September-2021 (Friday) @ 09:00 A.M. IST
<b>E-Voting End Date &amp; Time</b>	13-September- 2021 (Monday) @ 05:00 P.M. IST

The Annual Report for FY2020-21 is also hosted on the website of the Company at [www.careratings.com](http://www.careratings.com) .

Kindly take the above on record.

Thanking you,

Yours faithfully,

**For CARE Ratings Limited**

*Nehal Shah*



**Nehal Shah**

**Company Secretary & Compliance Officer**

**Encl:** As above

**CARE Ratings Ltd.**



**READY FOR  
TOMORROW & BEYOND,  
TODAY.**



## **Vision**

A global research & analytics company that enables risk mitigation and superior decision making



## **Mission**

To provide best-in-class tools, analyses and insights, enabling customers to make informed decisions.

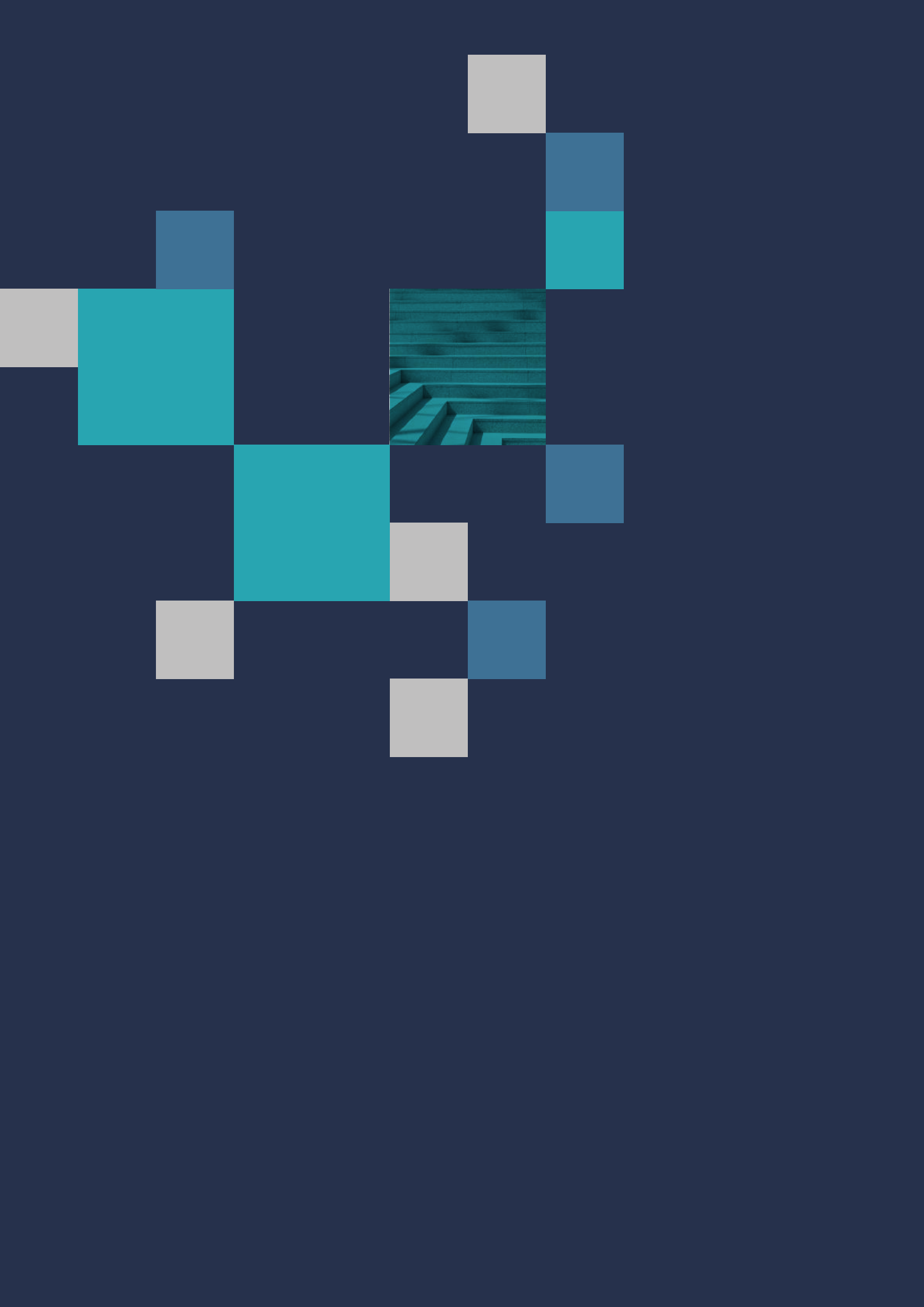


## **Values**

Integrity, Pursuit of Excellence, Commitment, Fairness







# Message from Chairman

– Mr. Najib Shah



I take pleasure in presenting to you our 28th Annual Report. Your company has gone through significant structural changes even as it confronted the effects of the pandemic which included a nation-wide lockdown and several initiatives taken by the government and regulators to mitigate the same. 2020-21 was indeed a watershed year for your company both from the internal perspective as well as external environment.

This was the first time that there was a fall in GDP which means that the economy was affected quite perceptibly by the lockdown which had not fully opened even by the year end. A fall in growth meant that there was less demand for funds with investment being pushed back once again. Interestingly, the investment rate has been declining over the years even before the pandemic struck. The ratings business is driven by both investment and economic growth; and our initial business was challenged through the year. While there was traction in the corporate bond market with the combination of government measures and RBI actions in enhancing funding, it was concentrated in the financial sector. Growth in bank credit was lacklustre with growth to services and large industry being negative. The higher positive growth in small and medium industry was more due to the guarantee extended by the government as part of the Atmanirbhar Bharat programme.

There was regulatory forbearance too during the course of the year with a moratorium and one-time restructuring scheme being in place. This was in addition to the flexibility shown in terms of recognition of NPAs as part of the forbearance provided by the RBI. Hence it was a unique situation where there was surplus liquidity in the system which ranged from ₹ 4-5 lakh crore on a daily basis and averaged ₹ 4.12 lakh crore in overnight reverse repo operations in the face of low demand for credit. Hence, most of the borrowing that took place tended to be more inclined for maintenance rather than growth given that capacity utilization rates in Indian industry was low at 66.6% in December 2020.

The Board of Directors however took this opportunity to also bring about structural changes in your company. Here I would like to talk of four significant decisions which we have taken and put in place. First, we have addressed the issues relating to top

management. As you are aware, the company has a new MD & CEO, who has now been in office for the entire year. We also got a new Chief Ratings Officer which aligns with the process-reorganization that we have completed. Your company also has a new CFO and Company Secretary. Thus, all the senior management positions have been filled and the organization is working with a fresh fervour.

Second, we have reviewed our entire ratings processes and systems and put in place greater checks and balances and ensured all regulatory requirements are met. We have leveraged technology in a big way to ensure that the entire process is seamless. The Committees which oversee the ratings processes have been revamped to ensure that there is even greater transparency and rigour in the system.

Third, we have reviewed the business of ratings and juxtaposed the same with the future potential of the same. The last few years have taught us important lessons with the economy slipping to a low growth path which in turn has affected the investment cycle and finally the ratings business.

Clearly, we cannot take anything for granted and it is essential to look at alternative lines of business. We have taken a conscious decision to focus also on the businesses in our subsidiary companies CART and CARE Risk Solutions which can be run more rigorously in parallel with new mandates. To this end we have bought in a new CEO for CART keeping in mind that the advisory and research businesses which look at both domestic and global frontiers require a different mindset and leadership to bring about this higher growth.

Last, we have also taken up the task of rebuilding our brand to reflect these widespread changes that we have brought about in the CARE Group of companies. This understandably is an ongoing process which we will be monitoring at the Board level.

Fiscal 2021-22 has also begun on a false note with the second wave of the infection pervading the country leading to a new set of lockdowns at the regional level. Industry has been better prepared to face the lockdown this time, but the initial signs for the first quarter on the credit and debt markets have not been satisfactory. Most economic parameters will look better this year due to the base effect. But it would be challenging once again for the ratings business as long as investment does not kickstart in a big way.

We would like to thank you for your patience and understanding as always under the rather difficult circumstances that pervaded last year. For the year we have proposed a total dividend of ₹ 17 per share which is 170%. The dividend payout ratio for the year has been 58%. We would be examining if a part of our reserves can be used for bringing about much needed inorganic growth in the company.

I would like to assure you on behalf of the company that we would remain dedicated to building the CARE franchise and growing the business in the coming year.

Let me conclude by wishing you and families the very best. Take care and stay safe.

# Message from Managing Director & CEO – **Mr. Ajay Mahajan**

The year gone by had surprises for us even as CARE Ratings as a Company was at the cliched crossroad. With the ratings business coming under a shadow even before the pandemic set in given the volatility displayed by the investment cycle, we had taken a plunge to embark on a journey of transformation. In a way it was ironic because this was a time when there were changes in the senior management too and with the right blend of new professionals at the helm and an existing highly experienced and skilled top management, we were able to take several steps in this transformation journey. As the poet Alfred Tennyson had said, 'The old order changeth yielding place to new, And God fulfills himself in many ways, Lest one good custom should corrupt the world.'

The major challenge for us was to ensure that there was no dip in our topline before thinking of growth in these uncertain times. We do believe that this was managed to a large extent. We were cognizant of the fact that our business levels did decline in the last couple of years as we were affected by the crisis in the NBFC sector. Therefore, all efforts were put in to retain business levels so that we do not slide further. Alongside we did embark on a major campaign of holding meeting with clients and investors to tell our story. We are happy to inform you that we have made significant process here.

What exactly is this transformation that we are talking of? It involves looking at the prism in a different way and we have taken a broader approach of harnessing the strengths of our Group rather than just the ratings company. We do realize that there is intense competition in areas of advisory and risk management and therefore we have worked with alacrity to build the structures that will assist us in this transformation. This includes people, products and processes. Having all the three in place ensures that promoting the same becomes much easier. Being largely an analytical company, we have connected the dots with our other businesses to deliver a sort of financial supermarket to customers. We do recognize that we have just made a beginning, and a fast one that too and that the adage that well begun is half done should hopefully hold.

We do have a very large client base encompassing all sectors of the economy and this will be the foundation of CARE Group where we as experienced and trained analysts can provide different kinds of solutions for companies. The world is getting complex which brings along a lot many avenues of business that we could identify and build on. Therefore, we see a plethora of opportunity for our advisory and research businesses which will



be one of the driving engines going forward. Risk solutions is an evolved business but with the increasing complexity generates demand which we are working to provide.

Our focus firmly was on improvement in productivity, strengthening analytical rigor and ratings, as also diversifying revenue streams going forward. We have deployed sophisticated data science capabilities across the CARE Group to build a data analytics organization. While technology is at the heart of our innovative solutions, we have established technology centers of excellence to provide scale and efficiency, in modifying existing applications and developing new applications for our businesses.

During the year, we did strengthen our outreach efforts through a series of webinars on various sectors of the economy. As it was an online mode, we were able to reach a larger audience and keep the audience engaged. The webinars had external experts participate as well, which helped to blend the house view with industry perspective. This made the experience richer for listeners. Needless to say we are working on furthering the width and depth of these outreach programmes as sharing knowledge tantamounts to the exhibition of expertise which cements the faith of the clients in our abilities.

We look forward to the new challenges that confront us in FY22 and do believe we are better positioned to deliver on our aspirations this year.

# Board of Directors



**Mr. Najib Shah**

Chairman,  
Non - Executive  
Independent Director



**Mr. V Chandrasekaran**

Non-Executive  
Non-Independent Director



**Mr. Adesh Kumar Gupta**

Non-Executive  
Independent Director



**Ms. Sonal Guvant Desai**

Non-Executive  
Independent Director



**Dr. M. Mathisekaran**

Non-Executive  
Independent Director



**Mr. Ananth Narayan**

Non-Executive  
Independent Director



**Mr. Ajay Mahajan**

Managing Director & CEO,  
CARE Ratings



# Directors & Committee Members



The Committee(s) of Board of Directors are as follows:

<b>Audit Committee</b>	<b>Mr. Adesh Kumar Gupta</b> <b>Ms. Sonal Gunvant Desai</b> <b>Mr. Ananth Narayan Gopalakrishnan</b>	Chairman Member Member
<b>Nomination and Remuneration Committee</b>	<b>Ms. Sonal Gunvant Desai</b> <b>Mr. V. Chandrasekaran</b> <b>Mr. Najib Shah</b> <small>*Appointed as Chairperson w.e.f. June 12, 2021</small>	Chairperson* Member Member
<b>Stakeholders Relationship Committee</b>	<b>Dr. M. Mathisekaran</b> <b>Mr. Ananth Narayan Gopalakrishnan</b> <b>Mr. Ajay Mahajan</b> <small>*Appointed as Chairman w.e.f. August 03, 2021</small>	Chairman* Member Member
<b>CSR Committee</b>	<b>Dr. M. Mathisekaran</b> <b>Mr. V. Chandrasekaran</b> <b>Ms. Sonal Gunvant Desai</b> <b>Mr. Ajay Mahajan</b>	Chairman Member Member Member
<b>Risk Management Committee</b>	<b>Ms. Sonal Gunvant Desai</b> <b>Dr. M. Mathisekaran</b> <b>Mr. Ajay Mahajan</b>	Chairperson Member Member
<b>Rating Sub Committee</b>	<b>Mr. Ananth Narayan Gopalakrishnan</b> <b>Mr. Adesh Kumar Gupta</b> <b>Mr. Najib Shah</b>	Chairman Member Member

# Senior Management Team



**Mr. Ajay Mahajan**  
Managing Director & CEO



**Mr. Mehul Pandya**  
Executive Director &  
Head - Business  
Development



**Mr. Sachin Gupta**  
Executive Director &  
Chief Rating Officer



**Mr. Madan Sabnavis**  
Chief Economist



**Ms. Revati Kasture**  
Senior Director



**Mr. A Shiju Rawther**  
Chief Information &  
Technology Officer



**Mr. Sandip Palodkar**  
Head, HR



**Ms. Nehal Shah**  
Head - Compliance,  
Legal & CS



**Mr. Jinesh Shah**  
Chief Financial Officer



**Mr. Sudip Sural**  
Chief Executive Officer of  
CARE Advisory Research and  
Training Limited (CART), a  
wholly owned subsidiary of  
CARE Ratings Ltd.

# 27<sup>th</sup> Annual General Meeting

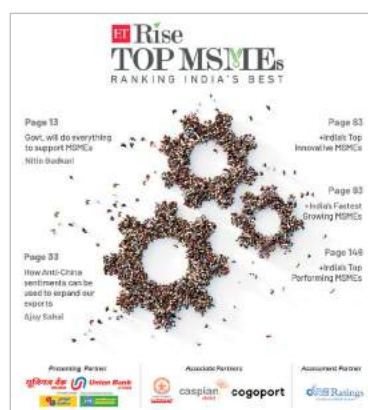


CARE Ratings held its **27th Annual General Meeting** on 8<sup>th</sup> September 2020. Unlike in the previous years, this was hosted via teleconferencing due to the COVID-19 pandemic, with all attendees participating virtually. The AGM was chaired by Mr. Najib Shah with members of the Board of Directors Mr. Adesh Kumar Gupta, Mr. V. Chandrasekaran, Ms. Sonal Gunvant Desai, Mr. Ananth Narayan Gopalakrishnan, Mr. Ajay Mahajan (MD & CEO) in attendance along with Mr. Navin Jain (Ex – Company Secretary).

## Knowledge Partnerships



CARE Ratings was associated as a 'Technical Partner' at CII's 11th Financial Markets Summit, a virtual event held on 21st & 22nd October 2020, on "Rebooting the Economy through Financial Market Reforms". CARE Ratings also published a Knowledge Paper on the same which was released at the event.



CARE Ratings was the Assessment Partner for "Economic Times RISE – Top MSMEs India Ranking 2020". The event was conducted over a digital platform on 16<sup>th</sup> October, 2020. A Ranking Handbook was released on the occasion which featured Mr. Ajay Mahajan's message. A half-hour episode of the felicitation ceremony was also telecast on ET Now channel.

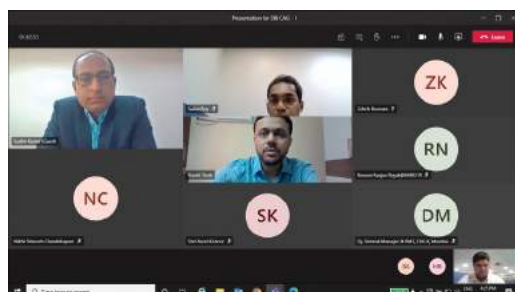


At the "IPF Industrial Excellence Forum 2021 (IIEF 2021) – Awards & Conference" on 15<sup>th</sup> January 2021, CARE Ratings was associated as a Knowledge Partner. Mr. Madan Sabnavis – Chief Economist, CARE Ratings, gave a special address at this event while Mr. Saikat Roy – Director, CARE Ratings moderated a panel discussion on "Are Indian SMEs ready for the future?".



# Knowledge-sharing Forums and Representations

The Senior Management team at CARE Ratings, alongside the Sector Specialists, and Economics, Industry & BFSI Research teams, with Business Development teams have been proactive in representing the company by participating in multiple knowledge-sharing forums. This is to leverage our diverse domain expertise in various industrial, economical and analytical processes. We can proudly claim that our employees have now participated in 108 knowledge-sharing forums.



# Corporate Social Responsibility (CSR)

COVID-19 is a global concern that individuals and institutions are grappling with. In such a situation, our CSR efforts have been focused on supporting organisations that are working to support different underprivileged sections of the society. It is with a great sense of satisfaction that we announce, CARE has gone above and beyond in addressing 360-degree concerns of the society, by ensuring that we are giving back on a larger scale, with contributions towards the following programs:

1. Child welfare program
2. Mid-day meal
3. Sponsorship of higher education
4. Vocational training and education for financial literacy
5. WeCARE sponsorship
6. Community development programs
7. Knowledge on wheels
8. Social and Financial Literacy for underprivileged children and adolescents

CARE Ratings has also given CSR funding to Sri Sathya Sai Health & Education Trust which helped children who underwent paediatric heart surgeries at Sri Sathya Sai Sanjeevani Centre for Child Heart Care at Nava Raipur (Chhattisgarh) and Palwal (Haryana). These surgeries were performed at operation costs of ₹ 1,50,000 per child. CARE Ratings contributed ₹ 30 lacs for this initiative.





**CARE Ratings** invites you to its Webinar on:

## Impact of COVID 19 on Renewable Sector – Current perspectives

Thursday | May 7th, 2020 | 1400 PM to 5:15 PM IST

**Agenda:**

- Coping strategies by Mr. Ajay Maheshwari, MD & CEO CARE Ratings
- Presentation on Perspectives of CARE Ratings by Mr. Ravi Arora,
- Panel Discussion on perspectives of Key Industry Leaders, moderated by Mr. Sudeep Agrawal, CARE Ratings
- Q&A

Speakers	
 <b>Mr. Ravi Arora</b> CEO CARE Ratings	 <b>Mr. Ajay Maheshwari</b> MD & CEO CARE Ratings
 <b>Mr. Sudeep Agrawal</b> MD & CEO CARE Ratings	 <b>Mr. Ravi Arora</b> CEO CARE Ratings

**Focus discussion points:**

- Impact of COVID-19 on operational portfolio
- Operational factors including 1) Power of plants
- Implementation and supply chain of Power plants
- Support from government by the Ministry of Power
- Manufacturing and supply
- Way forward



CARF Ratings  
Certified Risk Appraisers

CARF Ratings Webinar  
**Gold Loan NBFCs: Competitiveness of Gold Loan NBFCs**  
Monday, March 15, 2021 | 8:00 PM to 9:00 PM IST  
Monika Gaur, co-founder

Domestic NGOs have been challenging operating environment with the outbreak of COVID-19. During times of COVID-19, many of the NGOs across different states continue to have access to proper infrastructure, human capital and other resources however some of them are not. NGOs are facing various challenges in terms of financial resources, availability of services for field level and research and operations. Further, availability of online and offline services has been reduced. NGOs have been facing various challenges in terms of providing services to the vulnerable population, especially children and women. NGOs are also facing challenges in terms of providing services to the vulnerable population, especially children and women. NGOs are also facing challenges in terms of providing services to the vulnerable population, especially children and women.

For a complete list on the commitments of Qaid-e-Ladki-NIPCC, please visit our website which shall cover the following points:

- Release of resources
- Support for the struggling Qaid-e-Ladki environment and
- Support for the struggling Qaid-e-Ladki environment and

Qaid-e-Ladki NIPCC

Board Members	Speakers
 <b>Mr. N. K. Rameshwar</b> WFO-CCD International Labour Office	 <b>Mr. S. P. Chakrabarti</b> Associate Director Qaid-e-Ladki NIPCC
 <b>Mr. S. P. Chakrabarti</b> WFO-CCD International Labour Office	 <b>Mr. S. P. Chakrabarti</b> WFO-CCD International Labour Office

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## ASPE Ratings

### CME Ratings Webinar

# Impact of the lockdown on MSMEs

Friday, 17th July 2020 1:00 PM - 2:00 PM (GMT+05:30)

The start of a new wave of lockdown imposed since March 2020 has caused the spread of the coronavirus pandemic to reach a new level. MSMEs are severely impacted across almost all activity. Consequently the tax and business support measures implemented by governments globally to help in the efforts to contain and mitigate the pandemic (MSME support) being particularly vital for MSMEs. This webinar will discuss the current economic impact of the lockdown, the tax and business support measures implemented to support MSMEs and the MSME support measures implemented by governments worldwide. For the MSMEs, it was primarily by way of providing financial support through financial aid and employment support and business facilities.

In this webinar we will see the impact of the lockdown on the MSME segment and examine if the support has benefited from the central government and state government support. We also attempt to explain the impact of any country's MSME support and MSMEs.

- Special economic package for MSMEs - loan forgiveness by MSMEs in interest of additional loan term and income government budget packages
- Impact of the lockdown on MSMEs
- Benefit of tax and MSME definition
- MSME support

[View CME Schedule](#)

### Guest Speakers



**Dr. Chaitanya Kumar**  
Senior Lecturer, IIM Ranchi  
Former CEO of IIM Ranchi



**Dr. Mahesh Kumar**  
Senior Lecturer, IIM Ranchi  
Former CEO of IIM Ranchi

### Speakers



**Dr. Nagesh Das**  
Senior Lecturer, IIM Ranchi  
Former CEO of IIM Ranchi



**Dr. Anand Kumar**  
Senior Lecturer, IIM Ranchi  
Former CEO of IIM Ranchi





## Can steel recovery portend well for raw materials?

by **Chris Williams** | **Steel** | **Raw Materials**

**Ticker:** **29.300** **100.00%**  
**1.00 pm ET**

Iron ore and coking coal are the backbone raw materials used to make steel, and the price of these commodities has been on a roller coaster ride for the past several years. The price of iron ore has been on a particularly wild ride, with prices peaking in 2008 and then crashing. In 2009, prices fell to a low of around \$40 per tonne, but have since recovered to around \$100 per tonne. This recovery has been driven by a combination of factors, including a rebound in steel demand and a decline in supply. The recovery in steel demand has been driven by a combination of factors, including a rebound in construction and manufacturing. The decline in supply has been driven by a combination of factors, including a decline in production and a decline in exports.

These price swings are a testament to the volatility of the raw materials market, and they underscore the impact of economic events on commodity prices. As the economy recovers, it is likely that the price of raw materials will continue to rise. This could have a number of implications for the steel industry, including higher costs for steel producers and higher prices for steel consumers. It could also have implications for the broader economy, as steel is a key input for many industries. The recovery in steel demand and the decline in supply could also have implications for the price of iron ore and coking coal. If the price of these commodities continues to rise, it could lead to higher costs for steel producers and higher prices for steel consumers. This could also have implications for the broader economy, as iron ore and coking coal are key inputs for many industries.

**Guest Blogger**

 **Michael J. Smith**  
 Director of Steel  
 CRS Ratings

**Raw Materials**

 **Chris Williams**  
 Editor  
 CRS Ratings

**Steel**

 **Michael J. Smith**  
 Director of Steel  
 CRS Ratings

**Follow CRS Ratings**

CARE Ratings® is pleased to invite you for a Webinar on

# Covid19 impact on the Indian Economy

Monday : April 20, 2020 : 4.00 PM IST to 4.45 PM IST

Speakers:



Mr Mohd Farid, Executive Director:  
CARE Ratings Ltd.



Mr. Mohan Aravam, Chief Economist:  
CARE Ratings Ltd.

*(Note: The original image contains a large, faint watermark 'CARE' diagonally across the slide.)*



# Sectoral Views, Reports & Publications

The Industry and BFSI research team cover over 65 sectors. Sector specialists also give their views on various developments from time to time which blends the expertise of our rating and research specialists. The inputs from the Industry research team aid the rating analysts in understanding the demand-supply and outlook prospects of a particular industry. The division also publishes thematic reports, reports on developments pertinent to the sector and updates on the tracked sectors on a regular basis, with an average of 70 reports published every month.



**Update on Coal - April 2021**  
India's coal production reported a marginal fall in the second half of FY21 as against a sharp fall in production in the first half...



**Update on Gold Prices - May 2021**  
Gold has come back into favour and we have seen the price reach \$1850 mark last month. This report analyses how interest rates, currencies, and crypto currency all helped to make this happen...



**Update on Steel - April 2021**  
India's steel production and consumption saw exponential growth of 14.17% and 5.14% respectively in April 2021 compared with April 2020...



**Update on Prices of Non-ferrous Metals**  
The report explains the bull run in metal prices driven by a combination of higher demand & supply constraints...



**C Update - Timeline needed for completion of RPs in March 2021 vs previous year**

Insolvency and Bankruptcy Act of India (IBBI) has undertaken several measures in the wake of the COVID-19 pandemic across India to contain the impact of spread...



**Ambit of Emergency Credit Line Guarantee Scheme - ECLGS - expanded to include new sectors**

Last year the pandemic had created supply related disruptions due to strict nationwide lockdown, however the second wave has created a demand shock for the...



**Gross NPAs to decline in FY21**

NPAs are expected to decline in FY21 due to restructuring, write-offs and resilience in the economy. Several regulatory and government support schemes also helped borrowers to access liquidity and conserve cash flows...



**Update - Growth in Deposits and Credit - May 23, 2021**

The additions in deposits was 2.2 times the addition in credit outstanding over last 12 months



**Airtel Airtel upgrades post-paid plans with an aim to increase ARPU**

A telecom industry has been instantly hinting towards the need for an upward push in the average revenue per user (ARPU) and the telcos aim to increase their respective ARPU levels to at...



**Movement in Housing Prices**

Housing prices appeared to be recovering in Q4 of FY21 as the economy emerged gradually from the pandemic...



**Trends in Advertising and Sales Promotion spends FY16-20**

There is a link with sales growth with good years also showing higher spending growth. While consumer oriented industries tend to spend more as proportion of sales, it comes as a surprise with...



**Update on Food Services Industry - June 2021**

This industry has been affected both positively and negatively by the pandemic. Adversely due to forced closure of restaurants. Online delivery however got a boost but was not able to compensate for this loss of...



**Mutual Funds Monthly Tracker - April 2021**

Assets under Management (AUMs) of the Indian Mutual Fund Industry touched new high of Rs.32.3 lakh crore growing significantly by 1.8% y-o-y in April 2021 and insisting to an asset base of Rs.8.3 lakh crore, while...



**Life Insurance first year monthly premium - FY 22 starts on a strong note**

The Life Insurance sector has begun FY22 on a positive note with April 2021 showing a significant growth as compared with the previous years...



**Update - Growth in Deposits and Credit - May 08 2021**

Despite a fall in absolute values over previous fortnight, bank credit growth marginally improved, while deposits growth was lower vs. the previous fortnight...



**Non Life Insurance Premium - FY22 starts off with a bang on a low base**

Even as the second wave of Covid has caused the nascent buds of economic recovery to wilt in April 2021, the non-life insurance industry has put up a strong performance as the April 2021...



**Update on Sugar - February 2021**

As per the second advance estimates released by the Indian Sugar Mills Association (ISMA), sugar output in India is expected to increase by 10.2% y-o-y to 30.2 million tonnes during the sugar...



**Agri Outlook - February 2021**

The second advance estimate for agricultural production predicts a bumper foodgrains harvest as well as peak production for several other crops...



**Fertilizer Industry Update - February 2021**

Production, Imports and Sales during April-December 2020 i.e. 9H-FY21



**Update on Edible Oils - January 2021**

The demand for edible oils in line in year 2019-20 (Nov-19-Oct-20) was largely affected due to the global outbreak of Covid-19 and consequent imposition of lockdown and varied restrictions...



**ARE rated toll roads resilient to Covid II**

ARE Ratings' investment grade road portfolio is likely to deliver stable credit performance, despite Covid II. Forty seven out of 116 ARE rated investment grade operational projects are likely to be stable from credit...



**Ports Sector - Downside risks alongside recovery**

The fall in economic activity and global trade has had a direct bearing on the cargo traffic handled at the Indian ports. Following the sharp decline during April-August 2020, there has been a progressive improvement in the volume of cargo traffic at Indian...



**Update on Power Sector - March 2021**

Power generation and consumption is expected to improve in FY22 with the anticipated higher levels of economic activity and optimism that the vaccination programme would facilitate normalization and restore economic expansion...



**Update on Warehousing Industry - April 2021**

The warehousing market is to expand to Tier-2, Tier-3 and Tier-4 cities as well. Work from home (WFH) may result in a resource shift to smaller towns. With employees based out of Tier-2, 3 & 4 cities it will lead increase in local consumption of ware...



**State Government Borrowings - July 27 2021**

3 states raised a total of Rs. 7,000 crore at the auction of the state government securities or state development loans (SDLs) held today...



**Liquidity Report 19-23 July 2021**

During the holiday truncated week of 19-23 July 21, the liquidity surplus in the banking system, although lower than that in the preceding week continued to be substantial...



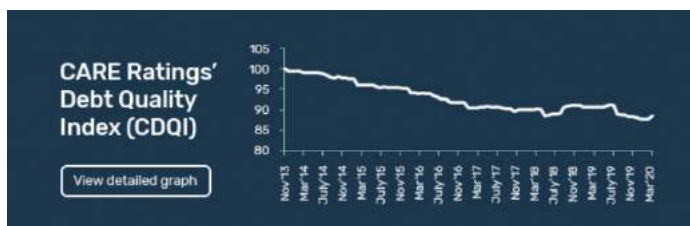
**Economic Outlook for India FY 2021-22**

We present here our revised forecasts for the year which we believe will hold unless there is another serious shock either in India or the global economy...



**ECB's monetary policy focussed on supporting inflation**

ECB has retained its position of relative open rates, interestingly this inflation target of 2% on durable basis is important because it implies that transient higher...



**Government Spending on healthcare**

Ever since the pandemic struck, there has been a lot of focus on healthcare. Governments at both levels have been making the right sounds. But is this enough and does this get translated into numbers?



**Capacity Utilization in Industry**

The sector has witnessed fairly volatile though predictable trends with an increase in March followed by tapering down of those rates. This gets reflected in the gross fixed capital formation rate at the economy level...



**Comparative Profiles of States going for Elections**

Four states and one Union Territory are scheduled to have assembly elections in March-April. In this backdrop, we have mapped them the broad economic and financial profiles of those states/UTs and examined how they stand/compare...



**Where is The Government Spending**

A question that often is asked is where exactly is the government spending money? CARE Rating analyze the direction of spending across functions for both the centre and states (19 of them) & comparisons over different year...

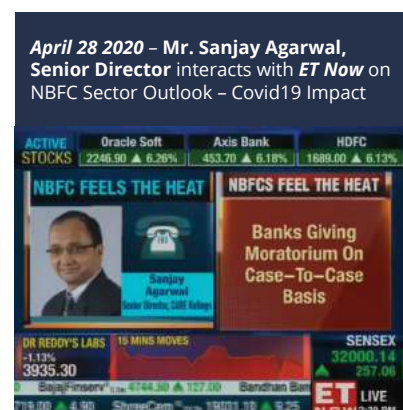
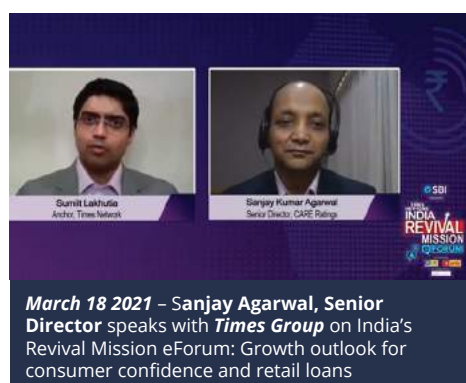
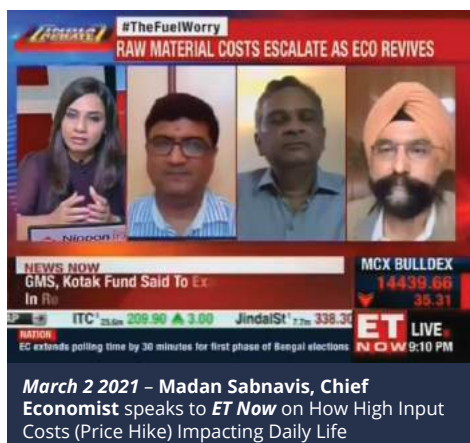
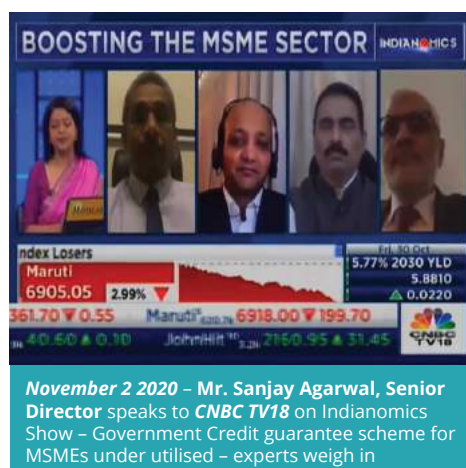
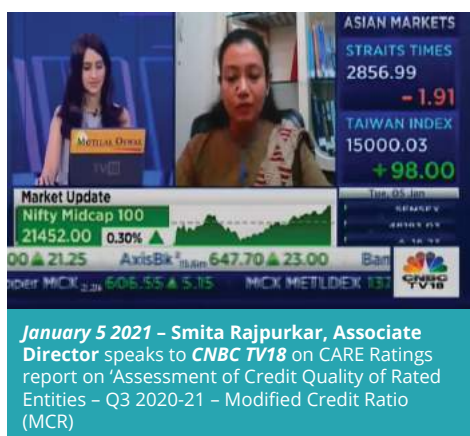
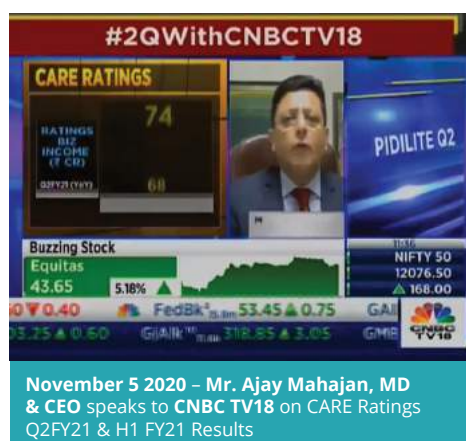
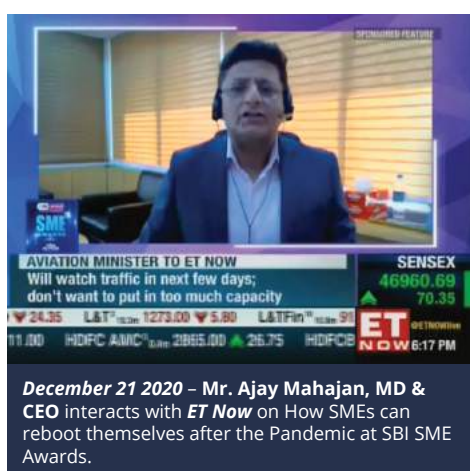




# CARE Ratings in the Media

CARE Ratings' published reports, updates and newscasts on various sectors and economies are widely covered across all media. Our Senior Management team is regularly seen at prominent news channels, and their views and quotes are published across major print editions and online news portals. CARE Ratings' reports and insights have often been quoted by prominent columnists, thought leaders and influencers on social media, with over 2000 quotes, mentions, and interviews over the course of the year.

## TV Coverage





BUSINESS LINE 18/12/20

**'No big NPA shock for banks this fiscal'**

Financial Services Secretary Debashish Panda says loan repayments up after unlock

NEW DELHI: The government's decision to relax the financial services sector's NPAs (Non-Performing Assets) for FY21 has not caused a major shock to the industry, says Financial Services Secretary Debashish Panda. He says that the industry has been expecting this move for some time and that the government's decision is in line with the industry's expectations.

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THE ECONOMIC TIMES

**Combined Fiscal Deficit Likely to Cross 13% for FY21: CARE Ratings**

Estimate more than double govt's target of 6.4%

Our Bureau

NEW DELHI: CARE Ratings has estimated that the combined fiscal deficit for FY21 will cross 13%, more than double the government's target of 6.4%.

The estimate is based on the government's budget for FY21, which shows a fiscal deficit of 6.4%. However, CARE Ratings believes that the actual deficit will be higher due to various factors, including the impact of the COVID-19 pandemic on the economy.



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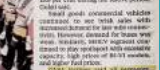
BUSINESS STANDARD 9/12/20

**Car retail sales up 4% in Nov, two-wheeler sales down 21%**

A. Srinivasan

NEW DELHI: Car retail sales in November 2020 rose 4% from October, while two-wheeler sales fell 21%.

The Automotive Component Manufacturers Association of India (ACMA) reported that car sales were up 4% in November, while two-wheeler sales were down 21%.



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THE ECONOMIC TIMES 13/01/21

**Budget Likely to Pencil in FY21 Fiscal Deficit at 7.5%: Experts**

FALLING SHORT Tax revenue unlikely to make up for shortfall due to lockdown

NEW DELHI: Experts believe the government's FY21 budget will show a fiscal deficit of 7.5%, higher than the 6.4% target.

The experts say that the government's budget for FY21 is likely to show a fiscal deficit of 7.5%, which is higher than the 6.4% target set by the government. They believe this is due to the impact of the COVID-19 pandemic on the economy, which has led to a significant drop in tax revenue.



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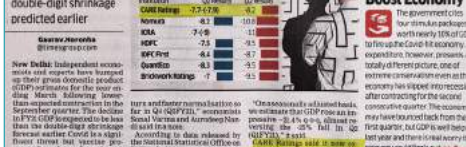
THE ECONOMIC TIMES 30/11/20

**Economists Upgrade GDP Forecasts After Q2 Surprise**

Expect decline in FY21 GDP to be less than double-digit shrinkage predicted earlier

NEW DELHI: Economists have upgraded their GDP forecasts for FY21 after a surprise Q2 performance.

The economists say that the government's Q2 GDP growth of 11.1% was a surprise, as it was higher than the 9.5% forecast. This has led them to upgrade their FY21 GDP growth forecast from 3.5% to 5.5%.



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XXXX 00/00/00

**'NPAs may move up by 5 per cent'**

CARE Ratings starting checks after hearing about an uptick in NPAs

NEW DELHI: CARE Ratings has started checking for an uptick in NPAs (Non-Performing Assets) after hearing about a potential increase.

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MINT 04/03/21

**State governments witness a decline in borrowing costs**

After rising to an 11-month high, borrowing costs for states

NEW DELHI: Borrowing costs for state governments have declined after rising to an 11-month high.

The Reserve Bank of India (RBI) reported that borrowing costs for state governments have declined after rising to an 11-month high. This is due to the RBI's intervention in the bond market.

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FINANCIAL EXPRESS 03/02/21

**BUDGET 2021 CARE RATINGS: SECTORAL ANALYSIS**

Financial Express 11/01/2021

**Financial Express - 11-1-2021**

Financial Express 03/02/2021

**Change in ideology brings breath of fresh air**

WILLIAMSON: A change in ideology brings breath of fresh air

NEW DELHI: Williamson says a change in ideology brings breath of fresh air.

Williamson says that a change in ideology brings breath of fresh air. He says that the government's decision to relax the financial services sector's NPAs (Non-Performing Assets) for FY21 is a positive step.

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THE MINT 00/00/00

**LIFE INSURANCE INDUSTRY TO RECOVER IN NEXT QUARTER, SAYS CARE**

All insurers, which have seen their first-quarter premiums

NEW DELHI: CARE Ratings expects the life insurance industry to recover in the next quarter.

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HINDU BUSINESS LINE 17/02/21

**Govt can raise up to ₹12,800 cr if it divests in two PSBs: CARE**

OUR BUREAU

NEW DELHI: CARE Ratings says the government can raise up to ₹12,800 crore by divesting in two public sector banks (PSBs).

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THE ECONOMIC TIMES 21/12/2020

**IBC Suspension Likely to be Extended by 3 more Months**

Final decision on issue soon; current relief ends on Dec 25

NEW DELHI: The Insolvency and Bankruptcy Code (IBC) suspension is likely to be extended by 3 more months.

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THE ECONOMIC TIMES 21/12/2020

**POLYMERISER FIRM BUSINESSES NEED RELIEF FOR SOME MORE TIME**

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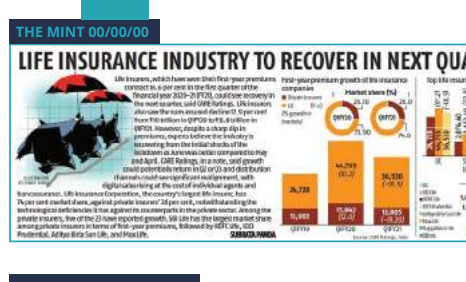
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THE MINT 00/00/00

**Oil & Gas**

Oil &amp; Gas



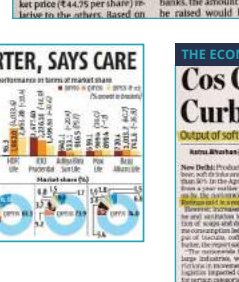
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**FMCG**

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THE ECONOMIC TIMES 21/12/2020

**Cos Go Slow on Water, Beer as Curbs Keep Consumers Away**

Output of soft drinks, ice creams fall too, but hygiene, food items jump in Apr

NEW DELHI: The output of soft drinks and ice creams has fallen due to curbs on consumers.

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THE TIMES OF INDIA 24/11/20

**GDP set to shrink much less in Q2**

New Delhi: GDP set to shrink much less in Q2

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THE MINT 00/00/00

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# Awards & Accolades



CARE Risk Solution Pvt Ltd (CRSPL) has been ranked 86<sup>th</sup> in the overall list of RiskTech100 vendors globally in its maiden submission and got recognized in the Rising Star Award category for 2021 by Chartis Research, the leading provider of research and analysis on the global market for risk technology.

# MD & CEO Outreach

**Mr. Ajay Mahajan, MD & CEO, CARE Ratings regularly interacts with industry leaders and investors on various platforms. Here is a list from the last 12 months:**

- Company's investors' call on Q4 FY'20 and FY'20 Financial Results on 19<sup>th</sup> June 2020.
- 'Impact of COVID-19 on Rating Agency' on 30th Sept 2020 with Ms. Hiral Dadia (Editor & Anchor, Nirmal Bang Group) This interview was accessible to 7.81 lakh people across social media platforms and 20,000 corporates and market investors.
- CII's 11th Financial Markets Summit on "Rebooting the Economy through Financial Market Reforms", 21st & 22nd Oct 2020. Moderated 'Alternate Assets - Key to Financing the Economic Growth'. Panel speaker on 'Management of NPAs - Key to a Robust Economic System'
- Panel speaker at FICCI's conference 'Building Resilience in the Sector: A Robust Regulatory & Governance Regime'.
- Keynote speaker at Symbiosis Institute (SIBM)'s leadership conclave, Arcturus 2020 (virtual) on 24th & 25th Oct 2020 on 'Envisaging the New "Business as Usual"'.
- Company's investors' call on Q2 FY'21 and H1 FY'21 Financial Results on 5th Nov 2020.
- Interaction with ZEE Business on CARE Ratings Business Outlook on 2nd Dec 2020.
- Appeared on 'How SMEs can reboot themselves after the Pandemic' on Times Now & ET Now for SBI SME Awards on 19th Dec 2020.
- Interaction with CNBC TV18 on CARE Ratings Q2 FY21 & H1 FY21 Results on 5th Nov 2020.
- Interaction with ET Now on "Leaders of Tomorrow Show", 8th Jan 2021.
- Appeared on ET Now on CARE Ratings' Q3 FY'21 Results on 8th Feb 2021.

**LIVE WEBINAR**

**30th Sept 11.30 AM**

**IMPACT OF COVID ON RATING AGENCIES**

**Mr. Ajay Mahajan**  
MD & CEO, CARE Ratings Ltd  
in conversation with  
Ms. Hiral Dadia (Anchor & Editor)

**Live to Lend Another Day**

**Tuesday, 19th May | 6.30 PM IST | Zoom Webinar**

**Ajay Mahajan**  
MD & CEO  
CARE Ratings

**Aram Vankar**  
Independent Director,  
BKL, Axis AMC,  
and Econ Express

**Jagjit Bindra**  
Chairman  
Centum Group

**KVS Menon**  
Whole Time Director,  
Group Management  
Council Member  
Kotak Mahindra Bank

**Rakesh Singh**  
MD & CEO  
Aditya Birla Finance

**Rohit Sawhney**  
MD & CEO  
India Ratings & Research

**Executive Access**

**Native**

**MD & CEO CARE Ratings on ET Now - 19-12-2020**

**#2QWithCNBCTV18**

**APOLLO TYRES Q2**

Margin Beat, +540 Rev YTD At 16.2%

APOLLO TYRES 145.10 1.22%

**Buzzing Stock**

Sun TV 442.35 5.84%

con't 407.30 3.20

ET Now

**EXCLUSIVE**

**अनिल सिंघवी**

**अजय महाजन**

**MARKET UPDATE**

Nifty Bank 29670.50 0.49%

Nifty PSU Bank 1608.80 0.35%

194.15 0.25

114.50 0.60

Astrazeneca

**CRUDE OIL**

47.05

44.14

**MCX Gold Feb**

48361.00

**FIRST ON ET NOW RECOVERY ON TRACK?**

**ORTHOPOEDIC CASE**

SC defers hearing by 6 weeks in view of Centre's submission

**NIFTY FUT**

15083.00

**JobFeed**

2805.89 55.70

**ET NOW**

**IN CONVERSATION WITH AJAY MAHAJAN**

**SUNANDA JAYASEELAN**

**NEWS NOW**

3-Day Brisbane Lockdown Puts Ind vs Aus 4th Test Match Under Fresh Cloud

**MCX METLDEX**

13852.84

272.12

# CARE Ratings (Africa) Private Limited (CRAF)

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius from May 7, 2015. It is also recognized by the Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 9, 2016. In February 2019, CRAF has received the approval of the Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya under the Capital Markets Act, and the Regulations and Guidelines issued thereunder.

During the financial year under review (FY21), CRAF has assigned ratings to 30 corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd., Bank One, CIEL, CIM, Ascencia, SBM Factors, Lavastone, Omnicane, Alteo, MUA, and ENL. In FY21, CRAF has assigned credit ratings to bank facilities and bond issues aggregating to around MUR 55 billion (MUR 40 billion in FY20).



# CARE Ratings Nepal Limited (CRNL)

CARE Ratings Nepal Ltd. (CRNL), incorporated in Kathmandu, Nepal, is an authorised credit rating agency licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL offers a wide range of rating services in the Republic of Nepal. Despite a challenging business environment where the GDP growth rate of the country shrank, CRNL registered a significant growth in revenue from operations in FY21. Revenue growth was primarily driven by the increase in bank loan and issuer ratings with the continuous addition of new clients through our marketing efforts.

It is important to note that the credit rating business depends on the overall size of the rateable universe and the same has been increasing on account of new guidelines issued by the Nepal Rastra Bank. The current market of rating business is at a nascent stage and a lot of initiatives are required by the credit rating agencies to educate the industry, bankers, and the issuers. Going forward, the opportunities for the growth of business in Nepal continue to remain good.





# CARE Advisory Research and Training Limited (CART)



CARE Advisory Research and Training Limited (CART) is a wholly owned subsidiary of our Company, which was incorporated on September 06, 2016, and has been in the business of Advisory and Research. It offers services in the area of Corporate Advisory, Project Evaluation & Monitoring, Credit Analytics, Customised Industry and Company Research, Due Diligence and Gradings. CART also provides credible, high-quality research and analytics to Corporates, Financial Institutions, Banks and Institutional Investors. The past year has seen a change in its leadership with Mr. Sudip Sural taking over as CEO.



# CARE Risk Solutions Private Limited (CRSPL)

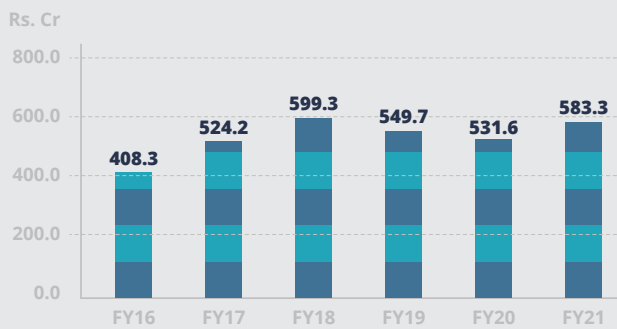
CARE Risk Solutions Private Limited – a wholly-owned subsidiary of CARE Ratings Ltd., has over 15 years of global experience in providing cutting-edge Risk & Compliance solutions to Banks and Financial Institutions. With a sustained presence in more than 10 countries and with over 80+ implementations, CARE Risk Solutions Private Limited has consistently focused on customer experience and helping financial institutions manage Governance and control Financial & Operational risk. CARE Risk Solutions Private Limited has been recognized as one of the Best 100 Risk Management Providers across the globe as part of "Chartis Research's market-leading RiskTech100®" by renowned Risk Analyst Firm, Chartis Research. It has also been awarded the reputed award of "Rising Stars for year 20-21". The above recognitions have given thrust to the organization's growth plans.



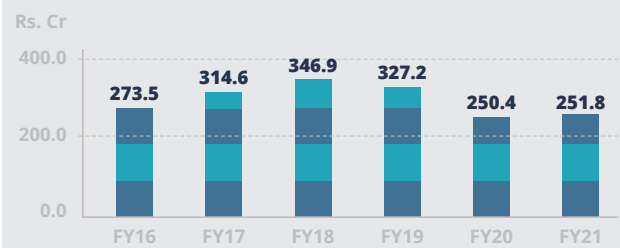
# Performance Snapshot



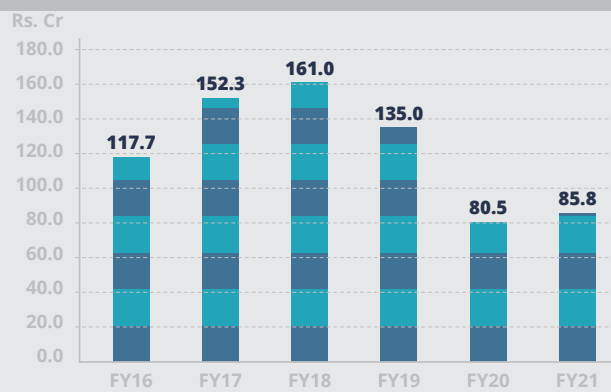
## Networth



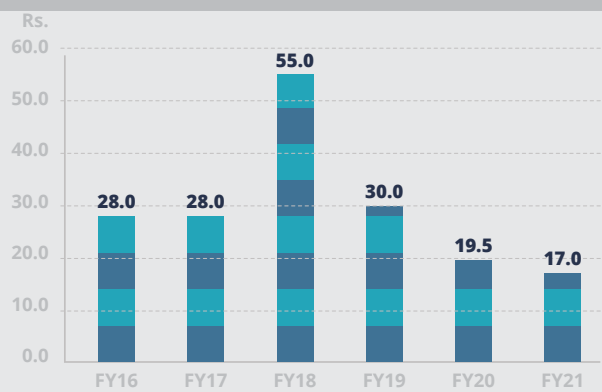
## Total Income



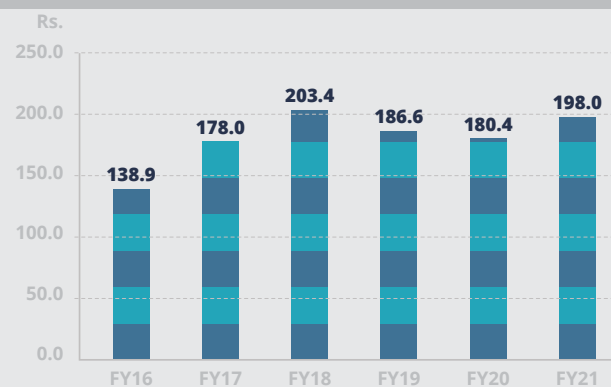
## Profit After Tax



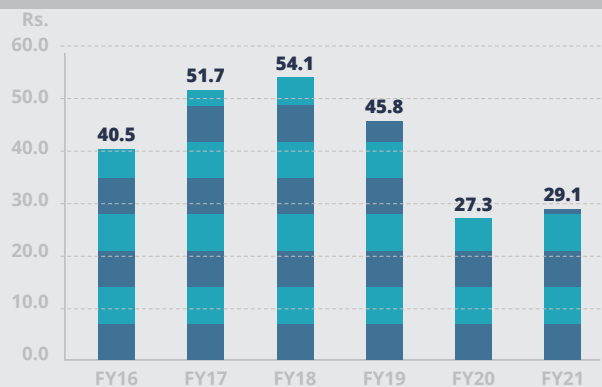
## Dividend Per Share



## Book Value Per Share



## Earnings Per Share





# Directors' Report



Your Directors are pleased to present the Twenty Eighth (28<sup>th</sup>) Annual Report of your Company along with the audited Financial Statements for the year ended March 31, 2021.

## From headwinds to soaring high

The financial year 2020-21 was challenging in more ways than one. The breakout of the COVID-19 pandemic meant that your Company had to transition to new ways of working due to extended lockdowns and their attendant restrictions. This meant that we had to explore new ways of optimising work by leveraging technology, blending the new work-from-home paradigm with a severely limited physical presence in offices.

Your Company is happy to inform you that this transition was made without compromising either on the efficiency that we are known for or safety of its employees. Every employee was equipped with all the resources they need to help them function smoothly and seamlessly across verticals. All client deliverables were fulfilled and all regulatory and government compliances were met on time despite all the hurdles in our way.

## Economic Backdrop 2020-21

To say that COVID-19 has adversely impacted the Indian economy is an understatement. Coming as it did on the heels of two successive years of subdued economic growth, the Country's economy experienced the sharpest contraction on record in 2020-21. From a growth of 4.2% in 2019-20, the second advance estimate by the Central Statistics Office had projected an 7.3% contraction in India's GDP in 2020-21.

The impact of the lockdown restrictions was felt across both, the industrial and service sectors, with each of these contracting on a yearly basis in 2020-21. The sharp drop in consumption, lower output and consequently, the capacity utilization alongside uncertainty regarding the economic and business prospects in the backdrop of the pandemic kept private investments at bay. The manufacturing sector capacity utilization dropped to 47.3% in Q1 2020-21 and despite improvement to 66.6% in Q3 continued to be low, deterring fresh investments.

The lower levels of economic activity in 2020-21 have had severe financial ramifications for businesses; many of them faced insufficient cash flows which impacted their operations, sustainability, and viability. While the fund requirements of businesses increased it has been mainly for sustaining their operations. The policy makers i.e. the government and the RBI announced various measures to help businesses faced with fund constraints. These measures mainly included making available adequate funds/ liquidity in the system for Banks to lend, lowering the rate of interest, moratorium on the repayment of loan, debt restructuring and credit guarantees.

In terms of fund raising by businesses in 2020-21, borrowings from Banks were tempered and that from the overseas markets have been significantly lower. There was also a sharp drop in the short-term borrowings from the debt capital markets while fund raising through the long-term issue of corporate bonds were higher.

As of the end of March'21, the outstanding aggregate bank credit amounted to ₹ 109.5 lakh crore, ₹ 5.8 lakh crore higher than end-March 2020. Bank credit growth in 2020-21 was 5.6% v/s the 6.1% growth of 2019-20. In terms of sectors, incremental lending during the financial year has been marginally higher in the case of the services sector (growth of 2.5%) while declined in the case of the industry (-4.1%). In terms of bank borrowings by industry, the large enterprises accounted for the largest share at over 80%. Credit offtake by them has however been 6% lower (year-on-year). On the other hand, incremental credit offtake by medium-size enterprises has seen a notable growth of 23%. This can be credited to the central government's credit guarantee support provided to these enterprises.

Commercial paper issuances during the fiscal stood at ₹ 17.4 lakh crore, 21% lower than the previous year (₹ 21.96 lakh crore). The decline has been tied to the lower requirement of short-term funds by corporates consequent to the lower levels of activity due to the pandemic.

Bond issuances in 2020-21 aggregated ₹ 7.73 lakh crore, a 12.2% growth over the previous year. Higher issuances during the fiscal were aided by the RBI's policy measures including LTROs and TLTROs which made funds available at a cheaper rate. Issuances were high in Q1-FY21 as companies took efforts to prepare their balance sheet to weather economic uncertainties owing to the pandemic. Nearly 75% of the issuances during the year were by Banks and NBFCs. 46% of the issuances during the fiscal have been raised by public sector undertakings (PFC, REC, HUDCO, NABARD, NHB, NTPC, NHAI, EXIM, IRFC among others).

G-Sec yields witnessed significant volatility during 2020-21 and ended the year around the levels at the start of the year. Yield movement was largely driven by the demand-supply dynamics and the RBI's open market operations (OMO's) and monetary policy actions.

Retail inflation in 2020-21 averaged 6.4%, compared with 4.8% in 2019-20 and was the highest annual increase since 2015-16. Despite the high levels of inflation, the RBI has been maintaining its accommodative monetary policy stance with the objective of supporting a durable economic recovery. The underlying inflationary pressures however have limited the RBI's ability to lower rates further.

## Paving the road for the future: The Response

Your Board was cognisant of these challenging developments and took several decisions with a focus on improving the overall performance of your Company:

- Strengthening the leadership and overall quality of the team at all levels
- Reviewing and toning-up processes end-to-end
- Creation of a Strategy and Investment Committee
- Induction of new members in the External Rating Supervision Committee
- Emphasis on increased use of technology
- Bolstering the business of subsidiaries
- Brand building

We now have in place systems that are resilient enough to make our business agnostic to the work location, be it remote or in-office. The fact that we have weathered the storms of the COVID-19 pandemic has given us the confidence to not just do better, but also to face future uncertainties.

The performance of the Company has to be seen in this backdrop.

## Financial Performance

Your Company's Financial Performance for the year ended March 31, 2021 is summarised below:

### Summary of Financial Performance

(₹ in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from Operations	219.66	219.10
Other Income	32.12	31.34
<b>Total Income</b>	<b>251.78</b>	<b>250.44</b>
Total Expenditure	139.05	150.19
<b>Profit Before Tax (PBT)</b>	<b>112.73</b>	<b>100.25</b>
Provision for Tax	26.90	19.75
<b>Profit After Tax (PAT)</b>	<b>85.83</b>	<b>80.50</b>
Other comprehensive income/ (loss)	2.04	(0.70)
Total comprehensive income for the period	87.87	79.80
<b>Appropriations</b>		
Interim Dividend	32.41	50.08
Tax on Interim Dividend	-	10.29
Final Dividend	7.37	35.35
Tax on Final Dividend	-	7.27
<b>Total (Dividend Outflow)</b>	<b>39.77</b>	<b>103.00</b>
Transferred to General Reserve	-	-

Total income of the financial year FY21 is ₹ 251.78 crore, 0.53 % higher than FY20. Other income of ₹ 32.12 crore is higher than the previous year while there has been only a slight increase in the revenue from operations, which stood at ₹ 219.66 crore in FY21. This is despite the impact of the pandemic on the industry.

Total expenditure of ₹ 139.05 crore is 7.42% lower in FY21 on account of notable decline in the other expenses and finance costs. Salary expenses at ₹ 103.24 crore in FY21 are 6.77% more than previous year.

Net profit for the year buoyed at ₹ 85.83 crore, reasonably higher than corresponding Financial Year due to savings on certain expenses.

## Dividend

The Company paid a total interim dividend of ₹ 11/- per equity share amounting to a pay-out of ₹ 32.41 crore. The Board has recommended final dividend of ₹ 6/- per equity share amounting to a pay-out of ₹ 17.68 crore for FY 2020-21, for approval of members at the ensuing Annual General Meeting. The dividend recommended is in accordance with the Company's Dividend Distribution Policy and would be paid in compliance with the applicable rules and regulations. The Dividend Distribution Policy is appended as **Annexure-I** to the report and is available on the website of the Company at [https://www.careratings.com/Uploads/newsfiles/Policies/05022021012452\\_Dividend\\_Distribution\\_Policy.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/05022021012452_Dividend_Distribution_Policy.pdf).

The Company has adopted a slightly conservative dividend policy to consider investing retained earnings in the future growth of the Company. In this context, the Board of Directors has constituted a Strategy and Investment Committee to evaluate any strategic investment to support the growth plan of the Company.

### Transfer to Reserves

On account on having ESOPs lapsed of employee who had resigned, ₹ 2.44 crore has been transferred to the General Reserve of the Company during the said period. Apart from above, no other amount has been transferred to any reserves during the year under review.

### Share Capital

During the financial year under review, the Authorised Share Capital of your Company has been increased from 3,00,00,000 Equity Shares of face value ₹ 10/- each amounting to ₹ 30,00,00,000/- (Rupees Thirty Crore only) to 3,50,00,000 Equity Shares of face value ₹ 10/- each amounting to ₹ 35,00,00,000/- (Rupees Thirty Five Crore only) and the Paid-up Share Capital remains unchanged comprises of 2,94,61,214 Equity Shares amounting to ₹ 29,46,12,140/- (Rupees Twenty Nine Crore Forty Six Lakh Twelve Thousand One Hundred and Forty only). During the financial year ended March 31, 2021, the Company has not issued and allotted any Equity Shares.

### Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Section 134(3)(a) of the said Act, the Annual Return containing details as on March 31, 2021 is available on the Company's website on: <https://www.careratings.com/financial-reports.aspx>.

### Organisational developments

The year began with a change in leadership when the Board of Directors appointed Mr. Ajay Mahajan as the MD & CEO in April 2020. There have been appointments for the CITO (Chief Information and Technology Officer), CRO (Chief Ratings Officer), CFO (Chief Financial Officer), Company Secretary and Head of Compliance, and CCO (Chief Culture Officer).

There was also the appointment of a new CEO for our subsidiary CART. At the senior management level, your Company has hired all these professionals from the industry with a long and established track record in their respective fields. With all these new appointments in place, the leadership team is all set to take usher the Group into a new era of high growth.

The agenda that has been carried out by the management in the year can be clubbed under three heading: business operations, outreach and human resources.

### Toning up Processes

Your Company continued to be the second largest credit rating agency in India. The focus was on constantly reviewing the prevailing process and improving them. This meant sharpening the analytical output, increasing the use of technology to facilitate productivity & superior analysis, and to focus on better value product offerings/ segments.

### Creation of a Strategy and Investment Committee

Your Company was conscious of the need to pursue a growth path – organically & inorganically. A Strategy and Investment Committee constituted by the Board on April 15, 2021 with three Directors has been established to explore various options. While income from Credit Ratings forms the core of your Company's business, our research indicates that there are new-age businesses in our known domains which will complement the Group's product offerings and catapult CARE into the right growth trajectory. Without losing focus on our core competence, it was felt that going forward a diversification strategy into other service-oriented segments needed to be explored. Thus our subsidiaries, CARE Risk Solutions Private Limited (CRSPL) and CARE Advisory Research and Training Limited (CART) are being revitalised with an emphasis on enhancing both our product offerings and functionalities.

### Business Operations: Retaining our Position

In a highly challenging and uncertain scenario, your Company's focus was on consolidating its client presence with high-quality rating output. Right during Q1, a comprehensive review of COVID-19's impact on major sectors and companies was undertaken. Over the rest of the year, this initial impact assessment was continually mapped against the unravelling sectoral developments as the economy was gradually 'unlocked'. Your Company took special efforts to share its assessments and views with a wide spectrum of stakeholders including corporates, industry associations, investors, lenders, regulators and policy makers. Various measures were taken to disseminate our views and this included top-quality webinars which had a broad-based presence from leading experts from the industry.

On the business front, your Company's focus continued to remain on large and mid-corporates. While the number of new entities rated showed a decline across the industry for second successive year, your Company managed well to retain its position as the second largest rating agency in the country. To achieve this, consistent client outreach and focused engagements helped. Although the SME BLR rating business did get impacted to a greater extent in terms of new entities rated, the technology-enabled models helped your Company to service this segment well.

On the side of Structured Finance, we added many new products such as Replenishment Securitisation Structure, Covered Bonds, Pooled Loan Issuances (PLIs) and PTCs backed by corporate NCDs. We added several new clients/ issuers, all being NBFCs serving the underprivileged and providing credit-access to a deprived population.

Effective May 2020, some of the products were transferred to CART in line with regulatory guidelines. Another segment of the business, MLD Valuation Services, got transferred to another subsidiary, CRSPL. During H2FY21, the RBI introduced the One Time Restructuring (OTR) scheme for corporate borrowers. Such OTR proposals required the Resolution Plan (RP) rating. Your Company served the requirements of the lenders for such ratings.

### **Strengthening the External Rating Supervision Committee**

The External Rating Supervision Committee which is a supervisory body for doing a post-facto review of criteria & processes and suggests means for improvement has been strengthened with the induction of experienced industry professionals. Their inputs have been useful.

### **Focus on Technology**

In a pathbreaking technology-led initiative, your Company signed a Memorandum of Understanding with Tresata Inc., a global leader in AI & predictive analytics software, to join forces to launch predictive intelligence business solutions in India. Tresata's Analytics Operating System will allow CARE Ratings to deliver superior products and services that manage risk and identify opportunities by leveraging the latest advances in Artificial Intelligence and Data Science. CARE Ratings will implement Tresata's proprietary state-of-the-art, cloud-based analytics software to help transform CARE Ratings' data management, data validation, analytical modelling and risk intelligence capabilities. With this system, the rating analysts will leverage the latest artificial intelligence and machine learning techniques to analyse client data when evaluating risk – both current and emerging. Tresata has also tied up with CARE's subsidiary, CRSPL, for building a market-wide distribution of fraud control systems and product capabilities, which are proprietary products of Tresata, in the Indian market.

Your Company is also implementing a comprehensive IT-led intervention for the revamp of the operating system for its core functions. The project is targeted to be fully operational by H2FY22.

### **Outreach – Making Our Voice Heard**

Your Company has made the most of the hybrid office environment model and took special efforts to extend the outreach plan. Because unlike in previous years – where we used to do it without fail – holding in-person, on-location programmes were not possible, we conducted a series of webinars over the course of the year.

30 live interactive webinars on various industries and the Indian economy were hosted between April 2020 to March 2021. The speakers were Senior Directors and analysts from the industry research and economics team, along with sector specialists from the ratings team. The discussions focused on current developments in various industries like sugar, metals and mining, oil & gas, banking, microfinance, NBFCs, insurance, power, roads, real estate, fertilisers, pharmaceuticals, textiles, ceramics, gold and many more. Other webinars were based on corporate performances and overall impact on Indian economy in the context of the pandemic.

As part of this outreach, Mr. Ajay Mahajan (MD and CEO, CARE Ratings) hosted various webinars along with other senior management including Mr. Mehul Pandya (Executive Director), and Senior Directors Ms. Swati Agarwal, Mr. Amod Khanorkar, Mr. Sanjay Agarwal, Mr. Padmanabh Bhagavath and Mr. Milind Gadkari. Each of these webinars was well-attended with over 500 participants in each session which included industry executives from other companies.

To spotlight the CARE Rating brand, we have participated in several conferences including those of CII like the 11<sup>th</sup> Financial Markets Summit on "Rebooting the Economy through Financial Market Reforms" where we published a Knowledge Paper. Mr. Ajay Mahajan participated in the Summit by moderating a panel discussion.

CARE Ratings was a partner in events like "ET Rise – Top MSMEs India Ranking", "IPF Industrial Excellence Forum 2021 (IIEF 2021) – Awards & Conference", with participation by Mr. Ajay Mahajan and Mr. Saikat Roy.

Telling our story and building our brand further among media, corporates and investors was an essential task that your Company pursued during the year. With this in mind, Mr. Ajay Mahajan, MD & CEO — along with Senior Management personnel — hosted our company's investors' call on our Q4FY20 and FY20 Financial Results. Mr. Mahajan added new zest to these calls and explained the growth plans of the Company to the satisfaction of the investors. This will be an ongoing process as the Company regains its position in the credit rating field and seeks to take investor confidence to new levels.

Mr. Ajay Mahajan has been contacting all major debt investors and explaining the transformation agenda that we have for the Company.

Our MD & CEO, Mr. Ajay Mahajan had several interactions with various media channels like ZEE Business, Times Now and ET Now. Other senior executives also helped to enhance the brand of CARE Ratings. Mr. Sanjay Agarwal, Senior Director spoke in "India Revival Mission" by Times Group; Mr. Shiju Rawther, Chief Information & Technology Officer spoke at the International Cyber & Information Security Conference 2021; Mr. Mehul Pandya, Executive Director, participated in the "Finance Continuum 2020" in School of Management, IIT Bombay while Ms. Revati Kasture, Senior Director, was on the Jury at "The Credit Research Challenge (CRC)" an annual competition conducted by Association of International Wealth Management of India. Mr. Amod Khanorkar, Senior Director and his team held multiple knowledge sharing sessions with industry executives on power transmission and distribution, road sector, renewables, InvIT structure (Energy), etc.

Mr. Umesh Ikhe, CEO, CARE Risk Solutions Pvt. Ltd. (A subsidiary of CARE Ratings) and Mr. Shiju Rawther, Chief Information & Technology Officer, CARE Ratings Ltd. featured in CIO Look magazine as the "The Influential Business Leaders to Watch".

Apart from this, we have taken all efforts to ensure that the CARE brand is regularly seen in prominent news channels and our views & opinions are published in major print editions and online news portals. CARE Ratings' reports and insights have often been quoted

by prominent columnists, thought leaders and influencers on social media. CARE Ratings received over 2,000 quotes in leading daily newspapers.

Our continued focus on economic and industry research remains the backbone of knowledge dissemination on a near real-time basis to the outside world. With the environment changing rapidly last year, there was a need to change the perspectives and outlook for the economy and industries. CARE Ratings' published reports, updates and newscasts on various sectors and economy were widely covered across all media. We also brought out surveys that mainly dealt with the impact of COVID-19 on the economy and industries. Our Chief Economist Mr. Madan Sabnavis and his team have played a key role in this regard.

### Human Resources

Your Company has been a lean organisation where the focus has been on efficiency by using technology on a large scale to deliver better results. As of March 2021, there were 592 full-time employees compared with 646 last year, with the attrition at 22% for FY21. Of this 531 are management graduates, postgraduates, engineers and professionally qualified personnel with 67 off-roll staff (109 as of March 2020).

Retention of our workforce is focused through approaches such as employee engagement, training interventions, Rewards & Recognition program and employee connect communication through multiple platforms. We have conducted 66 training programs in the current year, covering 583 employees with the focus more on e-learning platform due to the COVID-19 pandemic. These training programs have been conducted by subject matter experts in the field.

### Update on Certain Matters:

The following are the update on certain matters

- A. During FY2019-20, SEBI had advised the Company to conduct a forensic audit in the matter of anonymous complaints received by it. The former MD & CEO was sent on leave and subsequently, his employment was terminated. SEBI had further advised the Company to carry out an investigation in a matter relating to the former Chairman and former MD & CEO and other employees for alleged interference in the ratings. Accordingly, an independent inquiry has been initiated and is presently ongoing.
- B. SEBI had conducted adjudication proceeding in relation to the credit rating assigned to one of the Company's customers and imposed a penalty of ₹ 1 crore under Section 15HB of SEBI Act, 1992 to which the Company filed an appeal before the Securities Appellate Tribunal (SAT). SAT on hearing the facts, surrounding circumstances and justification provided by the Company, concluded the case by reducing the penalty to ₹ 10 lakhs.
- C. SEBI initially imposed a penalty of ₹ 25 lakhs and subsequently enhanced it to ₹ 1 crore in respect of an adjudication proceeding initiated by it in relation to the credit ratings assigned to one of the Company's customers and the customer's subsidiaries under Section 15HB of SEBI Act, 1992. An appeal has been filed before the SAT. The case is pending as on date.

### Strengthening the Subsidiaries:

#### CARE Ratings (Africa) Private Limited

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius from May 7, 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 9, 2016. In February 2019, CRAF has received the approval of the Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya under the Capital Markets Act and the Regulations and Guidelines issued thereunder.

CRAF's shareholders are CARE Ratings Limited (78.01%), African Development Bank (9.99%) and MCB Equity Fund (6.00%) and SBM (NFC) Holdings Limited (6.00%). The experienced mix of shareholders enables the Company to have stronger brand recognition in the African continent.

During the financial year under review (FY21), CRAF has assigned ratings to several corporates of Mauritius including renowned Corporates like The Mauritius Commercial Bank Ltd., Bank One, CIEL, CIM, Ascencia, SBM Factors, Lavastone, Omnicane, Alteo, MUA and ENL. In FY21, CRAF has assigned credit ratings to almost 38% higher debt as compared to FY20. There has been an increase in awareness about the concept of Credit Rating among Banks and Corporates and clear understanding of the benefits from such Ratings.

#### CARE Ratings Nepal Limited

CARE Ratings Nepal Limited. (CRNL), incorporated in Kathmandu, Nepal, is an authorised credit rating agency licensed by Securities Board of Nepal w.e.f. November 16, 2017.

CRNL offers a wide range of rating services in the Republic of Nepal. Despite a challenging business environment where the GDP growth rate of the country shrank, CRNL registered a significant growth of revenue from operations in FY21 (April 01 – March 31). Revenue growth was primarily driven by the increase in bank loan and issuer ratings with continuous addition of new clients through our marketing efforts.

It is important to note that the credit rating business depends on the overall size of the rateable universe and the same has been increasing on account of new guidelines issued by the Nepal Rastra Bank. The current market of rating business is at a nascent stage and lot of initiatives are required by the credit rating agencies to educate the industry, bankers and the issuers. Going forward, the opportunities for the growth of business in Nepal continue to remain good.



### CARE Advisory Research and Training Limited

CARE Advisory Research and Training Limited (CART) is a wholly-owned subsidiary of your Company which was incorporated on September 06, 2016 and is in the business of Advisory and Research. CARE Advisory offers advisory services in the areas of credit capacity assessments (of State Governments, Government bodies and Corporate), preparation of business improvement plans, TEV studies, enterprise valuations, business and financial restructuring, markets & industry studies, financial modelling, diagnostic studies, project appraisals, bid process management, feasibility studies, design of credit appraisal systems, formulation and implementation of risk management strategies, due diligence studies, etc. The past year has seen a change in its leadership with Mr. Sudip Sural taking over as CEO.

CART aims to build a stressed assets advisory practice leveraging on its extensive experience in the area of stressed asset resolution with project-specific services including TEV for restructuring proposals, vetting of resolution plans, assessment of restructuring plans, valuations, etc.

In FY21, total revenue increased to ₹ 5.37 crore from ₹ 3.29 crore in FY20.

### CARE Risk Solutions Private Limited

CARE Risk Solutions Private Limited as wholly owned subsidiary of CARE Ratings Ltd., has over 15 years global experience in providing cutting-edge Risk & Compliance solutions to banks and financial institutions. With a sustained presence in more than 10 countries and with over 80+ implementations, CARE Risk Solutions has consistently focused on customer experience and helping financial institutions manage Governance and control Financial & Operational risk. Its state-of-the-art Risk Management products powered by cognitive technology, cutting-edge AI and ML helps banks detect risk at an early stage. CRSPL also helps banks continuously monitor and implement risk frameworks for effective controls and governance.

We are happy to inform you that CARE Risk Solutions has been recognised as one of the Best 100 Risk Management Providers across the globe as part of "Chartis Research's Market-leading RiskTech100®" by renowned Risk Analyst Firm, Chartis Research.

In addition, for our contributions in the Risk & Compliance space, CARE Risk Solutions has been awarded with the reputed award of "Rising Stars for Year 20-21". This has created visibility of the organisation across globe and among partners, leading to better traction. The above recognition has given confidence and thrust to the organisation's growth plan.

For the year FY21, CRSPL witnessed an increase in revenue from ₹ 15.53 crore in FY20 to ₹ 16.12 crore.

### Number of Meetings of the Board of Directors

The Board of Directors met nine (9) times during the Financial Year 2020-2021 on April 15, 2020, June 18, 2020, July 10, 2020, August 10, 2020, November 03, 2020, November 12, 2020, December 01, 2020, January 09, 2021, and February 06, 2021. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

### Directors' Responsibility Statement

The Board of Directors, to the best of their knowledge and ability confirm that:

1. In the preparation of the annual accounts for financial year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit and loss of the Company for the said year;
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts for financial year ended March 31, 2021 on a going concern basis;
5. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating effectively;
6. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

### Declaration by Independent Directors

The Independent Directors of the Company have submitted their declaration of independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that the Independent Directors fulfill the conditions specified in these Regulations and are independent of the management. There has been no change in the circumstances affecting their status as Independent Directors of the Company. Further, the Independent Directors of the Company possess requisite qualifications, experience and expertise in the field of finance, strategy, auditing, tax, risk advisory and financial services and they hold the highest standards of integrity.



**Policy on Directors' appointment and remuneration**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178, is appended as **Annexure - II** to this Report and is also available on the website of the Company at <https://www.careratings.com/financial-reports.aspx>.

**Particulars of Loans, Guarantees or Investments under Section 186**

The details of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 are given in the notes to the Financial Statements forming part of this Annual Report.

**Particulars of Contracts or Arrangements with Related Parties**

All transactions entered into during the Financial Year 2020-21 with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC-2 is not applicable.

Attention of the members is drawn to the disclosures of transactions with related parties as required under IND AS-24 set out in Notes to Accounts – Note No. 34 of the Standalone Financial Statements forming part of this Annual Report.

As required under Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [https://www.careratings.com/Uploads/newsfiles/Policies/24112020114930\\_POLICYONMATERIALITYOFANDDEALINGWITHRELATEDparties-2019.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/24112020114930_POLICYONMATERIALITYOFANDDEALINGWITHRELATEDparties-2019.pdf)

**Material Changes and Commitments affecting the Financial Position of the Company**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2021 and the date of this report other than those disclosed in this report.

**Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo Conservation of Energy and Technology Absorption**

Your Company has taken necessary steps and initiative in respect of conservation of energy to possible extent to conserve the resources as required under Section 134(3)(m) of the Companies Act, 2013 and rules framed thereunder. As your Company is not engaged in any manufacturing activity, the particulars of technology absorption as required under the section are not applicable.

**Foreign Exchange Earnings and Outgo**

During the year under review, the Company has earned a foreign exchange equivalent to ₹ 149.21 Lakhs and has spent a foreign exchange equivalent to ₹ 29.99 Lakhs.

**Business Risk Management**

The Board of Directors of the Company has constituted a Risk Management Committee consisting of members of the Board of the Company to frame, implement and monitor the risk management plan for the Company. The composition of the Committee is in compliance with Regulation 21 of SEBI Listing Regulations, 2015 and the detailed composition is provided in the Corporate Governance Report. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage.

The business risk framework defines the risk identification and its management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risks trend, exposure and potential impact analysis on a company's business.

**Corporate Social Responsibility**

As a part of CARE Ratings' initiatives under Corporate Social Responsibility (CSR) in 2020-21, your Company released payments amounting to ₹ 1.74 crores (P.Y.: ₹ 5.27 crores) in areas of education, infrastructure development, community development, child welfare, art and culture and Healthcare. The Company has claimed a set-off during the year under review for an excess amount of ₹ 1.38 Crore spent on March 31, 2020 pursuant to an appeal made for contribution to "Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund" (PM CARES Fund).

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Policy has been devised based on the recommendations made by the CSR Committee. The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure - III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR policy is available on the website of the Company at [https://www.careratings.com/Uploads/newsfiles/Policies/24112020114711\\_CSR-Policy-on-website.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/24112020114711_CSR-Policy-on-website.pdf).

### **Vigil Mechanism – Whistle Blower**

The Company has established a vigil mechanism for Directors and Employees in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations, 2015 to report their genuine concerns and to provide for adequate safeguards against victimisation of persons who may use this mechanism. During the year, your Company affirms that no employee of the Company was denied access to the Audit Committee. The said policy is also available on the website of the Company at [https://www.careratings.com/Uploads/newsfiles/Policies/24112020114747\\_WhistleBlowerPolicy-2019.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/24112020114747_WhistleBlowerPolicy-2019.pdf).

### **Annual Evaluation of Performance of the Board**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, an annual performance evaluation of the Board and its Committees and other individual directors is required to be undertaken to assess the performance of the Board and its Committees with the aim to improve effectiveness.

The Board Evaluation Cycle for FY 2020-21 was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and other individual directors of the Company.

The Board's functioning was evaluated after taking inputs from the Directors on various aspects, including inter alia degree of fulfillment of key responsibilities, board structure and composition, establishment and delineation of responsibilities to various committees, effectiveness of board processes, information and functioning.

The Committees of the Board were evaluated after taking inputs from the Committee members on criteria such as degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The Board reviewed the performance of the individual directors on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

Further, a separate meeting of independent directors was held by the Independent Director, where the performance of the Board and its Committees and the quality, quantity and timeliness of flow of information between the Company, Management and the Board was assessed.

### **Material Non-Listed Indian Subsidiary**

There was no material (non-listed) Indian subsidiary of your Company as on March 31, 2021.

### **Details relating to Deposits covered under Chapter V of the Companies Act, 2013**

Your company has not accepted or renewed any deposits within the purview of Chapter V of the Companies Act, 2013 during the year under review.

### **Significant and Material Orders passed by the Regulators or Courts or Tribunals**

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of your Company and its future operations.

### **Instances of fraud, if any reported by the Auditors**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

### **Adequacy of Internal Financial Control with reference to Financial Statements**

The Company has an Internal Financial Control System commensurate with the size, scale and complexity of its operations.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015.

The Company, in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies adopted by the Company for efficient conduct of its business, adherence to Company's policies, safeguarding of Company's assets, prevention and detection of frauds and errors and timely preparation of reliable financial information, etc. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### **Directors and Key Managerial Personnel**

In accordance with the Articles of Association of the Company and provisions of the Section 152(6) (e) of the Companies Act, 2013, Mr. Ajay Mahajan will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. Ajay Mahajan was appointed as the Managing Director & Chief Executive Officer of the Company with effect from April 15, 2020 for a period of five years. The shareholders approved his appointment at their previous Annual General Meeting held on September 08, 2020.

During the year, Mr. Navin Kumar Jain, Company Secretary & Compliance Officer resigned from the services of the Company with effect from February 28, 2021 and your Company has appointed Ms. Nehal Shah, as Company Secretary & Compliance Officer with effect from June 12, 2021.

Further, Mr. Bharat Assudomal Adnani, Chief Financial Officer of the Company resigned from the services of the Company with effect from February 27, 2021, and your Company has appointed Mr. Jinesh Shah, as the Chief Financial Officer with effect from June 12, 2021.

The term of office of Mr. Adesh Kumar Gupta (Non-executive Independent Director) concludes at the ensuing Annual General Meeting. A confirmation from Mr. Adesh Kumar Gupta has been received that he fulfils all criteria and is independent of Company's management pursuant to the requirements of the Companies Act, 2013 and SEBI Listing Regulations, 2015 accompanied by other disclosures.

The Board, on approval of the Nomination and Remuneration Committee, recommends his re-appointment to shareholders for a second term of 3 (Three) years i.e. up to the conclusion of Annual General Meeting for the financial year 2023-24. He is not debarred from holding the office of Director pursuant to any SEBI Order.

#### **Auditor and Auditor's Report**

Khimji Kunverji & Co. LLP, Chartered Accountants (Firm Registration No. 105146W) were reappointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in 2021.

Accordingly, the term of office of Khimji Kunverji & Co. LLP, Chartered Accountants shall expire at the ensuing Annual General Meeting. Pursuant to the provisions of Section 139 of the Companies Act, 2013, it is proposed to appoint M/s. BSR & Co. LLP (Firm Registration No. 101248W/W -100022) as the Statutory Auditors of the Company for a period of five years up to the conclusion of 33<sup>rd</sup> Annual General Meeting of the Company.

The Company has received a consent letter from BSR & Co. LLP (Firm Registration No. 101248W/W -100022) for being appointed as Statutory Auditors and a confirmation to the effect that they are not disqualified to act as Auditors within the meaning of Section 141 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

The Notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

#### **Status of Investors Complaint**

During the financial year 2020-21, your Company has received complaints generally with regards to non-receipt of annual report and non-receipt of dividend which were resolved within the prescribed timeframe. The details of complaints are appended to this Report as **Annexure - IV**.

#### **Secretarial Audit Report**

The Board of Directors of your Company have appointed M/s A. K. Jain & Co., Company Secretaries, Mumbai, to conduct the Secretarial Audit of the Company for FY 2020-21. The Secretarial Audit Report is appended to this Report as **Annexure - V**.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s A. K. Jain & Co., Company Secretaries, Mumbai in their secretarial audit report.

#### **Maintenance Of Cost Records & Cost Audit**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013, are not applicable for the business activities carried out by the Company.

#### **Change in the nature of Business**

During the financial year 2020-21, there was no change in the nature of business of the Company.

#### **Employees Stock Option Schemes**

As required in terms of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the disclosure relating to CARE Ratings Limited ESOP Schemes is available on the Company's website at: <https://www.careratings.com/financial-reports.aspx>



## Management Discussion and Analysis Report

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, is annexed as **Annexure - VI** to this report.

## Particulars of Employees

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure - VII** to this Report.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of managerial Personnel) Amended Rules, 2016 in respect of employees of your Company is available for inspection by the members. Any member interested in obtaining such information may address their email to [investor.relations@careratings.com](mailto:investor.relations@careratings.com).

## Business Responsibility Statement

A Business Responsibility Report as per Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailing the various initiatives taken by the Company on the environmental, social and governance front is provided as **Annexure - VIII** and forms an integral part of this Annual Report.

## Performance and Financial Position of Subsidiary, Associate and Joint Venture Company and their Contribution to the Overall Performance of the Company

As required under Section 129 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards and form part of the Annual Report. Statement on the highlights of performance of the subsidiary companies and their contribution to the overall performance of the Company are given in the Form AOC-1 has been appended as **Annexure- IX** to this report.

The financial statements of the subsidiaries, as required, are available on the Company's website and can be accessed at <https://www.careratings.com/subsidiaries.aspx>.

The Company has formulated a Policy for determining Material Subsidiaries. The Policy is available on the Company's website and can be accessed at [https://www.careratings.com/Uploads/newsfiles/Policies/24112020114832\\_Policyfordeterminingmaterialsubsidiaries-Revised.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/24112020114832_Policyfordeterminingmaterialsubsidiaries-Revised.pdf).

## Association of Indian Rating Agencies (AIRA)

Association of Indian Rating Agencies (AIRA) a non-profit organisation was incorporated on May 15, 2021 with an Authorised Share Capital of ₹ 500,000/- and a paid-up capital of ₹ 105,000/-. The Company has decided to acquire 5,250 Equity Shares i.e. 50% of initial shareholding of AIRA.

AIRA has been incorporated to meet the objectives of promoting the adoption of best practices and common standards that ensure high quality and comparability of credit ratings across agencies, following the highest norms of ethics and professional conduct.

## Corporate Governance

The Company is committed to maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. The Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Certificate by the Managing Director affirming the compliance of Code of Conduct, and a certificate of Non-disqualification of Directors provided by Practicing Company Secretary form part of the Corporate Governance Report which has been appended as **Annexure X**.

## Audit Committee of the Company

Your Company's Audit Committee comprises the following directors as its members:

1.	Mr. Adesh Kumar Gupta	Chairman (Independent Director)
2.	Ms. Sonal Gunvant Desai	Member (Independent Director)
3.	Mr. Ananth Narayan Gopalakrishnan	Member (Independent Director)

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Disclosures under the Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

Your Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company's premises

through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Company has a policy on Prevention of Sexual Harassment at Workplace in place. The policy aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee (ICC) has been set up as per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in order to investigate any complaints/ issues related to sexual harassment. ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2021, the ICC did not receive any complaint pertaining to sexual harassment.

#### **Compliance of the Secretarial Standards 1 & 2 Issued by the Institute of the Company Secretaries of India (ICSI)**

The Company has complied with the applicable Secretarial Standards 1 & 2 issued by ICSI related to the Board and General Meetings.

#### **Acknowledgements**

The Board places on record its appreciation of the contribution of its employees to the company's operations and the trust reposed in it by market intermediaries, issuers and investors. The Board also appreciates the support provided by the Reserve Bank of India, Securities Exchange Board of India and the Company's Bankers, IDBI Bank and HDFC Bank.

#### **On behalf of the Board of Directors of CARE Ratings Limited**

**Sd/-**

**Najib Shah**  
Chairman  
DIN: 08120210

**Place: - Bengaluru**  
**Date: August 03, 2021**

**Sd/-**

**Ajay Mahajan**  
Managing Director & CEO  
DIN: 05108777

**Place: Mumbai**  
**Date: August 03, 2021**

## CARE RATINGS LIMITED

### DIVIDEND DISTRIBUTION POLICY

1. The Board shall declare & pay dividends out of:
  - The Current year's profit after (a) transferring to the reserves such amount of profit as may be prescribed; and (b) providing for depreciation in accordance with the applicable laws; or
  - The profits for any previous financial year(s) that remain undistributed after providing for depreciation in accordance with applicable laws; or
  - Combination of (i) and (ii) above.
2. The following shall be considered by the Board prior to any recommendation in relation to declaration of dividends:
  - Plough back of profits i.e. for future capital expenditure for expansion programme for acquisition of premises if any and for renovation and major repairs and maintenance.
  - Crystallization of contingent liabilities, if any;
  - Acquisition or sale of business.
3. Interim dividends may be declared by the Board based on the review of profits earned during the current year to date. Declaration of final dividends based on review of profits as per the audited financial statements for the year are to be recommended by the Board to shareholders' for approval.
4. The above dividend policy is subject to provisions of the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. This policy will be reviewed annually and as and when changes take place in the regulations.



## ANNEXURE - II

**NOMINATION & REMUNERATION POLICY (DIRECTORS, KMP & SENIOR MANAGEMENT)****INTRODUCTION**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel and employees of the Company, to harmonize the aspirations of human resource consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated.

**CONSTITUTION OF COMMITTEE**

CARE had two separate committees, 1) Remuneration Committee and 2) Corporate Governance and Nomination Committee. To comply with the provisions of the Companies Act, 2013 and revised clause 49 of the Listing agreement, the Board of Directors at its 114<sup>th</sup> Board Meeting held on May 20, 2014 merged the Remuneration Committee and the Corporate Governance and Nomination Committee and named it as **'Nomination and Remuneration Committee'**.

**OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement / Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The terms of reference of the Committee as defined by the Board are as follows:

**Section 178 of the Companies Act, 2013**

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down.
2. Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
3. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
4. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

**Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

**APPLICABILITY**

- a. Directors (Executive and Non-Executive)
- b. Key Managerial Personnel
- c. Senior Management Personnel

**DEFINITIONS**

"Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"Executive Director" means a director who is in full time employment and involved in the day to day management of the company.

"Non- Executive Director" means a director who is not in employment of the Company but is involved in policy making and planning exercises.

"Independent Director" means a non- executive director who apart from receiving sitting fees, does not have any material pecuniary relationships or transactions with the company, its promoter, its senior management or its holding company, its subsidiaries and associates which may affect the independence of director.

"Key Managerial Personnel" means

- Managing Director and Chief Executive Officer
- Executive Director(s);
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

"Senior Management Personnel" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Whole-time Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **A. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **1. Appointment Criteria and Qualifications**

- a. The Board of Directors of CARE to consist of eminent professionals from the disciplines of banking, finance, accounts, economics, etc.
- b. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- c. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- d. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **2. Positive Attributes**

- a. Excellent interpersonal, communication, leadership and representational skills.
- b. Having continuous professional development to refresh knowledge and skills.
- c. Commitment of high standard of ethics, personal integrity and probity.

#### **3. Independence of Director**

CARE is a professionally managed company. It does not have any nominee director or any director holding any substantial shareholding in the Company.

The Directors do not have any pecuniary relationship with the Company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year.

Further, the Directors have not been an employee or partner of a firm of auditors or company secretaries in practice of the company or its holding, subsidiary or associate company or a partner of any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm in any of the three financial years immediately preceding the financial year in which he is appointed.

#### **4. Evaluation of Performance**

The Committee shall recommend to the Board on appropriate performance criteria for the directors. It shall also carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

## 5. Term / Tenure

- a. **Managing Director/Whole-time Director:** The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b. **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

**No Independent Director** shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## 6. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 7. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 8. Board Diversity

The Committee is to assist the Board in ensuring that diversity of gender, thought, experience, knowledge and perspective is maintained in the Board nomination process in accordance with the Policy on Board Diversity.

## B. POLICY FOR REMUNERATION TO DIRECTORS / KMP / SENIOR MANAGEMENT PERSONNEL

### 1. Remuneration to Managing Director, Executive Director, KMP and Senior Management Personnel:

The Remuneration / Compensation etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The remuneration with regard to Senior Management Personnel will be as per the policy of the Company.

### 2. Performance Evaluation and Variable pay to Managing Director & CEO and Key Managerial Personnel:

The performance evaluation of the Managing Director & CEO and other Key Managerial Personnel will be decided on the basis of financial and technical parameters and its achievement to the budgeted targets fixed by the Board. Further, the overall performance of the Company, retention of the clients, new additions of the client, recovery of outstanding dues, growth in profit, growth in revenue and control over management expenses will also be considered.

### 3. Remuneration to Non-Executive Director and Independent Director:

The Non-Executive Director and Independent Director are paid sitting fees subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Board.

### 4. Commission:

The Non-Executive Director and Independent Director may be paid commission subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force and after passing of a resolution by the Shareholders.

### 5. Stock Options:

Independent Directors shall not be entitled to any stock options of the Company.

### 6. Minimum remuneration to Managing Director and Executive Director in case of no profits or inadequate profits:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 or, if it is not able to comply with such provisions, with the approval of the Central Government.



### 7. Post-retirement Benefits:

The Managing Director, Executive Director and Senior management Personnel are entitled for retirement benefits such as encashment of leave, leave travel concession, provident fund, superannuation fund and gratuity.

### C. DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- a. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b. Ensuring that on appointment as Independent Directors at the Annual General Meeting, the Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c. Identifying and recommending Directors who are to be put forward for retirement by rotation;
- d. Determining the appropriate size, diversity and composition of the Board;
- e. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- f. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- g. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- h. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- i. Recommend any necessary changes to the Board; and
- j. Considering any other matters, as may be requested by the Board.

### D. DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- a. Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate, all elements of the remuneration of the members of the Board;
- b. Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- c. Delegating any of its powers to one or more of its members or the Secretary of the Committee; and
- d. Considering any other matters as may be requested by the Board.

### E. REVIEW AND AMENDMENT

- a. The Committee or the Board may review the Policy as and when it deems necessary;
- b. The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary; and
- c. This Policy may be amended or substituted by the Committee or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

## ANNEXURE III

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

## 1. Brief outline on CSR Policy of the Company.

**Primary theme:** To contribute towards promotion of education.

**Concurrent Theme:** To contribute towards local area community development.

As a part of its primary theme, CARE shall look at opportunities for funding higher education for the students in the field of finance. Such funding could also be for training of students in the field of finance.

To implement its concurrent theme, CARE may look to provide for development of Local Area (area in the city in which CARE's office is located) in terms of providing assistance and infrastructure to local bodies, government offices, schools and public places.

Taking the gravity of the COVID -19 pandemic situation, Company has also contributed to PM CARES Fund over and above the amount eligible for CSR activities.

The CSR Policy of the Company is available on its website - [www.careratings.com](http://www.careratings.com)

## 2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. M. Mathisekaran	Chairman (Independent Director)	2	2
2.	Mr. V Chandrasekaran	Member (Non - Independent Director)	2	2
3.	Ms. Sonal Gunvant Desai	Member (Independent Director)	2	2
4.	Mr. Ajay Mahajan	Member (Managing Director)	1	1

## 3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The composition of the CSR Committee, CSR Policy and CSR projects are available on the Company's website at the following links:

**Composition of CSR Committee:**

[https://www.careratings.com/Uploads/newsfiles/QuickLinks/19082021033515\\_CSR\\_composition\\_&\\_projects\\_details.pdf](https://www.careratings.com/Uploads/newsfiles/QuickLinks/19082021033515_CSR_composition_&_projects_details.pdf)

**CSR Policy:**

[https://www.careratings.com/Uploads/newsfiles/Policies/24112020114711\\_CSR-Policy-on-website.pdf](https://www.careratings.com/Uploads/newsfiles/Policies/24112020114711_CSR-Policy-on-website.pdf)

**CSR projects:**

[https://www.careratings.com/Uploads/newsfiles/QuickLinks/19082021033515\\_CSR\\_composition\\_&\\_projects\\_details.pdf](https://www.careratings.com/Uploads/newsfiles/QuickLinks/19082021033515_CSR_composition_&_projects_details.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **[Not Applicable]**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2020-21	1,37,97,688/-	1,37,97,688/-

6. Average net profit of the Company as per section 135(5): ₹ **1,55,98,84,409/-**

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 3,11,97,688/-  
 (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: NIL  
 (c) Amount required to be set off for the financial year, if any: ₹ 1,37,97,688/-  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 1,74,00,000/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,74,00,000/-	NIL	NIL	NIL	NIL	NIL

- (b) Details of CSR amount spent against **ongoing projects** for the financial year:

Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of project		Project Duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in Rs.).	Amount trans-ferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Imple-mentation  Direct (Yes/No).	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
NIL												

- (c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(Amount in Lacs)

Sr. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	To fight against COVID- 19 Pandemic – PM Cares Fund	Contribution to the prime minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	NA	NA	NA	27.13	Yes	-	NA
2.	Child welfare	Donation to Project Nanhi Kali that enable underprivileged girls to complete 10 years of schooling.	No	Gujarat and Andhra Pradesh	Bharuch & Visakhapatnam	35.10	No	NGO-K.C. Mahindra Trust	CSR 00000511
3.	Mid-day meal	Eradicating hunger, poverty and malnutrition	No	Andhra Pradesh	Kuppam	22.00	No	NGO-Akshay Patra Foundation	CSR 00000286
4.	Healthcare	Financial assistance for healthcare of the underprivileged class in the society	Yes	Mumbai	Maharashtra	30.00	No	NGO - Dr Gautam Bhansalis Golden Hour Foundation	CSR 00005226



5.	Education and Community development	Empowerment of women in rural Tamilnadu (Women entrepreneurs affected by the Gaja cyclone and the ongoing COVID-19)	No	Tamil Nadu	Nagapat-tinam	29.77	No	Land for Till-ers Freedom (LAFTI)	CSR 00012075
6.	Health Care	To sponsor pe-diatric cardiac surgeries of 20 Child at Sri Sathya Sai San-jeevani Centre	No	Chattis-garh & Haryana	Raipur and Palwal	30.00	No	NGO - Sri Sathya Sai Health & Education Trust	CSR 00001048

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **Non Applicable**

(f) Total amount spent for the Financial Year(8b+8c+8d+8e): **₹ 1,74,00,000/-**

(g) Excess amount for set off, if any: **₹ 1,37,97,688/-**

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 3,11,97,688/-
(ii)	Total amount spent for the Financial Year	₹ 1,74,00,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>NIL</b>
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	₹ 1,37,97,688/-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	<b>NIL</b>

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
							<b>NIL</b>

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) Sr. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project -Completed/ Ongoing
1.								<b>NIL</b>

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

**(asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s). **NA**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NA**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **NA**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – **Not applicable**

**Sd/-**  
**Dr. M Mathisekaran**  
**Chairman - CSR Committee**

**Date: August 3, 2021**  
**Place: Chennai**

**Sd/-**  
**Ajay Mahajan**  
**Member**

**Date: August 3, 2021**  
**Place: Mumbai**

**ANNEXURE - IV****STATUS OF THE INVESTORS COMPLAINT FOR FINANCIAL YEAR 2020-2021**

The Company has received 79 complaints from the shareholders during the financial year ended 31.03.2021. The details are as follows:

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	NIL	NIL	NIL
2.	Non-receipt of Annual Report	4	4	NIL
3.	Non-receipt of dividend	75	75	NIL
4.	Non-receipt of Securities	NIL	NIL	NIL
5.	Non-receipt of refund order (Compliant received through SEBI SCORES)	NIL	NIL	NIL
6.	Non-receipt of dividend (Compliant received through SEBI SCORES)	NIL	NIL	NIL
7.	Non-receipt of Annual Report (Complaint received through Stock Ex- Change)	NIL	NIL	NIL
	<b>TOTAL</b>	<b>79</b>	<b>79</b>	<b>NIL</b>

The Company has promptly attended to all the complaints and there were no pending complaints at the end of the year.

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

For The financial year ended on 31<sup>st</sup> March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**CARE Ratings Limited**  
Godrej Coliseum, 4<sup>th</sup> Floor, Somaiya Hospital Road  
Off Eastern Express Highway, Sion East  
Mumbai 400022.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CARE Ratings Limited (CIN: L67190MH1993PLC071691) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification electronically of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)** and;
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- vi. The Management has identified and confirmed the compliance of The Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 which is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc



**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there is no specific events/actions which may have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Date of event	Details of the specific events/ actions bearing on Company's affairs pursuance of the above referred laws, rules, regulations, guidelines etc.
08.09.2020	The Company has passed Resolution at the Annual General Meeting for Increase in the Authorized Share Capital of the Company and consequent amendment to the Memorandum of Association.
08.09.2020	The Company has passed Resolution at the Annual General Meeting for Grant of Employee Stock Options not more than 10,00,000 (Ten lakh only) Equity Shares of face value of ₹ 10/- each fully paid up to the employees of the Company under CARE Employee Stock Option Scheme 2020.

**For A. K. Jain & Co.  
Company Secretaries**

**Sd/-**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124  
UDIN: F006058C000453221**

**Place: Mumbai  
Date: 12<sup>th</sup> June, 2021**

**Note:** This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

**Annexure A**

To,  
The Members  
**CARE Ratings Limited,**  
Godrej Coliseum 4<sup>th</sup> Floor, Somaiya Hospital Road,  
Off Eastern Express Highway, Sion East,  
Mumbai 400022.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Due to the outbreak of COVID 19 and lock down, we have conducted the audit and relied upon the information, documents, forms, returns, papers and other records maintained by Company and provided to us electronically.

**For A. K. Jain & Co.**  
**Company Secretaries**

**Sd/-**

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058. CP: 6124**  
**UDIN: F006058C000453221**

**Place: Mumbai**  
**Date: 12<sup>th</sup> June, 2021**

## ANNEXURE - VI

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

It is a truth universally acknowledged that FY21 was a year unlike any other in living memory. The COVID-19 pandemic ensured that the world came to a standstill, with global impact at a scale never seen before. In India, the story was no different. The economy almost screeched to a halt for almost two months due to the lockdown in April and May. And even when the 'unlock' took place, it was gradual and in a phased manner.

The authorities took steps to ensure that there was enough liquidity in the system which was topped with medium to long-term reforms and the RBI created a steady supply of funds for specific sectors through the TLTROs. Despite this, there was a severe dip in economic activity as evidenced by the 7.3% decline in GDP.

**From setbacks to coming back stronger: A new journey begins**

Right in May 2020 itself, we had predicted a decline in GDP due to the uncertainty brought about by the pandemic. While our business teams went the extra mile to garner new business while retaining clients in a tough external environment, we also embarked on a journey of transformation of the Company. While many saw the turbulence as a setback, we looked at it not through the logic of yesterday or the lens of the present, but through the eyes of the future and as an opportunity to structurally transform CARE Ratings into something bigger, better, stronger — a powerhouse of tomorrow.

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*"The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic."*  
– Peter Drucker

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The focus of this transformation is to take the Company from being a leading credit rating agency to a 'Purveyor of Knowledge', powered by strong technology-enabled cutting-edge analysis. This transformational journey will not only bring value to our customers and investors but will ensure that CARE Ratings commands respect from the world at large and more importantly, make us the preferred choice and the primary partner when it comes financial products — be it credit ratings, risk-analytics, business advisory services or any other service from our super-bouquet of offerings.

**Amplifying transformation, accelerating change**


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*"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."*  
– Charles Darwin

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Change is constant. But how we harness it and the direction we take it in is what separates the winners from those who get left behind. It is time for us to change from being a pure-play credit rating company to being an analytical financial supermarket. This transformational journey will involve the blending of technology-based solutions with human resources integration as well as major rebranding. This journey has already begun at the Company, and we have identified the four key Amplifiers that will accelerate our transformational journey:

1. Group approach
2. Technology
3. Talent
4. Re-branding

**The whole is more than the sum of its parts**

**The first amplifier** is the Group approach in which all our individual offerings will be synergised with a singular thrust. If we are to become a financial supermarket, rebuilding the Group is critical and this process has already been kick-started. The Group will stand on three pillars: credit ratings, risk solutions and advisory services with technology being the common horizontal element. In a digital era, only those who harness technology and optimise for it will be the ones with the competitive edge. When it comes to credit ratings for instance, we will look to leave only the superior analysis to the human mind, while the rest of the data arrangement will be left to technology in the interests of sharpening our credit analysis as well as enhancing operational efficiency.

### Ratings

While CARE continued to be the second largest credit rating agency in India, the transformation journey initiated for the core ratings business revolved around:

- a. Sharpening the analytical output;
- b. Greater outreach;
- c. Increased use of technology to facilitate productivity and superior analysis; and
- d. Focus on better value product offerings/ segments.

The overall macroeconomic landscape with the COVID-19 induced uncertainty did affect our business. While certain sectors did reflect a positive turnaround post the unlocking of the economy, the capex plans continued to remain subdued. Volume of debt raised in the market were higher during the year, but there was a tendency for concentration in the financial sector. Also, the public sector enterprises were dominant in the market. This severed the link between volumes rated and fee income earned. Besides, with an increase in the INC cases the volume in the surveillance bucket was reduced. Thus, the overall rating revenue was, indeed, impacted somewhat adversely. Nevertheless, with the efforts of the business team, we could restrict the impact to a good extent. Moreover, our key client coverage continued to remain strong even in the midst of challenges.

The external challenges notwithstanding, we did manage to maintain the overall volume of rating income which was ₹ 225.79 crore in FY21 as against ₹ 226.03 crore in FY20 at the consolidated level.

The overall quality of ratings was stable. As per the indicator that we track, the Modified Credit Ratio, there was a slight increase from 0.96 in FY20 to 0.99 in FY21. In FY19 it was 1.05. This can partly be attributed to the regulatory forbearance provided by RBI and SEBI during the course of the year on account of the pandemic induced lockdown which affected the ability to service debt for several companies.

There were also regulatory changes on the circumference of activity of credit rating companies and hence in accordance with regulatory guidelines we transferred our grading and allied businesses to our subsidiary CART w.e.f. May 2020. Over and above the rating operations in India, we have two subsidiaries which are in the business of credit rating, one each in Mauritius and Nepal.

#### CARE Ratings (Africa) Private Ltd. (CRAF)

Due to our consistent efforts by way of outreach programs as well as regular presentations made to the Regulators, Issuers and Investors (pension funds, insurance companies, banks and asset management companies), the concept of Credit Rating has gained popularity in the Mauritius market. Investors are now seeking credit rating of bonds and bank facilities to determine the pricing of the issues. We feel confident of the building blocks, on which our ambition rests, to cater to the larger African rating market can be fulfilled going forward. What works to our advantage is that as an independent credit rating agency, we are free to leverage on our experience to tap opportunities in other geographies in the space of credit rating.

#### CARE Ratings Nepal Ltd. (CRNL)

The growth in business volume was supported by Nepal Rastra Bank's (Central Bank of Nepal) initiative to introduce the practice of determining the risk weight of the loans based on ratings provided by the authorised Credit Rating Agencies. The Central Bank's initiative augurs well for the long-term growth prospects of the Company as this is expected to result in continuous increase in borrower ratings going forward.

In the short span of time since inception, CRNL has been able to expand its operations and has added more than 300 clients as of March 31, 2021. CRNL completed 177 new rating assignments during FY21. While Nepal has been less affected by the pandemic the effects of a lockdown have shown on the economy and the overall rating business. We do think that we are well positioned to take on these challenges and expand our business once the economy gets into the growth mode.

#### CARE Advisory Research & Training Ltd. (CART)

CART has embarked on a journey to position itself as a knowledge & technology driven institution known for analytical prowess catering to issuers, investors and other stakeholders. It aims to build a Research & Advisory Business catering to overseas and domestic institutional investors and is preparing for high-quality client experience through a next-gen technology platform. While we have been operating in the domestic territory so far, we are well set to cater to the requirement of foreign institutions where we can showcase our analytical prowess.

Sustainability and mitigation of climate change positively correlate with shareholder returns and have thus increasingly gained traction in global investment philosophy. As the impetus towards sustainable investments also builds up in India, regulations are beginning to reflect these trends. For instance, SEBI mandated Business Responsibility and Sustainability Reporting for listed entities from next year onwards. The Reserve Bank of India (RBI) joined the Central Banks and Supervisors Network for Greening the Financial System (NGFS) as a Member



on April 23, 2021. Given these developments, CART has been working towards a service offering catering to institutional investors pursuing sustainable development including social equity, environmental and climate risk management. These service offerings would be offered to institutional investors as well as large corporates as ESG strategies progressively dominate the investment landscape.

With Indian economy aiming revival through an infrastructure-led growth, sound project preparation shall be crucial to create a pipeline of bankable infrastructure projects. CART has been offering services in the field of infrastructure project evaluation and monitoring through transaction advisory services (valuation, IM preparation), banking services support (TEV, LIE, vetting of resolution plans, machinery cost vetting), corporate advisory (DPR, business plan preparation, financial improvement plan, financial appraisal) and risk management services (risk related policy documents, credit assessment models). These services are now increasingly being provided by CART to large corporates and infrastructure players, which is a transformational change we are witnessing where the ticket size increases as we do more complex assignments for larger customers.

CART also provides customised advisory services to various corporates for their specific requirements including internal decision making, regulatory compliances and bid participation. The Research Division of CART services a variety of business needs of its domestic and multinational clients with credible, and customised research and analysis on various facets of the economy and industries.

### CARE Risk Solutions Private Ltd. (CRSPL)

CRSPL specialises in creating and delivering advanced technology solutions for its customers spanning Banking, Financial Services and Insurance (BFSI) sectors. Its coverage includes Enterprise Risk Management suite (ERM), Asset Liability Management (ALM), Fund Transfer Pricing (FTP), International Financial Reporting Standards (IFRS) & Financial Reporting Application, Lending suite and Early Warning systems. The focus is multi-dimensional and its exceptional products and immaculate implementation frameworks have helped it to partner with the best names in the Financial Technology business both globally and regionally.

Going forward, its vision is to be an agile technology company transforming data into decisioning system through:

- Holistic Analytical-based solutions for predictive and pre-emptive risk assessment using cognitive technologies.
- Becoming a Centre of Excellence (CoE) that provides agile-based digital services for innovative solutions.
- Providing data & services driven intelligent governance framework for holistic compliance.

Supporting this vision will be a Design Thinking-based culture built on BOTIS (Business, Operation, Technology, Implementation and Support) framework. Other focus areas of include platform-based offering for on-demand consumption of products and services clients, and data modelling.

### On the fast-track: Turbocharging with technology

The second amplifier of our transformation is technology. By leveraging technology, we will drive digital transformation in ratings business —focusing on building products with emerging technologies i.e., artificial intelligence, machine learning, cognitive technologies, and cloud adoption to drive high growth, and creating sustainability and enhance quality enabled offerings.

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*"The great growling engine of change – Technology."*  
- Alvin Toffler

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A major step towards enhancing our use of technology was the agreement we signed in 2020 with Tresata, a cloud-based data platform provider based in the USA. Cloud-based delivery enables customers to simplify their data management and work with multiple large datasets more efficiently. This is in keeping with the deployment of more sophisticated data science capabilities across the CARE Group to build a data analytics organisation.

With technology being at the heart of our innovative solutions, we have established Technology Centres-of-Excellence to provide scale and efficiency in modifying existing applications and developing new applications for our businesses.

Our risk platforms have significant scale and capacity and enable us to deliver actionable information immediately to our customers. Our technology infrastructure gives us the ability to organise and handle high volumes of disparate data, maintain, and improve our delivery speeds, increase availability, and enhance our product development capabilities, while at the same time lowering our overall cost structure.

### People power to the fore

Talent – our people – is the third amplifier of our transformation for the simple reason that for a knowledge-based analytical company, the greatest strength is the human mind. Two focus areas have identified that matter the most: Identifying performers and putting them on a high-trajectory growth path, and employee-centricity. Apart from this, we have embarked on a culture-centric initiative to drive cultural change in the organisation and as a key step in this direction we have appointed a Chief Culture Officer.

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*"Nothing we do is more important than hiring people. At the end of the day, you bet on people, not strategies."*  
- Lawrence Bossidy

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At CARE, the purpose of Performance Management System (PMS) is to integrate the process of objective setting, assessment and evaluation that will support growth of – employee, departments and organisation as a whole. It involves clarifying the job duties, defining performance standards, and documenting, evaluating, and discussing performance with each employee. The Company had 592 employees associated with it as on March 31, 2021.

In our endeavour to transform into high performance driven organisation, we have evaluated present workforce strategy and built accountability across all levels by strengthening the performance and productivity measures. In this context, we have taken external help to drive a high-performance culture and optimise workforce by covering following aspects:

1. **Workforce Optimisation:** Study productivity and performance measures of critical roles to drive branch-wise productivity, profitability, branch design, evaluation of staffing and whether the same is coinciding with revenue generated, etc.
2. **PMS:** Reviewed KRAs of all individuals with a view to bring in more objectivity, clarity, commitment in the job they are performing and focus on development of employees as well. The focus is to develop a robust system for fair evaluation of performance as per KRAs and individual achievements.
3. **Talent Management Program:** Created framework for identification of talent through growth potential assessment and intervention to develop and retain good talent.

When it comes to employee-centricity, our 'Employee Handbook' provides comprehensive details regarding all HR policies & benefits. This HR policy framework has been deployed to make employees feel secure and cared for, thereby creating long-term commitment. It talks about workplace ethics and fair business practice, work life balance, different benefits, career movements, education and related policies. Our HR policies have evolved and undergone constant changes to ensure that they match or better the policies as applicable in the Rating business.

Further we have topped our employee-centricity efforts with focus on learning and development. The focus of our learning and development is on providing functional training, based on the gaps identified through the performance management system and with specific inputs from the business. These learning needs are addressed through various L&D interventions such as induction training, external and internal classroom training, Webex and through e-learning modules that are both behavioural and functional.

### A power brand worthy of a financial powerhouse

The fourth Amplifier is the re-branding of CARE Ratings. As we take steps towards being an analytical supermarket, the image we project and the brand perception of the Group is paramount and thus, a new look at the CARE brand is key.

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**"Your brand is the single most important investment you can make in your business."**  
- Steve Forbes

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The re-branding project also comes at a time when there have been changes in the leadership team starting with the MD & CEO (CARE Ratings), CEO (CART), CITO (CARE Ratings), CRO (CARE Ratings), CS and Compliance Head (CARE Ratings) and CFO (CARE Ratings). This renewed dynamism, energy and change of vision and a future in which CARE becomes a trusted 'knowledge purveyor' brand needs to span the entire group and work has already been initiated in this regard. The Company has hired a professional global agency to think about the brand and architecture from first principles. A new-look, energised brand will be a big feature of CARE going forward.

### Developments on the regulatory front

CARE has been at the forefront of advocacy and participated in meetings with the regulators. SEBI had mandated that there should be separation of the ratings business from the non-ratings business as per the regulations. During the year SEBI had relaxed norms on default recognition due to restructuring of debt. SEBI had provided for relaxation from recognition of default owing to moratorium permitted by RBI and lockdown due to COVID-19 pandemic. There have been operational relaxations provided by SEBI and hence all interventions have been timely and proactive for the industry. Based on its assessment if the CRA is of the view that the restructuring by the lenders/ investors is solely due to COVID-19 related stress or under the aforementioned RBI framework, CRAs may not consider the same as a default event and/ or recognise default. Appropriate disclosures in this regard shall be made in the Press Release. The relaxation was extended till December 31, 2020.

The RBI also brought in the one-time restructuring scheme based on the recommendations made by the Kamath Committee which includes 26 sectors. In case of MSMEs the current restructuring window for small loans which has been given by RBI had been extended. We were fully compliant with all regulations.

### Opportunities

FY21 was a year which was typified by several measures taken by the RBI and the government to support business. These measures provided support to the debt and credit markets that were there to be leveraged.

The RBI had introduced the concept of targeted long-term repo operations (LTROs) which were of the order of ₹ 1.13 lakh crore, that were further topped in November by an on-tap facility. This had provided some push to the debt market as the banks were allowed to use these funds to invest in higher rated bonds as per the specification or lend directly. Further, the one-time restructuring scheme that was introduced by the RBI also involved qualifying assets to be rated which was positive for the industry.

The government had introduced the emergency credit guarantee line for SMEs for ₹ 3 lakh crore as part of the Atmanirbhar Bharat package which enhanced the flow of credit to this sector. In November 2020 the government had also included the 26 sectors that were covered under the Kamath Committee one-time restructuring scheme as part of this overall package.

For FY22 the RBI had brought in SLTRO for small finance banks to borrow money for lending to SMEs which will offer cheaper credit to this sector. Further a sum of ₹ 50,000 crore at the repo rate is being offered by RBI for lending to the healthcare sector that will enhance the flow of credit. In the June policy a sum of ₹ 15,000 crore has been earmarked by RBI for high contact sectors with loans being given at the repo rate to banks for on-lending to these sectors.

### Threats

The main threats are within the realm of risks to the enterprise, which are as follows:

### Operational Risks

Operational risks encompass people, process, fraud and technology risks. These have all been addressed by your company with appropriate measures.

#### Mitigants

- Talent is harnessed with continuous training for upgradation of skills and creation of an empowering environment for every individual to ensure that we attract and retain talent.
- The Ratings Operations manual provides a rigorous SOP to be adhered to while executing an assignment with periodic audits to ensure compliance.
- Our fairly comprehensive Code of Conduct to address issues of fraud and maintenance of confidentiality is ingrained in every employee at the time of joining the organisation and buttressed through the year in various sessions organised by the senior Group Heads to drive home these principles.
- CARE has in place a comprehensive IT security policy to address risks involving significant security breaches, breakdowns in computer systems and network infrastructure. We employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data. The Company had to shift to complete Work From Home (WFH) in March 2021 due to an increase in number of infections across the geographies. We did successfully complete all our ratings assignments while working from home with no disruption.

### Business Risk

The major business risk is the state of the economy. Negative growth or low growth means there is less investment taking place in the economy which affects growth in the ratable universe. Last year for example was a time when there was a sharp fall in output growth in the economy affecting investment as well as growth in bank credit to industry and services.

#### Mitigants

The approach which we have taken as discussed earlier is to follow the Group approach for business where we build other enterprises where business is delinked with the ratings business. As other businesses witness traction, the Group is able to withstand these external shocks.

Business risks are also in the areas of competition, availability of information, issuers not cooperating, reputation risk and non-payment of fees by clients. As there are a total of 7 rating agencies in the rating space, there are challenges on acquiring and retaining clients as well as being able to charge the requisite fee.

Non-availability of information impacts the quality of our ratings as is the case with the INC ratings where we have to work with minimum information in the public space. Further, non-payment of fees is a challenge for us as surveillance income is a very important component of our rating income.

### Mitigants

To address issues on reputation related to our ratings we have streamlined the process even further to ensure that there is more robustness in our processes and hence ratings. We have been meeting with all major investors in debt and making presentations to them on our business model and approach. This we believe is a continuous process which will bear fruition over a period of time. Going forward, the processes will get augmented with the use of best digital technologies.

### **Market Intelligence Risk**

Market Intelligence risk includes the ability to have superior prognosis in detecting the declining ability of companies to service their debt and sending the signal well in advance. This is something which can also affect the reputation of the firm as any default especially of a market instrument like a bond can affect the individual investor.

### Mitigants

We are, therefore, working towards strengthening our market intelligence systems to ensure that we are ahead of the curve.

### **Market Risk (Investment)**

We also run the risk of our investment portfolio being affected by changes in interest rates as we do have a fairly sizeable investment portfolio.

### Mitigants

Here we do have a very conservative investment policy which concentrates more on preserving the shareholders' assets by balancing risk with returns.

### **Compliance and Other Related Risks**

The compliance and other related risks arise due to the regulatory structure in which we operate.

### Mitigants

CARE's software interface maps the entire workflow in the rating process, affixing responsibility of various stakeholders and captures timelines of key activities. The interface also sends out periodic alerts to supervisors on deviations and gives comprehensive MIS reports for monitoring.

We also have an internal audit department to look into this on an ongoing basis, including compliance of various internal and external guidelines. Also, the legal risk arising from companies not being satisfied with our ratings is possible and we do try and ensure that all are processes are robust so that we are ringfenced well in every respect.

Further, there could be a possibility of regulatory actions in the form of adjudication proceedings against CARE on account of any defaults or sharp rating transitions. In the past, such an action has been initiated against CARE and penalty has been levied. Such actions by the regulator can have an adverse impact on the Company's performance, since it can create negative perception about CARE's ratings in the minds of issuers and investors.

### Mitigants

We are committed towards strengthening our systems and processes continuously in tune with market requirements and our own studies to critically study past instances and identify root causes of sharp rating transitions.

It may also be noted that a major portion of CARE's ratings business is driven by regulatory requirements or requires accreditation, recognition or approval from government authorities. CARE is recognised by RBI as an eligible credit rating agency for Basel II implementation in India; and commercial paper is mandatorily rated in India. In the event of changes to these regulations or norms, there may be a decrease in the demand for ratings. Implementation of the Internal Rating Based (IRB) approach by RBI may make rating non-mandatory by those banks for whom IRB approach is approved by RBI.

### Mitigants

The new transformative agenda which emphasises the Group approach will help to mitigate to an extent any threat to the rating business.

### **Governance and Oversight**

Your Company has a Board of Directors with majority of independent Directors who bring with them rich experience in finance, economics, regulatory affairs and insurance industry. This ensures the provision of cutting-edge guidance to the management to take some innovative decisions.



### Internal Control Systems and their Adequacy

CARE has implemented an internal control framework to ensure all assets are safeguarded and protected against loss from unauthorised use or disposition, and transactions are authorised, recorded and reported correctly. The framework includes internal controls over financial reporting, which ensures the integrity of financial statements of the Company and reduces the possibility of fraud.

The Internal Audit and Criteria Team issues well-documented operating procedures and authorisations with adequate built-in controls. These are carried out at the beginning of any activity and all through the process to keep track of any major changes. As part of the audits, they also review the design of key processes, from the point of view of adequacy of controls. The Company's statutory auditors have audited the financial statements and issued a report on your Company's internal control over financial reporting as defined in Section 143 of the Companies Act, 2013 (the 'Act'). The said report is annexed to the independent auditor's report.

### Financial Performance

The table below gives salient features of the performance of CARE Group at the consolidated level.

(₹ in Crs)

Details	FY 2020-21	FY 2019-20	Growth
Revenue from operations	248.45	243.64	1.97%
Other income	31.29	31.47	(0.57)%
<b>Total (A)</b>	<b>279.74</b>	<b>275.11</b>	<b>1.68%</b>
Expenses			
Employee costs	119.86	109.27	9.69%
Depreciation and amortisation	7.80	7.77	0.39%
Finance costs	0.62	0.93	(33.33)%
Other costs	32.81	53.05	(38.15)%
<b>Total expenses (B)</b>	<b>161.09</b>	<b>171.02</b>	<b>(6.16)%</b>
<b>Profit before tax (A-B)</b>	<b>118.65</b>	<b>104.09</b>	<b>13.99%</b>
Taxes	27.68	20.61	34.30%
<b>Profit after tax</b>	<b>90.97</b>	<b>83.48</b>	<b>8.97%</b>

As can be seen in the table total income for the Group increased by 1.68%. With total expenses falling by 5.80%, profit before tax increased by 13.98%. Employee cost, which is the largest component increased by 9.69%.

The table below gives some important ratios for the CARE Group of companies:

Ratios	FY 2020-21	FY 2019-20
Debtors Turnover	11.63 (times)	5.96 (times)
Current Ratio	10.34	4.95
Inventory Turnover	N.A	N.A
Interest Coverage Ratio	N.A	N.A
Debt Equity Ratio	Nil	Nil
Operating Profit Margin (%)	35.16%	29.80%
PAT Margin (%)	32.52%	30.34%
Return on Net worth (%)	15.20%	15.45%

- Trade Receivable reduced from ₹ 40.89 crore to ₹ 21.36 crore i.e. by 48% resulting to increase in Debtor's Turnover ratio from 5.96 to 11.63.
- Current Assets increased in current year as non-current investments were required to be transferred to current investments based on period of maturity.
- Return on Net Worth was impacted on account of performance of CARE's subsidiary companies.
- Operating profit margin and net profit margin were higher at 35.16% and 32.52% respectively in FY21.

**Group's Property, Plant, Equipment and Intangible assets at the end of the year were as follows:**

(₹ in Crs)

Details	As at March 31 2021	As at March 31 2020	Growth %
Property, plant, equipment etc	111.04	109.40	1.50%
Less accumulated depreciation	22.82	15.77	44.71%
Net Block	88.22	93.63	-5.78%
Depreciation as % Total income	2.79%	2.82%	-1.22%
Accumulated depreciation as % gross block	20.55%	14.41%	42.57%

Net block of the group decreased by 5.78% from ₹ 93.63 crore to ₹ 88.22 crore due to higher depreciation in FY21.

The Group's investment and treasury position as of the end of the year and comparable figures for previous year are presented below:

(₹ in Crs)

Details	As at March 31, 2021	As at March 31, 2020	Growth %
<b>Non-Current Investments</b>			
Investments in Equity instruments (Unquoted)	15.79	13.80	14.42%
Investment in Mutual Funds & Tax-Free Bonds	18.52	212.30	-91.28%
<b>(A) Total</b>	<b>34.31</b>	<b>226.10</b>	<b>-84.83%</b>
<b>Current Investments &amp; Treasury</b>			
Investment in Mutual Funds (Quoted)	204.55	112.85	81.25%
Cash and Bank Balances	11.79	6.99	68.61%
Fixed Deposits	270.97	107.28	152.59%
<b>(B) Total</b>	<b>487.31</b>	<b>227.13</b>	<b>114.55%</b>
<b>Grand Total (A) + (B)</b>	<b>521.62</b>	<b>453.23</b>	<b>15.09%</b>

Total investments for the Group were higher at ₹ 521.62 crore in FY21. Of this, ₹ 270.97 crore were in fixed deposits and ₹ 223.07 crore in mutual funds and tax-free bonds.

The Group's trade receivables are presented below:

(₹ in Crs)

Details	As at March 31, 2021	As at March 31, 2020	Growth %
Ratings & other services (Net)	16.73	36.02	-53.56%
Non-Ratings	4.63	4.87	-4.97%
<b>Total</b>	<b>21.36</b>	<b>40.89</b>	<b>-47.77%</b>

The challenging conditions brought about by the pandemic notwithstanding, the business development team has put significant focus on recovery of rating fees all through the year, thereby reducing the receivables significantly. Total receivables decreased from ₹ 40.89 crore to ₹ 21.36 crore in FY21. The decrease was higher in percentage in terms of the ratings business. As such, the receivables position presented an improved scenario.

**Our view on FY22**

As FY21 ended, we did believe that the economy would be back on the growth path and we could expect statistically a high number and our models showed that GDP growth would be between 11-11.2% in FY22. This admittedly would come on top of a negative growth rate of 7.3% (as per CSO) in FY21. However, there was a false start in April as the second wave of the COVID-19 virus commenced its advancement in the country starting with Maharashtra where there was a complete lockdown. Other states followed and while this has been done in a graded manner, business has been impacted quite sharply. While industry believes it is better prepared compared with last year's national lockdown, the statewide actions have come in the way of production of what are called non-essential goods. The services segment has been pushed back perceptibly with hospitality, tourism, entertainment, retail malls taking the shock. The uncertainty in the period of lockdowns across the country poses the biggest risk as it becomes hard to plan business.

We have scaled our GDP forecast down to 8.8-9% for the year as we believe that return to normalcy will be only in August while there could be pockets of higher levels of activity in July in some states. The first quarter of the year would be under the shadow of a lockdown for sure which will impact business activity.

Such an uncertain environment does come in the way of business plans involving investment. There already exists surplus capacity in several segments with the latest RBI data for December 2020 indicating a level of 66.6 %. The lockdowns in Q1-FY22 will hamper further enhancement in utilisation rates. Therefore, we believe that investment will be confined to specific sectors which would be in the infra space where government expenditure would tend to be higher.

The central government has budgeted for higher capex of Rs 5.54 lakh crore this year and had recently increased allocations to states in the form of loans provided they were used for capex. But we do not think that this will percolate beyond the industries related to infrastructure like steel, cement, chemicals, and other metals.

Consumer demand will be restricted due to the practical difficulty in purchasing what are called non-essential goods during period of lockdowns as well as uncertainty in future flow of salary/ wage income. Also, the high spread of infection has already resulted in households spending more on health and hence will have less income to spend on discretionary consumption. The spread to rural India is ominous and the demand that has been assumed to materialise on account of a good kharif crop could be in jeopardy depending on the how deep the infection has permeated.

The corporate bond market will once again tend to be subdued with funds being used for repaying debt or refinancing rather than for growth purposes. The overall trend in debt rationalisation across the corporates could sustain in an uncertain business environment and could impact our rating business. Bank credit growth would tend to be better than last year driven ostensibly by retail loans and agriculture. Within services NBFCs and trade could see better traction this year depending on the evolving economic conditions.

With inflation being a concern this year, the RBI may not have much room to lower the repo rate. But does this matter? Last year, the RBI kept inflation objective aside and switched to growth focus and lowered the rate. Further, there were large doses of liquidity injected into the system which continues even today. Hence, there have been new operations this year like GSAP and the on-tap COVID loan book facility and SLTROs. There could be more of such infusions to keep G-Sec yields down which will benefit not just the government but also better rated corporate bonds where the spreads are benchmarked against the government securities. The 10-years G-Sec rate may be expected to remain below the threshold of 6% as demonstrated by RBI actions so far.

The external environment would be positive and with the global economy reviving there will be a tendency for trade and investment to flourish. While the current balance will be in deficit it will be within manageable limits and not cause much worry. The rupee would trade at ₹ 74-75/\$ during the course of the year and probably end at the upper end of this band.

We are, hence, less bullish of the economic prospects for the year and do expect a single digit growth number depending on how long the lockdowns last. In H2-FY21 there was some acceleration in the bounce-back process. We are not so sure if the same will be repeated as the confidence levels are not the same as they were last time especially with a third wave being spoken of. Besides, the pent-up demand phenomenon will not be repeated twice in a row. Further, with the infection levels spreading to a wider population across urban and rural areas, overall spending power will be impacted and remain subdued this year. Therefore, the high growth rate in GDP this year will not be exhibiting the same flair as it in the past as it is coming over a negative growth rate and amid lockdown conditions in the first 2 months of the year which is reminiscent of 2020-21.

## ANNEXURE VII

**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 Read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.**

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of the Director / KMP & Designation	Remuneration of Director / KMP for financial year 2020-21 (Amt in ₹)	Remuneration of Director / KMP for financial year 2019-20 (Amt in ₹)	*% increase/ (decrease) in Remuneration in the financial year 2020-21	Ratio of Remuneration of each Director / to median remuneration of employees
1.	Mr. Najib Shah Non-Executive Independent Director	16,80,000	12,00,000	40%	2.1:1
2.	Mr. V. Chandrasekaran Non-Executive - Non - Independent Director	17,80,000	20,50,000	(13%)	2.23:1
3.	Mr. Adesh Kumar Gupta Non-Executive Independent Director	19,30,000	22,50,000	(14%)	2.41:1
4.	Ms. Sonal Gunvant Desai Non-Executive Independent Director	14,80,000	20,00,000	(26%)	1.85:1
5.	Dr. M Mathisekaran Non-Executive Independent Director	12,30,000	9,00,000	37%	1.54:1
6.	Mr. Ananth Narayan Gopalakrishnan Non-Executive Independent Director	17,30,000	12,00,000	44%	2.16:1
7.	Mr. Ajay Mahajan Managing Director and CEO (w.e.f. April 15, 2020)	4,60,50,731	-	N.A.	57.56:1
8.	Mr. T. N. Arun Kumar Executive Director (upto February 28, 2021)	1,46,62,492	1,01,89,724	44%	18.33:1
9.	Mr. Mehul Pandya Executive Director	1,25,17,814	97,77,312	28%	15.65:1
10.	Mr. Navin Kumar Jain Executive Director & Company Secretary (upto February 28, 2021)	1,04,52,026	74,99,089	39%	13.07:1
11.	Mr. Bharat Assudomal Adnani Chief Financial Officer (upto February 27, 2021)	49,02,867	27,89,216	76%	6.13:1

\* Rounded off to nearest number, wherever required.

2. The remuneration to Non-Executive & the Independent Directors is sitting fees paid to them for attending the Board and the Committee meetings in the financial year 2020-21. The sitting fees paid to the Non-Executive and Independent Directors were ₹ 1,00,000/- for attending each Board meeting and ₹ 50,000 for attending each Committee Meeting.
3. The median remuneration of employees of the Company during the financial year 2020-21 was ₹ 800,000/-. The percentage increase in the median remuneration of employees in the financial year is 1% compared to last financial year 2019-2020.
4. Comparison of average percentile increase in the salaries of employees viz-a-viz percentile increase in the managerial remuneration cannot be made since MD & CEO was appointed during FY 2020-21.
5. As on March 31, 2021, there were 592 full time employees compared with 646 last year with around 88% of the staff management professionally qualified in the areas of management, CA, CS, legal, economics, engineering etc. holding professional or post graduate degrees.
6. There was no increment made during the financial year 2020-21 other than to managerial personnel.
7. It is hereby affirmed that the remuneration paid is as per the Company's Remuneration Policy for Directors, Key Managerial Personnel and Senior Management.



## ANNEXURE - VIII

## BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (amended from time to time)]

## INTRODUCTION

We, CARE Ratings Limited entrust our people with responsibility and freedom to operate, and empower them by creating an environment that is conducive to performance, thus motivating them to perform better each year. We have a strong record of shareholder value creation through regular dividends. As one of the pioneers of credit rating in Indian market, we are responsible for several rating innovations for our customers.

This Business Responsibility Report articulates our activities based on the nine-principle framework of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. The policy and practice under each principle is explained in subsequent paragraphs with correlation to the Securities and Exchange Board of India (SEBI) reporting format, appended at the end of the Report.

Section A: General Information about the Company			
1.	Corporate Identity Number (CIN) of the Company	:	L67190MH1993PLC071691
2.	Name of the Company	:	CARE Ratings Limited
3.	Registered Office Address	:	4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion East, Mumbai - 400022
4.	Website	:	<a href="http://www.careratings.com">www.careratings.com</a>
5.	Email id	:	Investor.relations@careratings.com
6.	Financial Year reported	:	2020-21
7.	Sector(s) that the Company is engaged in (Code - Wise)	:	66190 - Financial Services other than securities dealing activities
8.	List three key products/services that the Company manufactures / provides (as in balance sheet)	:	Ratings: Providing credit ratings including Debt ratings, Bank Loan Ratings, Issuer Ratings, Securitisation Ratings and Expected Loss Ratings. Economic and Industrial Research (available to all on website)
9.	Total number of locations where business activity is undertaken by the Company:-  Number of International Locations  Number of National Locations	:	The Company currently operates with 8 branches across all over India. Further, the Company has subsidiary companies in Mauritius and Nepal. Also, 2 wholly owned subsidiary Companies are located in Mumbai & Navi Mumbai respectively. 2 (Subsidiary Companies)  11 (1 HO & 10 Branches)
10.	Market Served by the Company – Local/State/ National / International	:	Domestic : India (National) International : Mauritius and Nepal

### Section B: Financial Details of the Company

1.	Paid up Capital:	:	₹ 29.46 crore.
2.	Total Turnover (Rs):	:	₹ 219.66 crore.
3.	Total Profit after taxes (FY-20-21) (Rs):	:	₹ 85.83 crore.
4.	Total Spending on Corporate Social Responsibility [CSR] as percentage of average Net Profit of the company for last 3 financial years:	:	The Company has spent Rs. 1.74 crore – 56% and set-off ₹ 1.38 crore – 44% of the prescribed CSR expenditure of Rs. 3.12 crore (being the 2% of the average net profit of the Company for the last three years as mandated in the Companies Act, 2013).
5.	List of activities in which expenditure in 4 above has been incurred:-	:	As per Annexure III forming part of Directors' Report

### Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes. The Company has 4 subsidiaries: • CARE Risk Solutions Private Ltd • CARE Advisory Research and Training Limited • CARE Ratings (Africa) Private Limited • CARE Ratings Nepal Limited
2.	Subsidiaries participating in Company's Business Responsibility (BR) Initiatives	Nil
3.	Other entities ((e.g. Suppliers, distributors etc.) participating in Company's BR initiatives	Nil

### Section D: Other Details

1.	Director responsible for implementation of BR policies - • Director Identification Number (DIN) • Name • Designation	:	05108777 Mr. Ajay Mahajan Managing Director and CEO
2.	(a) Details of BR Head • DIN Number (if applicable) • Name • Designation • Telephone number • Email id	:	No director has yet been nominated. Mr. Mehul Pandya Executive Director 022 – 67543456 mehul.pandya@careratings.com

### Section D (2) : BR Information

Principle - wise (as per NVGs) BR Policy/ Policies (YES / NO)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for Business Responsibility	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies of the Company are developed and aligned to applicable legal requirements, guidelines and the requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended from time to time). CARE has aligned its code of conduct with 'Code of Conduct Fundamentals for credit rating agencies' (the 'IOSCO Code') issued by the International Organization of Securities Commissions (IOSCO), as amended upto July 2018. These are available at <a href="http://www.careratings.com/pdf/aboutus/IOSCOCode-24Jul18.pdf">http://www.careratings.com/pdf/aboutus/IOSCOCode-24Jul18.pdf</a>								

4	Has the policy being approved by the Board?  If yes, has it been signed by MD/ owner /CEO/ appropriate Board Director?	Approved at desired level as required by law								
5	Does the company have a specified committee of the Board/ Director/ official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	<p>The following policies are available on the Company's website <a href="http://www.careratings.com">www.careratings.com</a></p> <ol style="list-style-type: none"> <li>1. CARE's Code of Conduct for Directors, Rating Committee Members and Employees of CARE. (<a href="https://www.careratings.com/code-of-conduct.aspx">https://www.careratings.com/code-of-conduct.aspx</a>)</li> <li>2. Whistle Blower Policy (<a href="http://www.careratings.com/pdf/investor/WhistleBlowerPolicy-2019.pdf">http://www.careratings.com/pdf/investor/WhistleBlowerPolicy-2019.pdf</a>)</li> <li>3. Corporate Social Responsibility Policy (<a href="http://www.careratings.com/pdf/investor/CSR-Policy-on-website.pdf">http://www.careratings.com/pdf/investor/CSR-Policy-on-website.pdf</a>)</li> <li>4. No Gift policy (<a href="https://www.careratings.com/pdf/resources/No-Gift-Policy.pdf">https://www.careratings.com/pdf/resources/No-Gift-Policy.pdf</a>)</li> </ol>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in - house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Head of Departments are responsible for the effective implementation of the policies. The Compliance Department monitors the adherence to the implementation of these policies.								

If answer to S.No.1 against any principle, is "No" please explain why: (Tick up to 2 options):

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	--	--	--	--	--	--	--	--	--
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	--	--	--
3	The company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4	It is planned to be done within next 6 months	--	--	--	--	--	--	--	--	--
5	It is planned to be done within the next 1 year	--	--	--	--	--	--	--	--	--
6	Any other reason (please specify)	--	--	--	--	--	--	--	--	--

**Principle – wise policies**

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**Section D (3) : BR Governance**

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The policies are reviewed by the Board once in a year and as and when the changes are made in these policies, the same are placed before the Board.
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report forms part of the Annual Report which is published every year and also uploaded on the website of the Company <a href="http://www.careratings.com">www.careratings.com</a> .

**Section E: Principle - wise Performance**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.  Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs/Others?	Yes, the Company has a Code of Conduct (Code of Ethics) for Directors and Senior Management. Further, the Company has a Code of Conduct for Directors and Employees of CARE. This Code of Conduct is circulated to all the employees at the beginning of the financial year and to the new employees at the time of their induction. Each individual employee and Director is required to confirm his/ her acceptance of the Code of Conduct. Further, the Company has a Whistle Blower Policy which establishes the necessary mechanism for employees to report to the management concerns about unethical behavior or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. We also have adopted No Gift policy. The Company has many Channels of communications, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns.  Yes, it applicable to subsidiaries.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	CARE has formulated the Whistle Blower Policy, with a view to establishing a vigil mechanism whereby all the stakeholders, directors and employees, are encouraged to report illegal, unethical or improper activities through established channels, enabling an ethical and corruption free work environment and also safeguarding stakeholders, directors and employees against victimisation.  In the financial year 2020-21, 79 complaints generally with respect to Non-receipt of Annual Report and Dividend were received by the company and the same was satisfactorily (100%) resolved by the management.



**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle****1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

CARE Ratings is a credit rating agency being in the services sector where business operations take place in office space and is not directly involved with the environment. However, as we are very cognizant of the environment there are specialized products that we deal with which evaluate how companies deal with it. Also, we do look at the impact companies have on environment when do our ratings assignments.

We do have various grading products that are directed to improvement of the environment. These are:

ESCO grading specializes in energy audits and implementation of energy efficiency practices in a particular organization. Under Bureau of Energy Efficiency (BEE) platform CARE Ratings carries out assessment of Energy Service Companies (ESCO). ESCOs are the entities which by way of engaging in a performance based contract with a client firm to implement energy conservation measures and costs in a technically and financially viable manner.

CARE Ratings also carries out the Accreditation/Grading exercise for Renewable Energy Service Companies (RESCOs) and System Integrators (SI).

As per regulatory guidelines, ESCO and RESCO grading are now provided by our subsidiary, CART.

On the social front CARE Ratings has dedicated teams for rating infrastructure projects which have social implications. Two special products which need mention are:

- Expected Loss ratings which has been developed in consultation with the Ministry of Finance and provides an additional input of recovery prospects to assess expected loss.
- Infrastructure investment trusts (InvITs) which involves rating of debt of these trusts including partial guarantees structures.

Outside the business frontier, a social good provided by the company is high quality incisive research in economics and industry to the general public. This can be used for information purposes as well as for taking business decisions by the consumers. Also the functions organized on various subjects relating to ratings and the debt market is complimentary as the objective is to spread awareness.

Further, being in the business of credit rating, the Company has launched all its products taking into consideration the SEBI guidelines. The Company while assigning its ratings does take into consideration any stricture passed by any Government agency such as pollution control board etc. to the extent it may affect the client company's business. The details of the new product and its rationale are submitted to SEBI before its launch. Further, the Company has a Corporate Social Responsibility Policy as per the requirements of the Companies Act, 2013.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
  - Not applicable
- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?
  - Not applicable

**3. Does the company have procedures in place for Sustainable sourcing (including transportation)?****a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

CARE Ratings, being a credit rating agency belongs to services sector and therefore, is relatively less resource intensive in terms of material requirements. Typically the consumables are office stationery, IT-related material, etc. However, despite the volume consumed, the strategy has been localised sourcing, a practise which is followed by every regional office so as to avoid unnecessary transportation and creation of carbon footprint.

As an organization we do work towards less use of paper in the company keeping in mind the environment. All rating notes are circulated by email and use of paper is minimized. Also all rating meetings are held across the country through video conferencing which helps to save on travel costs and reduces environmental degradation to this extent.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

To the extent we print business material; we do use the services of SME level printers in relevant locations. In this way we have helped the small enterprises to grow their business. Also, to the extent that we procure material for our functions, we do tend to rely on local vendors which helps sustain relevant communities. Prompt and timely payment is ensured while doing any business with them.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.**

Given the nature of our business, we do not have any recyclable waste as the only waste is the regular disposal of garbage.

**Principle 3: Businesses should promote the wellbeing of all employees**

Employees are the main asset of the Company as the business of credit rating is based on knowledge which is manifested in the skills of the employees. CARE Ratings hires its staff at both the entry level as well as laterally based on requirement and merit. As the focus is on merit, the company is agnostic to the background and hence is an equal opportunity employer for potential candidates. Once recruited the employees are put through internal training and given a very good open learning environment which helps in personal development. Higher levels of responsibility are allocated to the deserving employees while a career path is chalked out for everyone. When required, lateral recruitment takes place so that there is continuity and there is never a shortfall of leadership at various levels.

Besides a competitive remuneration the Company offers several employee engagement activities which fosters team building, celebrating functions, weddings gifts, cash gift on Diwali, organizing games, Annual health check-up, Comprehensive health insurance program such as Medclaim, Personal Accident and term life insurance, Education support etc. are all part of this process. The Company also offers a flexible work from home policy for those who require such a facility.

**1. Please indicate the Total number of employees as on 31.03.2021**

592

**2. Please indicate the Total number of employees hired on temporary basis / Contractual / casual basis as on 31.03.2021**

67 Contractual Employees

**3. Please indicate the Number of permanent women employees as on 31.03.2021**

218

**4. Please indicate the Number of permanent employees with disabilities.**

There are no employees with disabilities.

**5. Do you have an employee association that is recognized by management**

The Company does not have any employee association. All the grievances of employees are resolved directly with the concerned departments.

**6. What percentage of your permanent employees is members of this recognized employee Association?**

Not Applicable

**7. Please indicate the Number of Complaints relating to Child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year**

No complaints related to child labour, forced labour, involuntary labour, sexual harassment were received during the year.

**8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

Safety training for contingencies like fire has been carried out for the employees. Skill upgradation is an ongoing process and given the niche business we are in, there is on the job training and several lecture sessions given on various subjects by senior analysts.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders?**

Yes, the Company has mapped both the internal and external stakeholders. These are shareholders, clients, employees, regulators and society at large.

The Company is constantly in touch with shareholders and potential investors apprising them of the developments on the business front. We attend several investors' conferences and address queries of investors and the MD & CEO represents the Company in most of these gatherings. All investor grievances are attended to immediately. CARE also has provided the email-id on which the stakeholders can send their queries or grievances. These mails are discussed by the executives responsible and are replied accordingly.

Clients are provided high quality service and provided with information intense research on the economy and industries as a value added service.

Employees are engaged in different activities to make the working environment more agreeable. Town hall sessions are also held with employees to get a feedback on how to make CARE a good place to work for.

The Company is in constant touch with the regulators appraising them on developments in the rating business.

Our information sharing exercise in the form of economics and industry research is available to everyone on the web site. This is used by business and student community extensively. Also, our outreach programmes in the form of awareness sessions especially for SMEs is an ongoing process to reach out to this community which is at the core of all government programmes. The Company participates as knowledge partners in several conferences on debt markets and specific industries like steel, roads, commodities etc. conducted by industry associations like ASSOCHAM, PHDCCI etc.

Our spread of financial literacy through training programmes in the field of credit risk management is a step in this direction which is undertaken by our subsidiary CART.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized Stakeholders**

The Company has a Corporate Social Responsibility (CSR) Policy as this principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized. We have provided funds for scholarship and infrastructure improvement to trusts who are involved in benefit of under privileged children.

**3. Are there any special initiatives taken by the company to engage with disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

At the professional level, we also provide ratings for SMEs which are the disadvantaged business group when it comes to sourcing credit from the financial system. Such ratings do help in their development, there are special teams which are tuned to working towards understanding their requirements and addressing them. We believe that helping the SMEs with customized products will help them to join the mainstream as they grow in size, which is also the objective of the government which has focused on this segment.

**Principle 5: Businesses should respect and promote human right**

**1. Does the policy of the company on human rights cover only the company or extend to the Groups / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Yes, the Company's policy on Corporate Social Responsibility which incorporates human rights thought process is directed to identify areas where the Company can contribute to benefit the society. Further, the Company has a grievance redress mechanism in place where any stakeholder can send an email to 'investor.relations@careratings.com' with their query or grievance which are responded to promptly. The report is further put up to the Stakeholders Relationship Committee of the Company. These principles and policy holds for all group companies too.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The details of the complaints received during the year are mentioned in Principle 1.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers / Contractors /NGOs/ others.**

CARE Ratings is committed to comply with all applicable environmental, health and safety laws and regulations prevailing in the country.

Considering the nature of business, this principle has limited applicability to the Company. As part of our Code of Conduct (Code of Ethics) for Directors and Senior Management, the Company encourages the protection and proper use of its assets. Further, the Company complies with applicable environmental regulations in respect of its premises and operations.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. The Company is consciously striving to be responsible in terms of its actions/ operations and its impact on the environment.

CARE has taken certain initiatives to create constant awareness about conservation of resources such as paper, water, electricity etc. In all our offices posters carrying meaningful messages have been placed. The idea is to continually reinforce these messages so as not to lose its impact and awareness in the minds of the audience just like any other advertising or promotional campaign. Encouraging efficient usage of resources by conserving paper, electricity and water and avoiding /preventing pollution is most important for sustainability of the environment.

In all our offices, in order to reduce paper usage a lot of processes involving manual documentation across different organisational functions have been moved on to the IT platforms. The key members of the analytical and business teams, who historically used to print notes and circulate hugely aided in reducing paper footprints by obviating the need of printing.

**3. Does the company identify and assess potential environmental risks? Y/N**

Not applicable as we are in service sector.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Not applicable.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Not applicable.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Not applicable

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to 7. satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

The interactions with external agencies by CARE Ratings are with the sole purpose of developing the credit rating market which involves both the corporate debt market and bank loan market. This it is believed will help in the development of the financial sector that will in turn work towards improving the growth prospects of the economy.

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes. Association of Credit Rating Agencies in Asia (ACRAA), Confederation of Indian Industries (CII) etc.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**



The Company does not take part in lobbying for pecuniary gains.

Participation in ACRAA involves working with other rating agencies in Asia to exchange views on rating and methodologies. The idea is to learn about the global best practices in rating and assessing changing trends.

CARE Ratings regularly engages with the regulators and participates in regular dialogues which them to promote enhanced standards for rating agencies.

The Company is working with the regulators to develop the debt market and brings out studies, papers and holds seminars for the same to educate the participants and spread knowledge.

#### **Principle 8: Businesses should support inclusive growth and equitable development**

##### **Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

SMEs and Microfinance Institutions (MFI) are an integral part of the inclusive growth paradigm and CARE Ratings is actively involved in addressing the requirements of this constituency. There are special products customized to the requirements of SMEs/MFI's which will assist them to procure finance. Also ratings for these enterprises are useful for bringing about self- improvement which is what is critical in addressing their structures.

Besides, the Company has a Corporate Social Responsibility Policy which guides all the CSR activities and includes all the activities which the Company can undertake with regard to social and economic development.

Also continuous flow of research to the community helps business take decisions which in turn bring about growth.

##### **Are the programmes / projects undertaken through in- house team / own foundation / external NGO / government structures/ any other organization?**

The assessment of SMEs and MFI segments are handled by qualified professionals. The dedicated set of professionals is located across the country and is in regular correspondence with the SME//MFI community. Our newsletters from the in-house research teams are available to all stakeholders through our website.

For the CSR activity, there is a special team handling the planning and implementation of various schemes.

##### **Have you done any impact assessment of your initiative?**

For the SME business there are regular performance parameters which are monitored on a periodic basis. For the CSR activity the provision of facilities has been targeted and end use is monitored by the team.

##### **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

We have a separate SME division which works closely with SMEs.

The CSR allocations are already covered in detail as Annexure III to the Directors' Report.

##### **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Given the nature of our business, educating the SME is a constant endeavour and the ideology is to have a constant dialogue with them so that they would start getting rated which will help them to manage their finances better.

Amongst the CSR initiatives being conceived are those which are broadly measureable.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

Our business enables companies to raise funds in the market, investors to choose their financial options of investment and banks their capital requirements. Customers see value in the ratings and this is the raison d'être of our business. We are therefore constantly in the process of engagement with this spectrum of customers which form the core of our business.

**What percentage of customer complaints / consumer cases is pending as on the end of financial year?**

NIL

**Does the company display product information on the product label, over and above what is mandated as per local laws?**

The Company complies with all disclosures requirements for its product and services and the web site [www.careratings.com](http://www.careratings.com) is a reservoir of such information and knowledge.

The Criteria and methodology used to assign ratings are available on the website in great detail for various products.

Each press release also specifies applicable list of criteria for rating. The rationale provided explains the reason for the rating. All changes in ratings are clearly spelt out in the relevant section.

**Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No, the Company has not received any case filed by any stakeholder against the company for unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

**Did your company carry out any consumer survey/consumer satisfaction trends?**

Yes. The Company seeks feedback from its clients on a regular basis.

Detailed surveys are carried out periodically in this context so that it provides inputs to the management to focus on areas where improvement is required.

## ANNEXURE - IX

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Amount in ₹)

Part "A" : Subsidiaries			
1	Name of the Subsidiary	CARE Risk Solutions Private Limited	
	Reporting period	April to March	
		As on March 31, 2021	As on March 31, 2020
	Share Capital	8,01,35,000	8,01,35,000
	Reserves and Surplus	(3,58,79,222)	(5,90,93,594)
	Total Assets (Non-Current Assets + Current Assets)	22,75,26,619	20,01,29,860
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	18,32,70,841	17,90,88,131
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	16,11,95,708	15,53,07,902
	Profit/(Loss) before Tax	2,05,85,180	40,90,219
	Tax Expenses (Deferred Tax)	(20,54,588)	10,40,657
	Profit/(Loss) for the Year	2,26,39,769	30,49,562
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

2.	Name of the Subsidiary	CARE Ratings (Africa) Private Limited	
	Reporting period	April to March	
		As on March 31, 2021	As on March 31, 2020
	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR
	Share Capital	2,63,01,565	2,63,01,565
	Reserves and Surplus	3,07,51,698	1,52,48,223
	Total Assets (Non-Current Assets + Current Assets)	6,78,44,260	5,50,86,869
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	1,07,90,997	1,35,37,080
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	4,49,27,719	3,71,94,593
	Profit/(Loss) before Tax	2,17,95,819	1,91,03,034
	Tax Expenses (Deferred Tax)	37,36,578	25,20,291
	Profit/(Loss) for the Year	1,80,59,240	1,65,82,743
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	78%	78%

3.	Name of the Subsidiary	CARE Advisory Research And Training Limited	
	Reporting period	April to March	
		As on March 31, 2021	As on March 31, 2020
	Share Capital	4,09,54,500	4,09,54,500
	Reserves and Surplus	1,41,52,682	1,75,71,310
	Total Assets (Non-Current Assets + Current Assets)	7,19,03,128	6,62,40,212
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	1,67,95,946	77,14,324
	Details of Investments (excluding investments in subsidiary company)	-	4,99,62,203
	Revenue from Operations	5,36,75,438	3,28,61,996
	Profit/(Loss) before Tax	(45,56,916)	73,689
	Tax Expenses including Deferred Tax	(10,67,000)	52,737
	Profit/(Loss) for the Year	(34,89,445)	20,953
	Proposed / Interim Dividend (including Dividend Tax)	-	-
	% of shareholding	100%	100%

4.	Name of the Subsidiary	CARE Ratings Nepal Limited	
	Reporting period	April to March	
		As on March 31, 2021	As on March 31, 2020
	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR
	Share Capital	3,12,50,000	3,12,50,000
	Other Equity	2,84,69,373	1,36,79,080
	Total Assets (Non-Current Assets + Current Assets)	8,14,64,960	7,73,52,949
	Total Liabilities (Non-Current Liabilities + Current Liabilities)	2,17,45,587	3,24,23,869
	Details of Investments (excluding investments in subsidiary company)	-	-
	Revenue from Operations	4,04,47,279	3,20,31,719
	Profit/(Loss) before Tax	2,86,43,200	2,02,62,916
	Tax Expenses including Deferred Tax	71,60,800	50,65,729
	Profit/(Loss) for the Year	2,14,82,400	1,51,97,187
	Proposed / Interim Dividend (including Dividend Tax)	65,78,948	65,78,948
	% of shareholding	51%	51%

**Names of subsidiaries which are yet to commence operations : NA**

**Names of subsidiaries which have been liquidated or sold during the year: NA**



**Part "B": Associates and Joint Ventures**

(Statement pursuant to first proviso to section 129 (3) of Companies (Accounts) Rules, 2013 related to Associate Companies and Joint Ventures)

**Name of the Associate:** NIL

1. **Names of associates or joint ventures which are yet to commence operations:** NA

2. **Names of associates or joint ventures which have been liquidated or sold during the year:** NA

**For and on behalf of the Board of Directors of CARE Ratings Limited**

**Sd/-**

**[Najib Shah]  
Chairman  
DIN No. - 08120210**

**Date: June 12, 2021  
Place: Bengaluru**

**Sd/-**

**[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777**

**Date: June 12, 2021  
Place: Mumbai**

**Sd/-**

**[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403**

**Date: June 12, 2021  
Place: Mumbai**

**Sd/-**

**[Jinesh Shah]  
Chief Financial Officer  
M. No.:- 117833**

**Date: June 12, 2021  
Place: Mumbai**

**Sd/-**

**[Nehal Shah]  
Company Secretary  
M. No.:- A18077**

**Date: June 12, 2021  
Place: Mumbai**

## CORPORATE GOVERNANCE REPORT

### Company's philosophy on Corporate Governance

Corporate governance is about maximizing shareholders value legally, ethically and on a sustainable basis. At CARE, the goal of corporate governance is to ensure fairness for every stakeholder i.e. our customers, investors, employees, vendor-partners, the community, and the government. We believe that sound corporate governance is critical in enhancing and retaining investor trust. It reflects our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity.

Good governance encompasses conduct of the Company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of the various stakeholders, and exercising proper control over the Company's assets and transactions.

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

Recognizing the need to incorporate the best practices being followed in the corporate space, a CARE 'BOARD CHARTER' has been adopted by the Board of Directors. The Board Charter spells out the membership/composition/term of the Board, rights and obligations of the Board, the various committees of the Board, role of chairman and office, meetings of the Board, etc.

Board of Directors (BOD) of 'CARE' has the obligations for the stewardship of the Company. Accordingly, the BOD shall be responsible for the overall direction, supervision and control of CARE.

Your Company is in compliance with the requirements of Corporate Governance stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter called "**the Listing Regulations**" and also the Guidance Note on Board Evaluation as prescribed by the Securities and Exchange Board of India (SEBI). A report on compliance with the Code of Corporate Governance as on March 31, 2021 as prescribed by Regulation 34 (3) read with Schedule V of the Listing Regulations as amended from time to time is given below:

### 1. Board of Directors

The members of the Board of Directors of your Company are expected to possess the required expertise, skill and experience to effectively manage and direct your Company so that it can attain its organizational goals. They are expected to be persons with vision, leadership qualities, a strategic bent of mind, proven competence and integrity.

Each member of the Board of Directors of your Company is expected to ensure that his/her personal interest does not run in conflict with your Company's interest. Moreover, each member is expected to use his/her professional judgment to maintain both the substance and appearance of independence and objectivity.

#### 1.1 Composition, category of Directors and other Directorship details as on March 31, 2021 are as follows:

As on March 31, 2021, in compliance of Regulation 17 of the Listing Regulations, the Board has an optimum combination of Executive, Non-Executive and Independent Directors. The Board has Seven (7) Directors, of whom Five (5) are Independent Directors, One (1) is a Non- Executive & Non-independent Director, and One (1) is Executive Director. The Board has an independent woman director and more than one third of the Board consists of Independent Directors.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 (Act), rules made therein and Listing Regulations. The terms and conditions of their appointment are disclosed on the Company's website.

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the provisions of the Act and the Listing Regulations. These Committees meet at such frequency as is deemed necessary, to effectively undertake and deliver upon the responsibilities and tasks assigned to them. The Company currently has Six (6) Committees of the Board viz., (i) Audit Committee (ii) Stakeholders' Relationship Committee (iii) Nomination and Remuneration Committee (iv) Risk Management Committee (v) Corporate Social Responsibility Committee (vi) Rating Sub Committee.

None of the Directors is a member of more than Ten (10) Board-level committees or Chairman of more than Five (5) such committees (Committees mean Audit Committee and Stakeholders Relationship Committee) as required under Regulation 26 of the Listing Regulations. Further, none of the Non-executive and Independent Directors serve as an Independent Director in more than Seven (7) listed entities and none of the Managing / Whole-time Directors are Independent Directors in more than Three (3) listed entities as required under Regulation 25 of the Listing Regulations.

None of the Directors hold office in more than Twenty (20) companies and in more than Ten (10) public companies as prescribed under Section 165 of the Act. The Board confirms that the Independent Directors fulfill all the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are Independent of the management of the Company.

None of the Directors of the Company are inter-se related to each other.

Details of Directors for the financial year 2020-21 is as under:

Category	Name of Director	DIN
Non-Executive - Non-Independent Director	*Mr. V. Chandrasekaran	03126243
Non-Executive Independent Director	Mr. Adesh Kumar Gupta	00020403
	Ms. Sonal Gunvant Desai	08095343
	Mr. Najib Shah	08120210
	Dr. M. Mathisekaran	03584338
	Mr. Ananth Narayan Gopalakrishnan	05250681
Executive Director (Managing Director)	**Mr. Ajay Mahajan	05108777

\*Mr. V. Chandrasekaran (DIN 03126243) who retired by rotation, was re-appointed as a Non-Executive, Non - Independent Director on the Board w.e.f. September 08, 2020.

\*\*Mr. Ajay Mahajan (DIN 05108777) has appointed as Managing Director and CEO w.e.f. April 15, 2020.

**Note:** The Company does not have any Promoter Director or Nominee Director.

## 1.2 Familiarization program for Independent Directors

The Company has conducted the familiarisation program for Independent Directors during the year. The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth, to acclimatize them with the processes, businesses and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company.

The familiarization Programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link [https://www.careratings.com/Uploads/newsfiles/Downloads/27042021103232\\_Familiarisation\\_Policy\\_for\\_Non-Executive\\_&\\_Independent\\_Directors-2020-21\\_\(27-4-2021\).pdf](https://www.careratings.com/Uploads/newsfiles/Downloads/27042021103232_Familiarisation_Policy_for_Non-Executive_&_Independent_Directors-2020-21_(27-4-2021).pdf)

## 1.3 Disclosure regarding appointment or re-appointment of directors.

At the ensuing Annual General Meeting, in accordance with the provisions of the Companies Act, 2013, Mr. Ajay Mahajan, Executive Director retires by rotation and being eligible, offers himself for re-appointment.

Further, the term of appointment of Mr. Adesh Kumar Gupta expires at the ensuing AGM. It is proposed to re-appoint him for a further period of (3) three years from 28th AGM to 31st AGM.

Detailed profile of Mr. Ajay Mahajan and Mr. Adesh Kumar Gupta in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

### Resume of Mr. Ajay Mahajan

He has more than three decades of experience in the banking sector, and was with Bank of America for a very long time, then with UBS, Yes Bank and IDFC First Bank. He has also worked in various entrepreneurial assignments in BFSI segment. Details have been provided in an annexure to the Notice of annual general meeting.

### Resume of Mr. Adesh Kumar Gupta

Mr. Adesh Kumar Gupta is a qualified Chartered Accountant and an Insolvency Professional registered under Insolvency and Bankruptcy Code. He has vast experience in the field of finance and general management. Details have been provided in an annexure to the Notice of annual general meeting.

#### 1.4 Board Procedure

A detailed agenda circulated to each Director in advance of Board and Committee meetings as prescribed in the Act and Secretarial Standards, all major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers (except unpublished price sensitive information) are circulated at in advance to the Board and Committee meeting. The Board members, in consultation with the Chairman, may also bring up any other matter for the consideration of the Board.

#### 1.5 Meetings of the Board

The Board of Directors met 9 times during the financial year 2020-2021 on April 15, 2020, June 18, 2020, July 10, 2020, August 10, 2020, November 03, 2020, November 12, 2020, December 01, 2020, January 09, 2021 and February 06, 2021. The maximum gap between two Board Meetings was not more than one hundred and twenty days.

##### Details of attendance

Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held on September 08, 2020	Number of Directorships in other Companies		Number of Committee positions held in Audit/ Stakeholder committee in other Public Companies		Directorship in other listed entity (Category of Directorship)
				Public	Private	Chairman	Member	
Mr. Najib Shah	9	9	Yes	-	2	-	-	-
Mr. V. Chandrasekaran	9	9	Yes	7	1	4	1	1. Tamilnadu Newsprint and Paper Ltd. – Independent Director 2. TATA Investment Corporation Limited – Independent Director
Mr. Adesh Kumar Gupta	9	9	Yes	6	1	1	5	1. Zee Entertainment Enterprises Ltd – Independent Director 2. Vinati Organics Ltd – Independent Director
Ms. Sonal Gunvant Desai	9	9	Yes	1	1	-	2	1. Sharda Cropchem Ltd – Independent Director
Dr. M Mathisekaran	9	9	Yes	-	-	-	-	-
Mr. Ananth Narayan Gopalakrishnan	9	9	Yes	4	-	-	3	1. Yes Bank Limited – Non-Executive & Non-Independent Director
Mr. Ajay Mahajan	8	8	Yes	1	1	-	-	-

As on March 31, 2021, the Board confirms that in the opinion of Board, the Independent Directors fulfill the condition specified by Listing Regulations) and are independent of management.

#### a. Information provided to the Board

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following information is placed before the Board periodically for its review / information in compliance with the Listing Regulations

- Annual operating plans and budgets
- Capital budgets and any updates thereon.
- Quarterly results of the Company & its subsidiaries.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Materially important show cause, demand, prosecution and penalty action.
- Fatal or serious accidents or dangerous occurrences.
- Any unplanned materially relevant default in financial obligations to and by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company. Details of any joint venture or collaboration agreement.

- x. Details of joint venture or collaboration agreement, if any Transaction that involve substantial payment towards goodwill, brand equity or intellectual property.
- xi. Significant employee related problems and their proposed solutions.
- xii. Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- xiii. Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- xiv. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend and delay in share transfer etc.

**b. Post - meeting follow - up systems**

The Governance system in the Company includes an effective post - meeting follow-up, review and reporting process for action taken/pending on decisions of the Board and its Committees.

**c. Board Support**

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committees on compliance and governance principles.

**d. Relationships between directors inter-se**

None of the Directors of the Company or their relatives are inter-related with each other.

**e. Code of conduct**

The Board of Directors had laid down Code of Conduct for all Directors of the Board, Employee and the Senior Management of your Company. The same has been posted on the website of the Company i.e. [www.careratings.com](http://www.careratings.com).

All the Directors of the Board, Employees and the Senior Management Personnel of your Company have confirmed their compliance with the Code of Conduct for the year ended March 31, 2021. A declaration to this effect, signed by the Managing Director & Chief Executive Officer forms part of the certification.

**(A) Board Skills, Capabilities and Experiences**

The Company recognizes the importance of having a board comprising directors who have a range of experiences, capabilities and diverse points of view. This helps the Company create an effective and well-rounded board. The capabilities and experiences sought in the directors are outlined here:

**(i) Strategy & Business** - Is or has been the Chief Executive Officer or held any other leadership position in an organization leading to significant experience in strategy or business management. Brings the ability to identify and assess strategic opportunities and threats in the context of the business.

**(ii) Industry Expertise** - Has expertise with respect to the sector the organization operates in. Has an understanding of the 'big picture' in the given industry and recognizes the development of industry segments, trends, emerging issues and opportunities.

**(iii) Market Expertise** - Has expertise with respect to the geography the organization operates in. Understands the macro- economic environment, the nuances of the business, consumers and trade in the geography, and has the knowledge of the regulations & legislations of the market/(s) the business operates in.

**(iv) Technology Perspective** - Has expertise with respect to business specific technologies such as in the field of R&D, Manufacturing etc. Has experience and adds perspective on the future ready skills required by the organization such as E-Commerce, Digital, and Sustainability etc.

**(v) People & Talent Understanding** - Has experience in human resource management such that they bring in a considered approach to the effective management of people in an organization.

**(vi) Governance, Finance & Risk** - Has an understanding of the law and application of corporate governance principles in a commercial enterprise of similar scale. Capability to provide inputs for strategic financial planning, assess financial statements and oversee budgets for the efficient use of resources. Ability to identify key risks for the business in a wide range of areas including legal and regulatory.

**(vii) Diversity of Perspective** - Provides a diversity of views to the board that is valuable to manage our customer, consumer, employee, key stakeholder or shareholders.



**(B)** Board Membership Criteria and list of core skills / expertise / competencies identified in the context of the business The Board of Directors are collectively responsible for selection of a Member on the Board. In terms of requirement of Listing Regulations, the Board has identified the following core skills / expertise /competencies of the Directors in the context of the Company's business for effective functioning as given below:

Name of the Director / Skills	Gender	Strategy & Business	Industry Expertise	Market Expertise	Tech & Future Perspective	Governance, Finance & Risk	People & Talent Understanding	Diversity of Perspective
Mr. Najib Shah	M	Y	Y	Y	Y	Y	Y	Y
Mr. V. Chandrasekaran	M	Y	Y	Y	Y	Y	Y	Y
Mr. Adesh Kumar Gupta	M	Y	Y	Y	Y	Y	Y	Y
Ms. Sonal Gunvant Desai	F	Y	Y	Y	Y	Y	Y	Y
Dr. M. Mathisekaran	M	Y	Y	Y	Y	Y	Y	Y
Mr. Ananth Narayan Gopalakrishnan	M	Y	Y	Y	Y	Y	Y	Y
Mr. Ajay Mahajan	M	Y	Y	Y	Y	Y	Y	Y

Yes - (Y) No- (N)

**(C)** None of the director of the company resigned from the Board in lieu of prioritizing the Limits prescribed for the directors to hold the No. of directorships in Companies.

## 2. Committees of the Board of Directors

### 2.1 Audit committee

#### **(A) Composition of Audit Committee**

The Audit Committee as on March 31, 2021, comprised of Three (3) members i.e. Mr. Adesh Kumar Gupta - Independent Director (Chairman), Ms. Sonal Gunvant Desai - Independent Director and Mr. Ananth Narayan Gopalakrishnan - Independent Director.

The Chairperson of the Committee is an Independent Director.

Mr. Adesh Kumar Gupta, Chairman of Audit Committee attended the Annual General Meeting of the Company which was held on September 08, 2020.

#### **(B) Terms of reference**

The terms of reference of the Audit Committee approved by the Board as per the provisions of section 177 of The Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing and monitor the auditor's independence and performance, and effectiveness of audit process
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report, if any.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;

10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower Mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
22. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
23. Identification of various risks associated with the operations of the Company such as regulatory risk, business risk, market risk, etc.
24. Monitoring and reviewing of the risk management plan of the Company;
25. Reviewing of Risk Management Policy as approved by the Board from time to time.

### (C) Meetings of the Audit Committee

The Audit Committee met Six (6) times during the financial year 2020-2021 on June 18, 2020, July 10, 2020, August 10, 2020, November 03, 2020, January 09, 2021 and February 06, 2021.

Details of attendance		
Name of Directors	No. of Committee Meetings held	No. of Meetings attended
Mr. Adesh Kumar Gupta	6	6
Mr. V. Chandrasekaran**	4	4
Mr. Ananth Narayan Gopalakrishnan	6	6
Ms. Sonal Guvant Desai	6	6

\*The Company Secretary of your Company has been the secretary to the Audit Committee upto February 28, 2021.

\*\* Mr. V. Chandrasekaran ceased to be a member of the Committee w.e.f. November 03, 2020.

## 2.2 Nomination and Remuneration Committee

### (A) Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on March 31, 2021, comprised of (3) Three members i.e. Mr. Najib Shah-Independent Director (Chairman)\*, Ms. Sonal Guvant Desai - Independent Director and Mr. V Chandrasekaran, Non- Executive Director.

\*Mr. Najib Shah was appointed as a Chairman of the Company w.e.f. May 8, 2021. Accordingly, he stepped down as the Chairman of NRC with effect from the said date, but however continued as a member of NRC. The Board appointed Ms. Sonal Guvant Desai (Non-executive & Independent Director) as a Chairman of the NRC w.e.f. June 12, 2021.

The Company Secretary of your Company has been the Secretary to the Nomination and Remuneration Committee upto February 28, 2021.

**(B) Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee approved by the Board as per the provisions of section 178 the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for performance evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. The quantum of option to be granted under an ESOS per employee and in aggregate in each year;
7. The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
8. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
9. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee and taking a view on exercise period between the end of the financial year and the date of annual general meeting;
10. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
11. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, etc. In this regard following shall be taken into consideration:
  - a. The number and price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action;
  - b. The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
3. The grant, vest and exercise of options in case of employees who are on long leave; and
4. The procedure for cashless exercise of option (if any)

**(C) Meetings & attendance of the Nomination and Remuneration Committee**

The Committee met Seven (7) times during the financial year 2020-2021 on April 11, 2020, June 17, 2020, August 03, 2020, October 13, 2020, November 11, 2020, December 01, 2020 and January 09, 2021.

Details of attendance		
Name of Directors	No. of Committee Meetings held	No. of Meetings attended
Mr. Najib Shah	7	7
Mr. V. Chandrasekaran	7	7
Mr. Adesh Kumar Gupta*	6	6
Mr. Ananth Narayan Gopalakrishnan**	1	1
Ms. Sonal Guvant Desai***	1	1

\* Mr. Adesh Kumar Gupta ceased to be a Member of Committee w.e.f. December 31, 2020

\*\* Mr. Ananth Narayan Gopalakrishnan ceased to be a Member of Committee w.e.f. June 18, 2020

\*\*\* Ms. Sonal Guvant Desai Inducted as Member of Committee w.e.f. December 31, 2020

**(D) Remuneration Policy**

During the year 2020-21, your Company paid remuneration to its Managing Director & CEO in accordance with the remuneration approved by the shareholders at their Annual General meeting held on September 08, 2020 as per the provisions of the Companies Act, 2013. The remuneration was approved by the Board and the Nomination and Remuneration Committee before seeking the approval of the shareholders.

**Remuneration/Sitting Fees paid to Directors**

No.	Name	(Amount in ₹)
1.	Mr. Najib Shah (Non-Executive Independent Director)	16,80,000
2.	Mr. V. Chandrasekaran (Non-Executive - Non Independent Director)	17,80,000
3.	Mr. Adesh Kumar Gupta (Non-Executive Independent Director)	19,30,000
4.	Ms. Sonal Guvant Desai (Non-Executive Independent Director)	14,80,000
5.	Dr. M Mathisekaran (Non-Executive Independent Director)	12,30,000
6.	Mr. Ananth Narayan Gopalakrishnan (Non-Executive Independent Director)	17,30,000
7.	Mr. Ajay Mahajan (Managing Director & CEO)	4,60,50,731

**Criteria of making payments to Non-Executive directors**

Sitting fees: ₹ 1,00,000/- for attending each Board meeting and ₹ 50,000/-for attending each committee meeting.

**The details of the remuneration to the Executive Director is as follows:****(Amount in ₹)**

Particulars	Mr. Ajay Mahajan, Managing Director & CEO
Salary & Allowance	3,48,05,836
Variable Pay (for FY 2020-21)	1,00,00,000
Provident Fund Contribution	7,35,250
Perquisite Value – Stock Option (ESOP) *	
Leave Encashment	-
Leave travel Allowance	5,09,645
Super Annuation	-
<b>Total</b>	<b>4,60,50,731</b>

He has further been granted 5,00,000 (Five Lakh) Employee Stock Options under the Employees Stock Option Scheme 2020. The Exercise period for ESOPs would be two years from the date of vesting, in line with the ESOP Policy and as approved the Shareholders in last annual general meeting held on September 08,2020. The ESOP price has been fixed at ₹ 340/- per share.

**(E) Directors with materially significant related party transactions, pecuniary or business relationship or transaction with the Company:**

Except for drawing remuneration in case of Executive Directors and Sitting Fees in case of Non-Executive Directors, none of the Directors have any other materially significant related party transactions, pecuniary relationship or transaction with the Company.

**(F) Details of the shareholding of non-executive directors:**

None of the Non-Executive Directors hold any shares in the Company.

**(G) Performance Evaluation of Independent Directors:**

The Performance Evaluation of Independent Directors was done by the entire Board of Directors excluding the Director being evaluated. The evaluation questionnaire form in respect of each independent director was filled up by the Directors. The Independent Directors were evaluated on the basis of criteria such as skills, knowledge, discharge of duties, level of Participation in the meetings etc.

**2.3 Stakeholders Relationship Committee****(A) Composition of Stakeholders Relationship Committee**

The Stakeholders Relationship Committee as on March 31, 2021 comprised of three members i.e. Dr. M Mathisekaran, Independent Director - Mr. Ananth Narayan Gopalakrishnan, Independent Director and Mr. Ajay Mahajan, Executive Director. The Company Secretary of your Company is the secretary to the Stakeholders Relationship Committee. Mr. Navin Kumar Jain, Executive Director & Company Secretary has acted as the Compliance Officer of the Company up to February 28, 2021.

Mr. Haresh Swaminathan (Qualified Company Secretary) was subsequently appointed as the Interim Compliance Officer of the Company with effect from March 03, 2021 to fill in the vacancy caused due to resignation of Mr. Navin Kumar Jain and carry out compliance function till a new Company Secretary was inducted by the Company.

Thereafter, Ms. Nehal Shah was appointed as the Company Secretary & Compliance Officer by the Board of Directors at their meeting held on June 12, 2021. Consequent upon her appointment, Mr. Haresh Swaminathan ceased to be the Interim Compliance Officer.

**(B) Terms of Reference**

1. To review the redressal of Investors' complaints like transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividend, delays in transfer of shares, dematerialisation / rematerialisation of shares etc.
2. To act on behalf of the Board, in the matters connected with issuance of duplicate share certificates, split and consolidation etc.
3. Review of measures taken for effective exercise of voting rights by shareholders.
4. To oversee performance of the Registrar and Transfer Agents of the Company and their adherence to service standards and recommend measures for overall improvement in the quality of investor services.
5. To review the process of complaint and grievance handling mechanism at periodic intervals.
6. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
7. To review various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipts of dividends warrants, annual reports, statutory notices by the shareholders of the company
8. To undertake such other matters as deemed fit and proper for effective discharge of the above responsibilities.

**(C) Meetings & attendance of the Stakeholders Relationship Committee**

The Committee met Two (2) times during the financial year 2020-2021 on July 08, 2020 and March 08, 2021.

Details of attendance		
Name of Directors	No. of Committee Meeting held	No. of Meetings attended
Dr. M Mathisekaran	2	2
Mr. V Chandrasekaran <sup>##</sup>	1	1
Ms. Ananth Narayan Gopalkrishnan	2	2
Mr. Ajay Mahajan <sup>#</sup>	1	1

<sup>#</sup> Mr. Ajay Mahajan was inducted as a member of the Committee w.e.f. August 10, 2020.

<sup>##</sup> Mr. V Chandrasekaran ceased to be member of the Committee w.e.f. September 29, 2020.

**(D) Details of shareholders complaints during Financial Year ended March 31, 2021 are as follows:**

No	Description	Complaints received	Complaints Attended	Complaints pending
1.	Non-receipt of refund order	NIL	NIL	NIL
2.	Non-receipt of Annual Report	4	4	NIL
3.	Non-receipt of dividend	75	75	NIL
4.	Non-receipt of Securities	NIL	NIL	NIL
5.	Non-receipt of refund order (Complaint received through SEBI SCORES)	NIL	NIL	NIL
6.	Non-receipt of dividend (Complaint received through SEBI SCORES)	NIL	NIL	NIL
7.	Non-receipt of Annual Report (Complaint received through Stock Exchange)	NIL	NIL	NIL
	<b>TOTAL</b>	79	79	NIL

**2.4 Corporate Social Responsibility Committee****(A) Composition of Corporate Social Responsibility Committee**

The Committee as on March 31, 2021, comprised Four Members i.e., Dr. M Mathisekaran, Independent Director(Chairman), Ms. Sonal Gunvant Desai - Independent Director, Mr. Ajay Mahajan - Executive Director and Mr. V. Chandrasekaran - Non Executive Director.

**(B) Terms of Reference**

The term of reference of the Corporate Social Responsibility Committee approved by the Board as per the provisions of Section 135 of the Companies Act, 2013 are as follows:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in schedule VII of the Companies Act, 2013.
2. Recommend the amount of expenditure to be incurred on these activities.
3. Monitor the Corporate Social Responsibility Policy of the Company from time to time.



**(C) Meetings & attendance of the Corporate Social Responsibility Committee**

The Committee met Two (2) time during the financial year 2020-21 on May 31, 2020 and March 12, 2021.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Dr. M. Mathisekaran	2	2
Mr. V Chandrasekaran	2	2
Ms. Sonal Guvant Desai	2	2
Mr. Ajay Mahajan#	1	1

#Mr. Ajay Mahajan inducted as a member of the Committee w.e.f. August 10, 2020.

**2.5 Risk Management Committee****(A) Composition of Risk Management Committee**

The Committee as on March 31, 2021, comprised (3) Three Members i.e. Ms. Sonal Guvant Desai - Independent Director (Chairperson), Dr. M Mathisekaran, Independent Director and Mr. Ajay Mahajan, MD & CEO.

**(B) Terms of Reference**

The terms of reference of the Committee prescribed by the regulation is as follows:

- All the of members of Risk Management Committee shall consist of members of the Board of Directors;
- The Chairperson of the Risk management committee shall be a member of the Board of Directors and Senior Executives of the listed entity may be members of the committee;
- To meet at least once in a year; and
- To also include the risks associated with cyber security in the IT risk

**(C) Meetings & attendance of the Risk Management Committee**

The Committee met Two (2) times during the financial year 2020-2021 on July 11, 2020 and March 10, 2021.

Details of attendance		
Name of Directors	No. of Meetings held	No. of Meetings attended
Ms. Sonal Guvant Desai	2	2
Mr. Adesh Kumar Gupta*	1	1
Dr. M. Mathisekaran	2	2
Mr. Najib Shah**	1	1
Mr. Ajay Mahajan***	1	1

\* Mr. Adesh Kumar Gupta ceased to be member of the Committee w.e.f. November 03, 2020

\*\* Mr. Najib Shah ceased to be a member of the Committee w.e.f. November 03, 2020

\*\*\* Mr. Ajay Mahajan inducted as member of the Committee w.e.f. August 10, 2020.

**2.6 Independent Directors Meeting**

As on March 31, 2021, the Company had (5) Five Independent Directors – Mr. Adesh Kumar Gupta, Ms. Sonal Guvant Desai, Mr. Najib Shah, Dr. M Mathisekaran and Mr. Ananth Narayan Gopalakrishnan on its Board. During the financial year 2020-2021, one meeting of the Independent directors was held on March 27, 2021. The meeting was attended by Mr. Najib Shah, Dr. M Mathisekaran, Ms Sonal Guvant Desai and Mr. Adesh Kumar Gupta without the attendance of non-independent directors and members of the management. The meeting was conducted to enable the Independent Directors to discuss matters pertaining to the Company's affairs and determine their combined views to be put forth to the Board of Directors of the Company.

**3. General Meetings**

Details of last three Annual General Meetings (AGM) and Extra - Ordinary General meetings.

Venue		Date	Time	No of special resolutions passed
a)	The Company conducted meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM	September 08, 2020 (Annual General Meeting)	3.30 p.m.	4
b)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	September 30, 2019 (Annual General Meeting)	2.00 p.m.	-
c)	Jasubhai Conventional Hall, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, 6th Floor, 292 Harbanslal Marg, Sion (East), Mumbai – 400 022	September 24, 2018 (Annual General Meeting)	3.30 p.m.	-

**4. Postal Ballot**

During FY 2020-2021, no resolution was passed through Postal Ballot as required under Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014. No Special resolution is proposed to be conducted through the Postal Ballot.

**5. Related party disclosures**

All transactions entered into during the financial year 2020-21 with Related Parties as defined under the Companies Act and Regulation 23 of the Listing Regulations were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transaction referred to in Section 188 of the Companies Act, 2013 with related parties which could be considered material under the Listing Regulations. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable. As required under Regulation 23 of the Listing Regulations, the Company has formulated a Policy on Materiality of and dealing with Related Party Transactions which is available on the website of the Company at [www.careratings.com](http://www.careratings.com).

**6. Details of Non-Compliance**

There has been no incidence of non-compliance with any of the legal provisions of law nor has any penalty or stricture been imposed by SEBI or any statutory authority on any matter related to the capital markets during the last three years.

Further, please refer to the disclosures pertaining to certain matters, as provided under 'Update regarding certain matters' in the Directors Report of the Board of Directors, which are self-explanatory.

**7. Whistle Blower Policy / Vigil Mechanism**

Your Company's Whistle Blower Policy is in line with the provisions of the sub-section (9) and (10) of Section 177 of the Companies Act and Regulation 22 of the Listing Regulations. This Policy establishes the necessary mechanism for employees to report to the management concerns about unethical behaviour or actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. Further, no member of staff has been denied access to the Audit Committee. The policy has been uploaded on the website of the Company [www.careratings.com](http://www.careratings.com).

**8. Policies under Insider Trading Regulations**

Based on the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted Code of Conduct for Directors, Rating Committee Members and Employees of CARE.

The Board of Directors of the Company has also adopted the Code of practises and procedures for fair disclosure of unpublished price sensitive information in compliance with the said Regulations. The said Code is also available in the Company's website i.e. [www.careratings.com](http://www.careratings.com).

**9. Other policies**

Your Company had adopted the policy for determining material subsidiaries and a policy on materiality of and dealing with Related Party Transactions. These policies have been uploaded on the website of the Company [www.careratings.com](http://www.careratings.com).

**10. Adoption of mandatory and non-mandatory requirements of Listing Regulations.**

- Your Company has complied with all the mandatory requirements of Listing Regulations.
- As the quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not being sent separately to the shareholders.
- The Company's financial statements for the year 2020-21 do not contain any Audit Qualification.
- The internal auditors of the Company directly report to Audit Committee.

**11. Means of communication**

Your Company's corporate website [www.careratings.com](http://www.careratings.com) provides comprehensive information to the shareholders. The quarterly and annual financial results are published in English and Marathi daily newspapers i.e Business Standard and Navshakti respectively. The quarterly and annual financial results and the press releases issued are also available on your Company's website [www.careratings.com](http://www.careratings.com). Detailed presentations are made to analyst on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website. The disclosures as required under SEBI CRA Regulations are uploaded on the Company's website. The shareholding pattern is updated every quarter is displayed on the Company's website.

**12. Dividend**

In the financial year 2020-2021, the Company had declared two Interim Dividends of ₹ 3/- per share and ₹. 8/- per equity share, respectively aggregating to ₹ 11/- per share. Further, the Board of Directors recommended a Final Dividend of ₹ 6/- per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting.

**13. Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund:**

In accordance with the provisions of the Section 124 and 125 of the Act, read with Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), the dividends, unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to the IEPF.

The IEPF Rules mandate Companies to transfer shares of Members whose dividends remain unpaid/unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/ dividend from the Authority. In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 4,09,332/- of unpaid/unclaimed dividends and 121 equity shares were transferred during the financial year 2020-21 to the Investor Education and Protection Fund.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at [www.careratings.com](http://www.careratings.com).

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 8, 2020 on the Company's website at [https://www.careratings.com/Uploads/newsfiles/QuickLinks/25112020120852\\_IEPF\\_Notice\\_to\\_shareholdersIEPF-2.pdf](https://www.careratings.com/Uploads/newsfiles/QuickLinks/25112020120852_IEPF_Notice_to_shareholdersIEPF-2.pdf). The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2021 shall be updated on or before November 13, 2021.

**14. Subsidiary companies**

The financial statements of the subsidiaries are reviewed by the Audit Committee of the Company. Further, the minutes of the meetings of Board of Directors of the subsidiary companies are also placed before the Board of Directors of the Company.

**15. Management discussion and analysis report**

The Management Discussion and Analysis Report has been annexed to the Directors' Report.

**16. Auditor's Certificate on Corporate Governance**

As required by Schedule V of the Listing Regulations, the Auditors' certificate with respect to compliance of Corporate Governance has been annexed to the Directors' Report and will be sent to the Stock Exchanges at the time of filing of the Annual Report.

**17. CEO & CFO certification certificate**

As required under Regulation 17(8) of the Listing Regulations, the CEO and CFO certification on the financial statement and the internal control system for financial reporting has been obtained and the same was reviewed by the Board of Directors. A copy of certificate is annexed to this report as **Annexure XA**.

**18. Reconciliation of share capital audit**

As stipulated by SEBI, a Reconciliation of Share Capital Audit is carried out by an independent Practicing Company Secretary on a quarterly basis to confirm reconciliation of the issued and listed capital, of shares held in dematerialized and physical mode, and the status of the Register of Members.

**19. Disclosures with respect to Demat suspense account / Unclaimed suspense account**

The Company does not have any shares lying in its Demat Suspense Account / Unclaimed Suspense Account.

**20. Certificate from Company Secretary in practice**

As required under Schedule V of the Listing Regulations, your Company has obtained a certificate from a company secretary in practice, that none of the Directors on the Board of your Company as on March 31, 2021 is debarred or disqualified from being appointed or continuing as Directors of your Company by the Securities and Exchange Board of India or the Ministry of Corporate Affairs, or any such authority. A certificate from a company secretary in practice for the financial year 2020-21 is annexed to this report as **Annexure XB**.

**21. Auditor Fee table**

The fees paid by the Company and its subsidiaries (on a consolidated basis) to the statutory auditors and its network firm during the financial year 2020-21 are as under:

Sr. No	Services provided	Amount (₹ In Lacs)
1	Audit Fees	31.82
2	Tax Audit Fees	2.00
3	Other services	4.63
4	Reimbursement of Expenses	0.12
	<b>Total</b>	<b>38.57</b>

**22. All mandatory requirements as per the Chapter IV of the listing Regulations have been Complied with the company. Details of compliance with mandatory requirements of SEBI LODR Regulations:**

I. Disclosure on website in terms of listing regulations	
Item	Compliance Status (Yes/No/NA) refer note below
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Compositions of various committees of board of directors	Yes
Code of conduct of board of directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower policy	Yes
Criteria of making payments to non-executive directors	Disclosed in Annual Report
Policy for dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes
Email address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	Not Applicable
New name and the old name of the listed entity	Not Applicable

II. Annual Affirmations		
Particulars	Regulation Number	Compliance status (Yes/No/NA) refer note below
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes

Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party Transactions	23(4)	Not Applicable
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2)	Yes
Policy with respect to Obligation of Directors and senior management	26(5)	Not Applicable
Obligation with respect to KMPs, Directors and Promoters	26(6)	Not Applicable

Pursuant to Regulation 7(2) of the SEBI Listing Regulations, certificates on half yearly basis have been issued by a qualified practicing Company Secretary confirming the compliance of share transfer formalities by the Company.

### 23. Details of Non-compliance of any requirement of Corporate Governance

The Company has complied with all the requirements of Corporate Governance specified under Listing Regulations.

### 24. General Shareholders Information

a)	<b>Annual General Meeting</b>	September 14, 2021
	<b>Time</b>	3.30 p.m IST
	<b>Venue</b>	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
b)	<b>Financial Year</b>	April 1, 2020 to March 31, 2021
	Quarterly results will be declared as per the following tentative schedule:	
	Financial reporting for the quarter ending June 30, 2021	On or before August 14, 2021
	Financial reporting for the quarter ending September 30, 2021	On or before November 14, 2021
	Financial reporting for the quarter ending December 31, 2021	On or before February 14, 2022
	Financial reporting for the quarter and year ending March 31, 2022	On or before May 30, 2022
	<b>Dates of Book Closure</b>	Wednesday, September 8, 2021 to Tuesday, September 14, 2021 (both days inclusive)



d)	<b>Dividend Payment Date</b>	Final dividend on equity shares for the year ended March 31, 2021 as recommended by the Directors, if declared in the Annual General Meeting will be paid on or before October 13, 2021.
e)	<b>Listing on Stock Exchange</b>	<p>The Company got listed on December 26, 2012. The shares of your Company are listed on:</p> <p>a. BSE Limited P.J. Towers, Dalal Street, Mumbai 400 001, Maharashtra, India</p> <p>b. The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India</p> <p>The Annual Listing fees for the financial year 2020-21 have been paid to BSE Limited and The National Stock Exchange of India Limited.</p>
f)	<b>Stock Code</b>	<p>Bombay Stock Exchange Limited: 534804</p> <p>National Stock Exchange of India Limited: CARERATING</p> <p>ISIN: INE752H01013</p>
g)	<b>Registrar and Share Transfer Agent</b>	<p>KFin Technologies Private Limited Unit: CARE Ratings Limited Karvy Selenium Tower - B, Plot No. 31 &amp; 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel. No. 040 – 67162222, Fax No. 040 – 23001153 Email: einward.ris@karvy.com, Website: <a href="http://www.karvy.com">www.karvy.com</a> Contact Person : Mr. K. S. Reddy &amp; Mr. B. V. Kishore</p>
h)	<b>Share Transfer System</b>	<p>As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective April 1, 2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to March 31, 2019 and, have received the same under objection can re-lodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.</p> <p>99.99% of the equity shares of the Company are in electronic form. Transfer of shares is done through the depositories with no involvement of the company.</p>

**i) Market Price Data HIGH/LOW during each month from April 2020 to March 2021.**

PERIOD – 2020-2021	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April 2020	470.00	329.65	466.70	329.30
May 2020	409.50	345.20	408.00	344.20
June 2020	438.95	382.55	440.00	382.60
July 2020	463.80	401.15	463.90	407.00
August 2020	453.50	390.00	455.00	392.20
September 2020	431.70	341.00	431.80	340.10
October 2020	388.35	296.30	388.50	296.15
November 2020	512.05	296.05	512.05	297.65
December 2020	588.00	492.70	607.70	492.00
January 2021	548.00	468.35	547.00	461.25
February 2021	549.00	461.90	549.30	461.00
March 2021	478.90	410.00	479.80	407.20

**j) Distribution Schedule and Shareholding Pattern as on March 31, 2021.**

Sr. No	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 – 5000	67938	94.79	41963110.00	14.24
2	5001 – 10000	1949	2.72	14786340.00	5.02
3	10001 – 20000	948	1.32	13864060.00	4.71
4	20001 – 30000	286	0.40	7220740.00	2.45

5	30001 - 40000	163	0.23	5710440.00	1.94
6	40001 - 50000	89	0.12	4097030.00	1.39
7	50001 - 100000	148	0.21	10529390.00	3.57
8	100001 & ABOVE	149	0.21	196441030.00	66.68
	<b>Total:</b>	<b>71670</b>	<b>100.00</b>	<b>294612140.00</b>	<b>100.00</b>

**k) Shareholding Pattern**

Sr. No	Category	No. of Shares Held	Percentage (%)
I	PROMOTERS	-	-
II	NON-PROMOTERS		
a)	ALTERNATIVE INVESTMENT FUND	167940	0.57
b)	BANKS	12	0.00
c)	CLEARING MEMBERS	216070	0.73
d)	EMPLOYEES	43507	0.15
e)	FOREIGN PORTFOLIO - CORP	6685172	22.69
f)	FOREIGN PORTFOLIO INVESTORS	278	0.00
g)	HUF	491457	1.67
h)	INDIAN FINANCIAL INSTITUTIONS	5855	0.02
i)	BODIES CORPORATES	5176940	17.57
j)	MUTUAL FUNDS	1690953	5.74
k)	NBFC	418598	1.42
l)	NATIONALISED BANK	537	0.00
m)	NON RESIDENT INDIANS	663478	2.25
n)	NRI NON-REPATRIATION	191000	0.65
o)	RESIDENT INDIVIDUALS	9392667	31.88
p)	QIB	4312685	14.64
q)	TRUSTS	3944	0.01
r)	IEPF	121	0.00
	<b>TOTAL</b>	<b>2,94,61,214</b>	<b>100.00</b>

<b>l)</b>	<b>Dematerialisation of Shares and Liquidity</b>	2,94,60,913 equity shares which constitutes 99.99% of the paid-up capital as on March 31, 2021 of your Company are held in electronic mode.
<b>m)</b>	<b>Registered Office &amp; Address for Correspondence</b>	CARE Ratings Limited 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai- 400 022 Tel No: 022 - 67543456 Fax No: 022 - 67543457
<b>n)</b>	<b>Plant location</b>	In view of the nature of the Company's business viz. providing rating services, the company operates from the following mentioned offices in India.

	<b>Ahmedabad</b> 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015 Tel: +91-79-4026 5656	<b>Mumbai - Andheri</b> A Wing - 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (E), Mumbai - 400 093. Tel No.: +91-22-6837 4400
	<b>Bengaluru</b> Unit No. 205 -208, 2nd Floor, Prestige Meridian 1, No. 30, M. G. Road, Bengaluru, Karnataka 560001. Tel: +91-80-46625555	<b>Chandigarh*</b> SCF No. 54-55, First Floor, Phase 11, Sector 65, Chandigarh, Mohali - 160062 Tel: +91-172-490-4000/01 *Closed with effect from June 30, 2021
	<b>Chennai</b> Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002. Tel: +91-44-2849 7812 / 0811	<b>Coimbatore</b> T-3, 3rd Floor, Manchester Square Puliakulam Road, Coimbatore - 641 037. Tel: +91-422-4332399 / 4502399
	<b>Hyderabad</b> 401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad - 500 029. Tel: +91-40-4010 2030	<b>Jaipur*</b> 304, Pashupati Akshat Heights, Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park, Jaipur - 302 016. Tel: +91-141-402 0213 / 14  *Closed with effect from June 30, 2021
	<b>Kolkata</b> 3rd Floor, Prasad Chambers, (Shagun Mall Bldg.) 10A, Shakespeare Sarani, Kolkata - 700 071. Tel: +91-33- 4018 1600	<b>New Delhi</b> 13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055. Tel: +91-11-4533 3200
	<b>Pune</b> 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015. Tel: +91-20- 4000 9000	
o)	<b>Email</b>	care@careratings.com
p)	<b>Investor Complaints ID</b>	investor.relations@careratings.com
q)	<b>Website</b>	<a href="http://www.careratings.com">www.careratings.com</a>
r)	<b>Compliance Officer</b>	<p>Mr. Haresh Swaminathan  Interim Compliance Officer  (With effect from March 3, 2021 upto June 12, 2021)</p> <p>[Prior to appointment of Mr. Haresh Swaminathan, Mr. Naveen Kumar Jain was the  Company Secretary &amp; Compliance Officer upto February 28, 2021.]</p> <p>Ms. Nehal Shah was appointed as the Company Secretary &amp; Compliance Officer  w.e.f. June 12, 2021.</p> <p>CARE Ratings Limited  4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion  (East), Mumbai - 400 022  Tel No: 022 - 67543456, Fax No: 022 - 67543457</p>
s)	<b>Green Initiative</b>	<p>Pursuant to Section 20 of the Companies Act, 2013, read with Rule 35 of the Companies  (Incorporation) Rules, 2014, companies are allowed to send to their Members notices/  documents in the electronic form.</p> <p>To enable the Company send its Annual Report, Notice of AGM, and other documents  for the financial year ended March 31, 2021 electronically, Members are requested to  update (in case of change) / register their email IDs with their Depository Participants/  the Registrar and Share Transfer Agent at the earliest.</p>

t) **CARE share price vs. NSE NIFTY**

Month	CARE Close Price (₹) (NSE)	NSE NIFTY
April 2020	368.75	9859.9
May 2020	402.3	9580.3
June 2020	419.45	10302.1
July 2020	430.4	11073.45
August 2020	397.35	11387.5
September 2020	349.4	11247.55
October 2020	298.4	11642.4
November 2020	501.8	12968.95
December 2020	525.9	13981.75
January 2021	484.1	13634.6
February 2021	465	14529.15
March 2021	411	14609.7

u) **CARE share price vs. BSE SENSEX**

Month	CARE Close Price (₹) BSE	BSE SENSEX
April 2020	369.65	33717.62
May 2020	401.4	32424.1
June 2020	419.2	34915.8
July 2020	423.95	37606.89
August 2020	397.15	38628.29
September 2020	349.05	38067.93
October 2020	298.6	39614.07
November 2020	503.4	44149.72
December 2020	526.1	47751.33
January 2021	483.25	46285.77
February 2021	465.45	49099.99
March 2021	411.25	49509.15

v) **The Company has not received any complaint during the financial year ended March 31, 2021 relating to Sexual harassment at Workplace. Further following is a summary of sexual harassment complaints received and disposed of during the year:**

No. of Complaints filed during the year	Nil
No. of Complaints disposed off during the year	Nil
No. of Complaints pending as on the end of the financial year	Nil

w) **Outstanding GDRs/ ADRs / Warrants or any convertible instruments**

Company does not have any outstanding Global Depository receipt, American Depository receipt or Warrant or any Convertible instrument during the financial year ended March 31, 2021.

x) **Commodity Price risk or foreign exchange risk and hedging activities**

Commodity Price Risk / Foreign Exchange Risk and Hedging is not applicable to the Company.

## CEO AND CFO CERTIFICATION

**To**  
**The Board of Directors**  
**CARE Ratings Limited**

We, Mr. Ajay Mahajan, Managing Director & Chief Executive Officer (CEO) and Mr. Jinesh Shah, Chief Financial Officer (CFO), of CARE Ratings Limited, to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements, the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
  - Significant changes in the internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### FOR CARE RATINGS LIMITED

**Sd/-**  
**Ajay Mahajan**  
**Managing Director & CEO**

**Sd/-**  
**Jinesh Shah**  
**Chief Financial Officer**

**Place: Mumbai**  
**Date: June 12, 2021**



## Annexure - XB

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**CARE Ratings Limited,**  
Godrej Coliseum, 4<sup>th</sup> Floor  
Somaiya Hospital Road  
Off Eastern Express Highway  
Sion East, Mumbai 400022.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of CARE Ratings Limited (CIN:L67190MH1993PLC071691) and having registered office at Godrej Coliseum, 4<sup>th</sup> Floor, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400022 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the Company
1	Mr. Adesh Kumar Gupta	00020403	22.05.2018
2	Mr. Najib Shah	08120210	17.07.2019
3	Mr. Mathisekaran Madasamy	03584338	19.08.2019
4	Ms. Sonal Guntvant Desai	08095343	30.03.2019
5	Mr. Ananth Narayan Gopalakrishnan	05250681	19.08.2019
6	Mr. Venkatadri Chandrasekaran	03126243	15.11.2017
7.	Mr. Ajay Mahajan	05108777	15.04.2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For A. K. Jain & Co.**  
**Company Secretaries**

Sd/-

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058, CP: 6124**  
**UDIN: F006058C000453241**

**Place: Mumbai**  
**Date: 12<sup>th</sup> June, 2021**

**DECLARATION BY THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY UNDER REGULATION 26(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

**To,  
The Members  
CARE Ratings Limited**

I, Ajay Mahajan, Managing Director & Chief Executive Officer (CEO) of CARE Ratings Limited, hereby confirm pursuant to Regulation 26(3) read with Para D of Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 that:

The Board of CARE Ratings Limited had laid down a Code of Conduct (Code of Ethics) for all Board members and Senior Management of the Company. The said code of conduct has also been posted on the Company's website viz. [www.careratings.com](http://www.careratings.com).

As provided under Regulation 26(3) read with Para D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board of Directors and Senior Management Personnel of the Company have affirmed the Compliance with the Code of Conduct (Code of Ethics) for the year ended March 31, 2021.

**For CARE RATINGS LIMITED**

**Sd/-  
Ajay Mahajan  
Managing Director & CEO**

**Place: Mumbai  
Date: June 12 , 2021**

## Annexure – XD

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

Certificate No.: 0733/2021/DiSh

To the Members of  
CARE Ratings Limited

## Certificate

1. We have examined the compliance of conditions of Corporate Governance by CARE Ratings Limited (the 'Company'), for the year ended March 31, 2021, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').

## Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

## Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## Opinion

7. Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

Sd/-

**Hasmukh Dedhia**  
**Partner**  
**M. No.- 033494**  
**UDIN: 21033494AAAAKG2685**  
**Place: Mumbai**  
**Date: July 22, 2021**

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# Standalone Financial Statements



## INDEPENDENT AUDITOR'S REPORT

To the Members of

CARE Ratings Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

1. We have audited the accompanying Standalone Ind AS Financial Statements of CARE Ratings Limited ('the Company'), which comprise the standalone Balance Sheet as at March 31, 2021, the standalone Statement of Profit and Loss (including Other Comprehensive Income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information. ('the Standalone Ind AS Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

#### Emphasis of Matter

3. Attention is drawn to Note 47 of the Standalone Ind AS Financial Statements which describes the impacts of COVID-19 Pandemic on the financial statements as also on business operations of the Company, assessment thereof made by the management of the Company based on its internal, external and macro factors, involving certain estimation uncertainties. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Ind AS Financial Statements of the year under report. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	Our audit approach
<p>Recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 "Revenue from contracts with customers" and other regulatory requirements</p> <p>The recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 and other regulatory requirements involve significant judgements and estimation as also timing of recognition by the management of the Company. Further, the recognition of revenue involves various complexities with respect to nature and category of clients of the Company.</p> <p>We determined this matter to be a key audit matter due to the complexity associated to comply with the applicable Ind AS and other regulatory requirements. [Note 1(j) to the Standalone Ind AS Financial Statements]</p>	<p>We assessed the entity's process to comply with the applicable Ind AS and other regulatory requirements.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• Evaluated the report of an expert on the application of the standard on the entity as per its accounting policies.</li> <li>• Evaluated the reasonableness of the significant judgements and estimation involved in the process.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to timing and extent of recognition of revenue therefrom based on the policy adopted by the Company.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the entity.</li> </ul> </li> <li>• Sample of revenue disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul>
<p><b>Regulations – Litigations and claims</b></p> <p>The Company is exposed to various laws and regulations. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government / department proceedings, as well as out of investigations by the authorities.</p> <p>As at March 31, 2021, the Company's has ascertained contingent liabilities of Rs. 72.51 Lakhs and also has unascertained liabilities (refer note 30 to the Standalone Ind AS Financial Statements)</p> <ul style="list-style-type: none"> <li>• Management applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progresses.</li> </ul> <p>We determined this matter to be a key audit matter due to the inherent complexity and magnitude of potential exposures across the Company and the judgment necessary to estimate the amount of provisions required and/or determine the required disclosures.</p>	<p>Our Audit approach in relation to the matter involved the following:</p> <ul style="list-style-type: none"> <li>• Review the outstanding litigations against the Company for comparing consistency with the previous years. Enquire and obtain explanations for movements during the year.</li> <li>• Reading the latest correspondences between the Company and the various tax/legal authorities for significant matters.</li> <li>• Examined selectively the Company's legal expenses and read fully the minutes of the board meetings, in order to ascertain all cases have been identified.</li> <li>• With respect to tax matters, involving our tax specialists, and discussing with the Company's personnel dealing with tax matters, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws and precedence.</li> <li>• Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</li> <li>• For those matters where management concluded that no provisions should be recognised, considering the adequacy and completeness of the Company's disclosures.</li> <li>• For complex regulatory litigations, reviewing the relevant correspondence by the Company, studying the matters in the light of past precedence and views of Company's legal advisor as made available by the Company.</li> <li>• For claims made against the Company but neither acknowledged nor disclosed, assessed the tenability of such claims based on reading the basis of such claims with relevant provisions of the law or regulations and considering the legal advice obtained by the Company.</li> </ul>

**Information other than the Standalone Ind AS Financial Statements and Auditors' Report Thereon**

5. The Company's Management and Board of Directors are responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and such other disclosures related Information, excluding the Standalone Ind AS Financial Statements and auditor's report thereon ('Other Information'). The Other Information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the Standalone Ind AS Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

**Responsibility of Management's & Board of Directors for Standalone Ind AS Financial Statements**

6. The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Standalone Ind AS Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

7. Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements. Our audit process in accordance with the SAs is narrated in detail in Annexure 1 to this report.

**Other Matter**

8. In view of the restricted movements and partial lockdown imposed by the authorities to prevent the spread of COVID-19 Pandemic, the audit finalisation processes were carried out from remote locations i.e. other than the Office of the Company, where the books of accounts and other records are kept, based on the data/details made available and based on financial information/records remitted by the management through digital medium. Being constrained, we resorted to and relied upon the results of the related alternate audit procedures to obtain sufficient and appropriate audit evidence for the significant matters in course of our audit. Our report is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 2, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 3.
- g. In terms of provisions of Section 197(16) of the Act, as per the information and explanations given, we report that the managerial remuneration paid by the Company to its Directors is in accordance with provisions of Section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 30 to the Standalone Ind AS Financial Statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts; the company does not have any derivative contracts – Refer Note 31 to the Standalone Ind AS Financial Statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

**Sd/-**

**Hasmukh B Dedhia**  
**Partner**  
**M. No.- 033494**

**UDIN: 21033494AAAAIJ4505**

**Place: Mumbai**  
**Date: June 12, 2021**

**Annexure 1****(Referred to in paragraph 7 of Independent Auditors' Report)**

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone Ind AS financial statement made by the Management and Board of Directors
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Annexure 2****(Referred to in paragraph 9 of Independent Auditors' Report)**

- i
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a policy of verifying all fixed assets in a phased manner over a period of two years. However, no physical verification of fixed assets could be carried out over the last two years. According to the information and explanations given to us, no material discrepancies were noticed in last such verification carried out by the Company.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company does not hold any inventory or securities as stock in trade, hence clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act,  
  
Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi. According to the information and explanations given to us, the Company is not required to maintain any cost records as prescribed by the Central Government under sub-section (1) of Section 148 of the Act.
- vii. (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues, including, Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India. There are no undisputed statutory dues payable in respect to the above statutes, outstanding as at March 31, 2021 for a period exceeding six months from the date they became payable.

As informed, the Company is not liable to pay Custom Duty and Cess during the year under report.

- (b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Service Tax, Value Added Tax, Sales Tax, Customs Duty, Excise Duty, Goods and Service Tax and Cess which have not been deposited on account of any disputes except the following:

Name of the statute	Nature of the dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
<b>The Income Tax Act, 1961</b>	Income Tax	24.66	AY 2016-17	Commissioner of Income Tax (Appeals)
<b>The Income Tax Act, 1961</b>	Income Tax	30.55	AY 2017-18	Commissioner of Income Tax (Appeals)

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans taken from financial institutions, government and banks nor has the Company issued any debentures; hence clause 3(viii) of the Order is not applicable to it.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to it.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details thereof have been disclosed in the Standalone Ind AS financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, it has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under report. Hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company.

- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

**Sd/-**

**Hasmukh B Dedhia**  
**Partner**  
**M. No.- 033494**

**UDIN: 21033494AAAAIJ4505**

**Place: Mumbai**  
**Date: June 12, 2021**



### **Annexure 3**

#### **(Referred to in paragraph 10(f) of Independent Auditors' Report)**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

##### **Opinion**

In conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Standalone Ind AS Financial Statements of CARE Ratings Limited ('the Company') as of that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to Standalone Ind AS Financial Statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

##### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Ind AS Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Ind AS Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Ind AS Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Standalone Ind AS Financial Statements.

##### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial controls with reference to Standalone Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone Ind AS Financial Statements include those policies and procedures that;

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to Standalone Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

**Sd/-**

**Hasmukh B Dedhia**  
**Partner**  
**M. No.- 033494**

**UDIN: 21033494AAAAIJ4505**

**Place: Mumbai**  
**Date: June 12, 2021**

## Balance Sheet as at March 31, 2021

(Rs. in Lacs)

Particulars	Note Number	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	2	6,965.62	7,283.40
Right of use assets	44	588.52	862.71
Intangible Assets	2	80.68	117.05
Intangible Assets under development	2	374.04	34.14
<b>Financial Assets</b>			
Investments	3	6,032.49	25,154.16
Loans	4	507.16	554.94
Other Financial Assets	5	8.64	7.74
Other Non-Current Assets	6	8.28	29.92
<b>Total Non-Current Assets</b>		<b>14,565.43</b>	<b>34,044.06</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Investments	7	20,454.61	10,785.84
Trade Receivables	8	1,668.52	3,601.74
Cash and Cash Equivalents	9	587.05	392.70
Bank Balances other than Cash and Cash Equivalents	10	25,602.88	9,726.51
Loans	11	97.12	63.72
Other Financial Assets	12	803.95	356.14
Contract Assets	13	25.09	30.14
Current Tax Asset (Net)	14	932.27	1,090.21
Other Current Assets	15	388.33	222.62
<b>Total Current Assets</b>		<b>50,559.82</b>	<b>26,269.62</b>
<b>Total Assets</b>		<b>65,125.25</b>	<b>60,313.68</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	16	2,946.12	2,946.12
Other Equity	17	55,381.51	50,211.98
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Other Non-Current Financial Liabilities	18	403.18	648.90
Provisions	19	1,003.48	764.84
Deferred Tax Liabilities (Net)	20	1,049.54	608.97
<b>Total Equity and Non-current Liabilities</b>		<b>60,783.83</b>	<b>55,180.81</b>

(Rs. in Lacs)

Particulars	Note Number	As at March 31, 2021	As at March 31, 2020
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Total Outstanding Dues of micro and Small enterprises	21	4.30	6.05
Total Outstanding Dues of other than micro and Small enterprises	21	139.88	62.49
Other Current Financial Liabilities	21	1,337.74	972.96
Contract Liabilities	22	1,601.07	2,430.48
Other Current Liabilities	23	907.70	1,229.21
Provisions	24	350.73	431.68
<b>Total Current Liabilities</b>		<b>4,341.42</b>	<b>5,132.87</b>
<b>Total Equity and Liabilities</b>		<b>65,125.25</b>	<b>60,313.68</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**Chartered Accountants**  
**FRN: 105146 W/ W100621**

Sd/-

**[Hasmukh Dedhia]**  
**Partner**  
**M. No.- 033494**

**Mumbai**  
**Date : June 12, 2021**

For and on behalf of the Board of Directors of CARE Ratings Limited

Sd/-

**[Najib Shah]**  
**Chairman**  
**DIN No. - 08120210**

Date: June 12, 2021

Place: Bengaluru

Sd/-

**[Jinesh Shah]**  
**Chief Financial Officer**  
**M. No.:- 117833**

Date: June 12, 2021

Place: Mumbai

Sd/-

**[Ajay Mahajan]**  
**Managing Director & CEO**  
**DIN No- 05108777**

Date: June 12, 2021

Place: Mumbai

Sd/-

**[Nehal Shah]**  
**Company Secretary**  
**M. No.:- A18077**

Date: June 12, 2021

Place: Mumbai

Sd/-

**[Adesh Kumar Gupta]**  
**Independent Director**  
**DIN No. - 00020403**

Date: June 12, 2021

Place: Mumbai

## Statement of Profit & Loss

for the year ended March 31, 2021

(Rs. in Lacs)

Particulars	Note Number	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Income</b>			
Revenue from Operations	25	21,966.45	21,910.23
Other Income	26	3,211.57	3,133.60
<b>Total Revenue</b>		<b>25,178.02</b>	<b>25,043.83</b>
<b>Expenses</b>			
Employee Benefits Expense	27	10,323.88	9,669.54
Depreciation and Amortization Expense	2 & 44	708.90	690.75
Finance Cost	28	56.68	73.87
Other Expenses	29	2,815.47	4,584.98
<b>Total Expenses</b>		<b>13,904.93</b>	<b>15,019.14</b>
<b>Profit before Tax</b>		<b>11,273.09</b>	<b>10,024.69</b>
<b>Tax Expense</b>			
Current Tax	36	2,318.45	2,100.00
Deferred Tax Expense / (Income)	36	371.93	(105.83)
Adjustment of Tax of Earlier Years	36	-	(19.66)
<b>Total Tax Expense</b>		<b>2,690.38</b>	<b>1,974.51</b>
<b>Profit after Tax</b>		<b>8,582.71</b>	<b>8,050.18</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit & Loss		272.74	(93.87)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(68.64)	23.62
B (i) Items that will be reclassified to profit & Loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income for the year</b>		<b>204.10</b>	<b>(70.25)</b>
<b>Total Comprehensive Income for the year</b>		<b>8,786.81</b>	<b>7,979.93</b>
<b>Earnings Per Share (Face Value Rs.10/- each)</b>			
- Basic	35	29.13	27.32
- Diluted	35	29.08	27.32

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

Sd/-  
[Hasmukh Dedhia]  
Partner  
M. No.- 033494

Place : Mumbai  
Date : June 12, 2021

**For and on behalf of the Board of Directors of CARE Ratings Limited**

Sd/-  
[Najib Shah]  
Chairman  
DIN No. - 08120210  
Place : Bengaluru  
Date : June 12, 2021

Sd/-  
[Jinesh Shah]  
Chief Financial Officer  
M No.- 117833

Place : Mumbai  
Date : June 12, 2021

Sd/-  
[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Place : Mumbai  
Date : June 12, 2021

Sd/-  
[Nehal Shah]  
Company Secretary  
M No.- A18077

Place : Mumbai  
Date : June 12, 2021

Sd/-  
[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Place : Mumbai  
Date : June 12, 2021

**CASH FLOW STATEMENT**

for the year ended March 31, 2021

(Rs. in Lacs)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Profit before tax</b>	<b>11,273.09</b>	<b>10,024.69</b>
Adjustments for		
Income from investments	(1,662.82)	(1,210.42)
Notional Income on Fair Value of Security Deposits	(10.08)	(9.98)
Unrealized Gain on Fair Valuation of Investments through Profit and Loss	(1,380.09)	(1,819.47)
Provision for Bad Debts	(934.69)	712.19
Bad Debts written off	460.17	237.38
Loss on Sale of Fixed Assets	5.76	10.03
ESOP Expense	356.91	534.51
Amortization of bonds	17.04	17.09
Finance cost on Lease Liabilities	56.68	73.87
Depreciation	708.90	690.75
<b>Operating Profit before working capital changes</b>	<b>8,890.87</b>	<b>9,260.64</b>
<b>Movements in working capital</b>		
Decrease/(Increase) in Financial Assets	2,433.58	(368.90)
Decrease/(Increase) in Other Assets	7.26	30.83
Decrease/(Increase) in Current Financial Assets	5.04	38.56
Decrease/(Increase) in Other Current Assets	(165.71)	23.67
Decrease/(Increase) in Financial Liabilities	194.70	(76.44)
Decrease/(Increase) in Contract Liabilities	(829.41)	736.48
Decrease/(Increase) in Other Liabilities & provisions	(163.82)	268.23
<b>Total Movement in working capital</b>	<b>1,481.64</b>	<b>652.43</b>
Taxes paid	(2,091.86)	(3,344.41)
<b>Net cash from operating activities .....(1)</b>	<b>8,280.65</b>	<b>6,568.66</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	1,662.82	1,210.42
Investment in Fixed Deposits	(15,876.37)	(9,506.07)
Sale of fixed assets	27.06	22.20
Purchase of fixed assets & capital advance	(438.60)	(385.80)
Loan Given	-	(300.00)
Purchase of investments	(3,350.00)	(2,700.00)
Redemption of investments	14,159.98	14,252.53
<b>Net cash from investing activities.....(2)</b>	<b>(3,815.11)</b>	<b>2,593.28</b>
<b>Cash flows from Financing Activities</b>		
Dividend and Dividend Tax paid	(3,977.27)	(10,299.95)
Repayment of Lease Liability	(237.24)	(228.05)
Payment of Interest on Lease Liability	(56.68)	(73.87)
<b>Net cash from financing activities..... (3)</b>	<b>(4,271.19)</b>	<b>(10,601.87)</b>
<b>Net increase / (decrease) in cash and cash equivalents (1+2+3)</b>	<b>194.35</b>	<b>(1,439.93)</b>
<b>Cash and Cash Equivalents at the Beginning</b>	<b>392.70</b>	<b>1,832.63</b>
<b>Cash and Cash Equivalents at the End</b>	<b>587.05</b>	<b>392.70</b>



(Rs. in Lacs)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash and cash equivalents comprise of: (Refer note 9)</b>		
Cash on hand	0.69	1.01
Cheques in hand	-	-
<b>Other Bank balances</b>		
On Current Account	286.45	106.10
Deposit Accounts	299.91	285.59
<b>Total</b>	<b>587.05</b>	<b>392.70</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

Sd/-

[Hasmukh Dedhia]  
Partner  
M. No.- 033494

Mumbai  
Date : June 12, 2021

**For and on behalf of the Board of Directors of CARE Ratings Limited**

Sd/-

[Najib Shah]  
Chairman  
DIN No. - 08120210

Date: June 12, 2021

Place: Bengaluru

Sd/-

[Jinesh Shah]  
Chief Financial Officer  
M. No.:- 117833

Date: June 12, 2021

Place: Mumbai

Sd/-

[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Date: June 12, 2021

Place: Mumbai

Sd/-

[Nehal Shah]  
Company Secretary  
M. No.:- A18077

Date: June 12, 2021

Place: Mumbai

Sd/-

[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Date: June 12, 2021

Place: Mumbai

**STATEMENT OF CHANGES IN EQUITY**

for the year ended March 31, 2021

**A. Equity Share Capital**

For the year ended March 31, 2021

**(Rs. in Lacs)**

Balance as at April 01, 2020	Changes in Equity Share Capital during the year	Balance as at March 31, 2021
2,946.12	-	2,946.12

For the year ended March 31, 2020

**(Rs. in Lacs)**

Balance as at April 01, 2019	Changes in Equity Share Capital during the year	Balance as at March 31, 2020
2,946.12	-	2,946.12

B. Other Equity

For the year ended March 31, 2021

(Rs. in Lacs)

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	
<b>Balance as at April 01, 2020</b>	2,351.56	22.50	6,517.63	19,799.18	21,419.50	101.61	50,211.98
Profit for the year (1)					8,582.71		8,582.71
<b>Other Comprehensive Income/(loss) for the year</b>							
Remeasurement gain/(loss) on defined benefit plan (2)					74.20	198.54	272.74
Tax impact on above					(68.64)		(68.64)
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>					<b>8,588.27</b>	<b>198.54</b>	<b>8,786.81</b>
<b>Contribution by and Distribution to Owners</b>							
Dividends					(3,977.27)		(3,977.27)
Dividend distribution tax							
Impact of Right of use asset pertaining to earlier years							
Employee Stock Option Granted/charge for this period	359.99						359.99
Employee Stock Option lapsed during the period	(243.94)			243.94			
<b>Balance as at March 31, 2021</b>	<b>2,467.61</b>	<b>22.50</b>	<b>6,517.63</b>	<b>20,043.12</b>	<b>26,030.50</b>	<b>300.15</b>	<b>55,381.51</b>

**STATEMENT OF CHANGES IN EQUITY**

For the year ended March 31, 2020

Particulars	Reserves & Surplus					Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	
<b>Balance as at April 01, 2019</b>	<b>2,138.63</b>	<b>22.50</b>	<b>6,517.63</b>	<b>19,477.60</b>	<b>23,776.51</b>	<b>86.89</b>	<b>52,019.76</b>
Profit for the year (1)	-	-	-	-	8,050.18	-	8,050.18
<b>Other Comprehensive Income/ (loss) for the year</b>							
Remeasurement gain/(loss) on defined benefit plan (2)	-	-	-	-	(108.59)	14.72	(93.87)
Tax impact on above	-	-	-	-	23.62	-	23.62
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,965.21</b>	<b>14.72</b>	<b>7,979.93</b>
Contribution by and Distribution to Owners							
Dividends	-	-	-	-	(8,543.75)	-	(8,543.75)
Dividend distribution tax	-	-	-	-	(1,756.19)	-	(1,756.19)
Impact of Right of use asset pertaining to earlier years	-	-	-	-	(22.29)	-	(22.29)
Employee Stock Option Granted/charge for this period	534.51		-	-	-	-	534.51
Employee Stock Option lapsed during the period	(321.58)		-	321.58	-	-	-
<b>Balance as at March 31, 2020</b>	<b>2,351.56</b>	<b>22.50</b>	<b>6,517.63</b>	<b>19,799.18</b>	<b>21,419.50</b>	<b>101.61</b>	<b>50,211.98</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

The description of the nature and purpose of each reserve within equity is as follows:

**a. Capital Redemption Reserve**

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares.

**b. Securities Premium Reserve**

Securities Premium Reserve is credited when the shares are issued at premium. It will be utilized in accordance with the provision of the Companies Act, 2013 to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

**c. Employees Stock Options Outstanding Reserve**

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 38 for further details of this plan.

**d. General Reserve**

In earlier years, the Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Act, 2013.

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

Sd/-

[Hasmukh Dedhia]  
Partner  
M. No.- 033494

Mumbai  
Date : June 12, 2021

**For and on behalf of the Board of Directors of CARE Ratings Limited**

Sd/-

[Najib Shah]  
Chairman  
DIN No. - 08120210

Date: June 12, 2021

Place: Bengaluru

Sd/-

[Jinesh Shah]  
Chief Financial Officer  
M. No.:- 117833

Date: June 12, 2021

Place: Mumbai

Sd/-

[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Date: June 12, 2021

Place: Mumbai

Sd/-

[Nehal Shah]  
Company Secretary  
M. No.:- A18077

Date: June 12, 2021

Place: Mumbai

Sd/-

[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Date: June 12, 2021

Place: Mumbai

**Note 1:****Company Overview and Significant Accounting Policies****Company Overview:**

CARE Ratings Limited (the Company), commenced its operations in April 1993 and has established itself as the leading credit rating agency of India. The Company provides various credit ratings that helps corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. The Company has its registered office and head office both located in Mumbai. In addition, CARE Ratings has regional offices at Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi and Pune.

**Summary of Significant Accounting Policies:****A. Statement of Compliance**

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provision of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The Standalone financial statements were approved for issue by the Board of Directors on June 12, 2021

**B. Basis of preparation of Financial Statements**

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- i. Certain financial assets and liabilities measured at fair value and classified as fair value through other comprehensive income or fair value through profit or loss
- ii. Employee's Defined Benefit Plan as per actuarial valuation
- iii. Equity settled share based payments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**Functional and Presentation Currency**

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**Classification of Assets and Liabilities into Current/Non-Current**

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities.

**For the purpose of Balance Sheet, an asset is classified as current if:**

- i. It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is expected to realize the asset within twelve months after the reporting period; or
- iv. The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**Similarly, a liability is classified as current if:**

- i. It is expected to be settled in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

**C. Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance, are charged to the Statement of Profit & Loss in the period in which the costs are incurred.



An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

### **D. Capital advances, Capital Work in Progress and Intangibles under development**

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other non-current assets.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Expenditure on development eligible for capitalization are carried as intangible assets under development where such assets are not yet ready for their intended use.

### **E. Depreciation**

Depreciation on PPE is the systematic allocation of the depreciable amount over its useful life and is provided on a straight-line basis over such useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation on additions is being provided on Pro rata basis from the date of such additions.

Depreciation on sale or disposal is provided on Pro rata basis till the date of such sale or disposal.

### **F. Intangible Assets and Amortization**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses thereon, if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the enterprise and where its costs can be reliably measured. The Company determine the amortization period as the period over which future economic benefit will flow to the Company after taking into account all relevant facts and circumstances.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

Intangible assets in the nature of computer software are amortized over the period of 3 years.

### **G. Impairment of Non-Financial Assets – Property, Plant and Equipment & Intangible Assets**

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exist or have decreased.

### **H. Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial Assets & Financial Liabilities are recognized when the Company becomes party to contractual provisions of the relevant instrument.

#### **Initial Recognition**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs directly attributable to acquisition or issue of financial assets or financial liabilities at fair value through profit or loss at recognized immediately in the Statement of Profit and Loss.

#### **Classification and Subsequent Measurement: Financial Assets**

The Company classifies financial assets as subsequently measured at Amortized Cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of the entity's business model for managing the financial assets and The contractual cash flow characteristics of the financial asset.

##### **i. Amortized Cost**

A financial asset is measured at Amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case of financial assets classified and measured at Amortized cost, any interest income, foreign exchange gains or losses and impairment are recognized in the Statement of Profit and Loss.

##### **ii. Fair Value through Other Comprehensive Income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **iii. Fair Value through Profit & Loss (FVTPL)**

A financial asset which is not classified in any of the (i) or (ii) above categories are measured at FVTPL.

**Investment in Subsidiaries :**

The Company's equity investments in its Subsidiaries are carried at cost.

**Investment in Equity Instruments designated to be classified as FVTOCI**

The Company carries certain equity instruments which are not held for trading. The Company has elected the irrevocable option to measure such instruments at FVTOCI since initial recognition. Movements in fair value of these investments are recognized in Other Comprehensive Income and the gain or loss will not be reclassified to Statement of Profit and Loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the

Company's right to receive dividends is established.

**Classification and Subsequent Measurement: Financial Liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or 'Other Financial Liabilities'.

**Financial Liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL: Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**Other Financial Liabilities**

Other financial liabilities are subsequently measured at Amortized Cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the Amortized cost on initial recognition.

For the liabilities maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

**Derecognition of Financial Assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

**I. Cash and Cash Equivalent**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

**J. Revenue Recognition****Rating Income (Including Surveillance Income)**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rating income is measured and recognized based on percentage of completion method. Major portion of Initial and surveillance rating fees is recognized on the date of rating based on efforts and balance portion of it is over the twelve months from the date of rating. As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection.

Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on accrual basis.

**Interest Income**

Interest income from debt instruments viz. investment in PSU Bonds is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying

amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### **Dividend Income**

Dividends are recognized in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

### **Sale of Investments**

Difference between the sale price and carrying value of investment as determined at the end of the previous year is recognized as profit or loss on sale / redemption on investment on trade date of transaction.

## **K. Lease**

Effective April 1, 2019, the Company adopted Ind AS 116 'Leases' using the modified retrospective method, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information has not been restated.

The Company, at the inception of a contract, assesses the contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

### **Company as a lessee**

On initial application of Ind AS 116, the Company recognized a lease liability measured at the present value of all the remaining lease payments, discounted using rate that matches opportunity cost of Investment at April 1, 2019 whereas the Company has elected to measure right-of-use asset at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using rate that matches opportunity cost of Investment at April 1, 2019. The Company has elected not to recognize a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of April 1, 2019 and has accounted for these leases as short-term leases. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

For new lease contracts, the Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the balance sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using rate that matches opportunity cost of Investment.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs less any lease incentives received.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment. In the balance sheet, the right-of-use assets and lease liabilities are presented separately.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease liability has been presented in Note 18 "Other Non-Current Financial Liabilities", Note No. 21 "Other Current Financial Liabilities" and Right-of-use asset has been presented in Note 2 "Property, Plant and Equipment" and lease payments have been classified as financing cash flows.

## **L. Translation of Foreign Currency Items**

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit and loss, Non-monetary assets and liabilities that are measured in terms of historical cost of foreign currencies are not translated.

**M. Employee Benefit Expense****Defined Benefit Plan:**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employee's services.

Re-measurement (comprising actuarial gains and losses, return on plan assets, etc.) of defined benefit plans in respect

of post-employment are charged to the Other Comprehensive Income. Re-measurement recognized in Other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

The defined benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Defined Contribution Plan**

Payments to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, for which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Government Provident Fund monthly.

**Other Employee Benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**N. Income Taxes:**

The tax expense for the year comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

**Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period date and are reduced to the extent that it is no longer probable.

**O. Earnings Per Share**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### P. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realised. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### Q. Share Based Payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### R. Segment Reporting - Identification of Segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's management to make decisions for which discrete financial information is available.

#### Note 1(A):

##### Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

#### a. Useful Lives of Property, Plant & Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets

#### b. Fair value measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs for valuation techniques are taken from observable market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

#### c. Revenue

The Company recognizes portion of rating fee income commensurate with the efforts involved based on percentage completion method.

The Company uses various judgments and estimates to assess the efforts required for completion of various activities in the rating process. Based on assessment, the Company defines the percentage completion to be applied to measure income to be recognized from initial rating and surveillance during the year.

As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection.

**d. Defined benefit plans**

The cost of the defined benefit gratuity plan and other employment benefits and the present value of the gratuity obligation and other employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**e. Expected Credit Losses on Financial Assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f. Share-Based Payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37.

**g. Leases**

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.



Note 2: Property, Plant and Equipment

Description of Assets	Gross Block				Depreciation			Net Block	
	As at April 01, 2020	Additions during the year	Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	On deletions / disposals during the year	As at March 31, 2021	As at March 31, 2020
<b>Tangible Assets</b>									
Furniture & Fixtures	265.41	1.08	-	266.49	142.56	26.36	-	97.57	122.85
Office Equipment's	322.51	27.36	7.37	342.50	225.57	31.66	7.37	92.64	96.94
Computers	525.03	47.39	18.88	553.54	157.30	161.21	18.88	253.91	367.73
Vehicles	69.12	-	44.49	24.63	12.27	8.30	11.98	16.04	56.85
Electrical Installations	81.05	-	-	81.05	40.09	8.07	-	32.89	40.96
Buildings	7,014.65	-	-	7,014.65	416.58	125.50	-	6,472.57	6,598.07
<b>Total Tangible Assets</b>	<b>8,277.77</b>	<b>75.83</b>	<b>70.74</b>	<b>8,282.86</b>	<b>994.37</b>	<b>361.10</b>	<b>38.23</b>	<b>6,965.62</b>	<b>7,283.40</b>
<b>Intangible Assets</b>									
Computer Software	263.81	37.24	-	301.05	146.76	73.61	-	80.68	117.05
<b>Total Intangible Assets</b>	<b>263.81</b>	<b>37.24</b>	<b>-</b>	<b>301.05</b>	<b>146.76</b>	<b>73.61</b>	<b>-</b>	<b>80.68</b>	<b>117.05</b>
Intangible Assets under development	34.14	339.90		374.04				374.04	34.14
<b>Total Intangible Assets under development</b>	<b>34.14</b>	<b>339.90</b>		<b>374.04</b>				<b>374.04</b>	<b>34.14</b>
<b>Total</b>	<b>8,575.72</b>	<b>452.97</b>	<b>70.74</b>	<b>8,957.95</b>	<b>1,141.13</b>	<b>434.71</b>	<b>38.23</b>	<b>7,420.34</b>	<b>7,434.59</b>

(Rs. in Lacs)

## Standalone Financial Statements

Note 2: Property, Plant and Equipment

Description of Assets	Gross Block				Depreciation			Net Block	
	As at April 01, 2019	Additions during the year	Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	On deletions / disposals during the year	As at March 31, 2020	As at March 31, 2019
<b>Tangible Assets</b>									
Furniture & Fixtures	249.55	15.86	-	265.41	106.48	36.08	-	122.85	143.07
Office Equipment's	295.48	32.00	4.97	322.51	201.44	29.10	4.97	96.94	94.04
Computers	373.12	258.80	106.89	525.03	136.83	127.36	106.89	367.73	236.29
Vehicles	88.67	22.73	42.28	69.12	10.57	11.76	10.06	56.85	78.10
Electrical Installations	78.52	2.53	-	81.05	29.66	10.43	-	40.96	48.86
Buildings	7,014.65	-	-	7,014.65	291.54	125.04	-	6,598.07	6,723.11
<b>Total Tangible Assets</b>	<b>8,099.99</b>	<b>331.92</b>	<b>154.14</b>	<b>8,277.77</b>	<b>776.52</b>	<b>339.77</b>	<b>121.92</b>	<b>7,283.40</b>	<b>7,323.47</b>
<b>Intangible Assets</b>									
Computer Software	231.41	32.40	-	263.81	74.92	71.84	-	117.05	156.49
<b>Total Intangible Assets</b>	<b>231.41</b>	<b>32.40</b>	<b>-</b>	<b>263.81</b>	<b>74.92</b>	<b>71.84</b>	<b>-</b>	<b>117.05</b>	<b>156.49</b>
Intangible Assets under development	-	34.14	-	34.14	-	-	-	34.14	-
<b>Total Intangible Assets under development</b>	<b>-</b>	<b>34.14</b>	<b>-</b>	<b>34.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.14</b>	<b>-</b>
<b>Total</b>	<b>8,331.40</b>	<b>398.46</b>	<b>154.14</b>	<b>8,575.72</b>	<b>851.44</b>	<b>411.61</b>	<b>121.92</b>	<b>7,434.59</b>	<b>7,479.96</b>

**Note 3: Investments – Non-Current**

(Rs. in Lacs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos	Amount	Nos	Amount
<b>Unquoted:</b>				
Investments measured at cost				
<b>Equity Instruments:</b>				
<b>Subsidiaries</b>				
Face value of Rs. 10 each fully paid:				
CARE Risk Solutions Private Limited	80,13,500	1,057.84	80,13,500	1,057.84
CARE Advisory Research & Training Limited	44,99,950	450.00	44,99,950	450.00
Face value of NPR 100 each fully paid:				
CARE Ratings Nepal Limited	2,55,000	159.91	2,55,000	159.91
Face value of USD 1 each fully paid:				
CARE Ratings (Africa) Private Limited	3,12,001	205.15	3,12,001	205.15
<b>Investment measured at Fair value through Other Comprehensive Income</b>				
Face value of USD 22,600 each fully paid:				
ARC Ratings Holdings Limited	20	422.00	20	287.27
Face value of RM 1 each fully paid:				
Malaysian Rating Corporation Berhad	20,00,000	1,157.00	20,00,000	1,093.19
<b>Investment measured at Fair value through Profit &amp; Loss</b>				
0.1% Optionally Convertible Cumulative Redeemable preference shares				
CARE Risk Solutions Private Limited	50,00,000	728.67	50,00,000	670.94
<b>Total Unquoted Investments</b>		<b>4,180.57</b>		<b>3,924.30</b>
<b>Quoted:</b>				
<b>Investment measured at Amortized Cost</b>				
Tax free Bonds		1,851.92		3,676.71
<b>Investment measured at Fair value through Profit &amp; Loss</b>				
Investment in Various Debt Mutual Funds Schemes		-		17,553.15
<b>Total Quoted Investments</b>		<b>1,851.92</b>		<b>21,229.86</b>
<b>Total Investments</b>		<b>6,032.49</b>		<b>25,154.16</b>
<b>Aggregate amount of Quoted Investments</b>		<b>1,851.92</b>		<b>21,229.86</b>
<b>Market Value of Quoted Investments</b>		<b>2213.26</b>		<b>21,708.47</b>
<b>Aggregate amount of Unquoted Investments</b>		<b>4,180.57</b>		<b>3,924.30</b>
<b>Aggregate amount of impairment in value of Investment</b>		-		-

**Note 4****Loans - Non-Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured and Considered Good</b>		
Loan to CARE Risk Solutions Private Limited (wholly owned subsidiary)	400.00	400.00
Loans to Employees	30.33	50.45
Security Deposits	76.83	104.49
<b>Total</b>	<b>507.16</b>	<b>554.94</b>

**Note 5****Other Non-Current Financial Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued Interest on Loans to Employees	8.64	7.74
<b>Total</b>	<b>8.64</b>	<b>7.74</b>

**Note 6****Other Non-Current Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered Good</b>		
Capital Advances	-	14.38
Others	8.28	15.54
<b>Total</b>	<b>8.28</b>	<b>29.92</b>

**Note 7****Investments – Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Quoted:</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Open - Ended Debt Mutual Funds	-	6,688.69
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	18,646.86	4,097.15
<b>Investment measured at Amortized Cost:</b>		
Tax Free Bonds	1,807.75	-
<b>Total Quoted Investments</b>	<b>20,454.61</b>	<b>10,785.84</b>
<b>Total Unquoted Investments</b>	<b>-</b>	<b>-</b>
<b>Total Current Investments</b>	<b>20,454.61</b>	<b>10,785.84</b>
<b>Aggregate amount of Quoted Investments</b>	<b>20,454.61</b>	<b>10,785.84</b>
<b>Market Value of Quoted Investments</b>	<b>20,545.91</b>	<b>10,785.84</b>
<b>Aggregate amount of Unquoted Investments</b>	<b>-</b>	<b>-</b>
<b>Aggregate amount of Impairment in value of Investments</b>	<b>-</b>	<b>-</b>

**Note 8**

**Trade Receivables**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured</b>		
Considered good	1,668.52	3,601.74
Significant increase in Credit Risk	66.85	1,001.54
<b>Total Debtors</b>	<b>1,735.37</b>	<b>4,603.28</b>
Less: Allowance for credit losses (Refer Note 40(B))	(66.85)	(1,001.54)
<b>Total</b>	<b>1,668.52</b>	<b>3,601.74</b>

**Note 9**

**Cash and Cash Equivalents**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Cash on hand	0.69	1.01
<b>Balances with Banks</b>		
On Current Account	286.45	106.10
<b>Other Bank Balances</b>		
Deposit Accounts (less than 3 months)	299.65	284.47
Prepaid Cards	0.26	1.12
<b>Total</b>	<b>587.05</b>	<b>392.70</b>

**Note 10**

**Bank Balances other than Cash and Cash Equivalents**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed Dividend Account	29.72	29.84
Fixed Deposits	25,573.16	9,696.67
<b>Total</b>	<b>25,602.88</b>	<b>9,726.51</b>

**Note 11**

**Loans – Current**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured and Considered Good</b>		
Loan to Employees	34.82	38.48
Security Deposits	62.30	25.24
<b>Total</b>	<b>97.12</b>	<b>63.72</b>

**Note 12**

**Other Current Financial Assets**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Accrued on Investments	778.70	322.71
Interest Accrued on Loans to Employees	0.87	2.81
Other receivables	24.38	30.62
<b>Total</b>	<b>803.95</b>	<b>356.14</b>

**Note 13****Contract Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled Revenue	25.09	30.14
Less: Loss Allowance	-	-
<b>Total</b>	<b>25.09</b>	<b>30.14</b>

**Note 14****Current Tax Assets (Net)****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Advance payment of taxes (Net of Provision for tax Provision FY 2020-21 Rs.50333.88 Lacs P.Y. Provision F.Y. 2019-20 Rs.48015.43 Lacs)	932.27	1,090.21
<b>Total</b>	<b>932.27</b>	<b>1,090.21</b>

**Note 15****Other Current Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	272.63	153.43
Deposits with statutory authorities	45.00	-
Other Advances	11.74	21.30
Other Receivables	58.96	47.89
<b>Total</b>	<b>388.33</b>	<b>222.62</b>

**Note 16****Equity Share Capital****(Rs. in Lacs)**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of Rs.10/- each	3,50,00,000	3,500.00	3,00,00,000	3,000.00
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of Rs.10/- each	2,94,61,214	2,946.12	2,94,61,214	2,946.12
<b>Total</b>	<b>2,94,61,214</b>	<b>2,946.12</b>	<b>2,94,61,214</b>	<b>2,946.12</b>

**16(a): List of shareholders holding more than 5% of Paid-Up Equity Share Capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% Holding	Nos.	% Holding
Life Insurance Corporation Of India and LIC P&GS Fund	29,02,136	9.85%	29,02,136	9.85%
CRISIL Limited	26,22,431	8.90%	26,22,431	8.90%
Aditya Birla Sun Life Trustee Private Limited A/C - Aditya Birla Sun Life Dividend Yield Fund	-	-	17,87,077	6.07%
<b>Total</b>	<b>55,24,567</b>	<b>18.75%</b>	<b>73,11,644</b>	<b>24.82%</b>



**16(b): The reconciliation of the number of shares outstanding is set out below:**

Particulars	As at March 31, 2021	As at March 31, 2020
	Nos.	Nos.
Equity Shares at the beginning of the year	2,94,61,214	2,94,61,214
Add: Shares issued under Employee Stock Options Scheme (ESOS)	-	-
<b>Equity Shares at the end of the year</b>	<b>2,94,61,214</b>	<b>2,94,61,214</b>

**16(c):** The Company does not have a Holding Company

**16(d):** Shares reserved for issue under options and contracts, including the terms and amounts:

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company: Refer Note 37.

**16(e):** Terms/Right attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**16(f):** Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or has not bought back any shares during the period of five years immediately preceding the reporting date.

**Note 17**
**Other Equity**
**(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Redemption Reserve	22.50	22.50
Securities Premium Reserve	6,517.63	6,517.63
Employees Stock Options Outstanding Reserve	2,467.61	2,351.56
General Reserve	20,043.12	19,799.18
Retained Earnings	26,030.50	21,419.50
Other Comprehensive Income	300.15	101.61
<b>Total Other Equity</b>	<b>55,381.51</b>	<b>50,211.98</b>

The description of the nature and purpose of each reserve within equity is as follows:

**A. Capital Redemption Reserve**

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares.

**B. Securities Premium Reserve**

"Securities Premium Reserve is credited when the shares are issued at premium. It will be utilized in accordance with the provision of the Companies Act, 2013 to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc."

**C. Employees Stock Options Outstanding Reserve**

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 37 for further details of this plan.

**D. General Reserve**

In earlier, the Company had transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Act.

**Note 18****Other Non-Current Financial Liabilities****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities (Refer note no 44)	403.18	648.90
<b>Total</b>	<b>403.18</b>	<b>648.90</b>

**Note 19****Provisions - Non-Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	64.19	109.51
Provision for Compensated Absence	939.29	655.33
<b>Total</b>	<b>1,003.48</b>	<b>764.84</b>

**Note 20****Deferred Tax Liabilities (Net)****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Liability</b>	<b>1,570.50</b>	<b>1,524.47</b>
Depreciation on Fixed Assets	986.39	915.07
Fair Valuation of Investments	584.11	609.40
<b>Deferred Tax Asset</b>	<b>520.96</b>	<b>915.50</b>
Provisions	357.65	679.05
Others	163.51	236.45
<b>Total</b>	<b>1,049.54</b>	<b>608.97</b>

**Note 21****Other Current Financial Liabilities****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Sundry Creditors for Expenses</b>		
(a) Total outstanding dues of micro enterprises and small enterprises	4.30	6.05
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	139.88	62.49
Other Liabilities	69.31	6.41
Unclaimed Dividend	29.72	29.84
Provision for Salary, Performance Related Pay & Commission	992.99	691.79
Lease Liabilities. (Refer Note 44)	245.72	244.92
<b>Total</b>	<b>1,481.92</b>	<b>1,041.50</b>

**Note 22****(a) Contract Liabilities****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned Revenue	763.20	772.86
Advance from customers	837.87	1,657.62
<b>Total</b>	<b>1,601.07</b>	<b>2,430.48</b>

**(b) Revenue recognized that was included in contract liability balance at the beginning of the period:** **(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Rating Income	1,757.85	1,421.52
<b>Total</b>	<b>1,757.85</b>	<b>1,421.52</b>

**Note-23**

**Other Current Liabilities** **(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	618.90	820.20
Provision for expenses	288.80	409.01
<b>Total</b>	<b>907.70</b>	<b>1,229.21</b>

**Note 24**

**Provisions - Current** **(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for Employee Benefits</b>		
Provision for Compensated Absence	142.83	109.60
Provision for Gratuity	207.90	207.51
Provision for Leave Travel Allowance	-	114.57
<b>Total</b>	<b>350.73</b>	<b>431.68</b>

**Note 25**

**(a) Revenue From Operations** **(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of Services</b>		
Rating Income (including Surveillance)	20,794.05	21,852.09
Sale of Publications / Information Services	240.72	58.14
Other operating revenue	931.68	-
<b>Total</b>	<b>21,966.45</b>	<b>21,910.23</b>

**(b) Revenue recognized from past performance obligations:** **(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rating Income	432.76	257.14
<b>Total</b>	<b>432.76</b>	<b>257.14</b>

**Note 26**

**Other Income** **(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income	1,498.18	579.42
Dividend Income	130.82	658.56
Gain on Fair Valuation of Investments through Profit and Loss	1,380.09	1,819.47
Miscellaneous Income	202.48	76.15
<b>Total</b>	<b>3,211.57</b>	<b>3,133.60</b>

**Note 27****Employee Benefits Expense****(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and Other Allowances	9,144.62	8,263.03
Contribution to Provident, Gratuity & Other Funds (Refer Note 32)	615.87	597.24
Expense on Employee Stock Option Scheme (Refer Note 37)	356.91	534.51
Staff Welfare Expenses	206.48	274.76
<b>Total</b>	<b>10,323.88</b>	<b>9,669.54</b>

**Note 28****Finance Cost****(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Finance cost on Lease Liabilities (Refer Note 44)	56.68	73.87
<b>Total Finance Cost</b>	<b>56.68</b>	<b>73.87</b>

**Note 29****Other Expenses****(Rs. in Lacs)**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Electricity Charges	89.93	128.07
Postage & Telephone Charges	107.49	106.10
Rent	4.91	1.34
Travelling & Conveyance Expenses	53.18	210.19
Directors' Sitting Fees	98.30	123.50
Insurance Premium	52.58	34.99
Legal Expenses	138.08	153.04
Professional Fees	537.01	708.62
Business Development Associate Fees	252.50	543.69
Rates & Taxes	157.96	247.66
Repairs & Maintenance		
- Buildings	91.10	97.63
- Others	186.61	204.23
Advertisement and Sponsorship Expenses	2.80	1.37
Security, Housekeeping & Office Supplies	134.75	222.77
Membership & Subscription	40.28	87.93
Provision for Bad and Doubtful Debts	-	712.19
Bad Debts written off	460.17	237.38
Auditors Remuneration		
- Audit Fees (including Limited Review Fees)	24.25	24.30
- Tax Audit Fees	1.20	1.20
- Other Services	3.13	0.95
- Reimbursement to Auditors	0.12	0.65
Corporate Social Responsibility (Refer Note 45)	174.00	526.82
Recruitment Expenses	118.43	42.13
Miscellaneous Expenses	86.69	168.23
<b>Total</b>	<b>2,815.47</b>	<b>4,584.98</b>

**Note 30: Contingent Liabilities (Ind AS 37)**
**Claims against the Company not acknowledged as debts (to the extent not provided for):**
**(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Contingent Liability on account of Income Tax	72.51	72.51

Pending outcome of adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is being responded by the Company, the Company has made provision for penalty of Rs. 125 Lacs in one of the cases on prudent basis.

**Note 31: Capital and Other Commitments**

The amounts pending on account of contracts remaining to be executed on capital account, not provided for is Rs. 130.46 Lacs (March 31, 2020 - 15.32 Lacs).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long-term contracts has been made in the books of account.

**Note 32: Employee Benefits (Ind AS 19)**
**A. Defined Benefit Plans:**
**Gratuity:**

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity. The Company accounts for the liability based on actuarial valuation. The Company has created a trust for future payment of gratuities which is funded through gratuity-cum-life insurance scheme of LIC of India.

**Inherent Risk on above:**

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

**(Rs. in Lacs)**

Particulars	Gratuity (Funded)	
	As at March 31, 2021	As at March 31, 2020
<b>i. Change in Present value of Obligations:</b>		
<b>Opening Defined Benefit Obligation</b>	<b>1,070.32</b>	<b>890.80</b>
Current Service Cost	191.72	164.15
Interest Cost	70.53	69.39
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	141.16	90.44
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(94.20)	27.10
Actuarial (Gain)/Loss on Obligations Due to Experience	(122.60)	(17.48)
Benefits Paid	(48.40)	(154.07)
<b>Closing Defined Benefit Obligations</b>	<b>1,208.53</b>	<b>1,070.33</b>
<b>ii. Change in Fair Value of Plan Assets:</b>		
Opening Fair Value of the Plan Assets	753.31	655.38
Interest income	49.64	51.05
Expected Return on Plan Assets	(1.44)	(8.54)
Contribution by the Employer	183.34	209.47
Benefits Paid	(48.40)	(154.07)
<b>Closing Fair Value of the Plan Assets</b>	<b>936.45</b>	<b>753.29</b>

<b>iii. Net Asset / (Liability) recognized in the Balance Sheet</b>		
Present value of the funded defined benefit obligation at the end of the period	(1,208.53)	(1,070.32)
Fair Value of Plan Assets	936.45	753.29
<b>Net Asset / (Liability)</b>	<b>(272.08)</b>	<b>(317.03)</b>
<b>iv. Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current Service Cost	191.72	164.15
Interest on Defined Benefit Obligations	20.89	18.34
Past Service Cost	-	-
<b>Amount recognized in Statement of Profit and Loss</b>	<b>212.61</b>	<b>182.49</b>
<b>v. Re-measurements recognized in Other Comprehensive Income (OCI):</b>		
Actuarial (Gains)/Losses on Obligation for the Period	(75.64)	100.06
Expected Return on Plan Assets	1.44	8.54
<b>Amount recognized in Other Comprehensive Income (OCI)</b>	<b>(74.20)</b>	<b>108.60</b>
<b>vi. Maturity Profile of Defined Benefit Obligation:</b>		
Within the next 12 months	54.10	61.41
Between 1 and 5 years	280.44	294.94
Between 5 and 10 years	456.63	449.67
10 Years and above	2,303.38	1,677.48
<b>vii. Sensitivity analysis for significant assumptions: *</b>		
Increase present value of defined benefits obligation at the end of the year	1,208.53	1,070.33
1% increase in discount rate	(120.73)	(94.83)
1% decrease in discount rate	143.86	111.72
1% increase in salary escalation rate	71.93	73.21
1% decrease in salary escalation rate	(68.28)	(68.91)
1% increase in employee turnover rate	16.32	17.41
1% decrease in employee turnover rate	(18.82)	(19.71)
<b>viii. The major categories of plan assets as a percentage of total plan:</b>		
Insurer Managed Funds	100%	100%
<b>ix. Actuarial Assumptions:</b>		
Discount Rate (p.a.)	6.86%	6.59%
Expected Return on Plan Assets (p.a.)	6.86%	6.59%
Turnover Rate	For service 4 years and below 24.00% p.a. For service 5 years and above 4.00% p.a.	5.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate (p.a.)	10.00% p.a. for the next 1 years, 8.00% p.a. thereafter, starting from the 2nd year	6.00%
Retirement age	60 years	60 years
<b>x. Weighted Average duration of Defined benefit obligation</b>		
	13	11

\* The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



## xi. Basis used to determine Expected Rate of Return on Plan Assets:

Expected rate of return on Plan Assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

## xii. Salary Escalation Rate:

Salary escalation rates are determined considering seniority, promotion, inflation and other relevant factors.

## xiii. Asset Liability Matching (ALM) strategy:

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

## xiv. The Company's expected contribution during next year is Rs.207.90 Lacs.

## B. Compensated Absences:

"The compensated absences cover the Company's liability for earned leave. Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates.

Amount recognized as an expense in respect of Compensated Absences is Rs. 872.82 Lacs (March 31, 2020 - Rs. 581.38 Lacs).

## C. Defined Contribution Plans:

Amount recognized as an expense and included in Note 27 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs. 307.16 Lacs (March 31, 2020- Rs. 298.25 Lacs).

## D. Superannuation Benefits:

Superannuation Benefits is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary with respect to certain employees.

Contribution to Superannuation Fund charged to Statement of Profit & Loss in Note 27 under the head "Contribution to Provident and other Funds" is Rs. 43.89 Lacs (March 31, 2020 - 36.42 Lacs).

## Note 33: Segment Reporting (Ind AS 108):

The Company is exclusively engaged in the business of ratings. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there are no reportable operating or geographical segments applicable to the Company.

## Note 34: Related Party Disclosures pursuant to Ind AS 24

### A. List of Related Parties where control exists:

Name of Related Parties	Nature of Relationship	% Shareholding & Voting Power	
		As at March 31, 2021	As at March 31, 2020
CARE Risk Solutions Private Limited	Wholly Owned Subsidiary	100.00%	100.00%
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	100.00%	100.00%
CARE Ratings (Africa) Private Limited	Subsidiary	78.00%	78.00%
CARE Ratings (Nepal) Limited	Subsidiary	51.00%	51.00%

### B. Other Related Parties with whom there were transactions during the year:

Name of Related Parties	Nature of Relationship
Key Management Personnel:	
Mr. Najib Shah	Independent Director
Mr. V Chandrasekaran	Non-Executive Director
Mr. Adesh Kumar Gupta	Independent Director
Mrs. Sonal Gunvant Desai	Independent Director
Dr. M Mathisekaran	Independent Director
Mr. Ananth Narayan Gopalakrishnan	Independent Director
Mr. Ajay Mahajan (w.e.f April 15, 2020)	Managing Director & CEO
Mr. Mehul Pandya	Executive Director
Mr. T.N.Arun Kumar (up to April 14, 2020)	Interim CEO
Mr. T.N.Arun Kumar (up to February 28, 2021)	Executive Director
Mr. Bharat Assudomal Adnani (up to February 27, 2021)	Chief Financial Officer

Name of Related Parties	Nature of Relationship
Mr. Navin Kumar Jain (up to February 28, 2021)	Executive Director & Company Secretary
Ms. Nehal Shah (w.e.f June 12, 2021)	Head of Legal Compliance and Secretarial
Mr. Jinesh Shah (w.e.f June 12, 2021)	Chief Financial Officer

**C. Following transactions were carried out with the related parties in the ordinary course of business: (Rs. in Lacs)**

Name of the Related Party	Relationship	Nature of Transactions	As at March 31, 2021	As at March 31, 2020
CARE Risk Solutions Private Limited	Wholly Owned Subsidiary	Advance given	-	9.75
		Loan given	-	300.00
		Interest on Loan	34.67	25.44
		Reimbursement of Expenses	13.58	3.71
		Professional fees	63.84	66.25
		Software development	472.45	61.91
		Dividend received	0.50	0.50
CARE Ratings (Africa) Private Limited	Subsidiary	Royalty income	13.59	11.19
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Training Fees paid	3.20	2.38
		Business Support Services	44.14	29.74
		Reimbursement of Expenses	-	9.06
		Professional Fees	5.37	9.38
CARE Ratings Nepal Limited	Subsidiary	Dividend Income	33.52	33.55
		Royalty income	20.22	16.02

**D. Outstanding balances: (Rs. in Lacs)**

Name of the Related Party	Relationship	Nature of Transactions	As at March 31, 2021	As at March 31, 2020
CARE Risk Solutions Private Limited	Wholly Owned Subsidiary	Receivable	3.08	23.75
		Investments	1,786.51	1,728.78
		Loan Advances	400.00	400.00
		Consultancy Fees Payable	-	6.30
CARE Ratings (Africa) Private Limited	Subsidiary	Investments	205.15	205.15
		Royalty Receivable	13.20	11.19
CARE Advisory Research and Training Limited	Wholly Owned Subsidiary	Investments	450.00	450.00
		Receivable/(Payable) (net)	0.07	18.83
CARE Ratings Nepal Limited	Subsidiary	Investments	159.91	159.91
		Receivable	11.19	19.42

No amount in respect of the related parties have been written off/back are provided for during the year.

Related party relationship has been identified by the management and relied upon by the auditors.

**E. Compensation of Key Management Personnel of the Company: (Rs. in Lacs)**

Nature of Transaction/Relationship	Year ended March 31, 2021	Year ended March 31, 2020
Short Term Employee Benefits	840.28	400.85
Other Long Terms Benefits	25.49	10.13
Share Based Payments *	195.13	104.80
Directors' Sitting Fees	98.30	123.50
<b>Total Compensation</b>	<b>1,159.20</b>	<b>639.28</b>

Remuneration does not include provision made for gratuity and compensated absence since the same is provided for the Company based on actuarial valuation.

\*Share based payments refer to amounts charged to the statement of Profit & Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2017 and ESOS 2020 scheme based on Fair Value method.

**Note 35: Earnings per Share (EPS) (Ind AS 33):**

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>A) Basic EPS</b>		
(i) Net Profit attributable to Equity Shareholders (Rs. in Lacs)	8,582.71	8,050.18
(ii) Weighted average number of Equity shares outstanding (Nos.)	294.61	294.61
<b>Basic Earnings Per Share (i)/(ii)</b>	<b>29.13</b>	<b>27.32</b>
<b>B) Diluted EPS</b>		
(i) Weighted average number of Equity shares outstanding (Nos.)	294.61	294.61
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	0.49	-
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	295.10	294.61
<b>Diluted EPS {(A)(i)/(B)(iii)}</b>	<b>29.08</b>	<b>27.32</b>

**Note 36: Income Taxes (Ind AS 12):**

**A. Income tax recognized in Statement of Profit and Loss:**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax	2,318.45	2,100.00
Deferred Tax	371.93	(105.83)
Adjustment of Tax of Earlier Years	-	(19.66)
<b>Total</b>	<b>2,690.38</b>	<b>1974.51</b>

**B. Reconciliation of Effective Tax Rate:**

Particulars	As at March 31, 2021	As at March 31, 2020
Applicable Tax Rate	25.17%	25.17%
Tax Effect of Tax-Exempt Income	(0.66%)	(2.39%)
Tax Effect of Non-Deductible Expenses	2.61%	2.92%
Tax Effect of Allowances for Tax Purpose	(3.25%)	(6.00%)
<b>Effective Tax Rate</b>	<b>23.87%</b>	<b>19.70%</b>

**Note 37: Share Based Payments (Ind AS 102):**

The Company has granted 8,22,000 options to its eligible employees in as per the ESOS Schemes, details are as under:

**A. Employees Stock Option Scheme:**

Particulars	ESOS 2020		ESOS 2013 (Tranche 2 'ESOS 2017)
Nos. of Options	5,00,000 to Mr. Ajay Mahajan, MD	3,22,000 to others	5,37,908
Method of Accounting	Fair value method		Fair value method
Vesting Plan	1/3rd on completion of one year from the grant date 1/3rd on completion of two years from the grant date 1/3rd on completion of three years from the grant date		2 years from the date of grant i.e. September 01, 2019
Exercise Period	2 years after the vesting period		2 years after the vesting period i.e. September 01, 2021
Grant Date	October 13, 2020	December 1, 2020	September 01, 2017
Exercise Price (Per Share)	Rs. 340/share	Rs. 416/share	Rs. 1,139/share
Fair Value on the date of Grant of Option (Per Share)	Rs.130.21/share	Rs.280.80/share	Rs. 1,506.65/share
Method of Settlement	Equity		Equity

**Movement of Options granted:**

Particulars	As at March 31, 2021		As at March 31, 2021	As at March 31, 2020
	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS 2013 (Tranche 2 'ESOS 2017')	
Options Outstanding at beginning of the year			4,15,620	4,77,458
Granted during the year	5,00,000	3,22,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	43,115	61,838
Options Outstanding at the end of the year	5,00,000	3,22,000	3,72,505	4,15,620
Options unvested at the end of year	-	-	-	-
Options exercisable at the end of the year	-	-	-	4,15,620
Weighted Average exercise price	Rs. 340/-	Rs. 416/-	Rs. 1,139/-	Rs. 1,139/-

- ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 0.5 Years (Previous Year - 1.5 years)
- ESOS 2020: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 3.60 years (Previous year - NA as scheme launched in CY).
- The ESOS compensation cost is amortized on a straight-line basis over the total vesting period of the options. Accordingly for ESOS, an amount of Rs. 356.91 Lacs (Previous Year 534.51 Lacs) has been charged to the current year Statement of Profit and Loss.

**C. Fair Valuation:**

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Formula. The key assumptions and the Fair Value are as under:

Particular	ESOS 2020		ESOS 2017
	MD	Other employees	
Risk Free Interest Rate (%)	4.29%-5.06%	4.01%-4.89%	6.39%
Option Life (Years)	3 years	3 years	3 years
Expected Volatility	54.36%	60.25%	31.80%
Expected Dividend Yield (%)	0.95%	0.97%	1.86%
Weighted Average Fair Value per Option	Rs. 130.21	Rs. 280.80	Rs.565.79

**D. Details of the liabilities arising from the Share based payments were as follows:****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Total Carrying Amount	2,467.61	2,351.56

**Note 38: Financial Instruments: Disclosure (Ind AS 107):**
**A. Classification of Financial Assets and Liabilities (Ind AS 107):**
**(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial assets at Amortized cost:</b>		
Investment (Non-Current)	1,851.92	3,676.71
Investment (Current)	1807.75	-
Loans (Non-Current)	507.16	554.94
Loans (Current)	97.12	63.72
Trade Receivables	1,668.52	3,601.74
Cash and Cash Equivalents	587.05	392.70
Other Bank Balances	25,602.88	9,726.51
Other Non-Current Financial Assets	8.64	7.74
Other Current Financial Assets	803.95	356.14
Contract Assets	25.09	30.14
<b>Financial assets at Fair Value through P&amp;L:</b>		
Investments (Non-Current)	728.68	18,224.09
Investment (Current)	18,646.86	10,785.84
<b>Financial assets at Fair Value through OCI:</b>		
Investment (Non-Current)	1,579.00	1,380.46
<b>Total</b>	<b>35,267.76</b>	<b>48,800.73</b>
<b>Financial liabilities at Amortized cost:</b>		
Other Current Financial Liability	1,481.92	1,041.50
Other Non-Current Financial Liability	403.18	648.90
<b>Total</b>	<b>1,885.10</b>	<b>1690.40</b>

**B. Investments in equity instruments designated at Fair Value through Other Comprehensive Income**

As on March 31, 2021 and March 31, 2020, The Company has investments in ARC Ratings holding Limited of 20 Ordinary Shares of USD 22,600 each and 20,00,000 ordinary shares of RM 1 each in Malaysian Rating Corporation Berhad. The Company has opted to designate these investments at Fair Value through Other Comprehensive Income since these investments are not held for trading.

**The fair value of each of these investments are as below:**
**(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial assets at Fair Value through OCI:</b>		
- Malaysian Rating Corporation Berhad	1,157.00	1,093.19
- ARC Ratings Holdings Limited	422.00	287.27
<b>Total</b>	<b>1,579.00</b>	<b>1,380.46</b>

The Company has received Rs. 69.26 Lacs (Previous Year Rs. 32.92 Lacs) as Dividend from Malaysian Rating Corporation Berhad and has recognized in the Statement of Profit & Loss under Note 26 - Other Income. There has been no transfer in investment during any period.

**Note 39: Fair Value measurement (Ind AS 113):**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

**Level 1:**

This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates. The investment in mutual funds are valued using the closing Net Asset Value based on the mutual fund statements received by the Company. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair valuation of investment in Equity Shares of Malaysian Rating Corporation Berhad and ARC Ratings Holdings Limited and investment in Preference share of CARE Risk Solutions Private Limited is classified under Level 3. The details are given in the table below:

(Rs. in Lacs)			
Particulars	Level 1	Level 2	Level 3
<b>As at March 31, 2021</b>			
<b>Investments measured at:</b>			
Fair Value through OCI			1,579.00
Fair Value through Profit and Loss	-	18,646.86	728.67
Amortized cost	3,659.67		
<b>As at March 31, 2020</b>	-	-	-
<b>Investments measured at:</b>	-	-	-
Fair Value through OCI	-	-	1,380.46
Fair Value through Profit and Loss	6,688.69	21,650.30	670.94
Amortized cost	3,676.72	-	-

For financial instruments other than covered above, their carrying values approximate their fair values.

The valuation of investments in Malaysian Rating Corporation Berhad and ARC Ratings Holding Limited has been done by registered valuer. For investment in Preference Shares of CARE Risk Solutions Private Limited, the Company has availed services of in-house valuation team and registered external valuer. The auditors have relied upon the reports provided by the said valuers.

**The following methods and assumptions were used to estimate the fair values:**

- The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.
- For Malaysian Rating Corporation Berhad, valuation is based on discounted cash flow method (P.Y - average of book value method and price to earnings method).
- The Company had adopted discounted cash flow Method for Valuation of Investments in ARC Ratings Holdings Ltd.
- For Investment in Preference share investment in CARE Risk Solutions Private Limited, valuation is done based on Black & Scholes option pricing Model and discounted cash flow method. Market Coupon Rate and Volatility are the significant unobservable inputs. Discount rate used are: March 31, 2021: 6.90% and March 31, 2020: 7.80% 0.5% decrease in discount rate will result in increase in fair value by Rs.3.63 Lacs. Similarly, 0.5% increase in discount rate will result in decrease in fair value by Rs.3.61 Lacs.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rates used is based on management estimates.

**Note 40: Financial Risk Management Objectives and Policies (Ind AS 107):**

The Company is a Debt Free Company. The principal financial liabilities of the Company comprise of Other liabilities and Provisions which arise on account of normal course of business. The Company's principal financial assets include Investments, Trade Receivables, Cash and Cash Equivalents and Other Bank Balances.

The Company is exposed to Market Risk, Credit Risk, and Liquidity Risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Management of the Company updates its Board of Directors on periodic basis about various risks to the business and status of various activities planned to mitigate the risk.



**The Company has exposure to the following risks arising from financial instruments:**

## (A) Market Risk

Market risk is the risk that the fair value or future cash flows of such financial instrument will be impacted because of various financial and non-financial market factors. The financial instruments affected by market risk include the investment in Mutual Funds and investment in Equity Shares of companies incorporated and operating outside India.

There is no Interest rate risk since the Company does not hold any financial instrument whose fair value or future cash flows will fluctuate because of changes in market interest rates.

The following table shows foreign currency exposures in USD, MRF and MUR on financial instruments at the end of the reporting period. The exposure to foreign currency for all other currencies are not material. The Company does not hedge its foreign currency exposure.

(Rs. in Lacs)

Particulars	Currency	As at March 31, 2021		As at March 31, 2020	
		Amount in FC	Amount in INR	Amount in FC	Amount in INR
Other Receivable	MUR	7.51	13.20	6.06	11.19
Trade Receivables	USD	0.04	2.00	0.15	11.45
<b>Bank Balances</b>					
SBI Maldives – MRF Account	MRF	0.85	4.00	0.47	1.92
SBI Maldives - USD Account	USD	0.00	0.17	0.01	0.41

**Foreign Currency Sensitivity on unhedged exposure:**

**1% increase in foreign exchange rate will have the following impact on profit before tax:**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
MUR	0.13	0.11
USD	0.02	0.11
MRF	0.04	0.02

Note: If the rate is decreased by 100 bps profit will increase by an equal amount.

## (B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

The Company measures and manages its Credit Risk by diversification of its surplus funds into various mutual fund schemes based on its investment policy.

Total Trade receivable & Contract assets as on March 31, 2021 is Rs. 1,693.61 Lacs (March 31, 2020 - Rs. 3,631.88 Lacs ).

The Company does not have higher concentration of credit risks to a single customer.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

As per the provision matrix receivables are classified into different bucket based on the overdue period, buckets range from 12 months - 18 months, 18 months - 24 months and more than 24 months. The norms of provisioning on the same range are from 50% - 100% (which was 25% - 100% in previous year). The management, on a case to case basis may decide to provide or write off at a higher rate with reasons whenever felt necessary.

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Opening Provision</b>	<b>1,001.54</b>	<b>289.35</b>
Add: Provided (utilised) during the Year (Refer Note 47)	(934.69)	712.19
<b>Closing Provision</b>	<b>66.85</b>	<b>1,001.54</b>

**(C) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The cash flows and liquidity of Company is monitored under the control of the management. The objective is to ensure that Company's surplus fund are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The table below summarizes the maturity profile of the Company's financial liabilities & investments based on contractual undiscounted payments.

(Rs. in Lacs)

As at March 31, 2021	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Other Current Financial Liabilities	1,481.92	-	-	1481.92
Other Non Current Financial Liabilities	-	403.18	-	403.18
<b>Total</b>	<b>1,481.92</b>	<b>403.18</b>	<b>-</b>	<b>1,885.10</b>
<b>Investments in:</b>				
Mutual Funds	18,646.86	-	-	18,646.86
Tax Free Bonds	1807.75	1,851.92	-	3659.67
Preference shares of Subsidiaries	-	728.67	-	728.67
Other Companies	-	1,579.00	-	1,579.00
Non-current Loans	-	507.16	-	507.16
Other Non-current Financial Assets	-	8.64	-	8.64
Trade Receivables	1,668.52	-	-	1,668.52
Cash and Cash Equivalents	587.05	-	-	587.05
Bank Balances other than Cash and Cash Equivalents	14,041.04	11,561.84	-	25,602.88
Current Loans	97.12	-	-	97.12
Other Financial Assets	803.95	-	-	803.95
Contract Assets	25.09	-	-	25.09
<b>Total</b>	<b>37,677.38</b>	<b>16,237.24</b>	<b>-</b>	<b>53,914.61</b>

(Rs. in Lacs)

As at March 31, 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Other Current Financial Liabilities	1,041.50	-	-	1,041.50
Other Non Current Financial Liabilities	-	648.90	-	648.90
<b>Total</b>	<b>1,041.50</b>	<b>648.90</b>	<b>-</b>	<b>1,690.40</b>
	-	-	-	-
<b>Investments in:</b>				
Mutual Funds	10,785.84	17,553.15	-	28,338.99
Tax Free Bonds	-	1,815.33	1,861.38	3,676.71
Preference shares of Subsidiaries	-	670.94	-	670.94
Other Companies	-	1,380.46	-	1,380.46
Non-current Loans	-	554.94	-	554.94
Other Non-current Financial Assets	-	7.74	-	7.74
Trade Receivables	3,601.74	-	-	3,601.74
Cash and Cash Equivalents	392.70	-	-	392.70
Bank Balances other than Cash and Cash Equivalents	9,724.04	2.47	-	9,726.51
Current Loans	63.72	-	-	63.72
Other Financial Assets	356.14	-	-	356.14
Contract Assets	30.14	-	-	30.14
<b>Total</b>	<b>24,954.32</b>	<b>21,985.03</b>	<b>1,861.38</b>	<b>48,800.73</b>

**Note 41: Distribution made and proposed (Ind AS 1):**

(Rs. in Lacs)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2020: Rs. 2.50/- per share & Interim Dividend for the period ended till March 31, 2021 Rs. 11/- per share (March 31, 2020: Rs.17 per share)	3,977.27	8,543.75
DDT on final dividend	-	1,756.19
<b>Total Dividend paid</b>	<b>3,977.27</b>	<b>10,299.94</b>
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on March 31, 2021: Rs.6/- Per share, (March 31, 2020: Rs.2.50/-per share)	1,767.67	736.53
<b>Total dividend proposed</b>	<b>1,767.67</b>	<b>736.53</b>

**Note 42: Capital Management (Ind AS 1):**

The Company is cash surplus and has no capital other than Equity. The Company is not exposed to any regulatory imposed capital requirements.

The cash surplus is currently invested in income generating Mutual funds units, Fixed Deposits and Government Securities which in line with its Investment Policy. Safety of Capital is of prime importance to ensure availability of capital for operations. Investment objective is to provide safety and adequate return on surplus funds.

The Company does not have any borrowings.

**Note 43: Micro, Small and Medium Enterprises**

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	4.30	6.05
Amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	0.03	0.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	0.03	0.00

This information has been determined to the extent such parties have been identified based on information available with the Company and the same has been relied upon by the auditors.

**Note 44: Leases**

Effective April 1, 2019, the Group adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs.1,099.58 Lacs and a lease liability of Rs.1,121.87 Lacs. The cumulative effect of applying the standard, amounting to Rs.22.29 Lacs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

**The following is the summary of practical expedients elected on initial application:**

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, for all contracts as on April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The opportunity cost of investment rate applied to lease liabilities as at April 1, 2019 is 7.25% for a period varying from 1 to 5 years.

**Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance at the beginning of the year</b>	<b>862.71</b>	<b>1,099.58</b>
Prepaid Rent Expense	-	42.26
Additions	-	-
Deletions	-	-
Depreciation	( 274.19)	(279.13)
<b>Balance as at March 31, 2021</b>	<b>588.52</b>	<b>862.71</b>

**Amounts recognized in profit and loss**

(Rs. in Lacs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense on right-of-use assets	274.19	279.14
Interest expense on lease liabilities	56.68	73.87
Expense relating to short-term leases	4.91	1.34
<b>Total</b>	<b>335.78</b>	<b>354.35</b>

The following is the break-up of current and non-current lease liabilities as at March 31, 2021

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	245.72	244.92
Non-Current Lease Liabilities	403.18	648.90
<b>Total</b>	<b>648.90</b>	<b>893.82</b>

The following is the movement in lease liabilities during the year ended March 31, 2021:

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance as at 1st April, 2020</b>	<b>893.82</b>	<b>1,121.87</b>
Additions	-	-
Deletions	-	-
Finance Cost accrued during the period	56.68	73.87
Payment of Lease Liabilities	(301.60)	(301.92)
<b>Balance as at March 31, 2021</b>	<b>648.90</b>	<b>893.82</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	245.72	244.92
One to Five years	403.18	648.90
More than Five years	-	-

#### Note 45: Corporate Social Responsibility

Gross amount required to be spent by the Company during the year is Rs. 311.98 Lacs (Previous Year Rs. 388.71 Lacs)

Amount spent during the year on the following:

(Rs. in Lacs)

Particulars	March 31, 2021
Project Nanhi kali by K.C. Mahindra Education Trust	35.10
Akshaya Patra Foundation ( Mid-day Meal)	22.00
Dr Gautam Bhansali Golden Hour Foundation	30.00
Land for Tillers Freedom (LAFTI)	29.77
Sri Sathya Sai Health & Education Trust	30.00
PM Cares Funds	27.13
<b>Total</b>	<b>174.00</b>

#### Note 46: Disclosure as per Section 186(4) of the Companies Act, 2013

##### A. Details of Inter-Corporate Loans / Guarantees granted during the year as below:

During the year FY 20-21 till March 31, 2021, the Company had granted loan amounting to Rs. Nil (closing balance - Rs.400 Lacs) to its wholly owned subsidiary CARE Risk Solutions Pvt. Ltd.

##### B. Details of Investment made during the year as below:

(Rs. in Lacs)

Name of the Company	Holding / Subsidiary / Associate	Year Ended March 31, 2021	Year Ended March 31, 2020
CARE Ratings (Nepal) Limited	Subsidiary	-	-
CARE Ratings (Africa) Private Limited	Subsidiary	-	-
CARE Risk Solutions Pvt. Ltd.	Subsidiary	-	-
Credit Advisory Research & Training Limited	Subsidiary	-	-

**Note 47**

During last year the Company has assessed and made the provision of Rs. 700 Lacs for the impact of COVID-19 pandemic on its financial statements, for the year also the Company has assessed the impact of COVID-19 pandemic on its financial statements based on the internal and external information up to the date of approval of these financial statements and the Company expects to recover the carrying amounts of its investments, intangible assets, trade receivables & other assets and accordingly assessed that the provision of Rs. 681 lacs due to impact of COVID-19 pandemic is no longer required and hence reversal of the same has been made.

The Company will continue to closely monitor the future economic conditions and assess its impact on its financial statements. Considering that most of the recoveries from debtors pertaining to FY21 have been made, the Company has not made any special provision on account of trade receivables except for what is provided for in the normal course of its business.

Considering the Company's nature of business, management does not anticipate any serious challenges/ significant impact on continuity of its business.

**Note 48**

Corresponding figures of previous financial year has been regrouped/rearranged to conform to current year's grouping.

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**Chartered Accountants**  
**FRN: 105146 W/ W100621**

Sd/-

**[Hasmukh Dedhia]**  
**Partner**  
**M. No.- 033494**

**Mumbai**  
**Date : June 12, 2021**

**For and on behalf of the Board of Directors of CARE Ratings Limited**

Sd/-

**[Najib Shah]**  
**Chairman**  
**DIN No. - 08120210**

**Date: June 12, 2021**

**Place: Bengaluru**

Sd/-

**[Jinesh Shah]**  
**Chief Financial Officer**  
**M. No.:- 117833**

**Date: June 12, 2021**

**Place: Mumbai**

Sd/-

**[Ajay Mahajan]**  
**Managing Director & CEO**  
**DIN No- 05108777**

**Date: June 12, 2021**

**Place: Mumbai**

Sd/-

**[Nehal Shah]**  
**Company Secretary**  
**M. No.:- A18077**

**Date: June 12, 2021**

**Place: Mumbai**

Sd/-

**[Adesh Kumar Gupta]**  
**Independent Director**  
**DIN No. - 00020403**

**Date: June 12, 2021**

**Place: Mumbai**



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# Consolidated Financial Statements



## INDEPENDENT AUDITOR'S REPORT

**To the Members of**

**CARE Ratings Limited**

**Report on the Audit of the Consolidated Ind AS Financial Statements**

### **Opinion**

1. We have audited the accompanying Consolidated Ind AS Financial Statements of CARE Ratings Limited ('the Holding Company'), its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Ind AS Financial Statements')

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS Financial Statements.

### **Emphasis of Matter**

3. Attention is drawn to Note 48 of the Consolidated Ind AS Financial Statements which describes the impacts of COVID-19 Pandemic on the financial statements as also on business operations of the Group, assessment thereof made by the management of the Holding Company based on its internal, external and macro factors, involving certain estimation uncertainties. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit approach
<p>Recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 "Revenue from contracts with customers" (new accounting standard) and other regulatory requirements</p> <p>The recognition, measurement, presentation and disclosures of revenues and other related balances in accordance with Ind AS 115 and other regulatory requirements involve significant judgements and estimation as also timing of recognition by the management of the Holding Company. Further, the recognition of revenue involves various complexities with respect to nature and category of clients of the Holding Company.</p> <p>We determined this matter to be a key audit matter due to the complexity associated to comply with the applicable Ind AS and other regulatory requirements. [Note 1(h) to the Consolidated Ind AS Financial Statements]</p>	<p>We assessed the entity's process to comply with the applicable Ind AS and other regulatory requirements</p> <ul style="list-style-type: none"> <li>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</li> <li>Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>Evaluated the reasonableness of the significant judgements and estimation involved in the process.</li> <li>Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to timing and extent of recognition of revenue therefrom based on the policy adopted by the Company.</li> <li>Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>Compared these performance obligations with that identified and recorded by the entity.</li> </ul> </li> <li>Sample of revenue disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul>
<p><b>Regulations – Litigations and claims</b></p> <p>The Holding Company is exposed to various laws and regulations. In this regulatory environment, there is an inherent risk of litigations and claims. Consequently, provisions and contingent liabilities disclosures may arise from direct and indirect tax proceedings, legal proceedings, including regulatory and other government / department proceedings, as well as out of investigations by the authorities.</p> <p>As at March 31, 2021, the Holding Company's has ascertained contingent liabilities of Rs. 72.51 Lakhs and also has unascertained liabilities (refer note 32 to the Consolidated Ind AS Financial Statements)</p> <ul style="list-style-type: none"> <li>Management applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the highly complex nature and magnitude of the legal matters involved along with the fact that resolution of tax and legal proceedings may span over multiple years, and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and each legal case progresses.</li> </ul> <p>We determined this matter to be a key audit matter due to the inherent complexity and magnitude of potential exposures across the Holding Company and the judgment necessary to estimate the amount of provisions required or determine the required disclosures.</p>	<p>Our Audit approach in relation to the matter involved the following:</p> <ul style="list-style-type: none"> <li>Review the outstanding litigations against the Holding Company for comparing consistency with the previous years. Enquire and obtain explanations for movements during the year.</li> <li>Reading the latest correspondences between the Holding Company and the various tax/legal authorities for significant matters.</li> <li>Examined selectively the Holding Company's legal expenses and read fully the minutes of the board meetings, in order to ascertain all cases have been identified.</li> <li>With respect to tax matters, involving our tax specialists, and discussing with the Company's personnel dealing with tax matters, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws and precedence.</li> <li>Assessing the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures.</li> <li>For those matters where management concluded that no provisions should be recognised, considering the adequacy and completeness of the Holding Company's disclosures.</li> <li>For complex regulatory litigations, reviewing the relevant correspondence by the holding company, studying the matters in the light of past precedence and views of the Holding Company's legal advisor as made available by the Holding Company.</li> <li>For claims made against the Holding Company but neither acknowledged nor disclosed, assessed the tenability of such claims based on reading the basis of such claims with relevant provisions of the law or regulations and considering the legal advice obtained by the Holding Company.</li> </ul>

**Information other than the Consolidated Ind AS Financial Statements and Auditors' Report thereon**

- The Holding Company's Management and Board of Directors are responsible for the preparation of the other information, comprising of the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and such other disclosures related Information, excluding the Consolidated Ind AS Financial Statements and Auditor's Report thereon ('Other Information'). The Other Information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the Consolidated Ind AS Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

**Responsibility of Management's and Board of Directors for Consolidated Ind AS Financial Statements**

- The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Holding Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Management and Directors of the Holding Company, as aforesaid. In preparing the Consolidated Ind AS Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Company's Management and Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

- Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements. Our audit process in accordance with the SAs is narrated in details in Annexure 1 to this report.

**Other Matters**

- We did not audit the financial statements of CARE Risk Solutions Private Limited and CARE Advisory Research & Training Limited, subsidiaries whose financial statements reflect total assets (before consolidation adjustment) of Rs. 2,994.30 Lakh as at March 31, 2021, total revenues (before consolidation adjustment) of Rs. 2,193.10 Lakh and net cash inflow of Rs. 103.24 Lakh for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.
- We did not audit the financial statements of CARE Ratings (Africa) Private Limited and CARE Ratings (Nepal) Limited, subsidiary companies incorporated in Mauritius & Nepal respectively whose financial statements reflect total assets (before consolidation adjustment) of Rs. 1,493.09 Lakh as at March 31, 2021, total revenues (before consolidation adjustment) of Rs. 931.53 Lakh and net cash inflows of Rs. 347.67 Lakh for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by the other auditors as per the requirements of the applicable reporting standards of those countries and have been converted as per the requirements of Ind AS by the management of the Holding Company. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors and the holding Company's management certified numbers upon conversion thereof as per Ind AS requirements.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

10. In view of the restricted movements and partial lockdown imposed by the authorities to prevent the spread of COVID-19 Pandemic, the audit finalisation processes were carried out from remote locations i.e. other than the Office of the Holding Company, where the books of accounts and other records are kept, based on the data/details made available and based on financial information/records remitted by the management through digital medium. Being constrained, we resorted to and relied upon the results of the related alternate audit procedures to obtain sufficient and appropriate audit evidence for the significant matters in course of our audit. Our report is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

11. As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
- c. The consolidated balance sheet, the consolidated statement of profit and loss including other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021, taken on record by the Board of Directors and the reports of the statutory auditors of its subsidiary company, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.
- f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting, refer to our separate report in 'Annexure 2' to this report which is based on the Auditor's Report of the Holding Company and its subsidiaries incorporated in India.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 32 to the Consolidated Ind AS Financial Statements;
  - ii. Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts; the group does not have any derivative contracts – Refer Note 33 to the Consolidated Ind AS Financial Statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.
- h. In our opinion and according to the information and explanation given to us and based on the reports of the statutory auditors of the subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Group to its directors is in accordance with the provisions of Section 197 of the Act.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

**Sd/-**

**Hasmukh B Dedhia**  
**Partner**  
**M. No.- 033494**

**UDIN: 21033494AAAAIK8895**

**Place: Mumbai**  
**Date: June 12, 2021**

**Annexure 1****(Referred to in paragraph 7 of Independent Auditors' Report)**

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Review of the audited financial statements of the subsidiaries not audited by us and communicating with the respective statutory auditors of such subsidiaries as per the framework of provisions of SA 600, "Using the work of another Auditor"
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Annexure 2

### (Referred to in paragraph 11(f) of Independent Auditors' Report)

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

##### **Opinion**

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended 31 March, 2021, we have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of CARE Ratings Limited ('the Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

In our opinion, the Holding Company and its said subsidiary companies have, in all material respects, adequate internal financial controls system with reference to Consolidated Ind AS Financial Statements and such internal financial controls were operating effectively as at 31 March, 2021, based on the internal financial controls with reference to Consolidated Ind AS Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

##### **Management's Responsibility for Internal Financial Controls**

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Consolidated Ind AS Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as 'the Act').

##### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Ind AS Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Ind AS Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind AS Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Consolidated Ind AS Financial Statements.

##### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial controls with reference to Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to Consolidated Ind AS Financial Statements include those policies and procedures that;

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind AS Financial Statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to Consolidated Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matter**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Khimji Kunverji & Co LLP**  
**Chartered Accountants**  
**FRN: 105146W/W100621**

**Sd/-**

**Hasmukh B Dedhia**  
**Partner**  
**M. No.- 033494**

**UDIN: 21033494AAAAIK8895**

**Place: Mumbai**  
**Date: June 12, 2021**

**CONSOLIDATED BALANCE SHEET**

As at March 31, 2021

(Rs. in Lacs)

Particulars	Note Number	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	2	7,021.24	7,356.58
Right of use assets	46	657.42	1,074.99
Goodwill on consolidation		795.03	795.03
Other Intangible Assets	2	33.09	84.25
Intangible Assets under Development	2	315.07	51.87
<b>Financial Assets</b>			
Investments	3	3,430.92	22,610.32
Loans	4	119.23	177.22
Other Non-Current Financial Assets	5	8.64	7.74
Deferred Tax Assets (Net)	6	121.92	98.12
Other Non-Current Assets	7	8.28	20.17
<b>Total Non-Current Assets</b>		<b>12,510.84</b>	<b>32,276.29</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Investments	8	20,454.61	11,285.46
Trade Receivables	9	2,135.57	4,089.38
Cash and Cash Equivalents	10	1,178.57	699.47
Bank Balances other than Cash and Cash Equivalents	11	27,127.18	10,757.86
Loans	12	102.48	70.07
Other Current Financial Assets	13	818.24	332.20
Contract Assets	14	1,272.21	867.94
Current Tax Assets (Net)	15	1,143.81	1,221.54
Other Current Assets	16	433.71	302.20
<b>Total Current Assets</b>		<b>54,666.39</b>	<b>29,626.12</b>
<b>Total Assets</b>		<b>67,177.23</b>	<b>61,902.41</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	17	2,946.12	2,946.12
Other Equity	18	55,935.96	50,380.27
Non-Controlling Interest		421.79	324.63
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Other Non-Current Financial Liabilities	19	448.10	830.80
Provisions	20	1,086.82	829.09
Deferred Tax Liabilities (Net)	21	1,049.54	609.49
<b>Total Non-Current Liabilities</b>		<b>61,888.33</b>	<b>55,920.40</b>

As at March 31, 2021

(Rs. in Lacs)

Particulars	Note Number	As at March 31, 2021	As at March 31, 2020
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Total Outstanding Dues of micro and Small enterprises	22	4.30	6.05
Total Outstanding Dues of other than micro and Small enterprises	22	271.40	149.73
Other Current Financial Liabilities	22	1,381.51	1,039.94
Other Current Liabilities	23	1,131.26	1,443.02
Contract Liabilities	24	2,077.94	2,868.21
Provisions	25	408.63	450.39
Current Tax Liability (Net)	26	13.86	24.67
<b>Total Current Liabilities</b>		<b>5,288.90</b>	<b>5,982.01</b>
<b>Total Equity and Liabilities</b>		<b>67,177.23</b>	<b>61,902.41</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
**Chartered Accountants**  
**FRN: 105146 W/ W100621**

**For and on behalf of the Board of Directors of Care Ratings Limited**

Sd/-

**[Hasmukh Dedhia]**  
**Partner**  
**Membership No. 033494**

**Mumbai**  
**Date : June 12, 2021**

Sd/-

**[Najib Shah]**  
**Chairman**  
**DIN No. - 08120210**

**Place : Bengaluru**  
**Date : June 12, 2021**

Sd/-

**[Jinesh Shah]**  
**Chief Financial Officer**  
**M. No. -117833**

**Place : Mumbai**  
**Date : June 12, 2021**

Sd/-

**[Ajay Mahajan]**  
**Managing Director & CEO**  
**DIN No- 05108777**

**Place : Mumbai**  
**Date : June 12, 2021**

Sd/-

**[Nehal Shah]**  
**Company Secretary**  
**M. No. - A18077**

**Place : Mumbai**  
**Date : June 12, 2021**

Sd/-

**[Adesh Kumar Gupta]**  
**Independent Director**  
**DIN No. - 00020403**

**Place : Mumbai**  
**Date : June 12, 2021**

**CONSOLIDATED PROFIT AND LOSS**

for the year ended March 31, 2021

(Rs. in Lacs)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Revenue from Operations	27	24,844.69	24,364.03
Other Income	28	3,129.36	3,146.76
<b>Total Income</b>		<b>27,974.05</b>	<b>27,510.79</b>
<b>Expenses</b>			
Employee Benefits Expense	29	11,986.14	10,927.37
Depreciation and Amortization Expense	2 & 46	780.22	776.79
Finance Charges	30	61.75	92.75
Other Expenses	31	3,281.24	5,304.62
<b>Total Expenses</b>		<b>16,109.35</b>	<b>17,101.53</b>
<b>Profit before Exceptional Item and Tax</b>		<b>11,864.70</b>	<b>10,409.26</b>
Exceptional Items		-	-
<b>Profit before Tax Expense</b>		<b>11,864.70</b>	<b>10,409.26</b>
<b>Tax Expense</b>	36		
Current Tax		2,427.42	2,213.86
Deferred Tax Expense/(Income)		340.71	(132.90)
Adjustment of Tax of Earlier Years		-	(19.66)
<b>Total Tax Expense</b>		<b>2,768.13</b>	<b>2,061.30</b>
<b>Profit after Tax</b>		<b>9,096.57</b>	<b>8,347.96</b>
<b>Profit for the period attributable to:</b>			
Non-Controlling interest		144.99	110.95
Owners of the Parent		8,951.58	8,237.01
<b>Other Comprehensive Income</b>			
A. (i) Items that will not be reclassified to profit & Loss		290.46	(103.36)
(ii) Income Tax Relating to Items that will not be reclassified to profit & Loss		(73.10)	26.26
B. (i) Items that will be reclassified to profit & Loss		(1.19)	(11.93)
(ii) Income Tax Relating to Items that will be reclassified to profit & Loss		0.30	3.00
<b>Other Comprehensive Income for the year</b>		<b>216.47</b>	<b>(86.03)</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Non-Controlling interest		(0.20)	(1.96)
Owners of the Parent		216.67	(84.07)
<b>Total Comprehensive Income for the year</b>		<b>9,313.04</b>	<b>8,261.93</b>
<b>Total Comprehensive Income for the year attributable to:</b>			
Non-Controlling interest		144.80	108.98
Owners of the Parent		9,168.24	8,152.95
<b>Earnings Per Share (Face Value Rs.10/- each)</b>	37		
- Basic		30.38	27.96
- Diluted		30.33	27.96

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

**For and on behalf of the Board of Directors of Care Ratings Limited**

Sd/-

[Hasmukh Dedhia]  
Partner  
Membership No. 033494

Mumbai  
Date : June 12, 2021

Sd/-

[Najib Shah]  
Chairman  
DIN No. - 08120210

Place : Bengaluru  
Date : June 12, 2021

Sd/-

[Jinesh Shah]  
Chief Financial Officer  
M. No. -117833

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Nehal Shah]  
Company Secretary  
M. No. - A18077

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Place : Mumbai  
Date : June 12, 2021



**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended March 31, 2021

(Rs. in Lacs)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash flows from Operating Activities</b>		
<b>Profit before tax</b>	<b>11,864.70</b>	<b>10,409.26</b>
<b>Adjustments for</b>		
Income from investments	(1,672.05)	(1,278.51)
Notional Income on Fair Value of Security Deposits	(20.08)	(11.28)
Unrealized Gain on Fair Valuation of Investments through Profit & Loss	(1,323.54)	(1,761.97)
Provision for Doubtful Debts	(924.94)	769.24
Bad Debts written off	460.75	262.01
Loss/(Gain) on Sale of Fixed Assets	5.76	10.03
ESOP Expense	356.91	534.51
Amortization of Premium	17.04	17.08
Finance cost on Lease Liabilities	61.75	92.75
Depreciation	798.79	776.79
<b>Operating Profit before working capital changes</b>	<b>9,625.09</b>	<b>9,819.91</b>
Movements in working capital		
Decrease/(Increase) in Trade Receivables	2,542.35	(394.72)
Decrease/(Increase) in Non-Financial Assets	(155.87)	60.21
Decrease/(Increase) in Financial Assets	(388.92)	(442.08)
Decrease/(Increase) in Non-Financial Liabilities	(844.35)	109.10
Decrease/(Increase) in Financial Liabilities	174.31	808.02
Decrease/(Increase) in Other Liabilities	(37.83)	231.75
<b>Total Movements in working capital</b>	<b>1,289.69</b>	<b>372.28</b>
Taxes paid	(2,297.41)	(3,451.87)
<b>Net cash from operating activities (I)</b>	<b>8,617.37</b>	<b>6,740.32</b>
<b>Cash flows from Investing Activities</b>		
Income from investments	1,672.05	1,278.51
Investment in Fixed Deposits	(16,361.54)	(9,720.67)
Sale of fixed assets	27.06	22.20
Purchase of fixed assets	(448.98)	(457.91)
Purchase of investments	(3,350.00)	(2,700.00)
Sale of investments	14,659.59	14,250.63
<b>Net cash from investing activities (II)</b>	<b>(3,801.82)</b>	<b>2,672.76</b>
<b>Cash flows from Financing Activities</b>		
Dividend and Dividend Tax paid	(3,977.27)	(10,333.50)
Repayment of Lease Liability	(297.46)	(269.53)
Payment of Interest on Lease Liability	(61.72)	(92.74)
<b>Net cash used in financing activities (III)</b>	<b>(4,336.45)</b>	<b>(10,695.77)</b>
Effects of Un-realized Exchange gain on Cash & Cash Equivalents	-	-
<b>Net increase / (decrease) in cash and cash equivalents (I + II + III)</b>	<b>479.10</b>	<b>(1,282.69)</b>
<b>Cash And Cash Equivalents At The Beginning</b>	<b>699.47</b>	<b>1,982.16</b>
<b>Cash And Cash Equivalents At The End</b>	<b>1,178.57</b>	<b>699.47</b>

for the year ended March 31, 2021

(Rs. in Lacs)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
<b>Cash and cash equivalents comprise of: ( Refer note 10)</b>		
Cash on hand	0.80	1.20
Cheques in hand	-	-
<b>Balances with Banks</b>		
On Current Account	527.83	289.37
<b>Other Bank balances</b>		
Deposit Accounts	649.68	407.78
Prepaid Cards	0.26	1.12
<b>Total</b>	<b>1,178.57</b>	<b>699.47</b>

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

For and on behalf of the Board of Directors of Care Ratings Limited

Sd/-

[Hasmukh Dedhia]  
Partner  
Membership No. 033494

Mumbai  
Date : June 12, 2021

Sd/-

[Najib Shah]  
Chairman  
DIN No. - 08120210

Place : Bengaluru  
Date : June 12, 2021

Sd/-

[Jinesh Shah]  
Chief Financial Officer  
M. No. -117833

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Nehal Shah]  
Company Secretary  
M. No. - A18077

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Place : Mumbai  
Date : June 12, 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended March 31, 2021

**A. Equity Share Capital**

For the year ended March 31, 2021

(Rs. in Lacs)

Balance as at April, 01, 2020	Changes in Equity Share Capital during the year	Balance as at March 31, 2021
2,946.12	-	2,946.12

For the year ended March 31, 2020

(Rs. in Lacs)

Balance as at April, 01, 2019	Changes in Equity Share Capital during the year	Balance as at March 31, 2020
2,946.12	-	2,946.12

## Consolidated Financial Statements

B. Other Equity		(Rs. in Lacs)								
For the year ended March 31, 2021		Reserves & Surplus						Other Comprehensive Income		Total Equity
Particulars		Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity Instruments through other comprehensive income		
Balance as at April 01, 2020		2,351.56	22.50	6,517.63	19,796.93	(15.92)	21,609.65	97.91	50,380.27	
Profit for the year (1)		-	-	-	-	-	8,951.58	-	8,951.58	
<b>Other Comprehensive Income/(loss) for the year</b>										
Remeasurement gain/(loss) on defined benefit plan (1)		-	-	-	-	-	91.91	198.54	290.45	
Foreign Currency Translation Adjustments (2)		-	-	-	-	(0.93)	(72.86)	-	(73.79)	
Deferred Tax impact on above adjustments (3)		-	-	-	-	-	-	-	-	
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>						<b>(0.93)</b>	<b>8,970.63</b>	<b>198.54</b>	<b>9,168.24</b>	
<b>Contribution by and Distribution to Owners</b>										
Dividends		-	-	-	-	-	(4,009.50)	-	(4,009.50)	
Other adjustments		-	-	-	-	-	36.39	-	36.39	
Deferred Tax adjustments related to Subsidiary		-	-	-	-	-	0.58	-	0.58	
Employee Stock Option lapsed		(243.94)	-	-	243.94	-	-	-	-	
Employee Stock Option charge for the period		359.99	-	-	-	-	-	-	359.99	
<b>Balance as at March 31, 2021</b>		<b>2,467.61</b>	<b>22.50</b>	<b>6,517.63</b>	<b>20,040.87</b>	<b>(16.85)</b>	<b>26,607.75</b>	<b>296.45</b>	<b>55,935.96</b>	

## Other Equity

For the year ended March 31, 2020

(Rs. in Lacs)

Particulars	Reserves & Surplus						Other Comprehensive Income	Total Equity
	Share Option Outstanding Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity Instruments through other comprehensive income	
<b>Balance as at April 01, 2019</b>	<b>2,138.63</b>	<b>22.50</b>	<b>6,517.63</b>	<b>19,475.35</b>	<b>(6.61)</b>	<b>23,816.91</b>	<b>86.89</b>	<b>52,051.30</b>
Profit for the year (1)	-	-	-	-	-	8,237.01	-	8,237.01
<b>Other Comprehensive Income/(loss) for the year</b>								
Fair value Gain/(loss) on Equity Instruments through other comprehensive income	-	-	-	-	-	-	14.72	14.72
Re-measurement gain/(loss) on defined benefit plan (2)	-	-	-	-	-	(118.08)	-	(118.08)
Foreign Currency Translation Adjustments (2)	-	-	-	-	(9.31)	-	-	(9.31)
Deferred Tax impact on above adjustments (3)	-	-	-	-	-	32.31	(3.70)	28.61
<b>Total Comprehensive Income/(loss) for the year (1+2+3)</b>					<b>(9.31)</b>	<b>8,151.24</b>	<b>11.02</b>	<b>8,152.95</b>
<b>Contribution by and Distribution to Owners</b>								
Dividends	-	-	-	-	-	(8,577.30)	-	(8,577.30)
Dividend distribution tax	-	-	-	-	-	(1,756.19)	-	(1,756.19)
Impact of Right of use asset pertaining to earlier years	-	-	-	-	-	(24.99)	-	(24.99)
Employee Stock Option lapsed	(321.58)	-	-	321.58	-	-	-	-
Employee Stock Option charge for the period	534.51	-	-	-	-	-	-	534.51
<b>Balance as at March 31, 2020</b>	<b>2,351.56</b>	<b>22.50</b>	<b>6,517.63</b>	<b>19,796.93</b>	<b>(15.92)</b>	<b>21,609.65</b>	<b>97.91</b>	<b>50,380.27</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****for the year ended March 31, 2021**

The description of the nature and purpose of each reserve within equity is as follows:

**a. Capital Redemption Reserve**

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares.

**b. Securities Premium Reserve**

Securities Premium Reserve is credited when the shares are issued at premium. It is utilized in accordance with the provision of the Companies Act, to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

**c. Employees Stock Options Outstanding Reserve**

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 38 for further details of this plan.

**d. General Reserve**

In earlier years, the Company has transferred a portion of the net profits of the Company before declaring dividends to General Reserve. Mandatory transfer to General Reserve is not required under the Companies Act, 2013

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

**For and on behalf of the Board of Directors of Care Ratings Limited**

Sd/-

**[Hasmukh Dedhia]**  
Partner  
Membership No. 033494

Sd/-

**[Najib Shah]**  
Chairman  
DIN No. - 08120210

Place : Bengaluru  
Date : June 12, 2021

Sd/-

**[Ajay Mahajan]**  
Managing Director & CEO  
DIN No- 05108777

Place : Mumbai  
Date : June 12, 2021

Sd/-

**[Adesh Kumar Gupta]**  
Independent Director  
DIN No. - 00020403

Place : Mumbai  
Date : June 12, 2021

Sd/-

**[Jinesh Shah]**  
Chief Financial Officer  
M. No. -117833

Place : Mumbai  
Date : June 12, 2021

Sd/-

**[Nehal Shah]**  
Company Secretary  
M. No. - A18077

Place : Mumbai  
Date : June 12, 2021

Mumbai  
Date : June 12, 2021

## Note 1 :

### Group Overview and Significant Accounting Policies

#### Group Overview:

CARE Ratings Limited ('the Holding Company' or 'the Company' or 'CARE'), commenced its operations in April 1993 has established itself as the leading credit rating agency of India. The Company provides the various credit ratings that the corporates to raise capital for their various requirements and assists the investors to form an informed investments decision based on the credit risk and their own risk-return expectations. The Company has its registered office and head office both located in Mumbai. In addition, CARE Ratings has regional offices at Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Jaipur, Kolkata, New Delhi and Pune.

#### The details of subsidiaries are as under:

Name of the Company :	<b>CARE Risk Solutions Private Limited ("CRSPL")</b>
Country of Incorporation:	<b>India</b>
Ownership in % either directly or through Subsidiaries:	<b>100%</b>
The Financial year for the above subsidiary company is uniform and ends on March 31 every year.	

Name of the Company:	<b>CARE Advisory Research &amp; Training LTD ("CART")</b>
Country of Incorporation:	<b>Mumbai</b>
Ownership in % either directly or through Subsidiaries:	<b>100%</b>
The Financial year for the above subsidiary company is uniform and ends on March 31 every year.	

Name of the Company:	<b>CARE Ratings (Africa) Private Limited ("CRAF")</b>
Country of Incorporation:	<b>Mauritius</b>
Ownership in % either directly or through Subsidiaries:	<b>78%</b>
The Financial year for the above subsidiary company is uniform and ends on March 31 every year.	

Name of the Company:	<b>CARE Ratings Nepal Ltd ("CRNL")</b>
Country of Incorporation:	<b>Nepal</b>
Ownership in % either directly or through Subsidiaries:	<b>51%</b>
The Financial year for the above subsidiary company is 16th July to 15th July, however the accounts for the purpose of consolidation are prepared from April 2020 to March 2021.	

The financial statements are for the group consisting of the company & its subsidiaries.

#### Summary of Significant Accounting Policies:

##### a) Statement of Compliance

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the relevant provision of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

The Consolidated Financial Statements were approved for issue by the Board of Directors on June 12, 2021.

##### b) Basis of preparation of Accounts:

###### Basis of Preparation:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Certain financial assets and liabilities measured at fair value and classified as fair value through other comprehensive income or fair value through profit or loss.
- Employee's Defined Benefit Plan as per actuarial valuation;
- Equity settled share based payments measured at Fair value.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**Functional and Presentation Currency:**

The financial statements are presented in Indian Rupees, which is the presentation currency of the Group.

**Classification of Assets and Liabilities into Current/Non-Current**

The Group has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:

- i. It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is expected to realize the asset within twelve months after the reporting period; or
- iv. The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. Similarly, a liability is classified as current if:

- i. It is expected to be settled in the normal operating cycle; or
- ii. It is held primarily for the purpose of trading; or
- iii. It is due to be settled within twelve months after the reporting period; or
- iv. The Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.

All other liabilities are classified as non-current.

**c) Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance, are charged to the Statement of Profit & Loss in the period in which the costs are incurred.

An item of PEE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

**d) Capital Advance, Capital Work in Progress and Intangibles under development**

Advances paid towards acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under other non-current assets.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Expenditure on development eligible for capitalization are carried as intangible assets under development where such assets are not yet ready for their intended use.

**e) Depreciation**

Depreciation on PPE is the systematic allocation of the depreciable amount over its useful life and is provided on a straight line basis over such useful lives as prescribed in Schedule II of the Companies Act, 2013.

Depreciation on additions is being provided on Pro rata basis from the date of such additions.

Depreciation on sale or disposal is provided on Pro rata basis till the date of such sale or disposal.

Depreciation on fixed assets in CRSPL & CRNL are provided on written down value method using the rates arrived at based on useful lives as provided in Schedule II of the Companies Act, 2013 & 25% respectively. Adjustments to the fixed assets of the subsidiary to bring in line with the accounting policy of the holding company at the time of consolidation are not done, since the impact of the same is not material.

## f) Intangible Assets and Amortization

Intangible assets are accounted at fair value based on evaluation reports of experts less accumulated amortization and accumulated impairment losses thereon, if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the enterprise and where its costs can be reliably measured. The Group determine the amortization period as the period over which future economic benefit will flow to the Group after taking into account all relevant facts and circumstances.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

Intangible assets in the nature of computer software are amortized over the period of 3 years.

Intangible assets in the nature of computer software is stated at their cost of acquisition less accumulated depreciation and impairment loss, if any. Intangible assets (software) developed in house are accounted at the cost incurred in developing the intangible asset.

## g) Impairment of Non-Financial Assets – Property, Plant and Equipment & Intangible Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the assets no longer exist or have decreased.

## h) Revenue Recognition

### Rating Income (Including Surveillance Income)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income is recognized based on percentage complete method. Major portion of Initial and surveillance rating fees will be recognized on the date rating based on efforts and balance portion of it is over the 12 months from the date of rating.

Income on subscription to information services primarily pertains to sale of research reports and the income thereon is recognized on accrual basis.

### License, Implementation and Customization fees

License, Implementation and Customization fees are recognized on proportionate work completion basis as per the terms of the contract. Proportion of work completion is determined as a proportion of costs incurred to date to the total estimated cost to complete the contract. Provision for expected loss is recognized immediately when it is probable that the total estimated costs will exceed total contract value.

Fee from other service accounted for on accrual basis.

Revenue from maintenance contracts is recognized over the term of maintenance.

### Training Fees

Income from Training services is recognized on accrual basis.

### Interest Income

Interest income from debt instruments viz. investment in PSU Bonds is recognized using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

### Dividend Income

Dividends are recognized in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### Sale of Investments

Difference between the sale price and carrying value of investment as determined at the end of the previous year is recognized as profit or loss on sale / redemption on investment on trade date of transaction.

**i) Financial Instruments**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial Assets & Financial Liabilities are recognized when the Group becomes party to contractual provisions of the relevant instrument.

**Initial Recognition:**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Transaction costs directly attributable to acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

**Classification and Subsequent Measurement: Financial Assets**

The Group classifies financial assets as subsequently measured at Amortized Cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following

- The entity's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

**a. Amortized Cost:**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case of financial assets classified and measured at amortized cost, any interest income, foreign exchange gains or losses and impairment are recognized in the Statement of Profit and Loss

**b. Fair Value through Other Comprehensive Income (FVTOCI):**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c. Fair Value through Profit & Loss (FVTPL):**

A financial asset which is not classified in any of the (a) or (b) above categories is measured at FVTPL.

**Investment in Equity Instruments designated to be classified as FVTOCI:**

The Group carries certain equity instruments which are not held for trading. The Group has elected the irrevocable option to measure such instruments at FVTOCI since initial recognition. Movements in fair value of these investments are recognized in Other Comprehensive Income and the gain or loss will not be reclassified to Statement of Profit and Loss on disposal of these investments. Dividends from these investments are recognized in statement of profit and loss when the Group's right to receive dividends is established.

**Classification and Subsequent Measurement: Financial Liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

**Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL: Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**Other Financial Liabilities:**

Other financial liabilities (including trade and other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost on initial recognition. For the liabilities maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

## **Impairment of financial assets:**

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

## **De-recognition of financial assets:**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### **j) Cash and cash equivalent**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### **k) Lease**

Effective April 1, 2019, the Group adopted Ind AS 116 'Leases' using the modified retrospective method, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. Accordingly, the comparative information has not been restated.

The Group, at the inception of a contract, assesses the contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

## **Group as a lessee**

On initial application of Ind AS 116, the Group recognized a lease liability measured at the present value of all the remaining lease payments, discounted using rate that matches opportunity cost of Investment at April 1, 2019 whereas the Group has elected to measure right-of-use asset at its carrying amount as if Ind AS 116 had been applied since the lease commencement date, but discounted using rate that matches opportunity cost of Investment at April 1, 2020. The Group has elected not to recognize a lease liability and a right-of-use asset for leases for which the lease term ends within twelve months of April 1, 2020 or leases of low value assets and has accounted for these leases as short-term leases. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

For new lease contracts, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the balance sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using rate that matches opportunity cost of Investment.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs less any lease incentives received.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment. In the balance sheet, the right-of-use assets and lease liabilities are presented separately.

The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease liability has been presented in Note 19 "Other Non-Current Financial Liabilities", Note No. 22 "Other Current Financial Liabilities" and Right-of-use asset has been presented in Note 46 "Leases ". Lease payments have been classified as financing cash flows.

#### **l) Translation of Foreign Currency Items**

Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the Balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit and loss, Non-monetary assets and liabilities that are measured in terms of historical cost of foreign currencies are not translated.

#### **m) Employee Benefit expense**

##### **Defined benefit plan:**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. In case of the Holding Company, the gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. In case of CRSPL, its unfunded. In Case of CART, its funded.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Re-measurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

The defined benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

In respect of foreign subsidiaries there are no employee benefit plans in the nature of defined benefit plans

##### **Defined contribution plan:**

Payments to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, for which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Government Provident Fund monthly.

##### **Other employee benefits:**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date

#### **n) Income Taxes:**

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

## Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

## Minimum Alternative Tax

Minimum alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

## Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and they relate to Income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the Temporary difference can be utilized. The carrying amount of Deferred tax liabilities and asset are reviewed at the end of each reporting period date and are reduced to the extent that it is no longer probable.

## o) Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the Equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## p) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to Reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Claims against the Group where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**q) Share based payments**

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 38.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**r) Segment Reporting - Identification of Segments:**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's management to make decisions for which discrete financial information is available.

Based on the management approach, the management evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

**Note 1(A):****Use of Estimates and Judgments**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material Adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

**a) Useful Lives of Property, Plant & Equipment:**

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

**b) Fair value measurement of Financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques like Net Asset Method. The inputs to these models are taken from the financial statements of the companies in which Group has invested. These are considered as non-observable market inputs whereby a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

**c) Revenue Recognition**

The Group recognizes portion of rating fee income commensurate with the efforts involved based on percentage completion method. The Group uses various judgments and estimates to assess the efforts required for completion of various activities in the rating process. Based on assessment, the Group defines the percentage completion to be applied to measure income to be recognized from initial rating and surveillance during the year.

The Group's assessment of percentage completion is as follows:

As a matter of prudent policy and on the basis of past experience of recoverability of income, fees in respect of certain defined categories of clients are recognized when there is reasonable certainty of ultimate collection



**d) License, Implementation and Customization fees are recognized on proportionate work completion basis**

Proportion of work completion is determined as a proportion of costs incurred to date to the total estimated cost to complete the contract. Provision for expected loss is recognized immediately when it is probable that the total estimated costs will exceed total contract value.

- Fee from other service accounted for on accrual basis.
- Revenue from maintenance contracts is recognized over the term of maintenance.
- Income from Training Services rendered is recognized on accrual basis.

**e) Expected Credit Losses on Financial Assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

**f) Share-based payments**

The Group measures the cost of equity-settled transactions with employees using Black-Scholes model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38.

**g) Defined benefits Plans**

The cost of the defined benefit gratuity plan and other employment benefits and the present value of the gratuity obligation and other employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**h) Leases**

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Group reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Note 2 : Property Plant and Equipment

(Rs. in Lacs)

Description of Assets	Gross Block			Depreciation			Net Block
	As at April 1, 2020	Additions during the year	Deductions during the year	As at March 31, 2021	As at April 1, 2020	For the year	As at March 31, 2021
<b>Tangible Assets</b>							
Furniture & Fixtures	304.28	-	-	304.28	155.60	32.09	187.69
Office Equipments	331.86	27.51	7.37	352.00	232.15	32.15	256.92
Computers	594.55	55.28	18.88	630.95	191.51	178.01	350.64
Vehicles	69.13	-	44.49	24.64	12.27	8.30	8.59
Electrical Installations	89.12	-	-	89.12	45.72	8.70	54.42
Buildings	7,014.66	-	-	7,014.66	416.58	125.50	542.08
Leasehold Improvements	13.33	1.99	0.58	14.74	6.52	2.29	8.81
<b>Total Tangible</b>	<b>8,416.93</b>	<b>84.78</b>	<b>71.32</b>	<b>8,430.39</b>	<b>1,060.35</b>	<b>387.04</b>	<b>1,409.15</b>
<b>Other Intangible Assets</b>							
Computer Software	271.61	34.48	-	306.09	187.36	85.64	273.00
<b>Total Other Intangible Assets</b>	<b>271.61</b>	<b>34.48</b>	<b>-</b>	<b>306.09</b>	<b>187.36</b>	<b>85.64</b>	<b>273.00</b>
Intangible Assets Under Development	51.87	265.39	2.19	315.07	-	-	-
<b>Total</b>	<b>8,740.41</b>	<b>384.65</b>	<b>73.51</b>	<b>9,051.55</b>	<b>1,247.71</b>	<b>472.68</b>	<b>7,369.40</b>

Note 2 : Property Plant and Equipment

(Rs. in Lacs)

Description of Assets	Gross Block			Depreciation				Net Block
	As at April 1, 2019	Additions during the year	Deductions during the year	As at March 31, 2020	As at April 1, 2019	For the year	On deletions / disposals during the year	As at March 31, 2020
<b>Tangible Assets</b>								
Furniture & Fixtures	263.16	41.12	-	304.28	114.40	41.20	-	148.68
Office Equipments	303.99	32.84	4.97	331.86	207.14	29.97	4.97	99.72
Computers	421.43	280.01	106.89	594.55	153.83	144.57	106.89	403.04
Vehicles	88.68	22.73	42.28	69.13	10.57	11.76	10.06	56.85
Electrical Installations	86.59	2.53	-	89.12	34.44	11.28	-	43.40
Buildings	7,014.66	-	-	7,014.66	291.54	125.04	-	6,598.08
Leasehold Improvements	5.41	7.92	-	13.33	4.53	1.99	-	6.81
<b>Total Tangible</b>	<b>8,183.92</b>	<b>387.15</b>	<b>154.14</b>	<b>8,416.93</b>	<b>816.45</b>	<b>365.81</b>	<b>121.92</b>	<b>7,356.58</b>
<b>Intangible Assets</b>								
Computer Software	252.71	18.90	-	271.61	105.58	81.78	-	84.25
<b>Total Intangible</b>	<b>252.71</b>	<b>18.90</b>	<b>-</b>	<b>271.61</b>	<b>105.58</b>	<b>81.78</b>	<b>-</b>	<b>84.25</b>
<b>Intangible Assets Under Development</b>	<b>-</b>	<b>51.87</b>	<b>-</b>	<b>51.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.87</b>
<b>Total</b>	<b>8,436.63</b>	<b>457.92</b>	<b>154.14</b>	<b>8,740.41</b>	<b>922.03</b>	<b>447.59</b>	<b>121.92</b>	<b>7,492.70</b>

**Note 3: Investments - Non Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos	Amount	Nos	Amount
<b>Unquoted:</b>				
Face value of USD 22,600 each fully paid:				
ARC Ratings Holdings Limited	20	422.00	20	287.27
Face value of RM 1 each fully paid:				
Malaysian Rating Corporation Berhad	20,00,000	1,157.00	20,00,000	1,093.19
<b>Total Unquoted Investments</b>		<b>1,579.00</b>		<b>1,380.46</b>
<b>Quoted:</b>				
<b>Investment measured at Amortized Cost</b>				
Tax free Bonds		1,851.92		3,676.71
<b>Investment measured at Fair value through Profit &amp; Loss:</b>				
Investment in Various Fixed Maturity Plans of Debt Mutual Funds		-		17,553.15
<b>Total Quoted Investments</b>		<b>1,851.92</b>		<b>21,229.86</b>
<b>Total Investments</b>		<b>3,430.92</b>		<b>22,610.32</b>
<b>Aggregate amount of Quoted Investments</b>		<b>1,851.92</b>		<b>21,229.86</b>
<b>Market Value of Quoted Investments</b>		<b>2,213.26</b>		<b>21,708.47</b>
<b>Aggregate amount of Unquoted Investments</b>		<b>1,579.00</b>		<b>1,380.46</b>
<b>Aggregate amount of impairment in value of Investment</b>		<b>-</b>		<b>-</b>

**Note 4 : Loans****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured and Considered Good</b>		
Loan to Employees	31.71	50.45
Security Deposits	87.52	126.77
<b>Total</b>	<b>119.23</b>	<b>177.22</b>

**Note 5****Other Non-Current Financial Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued Interest on Loans to Employees	8.64	7.74
<b>Total</b>	<b>8.64</b>	<b>7.74</b>

**Note 6 : Deferred Tax Asset (Net)****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Asset</b>	<b>122.87</b>	<b>121.77</b>
MAT Credit Entitlement	52.19	52.18
Provisions allowed under tax on payment basis	70.68	69.59
Others	-	-
<b>Deferred Tax Liability</b>	<b>(0.95)</b>	<b>(23.65)</b>
Others	(0.95)	(23.65)
<b>Total</b>	<b>121.92</b>	<b>98.12</b>

**Note 7 : Other Non-Current Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	-	4.63
Prepaid Expenses	8.28	15.54
<b>Total</b>	<b>8.28</b>	<b>20.17</b>

**Note 8: Investments – Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Quoted</b>		
<b>Investment measured at Fair value through Profit &amp; Loss:</b>		
Investment in Various Open - Ended Debt Mutual Funds	-	7,188.31
Investment in Various Fixed Maturity Plans of Debt Mutual Funds	18,646.86	4,097.15
<b>Investment measured at Amortized Cost</b>		
Tax Free Bonds	1,807.75	-
<b>Total Quoted Investments</b>	<b>20,454.61</b>	<b>11,285.46</b>
<b>Total Unquoted Investments</b>	<b>-</b>	<b>-</b>
<b>Total Current Investments</b>	<b>20,454.61</b>	<b>11,285.46</b>
<b>Aggregate amount of Quoted Investments</b>	<b>20,454.61</b>	<b>11,285.46</b>
<b>Market Value of Quoted Investments</b>	<b>20,545.91</b>	<b>11,285.46</b>
<b>Aggregate amount of Unquoted Investments</b>	<b>-</b>	<b>-</b>
<b>Aggregate Amount impairment in value of Investment</b>	<b>-</b>	<b>-</b>

**Note 9 : Trade Receivables****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured</b>		
Considered Good	2,135.57	4,089.38
Significant increase in Credit Risk	169.42	1,094.36
<b>Total Debtors</b>	<b>2,304.99</b>	<b>5,183.74</b>
Less: Allowance for Credit Loss (Refer Note 41 (B))	(169.42)	(1094.36)
<b>Total</b>	<b>2,135.57</b>	<b>4,089.38</b>

**Note 10 : Cash and Cash Equivalents****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalents</b>		
Cash on hand	0.80	1.20
<b>Balances with Banks</b>		
On Current Account	527.83	289.37
<b>Other Bank Balances</b>		
Deposit Accounts (Less than 3 months)	649.68	407.78
Prepaid Cards	0.26	1.12
<b>Total</b>	<b>1,178.57</b>	<b>699.46</b>

**Note 11 : Bank Balances other than Cash and Cash Equivalents****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed Dividend Account	29.72	29.84
Bank Deposit Accounts	26,996.07	10,569.51
Lien marked Deposit	101.39	158.51
<b>Total</b>	<b>27,127.18</b>	<b>10,757.86</b>

**Note 12 : Loans****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured and Considered Good)</b>		
Loans to Employees	35.43	38.48
Security Deposits	67.05	31.59
<b>Total</b>	<b>102.48</b>	<b>70.07</b>

**Note 13 : Other Current Financial Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Interest Accrued on Investments	817.37	329.39
Interest Accrued on Loans to Employees	0.87	2.81
<b>Total</b>	<b>818.24</b>	<b>332.20</b>

**Note 14 : Contract Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled Revenue	1272.21	867.94
Less: Loss Allowance	-	-
<b>Total</b>	<b>1272.21</b>	<b>867.94</b>

**Note 15 : Current Tax Assets (Net)****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Advance payment of taxes (Net of provision for tax Rs.50,433.94 Lacs (PY Rs.48,079.08 Lacs))	1,143.81	1,221.54
<b>Total</b>	<b>1,143.81</b>	<b>1,221.54</b>

**Note 16 : Other Current Assets****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid Expenses	298.53	158.38
GST, Other taxes and Statutory Deposits	5.59	42.84
Deposits with Statutory Authorities	45.00	-
Other Advances	42.29	56.80
Other Receivables	42.30	44.18
<b>Total</b>	<b>433.71</b>	<b>302.20</b>

**Note 17: Equity Share Capital****(Rs. in Lacs)**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
<b>Authorized</b> Equity Shares of Rs.10/- each	3,50,00,000	3,500.00	3,00,00,000	3,000.00
<b>Issued, subscribed and fully paid up</b> Equity Shares of Rs.10/- each	2,94,61,214	2,946.12	2,94,61,214	2,946.12
<b>Total</b>	<b>2,94,61,214</b>	<b>2,946.12</b>	<b>2,94,61,214</b>	<b>2,946.12</b>

**17(a): List of shareholders holding more than 5% of Paid Up Equity Share Capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% Holding	Nos.	% Holding
Life Insurance Corporation Of India and LIC P&GS Fund	29,02,136	9.85%	29,02,136	9.85%
CRISIL Limited	26,22,431	8.90%	26,22,431	8.90%
Aditya Birla Sun Life Trustee Private Limited A/C - Aditya Birla Sun Life Dividend Yield Fund	-	-	17,87,077	6.07%

**17(b): The reconciliation of the number of shares outstanding is set out below:****(Rs. in Lacs)**

Particulars	As at March 31, 2021 Nos.	As at March 31, 2020 Nos.
Equity Shares at the beginning of the year	2,94,61,214	2,94,61,214
Add: Shares issued under Employees Stock Options Scheme (ESOS)	-	-
Equity Shares at the end of the year	2,94,61,214	2,94,61,214

**17(c): The Company does not have a Holding Company.****17(d): Shares reserved for issue under options and contracts, including the terms and amounts:**

For details of Shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Group: Refer Note 38

**17(e): Terms/Right attached to Equity Shares:**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Note 18: Other Equity****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Redemption Reserve	22.50	22.50
Securities Premium Reserve	6,517.63	6,517.63
Employees Stock Options Outstanding Reserve	2,467.61	2,351.56
General Reserve	20,040.87	19,796.93
Retained Earnings	26,607.75	21,609.65
Foreign Currency Translation Reserve	(16.85)	(15.91)
Other Comprehensive Income	296.45	97.91
<b>Total</b>	<b>55,935.96</b>	<b>50,380.27</b>



The Description of the Nature and Purpose of each reserve within equity is as follows:

**a. Capital Redemption Reserve**

Capital Redemption Reserve represents nominal value of shares credited at the time of buyback of shares

**b. Securities Premium Reserve**

Securities Premium Reserve is credited when the shares are issued at premium. It is utilized in accordance with the provision of the Companies Act, to issue bonus shares, to provide for premium on redemption of shares, equity related expenses like underwriting costs, etc.

**c. Employees Stock Options Outstanding Reserve**

The Company has Share Options Scheme under which option to subscribe for the Company's shares have been granted to selected employees. Refer Note 38 for further details of this plan.

**d. General Reserve**

In earlier years, the Company has transferred a portion of the net profits of the Company to General Reserve before declaring dividends. Mandatory transfer to General Reserve is not required under the Companies Act, 2013.

**Note 19: Other Non-Current Financial Liabilities**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities (Refer Note 46)	448.10	830.80
<b>Total Other Equity</b>	<b>448.10</b>	<b>830.80</b>

**Note 20 : Provisions - Non Current**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Compensated Absence	959.56	655.33
Provision for Gratuity	127.26	173.76
<b>Total</b>	<b>1,086.82</b>	<b>829.09</b>

**Note 21 : Deferred Tax Liabilities (Net)**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred Tax Liability</b>	<b>1,570.50</b>	<b>1,527.52</b>
Depreciation on Fixed Assets	986.39	917.61
Fair Valuation of Investments	584.11	609.40
Others	-	0.51
<b>Deferred Tax Asset</b>	<b>520.96</b>	<b>918.03</b>
Provision for Compensated Absence	357.65	195.04
Provision for Gratuity	-	79.79
Provision for Doubtful Debts	-	252.07
Others	163.31	391.13
<b>Total</b>	<b>1,049.54</b>	<b>609.49</b>

**Note 22 : Other Current Financial Liabilities**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Sundry Creditors for Expenses		
(a) Total outstanding dues of micro enterprises and small enterprises	4.30	6.05
(b) Total outstanding dues of creditors other than microenterprises and small enterprises	271.40	149.73
Other Liabilities	21.01	4.35
Unclaimed Dividend	29.72	29.84
Provision for Salary, Performance Related Pay & Commission	1056.27	716.32
Lease Liabilities (Refer Note 46)	274.51	289.43
<b>Total</b>	<b>1,657.21</b>	<b>1,195.72</b>

**Note 23 : Other Current Liabilities****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	660.66	849.15
Other liabilities	-	0.51
Provision for Expenses	470.60	593.36
<b>Total</b>	<b>1,131.26</b>	<b>1,443.02</b>

**Note 24 : Contract Liabilities****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned Revenue	993.99	973.95
Advance from Customers	1,083.95	1,894.26
<b>Total</b>	<b>2,077.94</b>	<b>2,868.21</b>

**(B) Revenue recognized that was included in contract liability balance at the beginning of the period****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Rating Income	1,917.85	1,421.52
<b>Total Other Equity</b>	<b>1,917.85</b>	<b>1,421.52</b>

**Note 25 : Provisions – Current****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Compensated Absence	176.82	113.41
Provision for Gratuity	211.18	209.48
Provision for Staff Bonus	20.63	12.93
Provision for Leave Travel Allowance	-	114.57
<b>Total</b>	<b>408.63</b>	<b>450.39</b>

**Note 26 : Current Tax Liability (Net)****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Income Tax (Net of Advance Tax & TDS – 21.65 Lacs) (Previous Year - Net of Advance Tax & TDS - Nil)	13.86	24.67
<b>Total</b>	<b>13.86</b>	<b>24.67</b>

**Note 27 : Revenue from Operations****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sale of Services</b>		
Rating Income (including Surveillance)	21,647.80	22,544.36
Fee for Consultancy Services	689.86	289.86
Fees for License & implementation fees	1,313.16	1,445.91
Sale of Publications / Information Services	240.72	58.14
Training Fees	21.47	25.76
Other Operating Revenue	931.68	-
<b>Total</b>	<b>24,844.69</b>	<b>24,364.03</b>

**Revenue recognized from past performance obligations:****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rating Income	837.14	257.14
<b>Total</b>	<b>837.14</b>	<b>257.14</b>

**Note 28 : Other Income****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income	1,560.52	623.17
Dividend Income	100.71	655.34
Notional Income on Fair Value of Security Deposits	-	1.30
Gain on Fair Valuation of Investments through Profit and Loss	1,323.02	1,761.97
Miscellaneous Income	145.11	104.98
<b>Total</b>	<b>3,129.36</b>	<b>3,146.76</b>

**Note 29 : Employee Benefits Expense****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Other Allowances	10,723.08	9,453.68
Contribution to Provident, Gratuity & Other Funds (Refer Note 34)	681.13	653.63
Expense on Employee Stock Option Scheme (Refer Note 38)	359.99	534.51
Staff Welfare Expenses	221.94	285.55
<b>Total</b>	<b>11,986.14</b>	<b>10,927.37</b>

**Note 30 : Finance Cost****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Finance cost on Lease Liabilities (Refer Note 46)	61.72	92.75
Interest on borrowings	0.03	-
<b>Total</b>	<b>61.75</b>	<b>92.75</b>

**Note 31 : Other Expenses****(Rs. in Lacs)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Electricity Charges	93.70	132.73
Postage & Telephone Charges	116.61	118.82
Rent	12.73	14.01
Travelling & Conveyance Expenses	84.46	441.06
Directors' Sitting Fees	99.29	124.42
Insurance Premium	75.79	37.23
Legal Expenses	138.12	153.53
Professional Fees	609.77	790.69
Business Development Associate Fees	252.50	543.69
Rates & Taxes	175.00	260.18
Repairs & Maintenance		
Buildings	133.33	97.63
Others	188.33	218.50
Advertisement and Sponsorship Expenses	21.61	51.44

(Rs. in Lacs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Security, Housekeeping & Office Supplies	141.42	239.90
Membership & Subscription	56.88	87.93
Corporate Training Expenses	5.92	5.63
Provision for Bad and Doubtful Debts	9.76	769.24
Bad Debts written off	460.17	262.01
Commission	58.76	155.39
Auditors Remuneration	38.57	36.34
Corporate Social Responsibility	174.00	526.82
Recruitment expenses	141.88	42.13
Miscellaneous Expenses	192.64	195.30
<b>Total</b>	<b>3,281.24</b>	<b>5,304.62</b>

**Note 32: Contingent Liabilities (Ind AS 37)****A. Claims against the Group not acknowledged as debts (to the extent not provided for):**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Contingent Liability on account of Income Tax	72.51	72.51

- B. Pending outcome of adjudication proceedings initiated by Regulator / Government agencies pertaining to certain Credit ratings assigned by the Company to its clients, which is being responded by the Company, the Company has made provision for penalty of Rs. 125 Lacs in Financial Year 2020-21 in two of the cases on prudent basis.
- C. Guarantees given by Bank on behalf of the Group in respect of lien marked Deposits for 101.39 Lacs (Previous Year Rs.158.50 Lacs)

**Note 33: Capital and Other Commitments**

Amounts pending on account of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs 130.46 Lacs (March 31, 2020 - Rs.3.97 Lacs).

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

**Note 34: Employee Benefits (Ind AS 19)****A. Defined Benefit Plans:****Gratuity:**

The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company for payment of gratuity. The Group accounts for the liability based on actuarial valuation.

**Inherent Risk on above:**

The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Group to actuarial risk such as adverse salary growth, change in demographic experience, in-adequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

(Rs. in Lacs)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
<b>Change in Present value of Obligations:</b>		
Opening Defined Benefit Obligation	1,138.74	922.78
Current Service Cost	208.99	190.55
Interest Cost	75.35	71.52
Actuarial (Gain)/Loss	-	-
Actuarial (Gain)/Loss on Obligations Due to change in Financial Assumptions	138.86	99.92
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(94.20)	27.10
Actuarial (Gain)/Loss on Obligations Due to Experience	(138.28)	(17.48)
Benefits Paid	(49.99)	(155.65)
<b>Closing Defined Benefit Obligations</b>	<b>1,279.47</b>	<b>1,138.74</b>
<b>Change in Fair Value of Plan Assets:</b>		
Opening Fair Value of the Plan Assets	755.67	655.38
Interest income	49.81	51.05
Expected Return on Plan Assets	(1.70)	-
Actuarial Gain/(Loss)	-	(8.54)
Contribution by the Employer	188.07	213.43
Benefits Paid	(49.99)	(155.65)
<b>Closing Fair Value of the Plan Assets</b>	<b>941.86</b>	<b>755.67</b>
<b>Net Asset / (Liability) recognized in the Balance Sheet</b>		
Present value of the funded defined benefit obligation at the end of the period	(1,279.47)	(1,138.75)
Fair Value of Plan Assets	941.86	755.69
<b>Net Asset / (Liability)</b>	<b>(337.61)</b>	<b>(383.06)</b>
<b>Expenses recognized in the Statement of Profit &amp; Loss</b>		
Current Service Cost	208.99	190.55
Interest on Defined Benefit Obligations	25.54	20.47
Past Service Cost	-	-
Expected Return on Plan Assets	-	-
<b>Amount recognized in Statement of Profit and Loss</b>	<b>234.53</b>	<b>211.02</b>
<b>Re-measurements recognized in Other Comprehensive Income(OCI):</b>		
Actuarial (Gains)/Losses on Obligation For the Period)	(76.85)	108.58
Changes in Financial Assumptions	(2.33)	0.04
Changes in Demographic Assumptions		
Experience Adjustments	(14.44)	0.92
Expected Return on Plan Assets	1.70	8.54
<b>Amount recognized in Other Comprehensive Income(OCI)</b>	<b>(91.92)</b>	<b>118.08</b>
<b>Maturity Profile of Defined Benefit Obligation:</b>		
Within the next 12 months	56.48	62.82
Between 1 and 5 years	289.68	299.96
Between 5 and 10 years	472.24	459.93
10 Years and above	2,358.75	1,735.46
"Sensitivity analysis for significant assumptions:"*		
Increase/(Decrease) on present value of defined benefits obligation at the end of the year		
1% increase in discount rate	(62.93)	(38.53)

(Rs. in Lacs)

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
1% decrease in discount rate	218.40	188.88
1% increase in salary escalation rate	145.22	147.69
1% decrease in salary escalation rate	(9.66)	(11.11)
1% increase in employee turnover rate	81.27	82.12
1% decrease in employee turnover rate	47.10	46.90
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds**	100%	100%
Actuarial Assumptions:		
Discount Rate (p.a.)	6.80%-7.13%	6.59% - 6.84%
Expected Return on Plan Assets (p.a.)	6.80%-6.86%	6.59% - 6.84%
Turnover Rate	4%-24%	5%
Mortality tables	Indian Assured Lives Mortality (2006-08) & (2012-14)	Indian Assured Lives Mortality (2006-08) & (2012-14)
Salary Escalation Rate (p.a.)	6%-10%	6%-7%
Retirement age	60 Years	60 Years
Weighted Average duration of Defined benefit obligation	13-16	11-20.29

\* The plan is defined in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Group to actuarial risk such as adverse salary growth, change in demographic experience, in-adequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to the employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

\*\* Status of CARE Ratings & CART is funded & that of CRSPL is unfunded.

#### Basis used to determine Expected Rate of Return on Plan Assets:

Expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations

#### Salary Escalation Rate:

Salary escalation rates are determined taking into account seniority, promotion, and other relevant factors.

#### Asset Liability matching strategy

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

The Group's expected contribution during next year is Rs. 212.91 Lacs.

#### B. Compensated Absences:

The compensated absences cover the Group's liability for earned leave. Long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Short term compensated absences are provided for based on estimates. Amount recognized as an expense in respect of Compensated Absences is Rs. 926.41 Lacs (March 31, 2020 - Rs. 587.56 Lacs).

#### C. Defined Contribution Plans:

Amount recognized as an expense and included in Note 29 under the head "Contribution to Provident and other Funds" of Statement of Profit and Loss is Rs.368.25 Lacs (Previous Year - Rs. 333.87 Lacs).

**D. Superannuation Benefits:**

Superannuation Benefits is contributed by the Company to Life Insurance Corporation of India (LIC) @ 10% of basic salary with respect to certain employees.

Contribution to Superannuation Fund contribution charged to Statement of Profit & Loss in Note 29 under the head "Contribution to Provident and other Funds" is Rs.43.89 Lacs (Previous Year Rs. Rs. 36.42 Lacs)

**Note 35: Related Party Disclosures pursuant to Ind AS 24****A. Related Parties with whom there were transactions during the year:**

Name of Related Parties	Nature of Relationship
<b>Key Management Personnel:</b>	
Mr. Najib Shah	Independent Director
Mr. V Chandrasekaran	Non-Executive Director
Mr. Adesh Kumar Gupta	Independent Director
Mrs. Sonal Gunvant Desai	Independent Director
Dr. M Mathisekaran	Independent Director
Mr. Ananth Narayan Gopalakrishnan	Independent Director
Mr. Ajay Mahajan (w.e.f. April 15, 2020)	Managing Director & CEO
Mr. Mehul Pandya	Executive Director
Mr. T.N.Arun Kumar (upto April 14, 2020)	Interim CEO
Mr. T.N.Arun Kumar (upto February 28, 2021)	Executive Director
Mr. Navin Kumar Jain (upto February 28, 2021)	Executive Director & Company Secretary
Mr. Bharat Assudomal Adnani (upto. February 27, 2021)	Chief Financial Officer
Mr. Jinesh Shah (w.e.f. June 12, 2021)	Chief Financial Officer
Ms. Nehal Shah (w.e.f. June 12, 2021)	Company Secretary

**B. Compensation of Key Management Personnel of the Group:**

Nature of Transaction/Relationship	As at March 31, 2021	As at March 31, 2020
Short Term Employee Benefits	840.28	400.85
Other Long Terms Benefits	25.49	10.13
Share Based Payments *	195.13	104.80
Directors Sitting Fees	98.77	124.10
<b>Total Compensation</b>	<b>1,159.67</b>	<b>639.88</b>

Remuneration does not include provision made for compensated absence, gratuity since the same is provided for the company as a whole based on independent actuarial valuation except to the extent of amount paid.

\*Share based payments refer to amounts charged to the statement of Profit & Loss account, being charge on ESOP granted to Key Management Personnel as per ESOS 2017 and ESOS 2020 schemes based on Fair Value method.

**Note 36: Income Taxes (Ind AS 12)****A. Income tax recognized in Statement of Profit and Loss:****(Rs. in Lacs)**

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax	2,427.42	2,213.86
Deferred Tax	340.71	(132.90)
Adjustment of Tax of Earlier Years	-	(19.65)
<b>Total</b>	<b>2,768.13</b>	<b>2,061.31</b>



**B. Reconciliation of Effective Tax Rate:**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Applicable Tax Rate	25.17%	25.17%
Tax Effect of Tax Exempt Income	(0.62%)	(2.35%)
Tax Effect of Non Deductible Expenses	1.88%	2.80%
Tax Effect of Allowances for Tax Purpose	(3.10%)	(5.82%)
<b>Effective Tax Rate</b>	<b>23.33%</b>	<b>19.80%</b>

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Company has opted to pay the tax under section 115BAA of the Income Tax Act, 1961. Accordingly, (a) the provision for current and deferred tax has been determined at the rate of 25.17%, (b) the deferred tax assets and deferred tax liabilities as on April 1, 2020 have been restated at the rate of 25.17%.

**Note 37: Earnings per Share (EPS) (Ind AS 33):**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A) Basic EPS</b>		
(i) Net Profit attributable to Equity Shareholders (Rs. in Lacs)	8,951.58	8,237.01
(ii) Weighted average number of Equity shares outstanding (Nos.)	294.61	294.61
<b>Basic Earnings Per Share (i)/(ii)</b>	<b>30.58</b>	<b>27.96</b>
<b>B) Diluted EPS</b>		
(i) Weighted average number of Equity shares outstanding (Nos.)	294.61	294.61
(ii) Add: Potential Equity Shares on exercise of option (Nos.)	0.49	-
(iii) Weighted average number of Equity Shares Outstanding for calculation of Dilutive EPS	295.10	294.61
<b>Diluted EPS {(A)(i)/(B)(iii)}</b>	<b>30.33</b>	<b>27.96</b>

**Note 38: Share Based Payments (Ind AS 102)**

The Group had granted 8,22,000 stock options to its eligible employees in as per the ESOS Schemes, details are as under:

**A. Employees Stock Option Scheme :**

Particulars	ESOS 2020		ESOS 2013 (Tranche 2 'ESOS 2017')
Nos. of Options	5,00,000 {To Mr.Ajay Mahajan-MD}	3,22,000 { To others}	5,37,908
Method of Accounting	Fair Value method		Fair Value method
Vesting Plan	1/3rd on completion of one year from the grant date 1/3rd on completion of two years from the grant date 1/3rd on completion of three years from the grant date		2 years from the date of grant i.e. September 01, 2019
Exercise Period	2 years after the vesting period		2 years after the vesting period i.e. September 01, 2021
Grant Date	October 13, 2020	December 1, 2020	September 01, 2017
Exercise Price (Per Share)	Rs. 340/- per share	Rs. 416/- per share	Rs.1139/- per share
Fair Value on the date of Grant of Option (Per Share)	Rs. 130.21/- per share	Rs. 280.80/- per share	Rs.1506.65/- per share
Method of Settlement	Equity		Equity

**B. Movement of Options granted:**

Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
	ESOS (2020) (MD)	ESOS (2020) (Others)	ESOS 2013 (Tranche 2 'ESOS 2017')	
<b>Options Outstanding at beginning of the year</b>	-	-	<b>4,15,620</b>	<b>4,77,458</b>
Granted during the year	5,00,000	3,22,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	43,115	61,838
<b>Options Outstanding at the end of the year</b>	<b>5,00,000</b>	<b>3,22,000</b>	<b>3,72,505</b>	<b>4,15,620</b>
Options unvested at the end of year	-	-	-	-
<b>Options exercisable at the end of the year</b>	<b>5,00,000</b>	<b>3,22,000</b>	<b>3,72,505</b>	<b>4,15,620</b>
Weighted Average exercise price	Rs. 340/-	Rs. 416/-	Rs. 1,139/-	Rs. 1,139/-

- i. ESOS 2017: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 0.5 Years (Previous Year - 1.5 years)

ESOS 2020: The weighted average remaining contractual life for the stock options outstanding as at March 31, 2021 is 3.60 years (Previous year - Nil years).

The ESOS compensation cost is amortized on a straight line basis over the total vesting period of the options. Accordingly for ESOS, an amount of Rs. 356.91 Lacs (Previous Year 534.51 Lacs ) has been charged to the current year Statement of Profit and Loss.

**C. Fair Valuation:**

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black - Scholes Formula. The key assumptions and the Fair Value are as under:

Particular	ESOS 2020		ESOS 2017
	MD	Other employees	
Risk Free Interest Rate (%)	4.29%-5.06%	4.01%-4.89%	6.39%
Option Life (Years)	3 years	3 years	3 years
Expected Volatility	54.36%	60.25%	31.80%
Expected Dividend Yield (%)	0.95%	0.97%	1.86%
Weighted Average Fair Value per Option	Rs. 130.21	Rs. 280.80	Rs.565.79

**D. Details of the liabilities arising from the Share based payments were as follows:**

(Rs. in Lacs)

Particular	As at March 31, 2021	As at March 31, 2020
Total Carrying Amount	2,467.61	2,351.56

**Note 39: Financial Instruments: Disclosure (Ind AS 107):****A. Classification of Financial Assets and Liabilities (Ind AS 107):**

(Rs. in Lacs)

Particular	As at March 31, 2021	As at March 31, 2020
<b>Financial assets at Amortized cost:</b>		
Investment (Non-Current)	1,851.92	3,676.71
Investment (Current)	1,807.75	-
Loans (Non-Current)	119.23	177.22
Loans (Current)	102.48	70.07
Trade Receivables	2,135.57	4,089.38
Cash and Cash Equivalents	1,178.57	699.47
Other Bank Balances	27,127.18	10,757.86
Other Non-Current Financial Assets	8.64	7.74
Other Current Financial Assets	818.24	332.20
Contract Assets	1,272.21	867.94

**A. Classification of Financial Assets and Liabilities (Ind AS 107):****(Rs. in Lacs)**

Particular	As at March 31, 2021	As at March 31, 2020
<b>Financial assets at Fair Value through P&amp;L:</b>		
Investment (Non-Current)	-	17,553.15
Investment (Current)	18,646.86	11,285.46
<b>Financial assets at Fair Value through OCI:</b>		
Investment (Non-Current)	1,579.00	1,380.46
<b>Total</b>	<b>56,647.65</b>	<b>50,897.66</b>
<b>Financial liabilities at Amortized cost:</b>		
Other Non-Current Financial Liability	448.10	830.80
Other Current Financial Liability	1,657.21	1,195.72
<b>Total</b>	<b>2,105.31</b>	<b>2026.52</b>

**B. Investments in equity instruments designated at Fair Value through Other Comprehensive Income**

As on March 31, 2021 and March 31, 2020, The Group has investments in ARC Ratings holding Limited of 20 Ordinary Shares of USD 22,600 each and 20,00,000 ordinary shares of RM 1 each in Malaysian Rating Corporation Berhad. The Group has opted to designate these investments at Fair Value through Other Comprehensive Income since these investments are not held for trading.

**The fair value of each of these investments is as below:****(Rs. in Lacs)**

Particular	As at March 31, 2021	As at March 31, 2020
<b>Financial assets at Fair Value through OCI:</b>		
- Malaysian Rating Corporation Berhad	1,157.00	1,093.19
- ARC Ratings Holdings Limited	422.00	287.27
<b>Total</b>	<b>1,579.00</b>	<b>1,380.46</b>

The Group has received Rs.69.26 Lacs (Previous Year March 2020 Rs. 32.92 Lacs) as Dividend and has recognized in the Statement of Profit & Loss under Note 28 - Other Income. There has been no transfer in investment during any period.

**Note 40: Fair Value measurement (Ind AS 113):**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group has established the following fair value hierarchy that categorizes the values into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

**Level 1:**

This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. The investments in mutual funds are valued using the closing Net Asset Value based on the mutual fund statements received by the Group. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair valuation of investment in Equity Shares of Malaysian Rating Corporation Berhad and ARC Ratings Holdings Limited is classified under Level 3. The details are given in the table below:

(Rs. in Lacs)

Particular	Level 1	Level 2	Level 3
<b>As at March 31, 2021</b>			
<b>Investments measured at</b>			
Fair Value through OCI:	-	-	1,579.00
Fair Value through Profit and Loss:	-	18,646.86	-
Amortized cost	3,659.67	-	-
<b>As at March 31, 2020</b>			
<b>Investments measured at</b>			
Fair Value through OCI:	-	-	1,380.46
Fair Value through Profit and Loss:	7,188.31	21,650.29	-
Amortized cost	3,676.71	-	-

For financial instruments other than covered above, their carrying values approximate their fair values.

The valuation of investments in Malaysian Rating Corporation Berhad and ARC Ratings Holding Limited has been done by registered valuer. For investment in Preference Shares of CARE Risk Solutions Private Limited, the Group has availed services of in-house valuation team. The auditors have relied upon the reports provided by the said valuers.

**The following methods and assumptions were used to estimate the fair values:**

- The fair values of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the reporting date.
- For Malaysian Rating Corporation Berhad, valuation is based on discounted cash flow method (P.Y - average of book value method and price to earnings method).
- The Group had adopted Net Asset Method for Valuation of Investments in ARC Ratings Holdings Ltd.

**Note 41: Financial Risk Management Objectives and Policies (Ind AS 107):**

The Group is a Debt Free Group. The principal financial liabilities of the Group comprise of Other liabilities and Provisions which arise on account of normal course of business. The Group's principal financial assets include Investments, Trade Receivables, Cash and Cash Equivalents and Other Bank Balances.

The Group is exposed to Market Risk, Credit Risk and Liquidity Risk. The Group's senior management oversees the management of these risks. The senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Management of the Group updates its Board of Directors on periodic basis about various risks to the business and status of Various activities planned to mitigate the risk.

The Group has exposure to the following risks arising from financial instruments:

**A. Market Risk**

Market risk is the risk that the fair value or future cash flows of such financial instrument will be impacted because of various financial and non-financial market factors. The financial instruments affected by market risk include the investment in Mutual Funds and investment in Equity Shares of companies incorporated and operating outside India. The investment in mutual funds are fair valued using the closing Net Asset Value based on the mutual fund statements received by the Group at the end of each Reporting period.

There is no Interest rate risk since the Group does not hold any financial instrument whose fair value or future cash flows will fluctuate because of changes in market interest rates.

The following table shows foreign currency exposures in USD, MRF, LKR and MUR on financial instruments at the end of the reporting period. The exposures to foreign currency for all other currencies are not material. The Group does not hedge its foreign currency exposure.

Particulars	Currency	As at March 31, 2021		As at March 31, 2020	
		Amount in FC	Amount Rs. in Lacs	Amount in FC	Amount Rs. in Lacs
Trade Receivables	USD	4.66	341.86	6.73	507.53
Trade Receivables	LKR	89.58	32.64	89.58	34.62
Trade Receivables	BHD	0.29	55.24	-	-
Unbilled Revenue	USD	10.85	797.72	8.88	669.42
Unbilled Revenue	LKR	-	-	5.19	2.00
Unbilled Revenue	BHD	0.68	132.98	-	-
Other Receivable	MUR	7.51	13.20	6.06	11.19
<b>Bank Balances</b>					
SBI Maldives - USD account	USD	0.00	0.17	0.47	1.92
SBI Maldives - MRF account	MRF	0.85	4.00	0.01	0.41

#### Foreign Currency Sensitivity on un-hedged exposure:

1% increase in foreign exchange rate will have the following impact on profit before tax:

(Rs. in Lacs)

Particular	As at March 31, 2021	As at March 31, 2020
USD	11.40	14.66
MRF	0.04	0.00
MUR	0.13	0.11
LKR	0.33	0.37
BHD	1.88	-

Note: If the rate is decreased by 100 bps profit will increase by an equal amount.

#### B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating (primarily Trade Receivables), investing and financing activities including Mutual Fund Investments, Investment in Debt Securities, Bank Balance, Deposits with Bank, Security Deposits, Loans to Employees and other financial instruments.

Total Trade receivables and Contract Assets as on March 31, 2021 is Rs.3,407.78 Lacs (March 31, 2020 is Rs. 4,957.32 Lacs).

The Group does not have higher concentration of credit risks to a single customer.

As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

As per the provision matrix receivables are classified into different bucket based on the overdue period, buckets range from 12 months - 18 months, 18 months - 24 months and more than 24 months. The norms of provisioning on the same range are from 25% - 100%. The management, on a case to case basis may decide to provide or write off at a higher rate with reasons whenever felt necessary.

(Rs. in Lacs)

Particular	As at March 31, 2021	As at March 31, 2020
Opening Provision	1,094.36	325.11
Add: Provided/(Utilised) during the Year (Refer Note 48)	(924.94)	769.25
<b>Closing Provision</b>	<b>169.42</b>	<b>1,094.36</b>

**Investments, Cash and Cash Equivalent and Bank Deposit:**

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the PSU Banks.

Investments of surplus funds are made only based on Investment Policy of the Group. Investments primarily include investment in units of mutual funds, Bonds issued by Government/ Semi Government Agencies/ PSU etc. These Mutual Funds and Counterparties have low credit risk.

**C. Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The cash flows and liquidity of Group is monitored under the control of the management. The objective is to ensure that Group's surplus fund are not kept idle and invested in the financial instruments only after adequate review of such instrument and approval of the management.

The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecasted and actual periodic cash requirement and matching the maturity profiles of financial assets and liabilities.

The Group generally has investments and liquids funds more than its forecasted and current liabilities and has not faced shortage of funds at any point of time. The Liquidity risk on the Group is very less.

The table below summarized the maturity profile of the Group's financial liabilities & Investments based on contractual undiscounted payments.

**(Rs. in Lacs)**

As at March 31, 2021	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Other Current Financial Liabilities	1,657.21	-	-	1,657.21
Other Non-current Financial Liabilities	-	448.10	-	448.10
<b>Total</b>	<b>1,657.21</b>	<b>448.10</b>		<b>2,105.31</b>
<b>Investments in:</b>				
Mutual Funds	18,646.86	-	-	18,646.86
Tax Free Bonds	1,807.75	1,851.92		3,659.67
Other Companies	-	1,579.00	-	1,579.00
Loans - Non-current	-	119.23	-	119.23
Other Non-current Financial Assets	-	8.64	-	8.64
Trade Receivables	2,135.57	-	-	2,135.57
Cash and Cash Equivalents	1,178.57	-	-	1,178.57
Bank Balances other than Cash and Cash Equivalents	15,120.35	12,006.83	-	27,127.18
Loans - Current	102.48	-	-	102.48
Other Financial Assets	818.24	-	-	818.24
Contract Assets	1,272.21	-	-	1,272.21
<b>Total</b>	<b>41,082.03</b>	<b>15,565.62</b>	-	<b>56,647.65</b>

**(Rs. in Lacs)**

As at March 31, 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Other Current Financial Liabilities	1,195.72	830.80	-	2,026.52
<b>Total</b>	<b>1,195.72</b>	<b>830.80</b>	-	<b>2,026.52</b>
<b>Investments in:</b>				
Mutual Funds	11,285.46	17,553.15	-	28,838.61
Tax Free Bonds	-	1,815.34	1,861.38	3,676.72
Other Companies	-	1,380.46	-	1,380.46
Non-current Loans	-	177.22	-	177.22
Other Non-current Financial Assets	-	7.74	-	7.74
Trade Receivables	4,089.38	-	-	4,089.38
Cash and Cash Equivalents	699.47	-	-	699.47

Bank Balances other than Cash and Cash Equivalents	10,755.39	2.47	-	10,757.86
Loans	70.07	-	-	70.07
Other Financial Assets	332.20	-	-	332.20
Contract Assets	867.94	-	-	867.94
<b>Total</b>	<b>28,099.91</b>	<b>20,936.38</b>	<b>1,861.38</b>	<b>50,897.67</b>

**Note 42: Distribution made and proposed (Ind AS 1):****(Rs. in Lacs)**

Particular	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2020: Rs. 2.50/- per share & Interim Dividend for the period ended till March 31, 2021 Rs. 11/- per share (March 31, 2020: Rs.17 per share)	3,977.27	8,543.75
DDT on final dividend	-	1,756.19
<b>Total Dividend paid</b>	<b>3,977.27</b>	<b>10,299.94</b>
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on March 31, 2021: Rs.6/- Per share, (March 31, 2020: Rs.2.5/-per share)	1,767.67	736.53
<b>Total dividend proposed</b>	<b>1,767.67</b>	<b>736.53</b>

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognized as a liability (including Dividend Distribution Tax thereon) as at March 31 of respective year.

**Note 43: Capital Management (Ind AS 1):**

The Group's objectives when managing capital are to (a) maximize shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

As at March 31, 2021, the Group has only one class of equity shares. Consequent to such capital structure the Group allocates its surplus funds for distribution of dividend and reinvestment as per the its investment policy for long term business plans.

**Note 44: Micro, Small and Medium Enterprises**

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

**(Rs. in Lacs)**

Particular	As at March 31, 2021	As at March 31, 2020
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	4.30	6.05
Amount of interest paid by the Group in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	0.03	0.00
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under this Act.	0.03	0.00

This information has been determined to the extent such parties have been identified on the basis of information available with the Group and the same has been relied upon by the auditors.



**Note 45: Segment Reporting (Ind AS 108):**

The Group has following business segments, which are its reportable segments. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision maker.

(Rs. in Lacs)

Particulars	For the year ended March 31, 2021			
	Ratings and related services	Others	Un-allocable/ Eliminations	Total
<b>Segment Revenue</b>				
Revenue from Services	22,820.20	2,148.71	-	24,968.91
<b>Total Revenue (A)</b>	<b>22,820.20</b>	<b>2,148.71</b>	<b>-</b>	<b>24,968.91</b>
Less: Inter Segment Revenue if any (B)	-	(124.23)	-	(124.23)
<b>Total Segment Revenue (C = A-B)</b>	<b>22,820.20</b>	<b>2,024.48</b>	<b>-</b>	<b>24,844.68</b>
<b>Segment Results (Profit Before Interest, Depreciation &amp; Tax)</b>	<b>9,381.80</b>	<b>195.51</b>	<b>-</b>	<b>9,577.31</b>
Less: Depreciation & Amortization	(717.31)	(62.91)	-	(780.22)
<b>Total Segment Result (D)</b>	<b>8,664.49</b>	<b>132.60</b>	<b>-</b>	<b>8,797.09</b>
Less: Finance Costs	(61.72)	(0.03)	-	(61.75)
Less : Other un-allocable corporate expenses	-	-	-	-
Add: Other Income			3,129.36	3,129.36
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>8,602.77</b>	<b>132.57</b>	<b>3,129.36</b>	<b>11,864.70</b>
Exceptional Items - Income/Expenses	-	-	-	-
<b>Profit Before Tax</b>	<b>8,602.77</b>	<b>132.57</b>	<b>3,129.36</b>	<b>11,864.70</b>
<b>Tax Expenses</b>				
- Current Tax	2,427.42	-	-	2,427.92
- Deferred Tax Charge/(Credit)	371.93	(31.22)	-	340.71
- Adjustment of Tax of Earlier Years	-	-	-	-
<b>Profit for the year</b>	<b>5,803.42</b>	<b>163.79</b>	<b>3,129.36</b>	<b>9,096.57</b>
<b>Segment Assets</b>	<b>39,503.41</b>	<b>2,993.26</b>	<b>-</b>	<b>42,496.67</b>
Un-allocable Assets	-		24,680.56	24,680.56
<b>Total Assets</b>	<b>39,503.41</b>	<b>2,993.26</b>	<b>24,680.56</b>	<b>67,177.23</b>
Segment Liabilities	7,021.50	851.86	-	7,873.36
Un-allocable Liabilities	-	-	-	-
Total Liabilities	7,021.50	851.86	-	7,873.36
<b>Capital Employed</b>	<b>32,481.91</b>	<b>2,141.40</b>	<b>24,680.56</b>	<b>59,303.87</b>
<b>Capital Expenditure</b>	<b>456.29</b>	<b>7.05</b>	<b>-</b>	<b>463.34</b>

(Rs. in Lacs)

Particulars	For the year Ended March 31, 2020			
	Ratings and related services	Others	Un-allocable/ Eliminations	Total
<b>Segment Revenue</b>				
Revenue from Services	22,602.50	1,881.70	-	24,484.20
<b>Total Revenue (A)</b>	<b>22,602.50</b>	<b>1,881.70</b>	<b>-</b>	<b>24,484.20</b>
Less: Inter Segment Revenue if any (B)	-	(120.17)	-	(120.17)
<b>Total Segment Revenue (C = A-B)</b>	<b>22,602.50</b>	<b>1,761.53</b>	<b>-</b>	<b>24,364.03</b>
<b>Segment Results (Profit Before Interest, Depreciation &amp; Tax)</b>	<b>8,106.37</b>	<b>25.66</b>	<b>-</b>	<b>8,132.03</b>
Less: Depreciation & Amortization	(711.44)	(65.34)	-	(776.79)
<b>Total Segment Result (D)</b>	<b>7,394.93</b>	<b>(39.69)</b>	<b>-</b>	<b>7,355.24</b>
Less: Finance Costs	(78.55)	(14.20)	-	(92.75)
Less : Other un-allocable corporate expenses	-	-	-	-
Add: Other Income	-	-	3,146.76	3,146.76
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>7,316.38</b>	<b>(53.89)</b>	<b>3,146.76</b>	<b>10,409.25</b>
Exceptional Items - Income/Expenses	-	-	-	-
<b>Profit Before Tax</b>	<b>7,316.38</b>	<b>(53.89)</b>	<b>3,146.76</b>	<b>10,409.25</b>
<b>Tax Expenses</b>				
- Current Tax			2,213.86	2,213.86
- Deferred Tax Charge/(Credit)			(132.90)	(132.90)
- Adjustment of Tax of Earlier Years			(19.66)	(19.66)
<b>Profit for the year</b>	<b>7,316.38</b>	<b>(53.89)</b>	<b>1,085.46</b>	<b>8,347.96</b>
<b>Segment Assets</b>	<b>25,066.75</b>	<b>2,144.85</b>	<b>-</b>	<b>27,211.60</b>
Un-allocable Assets	-	-	34,690.81	34,690.81
<b>Total Assets</b>	<b>25,066.75</b>	<b>2,144.85</b>	<b>34,690.81</b>	<b>61,902.41</b>
<b>Segment Liabilities</b>	<b>7,537.25</b>	<b>714.14</b>	<b>-</b>	<b>8,251.39</b>
Un-allocable Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>7,537.25</b>	<b>714.14</b>	<b>-</b>	<b>8,251.39</b>
<b>Capital Employed</b>	<b>17,529.50</b>	<b>1,430.71</b>	<b>34,690.81</b>	<b>53,651.02</b>
<b>Capital Expenditure</b>	<b>435.60</b>	<b>86.58</b>	<b>-</b>	<b>522.18</b>

**Note 46: Leases**

Effective April 1, 2019, the Group adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs.1,099.58 Lacs and a lease liability of Rs.1121.87 Lacs. The cumulative effect of applying the standard, amounting to Rs.22.29 Lacs was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly for all contracts as on April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The opportunity cost of investment rate applied to lease liabilities as at April 1, 2019 is 7.25% for a period varying from 1 to 5 years.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	1,074.99	1,270.67
Prepaid Rent Expense	-	42.69
Additions	28.04	90.83
Deletions	(192.10)	-
Depreciation	(307.54)	(329.20)
Depreciation on Deletion	54.03	-
<b>Balance at year end</b>	<b>657.42</b>	<b>1,074.99</b>

**Amounts recognized in profit and loss**

(Rs. in Lacs)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Depreciation expense on right-of-use assets	307.54	329.20
Interest expense on lease liabilities	61.57	92.75
Expense relating to short-term leases	4.91	1.34
Expense relating to leases of low value assets	-	-
<b>Total</b>	<b>374.02</b>	<b>423.29</b>

**The following is the break-up of current and non-current lease liabilities as at March 31, 2021**

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	274.51	289.43
Non-Current Lease Liabilities	448.10	830.80
<b>Total</b>	<b>722.61</b>	<b>1,120.23</b>

The following is the movement in lease liabilities during the year ended March 31, 2021

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balance at the beginning of the year</b>	<b>1,120.23</b>	<b>1,292.96</b>
Additions	-	90.83
Deletions	(133.87)	-
Finance Cost accrued during the period	61.57	92.75
Payment of Lease Liabilities	(325.32)	(356.31)
<b>Total</b>	<b>722.61</b>	<b>1,120.23</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021:

(Rs. in Lacs)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	274.51	289.43
One to Five years	448.10	830.80
More than Five years	-	-
<b>Total</b>	<b>722.61</b>	<b>1,120.23</b>

Note 47: Disclosure in terms of Schedule III of the Companies Act, 2013

(Rs. in Lacs)

Particulars	Net Assets (i.e. Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consoli- dated Net Assets	Amount	As a % of Consoli- dated Profit / Loss	Amount	As a % of Other Compre- hensive Income	Amount	As a % of Total Compre- hensive Income	Amount
<b>Holding:</b>								
CARE Ratings Limited	99.06%	58,327.63	95.88%	8,582.71	94.20%	204.10	95.84%	8,786.81
<b>Subsidiaries:</b>		-		-		-		-
<b>Indian:</b>		-		-		-		-
CARE Risk Solutions Private Limited	0.75%	442.56	2.53%	226.40	5.79%	12.55	2.61%	238.94
CARE Advisory Research & Training Limited	0.94%	551.07	(0.39%)	(34.89)	0.33%	0.71	(0.37%)	(34.18)
		-		-		-		-
<b>Foreign:</b>								
CARE Ratings (Africa) Private Limited	1.18%	696.04	2.00%	180.59	0.00%	-	1.97%	180.59
CARE Ratings Nepal Limited	1.52%	893.47	2.40%	214.82	0.00%	-	2.34%	214.82
Non-Controlling Interests included in respective subsidiaries	(0.72%)	(421.79)	(1.62%)	(144.99)	(0.09%)	0.20	(1.58%)	(144.80)
Eliminations	(2.73%)	(1,606.90)	(0.82%)	(73.06)	(0.41%)	(0.89)	(0.81%)	(73.94)
<b>Total</b>	<b>100.00%</b>	<b>58,882.08</b>	<b>100.00%</b>	<b>8,951.58</b>	<b>100.00%</b>	<b>216.67</b>	<b>100.00%</b>	<b>9,168.24</b>

**Note 48:**

"The Company has assessed the impact of COVID-19 pandemic on its financial statements based on the internal and external information up to the date of approval of these financial statements and the Company expects to recover the carrying amounts of its investments, intangible assets, trade receivables & other assets. The Company will continue to closely monitor the future economic conditions and assess its impact on its financial statements. Considering that most of the recoveries from debtors pertaining to FY21 have been made, the Company has not made any special provision on account of trade receivables except for what is provided for in the normal course of its business.

Considering the Company's nature of business, management does not anticipate any serious challenges/ significant impact on continuity of its business."

**Note 49:**

Corresponding figures of previous financial year has been regrouped/rearranged to conform to current year's grouping.

As per our attached Report of even date

**For Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN: 105146 W/ W100621

**For and on behalf of the Board of Directors of Care Ratings Limited**

Sd/-

[Hasmukh Dedhia]  
Partner  
Membership No. 033494

Mumbai  
Date : June 12, 2021

Sd/-

[Najib Shah]  
Chairman  
DIN No. - 08120210

Place : Bengaluru  
Date : June 12, 2021

Sd/-

[Jinesh Shah]  
Chief Financial Officer  
M. No. -117833

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Ajay Mahajan]  
Managing Director & CEO  
DIN No- 05108777

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Nehal Shah]  
Company Secretary  
M. No. - A18077

Place : Mumbai  
Date : June 12, 2021

Sd/-

[Adesh Kumar Gupta]  
Independent Director  
DIN No. - 00020403

Place : Mumbai  
Date : June 12, 2021

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# Notice of 28<sup>th</sup> Annual General Meeting

**NOTICE** is hereby given that the Twenty Eighth (28<sup>th</sup>) Annual General Meeting ("AGM") of CARE Ratings Limited will be held on Tuesday, September 14, 2021 at 3:30 P.M., Indian Standard Time ("IST"), through Video Conferencing/Other Audio Visual Means ("VC/OAVM") facility to transact following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt:
  - a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of the Board of Directors and the Auditor's thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditor's thereon.
2. To confirm the payment of two interim dividends, aggregating to ₹ 11/- (Rupees Eleven only) per equity share and to declare a final dividend of ₹ 6/- (Rupees Six only) per equity share for the financial year 2020-21.
3. To appoint a Director in place of Mr. Ajay Mahajan (DIN: 05108777), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company, and in this regard, to consider and if thought fit, to pass the following resolution, as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Thirty Third (33<sup>rd</sup>) Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Audit Committee, in addition to the reimbursement of applicable goods and services tax and actual out of pocket expenses incurred in connection with the audit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including a Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

## **SPECIAL BUSINESS:**

5. **Approval of remuneration payable to Mr. Ajay Mahajan (DIN: 05108777) as the Managing Director and Chief Executive Officer (CEO) of the Company**

To consider and if thought fit, to pass the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force, and pursuant to Article No. 163 and 164 and other applicable provisions of Articles of Association of the Company, and in accordance with recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to pay remuneration to Mr. Ajay Mahajan (DIN: 05108777), Managing Director and Chief Executive Officer ("MD & CEO") of the Company on the same terms and conditions as approved by the members at their 27th Annual General Meeting held on September 8, 2020 for the period of one year from April 15, 2021 to April 14, 2022, which are reproduced in the explanatory statement, annexed herewith.

**RESOLVED FURTHER THAT** the terms and conditions of remuneration as set out in the Explanatory Statement annexed hereto which shall be deemed to form an integral part hereof and in the event of inadequacy or absence of profits in the financial year 2021-22, the remuneration comprising salary, perquisites and other benefits and emoluments approved herein be continued to be paid as minimum remuneration to Mr. Ajay Mahajan for a period not exceeding the aforementioned period.



**RESOLVED FURTHER THAT** the Board of Directors of the Company (including committee thereof) be and is hereby authorised to take such steps as may be necessary for obtaining necessary approvals (statutory or otherwise), in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient, desirable or incidental for giving effect to this resolution."

6. **Re-appointment of Mr. Adesh Kumar Gupta (DIN: 00020403), as an Independent Director of the Company to hold office for a second term**

To consider and if thought fit, to pass the following resolution, as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/ or re-enactment(s) thereof for the time being in force) (hereinafter referred to as "the SEBI Listing Regulations") and on the basis of recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Adesh Kumar Gupta (DIN: 00020403), who was appointed as an Independent Director of the Company for a term of three years upto the ensuing 28<sup>th</sup> AGM of the Company and is eligible for re-appointment as an Independent Director and in respect of whom a notice in writing pursuant to Section 160 of the Act, has been received in the prescribed manner proposing his re-appointment as an Independent Director be and is hereby re-appointed as an Independent Director on the Board of the Company for a second term of three (3) consecutive years from the conclusion of 28<sup>th</sup> AGM upto the conclusion of 31<sup>st</sup> AGM to be held for the financial year 2023-24, who shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary, be and are hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**By Order of Board of Directors  
of CARE Ratings Limited**

**Date: August 10, 2021  
Place: Mumbai**

**Sd/-**

**Nehal Shah  
Company Secretary & Compliance Officer  
M. No. :- A18077**

**NOTES:**

1. In view of the outbreak of COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its General Circular No. 14/2020 dated April 08, 2020, General Circular No.17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020, and General Circular No. 02/2021 dated January 13, 2021 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, (collectively referred to as “SEBI Circulars”) have permitted Companies to conduct Annual General Meeting (“AGM”) through Video Conferencing (VC) and Other Audio Visual Means (OAVM) without the physical presence of the Members at a Common Venue and has granted relaxation in respect of sending physical copies of the annual report to shareholders. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) the Twenty Eighth AGM of the Company is being held through VC/OAVM. The Corporate office of the Company i.e. A Wing -1102/1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (E), Mumbai – 400 093 shall be deemed to be the venue for the AGM.
2. The Company has appointed National Securities Depository Limited (“NSDL”) for providing the facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 23 and 26 below and is also available on the website of the Company at [www.careratings.com](http://www.careratings.com).
3. As the AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through e-voting process. The said Resolution/Authorization shall be sent by email through its registered email address to [investor.relations@careratings.com](mailto:investor.relations@careratings.com) and with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
5. An Explanatory statement pursuant to Section 102 of the Act relating to the Special Businesses to be transacted at the AGM, is annexed to this Notice. The Board of Directors have considered and decided to include Item Nos. 5 and 6 given above as Special Businesses in the forthcoming AGM, as they are unavoidable in nature.
6. The relevant details, pursuant to Regulation 36 (3) of the SEBI Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this AGM are also annexed to this Notice.
7. Additional information, pursuant to the SEBI Listing Regulations, with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 4 of this Notice under Ordinary Business, is also annexed to the AGM Notice.
8. **Dispatch of Annual Report through Electronic Mode:** In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company or the Depositories/Depository Participant(s). Annual Report can also be downloaded from Company's website i.e. [www.careratings.com](http://www.careratings.com).
9. **Process for registration of email address for obtaining Annual Report:**
  - i. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Registrar and Transfer Agents of the Company KFin Technologies Private Limited (“KFinTech”) at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with the copy of the signed request letter mentioning the name and address of the Member, scanned copy of the share certificate (front and back), self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member.
  - ii. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants
  - iii. In case of any queries / difficulties in registering the e-mail address, Members may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
10. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at [www.careratings.com](http://www.careratings.com), on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
11. The facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
12. The Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

### 13. PROCEDURE FOR INSPECTION OF DOCUMENTS:

- i. All the documents referred to in the accompanying Notice of AGM and Explanatory Statements, shall be available for inspection through electronic mode, upon the request being sent on [investor.relations@careratings.com](mailto:investor.relations@careratings.com).
- ii. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 10, 2021 through email on [investor.relations@careratings.com](mailto:investor.relations@careratings.com). The same will be replied by the Company suitably.

### DIVIDEND RELATED INFORMATION:

14. The Register of Members and Share Transfer Books of the Company will be closed from **Wednesday, September 08, 2021 to Tuesday, September 14, 2021 (both days inclusive)** for ascertaining the names of the Members to whom the dividend, if declared at the AGM is payable.
15. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on **September 07, 2021**, i.e. the date prior to the commencement of book closure, being the **Record date** will be paid the Final Dividend for the financial year 2020-21, as recommended by the Board, if approved at the AGM.
16. The dividend, if approved at the AGM, will be paid on or before October 13, 2021 subject to deduction of tax at source, to the shareholders or their mandates:
  - a. For shares held in physical form - to those Members whose names appears in the Register of Members on the close of the day on **Tuesday, September 07, 2021**; and
  - b. For shares held in dematerialized form - to those beneficiaries, whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners on the close of the day on **Tuesday, September 07, 2021**.
17. Members holding shares in demat form are hereby informed that Bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrars and Share Transfer Agents, KFin Technologies Private Limited cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars or bank mandates. Such changes are to be intimated only to the Depository Participant(s) of the Members. Members holding shares in demat form are requested to intimate any change in their address and/or Bank mandate immediately to their Depository Participants.
18. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to KFin Technologies Private Limited (KFintech), Registrar and Share Transfer Agent of the Company or Investor Service Department of the Company immediately by sending a request on e-mail at [investor.relations@careratings.com](mailto:investor.relations@careratings.com) or contact KFintech at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
19. The Ministry of Corporate Affairs had notified provisions relating to unpaid/unclaimed dividend under Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed/claimed by the shareholder for a period of seven consecutive years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the Companies to transfer the shares of shareholders whose dividends remain unpaid/ unclaimed for a period of seven consecutive years or more from the date of transfer to unpaid dividend account, to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash/claim their respective dividend from the Company immediately to avoid transfer of the said dividends and shares to the IEPF. Members who wish to claim dividends, which had remain unpaid including dividend-related matters are requested to contact the Registrar and Share Transfer Agents, **KfinTech** at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
20. The Member(s) whose dividend/shares as transferred to the IEPF Authority can now claim their dividend/shares from the IEPF Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPF/refund.html>.

### INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-

21. Pursuant to the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI Listing Regulations, the Secretarial Standard - 2 on General Meetings issued by the Institute of Companies Secretaries of India, and in terms of SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility provided by Listed Entities, the Company is pleased to provide to the Members, facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting facility, through the e-voting system provided by NSDL.
22. The remote e-voting period begins **on Friday, September 10, 2021 (9:00 a.m. IST) and ends on Monday, September 13, 2021 (5:00 p.m. IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on Tuesday, September 07, 2021 i.e. the cut-off date, may cast their vote electronically. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

## 23. How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

### Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IdeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IdeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IdeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>

Individual Shareholders holding securities in demat mode with CDSL	<p>i. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>ii. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>iii. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>iv. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

## iv. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

## v. Password details for shareholders other than Individual shareholders are given below:

- a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c. How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

## vi. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a. Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b. "[Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

## vii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

## viii. Now, you will have to click on "Login" button.

## ix. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.****How to cast your vote electronically and join AGM on NSDL e- Voting system?**

- i. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- ii. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- iii. Now you are ready for e-Voting as the Voting page opens.

- iv. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- v. Upon confirmation, the message "Vote cast successfully" will be displayed.
- vi. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- vii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**24. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at investor.relations@careratings.com.
- ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company at investor.relations@careratings.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- iii. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e- Voting facility.

**25. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. Members may contact Ms. Pallavi Mhatre, Manager – NSDL or Mr. Amit Vishal, Assistant Vice President - NSDL on evoting@nsdl.co.in or use Toll free no.: 18001020990/1800224430 for any grievances connected with the facility for e-Voting on the day of the AGM.

**26. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Members are encouraged to join the Meeting through Laptops for better experience.
- iii. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



27. **PROCEDURE TO RAISE QUESTIONS DURING AGM :** Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [investor.relations@careratings.com](mailto:investor.relations@careratings.com) from September 07, 2021 (9:00 a.m. IST) to September 10, 2021 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

#### GENERAL INFORMATION FOR SHAREHOLDERS:

28. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
29. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre or Mr. Amit Vishal at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
30. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. September 07, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
31. As per the provisions of Section 72 of the Act, and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with KFintech. In respect of shares held in dematerialized form, the nomination may be filed with the respective Depository Participants.
32. As per Regulation 40 of SEBI Listing Regulations, as amended, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form from April 01, 2019, except in case of transmission and transposition of securities. In view of the same and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form and for ease in portfolio management.
33. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / KFintech.
34. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
35. The Board of Directors has appointed Mr. Ashish Kumar Jain (Membership No. FCS 6058 and CP No. 6124) Proprietor of M/s A.K. Jain & Co., Company Secretaries as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
36. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 2 working days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or Managing Director or a person authorised by him, who shall countersign the same.
37. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at [www.careratings.com](http://www.careratings.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately. The Company shall simultaneously forward the results to the National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

**Annexure to the Notice:**

**ITEM NO. 4:**

The Members of Company at the 23rd Annual General Meeting held on September 27, 2016 had approved the appointment of Khimji Kunverji & Co LLP, Chartered Accountants as the Statutory Auditor of the Company for a period of five years from the conclusion of the 23rd Annual General Meeting upto the conclusion of the 28<sup>th</sup> Annual General Meeting to be held for the financial year 2020-21.

Khimji Kunverji & Co LLP, Chartered Accountants will complete their present term on conclusion of the ensuing Annual General Meeting of the Company as per the provisions of Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014. Further, the fees paid by the Company to Khimji Kunverji & Co LLP, Chartered Accountants during the financial year 2020-21 is disclosed in the Corporate Governance Report of the Company which forms part of the Annual Report 2021.

The Board of Directors of the Company, on the recommendation of the Audit Committee have considered various evaluation criteria related to skillset, governance & expertise and recommended for the approval of the Members, the appointment of B S R & Co. LLP, Chartered Accountants, as the Statutory Auditor of the Company for a period of 5 years commencing from the conclusion of the 28th Annual General Meeting till the conclusion of 33rd Annual General Meeting of the Company.

The Annual fees proposed for carrying out activities as per the terms of appointment of Auditors i.e. Statutory Audit of the Financial Statements and Annual Financial Results of the Company and Limited Review of the Unaudited Quarterly Financial Results of the Company and Tax Audit may approximately reach upto ₹ 34.50 Lacs per annum plus applicable taxes and other certifications and other reimbursements. This however shall vary depending on regulatory changes. The actual fees payable for each financial year shall be determined by the Board of Directors from time to time upon recommendation of Audit Committee.

B S R & Co. LLP ('the firm') was originally constituted as Partnership Firm on March 27, 1990 with Firm Registration No. 101248W. It was converted into a Limited Liability Partnership on October 14, 2013 and consequent to the conversion Firm Registration No. was changed to 101248W/W-100022. The Registered Office of the Firm is at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063.

B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

B S R & Co. LLP, Chartered Accountants have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors, Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested financially or otherwise in the proposed resolution, except to the extent of their shareholding interest, if any.

The Board recommends Ordinary Resolution as set out at Item No. 4 of the Notice for approval of the Members of the Company.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")**

**ITEM NO. 5:**

In accordance with the recommendation of Nomination and Remuneration Committee and approval the Board of Directors, the Shareholders of the Company passed Special Resolution at the 27<sup>th</sup> Annual General Meeting held on September 8, 2020 for appointment of Mr. Ajay Mahajan (DIN: 05108777) as "Managing Director and CEO" of the Company with effect from April 15, 2020 for a period of five years and payment of remuneration to him for a period of one year from April 15, 2020 to April 14, 2021.

The overall macroeconomic conditions have been downbeat with growth slowing down significantly in FY 2021-22 owing to COVID-19 pandemic and other global economic factors. Under these circumstances, as per the recommendation of Nomination and Remuneration Committee, the Board of Directors at their Meeting held on August 3, 2021, approved the remuneration payable (as set out below) to Mr. Ajay Mahajan, which may exceed the limits prescribed under Section 197 of the Companies Act, 2013 considering the profit estimates of the Company. Therefore, the approval of the Members pursuant to Section 197(1) of the Act, (including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force), is sought for remuneration payable to Mr. Ajay Mahajan as the Managing Director and CEO of the Company for a period of One year from April 15, 2021 to April 14, 2022, which is on the terms as that of preceding financial year and are detailed below and a special resolution has been proposed for shareholders' approval thereof.

The remuneration paid to Mr. Ajay Mahajan is in compliance with Section 197 read with Schedule V to the Companies Act, 2013.

The details of the proposed remuneration for further one year from April 15, 2021 to April 14, 2022, is set out below:

- Salary: CTC of ₹ 3,75,00,000/- p.a. (Rupees Three Crore Seventy-Five Lakhs only) (Per Annum)
- Yearly Commission equivalent to 1 % of consolidated PAT for financial year 2021-22. The Nomination and Remuneration Committee may decide on the amount of pay out.
- Other Benefits/perquisites as outlined below:

#### Category A:

- Gratuity not exceeding one month's salary for each completed year of service subject to the Group Gratuity Scheme of the Company.
- Medi-claim policy for self and dependent family members.
- Directors & Officers Liability Insurance policy as per the scheme of the Company.
- Group Personal Accident Policy as per the scheme of the Company.

#### Category B:

- Cost of Car and Telephone / Mobile phone for personal use (Cost of car and mobile phone for office work will be covered by the Company and not to be counted for the purpose of perquisite).
- Leave: Ordinary Leave with full pay and allowances as per the Rules of the Company. Such leave will be permitted to be accumulated in accordance with the Company's rules and procedures in force from time to time. Casual and sick leave will be admissible as per rules of the Company. MD will also be entitled to encashment of leave as per rules of the Company.
- General: Such other benefits as are made available by the Company to other members of the staff from time to time.

In addition to the above, shareholder in its AGM held on September 08, 2020 have already approved the grant of 5 lakh ESOP under ESOP Scheme 2020 as part of his terms of appointment, therefore perquisites arising on exercise of such ESOPs during the financial year, shall also form part of the remuneration.

#### General disclosures required in terms of Schedule V of the Companies Act, 2013:

##### I. General Information

- Nature of industry :** The Company commenced its operations in April 1993 and in over 27 years, it has established itself as one of the leading credit rating agencies in India. It has emerged as the leading agency for covering many rating segments including manufacturing, infrastructure, financial sector including banks, non-financial services, among others. The Company has a, established track record of rating companies over almost three decades and has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.
- Date of commercial production:** The Company was incorporated on April 21, 1993 as a limited Company. The Company had since commenced the business.
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable
- Financial performance based on given indicators: Financial performance of the Company are given here under:**

(Amount in Crore)

Particulars	2020-21	2019-20	2018-19
Income from Operations	219.66	219.10	297.36
Profit Before Tax (PBT)	112.73	100.25	198.04
Profit After Tax (PAT)	85.83	80.50	134.99

- Foreign investments or collaborations, if any:** The Company has made Foreign Investments in its two Subsidiaries i.e. CARE Ratings (Africa) Private Limited and CARE Ratings Nepal Limited with the holding of 78% and 51% respectively.

##### II. Information about the appointee:

- Background details:** Mr. Ajay Mahajan, aged 53 years, has a Bachelor of Engineering degree in Electrical & Electronics Engineering from BITS Pilani, and MBA from FMS (where he was a Gold medalist) and is also CFA Charter holder from CFA Institute, USA. He is a widely experienced banker with experience over 31 years; worked in organizations like Bank of America where he started his career in 1990 and went on to becoming MD & Country Head of Global Markets Group. In Bank of America, he also led the initiative of building the first 100% foreign owned NBFC in the country to do primary dealership and credit fixed income. Thereafter, he worked in various entrepreneurial assignments including being a part of the management team at inception of Yes Bank in 2004, building UBS' maiden branch in India in 2008 and then working in a hugely transformative role in IDFC which converted from being an Infrastructure Financing NBFC to a full service commercial bank. Mr. Ajay spent the 7 years at IDFC Bank, building teams, systems, processes and cutting-edge technologies to support the wholesale bank's growth. Brief resume of Mr. Ajay Mahajan, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding etc. have also been provided as an Annexure to this notice.

**2. Past remuneration:** In the Financial Year 2020-21 (for the period April 15, 2020 to March 31, 2021), Mr. Ajay Mahajan, Managing Director & CEO was paid a total remuneration of ₹ 4,60,50,731/-. A detailed break-up is furnished in the Corporate Governance Report of the Company which forms part of the Annual Report 2021.

**3. Details of recognition/awards:** Nil

**4. Job profile and his suitability:** Mr. Ajay Mahajan in his strong career graph spanning over 31 years, has worked with some of the best companies in India. Prior to joining CARE, he was worked in organizations like Bank of America where he started his career in 1990 and went on to becoming MD & Country Head of Global Markets Group. In Bank of America, he also led the initiative of building the first 100% foreign owned NBFC in the country to do primary dealership and credit fixed income. Thereafter, he worked in various entrepreneurial assignments including being a part of the management team at inception of Yes Bank in 2004, building UBS' maiden branch in India in 2008 and then working in a hugely transformative role in IDFC which converted from being an Infrastructure Financing NBFC to a full service commercial bank. He spent 7 years at IDFC Bank, building teams, systems, processes and cutting-edge technologies to support the wholesale bank's growth. He has played numerous leadership roles across various functions during his tenure as banker.

In view of the qualifications and the rich experience, expertise in specific functional areas, the Board of Directors have bestowed the responsibility to Mr. Ajay Mahajan.

**5. Details of remuneration proposed:** As per the details provided hereinabove.

**6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** Taking into consideration the size of the Company and the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

**7. Pecuniary relationship directly or indirectly:** Besides the remuneration paid/proposed to be paid to him as stated above, he does not have any pecuniary relationship directly or indirectly with the Company, Directors or Key Managerial Personnel of the Company.

### III. Other information:

**1. Reasons of loss or inadequate profits:**

The overall macroeconomic conditions have been downbeat with growth slowing down significantly in FY 2020-21 owing to COVID-19 pandemic. Under these circumstances, it is proposed to make a payment of remuneration as stipulated above.

**2. Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

While the industry at large may be adversely impacted by this pandemic and the subsequent slowdown during the recovery phase, the Company's healthy balance sheet and new assignments will help maintain operational momentum in the quarters ahead. The Company will do everything possible to ensure that it comes out of this crisis stronger and well positioned to continue to grow its market share and set itself up for significant earnings growth in the years ahead.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of Mr. Ajay Mahajan under Section 190 of the Act.

The Nomination & Remuneration Committee and the Board of Directors is of the opinion that Mr. Ajay Mahajan's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution, set out at Item No. 5 of this Notice relating to approving the remuneration payable to Mr. Ajay Mahajan, Managing Director and CEO of the Company for a period of One year w.e.f. April 15, 2021 to April 14, 2022 (both the days inclusive) as a Special Resolution for your approval.

Except, Mr. Ajay Mahajan, none of the other Directors, Key Managerial Personnel including their relatives are concerned or interested, financially or otherwise, in the Resolution, set out at Item No. 5 of the Notice. Mr. Ajay Mahajan is not related to any other Director or KMP of the Company.

The Board recommends Special Resolution as set out at Item No. 5 of the Notice for approval of the Members of the Company.

### ITEM NO. 6

Mr. Adesh Kumar Gupta (DIN: 00020403), was appointed as an Independent Director on the Board of the Company for a period of 3 (Three) years upto the conclusion of Annual General Meeting to be held for the financial year 2020-21. Accordingly, the tenure of Mr. Adesh Kumar Gupta shall conclude at the ensuing 28<sup>th</sup> Annual General Meeting.

Section 149 of the Companies Act, 2013 provides that an Independent Director is eligible for re-appointment if approved by the Company's shareholders by way of passing a special resolution.

Pursuant to the provisions of Section 149, 152 read with Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and on the basis of the report of the performance evaluation during the first term of three years, the Board of Directors at their meeting held on August 03, 2021, upon the recommendation of the Nomination & Remuneration Committee and considering the expertise, experience and contributions made by Mr. Adesh Kumar Gupta, approved his re-appointment as an Independent Director of the Company (not liable to retire by rotation) for the second term of three (3) consecutive years commencing from the conclusion of 28<sup>th</sup> Annual General Meeting upto the conclusion of 31<sup>st</sup> Annual General Meeting to be held for the financial year 2023-24.

Mr. Adesh Kumar Gupta has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also received his consent to act as an Independent Director and declaration that he is not disqualified or debarred from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In respect of the re-appointment of Mr. Adesh Kumar Gupta, notice in writing in the prescribed manner as required pursuant to Section 160 of the Companies Act, 2013 as amended and the Rules made thereunder has been received by the Company, regarding his candidature for the office of the Director. Details as required pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), on General Meetings, as applicable are annexed to the AGM Notice. Copy of the draft Letter of Appointment of the Independent Director setting out the terms and conditions of his appointment is available for inspection electronically, basis the request being sent to the Company for inspection of documents.

In the opinion of the Board, Mr. Adesh Kumar Gupta fulfills the conditions specified in the Companies Act, 2013 read with the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for being appointed as an Independent Director of the Company and is independent of Company's management.

Except the Mr. Adesh Kumar Gupta, none of the Directors, Key Managerial Personnel including their relatives are interested or concerned, financially or otherwise, in the resolution set out at Item No. 6.

In view of the above, the Board of Directors, on the recommendation of Nomination and Remuneration Committee, recommends Special Resolution as set out at Item No. 6 of the Notice for approval of the Members of the Company.

**By Order of Board of Directors  
of CARE Ratings Limited**

**Date: August 10, 2021  
Place: Mumbai**

**Sd/-**

**Nehal Shah  
Company Secretary & Compliance Officer  
M. No. :- A18077**

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India, the following information is furnished about the Directors proposed to be re-appointed.

Name of the Director	Mr. Ajay Mahajan (DIN: 05108777)	Mr. Adesh Kumar Gupta (DIN: 00020403)
Age (Years)	53 years	64 years
Nationality	Indian	Indian
Date of first Appointment on the Board	April 15, 2020	May 22, 2018
Shareholding in the Company	NIL	NIL
Qualification	MBA & B.E	FCA & B.Com
Brief resume and Expertise in specific functional area	He has more than three decades of experience in the banking sector, and was with Bank of America for a very long time, then with UBS, Yes Bank and IDFC First Bank. He has also worked in various entrepreneurial assignments in BFSI segment. Detailed given in Item No. 5 in the explanatory statement.	Mr. Adesh Kumar Gupta is a qualified Chartered Accountant and an Insolvency Professional registered under Insolvency and Bankruptcy Code. He has vast experience in the field of finance and general management.  He was recognized as "Best CFO" by the Institute of Chartered Accountants, IMA, Business Today and recipient of Chairman's Outstanding Business Leader Award in Aditya Birla Group. He is Ex Member NACAS as representative of FICCI.  He was the former Whole Time Director & CFO of Grasim Industries and Director of UltraTech Cements upto June 30, 2015. He is on the Board of several public listed companies such as Zee Entertainment Enterprises Limited, Vinati Organics Limited, Grasim Industries Limited, India Pesticides Limited including CARE Ratings Limited
Terms & Conditions of re-appointment/ variation of Remuneration	As per Item No. 5	As per Item No. 6
Remuneration last drawn	₹ 4,60,50,731/- (For a detailed bifurcation, please refer Corporate Governance Report forming part of Annual Report 2021)	Sitting fees for attending Board and Committee meeting is being paid to Mr. Gupta. During FY 20-21, he was paid ₹ 19,30,000 /- in form of sitting fees.
Directorships held in other Companies	<ul style="list-style-type: none"> <li>CARE Advisory Research and Training Limited</li> <li>CARE Risk Solutions Private Limited</li> <li>Association of Indian Rating Agencies</li> </ul>	<ul style="list-style-type: none"> <li>Zee Entertainment Enterprises Ltd</li> <li>Aditya Birla Insurance Brokers Limited</li> <li>Vinati Organics Limited</li> <li>India Pesticides Limited</li> <li>Anand Rathi Global Finance Limited</li> <li>Grasim Industries Limited</li> <li>Krazybee Services Private Limited</li> </ul>

Chairman/Membership in committees of the Board of Directors of other Company in which he/she is a Director	Nil	<p>a. Zee Entertainment Enterprises Limited:</p> <ul style="list-style-type: none"> <li>Audit Committee- Member</li> <li>Risk Management Committee- Member</li> </ul> <p>b. Vinati Organics Ltd:</p> <ul style="list-style-type: none"> <li>Audit Committee- Member</li> </ul> <p>c. KrazyBee Services Private Limited :</p> <ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee-Chairman</li> <li>Asset Liability Committee (ALCO) - Chairman</li> <li>Nomination &amp; Remuneration Committee - Member</li> <li>Audit Committee - Chairman</li> </ul> <p>d. India Pesticides Limited:</p> <ul style="list-style-type: none"> <li>Audit Committee -Member</li> <li>Risk Management Committee- Member</li> <li>Nomination &amp; Remuneration Committee – Chairman</li> <li>Stakeholder Relationship Committee- Member</li> </ul> <p>e. Anand Rathi Global Finance Limited:</p> <ul style="list-style-type: none"> <li>Audit Committee -Member</li> <li>Nomination &amp; Remuneration Committee- Member</li> </ul> <p>f. Grasim Industries Limited:</p> <ul style="list-style-type: none"> <li>Finance Committee -Member</li> </ul>
Inter-se relationship with other directors/ Key Managerial Personnel	NIL	NIL
No. of Board meetings attended during the year	8 (Eight)	9 (Nine)

**By Order of Board of Directors  
of CARE Ratings Limited**

**Date: August 10, 2021  
Place: Mumbai**

**Sd/-**

**Nehal Shah  
Company Secretary & Compliance Officer  
M. No. :- A18077**



## Notes



## CARE Ratings Limited

### Registered & Head Office:

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CIN # L67190MH1993PLC071691

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### REGIONAL OFFICES

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